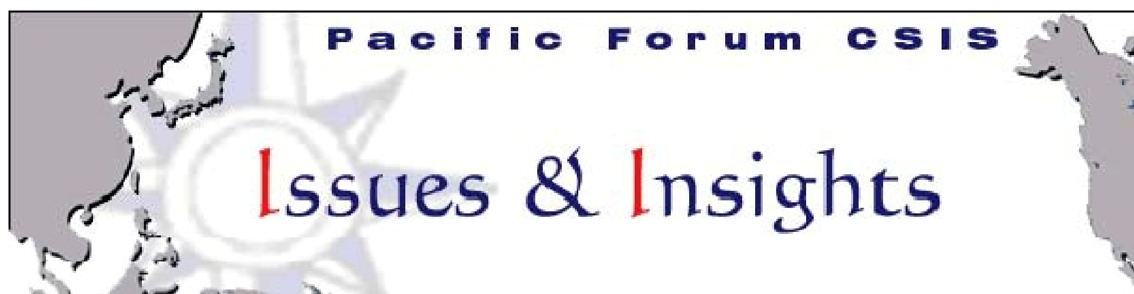

Japan-U.S. Security Relations: Staying the Course in a New Era

A Conference Report

Brad Glosserman
Rapporteur

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The Japan Institute of International Affairs (www.jiia.or.jp) is a private, non-profit research institution specializing in international affairs. Based in Tokyo and founded in 1959, it conducts research and fosters international exchanges designed to help formulate Japan's foreign policies. JIIA helped found and serves as the secretariat for the Pacific Economic Cooperation Council's Japan National Committee. It publishes a variety of periodicals and books in Japanese and English, and convenes a number of annual symposia with research institutes throughout the world.

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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.

Japan-U.S. Security Relations: Staying the Course in a New Era

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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 2006 to once again co-host the 12th annual Japan-U.S. San Francisco Security Seminar on February 22-23, in the city where the alliance was established 54 years ago. We had much to discuss.

The U.S.-Japan security alliance continues to evolve. Changes in Japan, the U.S., and within the 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. 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.

Makio Miyagawa
Director
Japan Institute of International Affairs

Ralph A. Cossa
President
Pacific Forum CSIS

Executive Summary

The Japan-U.S. alliance continues to go from strength to strength. In the last year, the two countries agreed on a statement of principles that laid the foundation for a renewed and rejuvenated alliance and they operationalized those principles six months later. Japan continues to support the U.S. in the global war on terror through its deployments of Self-Defense Forces (SDF) in Iraq and the Indian Ocean. The alliance has been transformed from a regional to a global partnership.

The regional security picture is troubling. There has been little positive results in dealing with the North Korean nuclear crisis. If negotiations fail and North Korea becomes a nuclear power, there could be an "emotional" call in Japan for developing an indigenous nuclear arsenal. Seoul and Pyongyang are forging a new relationship, and the U.S. role in that triangle has yet to be determined. Japanese attempts to engage North Korea and normalize that relationship could create tensions within the alliance. Tokyo and Washington need to coordinate policies toward Pyongyang to ensure that they do not work at cross-purposes.

China continues to test the U.S., Japan, and their alliance. While the U.S. and China have complaints about the other's behavior, they share sufficient common interests – to make cooperation a priority. There is concern about China's growing maritime capability. While the PLA Navy cannot challenge the U.S. on the high seas, its expanding presence in Asian waters provides opportunities for confrontations or accidents. China's seeming readiness to test Japanese responses to maritime incursions is, in reality, a test of the alliance.

The U.S.-Japan-China relationship is the most important in East Asia and the most difficult to manage. Japan-China relations continue their downward spiral, imperiling strategic cooperation. The alliance is affected by the problems. The key is ensuring that U.S.-Japan-China relations are not seen in zero-sum terms: while there is an alliance in the mix, no bilateral relationship should profit at the expense of another.

Sino-Japanese relations are likely to remain tense. The simultaneous rise of two Asian powers (three, if India is included) is unprecedented. The causes of enmity run deep and will be with us for some time. Yet, bilateral government contacts have continued, including the inauguration of a high-level dialogue. A regional economic framework tempers the competition, as does a wide range of contacts between the two societies.

Iran is a special issue for the alliance. Tokyo must balance fears that Tehran is intent on acquiring a nuclear weapons capability with Japan's desire for access to Iran's petroleum resources. Japan must be careful that it coordinates policy with the U.S. (and vice versa); there should be no surprises in dealing with Iran.

The effort to build an Asian community is proceeding fitfully. Nonetheless, there appears to be a shift in the center of gravity from trans-Pacific to trans-Asian regional cooperation. Asia is changing profoundly while the U.S. is pre-occupied.

Despite recent progress, there is concern the alliance is heading into difficult waters. Visits to Yasukuni Shrine are especially problematic. Japan's marginalization as a result of largely domestic concerns does not serve the alliance well. Iraq, perceptions of a muscular unilateralism in the U.S., and the seeming reliance on the military dimension of the relationship have created skepticism in Japan. The Japanese government must do more to "sell" the alliance to the Japanese public. The alliance should be "a beacon of new ideas" that helps define common strategic interests for all East Asian nations. It should help foster regional stability and help guide China toward the correct strategic choice.

Japan has to expand its security worldview: it must be prepared to act globally in defense of shared interests with the U.S., to protect global norms, and promote security around the world. This requires acknowledgement of the need to exercise the right of collective self-defense. There is also need for greater intelligence sharing among the alliance and the broader network of U.S. alliances; foreign language training and cultural awareness among the SDF; SDF interoperability with the U.S. and its allies; Japanese participation in broader coalitions of the willing; and a new Joint Staff arrangement to facilitate "jointness" among Japanese forces. The evolving security environment also permits bilateral dialogue and collaboration in new areas.

While the two governments understand how they can evolve their alliance at the ***macro*** level; the problem is at the ***micro*** level, where the old relationship prevails: the U.S. demands and Japan responds. The result is a conceptual disconnect between vision and reality, one that could have profound implications for the alliance and might even "risk a sharp break."

The transformation of U.S. forces in Japan is more than basing. Force restructuring deals with relationships with partners and activities with others. Transformation with Japan "is a model for the rest of the world." This applies both to the process – agreeing on strategic objectives, then using that to assess capabilities and then developing a force structure – and to the actual division of labor, which necessitates a dialogue on roles, missions, and capabilities.

Japan needs to assume more responsibility for its own national security. A first step is changing the Japanese mindset. Tokyo should use its leverage – including its strong relationship with the U.S. – to influence international outcomes. Close consultation and coordination with the U.S. is essential in this endeavor. A first challenge is Japan's campaign for a permanent seat on the United Nations Security Council. Tokyo must take the initiative in defining and demanding its new role. There will be numerous issues on which the two countries do not agree – today, the list includes Iran, Myanmar, and the UNSC. Japan must be more forthcoming in devising strategies to bridge the gaps and achieve outcomes that meet both countries' objectives and expectations. As a global player, Japan needs to develop a global strategy, one that identifies its own national interests and how it can work with the U.S. and through the alliance to maximize them.

Conference Summary
Brad Glosserman, Rapporteur

The Japan-U.S. alliance continues to go from strength to strength. In the last year, the two countries agreed on a statement of principles that laid the foundation for a renewed and rejuvenated alliance (the February 2005 statement of the Security Consultative Committee, or SCC) and they then operationalized those principles in the interim report released at the October SCC meeting. Japan continues to support the U.S. in the global war on terror, now known as "the long war," through its deployments of Self-Defense Forces (SDF) in Iraq and the Indian Ocean. In one formulation, the alliance has been transformed from a regional to a global partnership.

