Japan-U.S. Security Relations: A New Era for the Alliance?

A Conference Report

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Based in Honolulu, Pacific Forum CSIS (www.csis.org/pacfor/) operates as the autonomous Asia-Pacific arm of the Center for Strategic and International Studies in Washington, DC. The Forum's programs encompass current and emerging political, security, economic business, and oceans policy issues through analysis and dialogue undertaken with the region's leaders in the academic, government, and corporate areas. Founded in 1975, it collaborates with a broad network of research institutes from around the Pacific Rim, drawing on Asian perspectives and disseminating project findings and recommendations to opinion leaders, governments, and members of the public throughout the region.

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The views expressed here do not necessarily represent the views of the U.S. or Japanese governments, the co-sponsoring institutes, or the group of workshop participants as a whole.

Foreword

The Japan Institute of International Affairs (JIIA) and the Pacific Forum CSIS were delighted in 2005 to once again co-host the 11th annual Japan-U.S. San Francisco Security Seminar on March 17-18, in the city where the alliance was established 53 years ago. We had much to discuss. The U.S.-Japan security alliance continues to evolve. In the year since our last meeting at the 10th anniversary celebration held in Washington D.C., Tokyo has produced two documents that lay the foundation for continuing efforts to modernize Japan's national security policy and its national security infrastructure. Meanwhile, the United States, under a reelected George W. Bush administration, is transforming its global military posture as its national security strategists assimilate and accommodate new technologies, doctrines, and capabilities. And as the two countries change, the alliance must adapt as well.

The changes in Japan, the U.S., and within their alliance, don't occur within a vacuum. They are a response to, and are affected by, changes in Asia and elsewhere. Political, economic, and military developments are reshaping relationships within the region; Northeast Asia, in particular, is being buffeted by these forces. Top officials in both governments are working on ways to deal with those changes. Their ability to focus on the future is another departure from the past and another indicator of recent successes: problems that once threatened to cause crises have been deftly handled by alliance managers.

Our annual meetings continue to assist government officials in both countries to gain a greater appreciation of the changes and challenges that lie ahead. Our two countries must now maintain the momentum that has been established, overcome the obstacles that lie ahead, and strive to meet the rising expectations that have been created by our unprecedented cooperation.

We are grateful to all the participants and keynote speakers for taking time from their busy schedules to join us and share their thoughts. Their commitment, insights, and ideas for the future of the alliance made this conference a success. We also would like to thank Japan's Ministry of Foreign Affairs for their generous support for this project.

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Conference Summary
Brad Glosserman, Rapporteur

The 11th annual Japan-U.S. Security Seminar met in San Francisco, on March 17-18, 2005, to examine the evolving international environment, changes (both domestic and foreign policy) in the U.S. and Japan, and the two governments' efforts to forge an alliance that is better suited to, and more sustainable in, the 21st century. Mr. Makio Miyagawa (Director, Japan Institute of International Affairs) and Mr. Ralph A. Cossa (President, Pacific Forum CSIS) served as co-chairmen, and more than 30 current and former government officials, analysts, and academic scholars of the alliance engaged in two days of spirited discussion. (See Appendix A for details.) The outlook was positive, yet all agreed that there is no room for complacency. Ambassador Kato Ryozo (pp. 13) set the tone for our discussion in his keynote speech, noting that "our alliance will become stronger and more firmly united in the future. … we need to reexamine the roles, missions, and capabilities of the two countries, bearing in mind the new security environment." This point was reinforced by former Assistant Secretary of State for East Asian and Pacific Affairs James Kelly in his dinner remarks (see pp. 19). Kelly explained "For the last four years, following the suggestions of the Nye-Armitage report, the U.S. has been engaging in the Pacific with a leading focus on Japan. Our relationship has evolved albeit with certain stresses. … Today, we are indispensable partners with Japan and the U.S. is in the Asia Pacific region to stay."

These two keynote addresses set the stage for the candid discussions that have been a cornerstone of this unofficial dialogue. This report summarizes those discussions. As in the past, all comments, with the exception of the papers, were off the record. This report reflects the views and impressions of the rapporteur; it is not intended to convey a consensus view.

The Changing International Environment

Two issues loom large on the East Asian strategic landscape: China's rise and North Korea. The first embodies a range of concerns, from the creation of a new economic center of gravity for Asia (and the political influence that comes with it) to an ever-expanding military budget. The modernization of China's military is a direct concern for the U.S. and Japan as both contemplate a military contingency in the Taiwan Strait. As former U.S. Ambassador to Japan Mike Armacost argues (pp. 25) "The Taiwan Strait remains a potential trouble spot where miscalculations could transform a local contest for influence into a wider great power confrontation."

China. According to the IMF, China's real GDP has grown on average 9.7 percent each year from 1990 to 2003. Economists anticipate 8 percent growth annually for the next five years. If measured by purchasing power parity, China is already the second largest economy in the world. It accounts for about 4 percent of world output; in 2003, it produced 6 percent of world exports and 5.7 percent of global imports.

What is China doing with that wealth? It appears that the government in Beijing is using a growing share to modernize its military. At the March 2005 meeting of the National People's Congress, legislators approved a national budget with a 12 percent increase in defense spending, which would bring the official defense budget (which is widely assumed to account for just a portion of actual defense spending) to $29.9 billion, and marks the 17th consecutive year of double-digit increases in defense spending

Those efforts have been noted with alarm in Tokyo and Washington, where complaints have been made about the transparency of Chinese military spending and questions raised about the intent of the program. To counter those critics, China developed the theory of "peaceful rise," which was intended to diffuse fears that China's re-emergence as a regional power would destabilize Asia. Although the particular phrase was quickly abandoned, the Chinese leadership maintains that it has learned the lessons of history and that China poses no threat to regional peace and security. Takagi Seiichiro (pp. 27) argues in his paper that this is the core of strategic thinking of China's fourth generation leadership: China is determined to seize the opportunity afforded by Sept. 11 to build solid relations with the U.S. and increase its room for "strategic maneuver." This way, China can focus on its own development, the country's top priority.

Those bland assurances are belied by the belligerent tone China takes when it comes to Taiwan. Much of the world interpreted Taiwan's December Legislative Yuan elections, in which the pan-blue opposition maintained its parliamentary majority, as an opportunity to scale back on the rhetoric and dampen cross-Strait tension. Indeed, Taiwan President Chen Shui-bian has responded to the electoral setback with unusual restraint and has initiated discussions with some elements of the opposition. The agreement to allow cross-Strait charter flights (although restricted in many ways) was another promising sign. Nevertheless, China continues to demonize President Chen and, in the days prior to our meeting, the National People's Congress passed its anti-secession law, a bid to render any move toward independence by Taiwan illegal. The law, which authorizes the mainland to use "non-peaceful means" against Taiwan in the event that "peaceful reunification should be completely exhausted," has proven to be a strategic blunder: it has provided a rallying point for otherwise fractious Taiwanese, allowed Mr. Chen to show that he can be a statesman and demonstrate restraint, and unnerved the European Union enough to reconsider its decision to lift the embargo on arms sales to China.

Most observers characterize the Japan-China relationship as "hot economics, cold politics," a reference to economic ties between the two countries that continue to grow despite political issues that bedevil official relations. The chief obstacle is history in its various guises. One manifestation is Prime Minister Koizumi Junichiro's determination to visit the Yasukuni Shrine, which China complains is an insult and insensitive to the feelings of the millions of Chinese people suffered under the Japanese invasion during the Pacific War. Another manifestation is the dispute over the Senkaku/Daiyutai islands, occupied by Japan and claimed by China; other islands/islets are also contested. In recent years, the territorial dispute has taken on new significance as both countries anticipate exploiting natural resources that accompany the territorial claim. Underwater surveys and exploration

and periodic incursions by warships and submarines ensure that tensions remain high and the issues remains an emotional hot button for nationalists in both countries.

China also worries about Japan's new security profile in the region (a topic taken up in more detail below). Chinese officials and analysts complain that the U.S. military alliances are outdated remnants of the Cold War, unsuited to the 21st century. U.S. encouragement of Japan to play a larger security role in the region is anathema to the Chinese. While participants agreed that Chinese objections are exaggerated, the fears are deep-rooted and real.

There is little reason to hope for improvement in relations between Tokyo and Beijing. Nationalism is strong in China and growing in Japan. While China's leaders claim that they must pay attention to popular sentiment – and there is some truth to claims that Beijing tries to dampen anti-Japan feelings; violence such as that which broke out during the 2004 Asian Cup soccer games is a black mark and an embarrassment – Japanese leaders must also heed popular opinion at home. Feelings have changed in Japan. Some claim President Jiang Zemin's 1998 visit was key; since then no Japanese leader can afford to kowtow to China as in the past. For example, while significant numbers of Japanese don't agree that Mr. Koizumi should visit Yasukuni Shrine, even more believe that Chinese objections are not sufficient reason to stop.

Some of our participants countered that the future was not necessarily bleak. An American noted that the Chinese leadership understands that the current situation must be remedied. The dispatch of Wang Yi as ambassador to Japan signals China's concern and its intentions. A Japanese participant argued that expectations were key. "Hot economics and hot politics" was unreasonable. All relationships have tensions in them; the key is managing them. Another Japanese participant said that the emphasis in bilateral relations should shift from apologies to education. Only with a proper understanding of the past in both countries can the relationship move forward.

North Korea. Pyongyang's efforts to procure nuclear weapons continue to blight relations in Northeast Asia and pose the most immediate challenge to the U.S. and Japan, (and other countries in Northeast Asia). The Six-Party Talks broke off in the summer of 2004 and hopes that they would resume after the U.S. elections in November were dashed. Instead, North Korea has steadily upped the ante: on Feb. 10, 2005 it announced that it was a nuclear power; it has said that it will not return to talks until the U.S. apologizes for Secretary of State Condoleezza Rice's statement during her confirmation that North Korea is "an outpost of tyranny"; and finally it has repeated its earlier demand that Japan withdraw from the talks, claiming that Tokyo only wants to exploit the process for its own self-interest.

Participants at our meeting criticized both Washington and Tokyo for "a lack of urgency" in addressing the North Korean problem. Given the potential impact on regional security and the message it sent to other would-be proliferators, the failure to make progress is disturbing. One U.S. participant called the current situation, in which there are no negotiations and the North continues to run its nuclear programs, a "catastrophe." Izumi

Hajime (pp. 31) warned that, contrary to popular opinion, "the international community, not North Korea, is at a crossroads."

Several participants challenged the view that neither government was doing much, pointing to the large international coalition of the willing that has joined (or backed) the Proliferation Security Initiative and the Illegal Activities Initiative. Japanese participants noted that Tokyo has passed legislation that permits sanctions against North Korea if the international community decides they are inappropriate. (During our meeting, there was general agreement that unilateral action would be a mistake; such steps invariably feel good, but rarely work.)

More significantly, both governments are trying to ensure that the five other parties to the Six-Party Talks – China, Japan, Russia, South Korea, and the U.S. – are working together. A united front is essential to persuade North Korea to return to negotiations. There was similar agreement that negotiations with Pyongyang – "disagreeable" as the idea seems – are the only option. One U.S. participant said "duck diplomacy" – a seemingly calm approach on the surface but characterized by lots of movement underwater or out of sight – is the best way to proceed.

South Korea. While trilateral coordination among the U.S., Japan, and South Korea is critical to solving the North Korean problem, renewed tensions between Japan and South Korea over Takeshima/Tokdo make that difficult. As noted, nationalism is rising in Northeast Asia, and South Korea is not immune to those forces. No one had suggestions about how to overcome this ugly situation other than real leadership, rather than political posturing, in Japan and South Korea. That isn't too much to ask: in 1998, South Korean President Kim Dae-jung and Japanese Prime Minister Obuchi Keizo demonstrated the forward-looking vision that must be revived if Seoul and Tokyo are to work together.

East Asian Integration. Another important feature of the regional political landscape is continuing integration in East Asia. Geography has prompted most of the countries to embrace new trade and economic partnership agreements: China and ASEAN have signed a free trade agreement, Japan and South Korea have begun similar negotiations with ASEAN and between themselves. Economic integration has spurred political integration as well. The ASEAN Plus Three process brings the 13 countries of East Asia together and could herald the emergence of "Asia" as a global player like Europe. Next year, they will hold an East Asian Summit.

There are U.S. concerns about the meaning of this process. At present, there are far more questions than answers, if only because Asians themselves are not clear about its content and substance. Japanese participants were reassuring, however. They explained that these discussions were economic and political in nature; they would not address security issues. Moreover, the East Asian Summit and ASEAN Plus Three process were just two in a list of multilateral mechanisms that includes APEC and the ASEAN Regional Forum. These dialogues are the outgrowth of natural affinities – such as geography – and are also useful vehicles to engage China. Finally, Japanese participants noted that these new mechanisms reflect common interests, but not necessarily common values. And common values, such as

those Japan shares with the U.S., are the foundation of enduring relationships. In other words, the U.S. should not feel threatened by East Asian integration.

Japanese Security Strategies

There has been considerable activity in Japanese national security affairs in the year since our seminar last met. On Oct. 4, 2004, the Prime Minister's Council on Security and Defense Capabilities, (the Araki Commission), presented its assessment of the security environment and the appropriate Japanese response. The report stressed the need for an "integrated security strategy" that is more flexible and outward looking than the self-defense approach that prevailed throughout the Cold War. It calls for "bolstering the credibility of the Japan-U.S. alliance" and continuing to rely on extended deterrence provided by the U.S. As a result, Japan needs to acquire ballistic missile defense systems in cooperation with the U.S. More generally, Japan "must continually upgrade arrangements for cooperation to deal with these types of situations, and strive to enhance the reliability of Japan-U.S. cooperation in actual operations." In practical terms, Japan must relax its ban on arms exports, at least to the U.S. so that it can fully participate in the development and deployment of an antiballistic missile system.

The report argues Japan should "[prevent] the emergence of threats by improving the international security environment." Tokyo and Washington should work together – both consulting and cooperating – to maintain peace and prevent conflict. A closer strategic dialogue is one way to clarify the appropriate roles for each country and to create a framework for action. In practical terms, the report calls on Japan to embrace the "Multifunctional Flexible Defense Force concept" that would allow the Self-Defense Forces (SDF) to be more versatile and take on a wider range of functions. It also outlines the structural reforms in decision making and information management that are needed to bring the integrated security strategy into being.

As in the past, the Araki Commission report anticipated a new version of the National Defense Program Guidelines (NDPG). The NDPG repeats the security policy objectives identified by the Araki Commission, appears to confirm the shift toward a regional and international emphasis, and endorses the multifunctional, flexible approach explained in the Report. It notes that Japan will "on its own initiative engage in strategic dialogue with the U.S. on wide-ranging security issues such as role sharing between the two countries and the U.S. military posture…" Japan will also "actively promote intelligence exchange, operational cooperation including that in the 'situations in areas surrounding Japan,' cooperation on ballistic missile defense, equipment, and technology exchange, and efforts to make the stationing of U.S. forces in Japan smooth and efficient."

Japanese participants at our meeting stressed the significance of the NDPG and highlighted ways it departed from previous versions. First, as Tokuchi Hideshi (pp. 41) notes, this document is not just an outline of Japanese defense policy, but a government-wide summary of national security policy. Thus, unlike the past, it is the National Defense Program *Guidelines*, rather than the National Defense Program *Outline*. It incorporates all elements of national power – political, economic, diplomatic, and military – that are available

to defend Japan's national security, not just military ones. It calls on Japan to better understand how these tools interact and how to integrate them in a coherent foreign policy.

The new guidelines take a more proactive approach to improving the international security environment. As several speakers pointed out, Japan recognizes that its security is closely tied to regional developments; as one explained, "Regional peace is Japan's peace in an interdependent world." This readiness to identify the national interest with events beyond its borders marks a significant shift in Japanese thinking.

This new perspective is part of a broader evolution in Japanese thinking about the country's place in the world and, as a result, national security. This shift reflects the recognition that hopes that the post-Cold War world might prove more peaceful have been shattered and Northeast Asia is proving to be a tense neighborhood, fraught with perils. At the same time, the dispatch of Japanese forces for peacekeeping duties, the humanitarian work in Iraq, and the aid the SDF provided in the aftermath of the Dec. 26, 2004 earthquake and tsunami have altered perceptions of the SDF, their legitimacy, and their mission.

As a result, Japan is talking more seriously about security policy. For perhaps the first time in the country's postwar history, these discussions are spreading beyond specialists. The country now talks about "national interests," rather than merely the role of the SDF. One American participant declared the difference between current discussions and those of the 1990s to be "breathtaking." A Japanese participant argued the Tokyo government must end its reticence and use this language more forcefully. "When the government is successful at persuading the public that operations are necessary for Japan's national security, there is no problem. Arguing that Japan should act because the U.S. or other countries need our help is not as successful. The arguments used are critical." Japanese are increasingly inclined to ask, "What should we do?" rather than merely "what can we do?"

There are limits to this logic, however. The most obvious constraint is the constitution. Article 9 poses considerable restrictions on how Japan can react to international crises. Still, several Japanese participants warned that focusing solely on constitutional restraints is dangerous; an "overly legalistic" approach was not in Japan's interest. The proper emphasis now is on establishing a conceptual framework that allows Japan to use its resources effectively. If the country does not lay down principles to guide policy and articulate its strategic objectives and interests, it will be impossible to find the common ground that permits action with the U.S.

A second constraint is public opinion. Japanese views are changing, but several participants, both Japanese and American, warned against the dangers of blowback if the Japanese public was pushed to go too far, too fast. While the Japanese public may be, as one Japanese put it, "quite comfortable" talking about roles of the SDF, it is still apparent that there is no consensus among politicians, parties, or the public about how far this process should go. Going beyond the national "comfort level" risks a reaction and a retreat.

