The Tokyo Foundation

Policy Proposal

New Security Strategy of Japan: Multilayered and Cooperative Security Strategy

The Tokyo Foundation
Research Project on National Security Policy

The Tokyo Foundation is an independent and impartial not-for-profit organization that operates through an endowment from motorboat racing, with support from the Nippon Foundation and the motorboat racing industry.

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About The Tokyo Foundation

The Tokyo Foundation's primary work is carrying out policy research and making proposals on new policy. In this publication, which lays out our "formation" for these activities, we share the details of how we go about these vital tasks.

Our world-renowned researchers appear in the first half of this report. They possess both research talent and a powerful drive to make the world a better place — to build on their results, perspectives, and networks while forging the tools known as policy in the "workshop" of the Tokyo Foundation.

Japan faces critical problems today in areas from welfare and education to the economy and foreign policy, but we have yet to collect and put to work the wisdom of the Japanese to create the policy we need to overcome these problems. This is what the Tokyo Foundation hopes to achieve. Our researchers have been inspired to join us by a shared recognition of this situation.

The second pillar of our activities, introduced in the second half of this publication, is the nurturing of human resources. We provide endowments at nearly 70 universities around the world and harness the knowledge and networks cultivated by these fellowships to develop projects to train and promote exchange among the future leaders of Japan and the world.

Policy research and human resource development. These activities, when carried out in concert, open up new realms of possibility, allowing us to perform high-level research drawing on worldwide knowledge networks. Our fundamental goal is to improve our world through the power of knowledge that transcends eras and national borders. It is our fervent hope that through this publication readers will gain an insight into the enthusiasm with which our researchers and staff are pursuing this ideal and will be inspired to encourage our endeavors and to join us in contributing to the world's body of knowledge.

About this Project

Japan's security environment is complex, encompassing North Korea's nuclear weapons development; China's rise to economic and military might; Russia and India, which are emerging with newfound power; and Southeast Asia, where Islamic fundamentalism is gaining ground.

To face these situations Japan needs a comprehensive security policy that bolsters its own defense and diplomacy with coordinated activities within the frameworks of the Japan-US alliance and the United Nations. This project produces an outline for a new Japanese security policy by analyzing the situation since the release of the 2004 National Defense Program Guideline.

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Preface

Twenty years have passed since the end of the Cold War, and the world is on the cusp of a new era. While threats from non-state actors, as represented by the September 11 terrorist attacks, still remain, relationships among major powers are changing significantly. China and India are rising, and exercise greater influence than was imagined 20 years ago. Russia, backed by soaring crude oil revenues, is taking a firmer stance against the United States. The U.S., on the other hand, has to shoulder the burden of its intervention in Iraq, as a result of the unilateralist policy pursued after the September 11 attacks. It also faces another problem in the financial crisis triggered by the defaults on sub-prime loans. The next U.S. president, Republican or Democrat, will need to prescribe the U.S. policies towards the world considerably differently from those of the Bush Administration. In the vicinity of Japan, North Korean leader Kim Jong Il is alleged to be seriously ill, while North Korea is trying to neglect its commitments at the Six-Party Talks. The world order over which the U.S. has predominated is about to change drastically for the first time since World War II.

At this critical juncture in world history, Japan's political scene has been characterized by confusion. The devastating defeat of the Liberal Democratic Party (LDP) in the upper house election of July 2007 has resulted in the so-called contorted Diet, in which the ruling parties hold a majority in the lower house of the Diet, while opposition parties hold a majority in the upper house. This situation frustrates political decision-making, even on basic national security policies. Two prime ministers in succession resigned in less than one year. Japan's presence is ever weakening in the international community. Nevertheless, any consideration of the unprecedented change noted above has been overshadowed by disputes on election tactics and political maneuvering as far as media reports and discussions by political circles are concerned. It would be truly regrettable if politicians gave little consideration to national security policy, which constitutes the cornerstone of a nation and therefore needs a broader bipartisan consensus. We strongly hope that the LDP and the Democratic Party of Japan (DPJ), as responsible political parties vying for government power, reach a consensus on fundamental policies and urgent issues of national security. In the United States, Japan's only ally, a new president and his administration will soon be inaugurated. Japan has to establish solid ties with the new U.S. administration.

A consensus on national security policy necessitates a review of fundamentals. In this report, the Tokyo Foundation's National Security Policy Project presents its proposals

on the direction of Japan's security strategy, especially in terms of national defense. Our recommendations include a number of new policy prescriptions tailored to the new security environment. However, since the national interests of Japan are almost unaltered, most of recommendations presented here are within our common understanding of national security. This report recommends policies that are necessary for Japan, based on common sense, which we think is accepted by the majority of Japanese people. Our hope is that the security strategy presented here provides the basis for creating a national security consensus before the forthcoming election, which will decide the next government of Japan.

1. National Strategy and Security Strategy

Under the new international environment, how should Japan formulate its national security strategy? Strategy is the art of optimally combining and employing a series of means to achieve certain aims and/or interests. These means and aims and/or interests are multilayered and fall into different fields. Each nation has an overarching national strategy under which diplomatic, national security, economic and other strategies are formulated. Japan's security strategy presented in this report should not stand alone; rather, it should constitute an integral part of Japan's national strategy at a higher level. In other words, the forging of the security strategy must be preceded by identifying Japan's national interests in the international community, thereby defining a national strategy for Japan that directs how such interests are preserved and advanced internationally.

In the most general terms, Japan's national interests are comprised of protecting the safety of Japan and Japanese citizens, ensuring the prosperity of Japan and Japanese citizens, and advancing the values respected by Japan and Japanese citizens. These national interests, in general terms, lead to a variety of specific aims that may be summarized in the following list.

(1) Protect the safety of Japan and Japanese citizens

(a) Maintain the peace and the security of Japan

- Prevent armed aggression, invasion and threat against Japanese territory, and minimize damage
- Prevent international and domestic terrorist attacks and non-traditional attacks (e.g. cyber attacks) within Japanese territory, and minimize damage
- Prevent large-scale disasters and plagues, and minimize damage

(b) Maintain the peace and security of the region surrounding Japan

- Preserve the peace and stability of the Korean Peninsula
- Preserve the peace and stability of the Taiwan Strait
- Preserve peaceful and stable relationships among Japan and neighboring countries

(c) Protect the safety of Japan around the world
- Protect the safety of Japanese citizens around the world
- Protect the safety of important traffic and transport routes for Japan
- Prevent terrorist activities that threaten Japan or Japanese citizens

(d) Preserve a peaceful international security environment
- Prevent the proliferation of weapons of mass destruction (WMD) and missiles
- Preserve peaceful and stable relationships among major powers
- Reduce civil wars, anarchy and failed states around the world
- Maintain international collaboration to resolve various problems

(2) Ensure the prosperity of Japan and Japanese citizens

(a) Maintain Japan's strong economic foundations
- Maintain and enhance technological power and industrial competitiveness
- Maintain and enhance the efficiency of Japanese markets
- Maintain the solid fiscal structure of the government

(b) Maintain the safety and prosperity of Japan's important economic partners
- Maintain the safety, stability and prosperity of East Asia, North America and Europe
- Maintain the safety and stability of important resource supply sources

(c) Maintain the efficiency of world markets
- Free trade; a favorable investment environment; a stable international financial system

(3) Maintain and advance the values that Japan and Japanese citizens respect

(a) Maintain and advance democratic institutions and values in Japan

(b) Persuade countries in the world not to use violent means in resolving international conflicts

(c) Spread respect for basic human rights throughout the world

(d) Ensure that Japan and Japanese citizens have honorable status in the international community

The above list can be broken down or organized differently, or other elements can be incorporated. Since complex interrelations exist among these aims, each element cannot be achieved independently. A national strategy is a way to achieve the total optimization

of these aims through various instruments taking account of their interrelations. Needless to say, pursuing Japan's interests does not mean ignoring those of other nations or the international community. Generally speaking, the above list of Japan's interests can be best protected when Japan acts in collaboration with the international community.

Keeping the aforementioned aims and interests in mind, it is not so difficult a task to get a general idea of Japan's national strategy. Japan should: sustain its effective and efficient defense capability in combination with the Japan-U.S. alliance; strengthen its diplomatic ties with neighboring Asian countries; promote cooperative frameworks with the international community; bolster the free and stable international economic system by expanding its free-market economy; maintain its free and democratic institutions; and take diverse measures to improve the rule of law and human rights across the globe. Indeed, in the postwar period, Japan has pursued such a general national strategy. This general strategy must be accompanied by practical guidelines for implementation and sub-strategies for achieving aims and interests in respective fields. A national security strategy is a strategy to ensure peace and security, under the national strategy, which is suitable for international and domestic situations at present and in the foreseeable future. A security strategy therefore should not be static but rather be modified and developed based on specific conditions in and outside Japan. In order to forge a security strategy that suits the current situation, we need to start with the assessment of the security environment.