This happy state of affairs is all the more remarkable since it occurred despite the departure of the Bush administration's most senior and experienced Japan hands, a bruising trade dispute over beef, and troubling incidents, such as the murder of a Japanese woman by a U.S. serviceman, that have occurred all too frequently in the alliance's history. Not surprisingly, then, the mood was positive when more than 40 current and former government officials and analysts met in San Francisco Feb. 22-23, 2006 for the 12th annual Japan-U.S. Security Seminar, cohosted by the Japan Institute for International Affairs (JIIA) and the Pacific Forum CSIS.

If the current mood is optimistic, the outlook is darker, however. Participants warned of problems plainly visible on the horizon, and called on all friends and supporters of the alliance to begin dealing with them. This report summarizes those discussions, and tries to identify both the sources of the alliance's current strength and the issues that could undermine it. It is not intended to be a consensus document; the views are those of the rapporteur. As usual, our discussions were on a not-for-attribution basis; the speakers identified in the pages that follow are those who provided papers, which are also available in this document.

The Changing Security Environment

As in the past, the meeting began with an assessment of the two countries' respective views of the global and regional security environment. From a U.S. perspective, the situation has slightly deteriorated, reported Mike Armacost, former U.S. ambassador to Japan.

There was a general agreement that there has been little positive results despite considerable effort to deal with the North Korean nuclear crisis. Although the Six-Party Talks produced a Joint Declaration on Sept. 19, 2005 that announced agreement on the ultimate goal of denuclearizing the peninsula, that diplomatic high note has not been followed up. (One U.S. participant went so far as to call the Joint Statement a "disagreement in principle.") There appears to be no coordinated strategy among five of the parties – the U.S., Japan, the ROK, China, and Russia – on how to get North Korea to agree to dismantle its nuclear weapons programs. Washington and Tokyo appear more

concerned with tightening the screws on Pyongyang, while Beijing and Seoul fear instability in the North and prefer to engage the regime to head off that possibility. This divide reflects wider concerns about the nature of the threat posed by the North and the vision the various countries have for the region. All the while, North Korea continues to operate its nuclear reactors and generate more plutonium. While there is great uncertainty about the North's capabilities and seeming agreement on the need for a nonnuclear Korean Peninsula, it is, reported one senior U.S. participant, "pretty clear that North Korea has an ongoing nuclear weapons programs and likely is in serial production of weapons." He speculated that Pyongyang has probably passed a "tipping point" in the talks: it is one thing to give up a nuclear weapons program, but another to give up a nuclear arsenal that already exists. Most participants agreed the status quo is unsustainable, but there was also consensus around the table that U.S. options had diminished after its invasion of Iraq.

Pyongyang poses critical challenges to U.S. alliances in Northeast Asia. Seoul and Pyongyang are forging a new relationship, and the U.S. role in that triangle has yet to be determined. Views were divided on Washington's ability to manage strains in its relations with Seoul: some Americans argued issues had been successfully handled – like Wagner's music, relations are not as bad as they sound – while others asserted that the worst is yet to come. Anticipating a theme that surfaced throughout our discussions, another American worried about the resurgence of anti-Japanese sentiment in South Korea and the view that the U.S. was encouraging Tokyo's hardnosed attitude toward history. According to this logic, South Korea is edging closer to China in its policies, creating a new regional balance that pits Seoul and Beijing against Tokyo and Washington.

Pyongyang creates two sets of issues for the Japan-U.S. alliance. The first concerns possible outcomes if negotiations fail and North Korea becomes a nuclear power. One Japanese asserted that the alliance with the U.S. would be the first casualty of such a scenario, as many in Japan would doubt the credibility of the U.S. deterrent in the face of a nuclear-armed North Korea. As a result, there would be an "emotional" call in Japan for developing an indigenous nuclear arsenal. The initial premise is hard to accept: the alliance survived a far more serious threat during the Cold War. It is hard to imagine how North Korea's nukes could decouple the allies when a Soviet superpower could not. Still, the possibility has to be examined. How would Japan react? In the worst case, would a nuclear-armed Japan end the alliance? To forestall that, how can deterrence be made more credible? In addition, how can deterrence be strengthened to face the threat posed by nonstate actors? One U.S. participant noted that after first saying that it was prepared to transfer nuclear materials, North Korea quickly backtracked in the face of sharp opposition from the other parties in the Six-Party Talks: Pyongyang apparently understands that is a real "red line."

The second challenge comes from Japanese attempts to engage North Korea and normalize their relationship. Several Japanese noted that Prime Minister Koizumi Junichiro has said that he would like to normalize relations as part of his legacy. (Participants from both countries explained that, contrary to endless speculation, the U.S. was fully briefed on Koizumi's first trip to Pyongyang and supported the initiative.) In addition, Japan by virtue of geography has more reason than the U.S. to be concerned about instability in North

Korea. That constrains Tokyo's readiness to get tough on Pyongyang, but domestic pressures limit movement in the other direction: resolution of the abductees issue is required before any Japanese government can make a deal with the North. Plainly, Tokyo and Washington need to coordinate their policies toward Pyongyang to ensure that the two do not work at cross purposes.

China continues to be a major test for the U.S., Japan, and their alliance. As Armacost explained, no one talks about U.S.-China relations being "the best ever" anymore. Today, they are better described as "correct rather than cordial." Each side has its complaints. The U.S. list includes unfair trade practices (including currency manipulation), shoddy protection of intellectual property rights (IPR), a military buildup disproportionate to any conceivable threat, opaque military intentions, and Beijing's readiness to cozy up to unsavory regimes around the world. For its part, China worries about containment, rising nationalism, and U.S. nonproliferation policies that appear designed to thwart China's economic development. Nonetheless, both sides share sufficient common interests – fighting terrorism, stemming the proliferation of weapons of mass destruction (WMD), the benefits of free and expanding trade – to make cooperation a priority for both governments.

Many participants expressed concern about China's growing maritime capability. While the PLA Navy is in no position to challenge the U.S. on the high seas, its expanding presence in Asian waters provides opportunities for clashes, confrontations, and accidents. China seems especially eager to test Japanese responses to maritime incursions. This is, in reality, a test of the alliance and one U.S. participant argued that Beijing did not seem happy with the way the two allies stood fast when challenged.

This triangular relationship is the most important in East Asia and the most difficult to manage. In fact, the three countries share the concerns outlined above (along with others) and have powerful reasons to cooperate. But Japan-China relations continue their downward spiral, imperiling strategic cooperation. The alliance is affected by the problems. Some charge that the U.S.-Japan relationship encourages Tokyo to take a harder line, "enabling" or empowering Japanese nationalism, implying that somehow the U.S. benefits from tense relations between Tokyo and Beijing. A variation on this theme suggests the U.S. is disadvantaged as China blames the U.S. for not doing more to rein in Japan. The key, offered one U.S. participant, is ensuring that U.S.-Japan-China relations are not seen in zero-sum terms: while there is an alliance in the mix, a good rule of thumb is that no bilateral relationship should profit at the expense of another. At the same time, there was some concern about U.S. attempts to "fix" things. One U.S. participant recalled former Secretary of State George Shultz's admonition, "don't just do something; stand there."

Several speakers noted that many Japanese are troubled by the deteriorating relationship; the country is by no means united on who is at fault and how Japan should respond. Most observers seek a relationship that is neither unduly antagonistic nor too close. (A more complete discussion of this phenomenon, and in particular the significance of visits to Yasukuni Shrine, follows.)