Third, as several Japanese participants pointed out, their national security decision-making structure is underdeveloped. One official said "Japan has yet to develop a practical

and workable system of procedures and mechanism which ensure that the right decisions, both political and military, are made at the right time at appropriate levels of government and implemented properly."

Finally, Japan's international ambitions are rising just when the country has fewer resources to devote to its attempts to play a larger role. A decade-plus of sluggish economic growth and the prospect of a rapidly aging society have severely restricted the funds Japan can devote to this cause. This explains, in part, the NDPG's emphasis on jointness for all three services of the Self-Defense Forces. The need for integration will become more pressing as budget restraints increase.

U.S. Challenges in Bush's Second Term

For the most part, American participants agreed that there would be little change in security policy in a second George W. Bush administration. Although prominent friends of Japan have left the government – Deputy Secretary of State Richard Armitage and Assistant Secretary of State for East Asian and Pacific Affairs James Kelly, to name but two – there is continuity in the foreign policy team. Since Asia is widely viewed as a U.S. foreign policy "success," there would appear to be little reason to change direction. One senior U.S. statesman cautioned, however, that Asia might not get the attention it deserves, given crises in the Middle East and elsewhere.

In his paper (pp. 35), Mike McDevitt anticipates little change in U.S. national security policy. Alliances will remain the focus of U.S. policy in Asia, pre-emption will continue to be an option (even if it is not as *ready* an option), and terrorism and counter-proliferation will remain core U.S. concerns. McDevitt warns that, U.S. reassurances notwithstanding, personnel changes could have an impact on U.S.-Japan relations and that tensions between Washington and Tokyo could resurface if U.S. officials "take for granted" the impressive progress that has been made in the alliance during the last four years.

Within Asia, the Department of Defense is pressing ahead with plans to transform and redeploy forces in the region. The emphasis continues to be on flexibility, mobility, and speed. While precise moves have not yet been identified, the broad contours of U.S. intentions are clear. More forces will be brought to Asia. New deployments include more submarines, another aircraft carrier, and a Stryker brigade. Within the region, U.S. commanders are shifting focus from Northeast Asia to the south (although there is no reduction in the U.S. commitment to deter a North Korean attack on the South or the readiness to fight if Pyongyang should miscalculate). Assets in Guam are being built up. All participants cautioned against misreading these developments: the goal is not to contain China. The U.S. continues to try to engage China and to work to maintain a "constructive and cooperative" relationship with Beijing. Still, some fireworks are expected when the next U.S. *Quadrennial Defense Review* (*QDR*) is published later this year. The *QDR* is a Pentagon planning document and, as such, it reflects that institution's thinking. It is likely to continue the hedging approach adopted in the 2001 *QDR* and will likely provide ample fuel for those who claim the U.S. is hostile to China or is intent on "containing" the country.

In Japan, the U.S. is, according to one U.S. official, trying to be "a partner, not a tenant." To that end, both governments are working to reduce the U.S. footprint in Okinawa and work out basing arrangements throughout the archipelago that reduce the burden on local communities. Moving the Futenma Marine Air Station continues to be a U.S. priority; the proposed relocation to Henoko in northern Okinawa is still the first option, but other scenarios may also be considered.

Future Visions of the Alliance

On Feb. 19, 2005, U.S. Secretary of State Condoleezza Rice and Secretary of Defense Donald Rumsfeld joined Japanese counterparts Foreign Minister Machimura Nobutaka and Director General of the Japan Defense Agency Ono Yoshinori for a meeting of the Security Consultative Committee (SCC). They later released a Joint Declaration (see Appendix B) that lays out the future direction of the U.S.-Japan alliance.

The statement makes plain that the alliance is now global in nature and will be increasingly integrated in the future. The two governments agreed on a list of common strategic objectives that include: promoting fundamental values such as human rights, democracy, and the rule of law; consolidating the Japan-U.S. partnership to help bring peace, stability, and prosperity worldwide; fighting the spread of weapons of mass destruction; eliminating terrorism; strengthening the United Nations; and stabilizing global energy supplies.

Regionally, the two countries vowed to ensure Japan's security; promote peaceful unification of the Korean Peninsula and peaceful resolution of all issues related to North Korea, including its missile programs and the abduction of Japanese nationals; develop a cooperative relationship with Beijing while encouraging it to be more transparent in its military affairs; seek the peaceful resolution of issues concerning the Taiwan Strait; encourage Russia's engagement with the region and the normalization of Japan's relations with Russia; promote a peaceful, stable, and vibrant Southeast Asia; support various forms of regional cooperation, while stressing the need for open, inclusive, and transparent regional mechanisms; discourage destabilizing sales and transfers of arms and military technology; and help secure maritime traffic. Of special importance, and overlooked in much of the public commentary, the SCC statement supports China's emergence as a responsible power and calls on it to cooperate with the U.S. and Japan on issues of mutual concern.

The SCC's emphasis on shared goals and objectives was applauded by all security seminar participants. There was agreement that joint action was possible only after a basis for that action was established: the values shared by the U.S. and Japan – democracy, respect for the dignity of individuals, a free market economy – provide a foundation for the alliance. From there, the governments could identify common objectives and strategic concerns. Participants also agreed that joint action was a force multiplier: as Umemoto Kazuyoshi (pp. 45) explained, "the deterrence and capability of the alliance is not measured solely by the number of U.S. forces stationed in Japan, but by the combination of political will, local support, and capabilities of working closely together."

In his keynote speech, Japan's Ambassador to the U.S. Kato Ryozo (a founding member of the security seminar) called the joint statement "the most concrete and substantive product since the birth of the Japan-U.S. treaty." Its implications are clear. The joint declaration is a clear signal, asserted one U.S. participant, to move forward with the vertical integration of U.S.-Japan security cooperation and the horizontal application of the alliance.

Increasing coordination and integration will not be easy. As has been explained, both governments are moving forward with their own agendas; the alliance is intended to benefit from those changes, but it means that both governments are seeking compromise and consensus on domestic concerns. In other words, each government's policy is a moving target. That will complicate bilateral decisionmaking. Accurate and informed decisionmaking also requires greater intelligence sharing and there are concerns in the U.S. about Japan's ability to protect the information that it provides. Both sides must have confidence that secrets will be kept if they are to work together.

Moreover, as Umemoto pointed out, Japan and the U.S. "have yet to develop sufficiently developed bilateral procedures and mechanisms for communicating with each other at the appropriate levels, synchronizing respective decision making and taking the necessary measures separately and collectively in time of contingencies." As a partial solution to this problem, both countries, and the participants of the security seminar, support continued high-level strategic dialogue between the two countries.

Given the common concerns identified in the SCC statement, the need for such a discussion is obvious. As this report and the SCC declaration make clear, China poses particular challenges for the alliance. While neither government believes in "a China threat," suspicions remain high. That feeling is reciprocated by Beijing. China's continuing growth poses a host of issues for Japan, the U.S., and other countries of the region and the world; faltering growth creates other problems, no less severe. The prospect of a conflict between China and Taiwan is real. One U.S. participant argued that "the future health of the U.S.-Japan alliance will be heavily influenced by the ability of both countries to coordinate their sometimes diverse interests and political pressures with respect to China."

Dealing with Korean Peninsula issues will be equally challenging. Japan and the U.S. have common concerns in dealing with North Korea, but their priorities differ. While Washington puts the North's nuclear program at the top of its agenda, Tokyo has (for better or for worse) made abductees its first concern. Both countries want to stop WMD proliferation, but geography and the current level of the North's technology render Japan more vulnerable to Pyongyang's missiles. Both countries thus worry that its partner might cut a deal before its own interests are protected. And, as noted, each government's problems in dealing with Seoul complicate attempts to create the multilateral coordination needed to negotiate with the North.

Dealing with strictly bilateral U.S.-Japan issues will be daunting. In recent years, alliance managers have benefited from processes established in the mid-1990s when the relationship appeared to be in trouble. The Special Action Committee for Okinawa (SACO) process developed solutions to contentious issues and helped contain those tensions. Yet the

SCC statement also calls on the two countries to continue efforts to modernize the roles, missions, and capabilities of their militaries. It emphasized the need for enhanced interoperability between U.S. and Japanese forces. By definition, this effort obliges the two governments to examine such questions as the size of the U.S. footprint, control of bases, and the legal mechanisms such as the status of forces agreement (SOFA) and host nation support (HNS) that guide interaction between the two countries.

The SCC changes the dynamics of this negotiation. Rust Deming (pp. 53) cautioned that "Japan is signaling clearly that as it takes on a more active defense role, it expects more say in running the alliance." The prospect is no doubt troubling for Washington. But it is a mixed blessing for Japan as well. A higher profile obliges Tokyo to take more responsibility for the negative impact of the alliance on its own citizens; it cannot say that its hands are tied by U.S. demands.

Japanese participants noted that their government was coming under renewed pressure to deal with the problems caused by U.S. bases. It is ironic that the Japanese public is increasingly understanding of the positive role played by the security alliance, yet they are simultaneously growing increasingly intolerant of the inconveniences created by that alliance. Moreover, one Japanese official warned that many prefectures feel these burdens and they are beginning to complain that Okinawa is getting too much attention in this regard. At the same time, part of the Koizumi administration's domestic agenda is shifting power away from Tokyo to the prefectures. In other words, complaints about base issues – noise, crime, pollution, and safety – are growing and gaining traction.

Officials from both governments said that they have been instructed to find solutions to these problems. As always, however, finding solutions is not the issue; implementing them – or overcoming local resistance – is. Americans called on Japanese to make a stronger case for the bases. Both sides agreed that using the language of national interests allows Tokyo to do just that. The problem is that national logic often has little impact on grassroots discussions. It is unclear whether consolidating forces or sharing the control of bases with the SDF will blunt these protests. It is also unclear how far this process can go: One U.S. participant reminded the seminar that the U.S.-Japan Security Treaty trades the U.S. defense of Japan for the right to use bases in the country. Of course, he continued, operational capability is the ultimate objective and devising arrangements that afford maximum flexibility should be the goal.

Host nation support is another key issue. Japan has provided HSN since 1987; Tokyo earmarked ¥237.8 billion in 2004. And even though the budget has been declining in recent years, Japan still pays significantly more to support U.S. forces than do other allies. U.S. data for 2001 show Japan paid $120,000 per U.S. serviceman, South Korea paid $20,000, and Germany paid $10,000. Tightening budgets in both countries will make negotiations over a new figure difficult.

Tokyo can argue that its readiness to shoulder a larger share of the responsibility for keeping regional peace and security means that it is contributing in other ways and HNS payments can be accordingly decreased. From a U.S. perspective, this constitutes a

dangerous logic because it makes payments a form of compensation rather than a contribution in their own right.

Recent history gives ample reasons to hope that these problems can be overcome. Few people could have anticipated that U.S.-Japan cooperation on security issues would have reached its current level. Five years ago, the idea that the SCC could have produced a document like the Feb. 19 Joint Statement would have been dismissed as fantasy. Yet the remarkable evolution of the U.S.-Japan security alliance continues. With attention and careful management, the alliance will grow more relevant, resilient, and robust in the years to come. As "Sak" Sakoda (pp. 61) rightfully points out, "the capabilities of Japan and the United States individually are great; together our power and influence are multiplied. And the future will require this coordinated strength."

This annual Japan-U.S. security dialogue will continue to play its part in this endeavor by provoking candid dialogue among current and former officials, while preserving the foundations of the alliance and helping to chart its future course as its enters a new era.

Evolving the Japan-U.S. Alliance
by Ryozo Kato

The "2+2" meeting last February reaffirmed the commitment of Japan and the United States to assume responsibility for the peace and security of the international community. The Joint Statement issued after the meeting is one of the most concrete and substantive products since we concluded the Japan-U.S. Security Treaty. We set forth "the Common Strategic Objectives" of our two nations, an unprecedented step forward in our alliance's history.

This achievement may help dispel concerns that President Bush's new team might change the foreign policy toward Japan. I have been quite confident all along that the significance of our alliance is widely embraced among the American leadership. The foundation of our alliance is solid.

Japan and the U.S. share fundamental values such as democracy, human dignity, and belief in a market economy. We share common interests.

And we have worked together for peace and stability for a long time. Our Navy has conducted refueling operations for U.S. and coalition vessels for more than three years. The total amount of fuel Japan has supplied now exceeds 100 million gallons. The 600 members of our Ground Self-Defense Forces have been deployed in the southern part of Iraq working with coalition troops. When the tsunami devastated Southeast Asia, Japan quickly began working closely with U.S. forces for the relief operation.

Shared values and shared experiences, working shoulder to shoulder, have made our alliance stronger and more robust. The Japan-U.S. alliance will not, and should not, be affected by the reshuffling of personnel in either government.

The more important thing that may affect our alliance will be Japan's posture toward the alliance. Japan tends to ask "What does the U.S. want from Japan?" But this is the wrong question. Japan should ask itself what COULD Japan do or what would it LIKE to do? The U.S. also tries to define what it should do to cope with the challenges facing us. Both countries will assume complimentary roles to enhance the common strategic objectives. That is what an alliance is to be.

The global strategic environments are changing very rapidly

First, let me touch upon the Middle East. The stability of this region is a vital strategic interest for Japan. Almost 90 percent of Japan's oil comes from the Middle East. People have long suffered from totalitarianism and terrorism there.

But recently, we have witnessed one of the most sublime moments of human history. A great number of Iraqi people, facing real danger posed by insurgents, stood up with great courage and voted. In Afghanistan, people democratically elected their own president.

Palestinians democratically also recently elected their new leader. In Egypt, President Mubarak took a step toward a multi-candidate presidential election. Saudi Arabia is working on democratic reforms, too.

This passion for democracy will strengthen and change the strategic map of the Middle East. No political system is more transparent, tolerant, prosperous, and peaceful than democracy. Democracies respect their own people and their neighbors.

The U.S. is a great proponent of democracy and freedom. President Bush said in his State of the Union Address, "America will stand up with the allies of freedom to support democratic movements in the Middle East and beyond." Japan is proud to join in these efforts with the U.S.

On the other hand, we still face lots of challenges in the Middle East. The war on terrorism continues. Iraq has a long way to go to accomplish its goal of becoming a democratic and stable power. We cannot yet tell if the "Middle East Peace Process" will get back on track and reach true peace based on the reality there. And Iran, with its 600,000 military forces, its ambition to acquire nuclear weapons, and its support for international terrorism, may destabilize the region and the world. It is a strategically important country and we must somehow cope with it.

Let me turn to the Asia-Pacific region.

First, China. China is not a threat but a challenge. China is the only factor that might change the strategic environment of the region. China is becoming a world factory with abundant, inexpensive skilled labor. It is also a world market. Its trade with Japan, the U.S., and Southeast Asian countries has soared. Chinese economic growth also remains high.

China also shares interests with Japan and the U.S. It needs regional stability and open sea lanes and a steady oil flow to continue its economic development. But China's rapid military buildup without transparency worries neighboring countries. Also its struggle for energy can be considered almost desperate. We cannot ignore Chinese research vessels in Japan's exclusive economic zone.

Is China going to stand against the U.S. and Japan? Is it going to create its own sphere of influence? Not necessarily. China could be a responsible partner. It depends upon the strategic choice of China in the future.

We hope for a peaceful solution through dialogue between China and Taiwan. The security of the Taiwan Strait is vital for the security of Japan and the United States. Our sea lanes cannot escape being seriously affected if the strait is threatened. Let me recall to you that this is expressed in the Joint Communiqué between Prime Minister Eisaku Sato and President Richard Nixon as early as 1969.

Next, North Korea. Unfortunately, the Six-Party Talks have not produced any tangible results.

But every nation except North Korea itself is working very hard to bring North Korea back to the table, because the talks are conceivably the best forum to resolve this issue. China is the key. China is North Korea's patron and important nuclear ally. China should assume primary responsibility for persuading North Korea to behave properly and to dismantle all nuclear activities.

To cope with these challenges, the Japan-U.S. alliance is vital.

Here, let us look at U.S. society, which shows dynamic changes. The presidential election last year illustrated various interesting aspects of American society. Obviously, the political and economic gravity is moving from the Northeast to the South and West. Some say that U.S. society is becoming more conservative and religious. But from my perspective, I would say that the U.S. is more conscious of fundamental human values such as democracy, freedom, family, and compassion, particularly after Sept. 11. I think that these values are widely shared in the U.S. without regard to ethnicity, generation, and partisanship. We cannot ignore that the U.S. foreign policy is supported by this type of society.

Now, let me touch upon recent developments in Japan. This year is the 60th anniversary of the end of the Second World War. In this context, Japan may be often asked about so-called "history issues."

Our standard answer is that these issues are settled by the Peace Treaty of San Francisco and other bilateral treaties and that our deepest sorrow for the victims of the war is expressed most officially and solemnly in the statement by the prime minister of Japan in 1995.

It is matter of course that we never forget our past misdeeds. It is a long and painful duty for us to understand those affected. But since 1945, Japan has sought to rebuild itself upon the firm conviction that democracy and freedom are guiding principles for its resurrection. And now Japan is not only a successful democracy but an advocate of democracy and a free market economy, not just in the region but globally. I hope that Japan in the 21st century will not be defined only by apologetic words but by Japan's history over the last 60 years.

Japan is more conscious of regional security and ready to share leadership with the U.S.

The New National Defense Program Guidelines (NDPG) open a new chapter in Japan's security policy.

First, the NDPG recognizes that, with new emerging threats as well as persistent ones, the Japan-U.S. alliance continues to be an important vehicle to meet security challenges in the region. Second, the NDPG refers to the introduction of a missile defense system. A missile defense system is particularly a viable option for a country like Japan to prevent blackmail by surrounding countries possessing massive arsenals of ballistic missiles. Third, the NDPG mentions that Self-Defense Forces will become involved more actively in

international peace cooperation activities and will develop necessary capabilities, including long distance transportation.