2. Japan's Security Environment in the 21st Century

(1) Globalization, Technological Progress and Asymmetrical Threats

The international security environment, following the end of the Cold War and the September 11 attacks, is undergoing an extraordinary transformation. Globalization and technological progress have promoted cross-border corporate activities, financial transfers, information sharing and the movement of people, which, along with the spread of free market economic systems, facilitate the expansion of the world economy. Revolutions in transportation, information and communication technologies have brought individuals, groups and communities around the world ever closer, thereby making the planet seem smaller than ever.

At the same time, with globalization, new threats such as terrorism and WMD proliferation have arisen as major concerns for the international community. Non-state actors, notably international terrorist organizations (such as al-Qaeda, which carried out

the September 11 terrorist attacks), threaten the world with their unprecedented capabilities of subversion and devastation, taking advantage of globalization and technological progress, which enable them to develop networks and increase activities. The September 11 attacks also showed the vulnerability of advanced industrialized information society vis-à-vis asymmetrical attacks. The magnitude of threats that would result from WMD falling into the hand of such terrorists would be enormous.

(2) Civil War-type Conflicts, Failed States and Peace Building

Ethnic, religious and historical disputes have surfaced with the end of the Cold War, as in the case of Bosnia, Somalia and Rwanda, where tragic civil war-type conflicts broke out in the early 1990s. More recently, Russia undertook a military intervention in Georgia, a country with a complex mix of ethnicities. Today, the international community is faced with a new challenge in the realm of global security: how to prevent and manage this kind of conflict.

The shockwave of the September 11 attacks turned attention to another aspect of prevention and control of civil war-type conflicts. These conflicts used to be perceived as threats to local or regional security. The September 11 attacks, however, revealed that regions affected by these civil war-type conflicts tend to become hotbeds of terrorism, and therefore threats to global security. States afflicted with civil war or states lacking the capacity to keep domestic order are susceptible to the influence of international terrorist organizations' propaganda, and likely to be bases for their strongholds and training camps. In particular, the so-called failed sates, nominal states with no governing authorities, have come to directly threaten the international community, as homes for international terrorists.

(3) New Dimension of Traditional Security

While these new threats are emerging, security issues among sovereign states are still of critical importance. Though the possibility of an airborne and seaborne invasion of Japan, as was thought possible in the Cold War era, has greatly receded, there remain many traditional security problems in the areas surrounding Japan. These include North Korea's nuclear weapons and ballistic missile programs; the military buildup and modernization of China, a country that is rapidly emerging as a major power; continued uncertainty in the Taiwan Strait; conflicting interests among nations over maritime resources; and various territorial issues. In the post-September 11 world, especially in Western Europe, there was a widely-held view that inter-state conflicts were unlikely, and a tendency to put the security-policy focus more on measures against new types of

threats. As demonstrated by Russia's recent invasion of Georgia, however, the world still faces security issues other than new threats. In areas surrounding Japan, in particular, traditional security challenges remain significant, including the possibility of inter-state military conflicts.

North Korean nuclear arms development and ballistic missile deployment are direct military threats against Japan. The nuclear test of October 2006 by North Korea has increased the magnitude of these threats. North Korea has tried to upgrade its ballistic missiles, including Nodong and Taepodong as well as short-range missiles, to produce weapons-grade plutonium and to acquire nuclear weapons operational capabilities coupled with delivery systems. As a result, destabilization of the Korean Peninsula or a direct attack on Japan would potentially cause much greater destruction than was possible before. Furthermore, development of nuclear weapons and missiles by North Korea is feared to bring about the transfer of such weapons and technologies to a third country or a non-state actor. In particular, transfers of fissile materials and nuclear-related technologies would endanger the entire international community, should they be made to countries in the Middle East and international terrorist groups through either an open or secret market. North Korea's nuclear and missile issue therefore should be dealt with as a global security issue as well as a regional one.

As for the Taiwan Strait, though both China and Taiwan have recently been demonstrating self-control, both sides are still in a state of high readiness for military confrontation. China still reserves the use of force against Taiwan as one option. Across the Straits, the military balance has been tilting in favor of China, which, in the past 10 years, has greatly strengthened its naval and air forces and bolstered its short-range missile capability both in quality and quantity.

Chinese military modernization is generating new challenges for the defense of Japan and the Japan-U.S. alliance. Chinese navy and air force buildups may change the Japan-China military power balance in the East China Sea. If China's naval and air operational capability is extended beyond the first island chain in the East China Sea to the second island chain in the Western Pacific Ocean, its ability to block the access of U.S. Pacific Command will be enhanced, affecting the U.S. deterrence capability in the entire East Asian region. Also, with improved capability of medium- and long-range missiles, China has acquired increased potential to target major cities and facilities in Japan, U.S. bases in Japan, U.S. forces deployed in the Pacific, and even major cities in the continental U.S.

While engaged in overall modernization of its armed forces, China has been placing emphasis, since the Gulf War, on an asymmetrical approach to conflicts in order to defeat an opponent with technological superiority, such as the United States. China has been pursuing the strategy of anti-access and area denial operations by rapidly strengthening its ballistic and cruise missile system, its underwater warfare system including submarines and advanced mines, its space warfare system, its computer-network-based capability, and its special operation forces.

(4) The Emerging Balance of Power

Relations among major powers have also been radically transformed amid the changing characteristics of security threats. Propelled by continuing rapid economic growth, China and India, countries with a population of over 1 billion, are rising to become principal actors in the international arena of the 21st century, while facing diverse internal risks. Russia, taking advantage of increasing power due to rising crude oil revenues, has been pursuing hard-line diplomacy as if it sought to shake off the humiliation it suffered following the end of the Cold War. The recent invasion of Georgia demonstrated the stance of the Russian leadership that Russia would take military action if necessary even in the face of oppositions from the United States and Europe. In Europe, the European Union (EU) has expanded its membership to 27 nations, and further advanced its political, economic and social integration. It has also been playing a more active role in its own security matters.

Amid such situations, American influence, which was once so strong as to usher in an era referred to as the “Unipolar Moment,” has largely dwindled. The military intervention against Iraq followed by the failed policy of occupation and reconstruction, has caused the American public to be keenly conscious of the costs associated with an international military intervention. The sub-prime loan problem of 2007 triggered a financial crisis almost as serious as the Great Depression of 1929. The crisis hit Wall Street to devastating effect, and initiated the dramatic realignment of financial institutions around the world. Thus, the ability of the U.S. to act unilaterally has been significantly restrained in international society.

Meanwhile, the role of the U.S. is still crucially important for the peace and stability of the world. As U.S. military spending and defense-related R&D expenditure exceed those of any other nation, no nation can match the global deployment and expeditionary capability of the U.S. armed forces. There has been a shift in the issues and targets of

each nation's security policy, reflecting the changed international security environment after the September 11 attacks. However, the role of military power continues to be indispensable in dealing with any security problem, such as asymmetrical threats including international terrorism, asymmetrically-modified traditional threats from North Korea and Iran, and peace building in Afghanistan and elsewhere. In most cases, such a role must be shouldered, at least partly, by the U.S., which has overwhelming military and power projection capabilities.

Under these circumstances, a multitude of security management mechanisms are evolving, such as: U.S.-led traditional alliances; regional security frameworks; ad hoc security cooperation; power sharing schemes between the United States and other countries; and security arrangements not involving the U.S. Nevertheless, as is often said, there are few important security issues that can be solved without U.S. involvement, given its extraordinary power. Finding the way in which the United States can play a leading role while preventing U.S. unilateralism is a critical challenge for maintaining and advancing world peace and security.

3. New Security Strategy: Multilayered and Cooperative Security Strategy

As discussed above, new threats (asymmetrical threats) have emerged, traditional threats have turned out asymmetrical, and the power balance among major states has been changing. Amid the financial crisis, the U.S. will soon have a new president, who will review America's international policies. What should Japan's national security strategy be? We should first have a comprehensive national strategy as examined in the first chapter, which pursues Japan's overall national interests. Such interests are realized by a variety of means including diplomacy, economic policy and cultural policy. The focus of this report is a national security strategy to achieve the fundamental national interests of peace and safety in accordance with a comprehensive national strategy.

After examining the current and past National Defense Program Guidelines and other documents relevant to national security, we have reached the conclusion that Japan's security strategy should be comprised of roughly four levels of approaches, each of which should be pursued in a cooperative manner. The first level concerns Japan's own defense capability; the second, Japan's security ties with the U.S.; the third, Japan's relationships with its neighbors; and the fourth, Japan's involvement in the international community. The security strategy we recommend is the Multilayered and Cooperative Security Strategy, in which sub-strategies at each of the four levels are promoted interdependently but cooperatively. The first level sub-strategy aims for multi-functional,

flexible defense capability buildup and joint, effective operation of the capability; the second aims for a more credible and effective Japan-U.S. alliance; the third aims for enhanced regional security cooperation; and the fourth aims for strengthened international peace cooperation.