Sino-Japanese relations are likely to remain tense. The simultaneous rise of two Asian powers (three, if India is included) is unprecedented. Japan (along with others) has little confidence in Chinese assurances of their "peaceful rise," and can point to the 1996 missile tests as proof that those suspicions are not groundless. For its part, China has doubts about Japan's new security role. The two countries compete for energy and influence within the region. One U.S. participant argued the causes of enmity run deep and will be with us for some time. A Japanese countered with optimism, noting that even though the top leadership does not meet, bilateral government contacts have continued, including the inauguration of a high-level policy dialogue, and that the consolidation of power by Chinese President Hu Jintao might afford an opportunity for amelioration of these troubled ties. In addition, a regional economic framework tempers some of the competition, as does a wide range of contacts between the two societies.

Taiwan continues to be a concern, despite agreement that tensions across the strait had diminished. Beijing has been on the offensive, reaching out to the Taiwan opposition and making progress in winning the hearts and minds of many Taiwanese. This is a mixed blessing: Taiwan President Chen Shui-bian is not comfortable on the defensive. And, to prove the point, just before we met, Chen announced that he would abolish the National Unification Council and the Unification Guidelines, a move that triggered a diplomatic scramble between Washington and Taipei. (A crisis was averted, however, when he modified the order and the NUC/NUG merely "cease to exist.") Relations between the two governments are increasingly cool, and, not surprisingly, there seems to be less concern in Beijing that the Bush administration backs Chen's "independence agenda." A Japanese participant noted that Taiwanese visitors have expressed worries about the U.S. attitude toward the island (an American said those concerns were well founded). Those same visitors have called on Japan to re-evaluate its relationship with Taipei, and to even reconsider the 1972 decision to recognize Beijing as the proper government of "one China."

This year, discussion included three other countries. Russia's role and influence in the region were the source of speculation. Most agreed that Moscow would not have much of a role to play, but that the Russian Far East's energy resources would integrate the country – or at least that subregion – into the broader regional economic framework. Russia's arms trade with China is another source of concern, as is cooperation between Beijing and Moscow in the Shanghai Cooperation Organization (SCO) – at least when it manifests itself in calls by that organization to remove the U.S. military presence from Central Asia. One U.S. participant called Moscow "Beijing's most important strategic partner" insofar as settling disputes with Russia allowed China to focus on other strategic concerns, such as in the East and South China Seas and Taiwan. All participants agreed that there was a basis for short-term cooperation, but over the long-term competition between Beijing and Moscow would prevail.

Several speakers reminded the group not to forget India. The Delhi government has decided that it wants to be part of the region and deeper engagement by India adds new factors to the strategic calculus. Several Americans cautioned against assuming that India

could fit into some grand strategic design – in short, using Delhi to "contain" China is a nonstarter. India will act in its own best interests.

Finally, Iran figured prominently in our discussions. The Tehran government's commitment to its uranium enrichment program has raised fears that a second country is developing nuclear weapons in defiance of the global nonproliferation regime (GNR). While Japan is a strong supporter of the GNR, Tokyo also engages the Iranian government and secures access to its petroleum resources (and provides hard currency in the process). Japanese speakers argued such engagement is another channel of communications and offers the West another way to influence deliberations in Tehran. One suggested that aggressive Chinese efforts to procure energy required a Japanese response. Several Americans argued that such thinking is mistaken and ignores the fungible nature of oil. A U.S. participant warned Japan's relations with Iran have "the potential to be a big problem for the alliance"; a Japanese participant said it could pose a serious problem for the alliance. At present, the efforts of the European troika (Britain, France, and Germany) to negotiate a solution to the nuclear standoff has given Tokyo cover; a shift in their position – as appears to be happening – could leave Japan exposed.

Functional Issues

The discussion of Iran highlighted the importance of energy issues for East Asia. Combine the revving up of the economies of China and India with renewed growth in Japan and Europe, strong growth in Southeast Asia, and unrest in key producer states and the structure of the global energy market appears to have been transformed. The drive to secure energy supplies can foster both competition and cooperation among the nations of the region. As noted, it holds out the potential to more deeply integrate Russia into East Asia and could provide a foundation for China-Japan cooperation.

This cooperation is part of a broader phenomenon: the consolidation of efforts to build an Asian community. This process is proceeding fitfully: at present, it is making the most progress in economics as countries and organizations pursue trade agreements. But the political process is moving forward, too. The ASEAN Plus Three (A+3) grouping is the best expression of this movement. Several speakers pointed to the East Asian Summit (EAS), but most participants mentioned the need to see how it would develop. One U.S. official said the U.S. was "agnostic" about the summit.

Nonetheless, Armacost considered these projects an indication of "a shift in the center of gravity" from trans-Pacific to trans-Asian regional cooperation. For him, "Asia is changing profoundly while the U.S. is occupied elsewhere." Another American characterized this change differently, arguing that the region's center of gravity is shifting from the U.S.-Japan alliance to China. (Another American countered that the U.S. was not being disadvantaged by China's rise in the region; Japan was, however.) A Japanese argued that the U.S. should be concerned because China-centered and -driven institutions threaten to deviate from existing international norms and standards, especially when it comes to human rights. Another Japanese argued that it was critical for both Washington and Tokyo to better explain the alliance to regional governments, to better sell it to them as

a provider of common goods – stability and prosperity – and to better link Asian regional integration to the alliance.

This admonition was especially poignant in light of warnings by several U.S. speakers of a resurgence of U.S. isolationism, a note also sounded by President Bush in his most recent State of the Union Address. One worried that the Iraq imbroglio will make the U.S. – “a reluctant internationalist at the best of times” – even more reluctant to fulfill its global responsibilities. Others pointed to the tempest over the purchase of U.S. port facilities by a company linked to the Dubai government as proof of this rising tide. Others dismissed the significance of this incident; one called it “a gift from the gods” in an election year.

Developments in Japan

In his assessment of the Japanese domestic political environment, *Asahi Shimbun* columnist Yoichi Funabashi argued that the alliance was heading into difficult waters. He credited Prime Minister Koizumi Junichiro with “elevating and empowering the alliance to a new level.” Expanding “the scope of cooperation from a regional to a global partnership” was, he explained, “a great accomplishment.” But this phase of “the alliance on steroids” is coming to an end.

Even though opinion polls show that more than 80 percent of the Japanese public approves of the alliance, the relationship is under increasing scrutiny. Iraq, perceptions of a muscular unilateralism in the U.S., and the seeming reliance on the military dimension of the relationship have encouraged skepticism in Japan. Funabashi highlighted the difficulties in getting agreement on the transformation of the U.S. military presence in Japan, the prospect of an SDF withdrawal from Iraq, and the tensions created by a perceived U.S. focus on military responses to terrorism (in contrast to a Japanese perspective that stressed economic dimensions of the problem) as immediate issues that would demand alliance management. Moreover, the prime minister, he charged, had not used his considerable political capital to settle outstanding issues that dog the alliance – in particular, the continuing dissatisfaction in Okinawa about how many bases it hosts.

Most controversial has been the prime minister’s visits to Yasukuni Shrine. Funabashi argued they had done considerable damage to Koizumi’s image and that of the entire country. They have marginalized Japan within the region and in the world, hurt relations with neighbors, diminished Tokyo’s influence, and narrowed the country’s foreign policy options. Japan, said Funabashi, is paying “a high price for the prime minister’s theater politics.”