Japan and the U.S. have been discussing the defense posture of the U.S. forces in Japan. This discussion was triggered by the transformation of U.S. forces. Its basic concept is increasing U.S. forces' flexibility, agility, and expeditiousness to meet the new security challenges and environment. Our consultation has gone beyond how to realign U.S. bases in Japan. The transformation of U.S. forces is underway on the U.S. side, too. The rise of China, the North Korea situation, terrorism, proliferation of weapons of mass destruction, and other issues are drastically remaking the regional strategic environment. Taking all of these factors into account, the focus of our bilateral consultation is on how to strengthen our alliance and to maximize mutual capabilities.

This may very well be an unprecedented and most significant overhaul of our alliance since the conclusion of our security treaty. This is not only for the transformation of the U.S. forces. This is not only for the evolution of the Japan's security policy. This is a big step forward for a transformation of our alliance.

This means that our alliance will become stronger and more firmly united in the future. I have two things in mind. First, we have to increase the effectiveness and credibility of the treaty as threats and challenges surrounding Japan change. Deterrence is the core of an alliance. From this stand point, we need to reexamine the roles, missions, and capabilities of the two countries, bearing in mind the new security environment. Second, Japan-U.S. security cooperation should evolve beyond what was conceived half a century ago. It is only natural because Japan has become a power once again in the region. Japan is now willing to assume greater responsibility and increase its capabilities. The security cooperation does not have to be based only on certain specific provisions of the treaty. It is based on broader political, economic, and military cooperation, which has the treaty as its core.

In the transformation of the alliance, Japan and the U.S. will become more equal partners by complementing each other's capabilities. Shared responsibility and joint operations will naturally lead to shared use of U.S. bases with the Self-Defense Forces. By doing so, we can address the reduction of the footprint of U.S. forces in Japan in a constructive way.

And, the transformation of our alliance I so far mentioned does not necessarily require change in the Constitution or other existing basic frameworks. Naturally, revision of such basic frameworks will open up a new "horizon" for Japan and for the Japan-U.S. relationship. Today, here, I, however, wish to point out the importance of doing things within our reach, and within existing frameworks, effectively, expeditiously, and pragmatically.

It is not too much to say that the U.S. was the architect of order in the Asia Pacific region after the Second World War. Its fundamental premises are promoting democracy, freedom, and a free market economy. These premises have been and are prevailing in the region.

But this basic structure with the U.S. at the center now seems challenged by several factors. The countries in the region feel uneasy about and concerned with the uncertainty.

U.S. diplomacy in the Asia Pacific tends to revolve around the theory of "balance of power." But this theory alone cannot bring enduring stability. Here, again, values are important.

Democracy, freedom, human dignity, and a free market economy will be key factors that can unite countries in the region in the 21st century and beyond. Japan is a leading advocate of these universal values together with the U.S. Japan is not a "spectator" of international affairs any more. It is not only a "player." It will be an "architect" of the international theater along with the U.S.

In closing, the world is full of potential for democracy and prosperity. Freeing this potential will lead to peace and stability of the world. It will be a generational task in every country. But we can be optimistic. I believe that time is on our side.

A Maturing Alliance Responsive to Asia and the World
by James A. Kelly

Introduction

It is humbling to address an audience with such expertise as has been brought together here in San Francisco. But, perhaps as never before, our seminar is to confront – together – serious problems. That is how we work best – together. So my remarks today will first touch on a changed alliance, one very different from even 10 years ago. Without doubt, much of this change in the alliance reflects a Japan that is itself changing in unforeseen ways. And America is different now, especially since Sept. 11. But we cannot just muse about how our countries have evolved because there are large and pressing problems to confront, and the chances for meeting these problems successfully are much greater if we work on them together.

A Changing Alliance

Our task at this seminar is to look to the future, but, of course, the past is much easier, and can be instructive if we are careful. This seminar is in its 11th session over 10 years. There are many assemblies of scholars and bureaucrats to discuss security, but this seminar has been unique. One reason is because each participant has been committed to the assumption that United States and Japanese cooperation in security matters is essential, and that frank dialogue is needed if we are to make it better. Fortunately, even after 10 years this attitude of teamwork persists, although the chair's concern 10 years ago with getting Americans to "pipe down" and Japanese to speak up is obviously no longer a problem. This afternoon it was obvious that neither side hesitated to speak up whether to clarify, amplify, or demur.

This is but another mark of greater alliance equality – in an alliance that was not written to be symmetrical or equal, at least in responsibilities. This was not in question over the Cold War years. There was a kind of simplicity in that bipolar system. The Soviet threat was real, but for Japan it may have usually seemed rather distant. And the threat was indirect in the sense that if the Soviet Union ever did attack, it would be about the Americans.

With the end of the Cold War in the 1990s, the security problem became more complex. Would future "threats" only be economic? As Japan's "bubble economy" deflated, some may have thought so. The new era in America offered a "peace dividend." U.S. armed forces personnel, even with delays incident to the Gulf War response to Saddam's invasion of Kuwait, were cut by 40 percent.

Even North Korea, after the important 1991-92 agreements with its South Korean neighbor, including the Joint Declaration on Denuclearization, seemed to signal that it might be part of a new era. American nuclear weapons were removed from Korea. North Korea signed a belated International Atomic Energy Agency Safeguards Agreement and offered the IAEA a sweeping inventory of nuclear sites in 1992. But the DPRK soon rejected the routine

verifications that followed and a two-year nuclear standoff began. The Agreed Framework of 1994 was the result, but nuclear (and later missile) fears had been generated. One may suggest that the North Koreans, in Northeast Asia at least, kept a much fuller sense of peace from breaking out, and thereby insured that the alliance did not wither in the mid 1990s' political uncertainty.

But the U.S. and Japan had been drifting, and the "Nye Initiative," named for then Assistant Secretary Joseph Nye, evolved from a device for better U.S.-Japan technology cooperation into an important tool for rejuvenating alliance enthusiasm. Credit should go to some who are here today. Ezra Vogel, Kurt Campbell, John Hill, with Rust Deming at State – operating under Bill Perry's guidance – were among those who spurred this improved cooperation. Soon a crime in Okinawa intensified feeling there, and – after much work – the SACO (Special Action Committee for Okinawa) Agreement addressed some of Okinawa's longstanding problems. And in a much more comprehensive way, the 1996 Joint Declaration of President Clinton and Prime Minister Hashimoto put the alliance on a renewed basis.

North Korea's surprise three-stage ballistic missile test of 1998 gave further evidence that threats could be real, and the Nye-Armitage Report of 2000 set an ambitious agenda for the alliance that has stood up very well in the years since in meeting the thrust of events. If further evidence were needed, the Security Coordinating Committee (SCC) statement after last month's February 2005 meeting offers an agenda for ongoing cooperation.

It is a new millennium with different leadership styles in either country. President Bush and Prime Minister Koizumi are popular leaders. A strong asset is the mutual confidence that each has in the other – a confidence that the other's word is a bond, even if politics may delay fulfillment of one or another personal commitment.

A Changing Japan

Japan is changing, as so many have noted. Much if this, as elsewhere, is generational. Japan has become more nationalistic, too, also as reflected in many other countries. Political change has led to diminished power of the Liberal Democratic Party (LDP), which seems to be struggling to maintain its grip. What and who will rule Japan next? Will it be an LDP old guard, perhaps in a last gasp? Young LDP "Turks," more conservative yet attuned to younger people in Japanese cities? Will it be an opposition that is also quite conservative but often critical of the U.S. and unpracticed in governing? Or, will Prime Minister Koizumi continue to lead in an unprecedented way?

There is also, and this is more serious and directly threatening than were the Soviet Union's Cold War forces, the missiles and nuclear weapons that North Korea chooses to brandish. The abduction issue has seized the attention of most Japanese, and yet not all perceive the greater threat of weapons of mass destruction. But it is significant that, after 60 years, Japan now has a potential adversary that can be called by name.

Finally, perhaps more than any Asian country, Japan must adjust to deal with the "peaceful rise of China." Rising is a China of stunning and little interrupted economic

growth, a growth tinged with nationalism. And more and more this nationalism, with stimulation of memories of bad times and abuse by foreigners, has borne the politics of resentment and victimization. These are powerful feelings in China, as was seen in the recent Japan-China soccer game in Beijing, and in the poisonous material on the World Wide Web that otherwise controlling Chinese internet masters at least permit, if not encourage. China's emphasis on "history," is, in a fashion, a "safe" demand for an historic accountability. Of course, it is one that Chinese leaders will uneasily want to limit to external elements. The task of living with China, and sharing leadership of Asia with China, is a reality that Japan is only beginning to confront. American and Japanese cooperation will help in the China question too, but must be handled with subtlety and care.

A Changing America

A corresponding reality is the changes that America must confront. One is the effects and attitudes of Americans and their leaders post Sept. 11. There is a direct, quite unprecedented sense of an ongoing struggle with rejectionist Islam and its choice of asymmetric weapons, especially terror against ordinary Americans. Many Americans have a sense of a resourceful, enduring, and implacable enemy that must be confronted. We will confront in partnership with others if possible, but alone if necessary. Bob Scalapino touched on the costs of unilateralism in the world, and those costs are real. But the sense of risk among many Americans – certainly leaders – is much more intense than in Europe, at least, and probably Japan. Given an international polity that may not share such an immediate sense, there are attractions of unilateralism that appear to many Americans to be the only possible path. Only the close cooperation of a relationship such as this with Japan can trump these attractions, and probably not in all cases.

With the war in Iraq, U.S. military forces – especially Army and Marines – are stretched. Deterrence is still viable, for example, in South Korea. But none can deny that options and flexibility of military response have been affected.

There are also important U.S. economic realities, mostly not well understood. Loss of jobs and hollowing out of industry, along with the ongoing trade deficit – now reaching astonishing levels – and the return of big fiscal deficits – yet with low interest rates, at least partly enabled by the "recycling" of the trade deficit by Japan (and China, South Korea, and Taiwan) into U.S Treasury paper.

All of this occurs at an unprecedented time of political polarization in America. Red states and blue do not seem to understand each other. And the computerized methods used by most states to revise congressional districts (every 10 years, or more often, in an aim to achieve a better one person, one vote balance) have pushed members of the House into safe, one-party districts. The result is that most members of the House of Representatives are effectively accountable only to the base of their own party.

Problems to Confront

The proof of our alliance is in the problems we confront and in the recognition that coordination in our responses to issues, and sometimes close and public cooperation, is most

likely to bring the results we need. This seminar is addressing many such problems, and I am unlikely to improve on the excellent suggestions being offered. But if only to stress the scope, I'll touch fleetingly on a few of our more troublesome problems.

In the ***North Korean*** problem, U.S. and Japanese cooperation has been close and needs to be so. Nuclear weapons in the hands of this particular country are an ongoing danger to either nation and, notwithstanding the lack of success in blocking nuclear weapons breakouts in other countries, are a condition that cannot be accepted by either of us. Discussion earlier today noted that patience would likely be needed and persistence. And there are risks involved, but the action alternatives are most unattractive.

Most important, Japan and the U.S. need to be leery of "solutions" that would not require the DPRK to completely end its three-part nuclear weapons programs. These three parts – "old" plutonium reprocessed and available for weapons use for 15 years; "new" plutonium, that may have been reprocessed from the spent fuel rods from which international observers were expelled in 2003; and the once acknowledged, now denied uranium enrichment effort that became apparent in 2002 – all must be ended, and in a verifiable way.

Negotiations – involving all the interested parties – are not foreclosed. North Korea must be constantly aware of the opportunities that joining the international community will open as well as the costs of continued and perhaps intensified isolation. But the DPRK is unique, and it is quite possible that its leadership sees isolation as an advantage, at least to Kim Jong-il and his ruling circle. Joining the international community may well be precisely the step toward oblivion for those elites that they fear most.

Objectively, despite the cries heard from DPRK organs, there is little or no military threat to the regime, and my opinion is that Kim knows that. Their concern is primarily internal and not external. To maintain a prohibitively costly "Military First" or "*songun*" policy, it is essential to posit an unending "threat" and to maintain a state of internal fear and tension. These tensions, by my reading, are necessary to justify the unending hardships that are the lot of most North Korean people.

What this means for Japan and the United States, is that the North Korean threat differs in a direct sense to each, but is severe for both. For Japan, the abduction issue is a complication, and it is noteworthy that the efforts to resolve the issue at the very top between Prime Minister Koizumi and Kim Jong-il have actually worsened perceptions of the issue by Japanese people and others because North Korea, in its clumsy attempts to put the issue behind it, continues to be caught in inconsistencies and falsehoods over the abduction cases.

But as the prime minister and President Bush agreed, "dialogue and pressure" on the nuclear issue, and other DPRK problems, will be their policy and there is little choice but to stick with it. But by doing so, it becomes much harder for others, even China, to accept a nuclear weapon-armed North Korea. This is a prime example in which joint U.S. and Japanese efforts are stronger than either would be individually.

China's "Peaceful Rise" is the issue dominating Asia concerns and Professor Vogel and Ambassador Kato were eloquent on the topic earlier today. I will note in all of the China questions the need to carefully balance our joint and individual efforts. With resentment stirring in China, in different ways, toward both Japan and the U.S., there is a need for subtlety in how we work together.

An example is the recent – seemingly benign – mention of Taiwan, and the essentiality of peacefully resolving that question in the SCC Joint Statement. I do not agree with those who argue that the issue should have been omitted. But I do not favor more specific mention in other official statements. This applies to military planners of either of our sides. Minimizing uncertainty is always a goal in military planning, and there are reports that U.S. forces at least are considering the possibility of actions that might develop if Taiwan were attacked by China. In this area, more than others, planners, even in work that might be only disclosed within their own government, must be very careful about the scenarios that they consider. Even planning such responses, to offer greater certainty, may, if disclosed or even rumored, lead to "real world" actions that might lead toward an outcome that the effort is aimed to deter. The range of possible future circumstances is too varied and unpredictable. Worse, there is too much danger of leaks.

International organizations pose another challenge for Japan and the U.S. Concerning the ***United Nations,*** there is an obvious mismatch between Japan's 20 percent contributions and its much lesser influence. This is especially so by comparison with China's Security Council membership and influence juxtaposed with its 1 percent financial contribution. The U.S. has explicitly supported Security Council (UNSC) membership for Japan, but I can only hope that the issue does not prove divisive between us. For the U.S. does not support any other powers for UNSC membership, and there is little likelihood that Japan would be able to join alone. The problem is that, notwithstanding its inadequacies, the UNSC has a pretty fair record of fulfilling its responsibilities for "peace and security." This is certainly so compared with the General Assembly. And changes that result in a more UNGA–like Security Council would be changes that the U.S. cannot support.

Asian ***architecture of international organizations*** is a critical contemporary issue. The paucity of Asian multilateral institutions is finally shifting. But some of the new activity smacks of exclusion. Another aspect seems to be China's assertion of regional leadership, possibly at the expense of Japan, America, or even both. U.S. interests are clear and do not clash with Japan, or even, necessarily, with China's interests. We seek to strengthen those institutions – especially APEC (Asia Pacific Economic Cooperation) or the only functioning multilateral security dialogue, the ASEAN Regional Forum (ARF). New fora – such as the ASEAN "Plus Three" and the still undefined East Asian Summit – are sometimes portrayed as new institutions that will enhance China's leadership aspirations, presumably because of the absence of the U.S. The reality is more complex.

From a U.S. viewpoint, all this multilateral activity is neither adverse in essence to American interests, nor is it necessarily a zero-sum game. It is something about which the U.S. and Japan must communicate often and closely. Some experts offer concerns about Japan asserting leadership with the U.S. excluded, somehow stimulating more competition

with China. But the concern in my view is less Japanese leadership being asserted than Japan not being seen as offering sufficient leadership, especially to the nations of Southeast Asia.

Finally, there are bilateral and U.S. forces issues. These are what former Secretary of State George Shultz called "tending the garden." ***Bilateral issues*** ebb and flow, but always need thoughtful attention. The transformation of the U.S. military will pose some of these, especially troop dispositions, both in Okinawa and on the main islands. And there are always economic problems, especially beef exports since the single Oregon case of BSE. This trade is significant, and Americans feel the health protections being observed are strong. Yet the appearance of a snail-like clearance process for young cattle unsusceptible to BSE is leading to rising frustration in Washington.

Last, there is the ***"history issue."*** This has a high profile with China and Korea, with demands for what seem to be an unending stream of apologies. This understandably offends many Japanese who were not yet born 60 years ago. But there are still some differences that bother Americans that should be quietly discussed. Upcoming anniversaries will be part of this, but there is more. Although I have not visited the new Yasukuni Shrine museum, some Americans who have done so have been quite troubled by the version of history proclaimed – even in English – in some displays.

Conclusion

For the past four years, the administration has maintained a vigorous policy of engagement with East Asia-Pacific, with a leading focus on Japan. The 2000 Armitage Report has been reasonably predictive for Japan and an exceptional relationship – albeit with serious stresses – has evolved. There is a good structure to continue to move forward in President Bush's second term, if the logic continues to be thought through. I have great confidence in this in President Bush and Secretary Rice.

As always, there will be doubts in the region about the U.S. and whether it will be steadfast, especially in Southeast Asia. The recent record is clearly not reflective of a U.S. withdrawal, but instead suggests an intensified involvement.

Let me end with this thought: the United States is an Asia-Pacific country not only by geography, but also by virtue of our openness to free trade, our support for the growth of democracy, our interest in worldwide security and stability, and the enduring ties of the millions of Americans of Asian origin. Shared values are at the heart of all this, and nowhere are more values shared than with Japan. With Japan as our partner, we are indispensable players in the region, and we are in the region to stay.

Changes in the Asian Security Environment
by Michael H. Armacost

There are a number of significant changes in the strategic environment. Those I highlight focus primarily, though not exclusively, on Northeast Asia.

