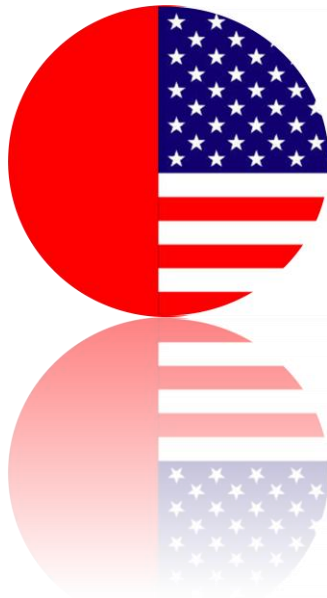




A New Phase in the Japan-US Alliance

“The Japan US Alliance toward 2020”

2009 Project Report



Research Group on the Japan-US Alliance

Institute for International Policy Studies

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The Institute for International Policy Studies (IIPS) is a policy research organization founded on June 28, 1988 for the purpose of closely studying important topics facing the international community from an independent perspective, and issuing creative and constructive recommendations, in both domestic and international spheres.

The Research Group on the Japan–US Alliance, led by Mr. Akio Watanabe, consists of IIPS researchers and outside experts in diplomatic and defense issues. The group has been directing a research project entitled “The Japan–US Alliance toward 2020: Evolving Roles in Regional Development,” a three-year project carried out by IIPS with assistance from the US–Japan Foundation, which commenced in November 2007.

Research Group members are listed on the last page.

This report details the research results from 2009, the second year of the project, and has the consent and approval of the members of the working group for producing proposals.

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Preface

This report proposes the overall nature of a Japan–US security relationship that could form the basis of a national strategy rather than proposing a comprehensive national strategy in itself.

In the course of several important events over the past few years, light has been shed on the perilous nature of the long-obscure period known as the post-Cold War (running from the end of the twentieth century up until the present) and on the issues with which this period has confronted us. The economic, conventional-security, and non-conventional-security conditions during this period are indicative of the fact that mankind faces a turning point that could be characterized as a single overarching crisis. Japan also is in the process of responding to the demands of the current situation and earnestly seeking to ascertain the course that the country should pursue in order to overcome this crisis. This national strategy should evolve from nationwide discussion that involves organizations such as the Japanese National Security Council, which the government should establish, as well as a wide range of private policy research institutes and organizations. This report is intended to constitute part of this nationwide discussion. However, this report does not include exhaustive, in-depth discussion of national strategy, but rather represents an attempt to identify problems with the Japan–US alliance and to appeal to the parties involved from both countries to engage in two-way discussions. The reason for this is that a relationship of trust between Japan and the USA in the security domain is considered to represent a cornerstone that is essential to any comprehensive national strategy for Japan.

By way of introduction, this report will discuss in general terms the basic level of awareness of the conditions that mankind is facing in the current era and the roles that the estimated 120 million Japanese citizens in Japan are ready to assume for themselves. Next, as its main theme the report lays out the main challenges that will need to be addressed in order to develop a deeper relationship between Japan and the USA in the security sphere. Next year (2010) will mark the fiftieth anniversary of the Japan–US Security Treaty. We hope that this proposal will contribute to the development of the Japan–US relationship.

I The Security Environment and Security Issues Faced by Japan and the USA

1. An era of major upheaval—a period of great transition

The word “globalization” is used to express the nature of conditions in the current era. The choice of the term “globalization” instead of “post-Cold War” is not intended to deny or ignore the fact that the end of the Cold War (the demise of communism as typified by the Soviet Union) was an important occurrence that greatly altered the situation in this era. Rather, it is simply a belief that a term that more directly characterizes the conditions in this era that have occurred since then is required. The process of globalization has been a long one that has spanned the past several centuries, and which accelerated strikingly in the twentieth century.

As the twentieth century then drew to a close, with astonishing speed, events in different regions and countries around the globe came to interact with one another and to be interrelated with one another, as a result of the world’s liberation from the confrontation between the East and West, and of technological innovation, as typified by the IT era. As a result, the phenomenon of globalization came to captivate people’s attention.

In terms of the effect that this has had on the Japan–US alliance, security cooperation between Japan and the USA has moved away from its Cold-War era focus on countering the threat of the Soviet Union, to now focus on the question of what form cooperation between Japan and the USA should take in order to best respond to the numerous dangers and crises generated by the various global relationships of today. In other words, there has been a transition from a situation in which the sole focus could be on maintaining Japan–US relations in the Asia–Pacific region, to one in which the need has arisen to rank Japan–US relations from a global perspective that encompasses all regions and to manage the relationship accordingly.

It is said that globalization has made the earth flat. Situations in every corner of the world undoubtedly have immediate effects on life in other places. It would be virtually impossible to erect a partition to prevent this kind of interaction. What is undeniable, however, is that there is a unique rhythm to life in different countries and different regions, and that there are certain problems that are rooted in the particular culture or history of a locality.

For this reason, the international security environment in which Japan and the USA find themselves is complex in character, in that it is comprised of universal characteristics on one dimension (the global level) and of regional characteristics on another dimension. A more in-depth examination of the latter dimension reveals that, while Japan shares the Asia–Pacific “space” (region) with the USA, which is on the

opposite side of the Pacific Ocean, it is at the same time subject to the dynamics of the relationships of interdependence of the East Asian “space” (sub-region), which includes China and South Korea.