(1) Japan's Own Defense Capability: Multi-functional, Flexible Defense Capability Buildup and Joint, Effective Operation of the Capability

(a) Multi-functional, Flexible Defense Capability Buildup

The National Defense Program Guidelines of 2004 launched the concept of "multi-functional, flexible and effective" defense forces of Japan in response to the new security environment. Despite the extremely low possibility of airborne and seaborne invasions of Japan, the country is faced with diversified threats and an increased number of situations that require actions. For this reason, Japan's defense capability must be more multi-functional. It must also be flexible in order to employ limited resources effectively. The thrust of the Guidelines is basically correct, but there still remain some rigid or single-purpose equipment and structures in the current Self Defense Forces (SDF). Enhanced multi-functionality and flexibility must be pursued to prevent lowering defense capability due to the heavier burden carried by forces with added tasks. Finally, an overall joint operation of the Ground, Maritime and Air Self-Defense Forces should be further promoted for the realization of such multi-functionality and flexibility of equipment and structures.

(b) Response to Missile Threats

In the current security environment, the most imminent military threat against Japan is that of ballistic missiles. Ballistic missiles equipped with nuclear warheads would inflict immeasurable damage on Japan. For Japan's national security, dealing with ballistic missiles is therefore the highest priority issue.

In defending Japan from the threat of ballistic missiles, the deterrence power of denial by the ballistic missile defense (BMD) system alone is not sufficient because there is no guarantee that the system can intercept every single incoming missile. The BMD system must be supplemented by the deterrent of punitive measures to ensure that opponents with ballistic missile capabilities are clearly aware of possible counter-strikes, thereby deterring the missile attack in the first place. For such deterrence, Japan and the U.S. should maintain in their alliance the capability to directly attack the missile launching sites (operational bases) of adversaries.

As a part of this combined capability of Japan and the United States, strengthening Japan's own offensive capability with conventional weapons should be one of the options to take. Such a recommendation may raise concerns that neighboring countries might be alarmed as the proposed option is a departure from Japan's exclusively defense-oriented security policy. However, given nuclear and other devastating offensive capabilities possessed by the principal neighboring states, such concerns do not seem pertinent. For it is inconceivable that Japan would make a unilateral attack against these states beyond the extent of self-defense, which would be a suicidal act.

Some views doubt the validity of the BMD system as a whole by reason of less than 100 percent rate of successful interception. However, such views are inappropriate given that the system which can deal with a considerable number of incoming missiles improves the overall deterrence power of Japan, if complemented by the deterrent of punitive measures. In addition, such a system discourages the proliferation of offensive ballistic missiles by diminishing the effectiveness of these weapons.

Some neighboring countries are aiming at the development and possession of cruise missiles, which enable them to have precision strike capabilities. Since cruise missiles fly at a low altitude, they are difficult to detect, track and intercept. Japan should advance efforts in constructing a cruise missile interception system with the development of early warning radars on the ground, aircraft, and vessels.

(c) Shift to Southwest Waters and Airspace

As stated above, the Taiwan Strait has been relatively stable in recent years, but the root cause of the security problem has not yet been resolved. While Japan should, needless to say, welcome and facilitate efforts on both sides of the Taiwan Strait toward stabilization through dialogue and cooperation, it should also prepare for the worst-case scenario. No change has been observed in the trend of China's modernization of naval and air forces as well as missile arsenal, despite the relatively calm situation surrounding the Taiwan Strait. The continued capability enhancement of the People's Liberation Army (PLA) of China would shift the military balance in three different ways: between China and Taiwan in the Taiwan Strait; between Japan and China in the East China Sea; and between the U.S. and China in the Asia Pacific region.

Given that its territory and territorial waters are very close to the Taiwan Strait, Japan should maintain favorable military balances in cooperation with the U.S. by

maintaining the high capability and readiness of the Coast Guard and the SDF units in the adjacent waters and airspace. The equipment and organizational structure of these units must be multi-functional and flexible, taking account of the variety of situations they are expected to face.

More specifically, anti-submarine and surveillance capabilities should be enhanced through procurement of upgraded vessels, deployment of the new maritime patrol aircraft P-1, and development and utilization of unmanned aerial vehicles (UAV), which would augment overall naval deterrence power. The Air Self-Defense Force (ASDF), meanwhile, should reinforce its capabilities with the introduction of equipment, such as high-performance next-generation fighter aircraft, while advancing the networking of the ASDF.

(d) Capability against Non-traditional Threats

Japan faces non-traditional as well as traditional threats arising from inter-state conflicts. Of particular importance is a potential attack against Japan by an international terrorist organization. In a democratic country like Japan, armed forces such as the SDF do not play a central role in undertaking countermeasures against acts of terror that take place inside the country. In democracies, the objective of preventing terrorism must be pursued at the same time as the objective of preserving an open society. As for Japan, relevant organizations take the lead in countering domestic terrorism: the National Police Agency is responsible for overall security and response; the Cabinet Secretariat executes crisis management in the case of actual terrorist attacks; the Land, Infrastructure, Transport and Tourism Ministry handles hijacking; the Coast Guard deals with maritime security; and the Justice Ministry is in charge of immigration control.

However, the negative effect of today's technological progress has been the inestimable increase in the destructive power of weapons that can fall into the hands of terrorists. Even the possibility of attacks by WMD or dirty bomb cannot be excluded. There is also the possibility that a group of terrorists who have received systematic military training creep in Japan to carry out subversive activities. Given these circumstances, it is inevitable that an increasing portion of domestic counter-terrorism measures has been left in the hands of the SDF. Recognizing that not merely a few terrorist attack scenarios would require collaboration between the SDF and other related organizations, we need to establish a system of initial response and crisis management. Forming a common understanding as to the circumstances under which

the dispatch of the SDF should be required for the maintenance of domestic order will be indispensable, as well as specifying the chain of command and defining roles among different organizations including the police, when the SDF is mobilized.

Also important is a clear message demonstrating that Japan has the national will to fight against terrorism by all means. For example, in the event of hijacking committed by terrorists who are strongly suspected of having the intention of carrying out suicide attacks similar to the 9-11 case, the only way to protect their targets such as important facilities may be to shoot down the hijacked airplane. For important facilities and events including large-scale international conferences and athletic games, we must clearly demonstrate our determination to prevent terrorism by placing fighter aircraft and surface-to-air and ship-to-air missiles of the SDF on the alert. Necessary legal arrangements and crisis management systems should also be established.

With regard to large-scale disasters, the SDF has a good record of satisfactory responses, and is expected to further improve its performance. One of the most serious and difficult challenges among non-artificial threats is probably a global crisis caused by a new type of influenza. The Government of Japan, which has been making necessary preparations to fulfill its responsibilities for the global prevention scheme promoted by the World Health Organization (WHO), needs to examine what kind of role the SDF could play in such a crisis, in close consultation with the relevant ministries and agencies.

(e) Crisis Management

The primary objective of the security strategy, especially of defense strategy, is to prevent an armed attack against Japan. Meanwhile, we need to have contingency plans and preparations in case the attack cannot be averted. Such plans and preparations must be fully worked out as they are indispensable for minimizing damage, while diminishing the effectiveness of the attack and possibly deterring attacks in the future.

Particularly, a mechanism for SDF personnel to collaborate with local governments, police officers and firefighters should be established to protect citizens and important facilities in the case of the occurrence of an armed attack, such as a ballistic missile attack, an invasion of remote islands, or a large-scale terrorist attack.

(2) A More Credible and Effective Japan-U.S. Alliance

(a) Importance of the Japan-U.S. Alliance

The alliance with the U.S. is the pillar of Japan's national security, comparable to Japan's own efforts. No basic policies are so directly connected to Japan's national interests described at the outset in this report as maintaining ties with the U.S. The existence of the Japan-U.S. alliance per se has great significance for international security, though it is often overlooked. The alliance represents the friendly relationship between the world's largest and second largest economies, and works as a significant built-in stabilizer in ever-changing international relations. The fact that there is no rift between Japan and the U.S. on important security issues boosts the predictability of international politics.

Meanwhile, the Japan-U.S. alliance cannot function well without ceaseless efforts by the two countries. An alliance is ultimately based on trust among people. A treaty of alliance might as well be just a piece of paper if there is no mutual trust. If the bilateral alliance becomes a mere formality due to the lack of mutual trust, Japan's security could not, in reality, be guaranteed. Furthermore, the predictability of international relations would severely deteriorate and the security environment would be worsened in Asia. The war against terrorism also could not be carried out effectively.