The U.S. elections are over and that alters the range of perceived choices in dealing with several key regional issues – e.g., North Korean nuclear weapons and tensions in the Taiwan Strait.

The Bush administration's overriding preoccupation with the Middle East (Iraq, Iran, and Israeli-Palestinian issues, Afghanistan, and the grand democratization project) plus recent efforts to mobilize European help on these matters will impose limits on Washington's attentiveness to Asian concerns.

The rise of China remains the dominant security challenge, and it provokes ambivalence in the U.S. as well as among Beijing's neighbors. On one hand, Beijing's power continues to expand at a dramatic pace; with its economy growing at 8-10 percent per annum, China is fueling prosperity in the region while posting double-digit increases in its military budget. Both consequences of its growth have attracted the attention of its neighbors and the U.S. Meanwhile, Beijing's expanding capacity and disposition to assert regional leadership are clear. At the same time the principal priorities of the PRC remain focused on accelerating its internal modernization, which reinforces China's need for peaceful relations with its neighbors and constructive, though scarcely deferential, links with the U.S.

The dangers of a nuclear "breakout" in the region arguably are growing. North Korea's neighbors insist they will not "tolerate" its nuclear activities, but Seoul, Beijing, and Moscow appear unprepared to do much about Pyongyang's claims to have acquired a nuclear arsenal beyond urging greater diplomatic flexibility on Washington. The Six-Party Talks are in trouble: policy coordination among "the Five" remains in disarray, and attitudes toward the strategic utility of nuclear weapons could change in Japan, South Korea, and Taiwan if present trends persist.

China's rise and North Korea's nuclear ambitions have already hastened Japan's exploration of a more ambitious international security role – i.e., as an offshore provider of noncombat logistic and other services – while bolstering its alliance with the U.S.

The Taiwan Strait remains a potential trouble spot where miscalculations could transform a local contest for influence into a wider great power confrontation. But a variety of objective factors (e.g., the local correlation of military forces, the growing integration between the Taiwan and mainland economies, sharper and more public admonitions from President Bush to Taipei's leaders not to unilaterally alter the status quo, and the weak showing of Democratic Progressive Party candidates in the December 2004 legislative elections) tend to encourage stability and perhaps even an eventual resumption of a serious cross-Strait dialogue.

The center of gravity in regional economic cooperation is shifting steadily toward pan-Asian rather than trans-Pacific forums. To be sure, future prospects for the cohesion of such pan-Asian economic arrangements depend heavily on whether strategic rivalry materializes between Beijing and Tokyo.

The energy picture in Asia is increasingly marked by rapidly growing demand, higher commodity prices, intensified competition for access to oil and gas supplies, an augmentation in Russia's role (due to its large-scale energy reserves), and expanding Asian investments in offshore energy production (often in places where U.S. links to local regimes are strained such as Myanmar, Sudan, Venezuela, Iran).

A significant succession in political leadership is underway in Northeast Asia, most notably in South Korea, Taiwan, Japan, and China. This is destined to have profound effects on the interrelationships among key Northeast Asian states, and between them and the United States.

The United States has positioned itself in favorable ways with the major powers – Japan, China, and Russia – in Asia. The question is whether it can sustain those good relations and utilize them to denuclearize Korea and foster stability in the Taiwan Strait, while adjusting the U.S. military presence in the region, enlisting further Asian help in combating the radical Islamist insurgency, promoting the continued expansion of rule based trade and investment in the area, and supporting (with unaccustomed subtlety) the growth of political pluralism in Asia. At present, prospects for preserving stability in the Strait looks more promising than making headway in rolling back North Korea's nuclear program.

Regional Security: The China Factor
by Seiichiro Takagi

Since out last meeting, there have been at least two important and interesting developments concerning China's role in the international security. One has to do with their strategic thinking, the other concerns the perennial Taiwan problem. My presentation is an attempt to provide materials for discussion on these two issues.

When this seminar met one year ago, the notion of China's "Peaceful Rise" (*heping jueqi*) was on the rise, attracting attention both domestically and internationally as the emerging strategic formula of the new Hu Jintao regime. But after Hu failed to make reference to this notion in his keynote speech at the Boao Forum in April 2004, it became increasingly clear that "Peaceful Rise" was being replaced by "Peaceful Development" as the term used by the top leaders. However, this did not mean the end of the use of the term in strategic discourse. In fact, the debate on the meaning and the conditions of China's peaceful rise or development continued to evolve with increasingly wider ramifications

The proponents of the peaceful rise/development argue that it should be credible because China has made the strategic decision to be actively involved in the process of globalization and multilateral institutions, which makes China's development possible without external expansion. Critical to this notion is the judgment that China has a rare strategic opportunity for such development in the first two decades of this century, the judgment first put forward by Jiang Zemin at the 16th Party Congress in the Fall of 2002. This is the period in which, he proposed, China should build a "relatively well-off society." One of the most important reasons for this optimistic judgment is the perception that after Sept. 11, the strategic priorities of the United States are antiterrorism, counter-proliferation, and homeland defense, and that its principal spearhead is not directed against China "for a substantially long period," which allows China more room for strategic maneuver. This line of thinking suggests the critical importance of successful management of the relationship with the United States. In fact, whether China's rise leads to confrontation with the United States is another key issue in the theorization of peaceful rise/development. On this point, widely different views have been expressed by strategic thinkers and specialists on international relations. On one end of the continuum, those who argue that it would never lead to confrontation mention such reasons as the Chinese awareness of undeniable power differential, the popular pacifism of the U.S., the multipolar world power structure, and globalization of the capitalist system, which make colonial possession unnecessary. On the other extreme are "realists" who argue that China's rise would have to challenge the current hegemon. They argue that peace is possible when the military gap between China and the U.S. is narrow enough to make the costs of the U.S. resort to war for the suppression of China's rise unacceptably high.

Regardless of whether the rise of China leads to confrontation with the United States, factors that affect the credibility of Chinese claim that their rise/development is peaceful is the extent to which the new strategic formula is reflected in their military doctrine and force

structure. One useful source for this assessment is the new Defense White Paper published in December 2004. Published after Hu had succeeded Jiang as chairman of the CCP Military Affairs Commission in September last year it can be treated as a more direct reflection of the strategic thinking of the Hu regime.

Compared with the last white paper published in December 2002, when Jiang had handed over the CCP chairmanship to Hu but retained the CMC chairmanship, the latest white paper has some distinct characteristics. Its discussion of defense policy has two new contents: one is the declaration of the "Peaceful Development" strategy with particular emphasis of the "important strategic opportunities" in the first two decades of this century. The other is the announcement of the revolution in military affairs "with Chinese characteristics," with particular emphasis on the incorporation of modern information technology, or "informationization" to use their term. The kind of war they are supposed to prepare for has been changed from the "local war under the condition of high technology" in the 2002 white paper to the "local war under the condition of informationization." The "dual historical task" of mechanization and informationization in the 2002 white paper is changed into "transition from mechanization and semi-mechnization to informationization" and "informatinization as the driving force to bring forward mechanization."

Clearly reflecting the second characteristics mentioned above, a rather flat description of all services in the 2002 white paper gave way to a clear presentation of priority among three services: the navy, air force, and second artillery force. Concerning the PLA Navy, the latest white paper claims that it now "has expanded the space and extended the depth for offshore defensive operations," and that the capabilities for offshore campaigns and nuclear counter-attacks are enhanced. The priority in updating weaponry and equipment in the navy is given to new combat ships, special purpose aircraft, and long-range precision strike capability. The PLA Air Force is described as going through the gradual shift from a territorial-air-defense type to that capable of both offensive and defensive operations. The second artillery force is the major strategic force responsible for nuclear counter-attacks and precision strikes with conventional missiles. The latest white paper claims that it has built such capabilities "in its initial form" and markedly increased power and efficiency. This line of reasoning is quite consistent with their maritime activities both within and near Japanese territorial waters and their desires for capabilities to raise the costs of U.S. attempts to check China's rise. Although it is both premature and unfair to detect designs to obtain power projection capability in the recent white paper, it does reflect the PLA's move toward operations further away from China's borders.

Consistent with the notion of "Peaceful Development," the latest white paper also emphasizes China's involvement in regional multilateral mechanisms. But it also reveals that Beijing's approach to processes varies according to the extent to which China can influence them. In the Shanghai Cooperation Organization (SCO), which China took the lead in creating three years ago, it is predictably active. The SCO conducted the first multilateral joint military exercise for counter-terrorism in August 2003 and established a secretariat in Beijing and the regional counter-terrorism center in Tashkent in 2004. On the other hand, China insists that the ASEAN Regional Forum (ARF) should maintain its "forum nature" and adhere to "the basic principle of decision-making through consensus." Although China has

proposed the participation of military personnel in the forum, China constitutes one of the major obstacles to the ARF's evolution from a confidence-building mechanism to a preventive diplomacy mechanism by insisting that preventive diplomacy should be "suitable to the region and fitting the current needs." Needless to say, the white paper makes no mention of the role of APEC, in which Taiwan is a member, in spite of the fact that it was the first institution to hold a regional counter-terrorism summit.

On the Taiwan question there have been apparently reverse developments in Taiwan and the PRC. On the Taiwan side, in spite of the re-election of Chen Shui-bian as president in March 2004, there have been repeated expressions of prudence, mainly by the electorate. The referendum held simultaneously with the presidential election did not manage to collect sufficient votes to validate it. The legislative election in December did not result in the government coalition's majority in spite of Chen's repeated attempt to play the identity card. The long-awaited meeting of Chen and James Soong, president of the opposition People First Party, resulted in a very prudent "consensus." It includes Chen's pledges that he would not declare independence, change the title of the state, include the two-state theory in the new constitution, and conduct a referendum on the independence-unification issue during his term.

Meanwhile in the PRC, the movement to create the legal foundation for the use of force against Taiwan's moves toward independence followed. In spite of international expressions of concern, including Secretary of State Rice's plea to stop the process, anti-secession law passed with an overwhelming majority at the National People's Congress. The law has several menacing components. It states that its purpose is to oppose and check Taiwan's secession from China by secessionists in the name of "Taiwan independence" and that "non-peaceful means" shall be employed in the event that they should act under any name or by any means to cause the "fact" of Taiwan's secession. Needless to say, the "fact" is subject to interpretation by the Chinese side.

However, close examination of the law reveals subtle expressions of flexibility on the part of the PRC. The law repeats the formulation of the 16th Party Congress that both mainland and Taiwan belong to an unspecified "one China" rather than the formulation in the Constitution that "Taiwan is a part of People's Republic of China." It mentions the need for personnel exchanges for "greater mutual understanding and mutual trust." Its reference to items for negotiation includes official ending of the state of hostility between the two sides and Taiwan's proper "room for international operations." It says that the negotiation would be "on equal footing" and "may be conducted in steps and phases and with flexible and varied modalities." As one of the conditions for the use of non-peaceful means, it mentions that "possibilities for a peaceful reunification should be *completely* exhausted," (emphasis added), which is almost logically impossible even with Taiwan's declaration of independence. In fact, the most noteworthy signs of flexibility are in what is not said. It does not mention the acceptance of the "principle of one China" as the condition for the negotiation with Taiwan. Its omission of the term "one country, two systems" from the text might signal departure from the Deng Xiaoping legacy. Gone from its list of conditions for the use of non-peaceful means is the indefinite postponement of the negotiation for reunification mentioned in the Taiwan White Paper of a few years ago.

The simultaneous existence of rigidity and flexibility in the same text seems to suggest that inertia was behind the process leading to its adoption and the wide open nature of future possibilities. While obviously we can not afford complete relaxation, we do not have to be totally pessimistic about the future development of the Taiwan question.

Changes in the Security Environment of Northeast Asia: North Korea's Nuclear Weapons Development Program

by Hajime Izumi

In its Feb. 10, 2005 Foreign Ministry statement, North Korea declared:

"First, we wanted the six-party talks, but we will inevitably suspend participation in the six-party talks for an indefinite period until it is recognized that the justification for participating in the talks has been made and that ample conditions and atmosphere have been created for us to expect results from the talks.

"Second, now that the United States has clearly disclosed the attempt to by all means eliminate our system by wielding a nuclear stick, we will take a measure to increase the nuclear weapons arsenal in order to defend the ideology, system, freedom, and democracy chosen by our people. ... We have already resolutely withdrawn from the NPT and have manufactured nuclear weapons for self-defense to cope with the Bush administration's policy of isolating and crushing the DPRK, which is becoming stronger. Our nuclear weapons will remain a self-defensive nuclear deterrent under any circumstances."

North Korea's will to suspend participation in the Six-Party Talks for an indefinite period and to continue its nuclear weapons development program is clear from the statement. Nevertheless, most attention focused on the fact that the North Korean regime had disclosed that it was manufacturing nuclear weapons for the first time; the suspension of participation in the Six-Party Talks came next. Consequently, the continuation of the nuclear weapons development program – the issue we have to be most concerned about – was almost ignored.

The measures Pyongyang is taking to increase its nuclear weapons arsenal mentioned in the Foreign Ministry statement, however, have serious implications. As North Korea has already announced that it is manufacturing and possessed plutonium-based nuclear weapons, it apparently owns one nuclear weapon arsenal at present. Therefore, increasing the nuclear weapons arsenal means establishing a new arsenal of uranium-based nuclear weapons in addition to existing plutonium-based nuclear weapons.

And by "a measure to increase the nuclear weapons arsenal" I believe North Korea means the weapons-grade enrichment of uranium to manufacture uranium-based nuclear weapons.

North Korea may have given up, at least temporarily, the "bargaining through direct talks" that it has repeatedly demanded of the Bush administration in the last four years, as indicated by the following passage in the Foreign Ministry statement: "We have shown all the magnanimity and tolerance we could during the last four years since the inauguration of the Bush administration. Now we cannot spend another four years like this, but there is no need to return to the starting point again and repeat [what we did] for the [next] four years, either."

In all likelihood, North Korea for a while would not provoke Washington to realize "bargaining through direct talks" with the U.S. In other words, it would refrain from provocative acts, such as performing nuclear tests, launching ballistic missiles, or extracting weapons-grade plutonium, which the international community could sense immediately.

There is a possibility, on the other hand, that North Korea may push on toward weapons-grade enrichment of uranium, for it can be done secretly without irritating the international community. The purpose of enrichment is to develop nuclear missiles.

Generally speaking, uranium-based nuclear weapons are easy to miniaturize, much more so than plutonium-based nuclear weapons. They are therefore more suitable for producing missile warheads. In May 1998, Pakistan reportedly tested uranium-based nuclear weapons intensively, six times in three days, and succeeded in miniaturizing nuclear weapons. North Korea of course has a full knowledge of the experience of Pakistan. It comes as no surprise that the North may wish to pursue the same road as Pakistan.

We have no way to know precisely North Korea's ability to enrich uranium. We do not yet know whether the North has LEU (low enriched uranium) or HEU (highly enriched uranium), but we cannot deny the possibility of the North obtaining as much HEU as needed for a nuclear test if one to two years passes and the following conditions occur:
a) North Korea refrains from provoking the United States;
b) the North maintains good relations with China and South Korea;
c) the North receives continuous aid from both China and South Korea;
d) China and South Korea continue opposing economic sanctions against North Korea.

As a result, arresting nuclear weapons development by North Korea – particularly, development using weapons-grade highly enriched uranium – will become our primary task, one we have to complete urgently. Unfortunately, however, the U.S. and Japan appear to lack a sense of urgency. For example, the U.S.-Japan Joint Statement of Feb. 19, 2005 in the name of the Japanese foreign minister and the U.S. secretary of state just says:

"The Ministers agreed that the statement by the DPRK only further isolates it from the international community and runs counter to efforts by the parties concerned to peacefully resolve the nuclear issue through the Six-Party Talks."

As has been pointed out, the essence of North Korea's Foreign Ministry statement was the obvious will of North Korea to continue development of nuclear weapons. The failure to address this directly in the U.S.-Japan Joint Statement on North Korea is a sign of the lack of urgency in the U.S. and Japanese governments.

In solving the problem, time is not on our side. It is the international community, not North Korea, that is at a crossroads. Although we are putting pressure on North Korea

to prevent it from proliferating nuclear materials to other states and terrorist groups, we must not become passive or neglect North Korea's nuclear capability. The key requirement is to block North Korea's development of nuclear weapons. Unless we tackle this assignment with a sense of urgency, North Korea will possess nuclear missiles before long and we will have to live with a nuclear-armed North Korea. These fears should not be forgotten.

U.S. and Japan Security Strategies: Changes, Future Plans, and Impact on Alliance Management

by Michael McDevitt

National Security Strategy

I was asked to focus on the *National Security Strategy* (*NSS*), the *Quadrennial Defense Review (QDR),* and the Global Posture Review. Since there is no new *National Security Strategy* the best way to start is to look back to the Bush administration's first-term *National Security Strategy* – which is still the document of record – to speculate on changes. It was notable for its focus on:

- the importance of alliances;
- the importance of improving and sustaining great power relationships;
- making explicit the administration's will to conduct preemptive military operations in the execution of the war on terror;
- worries about weapons of mass destruction (WMD) falling into the hands of stateless groups, i.e., terrorists;
- delivering a mixed message about China. On the one hand it was positive about China's development and involvement in stabilizing multinational organizations, such as the World Trade Organization. On the other hand, it was explicit about its concerns regarding China's military modernization and the potential use of force to solve territorial issues;
- strengthening alliances. While it didn't explicitly say so, it implied a renewed focus on the U.S.-Japan alliance as a cornerstone of the U.S. position in Asia.

This renewed focus on alliances was one of the objectives the Bush team set out for itself – the first term team wanted to change what was perceived as undue focus on China by the Clinton administration that resulted in neglecting the alliance with Japan. In this they succeeded admirably.