Thus, the stage on which Japan’s national strategy and security policy are to be developed is comprised of three levels: the East Asian “sub-region,” the Asia-Pacific “region,” and an even larger “extra-region.” Japan will have to devise strategies and implement policies whose purview encompasses the entire global-scale security environment incorporating this three-level stage.

The global-level issues that Japan is presently facing are typified by crises such as the global financial instability that began last year and the swine flu which has been looming for the past few months. These two crises can be said to be a recurrence of the Great Depression in 1929 and Spanish flu in 1918. Although the costs of, and the level of confusion surrounding the current crises, are less than those encountered at the time of those twentieth-century crises, the ability of Japan and the USA to overcome them is being questioned.

2. The present and the future of the Japan–US alliance—favorable conditions, but even greater challenges

In comparison with the twentieth century, present-day Japan and the USA enjoy a number of advantages. On the other hand, however, they are facing challenges of a greater magnitude. One advantage is that Japan and the USA are able to tackle this crisis from the firm foundation of an alliance with a history of over fifty years that dates back to the end of World War Two. This represents an enormous asset. Over the course of half a century’s historical experience with their alliance, Japan and the USA have cultivated bilateral systems and conventions for smoothing over differences in views and interests, and reconciling policy in various fields, including economics, finance, politics, diplomacy, and military affairs. Moreover, this bilateral Japan–US relationship is also embedded in various larger-scale multilateral organizations. Naturally, the United Nations and its associated organizations, such as the World Bank and the International Monetary Fund (IMF), are flawed in many respects and in need of reform, but compared to how they were in the last century, they are making progress. The role of the G8 (based on Japan, the USA, and Europe) can no longer be ignored—notwithstanding the rise of the emerging nations. In the security domain, NATO and the Japan–US alliance, which were established during the Cold War period, still continue to function in solid fashion. It could be said that these alliance relationships are in need of reform to bring them into line with the conditions of the post-Cold War era. However, we are in a far better position than our ancestors were in the period between the two world wars (the 1920s and 1930s), which was wracked by

tremendous upheaval—and which was devoid of any comparable stable and sustainable institutional framework.

Second, the reality is that—in marked contrast to our ancestors' era—the Asia-Pacific region has today come to enjoy far greater importance within the international community in the political, economic, and security spheres. What significance does this hold for the Japan-US alliance, however? Is this an asset in terms of dealing with new crises, or does it add to the complexity of issues, and make them difficult to resolve? It is difficult to answer this question categorically. In any event, the question of whether Japan and the USA can properly manage relations in this region undoubtedly has a strategic significance that exerts a huge influence on global trends. That being the case, cooperation within the Japan-US alliance is of great importance for the mere fact that Japan and the USA enjoy a shared ability to play a leading role in resolving the various problems of the region.

On the other hand, the fact that the relative importance of the Asia-Pacific region has increased is placing a new, additional burden on strategic coordination between Japan and the USA.

The emergence of new actors such as China, South Korea, North Korea, and the ASEAN nations signifies a need for Japan and the USA to take these countries' interests and intentions into account when the two nations cooperate with each other in tackling the various problems of the region. One huge difference here from our ancestors' era is China's enormous current importance. During the Cold War period, the Soviet Union and China represented security threats to Japan and the USA. Nowadays, however, it is desirable for Japan and the USA to rank them both as cooperative partners—as far as is necessary and possible in strategic terms. The Japan-US alliance of the global era will have to be managed within a multilateral context and cannot continue to be managed as if it were simply a bilateral relationship in an isolated space.

However, the closer the Japan-US relationship grows, the more significant the problem of the perception gap between the two countries over China (the China gap) becomes. China, which is now an enormous presence both politically and economically, has become a high priority for both Japan and the USA. As a result, Japan and China can now be witnessed in a competitive relationship with regard to their respective relations with the USA. As a result of this, an undeniable perception gap has arisen between Japan and the USA over relations with China.

While on the one hand the USA is hedging in response to China's increasing military power by maintaining a US military presence in East Asia through its relations with alliance countries such as Japan, the USA is also displaying a welcoming attitude to China's growing influence, provided that China behaves as a “responsible

stakeholder.” In other words the USA is coming to regard China’s “cooperation” as increasingly necessary to the resolution of problems both regional and global.

For Japan, meanwhile, territorial encroachments by Chinese ships and the extreme measures that China employs to obtain resources are life-and-death problems with regard to Japan’s own national interests. On the political and diplomatic fronts too, friction between Japan and China is not uncommon—for example, over China’s obstruction of Japan’s bid to become a permanent member of the UN Security Council. A perception gap exists over these problems between Japan and the USA, and this may well create even greater complications in the future.

Japan and the USA share institutions and values, such as democracy, human rights, free trade, and capitalism, and the alliance relationship is reaching full maturity. Thus, given the importance of the Japan–US alliance to the future global order and the stability of the Asia–Pacific region, it is probably unwise to set too much store by alliance differences as described above. However, there is a danger that if these emerging problems are disregarded and the two sides fail to show sufficient consideration for each other’s needs, the foundations of the alliance could gradually deteriorate. To prevent this China gap from growing, it will be essential that Japan and the USA constantly engage in close and candid advance consultation on matters of concern over China. This will serve to make the Japan–US alliance even more solid.

3. Global issues and the Japan–US alliance

Functioning as an international public good, the Japan–US alliance is naturally (for Japan and other Asia–Pacific nations) a bedrock for security and prosperity in East Asia. For the USA, it represents the cornerstone that secures its influence in East Asia. Moreover, considering China’s rise as a state that challenges US hegemony in East Asia, as far as the USA is concerned, Japan is an indispensable alliance partner.