There was little disagreement with this view of developments in Japan in general, and the impact of the Yasukuni visits in particular. American participants echoed the generally positive assessment of the working relationship between the two alliance partners. Still, all participants argued against complacency. One long-time U.S. Japan hand highlighted the worrying gap between central government support for the alliance and opposition at the grassroots level. Another Japanese participant foresaw potential crises in

the making over Tokyo's relations with Iran, the status of the U.S. forces in Japan, and economic relations between the two countries. All called for more determined efforts on the part of the Japanese government to "sell" the alliance to the Japanese public. This, in turn, requires a new rationale for the alliance; the old explanation – deterring enemies – is losing currency when both the U.S. and Japan are busily engaging virtually every country in the region. Who is being deterred and from doing what?

Americans uniformly questioned the prime minister's determination to continue visiting the Yasukuni Shrine. They acknowledged that it was not the sole cause of deteriorating relations between Japan and China, but they also noted that the prime minister's seeming indifference to the foreign policy consequences of his visits does not help Japan. The U.S. needs a vibrant engaged Japan. A country that is marginalized as a result of largely domestic concerns does not serve the alliance well. Moreover, U.S. participants noted Washington gets blamed, either for encouraging the prime minister to take a hard line or for not doing more to stop him. Either way, it does not help the bilateral relationship.

Framing the Alliance

In his keynote speech, Kato Ryozo, Japan's ambassador to the United States and a founding member of the security seminar, provided a framework for the Japan-U.S. alliance to engage the world. He argued that the realist, balance-of-power approach that dominated relations in the 20th century was not appropriate to new international realities. Other values, most significantly freedom and democracy, are as important as stability, which previously guided foreign policy. Thus, the notion of the Japan-U.S. alliance as a counterbalance to a rising China is an outdated concept; rather, the alliance should be "a beacon of new ideas" that helps define common strategic interests for all East Asian nations. Most critically, the alliance should help foster regional stability and help guide China toward the correct strategic choice.

His speech triggered a discussion of the nature of contemporary alliances. Previously, such alliances were comprehensive, exclusive, binding and unequal; now they are increasingly flexible, open to "like-minded governments," partial, and more equal. Indeed, alliances are giving way to alignments. The key to differentiating the two is values: countries that share interests can align; only countries that share values can create and sustain alliances.

In his keynote remarks, former Deputy Secretary of State Richard Armitage, another Seminar charter member, also helped to frame the alliance by discussing some of the geopolitical certainties in which it was destined to operate: that globalization is irreversible; that the world economy will continue to grow out to around 2020 (although it is uncertainty as to whether the delta between the "have's" and the "have not's" can be lessened or will it continue to grow); that the West and Japan (and even China) are aging; that China's "ascent" on the world stage will continue (but not necessarily in a straight line projection or without some tectonic shifts); that there is enough petroleum in the ground to

meet expected needs out to 2020; that the trend toward urbanization will continue; and that out until 2020, the U.S. will still be the sole superpower in the world.

Armitage also saw a continuing role for America's "most important partnership," its alliance relationship with Japan. Like Ambassador Kato, he reinforced the need for new thinking to keep the alliance vibrant, while acknowledging its primary role in maintaining peace and security for the past half-century. He called for an in-depth energy dialogue with Japan and for a parallel economic alliance, to include serious deliberation on a free trade agreement (FTA) with Japan, despite the political sensitivities involved. He called for greater military-to-military coordination and joint training in areas such as search and rescue, non-combatant evacuation operations, and hostage rescue. Washington and Tokyo need to better coordinate their China policies and also seek ways to bring China into the debate, especially in the area of energy cooperation. But, as allies, we have to take a broader look at the region beyond China, he concluded; the key question for the alliance was not "how do we get China right?" but "how do we get Asia (including India, as well as China) right?"

Envisioning the Alliance

While considerable attention has been paid to the transformation of U.S. forces in the world and their realignment in Japan (and elsewhere), equally important changes have been occurring in Japan as well. Vice Adm. (ret) Ota Fumio provided an overview of the changes in the regional security environment that have shaped this evolution. He highlighted the North Korean missile threat, renewed PRC pressure on Taiwan (in the form of the Anti-Secession Law passed in March 2005), a changing military balance of power in the Taiwan Strait – "not favorable to our side" – and pirates in the Malacca strait. In sum, Japan faces "hybrid security threats," by both state and nonstate actors.

At the same time, Japan's population is shrinking, the national debt is substantial and continues to grow, and the defense budget has diminished over the past four years. The mismatch between threat and response is palpable. In his view, recent events have underscored the need for greater intelligence sharing among the alliance and the broader network of U.S. alliances; foreign language training and cultural awareness among the SDF; SDF interoperability with the U.S. and its allies; constitutional revision to permit Japanese participation in broader coalitions of the willing; and a new Joint Staff arrangement to facilitate "jointness" among Japanese forces. To do that, Japan should pursue the multifunctional flexible defense force laid out in the 2004 National Defense Program Guidelines; step up participation in ballistic missile defense programs; develop a joint U.S.-Japan headquarters to better spread knowledge between the two militaries; and break down intelligence stovepipes in Japan so that information is better disseminated. Ota recognized that intelligence is an especially sensitive subject and real intel sharing requires better protection of secrets in Japan. Our discussion emphasized the importance of this issue.

The implications of Ota's assessment seem clear. Japan has to expand its security worldview: it must be prepared to act globally in defense of shared interests with the U.S.,

to protect global norms, and promote security around the world. Most fundamentally, that requires an acknowledgement of the need to exercise the right of collective self-defense.

The Primacy of Politics

While the core concern is Japan's need to embrace a new and enlarged view of its security interests, ironically, the discussion focused on the domestic obstacles to that change. As one U.S. participant explained, the two governments understand how they can evolve their alliance at the ***macro*** level; the problem is at the ***micro*** level, where the old relationship prevails: the U.S. demands and Japan responds. Most significantly, Japanese politicians are still reluctant to make the case for and use political capital defending the alliance. The result is a conceptual disconnect between vision and reality, one that could have profound implications for the alliance – and might even "risk a sharp break" as one U.S. participant warned.

Both Japanese and U.S. participants called on Japanese politicians to do more to defend the alliance. The reality, however, is that the pressures of local politics are more acute for the Japanese. This creates a worrisome situation: Japanese negotiators are tempted to leak stories to "spin" the news and create the perception that they are fending off U.S. demands to "protect" Japanese interests. This tactic is shortsighted. It may win support among local constituencies, but it does not build support for the alliance over the long term. All participants acknowledged that as yet there is little support in Japan for the widespread changes called for in the SCC declarations. Several Japanese participants asked for more patience from the U.S. in dealing with local issues. A Japanese participant explained that while Japanese opinion is evolving, it still does not match that of this group. Another Japanese warned that implementation of the SCC process is likely to take years.

Dr. Michael Green, formerly senior Asia director of the National Security Council and the current holder of the Japan Chair at the Center for Strategic and International Studies in Washington D.C., provided the U.S. strategic world view. He explained that the U.S. seeks a constructive relationship with China, one that encourages Beijing to be a responsible international actor and does not aim to "replace" Japan with China. The U.S. wants Japan to have regional and global influence, to be "a thought leader," and to work with the U.S. to create mutually beneficial outcomes (such as encouraging China to make the right strategic choices). In fact, dealing with China – not "containing" it – is the biggest challenge for the two countries.

North Korea poses an equally compelling assignment. Green has no illusions about the Sept. 19, 2005 Joint Statement released by the six parties. While a solution to the crisis is a long way off, Green maintained that it has obliged the U.S. and South Korea to open a discussion about the future of their alliance and the U.S. force presence

on the Korean Peninsula. It has also triggered discussion in Japan about the nature of the U.S. nuclear deterrent that could strengthen the alliance.