In efforts to convince the American public that maintaining the alliance continues to serve U.S. national interests, we cannot exaggerate the importance and the necessity of visible, symbolic collaborative operations by Japan and the U.S. Japan's refueling mission in the Indian Ocean is exactly such a visible joint operation, and the damage afflicted by suspending the activity would be immense. At any rate, Japan and the U.S. should follow the Guidelines for Japan-U.S. Defense Cooperation and strive to facilitate joint exercises and collaborative activities on a regular basis, including bilateral defense planning and mutual cooperation planning. Such efforts are essential for the alliance to perform its functions properly under the appropriate division of roles, should contingencies or situations in areas surrounding Japan arise that affect Japan's security. In addition, Japan and the U.S. should achieve the common strategic objectives by steadily upholding the roles, missions and capabilities that were agreed at the Japan-U.S. Security Consultative Committee (SCC), or the so-called 2+2 (foreign and defense ministers of both countries), meetings in 2005 and 2006.

(b) Response to Ballistic Missile Threats

Japan-U.S. cooperation is indispensable for dealing with ballistic missiles, currently the most serious direct security threat to Japan. The key to success is how Japan and the U.S. can combine their military assets, including U.S. early warning satellites, U.S.

X-band radars, ground-based radars such as FPS-5 uniquely developed by Japan, phased array radars on the Aegis ships, and early warning and control aircraft (AWACS), and integrate the operations of the respective armed forces of the SDF and the U.S. forces in Japan. It is essential for these major platforms of missile defense to be highly integrated, while their interoperability should be reinforced at the Bilateral Joint Operation Coordination Center at the Yokota Air Base. It is also important to ensure that additional U.S. assets can be forward-deployed in contingencies.

The next generation SM-3, or 21 inches interceptor with upgraded capability, which has been developed bilaterally since 2006, is expected to increase defense areas covered by a single interceptor and to improve intercepting ratio, contributing to a more credible missile defense system. This new weapon system has the potential to respond to medium- and long-range ballistic missiles launched at targets outside Japan, such as the U.S. territories of Guam, Hawaii and Alaska, and U.S. forward bases and facilities.

This potential capability of the new interceptor creates a dilemma regarding the government's interpretation of the Japanese Constitution with respect to the right of collective defense. In light of the Japan-U.S. alliance and their close collaboration in missile defense, it would be disastrous for the alliance and would incapacitate the missile defense system for Japan, if Japan did not respond to ballistic missiles heading towards the U.S. despite its capability of detecting and intercepting them. The Government of Japan, however, interprets that the Constitution prohibits exercising the right of collective self-defense. This interpretation does not allow Japan to destroy ballistic missiles targeted outside Japan. As pointed out by the report of the Japanese Prime Minister's Advisory Panel on Reconstruction of the Legal Basis for National Security published on June 24, 2008, the constitutional interpretation should be revised to enable Japan to exercise the right of collective self-defense that is normally recognized under international law. The revision would lay the legal foundation necessary for ballistic missile defense in the interest of Japan's ally.

As stated in the preceding section, the BMD system alone is not sufficient to suppress the threat of ballistic missiles. A system of deterrence by punitive measures is also necessary. Given the current situation of North Korea possessing nuclear weapons, Japan-U.S. joint efforts to effectively maintain the deterrence system including conventional and nuclear weapons are crucially important. Such a system requires American commitment to resolutely responding to armed attacks against Japan. In

addition to the nuclear extended deterrence, Japan and the U.S. should make joint efforts to establish a system of operational cooperation so that a thorough counteroffensive using conventional weapons alone can be carried out. The revision of the constitutional interpretation to allow mutual defense by the BMD system is an urgent task, with a view to receiving such commitment from the U.S.

(c) Comprehensive Interoperability

Japan and the U.S. concurred on the specific regional and global common strategic objectives at the 2+2 meeting held in February 2005, and enumerated necessary arrangements including bilateral roles, missions and capabilities to effectively achieve those objectives in the two joint documents, "Japan-U.S. Alliance: Transformation and Realignment for the Future" of October 29, 2005, and the "Japan-U.S. Roadmap for Realignment Implementation" of May 1, 2006. In addition to the aforementioned deterrence system, the two states should set up the arrangements stipulated in the two documents through improved interoperability, more integrated operational plans and exercises, and further information sharing.

For enhanced interoperability between the SDF and U.S. armed forces, it is vital to promote exchanges in the arena of defense equipment and technologies. To that end, the Three Principles on Arms Export should be reviewed as described later.

As part of the realignment of U.S. forces in Japan, U.S. Marines in Okinawa will be partially relocated to Guam, where U.S. forces will be reorganized and reinforced. In this realignment, Japan can find an opportunity to improve its security. Japan is expected to play an important role in reorganizing the Guam Base by financially supporting the relocation. Although Japan decided to extend financial assistance taking account of the fact that the relocation would ease burdens on people in Okinawa, the Government of Japan should immediately initiate consultation with the U.S. Government on Japanese use of the Guam Base in proportion to the financial support Japan provides. If Japan's defense capability is strengthened by the utilization of facilities in Guam, it will also benefit U.S. strategy in Asia.

(d) Japan-U.S. Defense Cooperation to Prevent Regional Conflicts

The joint statement at the SCC meeting of May 1, 2005, reconfirming the bilateral common strategic objectives identified in February 2005, stressed the importance of North Korea's denuclearization, while urging China to improve its military transparency and to act as a responsible stakeholder in the international community. It

is important for Japan and the U.S., based on the common strategic objectives, to advance the new missions, roles, and capabilities that are suitable for the transformation and global realignment of U.S. forces. Such cooperation ensures higher credibility for the Japan-U.S. alliance and helps prevent armed conflicts in the Asia Pacific region.

The most important measure for conflict prevention in the region is to secure stable bases for U.S. forces forward deployment in the Western Pacific. To this end, Japan should actively provide host nation support (HNS) including the provision of facilities and areas for U.S. forces in Japan, properly taking into consideration the changing environment. Japan should also stand ready to extend continuing operational supports to the U.S. activities, including those stipulated in the laws concerning situations in areas surrounding Japan and the laws related to emergency legislation, as required by the development of a situation.

Relevant ministries and agencies in addition to the Japanese Foreign Ministry, Defense Ministry/SDF and their U.S. counterparts should actively take part in bilateral cooperation such as “close and continued policy and operational coordination,” “advancing bilateral contingency planning,” “enhancing information sharing and intelligence cooperation,” “expanding training opportunities in Japan and the United States,” “shared use of facilities by U.S. forces and the SDF” and “ballistic missile defense,” that are listed as the “essential steps to strengthen posture for bilateral security and defense cooperation” in the SCC agreement of “Japan-U.S. Alliance: Transformation and Realignment for the Future” of October 29, 2005.

(e) Japan-U.S. Cooperation in the Global Context

The post-September 11 security environment has been increasingly demanding Japan-U.S. cooperation beyond the scope of the Japan-U.S. Security Treaty and the laws concerning situations in areas surrounding Japan. For example, Japan is required to be more actively involved in the protection of sea lanes ranging from Japan to the Middle East, which have been maintained by the presence of U.S. forces and the efforts of countries concerned. Furthermore, situations in Afghanistan and neighboring Pakistan warrant more effective stabilization measures for the success of the war against terrorism after the September 11 attacks.

In this sense, the Maritime Self-Defense Force refueling operation for U.S. and other vessels in the Indian Ocean is one of few cases where Japan cooperates with the U.S.

in the global context. As stated at the outset of this section, the refueling mission is important also in the context of the Japan-U.S. alliance since whether or not to continue the mission is regarded as a test of Japan's commitment to the Japan-U.S. alliance in the future. The oil replenishment operation makes the most of the advanced capabilities Japan possesses. The U.S. makes much of it, relevant countries welcome it, costs are bearable, and it entails no controversy whatsoever in relation to the Constitution. Suspending this mission for domestic political maneuvering would be an absurdly irrational act adverse to Japan's national interests. Whichever political party wins the forthcoming general election should not suspend this SDF activity in the Indian Ocean.

(3) Enhanced Regional Security Cooperation

The Asia Pacific region is the most dynamic region in the world. The region has the world largest economy, the U.S., and the second largest one, Japan. China and India are rising to become major powers in the region. China and India have the world largest and second largest populations respectively, and their economies are ranked fourth and twelfth in the world. China's economic growth is especially impressive with its gross domestic product (GDP) having expanded tenfold during the past 20 years. There exist six nuclear powers in the region, namely the U.S., Russia, China, North Korea, India and Pakistan. The stability of the region is therefore an important issue for global peace and stability.

One of the most crucial challenges for regional stability is to integrate China into the region as a constructive player. Such integration requires creating a stabilizing mechanism in cooperation with China as well as establishing functions that restrain non-cooperative behavior by China.

The regional security frameworks in the Asia Pacific are still weak. In reality, an effective means of dealing with threats and conflicts can be provided by an array of bilateral alliances with the U.S., guaranteeing security and order in the region. Security ties among regional countries themselves are thin and limited. For the time being, the U.S.-led bilateral alliances remain the only viable instrument for ensuring security.