Once Japan and the USA have thus re-affirmed the need for the Japan–US alliance, the problems of how Japan should handle various issues in the wider world beyond the Asia–Pacific region, and of how this might affect Japan–US relations, must be considered.

With respect to global issues such as terrorism, global warming, resource and energy problems, infectious diseases, aid to the very poorest nations, financial stability issues, and the control and abolition of weapons of mass destruction—there are numerous roles that Japan should be playing—both independently and in cooperation with the USA. An active contribution by Japan in these areas will help to increase Japan’s influence internationally and lead to closer Japan–US relations. Consequently, this will likely form an important part of any twenty-first-century national strategy for Japan.

However, the problem is a difference in perception between Japan and the USA over how to prioritize the regional spaces in which the sources of the threats which must be dealt with are located. For the USA, responding to global (extra-regional) problems which do not always have specific regional issues, such as conducting anti-terrorist operations and preventing the proliferation of weapons of mass destruction, is a high-priority issue.

For Japan, meanwhile, the top-priority issue is lingering post-Cold War instability in the East Asian sub-region. Japan's top security concern is how to deal with traditional threats from neighboring countries. In terms of counter-measures for security problems, Japan also tends to emphasize the non-military dimension—the more geographically distant the location, the stronger this tendency. For example, Japan's emphasis on a non-military role with regard to post-conflict nation-building (as typified by the case of Afghanistan) is based on the philosophy that, essentially, these types of problem cannot be resolved by military means alone and that soft power is more important—as well as on the practical consideration that Japan's military resources are limited.

This can be generalized beyond the Afghanistan problem. The Japan–US relationship can maintain a profound relationship of trust deserving of the title “alliance” only while there is constant and substantial communication spanning a wide range of fields, including politics, economics, and culture. Now that the era of Japan and the USA enjoying a monopoly over each other's attention is over, and with both nations having numerous counterparts in policy dialogue, it is—if anything—even more important that bilateral communication between the two nations be strengthened. Strengthening communication between Japan and the USA must thus be given the utmost emphasis as the foundation of any national strategy for Japan.

For example, if Japan's cooperation in anti-terrorism operations in Afghanistan were only half-hearted, the USA would probably experience grave disappointment. At the same time, if, in its relations with other countries in the region, the USA showed a lack of concern for Japan's major concerns, Japan's trust in the USA could decline.

It is to some extent inevitable that there will be a gap in prioritization and threat perception between Japan and the USA—in regard to both global (extra-regional) issues, as exemplified by Afghanistan, and East Asian (sub-regional) issues, as exemplified by North Korea.

A level of political communication will be required that is sufficient to prevent these differences in degree of enthusiasm from substantially damaging the relationship of trust between Japan and the USA. The Japan–US alliance relationship will be the basis for Japan's national strategy. Japan refers to the Japan–US alliance as the “cornerstone of Japanese diplomacy” and has come to regard the Japan–US security

arrangements as the mainstay of Japan’s defense. This will undoubtedly continue to be the case in the future. However, as new issues and challenges are confronted, as described above, greater efforts than ever before will be essential constantly, if this status quo is to be maintained.

II Towards an Evolving Japan–US Alliance (proposal)

The Japan–US alliance relationship will form the basis of a national strategy for Japan. As Japan deals with security issues in the sub-region of East Asia, the Asia–Pacific region, and the wider extra-region that encompasses them, the Japan–US alliance and the cooperative relationship that is based on this alliance will undoubtedly represent crucial assets.

Although Japan and the USA have enjoyed a close relationship lasting many years, as long as the two nations have different geo-political standpoints, there will undoubtedly be differences between them in terms of the prioritization of issues. The issue is not the fact that there are differences of opinion between the two alliance nations, but whether between them they can robustly manage the differences in perception that come to the fore from time to time, before they lead to a serious divergence in terms of strategic interests, and whether or not a solid foundation for the management of the alliance can be maintained.

Comparisons are often drawn between the USA’s alliance relationships in Europe and its alliance relationship with Japan. The two are situated at opposite ends of the Eurasian continental mass, and can boast a fifty-year history, having endured the Cold War period and the twenty years that followed. Over the course of this time the USA and the European countries involved have reconciled their respective views through frank strategic debate. By contrast, the Japan–US alliance is still in fact somewhat lacking in this regard. If this is related to weaknesses in the foundations of the alliance, fresh efforts must be made to strengthen these foundations as the milestone of the fifty-year anniversary of the conclusion of the treaty is passed. As already mentioned, Japan exists within a complex security environment consisting of the three levels of East Asia, the Asia–Pacific region, and the wider domain. In terms of regional characteristics, the overriding dynamic in East Asia is one of relationships of mutual dependence, involving countries such as China and South Korea, while the Asia–Pacific space is one that is shared by Japan and the USA. The larger (global) domain is characterized by its universality. In light of these facts it is important that the Japan–US relationship be raised to a more multi-dimensional plane, and measures for achieving this are explained in detail below.

1. Building a highly strategic Japan–US alliance—towards a stable East Asian sub-region

(1) Common agenda for Japan and the USA

a. Building an integrated Japan–US strategy

In order to put the alliance on a firmer footing, Japan and the USA must engage in joint strategic discussions that are of greater breadth and substance. As a first step, it will be essential that Japan and the USA consistently follow the roadmap (entitled “US–Japan Alliance: Transformation and Realignment for the Future”) to which they jointly agreed in October 2005.