Fast Forward to Today and a Second Bush Term

Most experts, most recently, former Ambassador Michael Armacost and former Assistant Secretary of State for East Asia James Kelly, have opined in writing that the broad thrust of U.S. policy in Asia and toward Japan will continue. If that is so, what might we expect from a new *National Security Strategy*? Would there be much difference?

- Certainly we can expect a continued focus on alliances, with increased efforts aimed toward improving America's mixed record with European allies. In Asia, the importance of the U.S.-Japan alliance was highlighted in the recently completed "2+2" statement, I would be surprised if this importance statement was not highlighted in the next *NSS*.

- It is unlikely that the next *NSS* will reverse the view of the utility of preemption in the war against terror since it remains a useful military option. But, so long as the U.S. is engaged in combat operations in Iraq and Afghanistan, it is unlikely that any more preemptive *regime change* operations will be undertaken. However, preemptive operations can be conducted with an objective short of regime change. Air strikes against WMD facilities, special operation attacks, or large raids involving ground forces are potential preemptive options that are still viable.

- Regarding the nexus of WMD and terrorism: North Korea comes to mind as a continuing problem that will have to be addressed in some way in a new *NSS*. It is unlikely that the new *NSS* will address what appears to many observers, including me, to be a lack of urgency shown in resolving the North Korean nuclear issue since conventional wisdom holds that Pyongyang would be willing to sell a nuclear weapon. Perhaps conventional wisdom is wrong. The fact the administration has demonstrated a willingness to be patient suggests that the administration has convinced itself that North Korea understands that this is a genuine red-line for Washington. In other words, Washington judges that holding out for a Libya-like solution with North Korea is a reasonably low-risk policy option. (It is worthy of note, however, that Secretary of State Rice on her March 18 visits to Japan and Korea, made it clear that U.S. patience was not infinite.) Nonetheless, something like complete, verifiable, and irreversible dismantlement remains Washington's policy objective for North Korea. When Washington speaks about North Korea needing to make a "strategic decision" regarding its nuclear program, it means Pyongyang needs to adopt the Libya approach.

- The next *NSS* will certainly address the ongoing war on terror, and will hopefully address the unique features of Islam and terror in the Asia-Pacific region.

- Regarding China, the next *NSS* is likely to continue the mixed message approach to China: a near-term focus on maintaining a constructive, cooperative, candid relationship with China while working with Beijing on a range of issues of importance to Washington, North Korea and Taiwan to name but two. Meanwhile, across the Potomac River, the Defense Department will focus on the possibility of a conflict over Taiwan that would involve the U.S. At the same time, it will spend lots of time and effort thinking about the long-term implications of the PLA's systematic military modernization on East Asian stability.

National Security Strategy in Practice

During the first Bush term, working with China was not permitted to become the centerpiece of U.S. Asian policy. The U.S.-Japan alliance was kept front and center thanks to the efforts of a cadre of officials who viscerally believed in the importance of the alliance to U.S. interests. Whether this focus will remain is problematic.

It is not difficult to foresee increasing focus being placed on China. Asia-hands who believe in the centrality of the alliance will not be managing day-to-day policy. If contentious trade and economic issues supplant the security relationship as the defining features of the alliance while Beijing has the ability and leverage on North Korea and Taiwan to make Washington's life much simpler, it is not hard to foresee to change in emphasis and focus. Could the administration gradually come to look like the Clinton administration in its primary emphasis being China and not Japan? I think that is possible, especially as Prime Minister Koizumi approaches "lame-duck" status.

This is not to say the administration is not grateful for Japan's contributions in both Afghanistan and Iraq. But I have the feeling the incoming crop of officials, who have not worked through the last three years of progress may, in effect, pocket Japan's contributions in the wake of 9/11 and focus more on "what have you done for me lately." The current flap over beef exports to Japan could portend the beginning of a gradual change in U.S. policy focus.

The Next *QDR*

It is no secret that the Pentagon is in the process of preparing for the next *QDR*. Each service has created special task forces to work this issue and the Office of the Secretary of Defense and Joint Staff are busily conducting preliminary studies and assessments. A number of articles and essays from Washington-based research institutions like AEI and CSBA have been discussing *QDR* issues for some time.

Because the *QDR* is still very much a work in progress, it is difficult to speak authoritatively about how it will emerge and what the implications for East Asia will be. That said, I do not foresee any dramatic changes from the 2001 *QDR* regarding Asia. That *QDR* envisioned East Asia is a region where the possibility of great power conflict could emerge. It also explicitly laid plans, largely carried out in the past few years, to move more U.S. military capability to Guam. One of the biggest changes that came in the wake of the 2001 *QDR* was the reemergence of Guam as major U.S. operating base in the Western Pacific.

The other striking theme was the very cautious hedging posture toward China embodied in that document. Four years ago, the *QDR* and other DOD official documents made clear that the U.S. was keeping a close eye on China's military modernization. That focus has heightened since then. A review of the Pentagon's *Annual Report to Congress on Chinese Military Modernization* is a good barometer of Pentagon thinking on the issue of China.

It is worth noting that over the same period Japan increasingly has come to the same view. Tokyo has been increasingly clear that military developments in China require close scrutiny lest Japan's national security be compromised. In fact it is interesting that both Tokyo and Washington have wound up with the same ambiguous policy approach to China. The paradox is that for both Japan and the United States trade and economic integration proceed at a rapid pace, and other social, educational, and

transnational relations are very normal, and in some cases cordial at the same time that both countries' defense establishments are worried about the very well conceived PLA modernization program.

In any event, I suspect that the 2005 *QDR* will focus on two distinct and very different Asian issues. It will see conflict in the Taiwan Strait as a possible near-term crisis that could involve major combat operations against China. This is a feature that would cause defense procurement to focus on high-end defense systems necessary for conflict against a major regional power (China and Iran are the most likely cases.)

On the other hand the *QDR* will have a second focus on war on terror-related issues. The ongoing conflicts in Iraq and Afghanistan have highlighted shortages in the overall size of U.S. ground combat forces as well as serious shortcomings in social, cultural, and intelligence skills in the uniformed services. It will also have to address in some fashion the Pentagon's dismal performance in stability and counterinsurgency operations following regime change in Iraq. I think there will be a focus on improving ground force and Special Operating Forces capabilities and other "software"-related capabilities that are more applicable to the global war on terrorism.

The *QDR* will be forced to determine the tradeoffs between capabilities needed for high-end conflict (i.e., China) and those required for the global war on terrorism and stabilization. The result will be a compromise document where some high-end transformational systems will be reduced in favor of low-end transformational capabilities – whatever the outcome, rest assured it will be called transformational.

When it comes to addressing China, I expect the language will be guarded and a bit vague – as it was in 2001 – but the bottom line will be that East Asia will still be considered the area where major combat operations are considered most likely. That will continue to reinforce the importance of the U.S.-Japan alliance to U.S. defense planners. Without its facilities in Japan, it is unlikely that the U.S. could execute its defense responsibilities in the region. That in turn will make it matter of urgency for U.S. defense officials to get on with their agenda for the transformation of the alliance.

Global Posture Review and the "2+2"

This brings me to the Global Posture Review as it applies to East Asia. The biggest news so far has been the agreement to reconfigure the U.S. presence in South Korea. The plans to reduce the U.S. ground presence, and move what is left to bases south of the Han River and remove the U.S. military presence from the center of Seoul make strategic sense in my opinion. The ROK Army is capable enough to deter a North Korea assault when paired with American air and sea power. It is in the air, and on the sea, that America's two great comparative advantages can be brought to bear on the problem of deterring conflict or, if necessary, fighting and winning in Korea.

The Global Posture Review's envisioned changes for Japan are not as far along. Clearly the United States wants to do nothing that would jeopardize its position in Japan,

and hopes to reduce risks to this position by reducing insofar as possible potential domestic political crises that could come from an accident at Atsugi or from an inability to reach closure on the still unresolved issue of moving Marine operations from Futema. These are sensible and issues that will have importance over the long term. They are also related to U.S. dual use of Japan Self-Defense Forces bases, which is one way to reduce the burden of U.S. presence of the citizens of Japan, along with ending the last vestiges of extraterritoriality that U.S.-only bases imply. Dual use will in turn have major implications due to the differences in so called "quality of life" standards between U.S. and Japanese armed forces.

That said, given the strategic geography of East Asia, it is hard to make sense of moving Army Corps headquarters in Japan, while removing an Air Force headquarters that also serves commander of U.S. Forces Japan and performs important daily liaison functions with the government of Japan. This plan seems counter-intuitive to me. Perhaps I fail to grasp the full transformational import of this scheme, but for a region characterized by the vastness of the Pacific Ocean and extraordinary distances between vital locales that demand highly mobile air and maritime forces that can operate on the littoral of Asia it is a curious approach.

This is particularly so given the presence of the III Marine Expeditionary Force in Japan. They already provide a genuinely expeditionary ground component for operations throughout the area of responsibility. The recent deployment of the III MEF Headquarters to Utapao in Thailand in order to command the U.S. military response to the Dec. 26 tsunami tragedy is just the latest example of the inherent mobility of naval forces. Since U.S. military operations in the region are unlikely to involve the expeditionary employment of a large Army force, the Marine Corps headquarters on Okinawa should be adequate for all plausible contingencies.

In fairness, if an end to the confrontation on the Korean Peninsula was genuinely on the horizon, it might make sense to have a major headquarters in Japan that could assume command of all U.S. forces in Korea and Japan in the pursuit of regional stability operations. This is an idea I suggested several years ago – but only after the prospect of conflict in Korea was gone and the requirement to deter North Korea was no longer a military mission.

This circumstance does not appear to be likely in the near term. When it does take place, it will mark a major strategic transformation of East Asia and there will be ample opportunity to design the best architecture for commanding U.S. forces in Asia. For argument's sake, suppose that a three-star commanded headquarters located in Japan is the correct course of action. Does it make sense for this newly established headquarters that will be responsible for both the defense of Korea and Japan as well as regional stability operations to be a ground force-oriented command?

This leads me to my final point, a comment or two on the recently concluded "2+2"meeting and the direction it set for the future of the alliance. Their joint declaration calls for continued progress on the "transformation" of the alliance and for development

of new and presumably expanded roles and missions agreements. Reading between the lines, the "2+2" statement appears to adopt the approach suggested by former Deputy Secretary of State Richard Armitage: specifically, lock-in the broad principles for the future of the alliance before tackling the specifics.

While this is a very desirable approach in getting on with alliance transformation – including the concepts of the global posture review – it is likely to be difficult because of the differences in planning styles between DOD and JDA, and because whatever changes are being contemplated in the U.S. presence will inevitably and almost instantly become a local Japanese political issue. In this case, the old saw that "all politics are local" is as true in Japan as it is in the United States.

It should not surprise the U.S. side that Japanese officials will be reluctant to agree to changes in principle without understanding the local political implications, or before agreeing to something that would cause serious political problems or be impossible to accomplish. Based on my experience, the desire to understand all the implications of alliance transformation, at least so far as the U.S. presence in Japan is concerned, is also very much in the tradition of how Japan plans, from the strategic to the tactical level. The Japanese predisposition to exhaustively consider all alternatives runs counter to U.S. desires to agree on concepts and work out the details later.

The trouble with the Japanese approach is that it takes time, and time may not be on the side of those who want to transform the alliance. The administration of Japanese Prime Minister Koizumi Junichiro is apparently due to end in late 2006. Without getting agreement on broad principles in place before that time, it leaves open possibilities that a new government in Tokyo will not be able to move quickly, or at all, on potentially controversial issues.

Finally, the prospect of a crisis over Taiwan sometime before 2008 probably also animates U.S. planners to get on with alliance transformation. Not only would it improve the ability to respond, but more importantly, it could also add to the deterrence equation and make any decision by Beijing to use force much more difficult to reach.

Japan's New National Defense Program Guidelines
by Hideshi Tokuchi

It is my great honor to be able to participate in this seminar to discuss recent developments in Japanese defense policy. As time is limited, I just would like to give some background to the newly established National Defense Program Guidelines, or NDPG, its characteristics, and its impact on Japan-U.S. security cooperation.

First, I would like to touch upon some background of the new NDPG. If we recall, the past two National Defense Program Outlines, in 1976 and in 1995, were the Japanese government's answer to the question posed by the Japanese public at that time: Why do the Japanese have to possess military capability at all? This question was based on the notion that military power is not necessary in the era of détente and in the post-Cold War world. In the case of the 1995 NDPO, the Japanese government tried to answer in the same document another serious question: Why do we need the Japan-U.S. alliance relationship in the post-Cold War era? As a matter of fact, the question was relevant only to people who said yes to the relationship in the Cold War era and turned against it after the Cold War ended. It seems to me that those who asked that question had been against the alliance even during the Cold War, and therefore their question was not a legitimate one. But there was one exception – China. In this sense, the answer to the question about the rationale for the bilateral alliance relationship is the same as the question of how to face up to and talk with China in security terms.

Now, as Mr. Ina Hisayoshi pointed out in a recent article, it may have been risky to make sudden drastic changes in a large organization such as the Self-Defense Forces in an opaque environment, and therefore the 1995 NDPO had some legacy of the old defense posture in it. A big question was, "Should Japan keep spending its defense budget on Cold War-style tanks, destroyers, planes, and other hardware, or should it not try to equip itself with a new generation of weaponry suitable to the present environment?" The SDF have to be more multi-functional, flexible, and effective. They will be more operational and ready. That is what the new NDPG says.

Behind this policy change is the fact that various essential mechanisms for the employment of the SDF and other instruments of national power were created for the national security of Japan in the past several years, and there is the fact that the roles of the Defense Forces have expanded, and that the geographical and functional areas of operations are becoming wider, especially after the end of the Cold War and after the establishment of the 1997 Guidelines for Japan-U.S. Defense Cooperation. The government does not have to worry about the assertion that it should not possess any military capability at all. How to employ the forces – this question is more relevant to the current security environment and public opinion.

What are the characteristics of the new NDPG? In fact, the policy document, not only that of 2004, but also those of 1976 and 1995, is not a summary of annual or mid-term plans. It serves as the basis of all necessary defense planning efforts by the

government and the Japan Defense Agency. Therefore, it should be called not an outline, but guidelines.

In the past, the NDPO was created to establish a quantitative goal for Japan's force development. Now, however, the NDPG is the basic defense policy document with a government-wide scope that extends beyond a purely military point of view. If I recall history correctly, even the 1976 NDPO inspired those who were engaged in bilateral defense cooperation and, accordingly, it had an impact on the 1978 Guidelines for Japan-U.S. Defense Cooperation, namely the concept of "limited and small scale aggression." Similarly, the 1995 NDPO also had an influence on the establishment of the 1996 Joint Declaration on Security, namely it provided rationales for the Japan-U.S. security relationship and the concept of "situations in areas surrounding Japan." But, this time, more clearly, the new NDPG established basic principles for strengthening the Japan-U.S. security relationship. Last fall, discussion focused largely on the issues of numbers, in its development phase, especially the manpower ceiling of the Ground Self-Defense Forces. This year's discussion and evaluation of the NDPG are different. The new defense policy worked even as a basis of the joint statement of the recent "2+2" meeting.

There are several significant points in the NDPG. First, integration of all instruments of national power for Japan's national security. Second, improvement of jointness of the three services of the defense forces. Third, the effectiveness and flexibility of the NDPG. Fourth, a more proactive approach to the improvement of the international security environment, and finally, the importance of the Japan-U.S. security relationship.

First, let's look at integration efforts on the government level. By enhancing the integration of the decision-making process and by enhancing the integration of ways to execute security policy, Japan's overall capability to respond to national emergencies under the leadership of the prime minister will be strengthened, and closer cooperation with the U.S. in security terms will be made possible. The defense forces are one of a variety of essential tools to implement national security policy. The defense forces must be employed with a political purpose. Otherwise, they do not function. Therefore, a government-wide overarching policy was mandatory. That ***is*** the new NDPG. This is not just about eliminating the notorious vertical administrative system, but rather about how to live in an interdependent world, in which the demarcation line between law-enforcement and defense is blurred and the line between diplomacy and defense is blurred.

Professor Iokibe, one of the academic members of the Araki Commission, says the same thing in a different way. After referring to the two objectives and three approaches that are enshrined in the Integrated Security Strategy articulated in the Araki Commission Report, he says that by integration 2x3 is not equal to 6, but to 1.

Second, there is jointness. If you look at the contents of the most recent NDPG, compared with the previous two NDPOs, you will find that there is no mention of the respective services except in the Annex. I believe that there has been only one defense

force in Japan, which is unified under the single command authority of the prime minister and subsequently the defense minister. Even the new Annex is trying to follow a jointness-oriented approach. Only under the banner of jointness will the defense forces be able to implement an Integrated Security Strategy in its government-wide context.

Third, a proactive approach to international peace cooperation. This is based on the notion that global peace is regional peace and that regional peace is Japan's peace in this interdependent world. Peace cooperation is not for the sake of foreign countries, but for ourselves. International cooperation is, of course, not limited to the defense forces. Rather, in the context of the Integrated Security Strategy, we have to think about a clearer division of labor between military operations and official development assistance, and between defense force personnel and civilians, not only in medical activities, but also in areas such as civil engineering and other logistical activities.

Finally, there is the importance of the Japan-U.S. security relationship. It is quite ironic that the 1994 Higuchi Report caused suspicion among Americans and continued to be criticized by them until the 1995 NDPO, even though the Higuchi Commission worked hard to strengthen the alliance relationship and came to the explicit conclusion that the relationship is at the center of Japan's national security. This time, the Araki Commission seems to have started its work by taking the bilateral alliance relationship more naturally than the Higuchi Commission, and the discussion in there does not seem to have focused heavily on the alliance. Nonetheless, the report was well received by the Americans, and it shows that the bilateral relationship has become a mature one. The NDPG follows the same line as the Araki Commission report, and I don't have much to add to it. But it is important to note that a lack of policy on either side may cause mistrust by its partner. Maybe both sides learned a lesson from the experience of Higuchi Report.