Nevertheless, in the long run, the bilateral alliances centering on the U.S. will not be sufficient to guarantee the stability of the region. The U.S. currently has capabilities and the determination to bear burdens for regional security with its overwhelmingly dominant power. However, if China and India continue to increase their presence, the

relative supremacy of the U.S. will decline. It is uncertain whether or not the U.S. will be committed, in the future, to the security of the Asia Pacific at the same level. Sooner, rather than later, we need to create a system that ensures the peace and stability of the region even when the capabilities and determination of the U.S. are weakened. The first step for such a system is to develop the current U.S.-centered bilateral alliances into a network of alliances among all nations in the region with close security ties with one another. This web-like security system will be able to handle more complex and new kinds of challenges effectively, and, at the same time, contribute to a reduced burden for the U.S., and enhanced security among U.S. allies in the region. Another step to be pursued simultaneously is to construct a multilateral security cooperation system in the Asia Pacific region.

Japan has made the Japan-U.S. alliance the pillar of its security policy, and as a result tended to impose excessive self-restraint in pursuing an active role in regional security. However, Japan should come forward and bear the responsibility to lead the Asia Pacific region by contributing to the construction of a more stable regional security order.

(a) Network of Defense Cooperation among U.S. Allies and Friends

The security arrangements of the Asia Pacific region are founded by a cluster of U.S.-led bilateral alliances, characterized as the “hub and spokes” system. Under these arrangements, countries in the region have an independent relationship with the U.S., such as the Japan-U.S., U.S.-ROK (Republic of Korea), U.S.-Australia and U.S.-Philippines alliances. Meanwhile, coordination among the spoke nations had been limited. In recent years, however, ties among the spokes have been gradually developing, as seen in the Japan-Australia Joint Declaration on Security Cooperation, the advancement of trilateral defense cooperation such as Japan-U.S.-Australia and Japan-U.S.-India, and participation by nine regional countries including Japan, Singapore and Indonesia in the U.S.-Thailand joint exercise “Cobra Gold”. This kind of network-type cooperation alleviates burdens borne by the U.S. for regional security, and increases the possibility that countries in the region collaborate on regional and global security issues under the initiative of the U.S. For the present time, the U.S. and its allies in the region should engage in discussion and consultation to forge a consensus on common strategic objectives for the stability of the Asia Pacific.

In particular, enhanced trilateral cooperation that links the two bilateral alliances in Northeast Asia, Japan-U.S. and U.S.-ROK, will significantly contribute to Japan’s

security. Japan and the Republic of Korea are said to be in the state of a virtual alliance via the U.S., but security cooperation between the two countries is yet to be developed. Even with regard to the North Korean nuclear issue, in which both nations have vital interests, Japan-ROK coordination is insufficient. Japan and South Korea should establish arrangements to collaboratively deal with issues and challenges in the region through, for example, the upgrading of the Japan-U.S.-ROK working-level defense talks.

(b) Active Participation in Regional Security Frameworks

There is no well-established multilateral regional security system in the Asia Pacific region. Some existing frameworks including the ASEAN Regional Forum (ARF) have only limited roles and capabilities. It is desirable in the long term to have a comprehensive multilateral regional security system that complements the U.S.-led bilateral alliances and guarantees the regional stability in multiple tiers. The process of formulating such a system is expected to contribute to confidence building among U.S. allies and other countries in the region. It will also mitigate security dilemmas in the region.

The multilateral security system should ideally be inclusive, being participated in by all Asia Pacific countries as a rule, and still be able to solve a regional conflict effectively. One possible way to realize such a framework is to develop the current ARF.

The ARF is a forum for security dialogue, whose role has evolved from confidence building in the first phase to preventive diplomacy in the second phase, during some 10 years since its inception. In addition to adopting the ARF Statement on Cooperation in Fighting Cyber Attack and Terrorist Misuse of Cyberspace, several specific security cooperation activities among member states have been carried out, such as the coordinated patrol of the Malacca and Singapore straits by the three nations of Malaysia, Indonesia and Singapore. If functional cooperation among member states advances to be institutionalized and the ARF goes into the third phase of building conflict resolution mechanisms, the regional security will be greatly strengthened.

In reality, however, ASEAN countries, as well as China, are not supportive of ARF acquiring conflict resolution powers, and thus the realization of the third phase will be difficult, at least for the time being. In the near term, we should pursue function-based multilateral security systems complementing the ARF, systematic arrangements for

disaster relief cooperation, for instance. Japan, with its expertise in the field of disaster relief, is expected to take the initiative in promoting regional cooperation in the field. The Asian Disaster Reduction Center in Kobe city, Hyogo prefecture, has been supplying the 27 member states with disaster-related information. Although the United Nations Office for Coordination of Humanitarian Affairs (OCHA) is performing a coordinating function about humanitarian relief on the occasion of conflicts and disasters, a regional organization with a similar function is also necessary for expeditious disaster relief. Such an organization will have the list of available equipment and personnel to be contributed by countries in the region so that it can arrange a disaster relief operation swiftly. Also, a multilateral organization, once it receives a request from a disaster-hit country, has the capability to carry out disaster relief activities by adjusting and minimizing political problems between the country in question and other countries. Since a natural disaster is the issue that is not affected by differences in values and political stances, cooperation in disaster relief is relatively easy to realize. The experiences of such cooperation lead to confidence building within the region. It is hoped that cooperation in disaster relief among regional armed forces and relief organizations fosters relationships of trust among them, and lays a solid foundation for the future regional security institution.

(c) Facilitating China's Constructive Role

In the coming 10 years, the major challenge for the stability of the Asia Pacific is how to make China a responsible stakeholder that contributes to the world within the frameworks of the international community. China as a stable major power, that is supportive of the international community, would be beneficial for Japan as well as for the region. In order to realize that, we should simultaneously take two approaches: actively encourage constructive behavior on the part of China, and restrain behavior by China that is detrimental to regional stability.

<Promoting Cooperative Ties>

Promoting cooperative relationships between China and other regional countries is an urgent task. There are many areas where Japan and other countries in the region can collaborate with China. Also, there are many problems in which China and the rest of the region are mutually interdependent. Chinese cooperation is indispensable for the stability of the Korean Peninsula and the sustained economic growth of the region. For that purpose, exchanges with China should be promoted in various domains in the public and private sectors. Among such exchanges, defense exchanges have an important role to play, and relationships between Japan's SDF and China's PLA have

been deepening: for example, mutual visits of vessels took place in 2007 and 2008. The bilateral defense exchanges should be further advanced not only by continued dialogues but also through more vitalized practical exchanges. The examples of practical or functional exchanges to be pursued include a joint maritime search and rescue exercise, joint participation in multilateral military exercises, and actual cooperation at the site of an international disaster relief or peace operation.

While watching Chinese military modernization carefully and keeping step with the U.S., Japan should take a host of measures to encourage China to become a responsible stakeholder in the international community. An unfortunate characteristic of the post-World War II history of Japan-China relations is that the two countries have almost never collaborated on a constructive endeavor. This is one of the major factors that makes mutual understanding difficult and keeps the bilateral relationship somewhat distant. With a view to altering such relationship with China, Japan should pursue security cooperation with substantial activities, especially those related to non-traditional security issues and to international law and order. These activities are, for instance, international peace operations such as peacekeeping, peace building and humanitarian relief, international disaster relief operations for earthquakes, floods and so on, maritime traffic control including anti-piracy and anti-suspicious ships, and the issue related to international criminal organizations such as the Snakeheads (*Shetou*) or drug trafficking.

<Establishing a Crisis Management Mechanism>

The decision-making process of the PLA is still not transparent enough. This lack of sufficient transparency may invite misunderstandings and misjudgment on the sides of China and other countries in the region. In order to avoid accidents turning into conflicts, defense exchanges on a daily basis should be expanded, and a crisis management mechanism should be established. For instance, we should open a hotline to facilitate ceaseless communication in case of a crisis. The U.S. and China concluded the Military Maritime Consultative Agreement (MMCA) in 1998, and have been engaged in consultations on procedures for accidents after learning lessons from the crash between a U.S. military aircraft and a Chinese fighter aircraft off Hainan in 2001. Since April 2008, the U.S. Department of Defense and the Chinese Defense Department have been connected through the defense telephone link. In 2002, China and ASEAN signed the Declaration on the Conduct of Parties in the South China Sea, a code of conduct pertinent to the territorial issue surrounding the Spratly Islands, although it is not legally binding. Crisis management systems between China and other

regional states should be reinforced by legally binding codes of conduct and other means.

<Change in the Distribution of Power>

The rise of China, if mishandled, could be a destabilizing factor in the Asia Pacific region. Historically, a change in the distribution of power has often been the cause of a conflict between uneasy established powers and dissatisfied rising powers. It must be ensured that the changing regional power balance does not lead to a destabilization of the regional order. Japan, due to its geographical proximity to China, is susceptible to a change in China's power. The geographical range of weapons China possesses for self-defense may cover Japan. The reverse may happen in the case of Japanese weapons to protect the archipelago extended from the north to the south. These possibilities may result in the security dilemma where Japan and China feel threatened by each other's armaments that are purely for defensive purposes. In addition, there exist between Japan and China some elements that may lead to increased mutual distrust, such as differences in political system and understandings of history. The two nations need to have good communication as well as preventive measures to deal with the security dilemma.