The Obama administration has made a commitment to implement this roadmap, which the previous administration completed by concluding the Guam Agreement with the Japanese government. For the new Japanese administration that is bound to be installed soon, the prompt implementation of this accord will be a matter that cannot be sidestepped.

Second, Japan and the USA must devise an integrated strategy that includes global issues, encompasses all three levels, and spans a wide range of fields.

Up until now, the Japan–US alliance has lacked a basic framework for routine coordination and implementation with regard to medium- and long-term strategic issues, and this could be said to have hindered the alliance from growing more profound.

As a matter of urgency, Japan and the USA must formulate an integrated strategy with regard to North Korea as soon as is possible. The regime of Kim Jong-Il, which, with its repeated nuclear testing looks to be aiming to become a nuclear nation, appears to be on its last legs and is in a highly unstable condition. Japan and the USA must formulate response scenarios for contingencies that might arise when the North Korean regime collapses (such as prevention of the spread of WMD, refugees, and the rescue of their own nationals) and must, as a matter of urgency, devise an integrated Japan–US strategy that provides for them.

Japan and the USA must also formulate an integrated strategy for the re-unification of the Korean Peninsula, which is bound to happen. This is because the type of security policy adopted by a post-re-unification Korean Peninsula will make a huge difference to the security of Japan and the USA. Once Japan and the USA have formulated an integrated strategy, they ought to prepare a detailed three-party strategy with South Korea that sets out medium- to long-term objectives. Japan and the USA will probably also have to consult with China in certain circumstances.

b. Establishing the Japan–US treaty organization (JUSTO) and strengthening joint coordination capability

In order to formulate an integrated strategy and achieve close policy coordination, it will be necessary to expand the functions of the Japan–US Security Consultation Committee (SCC), which is comprised of Japanese and US cabinet members (the Japanese minister for foreign affairs and minister of defense, and the US secretary of state and secretary of defense). To this end, it will be necessary to establish a Japan–US Treaty Organization (JUSTO), which would be an organization that was subordinate to existing working-level security consultations. Operated by representatives of Japan and the USA, the JUSTO secretariat would probably have the functions of clarifying a new division of roles within the Japan–US alliance, systemizing its functional aspects, and coordinating the decision-making process between Japan and the USA.

At the operational level, it should also strengthen the Japan–US joint coordination mechanism. For example, the joint coordination center (for the Air Self-Defense Force Air Defense Command and the US Fifth Air Force), which under the roadmap is to be established in 2010 at the US base in Yokota, Japan, will coordinate operations between the Air Self-Defense Force and the US Air Force, with a focus on ballistic missile defense. In the future it will be essential to elevate the status of this joint operations coordination center to that of a center for information-sharing and operational coordination for all joint operations between the US armed forces and Japan's Self-Defense Forces.

c. Moving forward with nuclear disarmament and reassuring nuclear extended deterrence

In a speech in Prague on April 5, President Obama acknowledged the responsibility for the USA as the only nation to have actually used nuclear weapons in war to take concrete steps toward their elimination. The USA and Russia subsequently agreed to cut back their nuclear armaments further in a treaty that was to replace the First Strategic Arms Reduction Treaty (START-I), due to expire in December. Japan, the only nation to have been subjected to attacks with atomic bombs, actively supports the USA in its endeavor to reach the goal of a “world without nuclear weapons.” To this end, on April 27, Foreign Minister Nakasone presented his Eleven Benchmarks for Global Nuclear Disarmament.

Even as the USA and Russia downsize their nuclear arsenals, China may continue to modernize its nuclear forces. That would contribute to further deterioration of the strategic environment in East Asia. Making efforts toward nuclear disarmament is an obligation under Article VI of the Nuclear Nonproliferation Treaty that the nuclear-weapon states must fulfill jointly. The USA should therefore not limit itself to engaging Russia in a bilateral nuclear reduction process, but also work with China to initiate a more comprehensive nuclear disarmament regime. As a matter of fact, China

may (and certainly should) find it in its interests to increase the prospect of lasting peace in East Asia by committing to nuclear disarmament undertakings.

If China keeps on expanding its nuclear capabilities while the USA and Russia proceed with strategic reductions, however, the ability of the US to deter Chinese encroachments on Japan will decline. Under these circumstances, Japan will have to take measures to ensure the credibility of nuclear deterrence extended by the USA. The governments of both Japan and the USA are set to begin regular consultations on nuclear deterrence that would include information sharing on certain operational details. This represents progress toward a more advanced extended deterrence posture than the present one that rests almost exclusively on declaratory policy and as such should be welcomed.

Should the strategic situation in East Asia further deteriorate, Japan and the USA might be forced to consider additional measures to assure the reliability of the US extended deterrents. These might include (1) creation of a mechanism modeled after the Nuclear Planning Group (NPG) of NATO to discuss how the USA should best employ its nuclear weapons for the defense of Japan; (2) modification of Japan's Three Nonnuclear Principles so as to permit the USA to introduce nuclear weapons into the territory of Japan; (3) establishment of a system in which Japan would field delivery vehicles for nuclear weapons introduced by the USA with the latter retaining full control of the warheads in peacetime; and (4) provision by the USA to Japan of technology related to nuclear weapons and means of their delivery, thereby enabling Japan to attain a limited nuclear capability, which would be employed in conjunction with that of the USA.