In conclusion, I would like to add one more thing. The Araki report says "The failure to make steady progress in practical policy debate due to single-minded focus on the Constitution is not desirable in formulating Japan's national security and defense policies." We need to focus much more on how to formulate basic principles rather than on legal issues or numbers in bilateral security dialogues. Otherwise, we could not legitimately say that both nations share the common strategic objectives even though both nations endorsed the Feb. 19 Joint Statement and it would be impossible to work closely together to pursue the objectives. We are often asked why it takes so long to come to a conclusion on U.S. force realignment issues, and we always answer that we were waiting for the NDPG to be formulated. It has only recently established basic principles on the Japanese side. History starts here in the new NDPG.

Future Vision of the Alliance – A Japanese Perspective
by Kazuyoshi Umemoto

I would like to share with you my personal thoughts on the future vision of the alliance. It is based upon what I feel from time to time in addressing issues related to management of Japan-U.S. security arrangements. As such, it is a practitioner's viewpoint and may sound a little too down-to-earth, but I hope it will provide some material for further discussion.

I will start with the "infrastructure" of the alliance, namely how we should maintain and improve its means and tools, and then touch upon the objectives and the purposes of the alliance.

As usual, I have to put in a standard caveat at the outset: the following is my personal observations and does not reflect the official positions of the government of Japan.

More Operational Security Arrangements

The Japan-U.S. alliance made a significant contribution to overall deterrence in the East-West confrontation in the Cold War. Even though the security relationship remained essentially "static," in which Japan provided bases for U.S. forces and maintained a level of defense capabilities as to avoid a power vacuum in and around Japan, it worked quite effectively because the nature of the Cold War was more about the calculation of the aggregate balance of power.

The first San Francisco seminar in 1995 was five years after the demise of the Cold War. The memory of the first Gulf War was still fresh and the North Korean nuclear crisis cast a long shadow. Several prominent "veterans" of the Cold War voiced their concern. Are Japan-U.S. security arrangements really up to the challenges of such regional contingencies? Could the alliance pass such a severe test?

With such concerns in the background, a number of steps have been taken since the 1996 Joint Security Declaration to make the Japan-U.S. security arrangement more operational, so that both nations can deal with possible regional contingencies in a more coordinated, effective manner.

The 1997 Guidelines provided a good starting point. These guidelines revitalized productive discussions on how best Japanese Self-Defense Forces (SDF) can work with U.S. forces during contingencies. The Guidelines also provided a relevant background and a strong stimulus for efforts to improve the legal framework to deal with contingencies in Japan. At present, we have a fairly developed legal framework to deal with regional contingencies that fall under the category of "situations in areas surrounding Japan (SIASJ)", as well as situations in which armed attack against Japan is anticipated or actually takes place.

The list of achievements is something that we can take pride in, but there is no time for us to become complacent. Fortunately, the alliance has not been subjected to the most severe test of dealing with a serious regional contingency near Japan. We still have to ask ourselves whether the arrangements are really "operational" enough for such eventualities.

A set of newly legislated laws for contingencies provides only fundamental elements. For this system to be really effective, not merely a "rice-cake in a painting" (which looks delicious but which you cannot eat), we need to make a close examination. Perhaps we on the Japanese side will have a lot of homework, as we have yet to develop a practical and workable system of procedures and mechanisms that ensures that the right decisions, both political and military, are made at the right time at appropriate levels of government and implemented promptly. In this regard, it is also crucial that law enforcement agencies as well as other relevant government agencies are involved.

In parallel with such domestic efforts, we have yet to develop sufficiently detailed bilateral procedures and mechanisms to allow us to communicate with each other at appropriate levels, to synchronize respective decision-making and take necessary measures separately and collectively in contingencies. Regional contingencies such as those related to Korea or elsewhere will require an optimum and coherent combination of political decisions, which will be very delicate and difficult, and military operations at various phases over the course of events.

In this light, it is extremely important to revisit the Defense Guidelines and reinvigorate discussions on how best the two governments and two military forces can work together in various contingencies. Transformation of U.S. forces and the SDF, with new doctrines and postures, also requires an updating of bilateral work that has been done under the Defense Guidelines.

It was very opportune that the ministers, at the "2 + 2" meeting in February, agreed to accelerate discussions on the roles, missions, and capabilities of the SDF and U.S. forces. We hope that such discussions will be an important milestone in developing a comprehensive system in which policies and operations are dealt with in an integrated and practical manner.

As the security environment of the Asia-Pacific region necessitates the alliance to be prepared to face the test of regional contingencies, the improvement of "operational" capabilities remains a priority task for the alliance.

When we look at global cooperation, outside the purview of the security treaty but within the broad framework of the alliance, the achievements are even more impressive. Based upon two special measures laws, SDF units have been conducting operations in the Indian Ocean (OEF) and in southern Iraq. Incidentally, these laws could not have been drafted so speedily without the thorough discussions on the roles and missions of the SDF that occurred under the Guidelines. We should also take note of the successful operations in East Timor as well as the recent tsunami relief operations. From these experiences, we

have learned, and are still learning, many lessons, and we should take these into account in our efforts to further improve our capability to work closely and effectively.

Now that the international operations have become one of the main responsibilities of the SDF, the next logical step is a generic/permanent law, instead of ad hoc special measures laws, to provide the legal basis for such operations.

Further down the road, we see the possibility of amending the Constitution so that Japan can exercise the right of collective self-defense. Such an eventuality could provide a historic window of opportunity to reshape the fundamental structure of the alliance.

I will not go into details on these important subjects, but would just like to say that we have to make sure that discussions on these subjects do not become too legalistic and abstract, but take full account of the reality of military operations and the working of the alliance in the 21st century.

More Enduring U.S. Presence in Japan

The end of the "1955 political system" in Japan as well as an increased awareness of the danger of natural disasters and of uncertainties in the region have changed the political environment surrounding discussions of security matters. In short, the Japanese public as a whole has become less "pacifist" and more "realistic." Without this change, both the contingency legislation and the dispatch of SDF units abroad would have been impossible.

This changed attitude recognizes more fully the value and benefits of the armed forces in general and Japan-U.S. security arrangements in particular. At the same time, while we see an increasing willingness of the public to give the SDF proper legitimacy and standing in society, we see a decreasing tolerance of whatever inconvenience is caused by the U.S. military presence in Japan. Combined with a special political climate in Okinawa, both governments are under strong pressure to mitigate the negative impact of the U.S. military presence on local communities.

It is perhaps another example of irony! The very success of the security arrangements in the maintenance of peace and stability set the stage for the unprecedented economic development that has led to a situation where most U.S. bases, once in the middle of nowhere, are surrounded by built-up areas.

As we expect that the U.S. military presence, in Japan and in the region as a whole, will continue to be indispensable for the foreseeable future, we must take all possible measures to transform the U.S. presence into a more politically sustainable one with more solid support from the public. The current Defense Policy Review Initiative (DPRI) talks give us a unique and historic opportunity to explore options that have not been considered before and come up with a package that will lay the foundation for an enduring U.S. military posture for the coming decades. In this regard, we have to bear in mind that the deterrence and capabilities of the alliance are measured not solely by the

number of U.S. forces stationed in Japan but, by the combination of political will, local support, and the capability of working closely together.

Another element that we think requires a certain adjustment is cost-sharing arrangements. As there is fairly solid support among the Japanese public for continuing host nation support at appropriate levels, I am quite certain that the two governments can work out a formula acceptable to both sides. I would like to mention one aspect that should be given due consideration: namely, a psychological element in which a sense of pride may be involved.

Host nation support as we see it was started in the late 1970s and developed over the years. The most dramatic increase was initiated in 1991 in response to the heavy criticism of the way Japan reacted to the Gulf War. Senior political figures still have bitter memories of that era and it is an undeniable fact that there is a tendency to regard the financial contribution as a kind of compensation, if not a punishment, for Japan's inability to make direct military contributions. Now that we are able to make a direct military contribution, still limited in scope and with certain restrictions, many people, including staunch supporters of the alliance, feel that there should be an adjustment in the cost-sharing arrangements to reflect this new reality. Of course, we should not see this as a zero-sum game in which the increased role of the SDF should be matched by a corresponding decrease in our financial contribution, but we must be sensitive to the political situation and reflect such feeling to ensure sustainable political support.

Another subject which needs delicate handling is the SOFA (Status of Forces Agreement). We are aware of the extreme sensitivity of the SOFA issue for the U.S., which has a great number of SOFAs with its allies and partners, and understand that adjustment with one counterpart will cause problems with others. But we must continue to pay closest attention to this issue and find a way to reconcile the expectations of the local communities that host U.S. forces and the basic requirements for U.S. forces. We cannot afford to let this question become an explosive political issue of disproportionate magnitude.

Closer Strategic Dialogue and Policy Coordination

So far, I have touched upon the question of how we can improve the means and tools of the alliance so that it can live up to its missions. In view of the fact that Japan is still in the process of developing a mature system, figuring out how best we can utilize the services of the SDF under various contingencies and the stationing of the U.S. forces requires sensitive political handling. We cannot but focus our efforts on maintaining and developing "infrastructure" so that the necessary options are available to the alliance in order to achieve a number of objectives. Such efforts themselves show our strong commitment to the alliance and send a clear signal to the region.

However, we must never lose sight of the rationale or the purposes of the alliance. We do not sustain the alliance just for the sake of the alliance. The complex and unpredictable nature of the current security environment in the Asia-Pacific makes it all

the more important for us to spend more time and energy on questions such as what objectives we should pursue with what priority and how we can achieve those objectives with an optimum mix of means available to the alliance.

In this sense, it was very timely and appropriate that the ministers discussed and articulated the set of common strategic objectives for Japan and the U.S. at the recent "2 + 2" meeting.

I would like to touch upon a few themes that warrant a closer strategic dialogue and in-depth policy coordination talks at all levels.

The most immediate concern is perhaps Korea. The mechanism of Japan-U.S.-ROK trilateral discussions on policies toward North Korea has been quite effective and will continue to play a crucial role, not only in addressing the immediate issue of how we deal with North Korea's nuclear program but also in addressing the long-term question of how we shape a more stable future on the Korean Peninsula. This mechanism of close policy coordination, at both bilateral and trilateral levels, is a very good model for other policy areas. Frankly speaking, we have to admit that the dialogue and coordination on other areas may not have been adequate so far.

Although we have recently seen a setback in the Japan-ROK relationship, we should continue to explore possibilities for a deeper security dialogue and closer military-to-military cooperation between Japan and the ROK.

Perhaps the biggest and most profound challenge we face is China. The significance of the emergence of China is comparable in magnitude to the emergence of modern Germany and Japan in the late 19th century. Some people suggest that the comparison could be made even to the emergence of the U.S. or Russia as a superpower. As such, it also provides a great opportunity for the region as well as the entire world.

As the nature of this challenge is both political, military, and economic, our approach should also be a multi-faceted one encompassing political, military, and economic aspects.

Our China policies are not limited to the question of how we manage our bilateral relations with China. A much more important issue is how we can create an environment in which Chinese leaders find it more beneficial to make the right strategic decisions. In a nutshell, our aim is to shape the landscape of this region into one of peace and stability in which China maintains a benign profile and plays a constructive role in economic, political, and military areas, in accordance with international norms and rules. This task is much more complicated and comprehensive than just deterring possible military conflict and dealing with contingencies if deterrence should fail. It necessarily requires deeper strategic thinking and a wide range of methods.

One additional comment I would like to make is the need for both nations to pay closer attention to Southeast Asia, and to develop and implement much more robust

policies in relation to these nations. Not because we want to try to "contain" China with Southeast Asian nations, but because a stable and prosperous Southeast Asia is an essential element in an international environment in which China is more likely to make the right strategic decisions.

Separately and collectively, we should take initiatives to conduct a more frank and in-depth security dialogue with the key Southeast Asian nations, on a bilateral or multilateral basis. Paying due consideration to the sensitivities concerning any involvement of foreign military forces on the part of these Southeast Asian nations, we have to think of creative and imaginative ways to work together with them on a number of issues of mutual interest such as the security of maritime traffic. We should also talk about how we should revitalize and make the most of existing regional forums such as APEC and the ASEAN Regional Forum, as well as about how we should structure evolving regional forums and institutions in the Asia-Pacific region.

Southeast Asia, with a sizable Muslim population, is a remarkable success story with positive, dynamic trends toward democracy and market economies, despite the serious setback the region underwent in the financial crisis in the late 1990s. In a sense, this area can demonstrate that Islamic values can coexist with democratic values and a highly developed market economy.

Concluding Remarks

Before concluding my remarks, I would like to touch upon a few topics.

First is intelligence. We cannot emphasize the importance of intelligence for the alliance. Sound policy cannot be formulated without a proper understanding of a situation. Frankly speaking, however, this is an area in which there still is a considerable gap between how things should be and how things are. While we on the Japanese side should redouble efforts to develop our overall capabilities, we should also talk about how we can strengthen our cooperation. This is something that cannot be grappled with by foreign and defense ministries alone, and we must have the active involvement of the intelligence community on both sides.

Second is UN reform. I will not repeat the argument why Japan should be accorded a permanent seat in the UN Security Council. We are aware of reservations that the U.S. has about UN reform as a whole, but I would like to stress once more that one cannot emphasize too much the importance of this issue for the future of the alliance. If Japan becomes a permanent member of the UNSC, it will be a huge plus for the alliance.

In concluding, I would like to point out that the set of common strategic objectives articulated at the recent "2 + 2" meeting eloquently shows that there is an amazing overlap of respective strategic objectives and national interests of both nations. The value and relevance of the Japan-U.S. alliance, with the security treaty at its core, will assume an even greater significance in the coming decades as the most important pillar for the peace and security of the region. In front of us is a historic opportunity to

strengthen and transform the alliance, and make maximum use of the alliance to shape a peaceful and prosperous Asia Pacific.

The military aspect remains the core of the alliance as the ultimate guarantor against military action or coercion against us by potential adversaries, and we should therefore continue our efforts to maintain deterrence and capabilities to deal with various contingencies. But at the same time, we should make even more efforts in political and other nonmilitary areas. In view of the nature of our biggest challenge in the region, which is to shape a more peaceful, stable, and prosperous Asia Pacific where democratic values are respected, the alliance will work more effectively if its political profile is emphasized while its military aspect is kept in the background. To encourage the positive trends toward democracy and free markets, and promote friendly relations between nations in the region and both Japan and the U.S., we should continue to show our excellence in the areas of "soft power." In the ultimate analysis, it is not military might but the charm and attractiveness of our society that can inspire hope and serve as the strongest driving force. We should spend more time articulating our joint strategy in these areas as well.

Future Visions of the Alliance – An American Perspective
by Rust M. Deming

- I believe that the progress made in strengthening U.S.-Japan security cooperation over the last year bodes well for the future of the alliance.

  - The Araki report and the National Defense Program Guidelines signal the clear intent of Japan to expand both the vertical integration and horizontal application of the alliance, while at the same time improving Japan's independent capabilities to defend its territory and to participate in international peacekeeping and humanitarian operations.

  - The Joint Statement of the U.S.-Japan Security Consultative Committee (SCC) breaks new ground in developing common global and regional strategic objectives and coordinated programs to achieve these objectives. In addition the statement underlines Japan's readiness and capability to take on additional roles and missions, including expanded logistical and ballistic missile defense cooperation and to enhance interoperability with U.S. forces. The planned revision of the Guidelines for Defense Cooperation later this year will strengthen the ability of the alliance to respond to global and regional contingencies and to deal with terrorism.

  - The deployment of Self-Defense Forces units to Iraq and Kuwait has been carried out successfully, gaining Japan great respect in the U.S., Iraq, and in the broader international community, if not support at home.

  - Discussions on the transformation of U.S. forces in Japan appear to be back on track, promising to reduce the burden on local communities without reducing capabilities.

- More fundamentally, **geostrategic trends in East Asia and globally should enhance the value of the alliance** for both Japan and the United States.

  - Neither country can hope to deal effectively with the consequences of **China's rising power** without the close cooperation of the other.

  - Neither can expect to address successfully the **North Korean nuclear program** and support the peaceful reunification of the Korean Peninsula without the full support of the other.

  - Both countries need the cooperation of the other to cope with the new threats of **terrorism, weapons of mass destruction, and missile proliferation**, as well as the more traditional challenges of energy security.

- **For the United States, it would be extremely difficult to remain the preeminent power in the Asia-Pacific region without continued access to bases in Japan** and without the political and economic support of Japan.

- **For Japan, the alternatives to the U.S.-Japan alliance** – independent strategic defense, alignment with another power, or reliance on a yet to be developed regional security arrangement – **are either infeasible or carry tremendous domestic and international costs.**

❖ **Despite this convergence of strategic interests, the future health of the alliance cannot be taken for granted**. Indeed, I believe that the alliance is going to demand increasing hands-on attention from both sides to avoid potential divergences on critical issues. Let me cite four issues that I believe demand special attention:

❖ **China:**

- **At this juncture, the U.S. and Japan's vision of and approach to China are in sync.**

  - **Neither country wants to treat China as a potential enemy**; both support Beijing's constructive engagement in the region and the world;

  - **Both countries support a "one-China" policy** but have extensive unofficial ties with Taiwan. Both encourage a peaceful resolution of cross-Strait issues.

  - **The economies of Japan and the U.S. are increasingly integrated with China,** creating a complex mix of interdependence and tensions.

  - At the same time, **the U.S. and Japan are very much aware that China's** growing economic, political, and military **power could become a potentially destabilizing factor** in the region and the world, requiring the two countries to hedge against this possibility.

- **However, the U.S. and Japan approach China from very different historical and geographical perspectives and with different domestic political settings**.