Meanwhile, the region has to be prepared so that its stability will not be undermined by China's expanding military capabilities. China has reinforced its navy and air force while reducing its ground troops since the early 1990s. The PLA, once an old-fashioned large military with little mobility, has improved its power projection capabilities by purchasing Kilo-class submarines, Sovremenny-class destroyers and Su-27 and Su-30 fighter aircraft from Russia. Although the Chinese military buildup is viewed as being aimed primarily at Taiwan, the increased capabilities could actually be used for other purposes. The continued growth of Chinese conventional military capabilities, in addition to its nuclear arsenal, would lead to China's military preeminence in relation to other regional countries. China's ground forces have been thought to be superior to those of neighboring countries, and the enhanced naval and air power may even give China an offensive capability beyond surrounding waters.

The possibility of China's attack against other countries is small, but it is not clear how China will use newly acquired capabilities in the future. China should never be allowed to impose unreasonable demands upon neighboring countries in the region. It is also important to preserve values such as freedom and human rights, and the environment within the region. An open and free regional system is a major factor that has made the

development of the region possible. Not only Japan but also China is a beneficiary of such a system, which should be maintained in the interests of the entire region. As for human rights, China has opinions different from most of the regional countries including Japan, ROK, Australia and the U.S. Human rights and environmental preservation are regarded by the international community as values that must be protected globally in the 21st century. It must be ensured that the tendency toward disregarding these values will not spread in China and other nations in the region.

(4) Strengthened International Peace Cooperation

(a) Active Participation in International Peace Cooperation

In 2006, the Self-Defense Forces Law was revised to make international peace cooperation operation one of the primary missions of the SDF. Following the revision, the SDF has been establishing units and facilities for international peace cooperation, including the Central Readiness Force and the center for education and public relations. However, actual SDF participation in peace operations has been receding. The Government of Japan decided on the withdrawal of the SDF unit from Iraq by the end of this year, and it is uncertain whether the refueling operation in the Indian Ocean will continue through next year and beyond. With regard to U.N. peacekeeping operations, dispatched SDF personnel and units achieved some results in Cambodia (ceasefire monitors, engineering unit), Mozambique (headquarters staff, transport coordination unit), the Golan Heights (headquarters staff, transport unit), East Timor (headquarters staff, engineering unit) and Nepal (military monitors) during the past 16 years, but, as of August 2008, only 35 SDF personnel are involved in peacekeeping operations, which is ranked 82nd in the world. That figure is much smaller than those of China (2,164 personnel) and South Korea (400 personnel).

The legal constraint is one of the factors behind the sluggish Japanese peace cooperation activities. Japan has the International Peace Cooperation Law for U.N. peacekeeping operations, and the Special Measures Laws for other SDF international activities including the refueling mission in the Indian Ocean. The current constitutional interpretation by the Government of Japan on which these laws are based prevents the SDF from effectively carrying out international assignments. For example, concerning U.N. peacekeeping operations, the use of force by participating SDF units is subject to stringent restrictions under the International Peace Cooperation Law, and such restrictions make it impossible for SDF units to rush and protect participating units of other countries or NGOs, should they be attacked at a somewhat distant location. The restrictions also limit SDF activities in areas with the possibility of

combat. In short, there is no sufficient legal basis on which the SDF can effectively cooperate with other armed forces in international peace operations. As pointed out by the report of the Japanese Prime Minister's Advisory Panel on Reconstruction of the Legal Basis for National Security published on June 24, 2008, the constitutional interpretation that results in such legal constraints is unreasonable, and the international community has difficulty in understanding it. The constitutional interpretation must be revised to show that activities for peace by the international community including the United Nations are not prohibited by Article 9 of the Japanese Constitution. Based on such an interpretation, necessary laws and regulations should be formulated. Given the fact that various kinds of peace operations other than U.N. peacekeeping are emerging, it is desirable to have a general law to cover SDF international activities comprehensively, rather than a special measures law to cover only a specific operation.

Another factor in the unimpressive record of SDF international peace cooperation is the apathy of the relevant organizations, or, more broadly, the indifference of the Japanese people. Partly because there has been no large-scale domestic terrorist attack in recent years, which itself is fortunate, the fight against terrorism is something remote in the mind of Japanese people. Despite the actual acts of terror in Southeast Asia and Europe and the conspicuous drug transactions that can be a financial source for terrorists, citizens of Japan do not regard the deteriorating situation of Afghanistan as a security issue that affects them.

The bases and targets of terrorists are sometimes geographically far away from Japan, but still can affect Japan, as described in the second chapter. The failed states and the civil wars in Africa are directly threatening oil-producing countries in the Middle East on which Japan largely depend for resources, and even have potential to become immediate threats to East Asia or Japan. Countries around the world have sent units and personnel to distant regions regardless of the possibility that the lives of those personnel have to be sacrificed, since they recognize that stability in the distant regions contributes to world peace. For instance, 100 Canadians have died while carrying out international peace activities in Afghanistan. U.N. peacekeeping operations around the world have taken a toll of over 90 lives of participants every year. It seems that feelings of gratitude on the part of the Japanese people for these dedicated efforts by other countries have been disappearing.

The relevant government organizations, too, do not necessarily have strong sense of

mission with respect to international peace cooperation activities. There are voices within the SDF, for instance, that doubt the necessity of SDF dispatch to a distant place like Africa where Japan's national interests are ambiguous in comparison to the defense of Japan or stabilization of its vicinity where no ambiguity exists in terms of national interest. Also, Japanese police have hardly participated in U.N. peacekeeping operations in spite of the globally recognized importance of the role of civilian police in the operations. It is said that the casualty in the Cambodia peacekeeping operation still traumatizes the Japanese police. In any case, these voices and views are too inward-looking, and are an attempt to escape the reality of international society.

Although every international peace operation around the world does not have a direct link with Japan's national interests, at least operations in states where Al Qaeda have been based or may be based are in the interest of Japan when these states fail. Another example of operations that suit Japan's national interests is activities for peace in unstable countries located near East Asia. Active roles played by Japan in U.N. peacekeeping operations in the area of great concern among major powers will also bolster the national interests of Japan. Even for a peacekeeping operation where no direct interest can be found, the participation of Japan will contribute to its national interests if the international community appreciates such participation.

Japan should actively take part in internationally legitimate peace operations as long as they serve its national interests, require its capabilities, and guarantee the necessary levels of safety. Japan should account for at least one percent of about 80,000 personnel currently involved in international peace operations. Japan had once achieved that figure. For Japan's more active participation in international peace activities, strong political leadership is required in order to bring about changes in the constitutional interpretation, the reinforcement of the legal basis, greater preparedness of organizations concerned, and higher awareness of the Japanese people.

(b) Increasing Official Development Assistance (ODA)

In relation to Japan's cooperation for world peace, the revitalization of official development assistance (ODA) is an issue that has to be examined. Japan was once the world's foremost country in terms of ODA disbursement. Japan provided East Asia and other parts of the world with over 1 trillion yen every year, which was highly appreciated by the international community. However, in recent years, Japan's ODA has been rapidly shrinking in the name of domestic fiscal reform. Japan's ODA disbursement in 2007 is about 780 billion yen, ranked fifth in the world after the U.S.,

Germany, France and the United Kingdom. If the current trend continues, Japan's position may go further down in the future. Japan's shrinking ODA is even more distinct due to the fact that most major powers have increased financial aid based on their strategic interests after the September 11 attacks and the Millennium Development Goals (MDGs) of the United Nations. This decreasing trend of ODA, in addition to receding activities for international peace such as United Nations peacekeeping operations, shows once again that the Japanese stance is overly domestically oriented.

International peace operations and development assistance for nation building are the two wheels of efforts to improve the world security environment. A country with its peace once restored by an international peace operation may be destabilized again if such peace is not followed by economic development. In this sense, ODA is an important tool for security as well. Japan has a competitive edge in the field of ODA because of its accumulated experiences. In addition to international peace cooperation activities by the SDF and others, Japan should reemphasize ODA, and, for the time being, aim at becoming the world's second largest ODA donor, behind the U.S. With this, Japanese international peace cooperation will be even more fortified.

4. Defense Ministry/Self-Defense Forces Reform in Structure and Equipment

What force structure and equipment should the Defense Ministry/SDF put priority on in order to carry out the Japan's security and defense strategies described in the previous chapter? This chapter presents recommendations on reform in structure and equipment for the Defense Ministry/SDF.