In the coming months, the U.S. will focus on negotiations for a U.S.-ROK Free Trade Area. He noted that Japan has not been viewed as particularly "helpful" in the Doha Round of global trade talks, implying at least that the FTA negotiations are intended to send a signal to Tokyo. He suggested that the U.S. and Japan study an FTA of their own as a way to revitalize the economic relationship.

A meeting of the minds on economic issues reflects a broader concern, one that surfaced throughout the discussion: the need for Japan and the U.S. to support global norms and values. Here, the idea of an East Asian Community is most relevant. Green explained that the U.S. is not attracted to community building exercises, and is not going to devote much time to them. It does worry, however, that such projects can undermine global norms and will work with its partners to ensure that does not occur.

A Better Balance?

The success of that strategy depends on the U.S. willingness to let its partners lead – after all, if the U.S. is not a member of regional organizations, it has to depend on allies who are to act on its behalf. That triggered considerable debate over whether the U.S. was prepared to hand off those responsibilities. One Japanese bluntly asked if the U.S. would ever let Japan take the lead in dealing with Asia. A U.S. participant countered that the Nye-Armitage report aimed at better balancing the alliance and "getting Japan to stand up." He noted that the U.S. could use advice when dealing with Asia and called on Tokyo to take up the challenge.

This brought the discussion back to the transformation of U.S. forces in Japan, which was, explained a U.S. participant, about "more than basing." Force restructuring deals with "relationships with partners and activities with others." Transformation with Japan "is a model for the rest of the world." This applies both to the process involved – agreeing on strategic objectives, then using that to assess capabilities and then developing a force structure – to the actual division of labor, which necessitates a dialogue on roles, missions, and capabilities.

Building for the Future

The last session explored future visions of the alliance. Tanaka Hitoshi, former Japanese Deputy Minister for Foreign Affairs now at the Japan Center for International Exchange, noted that Japan has come a long way, but the country still needs to assume more responsibility for its own national security. A first step in this process is changing the Japanese mindset. Japan should not wait for the U.S. to help it out; instead, Tokyo should use its leverage – including its strong relationship with the U.S. – to influence international outcomes.

Close consultation and coordination with the U.S. is essential in this endeavor. A first challenge is Japan's campaign for a permanent seat on the United Nations Security Council – a bid, he claimed, for which the U.S. never showed much enthusiasm. Other issues include dealing with North Korea and East Asia institution building. Tanaka argued

Japan can play a central, leading role in ensuring that Asia remains committed to concepts like freedom, human dignity and free and open trade.

Jim Kelly, former U.S. assistant secretary of state for East Asia and Pacific affairs, is very optimistic about the future of the alliance. As he sees it, both countries need each other: their shared values, interests, and concerns make the alliance more than a mere convenience, and the failure of international institutions to tackle and solve tough problems makes the bilateral relationship even more important. The challenges posed by China and North Korea require Tokyo and Washington to work closely together: cooperation and coordination are essential.

One Japanese noted that the evolving security environment poses opportunities to expand the bilateral dialogue into new areas. Threats such as those posed by pandemics or biological weapons, the need to rethink homeland security, and new challenges such as finding safe and secure energy supplies, cutting pollution and tackling global warming provide new platforms for collaboration. By tackling new issues, the two governments can bring new voices into bilateral discussions and reinvigorate the alliance. "The two countries can create a new infrastructure of cooperation." One American suggested that the two governments should be talking about foreign policy, not just security policy.

Japan's New Role

There was near universal agreement that Tokyo must take the initiative in defining and demanding its new role. There will be numerous issues on which the two countries do not agree – today, the list includes Iran, Myanmar, and the UNSC. Japan must be more forthcoming in devising strategies to bridge the gaps and achieving outcomes that meet both countries' objectives and expectations. As one American underscored, Japan is now a global player and it needs to develop a global strategy, one that identifies its own national interests and how it can work with the U.S. and through the alliance to maximize them.

One concern should be highlighted. Japan's contentious relationship with China was a constant throughout our discussion. China poses a range of challenges for Japan and the U.S., both as individual nations and as allies. They are the three most influential countries in the Asia Pacific and it is imperative that they get each other – and the region – right. Yet the history issue, in its various manifestations, has infinitely complicated relations between Japan and China, and has spilled over into relations between Beijing and Washington and Washington and Tokyo, as well. There is no doubt that Japan's handling of its bilateral relationship with China has negative impacted Tokyo's foreign policy options and the alliance. There is considerable discussion in the U.S. about the best way to respond to this issue, and while there is no clear answer as yet, there is a growing consensus that the U.S. cannot afford to stay silent for long. There is no desire on the part of the U.S. "to take sides" – as an ally of Japan, it has already done so – but there is growing resentment in Washington over a perception that it has to take some action. It is a lose-lose situation that should not exist – the fact that it does is a source of angst in the U.S.

Tensions between Japan and China are not likely to upset the U.S.-Japan alliance. But combined with other concerns – the realignment of U.S. forces, Japan's search for a new security role, resentments of U.S. policy, to name but three – they can cause real damage. In other words, despite the remarkable progress that the two countries have made in the past five years and the seeming ability to identify a shared vision for their alliance, there is no room for complacency. As always, the two governments need to continue "selling" their alliance to their respective publics, and working to ensure that they, and others in the Asia Pacific, see it as a force for peace and security rather than source of insecurity and tension.

Toward the Future Pacific Alliance
by Ryozo Kato

It is a great pleasure to come back to San Francisco and see many of my friends here. Today, I wish to think – aloud – with you about what the new geopolitical picture of this century might or should become.

The world is facing a fresh phase as we enter a new and more clearly defined geopolitical reality for the 21st century. We need a clear vision of this new world and an effective new strategy.

I will examine first the conventional wisdom, that of the balance of power, that was used by the last century's strategists. Second, I will examine our need to pay more attention to the value dimension of international relations. Third, I will explain the enhancement of freedom and democracy as a new geopolitical feature of East Asia. Fourth, I will explore the potential role of the Japan-U.S. alliance. And lastly, I will speak about what more might be done to the Japan-U.S. security arrangements.

Realist Approach, Balance of Power and the Cold War

Let us start with examining carefully the conventional wisdom of the latter half of the 20th century.

The conventional wisdom then was that the world could be managed through the balancing of large powers. The United States and Russia were considered to be the large ones, with Europe and China, and possibly Japan, following behind them.

This is a revived version of the old European balance-of-power approach.

This conventional theory was not very popular in the first half of the last century, when the United States was an idealistic young newcomer to world diplomacy. The theory gained currency in this new world as a realistic approach after the United States ascended to the leadership of free nations and assumed global responsibility during the Cold War. In particular, realism became very popular after China came out of the cold in the 1970s, converting the East-West bilateral confrontation into a triangular relationship.

Dr. Kissinger used this strategic change to maximize the American advantage, manipulating and splitting China away from the Soviet Union.

This balance of power theory holds true in the sense that without stability among the major power, there can be no global stability.

New Century and New Thinking

But is this theory still valid in our new century after the long demise of the Cold War? Maybe not. It may need a overhaul. Let me explore the reasons.

Stability alone is now no longer the single primary value of world politics.

During the Cold War period, the abyss of nuclear war was wide open beneath our feet. The West could not afford to risk nuclear war. In this sense, stability, or even simple survival, was the primary value

In order to preserve freedom and democracy, the West had to compromise with the communist regimes. This was possible because the ideologically very radical Soviet regime proved to be very conservative militarily in the end. We had to hold the hands of the Communist colossi until we crossed the long bridge of the Cold War.