A point to keep in mind in contemplating these possibilities is that, as long as progress is being made toward a "world without nuclear weapons" and the US extended deterrence remains credible, Japan would have no intention to build an independent nuclear force, even though it may be assumed to possess the necessary economic and technological wherewithal.

(2) Japan's agenda

a. Restructuring Japan's security strategy and developing its legal infrastructure

In order to make the Japan-US alliance more strategic in character, Japan will need to clarify its own strategic position and to become a joint manager of the alliance. To do this, Japan will need to restructure its security strategy to take each of the three levels into account (the sub-region, region, and extra-region). At this point, Japan will have to review its legal infrastructure in relation to security, and reconsider codes of practice for the Self-Defense Forces in all situations.

From this perspective, Japan should formulate a general security law, clarify the ways in which the Self-Defense Forces should be utilized and how this should be under civilian control, and clarify the provisions in the Constitution regarding the status of the Self-Defense Forces. Since the end of the Cold War, the geographical area for which security policy is relevant has widened, and the venues for the application of military power have multiplied and diversified. From time to time Japan has, in certain situations, come up with the necessary specific legislation for the use of the Self-Defense Forces. However, the result of this has been a patchwork of legislation that is either only for specific situations or is limited in application, leaving Japan unable to respond flexibly to changing situations.

It is essential for Japan's security—and thus for the stability of the international community—that Japan develop a comprehensive legal infrastructure relating to security matters, including use of the Self-Defense Forces, so as to provide policy-makers with more flexibility in terms of strategic choices, and thus enable Japan to play an independent and active security role. It would also be advisable to carry out an urgent review of the unnatural and restrictive interpretation of the “right to collective self-defense,” which inhibits Japan from engaging in cooperative action, either with the USA or multilaterally.

b. Establishing a Japanese National Security Council (NSC) and Office of Net Assessment (NET)

It is absolutely imperative that Japan establish a National Security Council (NSC), under the direct control of the prime minister, in order to clarify its strategic position and rebuild its security strategy. Unlike the existing pro forma security council, the NSC must be given the capability and authority to formulate security strategy independently and to exercise close control of the relevant ministries and agencies.

To this end, it will be necessary to integrate the existing assistant deputy chief cabinet secretary posts (for foreign affairs, security, and crisis management) and their respective subordinate administrative organizations, and—with the addition of some civilian experts—convert them into a unified organization. A Japanese NET should also be set up within this organization to evaluate long-term strategy based on Japan's national interests, and this office should be allowed to formulate general strategy. The head of this organization should also be made the national security advisor to the prime minister, and given cabinet-level authority.

c. Strengthening Japan's defense capability—increasing defense expenditure

In order to make the Japan–US alliance as strong as the alliance between the USA and the UK, unflagging effort and determination will be required by Japan to maintain

effective defense capabilities. It is only by this means that Japan can become a joint manager of the Japan–US alliance.

In addition, the Japan–US alliance must continue functioning in its role as a “public good” that contributes to regional peace and security. However, since it is possible that in the foreseeable future the USA will redirect its assets (its armed forces and its budget) to focus on Afghanistan and Pakistan, the support of Japan (among other alliance countries) will be essential if the alliance is to continue fulfilling the role of a “public good” in East Asia.

In order to maintain the deterrence capability of the Japan–US alliance, Japan must develop its own autonomous defense capability with a higher level of independent operational capability, but which is at the same time able to provide increased support for US armed forces. This will necessitate an increase in Japan’s defense spending. China is setting a rapid pace, doubling its defense spending every five years, while South Korea has increased its defense spending by 73% over the past ten years. Against this backdrop Japanese defense spending has instead decreased over the last ten years, and if this continues it will be difficult in the future for Japan to fulfill the role of provider of this public good.

d. Strengthening island defenses

China continues to increase its conventional military capability as well as its strategic nuclear capability. However, its strategic intentions remain unclear.

As well as possessing the capability to conduct military operations anywhere in the Asian region (not just in the Taiwan Strait), it is also improving its capability to commit military forces over a large area. China’s growing military power is beginning to destroy the military balance in East Asia.

This trend towards military superpower status for China runs counter to the international trend away from the use of military force as a means of international conflict resolution.

China is aiming to build a military capability sufficient to enable it to deploy to the “Second Island Chain,” which runs from the Izu Islands via Guam to Papua New Guinea, as well as to the “First Island Chain,” which runs from the East China Sea via Taiwan to the South China Sea. Furthermore, in order to prevent the US Navy from deploying within the “Second Island Chain,” China is focusing on maintaining the capability to threaten warships from long range. It is also possible that, in the event of a contingency in the Taiwan Strait, China could prevent a US aircraft carrier task force from approaching. There has also been a series of incursions into Japanese territorial waters by China, for example in the vicinity of the Senkaku Islands, and criminal activity around and on the Sakishima Islands can be of concern.