(a) Force Structure for Total Optimization

First of all, the Defense Ministry/SDF should have force structure and equipment aimed at total optimization, in order to break away from the Basic Defense Force Concept of the Cold War era, and to put into practice the new concept of multi-functional, flexible defense capability. The Joint Staff Office of the Defense Ministry, which was reinforced under the 2004 Defense National Defense Program Guidelines, should be further improved so that the concept of joint operation can spread throughout the SDF. While preserving necessary identities and capabilities of each of the three Self-Defense Forces, a framework of flexible cooperation should be established among the three services to strengthen Japan's national security. For example, the Ground, Maritime and Air Self Defense Forces respectively allocate to their major commands the areas of responsibility that are different among the three

services, and also different from the jurisdiction of each Local Defense Bureau, regional branch of the Defense Ministry. These areas of responsibility or jurisdictions should be revised so as to ensure smooth and effective joint operation of the SDF. In addition, tasks related to local administration should be consolidated under new regional organizations that unify such functions currently performed by SDF units and Local Defense Bureaus. Needless to say, this realignment for joint operation should be carried out in close cooperation with U.S. forces.

Building up future defense capabilities must be undertaken not by each of the three services separately, but from the viewpoint of what equipment is necessary for the country as a whole given the new security environment. Equipment and operation systems possessed by each Self-Defense Force should be comprised of modules that can be used for joint operation beyond the boundaries of the three services, and developed into a multi-functional, flexible and effective defense force in its true sense. The SDF should continuously verify the effectiveness of its capabilities under different scenarios of contingencies and international peace cooperation, and the results of verification should be reflected in the future defense buildup. The Defense Ministry/SDF should be accountable to the public as much as possible when carrying out this process.

International peace cooperation activities have growing importance, and capacity-building measures for these activities must be implemented. The measures include joint military exercises and exchanges of opinions with other nations regarding international peace operations. Furthermore, measures must be taken to improve the skills of international situation analysis, and the overall language proficiency of SDF personnel.

(b) Response to Ballistic Missiles

In response to ballistic missile threats, the Government of Japan, based on the Cabinet decision of December 19, 2003, “On Introduction of Ballistic Missile Defense System and Other Measures,” has been building the two-tier missile defense system which employs SM-3 missiles on the Aegis ships for high altitude interception, and Patriot PAC-3 missiles on the ground for terminal phase interception. The BMD system also includes the sensors to detect and track ballistic missiles as well as the command control and communication system that destroys them by effectively linking the interceptors and the sensors. As an initial target, the SDF plans to construct, by fiscal 2011, a system composed of four Aegis vessels with BMD capability, 16 fire units

(FU) of Patriot PAC-3, four sets of ground-based radar FPS-5, and seven sets of ground-based radar FPS-3 upgraded, in combination with a command control and communication system. This BMD capability must be steadily built up.

As pointed out in the preceding chapter, the offensive capability of the Japan-U.S. alliance must be maintained, as well as the BMD capability, in order to deter the threat of ballistic missiles. So far, the SDF has exclusively relied on the U.S. Navy and Air Force for such offensive capability. However, the SDF should examine the possibility of possessing limited capability to attack missile launching sites. Specifically, anti-ground cruise missiles, such as Tomahawk, that can be installed on destroyers, and multi-role fighter aircraft with precision strike capability will be options to be considered.

(c) Ground Self-Defense Force

The Ground Self-Defense Force (GSDF) must discard the legacy of the Cold-War-type force structure that supposes airborne and seaborne invasions from the north, accelerating the reform initiated under the 2004 Defense Program Guidelines. The Central Readiness Force established in 2007 should develop into the core unit of the GSDF with a larger size and more functions. It should be prepared at all times for the dispatch of several hundred personnel for international missions such as U.N. peacekeeping, and if necessary, the mobilization of more than a thousand personnel with reinforcement from other SDF units.

The GSDF needs to have a command structure that is suitable for joint operation, and transform its regionally fixed force into a force with high mobility. The regional Armies, district-based major commands of GSDF, have functioned as both operational commands and local administrative bodies. This structure must be reformed into a system comprised of an operational command, that can deploy mobile units nationwide, and a regional operational support command that is capable of assisting operations in close coordination with the region. In so doing, local administrative functions, such as recruitment of new SDF personnel, job placement of retired personnel and local public relations, should be managed, along with the similar functions of the Local Defense Bureaus and regionally-based commands of Maritime/Air Self-Defense Forces, by an integrated administrative body within the Ministry of Defense.

For equipment, the GSDF should place much greater emphasis on helicopters, armored vehicles, robots and other versatile armaments that embody Japanese technologies. The

amphibious and air transport capabilities originally developed for assembling troops into the front line of a hypothesized landing invasion in Hokkaido can be mobilized in international cooperation activities and operations in remote islands. Therefore effective ways of utilizing these capabilities should be devised. In addition, the GSDF, should acquire, for example, equipment to counter terrorist/guerrilla attacks including those using chemical/biological weapons, and equipment to deal with the breakout of a new type of influenza.

(d) Maritime Self-Defense Force

Considering the maritime security environment in Northeast Asia, the Maritime Self-Defense Force (MSDF) must maintain a high level of capabilities and proficiencies in particular. The important fields of responsibility include missile defense, anti-submarine patrol, defense of remote and other islands, and transport for overseas missions. Through the introduction of upgraded vessels, new maritime patrol aircraft P-1 and so on, the MSDF should further build up its anti-submarine capability in various waters and around-the-clock surveillance capability. Since missions in distant places like the refueling operation in the Indian Ocean are expected to increase, working shifts and conditions for MSDF personnel should be reviewed and improved. In addition, as in the case of the GSDF, the MSDF should introduce a flat force structure with module components in its vessel composition and operation, while creating a system that can keep a high personnel fill-ratio.

(e) Air Self-Defense Force

The Air Self-Defense Force (ASDF) must reform its air combat-oriented, fighter aircraft-centered structure, and create a multi-purpose force including transportation capabilities in promoting joint operation. The Chinese Air Force has been procuring the so-called fourth generation fighters at a remarkable pace, much faster than the ASDF. Therefore, Japan’s selection and procurement of state-of-the-art high-performing fighter aircraft should be treated as a top priority issue. The issue is not simply to replace the current F-4 fighter, but to take account of various elements such as the future strategic environment, networking of equipment, advancing unmanned aerial vehicles, weapon systems to be integrated, and cooperation with the U.S. In addition, the ASDF must become more multi-functional by introducing transport aircraft with large payloads that can be swiftly deployed for international peace cooperation and disaster relief.

(f) Equipment Procurement Reform

It is of grave concern that the bribery scandal surfaced last year involving a top Defense Ministry official and an executive of a defense-related company. We must establish a defense procurement system that can prevent wrongdoing in procurement procedures, while securing strategic superiority and cost-effectiveness of equipment. Decision-making by meetings of relevant Cabinet ministers and the integrated project teams (IPTs) need to be introduced as proposed by the Council on Defense Ministry Reform, the Prime Minister's advisory panel.

We should also take note that even state-of-the-art machines cannot continue to be effective without software upgrading, networking with other equipment, and other modernization programs from time to time.

Concerning the issue of the defense industry and technological bases, the past policies need fundamental revision, as international division of labor in defense industry and technologies has been progressing. Under the current international circumstances where armed clashes between major powers are unlikely in the post-cold-war era, the necessity of self-sufficiency through weapons production is not high in any country. Rather, such self-sufficiency raises the risk of being left behind from technological advancements that take place through international collaboration. There may also be cases where uniquely Japanese equipment makes logistical support for SDF international peace-keeping activities difficult.

The current policy to pursue domestic production for almost all armaments has caused constantly rising costs. Taking account of Japan's tight fiscal condition that demands cost reduction efforts every year, it seems to be no longer feasible to maintain the cost-ineffective, full domestic production bases. In order to sweep off the recent mistrust of the public in defense procurement, internationalization, along with improved transparency in procurement, is urgently needed. The internationalization of defense procurement will lead to quality improvement and cost reduction through competition.

The greatest reason for Japan to pursue domestic production is the strict and stretched implementation of the Three Principles on Arms Export. We should draw a clear distinction among critical weaponry for which we should not depend on others, weaponry for which we have a competitive advantage, and weaponry for which we do not have any problem in depending on others. Based on this distinction, the domestic defense production bases should be reviewed and restructured so as to maintain Japan's

technological and industrial edge by promoting international collaboration on defense equipment. For instance, Japanese companies should be allowed to produce and export parts or components of foreign military equipment, as in the case of private passenger aircraft.

5. Infrastructure for Japan's National Security Policy

The Defense Ministry/SDF is not the only organization to implement Japan's security strategy. This chapter makes recommendations on infrastructure for the entire nation to effectively carry out the security strategy proposed in the third chapter, including reform of the national framework for security policymaking and reconstruction of the legal basis necessary for implementing security policy.