  - **In Japan-China relations, history still looms large**. After being on the defensive for its actions in China during the 1930s and 1940s, a new generation of Japanese are tired of apologizing and increasingly willing to stand up to Beijing's use of the "history card." Prime Minister Koizumi's repeated visits to Yasukuni Shrine symbolize this new Japanese defiance of Chinese "sensitivities." At the same time, the Chinese leadership, with the authority of the Communist Party in decline, finds anti-Japanese nationalism a ready tool to use for domestic purposes. The result is that public attitudes in

both countries toward the other are deteriorating, creating a political environment that could make in difficult for leaders to manage relations.

- **For Japan, there are also maritime disputes with China that are not part of the fabric of U.S.-China relations**. In fact the Senkaku islands issue could put the U.S. in a potentially awkward position. The United States has made clear that it takes no position of the competing claims to these islands, while acknowledging that the area of the Senkakus falls under the U.S.-Japan Security Treaty. Japan is reacting in an increasingly forceful manner to Chinese incursions into these waters, and the U.S. could find itself called upon to lend assistance to Japan should a conflict erupt over the islands.

- **With respect to Taiwan as well, there are different historical and political factors at play in the U.S. and Japan**, particularly in the area of security. By virtue of the Taiwan Relations Act, the U.S. has a security obligation to Taiwan that is absent in Japan-Taiwan relations. At least until recently, Japanese authorities have been extremely reluctant to even discuss the possibility of direct or indirect involvement in a cross-Strait clash, including allowing the use of U.S. bases in Japan for direct combat operations. Given the shifting sentiment in Japan toward China and the growing openness of the debate in Japan on defense issue, this may be changing, but there still remains the potential for diverging Japanese and U.S. responses to a Taiwan Strait crisis.

- **In the U.S. there are other factors shaping attitudes toward China that are less important in Japan**. Human rights have always been a central concern of U.S. policy, particularly since Tiananmen Square. These issues have been less prominent in recent years as China has become a more open, if not more democratic, society, but they could erupt again, pushing U.S. policy toward China in a direction different from that of Japan.

- **The massive U.S. trade imbalance with China also has the potential to become a major political issue in the U.S.** The trade issue has thus far been quiescent, thanks to the recovery of the U.S. economy, but if the U.S. economy falters and unemployment climbs, protectionist pressure could increase. A U.S. trade war with China would obviously spill over onto U.S.-Japan relations in a negative way.

- **There is another wildcard with the respect to U.S. policy toward China: the deep ideological divide that continues to exist among U.S. leaders**. One school sees China as the primary geopolitical threat to the U.S. in the 21st century and advocates an undisguised policy of containment; others believe that such an approach would be self-fulfilling and argue that it is best to engage China and seek to influence its behavior in constructive directions. Since Sept. 11, U.S. policy has shifted decidedly in the direction of cooperation, recognizing China's strong support in the fight against terrorism

and its role in Six-Party Talks. However, the battle is not over. A sudden shift in U.S. policy toward confrontation with China would be very disconcerting to the Japanese, bringing to the fore again all the memories of the Nixon shocks and shaking confidence in the reliability of U.S. leadership.

- In sum, **the future health of the U.S.-Japan alliance will be heavily influenced by the ability of both countries to coordinate their sometimes diverse interests and political pressures with respect to China.**

❖ **Korean Peninsula**:

- **At the moment, the approaches of the U.S. and Japan to the Korean Peninsula and the North Korean nuclear program are in harmony**. We are the two "hawks" in the six-party process. This unity, however, should not disguise the fact that the two countries have different priorities with respect to North Korea.

- **For Japan, the issue that is driving public emotions is the abduction** by North Korea of scores of Japanese decades ago. The admission by Kim Jong-il that Japanese had in fact been abducted and the subsequent repatriation of some of the victims undermined for all time the "pro-North Korean" lobby in Japan, and set in play a storm of anti-North Korean emotions. These sentiments have been further inflamed by North Korea's failure to provide complete information on the fate of the Japanese and more recently by the return of remains that were not those of one of the victims. As a result, polls indicate that a large majority of the Japanese public support imposing sanctions now on North Korean.

- On the other hand, **if the DPRK does decide to meet all of Japan's demands on the kidnapping issue, Koizumi may well want to move ahead with the normalization of relations** with North Korea, even if the nuclear issue is not resolved, putting Japan at odds with U.S. policy.

- **On the nuclear issue as well, U.S. and Japanese priorities are not identical**. Since the Taepodong launch over Japan in 1998, the North Korean missile program has raised at least the same level of concern as nuclear weapons in the minds of the Japanese public. Moreover Japan, understandably, is more concerned about with the prospect of North Korean nuclear warheads on missiles aimed at Japan than about the possible transfer of North Korean nuclear technology and materials to a third country. The U.S. fully shares Japan's concerns about the implications for Japanese (and U.S.) security of a North Korean nuclear strike capability, but, given our global interests and responsibilities, we attach equal importance to the wider nonproliferation consequences of the North Korean nuclear program.

- These differences in interests are now being well managed, but the North Korean situation is dynamic, and developments could put strains on the Alliance. Let me posit three scenarios:

  A) **The "good news" scenario**: Our best hope is that North Korea will decide to "sell" its nuclear program for a package of benefits to be provided primarily by the U.S., ROK, and Japan. If we do succeed in "de-nuclearizing" the DPRK, this would open the door for full North-South reconciliation, likely reducing ROK support for the U.S. military presence in South Korea, and eliminating the North Korean glue to the U.S.-Japan alliance. Without North Korea as a "threat," the U.S.-Japan alliance will appear to be primarily directed at containing China, particularly if the ROK (or a united Korea) leans toward Beijing, as some predict. Moreover, there will be those in Japan who will expect a major "peace dividend" in wake of a Korean settlement, in the form of a reduced U.S. military presence. All of these potential issues can be successfully addressed, but it will demand strong and committed leadership in both countries to navigate these waters.

  B) **The "bad news" scenario**: If North Korea tests a nuclear device and proceeds to deploy nuclear missiles, the U.S. and Japan will face a major challenge in crafting a coordinated and effective response that gains the necessary support of the ROK, and hopefully China. Such an event would set off very strong emotions in Japan, probably stimulating a debate about Japan's own nuclear and preemptive (e.g., cruise missiles) options. The Japanese will watch carefully the U.S. response. If we are seen as responding appropriately and effectively, fully taking into consideration Japan's interests, the alliance will be strengthened. If, on the other hand, the U.S. response is seen as either reckless (e.g., threatening a military strike) or dismissive, pressure will increase in Japan for the development of unilateral capabilities to deal with the threat. To avoid this eventuality, I believe that it is important that the two governments plan now for "worst case" scenarios to ensure a coordinated and effective response.

  C) **The "drift" scenario**: This is where we are today and where we may be for the foreseeable future. North Korea continues its nuclear program but without testing or overt signs of weaponization. The six-party process remains stalled, and neither the PRC nor the ROK are willing to consider tougher measures. The U.S. remains preoccupied with the Middle East and continues to refuse to deal with the North bilaterally. The danger in this scenario is not only that North Korea's nuclear capabilities continue to increase, but that over time coordination among the five parties begins to break down. In the case of Japan, as noted above, a breakthrough on the kidnapping issue could result in movement toward normalization of diplomatic relations, further isolating the U.S. and seriously straining ties between Tokyo and Washington.

❖ **Economic Trends**

- While beyond the scope of this paper, it is important to note that the relative dynamism of the U.S., Japanese, and Chinese economies will have a major impact on relations among the three countries and the strategic balance in East Asia.

- The rise of Chinese power and influence has been a direct function of its double-digit economic growth rates and its dramatically expanded trade, coupled with the relative stagnation of the Japanese economy. However, many economists question whether China can continue to grow at this pace, and some argue that the Chinese economy could stumble badly in the years ahead. In such an eventuality, the focus of the U.S. and Japan would shift from managing the rise of China to dealing with the consequences of its instability.

- In the same vain, the U.S. leadership role in East Asia and the world is supported by our vibrant economy and robust defense budget. Economists on both the left and right have described our fiscal and current account deficits as "unsustainable," and many have expressed concern that unless remedial action is taken, the dollar could collapse and interest rates soar. A U.S. economic crisis could weaken our ability to influence developments in East Asia and shift the strategic balance in the region.

- Over the longer term, Japan's demographic crisis could lead to economic stagnation and reduce its influence in the region and its ability serve as a counterweight to Chinese influence. Such an eventuality could lead to strategic instability in the region and more broadly.

❖ **Alliance management**

- **I believe that both governments are doing an excellent job of managing relations at all levels**. The SCC Joint Statement testifies to the closeness of consultations and the progress that is being made in developing a shared strategic visions and enhancing defense cooperation.

- Nevertheless, I believe **smooth management of the alliance will be an increasing challenge.**

- **With respect to security cooperation, Japan is signaling clearly that as it takes on a more active defense role, it expects more say in running the alliance.** In the SCC statement, a direct linkage is made between Japan's new defense activism and the realignment of U.S. forces in Japan. The government of Japan will push for most if not all U.S. bases to become joint use facilities, insist on revisions in the implementation of the SOFA on

criminal jurisdiction and environmental issues, and reduce host nation support payments. The U.S. will need to adjust to this new reality.

- While not ruling out future deployments abroad of the SDF as part of a U.S.-led "coalition of the willing," **Japan's strong preference will be for such deployments to take place under a UN or other international banner**, both to reduce domestic and regional opposition and to put a break on being "dragged off" by Washington into adventures that may not serve Japan's interests.

- **On the political level, Japan will expect strong U.S. support for its bid for a permanent seat on the UN Security Council** which is now picking up steam in Tokyo. This issue will be seen by the Japanese as a test of U.S. willingness to expend political capital on behalf of fundamental Japanese interests. At the moment there are many in Tokyo who suspect that Washington is only giving "lip service" support to Japan's bid.

- **Japan will also expect more latitude from the U.S. on foreign policy issues where our perspectives differ**, specifically Iran and Burma, and on occasion will seek common purpose with others, including the European Union and ASEAN, in pursuit of these interests.

- **The alliance could also be strained by Japan's pursuit of leadership in Asian organizations that exclude the U.S.** The East Asian Economic Caucus that we opposed so strongly 15 years ago is a reality in all but name in the ASEAN Plus Three. **Japan's support for Asian regionalism is stimulated by its interest in keeping alive its dual identity as both a Western and Asian nation, its desire not to leave regional leadership to China, and as a hedge against the weakening of the alliance with the U.S.**

- While Tokyo is sensitive to U.S. concerns about being excluded, Japan argues that regional institution building is a global trend, and Asia is not an exception. At this stage, there is no fundamental contradiction between Japan's leadership in Asian-only organizations and the U.S.-Japan alliance. However, this could change if the ASEAN Plus Three develops into a counterweight to the U.S. on international political, economic, and environmental issues, as some Japanese leaders (primarily in the opposition Democratic Party of Japan) have suggested.

- While welcoming in principle Tokyo's new activism, **Washington may not be fully prepared for all the implications of a more "equal" ally**. There may be excessive expectations among some U.S. leaders that Japan is becoming our Asian equivalent of the UK, hitching its wagon irrevocably to the U.S. horse. **The reality is that while we may be in the same bed, we may not be having identical dreams.**

- **For Japan, the strengthening of the alliance with the United States represents a pragmatic decision**. The U.S. continues to be the only power in the world that can guarantee Japan's security, ensure regional stability, provide the "public goods" of an open trading and financial system, and keep energy flowing from the Middle East. If and when the U.S. is seen as failing to meet its obligations in these areas and not taking fully into account Japan's interests, Japan will be ready to make other plans. Indeed, a significant degree of hedging is built into its current policies. There are bilateral bonds of friendship and shared values built up over the last 50 years, but they are not strong enough to withstand a clash of fundamental interests. We need to keep this in mind as we manage the alliance in the years ahead.

The Future of U.S.-Japan Alliance and The Peaceful Rise of China

by Robin H. Sakoda

The U.S. and Japan will have many challenges in the future. The most important security issue, however, for the U.S. and Japan over the next several decades will be the peaceful rise of China. We will have other challenges, that is certain. However, addressing the rise of China will be the defining problem we will face for the next several decades.

The U.S.-Japan alliance over the last several years has made great progress and contributions. However we should take little comfort now given the challenges we face, and the likely security environment of the future. Both countries, through their leadership, policies, and commitment of resources, have made contributions to some of the toughest security problems in the world. These include U.S. and Japanese roles in bringing an end to the Cold War; contributions toward reconstruction, stabilization, and creation of democratic practices in Afghanistan and Iraq; and support for peace between Israel and Palestine. Through six-party talks, we have been able to focus the concerns of five nations on North Korean nuclear ambitions and Japan's role in these talks has been difficult and outstanding. Most recently, the United States and Japan, with India and Australia, responded rapidly to coordinate relief assistance to the tsunami-stricken areas in Southeast Asia, and the U.S. and Japan continue to move with speed, substance, and magnitude to continue bringing assistance to the region. Additionally Japan is considering deployment of a peacekeeping contingent to contribute to stability in Sudan. The capabilities of Japan and the United States individually are great; together our power and influence are multiplied. And the future will require this coordinated strength.

The U.S. National Intelligence Council 2020 project makes clear: "The likely emergence of China and India, as well as others, as new major global players similar to the advent of a united Germany in the 19th century and a powerful U.S. in the early 20th century will transform the geopolitical landscape with impacts potentially as dramatic as those in the previous two centuries."

For China, as well as India, sustained economic growth, expanding military capabilities, and large populations stand at the source of their growing power. How this power will effect China is yet to be determined. A China with increasing economic and military power is not a preordained threat; however the possibility of China becoming one is easy to imagine. As the new National Defense Program Guidelines notes, we must "remain attentive to China's future course."

China's initiatives over the years to have left U.S. several reasons to be attentive. Its aggressive military modernization and sophisticated diplomatic charm offensive demonstrate a nation determined to strengthen its power. China has reached a remarkable

number of border agreements in recent months – with everyone from Russia to India – as well as key bilateral trade and investment agreements. That includes highly contentious. areas, such as the recent agreement with the Philippines for the exploration of disputed areas of the South China Sea. China is also unusually active in multilateral fora, certainly regional organizations such as the ASEAN Plus Three and Asia Pacific Economic Cooperation, but even out of area. They've joined the Organization of American States as an observer, for example, sent peacekeepers to Haiti, and established major development and aid programs in Africa and the Pacific Islands. China's military capabilities and intentions draw concern when Beijing protests the introduction of missile defense capabilities, a PLA submarine crosses into territorial waters with little accountability, and the military modernization and new legislation focus on offensive action against Taiwan.

China's economic expansion brings with it benefits and concerns. A rising Chinese economy brings trade and investment opportunities to the region, and could boost overall growth in the region. However, rapid modernization and economic growth also bring challenges as seen in the UK, U.S., and Japan. It has been difficult for China to create and enforce a regulatory structure to keep pace with its 9.5 percent growth. China has a growing rate of nonperforming loans, difficulty enforcing legislated export controls, and protecting intellectual property rights. Sectors of its economy are overheating; consumption of steel and other commodities are rising, quickly effecting adequate supplies for U.S. and Japanese industries. China's consumption of energy is large, and growing. Ultimately, the challenge of sustaining China's economic growth with adequate energy supplies will drive China's overall foreign and security policies.

The rise of China is a fact. However, there is nothing inevitably good or bad about this power. It may be that China will recognize, as it has in the case of North Korea, that it has a stake in peace and prosperity, and a responsibility to engage in the international community in productive ways. A China on this track would complement U.S. and Japanese interests. Or, China's path into the future could take another direction, a strategic choice to, in effect, attempt to contain American influence by seeking to keep U.S. out of the region and driving a wedge between the United States and our allies and partners in the region. Similarly, China may seek to limit Japanese influence in the region by alienating Japan from regional partners, in part by playing to historical resentments. That would, at best, complicate U.S. and Japanese interests, and at worst, introduce new great-power rivalries, to the detriment and impoverishment of the globe. And no matter what, a rising China is going to have a huge appetite for natural resources – energy in particular – that may end up in the competitive mix. This need for energy will be a major factor shaping foreign and military policy. The ultimate direction that China will take is not known, perhaps not even by Beijing.

There are three possibilities for China. One outcome could be a powerful, dominant and uncooperative China, which seeks to weaken the alliance; essentially a China seeking zero-sum results. Another is a China that has failed, its economy in collapse and bringing others down with it. This arguably is the worst outcome for China, Japan, and the United States. The preferred result is a China with which we can both engage as a cooperative partner in dealing with our common challenges and

opportunities. We should not stand by waiting to see what kind of China emerges. As a Pacific power, we have abiding interests in East Asia, and a passive, disinterested approach to China's future is unacceptable. Our endeavor should be to shape the outcome, to realize a China that we can engage together as a cooperative partner. But to do this, the alliance must first have an agreement in approach, a coordinated strategy.

Over the last four years, the U.S.-Japan strategic dialogue strengthened the alliance, by holding routine talks and by raising the level and substance of our coordination. Held biannually, this dialogue brought together the deputy secretary of State and Vice Minister of the Ministry of Foreign Affairs to coordinate global security policies. It also integrated Australia, another key ally who will deploy 450 additional troops to bolster the security situation in Samawah.

The peaceful rise of China will be the greatest foreign policy challenge of the first half of this century. The SCC/2+2 meeting in February appropriately addressed our security concerns with China. The Joint Statement signed by the ministers of foreign affairs and defense from the United States and Japan included a long list of strategic priorities. For the first time, however, China was explicitly mentioned as a priority, including the peaceful resolution of tensions across the Taiwan Strait. Leadership in our alliance is always important, but equally important are the diligence and smarts at the working level, people like Junji Shimada, Mami Mizutori, David Straub, Hideshi Tokuchi, John Hill, and Suzanne Bassala.