As a result, it is vital that Japan deploy Ground Self-Defense Forces in advance, strengthen its rapid force projection capability, and retain the ability to maintain maritime and air superiority. It is also necessary for the Ground Self-Defense Forces and the US Marine Corps to stage joint exercises and to strengthen cooperation between them. It will also be vital for Japan to further improve its warning and surveillance activities and its anti-submarine capability by upgrading the Self-Defense Forces to new-type warships, re-inforcing the submarine fleet, and deploying patrol planes and UAVs, and to maintain its air superiority by introducing next-generation aircraft into service.

e. Ensuring capabilities to attack enemy bases

North Korea's nuclear tests and repeated ballistic missile launches have sharply intensified the sense of crisis in Japan. The Kim Jong-Il regime now appears to be in a terminal condition and is in a state of instability. It appears to have lost the ability to make rational judgments on foreign policy and defense. The possibility that it may attack Japan or a US military base in Japan using missiles (loaded with WMD) cannot thus be ruled out. In this eventuality, it will probably be necessary for Japan to possess the capability to destroy the launch device itself and to supplement the USA's deterrence capability, in order for the Japan–US alliance to be able to fulfill its role (this in addition to the Japan–US deterrence-by-denial capability, which employs a ballistic missile defense system).

f. Strengthening cooperation on defense technology

In the area of defense procurement, there is a global trend towards joint development and production through international cooperation. Partly due to the trend in decreasing procurement budgets, and also due to the high cost of defense equipments because of the need to incorporate advanced technologies, states are constrained to continue indigenous defense production. In this regard, it is natural for there to be a trend for countries with an allied relationship to seek out closer cooperation on the production front in order to reduce their defense equipment procurement costs. Japan and the USA are no exception. It is anticipated, however, that arrangement for licensed production will change because of consideration over technology diversion. Therefore, Japan should move forward with internationalization of defense production. Thus, it will be also necessary to internationalize Japan's procurement system.

In order to move forward with international production of defense equipment (including joint development, production, and procurement), it will be essential to revise Japan's three principles on arms export. In addition, it will be necessary to actively promote the enactment of an arms trade treaty (ATT) at the UN, in order to prevent jointly produced defense equipment from being transferred via illegal routes

and also to prevent its use in actions that violate humanitarian and human rights standards. It will also probably be necessary to develop domestic laws to deal with the problem of the transfer of defense equipment to third countries.

As a prerequisite to move toward international production, it will be essential to strengthen the export controls for all countries that participate in production, and active efforts must be made to safeguard technological and military information. Almost without exception, the countries participating in current international production projects boast strong export control systems and information protection systems. Japan, too, has to proceed to construct systems that meet international standards.

2. Towards the formation of a New Asia–Pacific regional order

(1) Creating a “confidence-building mechanism” between Japan, the USA, and China

While the future situation in the Asia–Pacific region will be greatly influenced by China’s movements, it is also highly possible that it will be determined by Japanese and US policy towards China.

While China’s economic growth continues to drive the global economy in the midst of a worldwide economic slowdown, the intentions behind its annual double-digit percentage increases in military spending are unclear. In addition to the problems that China is experiencing in Xinjiang Uighur province and Tibet, there are other human-rights issues, and democratization is a long way off. Various actions taken by China, including the introduction of compulsory certification systems (for example, for the source code for IT products sold in China), deviate from international practices and rules.

Japan and the USA must make use of their close cooperative relationship to guide China towards becoming a “responsible stakeholder,” while hedging against it militarily. Japan has been endeavoring to build a “strategic relationship” with China, but this has not so far come to fruition. To achieve this, Japan and the USA will have to take the lead by creating a “confidence-building mechanism” to ensure stability in the region, and by incorporating China within it.

From the point of view of Japan’s security, the first matters that should be taken up within this “confidence-building mechanism” are the East China Sea energy issue and the issue of the Senkaku Islands.

There is a danger that if in the future China steps up its marine activities, as witnessed in its development of the Shirakaba gas field in the East China Sea (known as “Chunxiao” by the Chinese), the political tension between Japan and China over this issue could escalate into military clashes. The creation of a “confidence-building

mechanism,” with a membership comprised of Japan, the USA, and China, is urgently required to prevent these disputes from mushrooming into military conflicts.

(2) Constructing an alliance network—creating a security cooperation regime

It will be necessary to attempt to establish a security cooperation regime that also includes nations other than the alliance nations, basing it on the alliance network created by the USA in the Asia–Pacific region during the Cold War period (with the Japan–US alliance at its core).

In doing so, Japan and the USA should place primary emphasis on a shared perception of the situation by the participating nations. There are differences in geo-political conditions and policy orientation between Japan and other alliance nations that have a hub-and-spoke relationship with the USA, which in certain cases would preclude unified action. In particular, it must be expected that there is a high probability that policy differences will arise over how to deal with China.

As a result, it will be necessary to (1) conduct regular reviews of the joint strategic objectives of Japan and the USA, or stage Japan–US consultations to re-appraise objectives in the light of changes in the situations in countries such as China, Russia, and North Korea, and (2) subsequently hold joint consultations involving all the countries with which the USA has alliance relationships, to coordinate responses among the participating countries.

More specifically, this will be expanded to include surrounding nations, primarily countries with whom the USA and Japan enjoy cooperative relationships, such as Australia, South Korea, the Philippines, Taiwan, and India.

The following describes each of the participating countries. With Australia, Japan and the USA have achieved coordination on joint policy towards China in the political and foreign policy arenas, and expansion of the Proliferation Security Initiative and combined Japanese–US–Australian military training and exercises in the security sphere. With South Korea, Japan and the USA will in the future create a trilateral Japan–US–South Korean security system, after strengthening the relationship between the US–South Korea alliance and interests that support Japan–South Korea security cooperation in South Korea. With Taiwan, Japan and the USA are encouraging efforts towards a “peaceful resolution” of the China–Taiwan issue and the “preservation and development of freedom and democracy for Taiwan.” In the case of India, Japan and the USA perceive that it places great importance on competition with Russia and China, and that the trajectory is towards a multilateral order. Rather than abruptly attempting to build a comprehensive security cooperation system, Japan and the USA should start by cooperating with India on specific issues, such as energy, economics, and counter-terrorism, while stressing the values that are common to all three nations, such

as freedom and democracy. With these objectives in mind, consultations between Japan and the USA should be institutionalized.