But now the Cold War has been finished for quite some time. Radical communism has faded clearly and irreversibly.

Our task now is no longer simply to preserve stability by compromising the universal principles of freedom and democracy, but rather to enhance freedom and democracy on a global scale, while trying to maintain stability at the same time.

Freedom and Democracy Prevailing in East Asia

Freedom and democracy are prevailing at a great rate in East Asia. If you look at the Eurasian continent, the wind of freedom is blowing from the maritime rims of the Pacific, Atlantic, and Indian Oceans deeply into the heartland of the continental landmass. The fresh sea wind of freedom arises from Japan, Korea, Taiwan, and other nations of coastal East Asia, Australia, New Zealand, India, and unified Europe.

In East Asia, this is a new phenomenon. Apart from Japan, all the democracies in the region have been established since the 1980s. Free and fair elections with competing political parties are no longer a rare occurrence in East Asia. Look at Mongolia, Korea, Taiwan, the Philippines, Indonesia, Thailand, and Cambodia. The people of those nations are choosing their leaders through freely cast ballots.

Apart from Mongolia, they are all maritime nations. Many of the new democracies in East Asia are coastal nations or island nations.

There is a reason for this. Maritime nations have historically been privileged in terms of sea communications. As the free trade system guarantees open free access to huge consumer markets of industrial nations and to raw materials and various energy resources, coastal and island nations have a certain advantage over land-locked nations. Sea transportation can be far more voluminous and far less expensive than land transportation. Human prosperity has always been related to water.

This development and prosperity produces a highly opinionated middle class. And their rise makes inevitable the fall of dictators, whose legitimacy was, ironically, based on development. This is what has happened in many nations in East Asia since the 1980s.

Communism could be regarded by future historians as a capitalist heresy or as a sort of dictatorship for development. If this were to be the case, China would democratize some day in the future.

Japan-U.S. Alliance to bring East Asia into the New Era

What is the mission of the Japan-U.S. alliance in this new age? A short and conventional answer would be to preserve a good counter-balance to the rising China. This is what we hear often from our Singaporean friends. But this is old thinking. A new and broader dimension should be added to this old conventional wisdom.

My answer is that the Japan-U.S. alliance should be a beacon of new ideals to assist in shaping the future of the region, or "thought leader," as Foreign Minister Aso Taro said recently in his Asia speech.

The major task of the alliance as a lighthouse of ideas for the region is, first of all, to define the common strategic interests for all the members of East Asia. And our alliance needs to share the responsibility with other members of the region for maintaining these common strategic interests.

The nations of East Asia share five basic strategic interests. The first of these interests is regional stability. Stability should be kept between the maritime democracies and the reforming landmass powers.

On the one hand we have Japan, the United States, Australia, Korea, Taiwan, the Philippines, Indonesia, Singapore, Thailand, and others. On the other, we have Russia, China, Myanmar, and Laos.

Without this strategic stability, it would be difficult either: to engage China and Russia to continue to tread a constructive and responsible path; or to manage potential regional flashpoints such as the Taiwan Strait and North Korea.

The second interest is the robust strengthening and maintenance of the open multilateral trade system, together with FTA and EPA agreements. This goes along with the third and fourth common strategic interests, which are: Third, 360-degree open Sea Lines of Communications (SLOCs) and, Fourth, a stable flow of oil, in particular, from the Gulf region. The stability of the Gulf region is a sine qua non of stable oil flow.

With these conditions fulfilled, East Asia is now flourishing and continues to be a major and growing part of the Asia-Pacific free market economy.

The fifth common interest for East Asians is the enhancement of freedom and democracy. One might ask, "is this a strategic interest?" Certainly, it is. Freedom and democracy are the only vehicles to attain a matured civil society through industrialization and modernization.

Industrialization transforms almost every aspect of peoples' lives in any nation. Transformation is usually very painful. In the United States, the Jeffersonian agrarian society could not be converted into a hyper-powerful industrial society overnight.

It is the same for any Asian nation. And yet, the rate of change is far faster in the 21st century. Industrialization produces powerful pressure for change internally.

The combination of dictatorship and industrialization seem convenient only in the planning phase of economic development. But, very often, this combination ends up in a pressure-cooker of deep social frustration and a divided, angry people. Only democracy can dissipate this haze of frustration and enable governments to regain national unity.

Those who could not ride on this industrial and democratic wave tend to be confused, divided, and drawn back toward dark anti-modern or anti-Western emotions. Those emotions are often colored by anti-colonialism and only lead to extreme fundamentalism or xenophobia, where terror finds its roots. It leaves these nations behind the digital divide and the wave of globalization.

That is the reason why enhancing democracy is indeed a strategic interest for East Asian nations. It is the only path toward a new industrial era of highly mature civil societies in Asia.

In connection with this, let me remind you that Japan is the oldest democracy in Asia. The Imperial Parliament was opened in 1890, and male suffrage was realized in 1925. Japan knows well that democracy can be very radical or very reactionary in its infantile phase. We have a lot of experiences to share, both good and bitter.

Japan and the United States should plant flags along the course of democracy so that other Asian nations can follow in their path.

Toward the pacific alliance

The core of the Japan-U.S. alliance remains in security arrangements. With this new age and the new mission of the alliance, how should the security arrangements evolve?

My answer is again a plain one.

Now that the missions of the alliance are much wider and broader than during the Cold War era, Japan and the United States should expand their defense-military roles and capabilities to be able to cope with a variety of new situations.

First, the alliance should guarantee regional stability in order to engage China to stay the course for its correct strategic choice of becoming more similar to us.

Second, the alliance should prepare for more of a variety of other potential conflicts than were present during the Cold War era.

Third, the alliance should strengthen naval and coast guard cooperation for common global causes together with other like-minded nations to enforce laws against smugglers of weapons of mass destruction and their delivery systems, drugs, human trafficking, and piracy.

Correspondingly, closer cooperation to secure the safety of SLOCs is vital to everyone in the region.

Fourth, the alliance should enlist other nations' support to expand its humanitarian activities; for instance, for a rapid response following natural disasters. In 2004, after the tsunami devastated South Asia, the United States, Japan, Australia, India, and Singapore sent their navies to rescue victims. This is an example of how we could expand in a more organized way.

To attain these goals, Japan and the United States should increase the flexibility of operations. For one, inter-operability must be enhanced.

More co-uses of bases of U.S. Forces and Japanese Self-Defense Forces should soon be realized.

This transformation is occurring as we speak. Today's efforts are not meant to be a mere transformation of USFJ bases in Japan. Rather, it is the transformation of the alliance itself. And the alliance is in the process of evolving into a wider, broader partnership that will culminate in the not-so-distant future in the achievement of establishing an historic Pacific Alliance; and that Pacific Alliance will hold high the torch of freedom and democracy in the Asia Pacific region for this new century and far beyond.

Thank you.

Japan-U.S. Alliance: Seizing Opportunities, Facing Challenges
By Richard Armitage

All of us gathered here today for this 12th annual Japan-U.S. San Francisco Security Seminar have at least one thing in common: we all share a great faith in the U.S.-Japan relationship. But, faith alone is not sufficient as we go forward. We are going to have to reach out and grab every single opportunity that presents itself and face every challenge together if we are going to be successful.