(1) National Security Council (NSC)

The security strategy requires the mobilization of all national resources, and the framework for integrating them is indispensable. One of the pillars of security strategy is diplomacy. Diplomatic activities are crucially important for the well-functioning Japan-U.S. alliance, the effective implementation of Japan's regional strategy, and practical international peace activities. However, Japan's security policy in the past did not have a systematic mechanism to guide diplomatic and military missions, respectively of the foreign and defense ministries, in an integrated manner. The Security Council that exists now under the Cabinet is too rigid and formal in terms of its objectives stipulated in the law for its establishment, and has not substantially worked as a framework to deliberate and decide Japan's security strategy and basic policies.

The multilayered and cooperative security strategy proposed in this report tries to optimize Japan's national security by articulating sub-strategies at four levels, and therefore requires combining diplomatic and military measures even more appropriately. In this context, the National Security Council (NSC), the idea proposed by the Abe Cabinet, should be revived with a view to empowering the Cabinet to lead Japan's national security policy. The Abe Cabinet tried in vain to establish the NSC by enacting a new law. The proposed NSC consisted of two parts: one was the augmented national security staff at the Cabinet Secretariat, and the other was regular meetings of the Prime Minister, Chief Cabinet Secretary, Foreign Minister and Defense Minister to discuss and coordinate foreign and security policies on a regular basis. The four ministers' meeting and staff augmentation thus constituted a crux of the proposed NSC. Such an organization, however, does not necessarily require a new law. At present, there exist Assistant Deputy Cabinet Secretaries in charge of foreign affairs and security/crisis

management respectively, and their secretariats. We should reorganize and reform these parts of the Cabinet Secretariat to institutionalize the core security policy organization, which reports strategic environment assessment and policy options to the four ministers' meeting in a timely manner. The newly developed organization should be staffed by Foreign Ministry officials, Defense Ministry officials including uniformed personnel, and experts in other ministries and agencies as well as the private sector. The four ministers' meeting, in turn, should direct the foreign, defense and other relevant ministries and agencies for policy implementation based on the report from the new task force as well as recommendations from outside experts.

The role of the Cabinet Secretariat is also crucial in the case of crisis management. The nature of a crisis is diverse, and related ministries and agencies as well as necessary measures are different depending on the nature of a crisis. For more effective Cabinet-led crisis management, frequent simulations are necessary to respond to varied situations, so that the entire government from the Prime Minster to personnel on the scene can effectively face a crisis in unity.

(2) Legal Basis

(a) Revising Constitutional Interpretation

The Japanese Prime Minister's Advisory Panel on Reconstruction of the Legal Basis for National Security announced its report on June 24, 2008, and urged the revision of the constitutional interpretation on four types of activities: (i) protection of U.S. forces on the high seas; (ii) ballistic missile defense; (iii) use of force by the SDF engaged in peacekeeping and other international operations; and (iv) logistical support for other countries engaged in peacekeeping and other international operations. The panel in its report clarifies its basic stance: the "Government's constitutional interpretation allowing only the right of individual self-defense as minimum use of force to protect the people under Article 9 of the Constitution is no longer appropriate in light of the drastically changed international situation and Japan's position in international society." The report also states, "Article 9 of the Constitution should be interpreted as not prohibiting the exercise of the right of collective self-defense and participation in collective security practices under U.N. auspices, not to mention the right of individual self-defense."

As stated in the third chapter, continuing the current constitutional interpretation would result in failed Japan-U.S. cooperation in ballistic missile defense and insufficient roles for Japan to play in international peace cooperation activities. Based on the report by

the Advisory Panel on Reconstruction of the Legal Basis for National Security, the Government of Japan should change its constitutional interpretation.

(b) Laws to Protect Classified Information

Information disclosure is necessary even in the field of security in order to promote information sharing with Japanese citizens. Nevertheless, what Japan lacks is a legal basis to protect classified information. Partly because of the historical background that stretched law enforcement to protect classified military information with the severest penalty of capital punishment, which led to censorship and curbs on free speech in the pre-World War II era, no comprehensive law to protect national secrets has been enacted. Currently, protection of classified information is only partly assured by the obligation to keep official secrets under the National Civil Service Law, the Self-Defense Forces Law and the Secret Protection Law to Implement the Japan-U.S. Mutual Defense Assistance Agreement. The punishments stipulated in these laws are overly lenient in comparison to international standards, and a more effective system must be established.

A general secret protection law that covers every person who handles classified information is a prerequisite for across-the-government information sharing and human resources management. In addition to such a law applied to the public, a security clearance scheme that designates government officials who can access vitally important top secrets is necessary within the government. The counter-intelligence capabilities of the government should also be enhanced at the same time. As for the Diet, a conclave arrangement should be introduced for Diet members to discuss important classified matters. Only with these measures can the free flow of information and the mobility of human resources be secured. For democratic state governance and civilian control, it is particularly essential to construct a system where Diet members and staff can access classified information appropriately.

(c) Revising the Three Principles on Arms Export

The Three Principles on Arms Export declared by the Sato Cabinet in 1967 bans arms export to Communist Bloc countries, countries to which arms exports are prohibited under U.N. resolutions, and countries which are actually involved or likely to become involved in international conflicts. In 1976, however, the Miki Cabinet prohibited export of arms to other countries and that of equipment and plants to produce arms. Thus, the ban was extended beyond the three principles to a total ban covering the entire world including Japan’s ally, the U.S. Subsequently, several exceptions have

been made, such as arrangements to allow military technology transfers to the U.S., and joint development and production by Japan and the U.S. for the BMD system.

However, the exceptions to the total ban on arms exports are too limited so far, and cannot resolve various problems. Firstly, Japanese defense enterprises are still unable to participate sufficiently in joint development programs with the U.S. and other countries with cooperative ties, which is undermining domestic defense production and technology infrastructure. Secondly, for the sake of the preservation of the domestic industrial base, the government has to pay higher prices for defense equipment produced by Japanese companies that are isolated in the world and unable to benefit from economies of scale. Thirdly, Japan cannot export some outdated SDF weapons that are still useful to developing countries and others. In the present international community, among democratic nations in Europe and the U.S. in particular, joint production of armaments is a major trend, and the self-imposed restriction to prohibit participating in such programs constitutes a grave disadvantage for Japan in terms of armaments' cost and performance.

We should remove the added conditions by the Miki Cabinet, and return to the spirit of the 1967 Three Principles, which prohibit arms export only to countries which may threaten Japan, countries under an arms embargo based on U.N. resolutions, and countries which are actually involved or likely to become involved in international conflicts. Needless to say, Japan's ally should not be subject to this prohibition.

(3) Intellectual Basis for Security Policy

Japan has only a limited number of experts who specialize in security issues and policies. Their mobility is low and their thoughts tend to separate from those of the public. We need to foster a community of experts who are equipped with knowledge and analytical skills on security policies and the defense industry in order to manage national security through the democratic process and promote solid international cooperation.

The basis of civilian control over Japan's security policies lies in the community where experts are dispersed around universities, think tanks, the mass media, ministries and agencies, political parties and private enterprises, and constantly exchanging opinions with one another by using their knowledge and information on issues such as national security, international relations, military affairs, and defense-related technologies. If such a community is developed with increased job opportunities, it will become easier

to acquire quality personnel. If human resource mobility rises, competition among experts will increase, and the quality of the security community as a whole will be improved. In the present international society, experts around the world discuss important security issues, and such discussion affects the national security policies of each country. The richness of human resources in the Japanese security community is a crucial element for maintaining its close relationship with the international security community.

One of the important pillars of Japan's security policy community is the legislative branch, or the Diet, and its information gathering, analysis and policymaking capabilities must be strengthened. The Diet should have a structure that enables it to make effective policy recommendations on national security, which is the basic condition of a nation, by constructive deliberation that avoids the risk of political maneuvering. Measures should be taken to expand the existing survey function of the National Diet Library and to increase national security staffs at the secretariats of the two houses of the Diet.

(4) Diplomatic Basis

The diplomatic basis should also be reinforced along with the domestic security strategy infrastructure. The primary objective is permanent membership of the U.N. Security Council. During the North Korean missile crisis of 2006, the Japanese seat at the U.N. Security Council contributed to the resolution condemning North Korea, which contained the sanctions Japan demanded. It will greatly benefit Japan's security if Japan takes part in the process of establishing the world order as a permanent member of the Council. At present, momentum toward the U.N. Security Council reform is stagnant. We should first realize the establishment of long-term seats for which reelection is allowed, namely, the model B in the High Level Panel report of 2004, and take that seat, treating it as a step to the final goal of permanent membership.

More Japanese should hold key positions in major international organizations in order to secure the international basis of diplomacy. Among them, posts related to international peace cooperation should be given priority, and more personnel should be sent to the Department of Political Affairs and the Department of Peacekeeping Operations of the U.N. Secretariat. As for the PKO Department, not only SDF officers but also Police and Coast Guard officers should be placed.

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