It will be necessary to make use of this alliance network to conduct joint training on a routine basis, in preparation for meeting conventional and non-conventional threats that are potentially global in scope. This would have the objectives of consultation and coordination enabling the countries participating in the regime to take concerted action in response to a wide spectrum of problems—ranging from disaster relief, search and rescue operations, and other MOOTW (military operations other than war), to issues that transcend national borders, such as international terrorism, acts of piracy, and proliferation of weapons of mass destruction.

The ultimate goal would be to use this Asia–Pacific security regime (based on the alliance network) as a foundation for developing a collective regional security system, by superimposing onto it other cooperative security mechanisms that are already in active operation, in the shape of the ASEAN Regional Forum (ARF) and Asia–Pacific Economic Cooperation (APEC).

(3) Strengthening the regional security network centered on Guam

US Pacific forces are promoting cooperation between states within the region in the form of “theater security cooperation.” Theater security cooperation focuses on the strengthening of effective security cooperation by means of joint training between military units from different countries. Attention has been focused on Guam and the nearby Mariana Islands as a venue for this training. If the roadmap is implemented in accord with its expected objectives, the headquarters of the US Third Marine Expeditionary Force (III MEF) will be moved from Okinawa to Guam. Since the limited area of Guam renders it unsuitable for training facilities for forces any larger than company-sized units, the plan is to construct a large-scale maneuvering ground on the neighboring island of Tinian. The Pacific forces want to make the large-scale training facility that they develop here into a so-called “hub” and use it to promote theater security cooperation with regional nations. This will of course strengthen the ability of regional nations to deal with the numerous current sources of instability in Southeast Asia, and this facility could even prove useful in the context of diplomacy. As far as Japan is concerned, this will not only require the relocation of the Marines’ headquarters from Okinawa, but also an active commitment to evolving security cooperation focused on Guam, the new destination for the headquarters. Japan ought to consider constructing and jointly managing some of the facilities, according to circumstances. This would contribute to the building of regional security cooperation that is based on the Japan–US alliance.

3. Extra-regional Japan–US Cooperation at more than two levels

(1) Assistance for Afghanistan

Since the war on terrorism in Afghanistan is an issue of the utmost importance for the Obama administration, this is also a sphere to which Japan, as an alliance partner of the USA, ought to pay great attention. In addition to the refueling operations carried out by the Maritime Self-Defense Force in the Indian Ocean, Japan has also staged events such as the Conference on Reconstruction Assistance to Afghanistan in Tokyo, and has itself contributed 160 billion yen (between 2001 and 2008) in Afghan reconstruction assistance—the third highest amount by any country. There are also as many as 140 Japanese nationals from organizations such as the Japan International Cooperation Agency (JICA) engaged in support activities such as disarmament, demobilization, and re-integration (DDR), disbandment of illegal armed groups (DIAG), reform of the police, fighting narcotics, and the development of infrastructure. There are also four Japanese civilians who have been dispatched to Afghanistan to work as part of provincial reconstruction teams (PRTs).

However, the Obama administration is expecting a greater contribution from Japan than this, and this issue represents a litmus test for the Japan–US alliance. Despite the fact that it is difficult for Japan to participate, due to the restrictions that it is working under, Japan ought to make a contribution that goes beyond refueling operations and cracking down on piracy in the Indian Ocean.

If the level of Japan’s contribution to Afghanistan is broken down into three stages, the first stage would be to strengthen Japan’s current refueling and anti-piracy operations in the Indian Ocean. The second stage could be the provision of transportation support inside Afghanistan—particularly air transport support—to the UN and to various nations’ military and civilian branches for reconstruction assistance purposes.

The third stage would be to participate in Afghan PRTs. This would appear to be exactly the kind of reconstruction assistance activity that Japan ought to be considering. Engaging in military cooperation with NATO countries in this arena would also represent an important opening salvo in the development of future Japanese security policy. At this juncture it would be necessary to revise the interpretation of the Constitution which prevents joint action with other countries and to adopt standards on the use of weapons that are at least in line with UN standards.

(2) Assistance for Pakistan

Stability in Pakistan will be essential to any improvement in the situation in Afghanistan, as the two countries share a border and enjoy close religious and ethnic ties. The Obama

administration in the USA has announced a new strategy for Afghanistan, and has set out a policy with a focus on treating Afghanistan and Pakistan as a single issue. Lying behind this is the fact that, since armed groups such as the Taliban and Al-Qaeda have bases in the Afghan–Pakistani border areas, Pakistan’s cooperation will be essential. There is also the danger that if Pakistan were to be destabilized, its nuclear weapons might fall into the hands of these armed groups. With the worldwide financial slump and the sharp rises in prices for oil and food, Pakistan is a state on the verge of bankruptcy. As a result, public discontent is growing at the government’s fiscal austerity, although it is engaged in economic reconstruction using emergency loans from the IMF. Support for President Zardari has declined drastically, and the country is in an extremely critical situation.

In response to this, Japan appealed to the world and staged the Pakistan Donors’ Conference. This was attended by over forty delegates, comprised of national representatives, including President Zardari of Pakistan and US Special Envoy Richard Holbrooke, and representatives from international organizations such as the World Bank. At the conference, Prime Minister Aso of Japan announced that Japan would provide 100 billion yen (one billion dollars) in assistance over two years, saying “Without stability in Pakistan, there is no stability in Afghanistan.” The conference proved a great success, with countries donating a total of 5.28 billion dollars. By staging this donors’ conference, Japan raised its profile within the international community and actively responded to the USA’s request.