As a keynoter, my task is to set the stage for the discussions that will continue through tomorrow. So I will, with help from the National Intelligence Council, which very helpfully has taken a look toward the future for us. They say you can look out to about 2020, not much farther than that; beyond that, everyone's crystal ball is equally muddy. But, looking out that far, there are only a handful of things, about seven, of which we can be certain. I'm going to tell you those certainties and the associated uncertainties.

The first certainty is the globalization is irreversible. The uncertainty associated with it is whether the laggard nations can be brought into the globalized economy in time or will fall out the bottom and become failed states, and we've seen what can happen with a failed state like Afghanistan and what horror can ensure from that.

The second is associated with the first. It's absolutely certain that the world economy will continue to grow out to around 2020. The uncertainty associated with this is whether the delta, the difference between the "have's" and the "have not's," can be lessened or if it will continue to grow. If it continues to grow, you will then have dispossessed and displaced persons, who can cause or become strategic centers of gravity against a state or against a region.

The third certainty is that the West and Japan are aging. Japan is the oldest country in the world, with a median age of 42.66 years. The U.S. is in pretty good shape actually at 36+. Germany is not in very good shape, at about 41. Spain is right behind them, Great Britain is 39. China is about 34-35 years old, so they've got some problems coming as they look toward the future. But you can contrast that with other parts of the globe: India just over 24 years old, South Africa 24, Brazil 25.6. These numbers have meaning. Why am I raising this? We know we're getting older. For the United States, we're a country that depends on alliances and coalition warfare, and to the extent countries are having difficulty meeting their social contract or their societal compact, then they won't have money for defense, education, and R&D, and they won't be able to participate meaningfully with us. So this is no small matter.

The fourth certainty is what I prefer to call the "ascent" rather than the "rise" of China. The rise of China has almost a militaristic flavor to it and I'm not sure, and I don't think anyone in this room can be sure, of what's going to happen. So the ascent of China on the world stage is clearly the most important thing that is going to happen in the first half of this century. It's every bit as important as the rise of the united Germany in the late

19th century or for that the matter, the rise of the United States in the 20th century. The question of the uncertainty is whether it will be a straight-line ascent or whether there will be some dislocation of the tectonic plates that undergird the security, economic, and cultural relationships that we have, and I'll get into this in a little more depth later.

The fifth certainty is that there is enough petroleum in the ground to meet expected needs out to 2020, but the uncertainty is, are the producer nations stable? Iran we're wrestling with today. We've had a rise in the price of oil because of disruptions in Nigeria, Saudi Arabia, Venezuela, and Sudan.

The sixth certainty is that the trend toward urbanization will continue. By 2015, more people are going to live in cities than live in the country; that's never happened before. The difficulty, the uncertainty associated with it, is whether local leadership can make infrastructure decisions in a timely enough fashion to serve the population. I think the needle points slightly negative as to whether these local governments and particularly megacity managers – where there are 8 million people or more – can make timely enough decisions to serve their people. If they can't, then you're going to have real difficulties ensue from those unhappy and displaced people.

The last certainty is one that will bother some people, and that is that out until 2020 the U.S. will still be the sole superpower in the world. Now I define superpower as a nation which has interests in every part of the globe and without whose active participation nothing really meaningful can take place in any part of the globe. If you agree with me on that definition, you will see that we are the only ones who fit that now. But the uncertainly associated with it is whether a nation or group of nations will seek to challenge us for that status. There's nothing wrong with having several superpowers on the world stage, nothing at all: there's plenty of work to go around. The question is whether a challenger would view things as a zero-sum game. And that's the uncertainty.

There's another way of showing what the future is going to look like, just kind of fun using numbers. By 2020 you are going to have 7.8 billion souls on this planet, but if you took that 7.8 billion number and telescoped it down to just 100 people, what would the world look like? Fifty-six of those 100 people would be Asian, including 19 Chinese and 17 Indians; 16 would be from Africa, with 12 from sub-Saharan Africa; 13 would be from this hemisphere, but only 4 would be Americans; 7 would be from Eastern Europe and the former Soviet Union; 5 from Western Europe; and 3 from the Middle East.

Those numbers show you that the whole center of gravity of the world is shifting to Asia, whether you talk in terms of demographics, whether you talk in terms of the size of the economy, whether you talk in terms of the size of the militaries, whether you talk in terms of energy usage, raw materials usage. It's all shifting to Asia.

What about Asia? We had a couple of good decades of pretty strong peace, due in large part I think to the U.S.-Japan relationship. Then a couple of decades marked with remarkable economic success, remarkable economical integration and, notwithstanding the lectures we used to get about 10 years ago about Asian values, there's been a good bit of

democratization in the region. But it's not as if the region doesn't have speed bumps. The interesting thing about these speed bumps is that Japan is front and center involved in four out of five. You all know the same speed bumps. The first of course is a divisive – I might say a virulent – nationalism, particularly in Northeast Asia. While a buoyant nationalism is a good thing, a virulent or divisive nationalism is not. And I think we are on the verge of seeing a divisive nationalism. Second, we have the tensions over the Taiwan question; third, tensions over North Korea; fourth, island and territorial disputes; and lastly, we've got insurgencies, particularly in southern Thailand and in the Philippines.

So this is an area that has shown remarkable resiliency and progress in the last couple decades, but also has some major speed bumps which they're going to have to accommodate.

In the time remaining, I want to speak more about Asia. I could speak about many things, but I'm just going to talk about China and Japan and the United States.

China first of all. What about China? Well, she has had 26 pretty good years, 26 years of an economic boom. I myself didn't realize that until I started looking into this – how long she's been really rolling along 26 years of remarkable economic success because of remarkably successful economic reforms. I think credit should be given to these reforms. China's had a robust military modernization for about 20 years, but for the last four it's really kicked into high gear. Not being stupid about it the way the former Soviet Union was, but investing steadily in their military in a way that doesn't disrupt their economic reforms. The Chinese are engaged in extraordinarily successful multilateral and bilateral diplomacy. China reached a *modus vivendi* with Russia, but as well with all the countries with whom China used to have border disputes. This allows China to have a remarkable degree of stability and to concentrate on internal developments. China also has some of the other trappings of an emerging power: a man in space and the Olympics in 2008. So all in all, I think China has done a pretty good job over the last two decades and ought to be accorded some merit for that.

But its not as if China is without problems. Harry Harding has probably best written and spoken about this in recent years. He identifies four major problem area for China, listed from lesser to ascending order. The least possible problem or crisis that China could have would be an economic crisis. I think she is certainly not immune from business cycles, and there will be a bit of that, from inflationary and deflationary pressures. However, there are enough levers on the economy remaining in the hands of the government that it should be able to withstand economic crisis and, in fact, evade them.

The second possibility is the humanitarian crisis and in this you would put some of the things that befall China from time to time – earthquakes, floods, and things of that nature, but I think you also have to figure in the possibility of environmental degradation and environmental problems and pandemics. This is certainly a possibility as a crisis point for China.

Third is what I'd call an international crisis. I'm not sure what term Professor Harding uses, but that is when China, because it feels its access to oil, for instance, is being denied by a nation or group of nations, might feel obliged to have military movements. Or, perhaps closer to home, if there was a collapse in North Korea and China felt that foreign troops were going to come in to try to stabilize the situation in a way that was not congenial to China's interest, that would precipitate an international crisis.

But the last crisis is the one that is most possible and, for a lack of a better term, this is a political crisis. It's a crisis brought about either by policy changes which are very divisive in China or by leadership changes which are possibly divisive. We have all seen in recent weeks the written exposé of the number of demonstrations that required a response from China last year: 87,000 of them and 74, 000 the year before. Those are reported demonstrations primarily directed against local authorities and primarily in that regard against corruption. But this corruption is a political crisis. So we should not take away from the discussions today the possibility that China is going to easily ascend onto the world stage.