The strategic dialogue should pick up on this work. It is the appropriate policymaking level to exchange views of China and the region, provide guidance on how our strategy should be developed and coordinated to realize our objectives. The vice minister and deputy secretary are the appropriate individuals to take the next step in coordinating our alliance to shape the peaceful rise of China. Delegation of this effort to lower levels, as being discussed by some in Washington, would be a strategic mistake indeed.

About the Contributors

Michael H. Armacost is Shorenstein Distinguished Fellow at APARC Stanford University's Institute for International Studies. He served as the fifth president of the Brookings Institution, the oldest U.S. think tank from 1995-2002. He has also served in senior Asian affairs positions in the State and Defense Departments and on the National Security Council. From 1982 to 1984, he was the ambassador to the Philippines and in 1989, he served as ambassador to Japan.

Rust M. Deming is Senior Advisor to the State Department and a lecturer at School of Advanced International Studies, Johns Hopkins University. As Distinguished Visiting Fellow for the Institute for National Strategic Studies at the National Defense University (2003-2005), he focused his research on East Asia, the Middle East, and South Africa. He served as U.S. ambassador to Tunisia (2001-2003), and as principal deputy assistant secretary of state for East Asian and Pacific Affairs (1998-2000). He was the senior advisor to the assistant secretary for East Asian and Pacific Affairs from December 1997, and from October 1997 to December 1997, he was the East Asian and Pacific Affairs Bureaus senior advisor to the UN General Assembly in New York.

Brad Glosserman is Director of Research for the Pacific Forum CSIS in Honolulu and a contributing editor to the Japan Times, writing extensively on policy issues and international affairs. Previously, Mr. Glosserman was on the editorial board and the assistant to the chairman for the Japan Times concurrently. Mr. Glosserman holds a J.D. from The George Washington University and an M.A. from the School of Advanced International Studies of the Johns Hopkins University, both in Washington, D.C.

Ryozo Kato is Ambassador Extraordinary and Plenipotentiary of Japan to the United States of America. Ambassador Kato graduated from Tokyo University, faculty of law, in 1965, whereupon he entered the Ministry of Foreign Affairs. He has held numerous posts in the Ministry, as director of Security Affairs Division (1981-1984), Treaties Division (1984-1987), General Affairs Division (1990-1992), North American Affairs Bureau (1992-1994) and director-general of the Asian Affairs Bureau (1995-1997) and the Foreign Policy Bureau (1997-1999). Most recently, Ambassador Kato was the deputy minister for Foreign Affairs from 1999-2001.

James A. Kelly is Counselor to Pacific Forum CSIS. He is the former assistant secretary of state for East Asian and Pacific affairs (March 2001-March 2005). He was president of the Pacific Forum CSIS from 1994-2001. Previously Mr. Kelly served as special assistant for National Security Affairs to President Ronald Reagan, and as senior director for Asian affairs at the National Security Council. He also served as deputy assistant secretary of defense for international security affairs (East Asia and Pacific). From 1989 to 1994, Mr. Kelly was president of EAP Associates, Inc., an international business consulting firm. He is a former captain in the U.S. Navy and is a graduate of the U.S. Naval Academy, Harvard Graduate School of Business Administration, and the National War College.

Michael McDevitt is Director of Project Asia and the Center for Strategic Studies of the Center for Naval Analyses Corporation, and is also a specialist in East Asian security policy. He is a former commandant of the National War College from 1995 to 1997. From 1993 to 1995 Adm. McDevitt was director for Strategy, Policy and Plans (J-5) for the commander in chief, U.S. Pacific Command (CINCPAC). He was also director of the East Asia Policy Division, ISA, Office of Secretary of Defense, and concurrently, acting deputy assistant secretary of defense for East Asia.

Seiichiro Takagi is a professor at the School of International Politics, Economics, and Business at Aoyama Gakuin University in Tokyo. His specialty is Chinese foreign relations and Asia-Pacific security issues. He served as the director of Area Studies Research Department at the National Institute for Defense Studies in Tokyo. He received his undergraduate degree in international relations from University of Tokyo and his masters and doctorate from Stanford University, California.

Hajime Izumi is a professor of international relations and Korean studies at the University of Shizuoka and the executive director at the Center for Northeast Asian Studies at the Shizuoka Research Institute in Japan. His undergraduate degree is from Chuo University and his graduate degree is from Sophia University, both in Tokyo. He was also a senior research fellow at Research Institute for Peace and Security (RIPS) in Tokyo. He was a visiting scholar at Harvard University (1991-1992), University of Newcastle upon Tyne (1992), and U.S. Institute of Peace (1995).

Robin H. "Sak" Sakoda is a partner with Armitage International, L.C. since the company was established in March 2005. He previously served as executive assistant to the deputy secretary of state (2002-2005). As a U.S. Army Infantry and foreign area officer, he served as senior country director for Japan, Asian and Pacific Affairs in the Office of the Secretary of Defense (OSD) from 1994 to 1999. He is a graduate of The Citadel and Naval Postgraduate School.

Hideshi Tokuchi is Director of the Defense Policy Division at the Japan Defense Agency. He joined the Japan Defense Agency in 1979 and worked in the Bureau of Defense Operations in the Defense Operations Division and Bureau of Defense Policy in the Planning and Programming Division as a director. Mr. Tokuchi was also a Cabinet counselor for the Office of the Assistant Chief Cabinet Secretary for National Security and Crisis Management. He holds a bachelor degree from the University of Tokyo and a graduate degree from the Fletcher School of Law and Diplomacy.

Kazuyoshi Umemoto is Deputy Director General in the Japanese Foreign Ministry's North American Affairs Bureau. He worked in the Middle Eastern and African Affairs Bureau and at the UK Japanese embassy as a political minister. He was director of the Northeast Asia (Korea) Division (1999-2001) and the Japan-U.S. Security Treaty Division (1994-1997). He received his advanced degree from the Graduate School of Mathematical Sciences at the University of Tokyo.

APPENDIX A

Eleventh Annual

JAPAN-U.S. SECURITY SEMINAR

Jointly sponsored by
The Japan Institute of International Affairs (JIIA),
the Consulate General of Japan in San Francisco,
and Pacific Forum CSIS

March 17-18, 2005
Pan Pacific Hotel • SanFrancisco

Agenda

Thursday, March 17

Morning	Participants arrive.
Noon-2:00PM	Lunch at leisure (lobby restaurant; vouchers provided)
2:15-2:30PM	**Welcoming Remarks** *Terra Vista Room, 21st Floor* Makio Miyagawa, JIIA Director Ralph Cossa, Pacific Forum CSIS President
2:30-3:00PM	**Keynote Address** Ambassador Ryozo Kato
3:00-5:30PM	**Session I: Overview of the Global and Regional Security Environment** *U.S. Presenter*: Michael Armacost *Japan Presenters*: Seiichiro Takagi and Hajime Izumi

The opening session will examine changes in the security environment since our last meeting. It will address the range of security issues in the global and East Asia security environment that are priorities for the U.S. and Japan, highlighting areas where interests and approaches overlap or are distinct. Topics could include the status and prospects of the Six-Party Talks, the abduction issue and other North Korea-related developments; China's continued evolution under its "fourth generation" leadership; prospects and concerns regarding cross-Strait relations in light of Beijing's planned Anti-Secession Law; the current status of China-Japanese relations; the status and cooperation on the war on terror; and coordination of humanitarian aid, including Tsunami relief efforts. This geopolitical overview will help set the stage for subsequent in-depth discussions of U.S. and Japanese security policies and our individual and bilateral efforts to address these challenges.

3:45-4:00PM Break

5:30PM Session I concludes

6:45- 9:00PM **Reception and Dinner** *Terra Vista Room, 21st Floor*
Keynote Address: James A. Kelly

Friday, March 18

8:30-9:30AM **Continental Breakfast** *Terra Vista Room, 21st Floor*

9:30-10:45AM **Session II: U.S. and Japan Security Strategies: Recent Changes, Future Plans, and Impact on Alliance Management**
Part A: Japan Overview: Implications of New Defense Program Outlines
Presenter: Hideshi Tokuchi

This session will focus on Japan's emerging security policy following the Araki Commission Report and the approval of the new National Defense Program Guidelines. Do these documents represent significant shifts in Japanese security policy? What are the key issues identified in these reports and how will they affect the alliance? How has Japan's active participation in Iraq and in ad hoc counter proliferation efforts such as the PSI affected the domestic debate on Japan's regional and international roles? How have these events affected alliance management?

10:45-11:00AM Break

11:00-12:15PM **Session II: U.S. and Japan Security Strategies: Recent Changes, Future Plans, and Impact on Alliance Management**
Part B: United States Overview: Assessment of Challenges in Bush's Second Term
Presenter: Thomas Bowditch

This session will focus on what changes, if any, are anticipated in regional and global security strategies during President Bush's second term, and how these potential changes may affect alliance management. What additional changes are anticipated in Asia as a result of Washington's continuing Global Posture Review? How will restructuring be handled in the Quadrennial Defense Review due in fall 2005? How will force posture changes on the Korean Peninsula and elsewhere in Asia affect the U.S.-Japan alliance and current/future basing issues.

12:15-1:45PM **Lunch** ***Pacific Lounge, 3rd Floor Lobby***

2:00-4:30PM **Session III: Future Visions of the Alliance**
Japan Presenter: Kazuyoshi Umemoto

U.S. Presenters: Rust Deming
Robin "Sak" Sakoda

This session will focus on how the U.S. and Japan see the alliance evolving over the next decade or longer. How is the alliance relationship likely to evolve? Can the current level of cooperation be sustained? What more does/will the U.S. and Japan expect of each other? What are the future challenges that will affect the alliance? What are the political/security-related areas where future cooperation will be most important? Do we have a common vision regarding future security challenges and preferred responses? How can multilateral mechanisms and initiatives enhance future bilateral cooperation?

3:30-3:45PM Break

4:30-5:00PM **Session IV: Conclusions and Wrap Up**

This session provides the participants an opportunity to make overall observations or to focus further on specific issues. The chairs will make concluding remarks.

6:15PM Meet in hotel lobby for taxi transport to dinner

6:30-9:00 PM **Reception and Dinner – Carnelian Room, Bank of America Building**

At conclusion of dinner, walk or take taxis back to hotel.

Adjourn

APPENDIX B

Eleventh Annual

JAPAN-U.S. SECURITY SEMINAR

Jointly sponsored by
The Japan Institute of International Affairs (JIIA),
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March 17-18, 2005
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Participant List

Japan Participants

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Nikkei Shimbun

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Ambassador Ryozo Kato
Japanese Ambassador to the U.S.

Ms. Mami Mizutori
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Division, Ministry of Foreign Affairs

Dr. Makio Miyagawa
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Mr. Shigeru Nakamura
Director-General, Intelligence and
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Mr. William T. Breer
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Dr. Thomas Bowditch
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Ambassador William Clark
President
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BGEN Vern T. Miyagi
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APPENDIX C

JOINT STATEMENT
U.S.-JAPAN SECURITY CONSULTATIVE COMMITTEE

Washington, DC
February 19, 2005

1. United States Secretary of State Condoleezza Rice and Secretary of Defense Donald Rumsfeld hosted Japan's Minister for Foreign Affairs Nobutaka Machimura and Minister of State for Defense and Director-General of the Defense Agency Yoshinori Ohno in a meeting of the Security Consultative Committee (SCC) in Washington, DC, on February 19, 2005. They addressed security and alliance issues facing the United States and Japan, as well as other aspects of the relationship.

Working Together on Challenges Facing the World Today

2. The Ministers noted the excellent state of cooperative relations between the United States and Japan on a broad array of security, political, and economic issues. They looked to expand that cooperation, recognizing that the U.S.-Japan Alliance, with the U.S.-Japan security arrangements at its core, continues to play a vital role in ensuring the security and prosperity of both the United States and Japan, as well as in enhancing regional and global peace and stability.
3. The Ministers underscored the importance of U.S. and Japanese leadership in providing international assistance to Afghanistan, Iraq, and the broader Middle East -- efforts that are already producing results. The Ministers lauded the successful cooperation between the United States and Japan with other countries in extending wide-ranging assistance to those who suffered from the earthquake and the subsequent tsunami disaster in the Indian Ocean.
4. The Ministers recognized that cooperation and consultation between the United States and Japan have been pivotal in promoting nonproliferation, particularly through the Proliferation Security Initiative. They welcomed the success of multinational interdiction exercises hosted by the United States and Japan and by others.
5. The Ministers expressed their confidence that ballistic missile defense (BMD) enhances our ability to defend against and deter ballistic missile attacks and dissuade other parties from investing in ballistic missiles. Taking note of achievements in missile defense cooperation, such as Japan's decision to introduce ballistic missile defense systems and its recent announcement on its Three Principles on Arms Export, the Ministers reaffirmed their commitment to close cooperation on policy and operational matters and to advancing U.S.-Japan cooperative research in BMD systems, with a view to possible cooperative development.

Common Strategic Objectives

6. The Ministers discussed the new security environment in which new and emerging threats, such as international terrorism and proliferation of weapons of mass destruction (WMD) and their means of delivery, have surfaced as common challenges. They recognized that deepening interdependence among nations in a global community means that such threats can affect the security of nations worldwide, including the United States and Japan.
7. While noting that these threats are also emerging in the Asia-Pacific region, the Ministers also emphasized that persistent challenges continue to create unpredictability and uncertainty. Moreover, they noted that modernization of military capabilities in the region also requires attention.

8. The Ministers strongly urged North Korea to return to the Six-Party Talks expeditiously and without preconditions, and to commit itself to complete dismantlement of all its nuclear programs in a transparent manner subject to verification.
9. Based on this understanding of the international security environment, the Ministers concurred that both Governments need to work closely together to pursue common strategic objectives through their respective efforts, implementation of the U.S.-Japan security arrangements, and other joint efforts based on the alliance. Both sides decided to hold regular consultations to coordinate policies in accordance with these common strategic objectives and to update these objectives as the security environment requires.
10. In the region, common strategic objectives include:
    - Ensure the security of Japan, strengthen peace and stability in the Asia-Pacific region, and maintain the capability to address contingencies affecting the United States and Japan.
    - Support peaceful unification of the Korean Peninsula.
    - Seek peaceful resolution of issues related to North Korea, including its nuclear programs, ballistic missile activities, illicit activities, and humanitarian issues such as the abduction of Japanese nationals by North Korea.
    - Develop a cooperative relationship with China, welcoming the country to play a responsible and constructive role regionally as well as globally.
    - Encourage the peaceful resolution of issues concerning the Taiwan Strait through dialogue.
    - Encourage China to improve transparency of its military affairs.
    - Encourage Russia's constructive engagement in the Asia-Pacific region.
    - Fully normalize Japan-Russia relations through the resolution of the Northern Territories issue.
    - Promote a peaceful, stable, and vibrant Southeast Asia.
    - Welcome the development of various forms of regional cooperation, while stressing the importance of open, inclusive, and transparent regional mechanisms.
    - Discourage destabilizing sales and transfers of arms and military technology.
    - Maintain the security of maritime traffic.
11. Global common strategic objectives include:

- Promote fundamental values such as basic human rights, democracy, and the rule of law in the international community.
- Further consolidate U.S.-Japan partnership in international peace cooperation activities and development assistance to promote peace, stability, and prosperity worldwide.
- Promote the reduction and nonproliferation of weapons of mass destruction (WMD) and their means of delivery, including through improved reliability and effectiveness of the Non-Proliferation Treaty, the International Atomic Energy Agency, and other regimes, and initiatives such as the Proliferation Security Initiative.
- Prevent and eradicate terrorism.
- Coordinate efforts to improve the effectiveness of the United Nations Security Council by making the best use of the current momentum to realize Japan's aspiration to become a permanent member.
- Maintain and enhance the stability of the global energy supply.

Strengthening of U.S.-Japan Security and Defense Cooperation

12. The Ministers expressed their support and appreciation for each other's efforts to develop their respective security and defense policies. Japan's new National Defense Program Guidelines (NDPG) emphasize Japan's capability to respond effectively to new threats and diverse contingencies, Japan's active engagement to improve the international security environment, and the importance of the Japan-U.S. Alliance. As a central component of its broad defense transformation effort, the United States is reorienting and strengthening its global defense posture to provide it with appropriate, strategy-driven capabilities in an uncertain security environment. The Ministers confirmed that these efforts will ensure and strengthen effective security and defense cooperation as both countries pursue common strategic objectives.
13. In this context, the Ministers underscored the need to continue examining the roles, missions, and capabilities of Japan's Self Defense Forces and the U.S. Armed Forces required to respond effectively to diverse challenges in a well-coordinated manner. This examination will take into account recent achievements and developments such as Japan's NDPG and new legislation to deal with contingencies, as well as the expanded agreement on mutual logistical support and progress in BMD cooperation. The Ministers also emphasized the importance of enhancing interoperability between U.S. and Japanese forces.
14. The Ministers concurred that this examination should contribute to these consultations on realignment of U.S. force structure in Japan. They decided to intensify these consultations in a comprehensive effort to strengthen the alliance as the bedrock of Japan's security and the anchor of regional stability. In this context, both sides confirmed their commitment to maintaining deterrence and capabilities of U.S. forces in Japan while reducing the burden on local communities, including those in Okinawa. The Ministers directed their staffs to report expeditiously on the results of these consultations.
15. The Ministers also stressed the importance of continued efforts to enhance positive relations between local communities and U.S. forces. They emphasized that improved

implementation of the Status of Forces Agreement (SOFA), including due attention to the environment, and steady implementation of the Special Action Committee on Okinawa (SACO) Final Report are important to the stable presence of U.S. forces in Japan.

16. The Ministers, noting that the current Special Measures Agreement (SMA) will expire in March 2006, decided to start consultations on future arrangements to provide appropriate levels of host nation support, bearing in mind the significant role of the SMA in supporting the presence of U.S. forces in Japan.