This kind of pro-active diplomatic policy by Japan, making use of its soft power, is just what is called for with Pakistan, and this will thus serve to strengthen the Japan–US alliance.

(3) Construction of a “Sea-lanes Security Regime” from the Middle East to Japan

The sea lanes that run from the Middle East to the Indian Ocean, the Western Pacific Ocean, and East Asia are not simply transportation routes for oil and rare-metal resources, they also serve as transfer paths for food resources, manufactured products, labor, and human communication, which increases their importance even further. The stability of the sea lanes is essential to the economic and social stability of the region, as well as to its security. Fundamental to the stability of the sea lanes is a stable military balance in the region (particularly in terms of naval and aerial power). Further essential requirements are wide-ranging and flexible responses for preventing piracy and illegal trade, maintaining navigational safety, controlling the sea routes in waters that are over-crowded with shipping, and dealing with natural disasters. Since they are an asset common to the entire world, the vast oceans constitute a space that would be impossible for sovereign states to manage in an integrated fashion. However, in view of the fact

that the oceans represent a public good, a regime based on international cooperation for their management and defense must be created.

What is required is that the nations that have life-or-death national interests in the sea lanes—particularly Australia, India, South Korea, and China, as well as Japan—cooperate actively to achieve stability for the sea lanes that run from the Middle East to the Indian Ocean, the Western Pacific Ocean, and East Asia, and thus contribute to the interests of the entire region. However, the region is embroiled in complex issues involving national interests and changes in sovereignty or the military balance. Since the resolution of a number of issues and numerous consultations and agreements will be essential to the building of a cooperative system, practical results are urgently required.

Japan and the USA should take positive action to achieve stability in the region's sea lanes. They should initiate the creation of a regime encompassing the nations of the region to deal with maritime issues (including those of a non-military nature), which would represent a cornerstone of sea lane security. The specific policies involved will require wide-ranging consultation and negotiation with the countries of the region, but should establish a liaison-and-coordination mechanism designed to achieve sea-lane stability, and should institute a multi-faceted approach that involves countries such as Australia, India, South Korea, and China. In particular, it will be vital to take active steps to create a regime for conducting maritime interceptions of terrorist organizations and providing effective and cooperative disaster reconstruction assistance, as well as cracking down on piracy, in the area stretching from the Middle East to the Western Pacific Ocean.

(4) Effective expansion of the Proliferation Security Initiative

The Proliferation Security Initiative (PSI) is thought to be an effective measure to prevent the proliferation of WMD and related technologies. In fact, the number of participating countries has grown, and its exercise is being continued under the Obama administration. The legal foundation of the current PSI is based on national and international laws, and countries are cooperatively enforcing it as much as they are able to. There is as yet no permanent institutional arrangement or framework for comprehensively coordinating operations. The PSI must be made more effective if the Japan–US alliance is to provide the function of a regional public good. The first requirement for making the initiative function more effectively will be the establishment of a Japan–US alliance analysis center for the collection and analysis of information on illegal trade. This analysis center will serve as a node for the collection and distribution of information on proliferation in the region and provide information to the armed forces and police of the cooperating countries participating in the PSI. Cooperation between each country's prevention operations and the establishment of a joint staff

section that would issue orders should be considered as the next stage in increasing the effectiveness of the PSI.

As for the legal framework, which supports legal foundations of the PSI, it will probably also be important to work to enact UN resolutions on effective PSI measures.

If Japan and the USA steadily implement effective counter-proliferation measures in the region, this directly relates to the fulfillment of their role as a regional public good. In addition, in order to promote a strategic relationship with China, it will probably be necessary to encourage China to join the PSI.

At a time when there is particular fear of proliferation in East Asia of WMD- and missile-related technology and components by North Korea, and when the transfer of, and illegal trade in these represent a destabilizing element for the entire region, effectively strengthening the PSI represents a key function for the Japan–US alliance to fulfill.

(5) Various measures for combating the spread of weapons of mass destruction and for nuclear arms reduction

The nuclear disarmament and nonproliferation of WMD is at the core of the Obama administration's proposals for "nuclear zero." The proposal that President Obama made at Prague in April 2009 reflects its fear against threat of diversion of WMD to organizations such as terrorist groups. President Obama recognized that re-strengthening international measures such as the Nuclear Non-Proliferation Treaty (NPT) will require the nuclear nations also to earnestly engage in nuclear disarmament.

Japan should actively support the nuclear nations in their attempts to do this. First, Japan should support re-strengthening of the NPT, the effectiveness of which has been called into question in the wake of developments such as the North Korean issue and the US–India nuclear agreement. It would naturally be difficult to reverse the current tide of events, and there is little ground for optimism that drastic reform of the NPT might take place, that non-signatory states such as India, Pakistan, and Israel might join the NPT, or that North Korea, which announced its withdrawal, might return to the NPT. At a minimum, however, an attempt should be made to strengthen the inspection regime of the International Atomic Energy Agency (IAEA) so that the number of nations possessing nuclear weapons does not rise any further and so that nuclear development is supervised internationally.

Since energy issues lie behind the nuclear issue, there should be cooperation on the development of renewable energy and alternative forms of energy, with a view to resolving the energy problems of the developing countries.

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