How about the relationship with the United States? It's a mixed bag for us. On the one hand, we appreciate the efforts of the Six-Party Talks. We appreciate the discussions we have had surrounding pandemics and bird flu. So, there is a good bit to work with. We have had discussions about Iran – not sure how fruitful they will be – but there's a plus side to this ledger. But, on the negative side, we've got some real questions about China's friends: Sudan, Zimbabwe, Venezuela. You are known by who you hang with, and China's not hanging with a very good class of people. I think its understandable. Its about energy, its all about the oil; it's like my kids used to say "dad, its all about the Benjamin's," meaning money. It's all about the oil, in China.

But there are some other straws in the wind that are not quite as good. We mentioned some of them today. The suggestion coming from China primarily, and seconded by Russia, that the United States should remove itself from Central Asia. I took personal umbrage at the East Asia Summit, which was clearly designed to exclude the United States. Thank goodness Japan and Australia and others stood up and stood up large in those discussions. Here's one that really got my goat: right after the Philippines pulled their small contingent out of Iraq, President Macapagal-Arroyo was given a state visit to Beijing and signed some defense agreements with the Chinese to include some agreements about disputed territories of which the Philippines are not the sole disputant.

So it's a mixed bag and I don't think any of us rightly know how things are going to turn out in China. But there must be a great frustration for China. For China, the most important relationship is not Russia, it's the U.S. But for the United States, the most important relationship is Japan. Everyone in this room knows that without Japan, we lose that influence and presence ability that keeps us part of the Asian scenery and daily life. It allows us to bring our hard power to the table, when necessary, and we are the only one right now who can do that. This must be mighty frustrating to the Chinese.

So what about this Japan relationship? I think, first of all, we have got to give an enormous amount of credit to Prime Minister Koizumi and to his chief economic advisor, Mr. Takenaka. What they have accomplished is nothing short of a miraculous economic turnabout from 2001 until now. Japan has gotten rid of nonperforming loans, corporations in Japan are really performing well, they have cut off wasted assets, and they have really balanced their profit-loss sheets. This is a phenomenal occurrence. But I want to raise a warning flag here. Japan has three major problems to deal with, all internal, which will sap energy and attention away from the U.S.-Japan alliance, and from our ability to be on top of all the issues in Asia.

The first is a pretty obvious one, and that is the governmental debt. If Japan is not able to get a handle on this Mount Fuji of a problem – and that's what it is – Japan will not be able to be a successful and vibrant partner of the United States.

Second, we have to deal with the demographics. And when I speak about this, it's the same problem that President Bush has been trying to wrestle with. I'm speaking very much about social security. Japan is getting older. It's a healthy, thank God, but an older society. Social security is believed in some quarters to be underfunded by as much as 100 percent. Japan absolutely has to get a handle on this in order to be able to be a vibrant partner of the United States.

The third problem has to do with productivity. There has to be a way to increase productivity, especially in the financial services sector, so that Japan can play a vibrant role in the future. I unapologetically take the view that China is not the role model for Asia. Japan is a much better role model, and I think this was the message Japan was being given by the President of Indonesia. He said we are not going to use history against Japan. It was the equivalent to that show in the United States where they say "come on down," because Japan was being invited, at least by Indonesia, to "come on down." Ambassador Kato and I have had conversations about ASEAN colleagues in Washington coming to me saying please urge Japan to get more involved, because Japan is a much more benign role model as an open society, as a liberal society, as a democracy, than China is, if only Japan will see it that way.

As regards the Japan-U.S. relationship, I'm going to throw out a few ideas, because I think we have to chew over some of these things. And the last one I'm going to throw out may be rather provocative.

The first is, I do not agree that we have had an in-depth energy dialogue with Japan. We have had an energy dialogue, but I'm talking about one really in-depth, finally and ultimately perhaps even bringing in the Chinese to determine who, if anyone, believes that access to energy is a zero-sum game. I might say the same rings true of our Quadrennial Defense Review (QDR). If I'm right that everything is shifting to Asia in every measure of merit, than I have a question whether our QDR actually makes procurements or suggests procurements that serve a naval service theatre. I don't think they do. I would like the United States to have better insights into our own procurement practices, where we really think we're going into the future.

I would like the United States and Japan to practice together such things as search and rescue, non-combatant evacuation operations, and hostage rescue. Even after the problems with Peru, Japan still does not have that capability. We ought to exercise this together. God knows where we are going to go next. As regards humanitarian relief ops, we did a great job together during the horrible tsunami. But we could have done the same thing in the Philippines and I only see the U.S. Marine Corps there now. These are things that we ought to be doing together and I think we shouldn't be ashamed to say it and shouldn't be ashamed to do it.

It occurs to me that if we have the security alliance on the one hand, then we ought to have what could amount to an economic alliance on the other hand. And this gets to the iffy part of my presentation today. What I'm suggesting is nothing less than a free trade agreement (FTA) with Japan. Before anyone has a heart attack here and goes scurrying to find a place to hide from the agricultural or the rice lobby in Japan, let's look at the facts.

Agriculture right now provides about 1.2 percent of Japan's GDP. That's down by 100 percent from 15 years ago. In fact its $1/20^{th}$ of what industry puts toward the GDP. And those farmers are getting older; they're becoming fewer. In those areas where Japan has liberalized – apples and oranges, etc. – Japan has done very well with niche efficiencies, excellent quality control, etc. So I think its time for our nations to be thinking about how to move forward on an FTA and have what would amount to an economic alliance.

I started off by saying that faith was not sufficient in and of itself; we have to reach out and grasp every opportunity. It's absolutely true, nothing is going to come to us easily, nothing is going to come as we sit and wait. When I go to Japan or when I entertain Japanese friends here, generally an American will ask a Japanese interlocutor, or vice versa, "how do we get China right?" That's the wrong question. The question should be, "how do we get Asia right (including India)." If we together get Asia right, then I think we have a much better opportunity to have a China which merges onto the world stage in a way that has a tide that raises all boats. The thought, therefore, is not how we get China right, but how "we" get Asia right.

Thank you very much.

Applauding the Alliance
By Yoshio Okawara

When I was asked to come to this meeting for the first time I gladly accepted. But when I was asked to make a speech after Richard Armitage I realized that there is no free lunch or free dinner.

In Tokyo, in the summer of last year a lot of people were talking about Rich Armitage and the preparation of a second Armitage Report. In September and October it was thought that the report would be forthcoming by the end of the year. But by February 2006, we don't have the second Armitage Report yet. Tonight, we are very fortunate to have remarks by Rich on a wide range of subjects, particularly emphasizing the importance of the alliance relationship between the U.S. and Japan. So, we are fortunate enough to have our own version of the second Armitage Report.

When the Armitage Report was published in October 2000, it received serious attention throughout Japan. Many people were immersed in his constructive and proactive proposal. But there was a puzzle when his report emphasized that Japan and the U.S. should have the special kind of relationship similar to that between the U.S. and UK. Many of us in Japan questioned whether it is really possible or feasible to consider such a close special relationship between Washington and Tokyo. So this is one point we failed to really explore.

Another point he emphasized toward the end of his report was sharing intelligence. This is very part and I think even inside Japan sharing intelligence information is a difficult thing because each individual agency wants to maintain its identity and try to keep very important information for its own exclusive use and therefore is not willing to share with competing agencies. So, it is hard to say whether the U.S. and Japan could really share important intelligence information. Nonetheless, the Armitage Report made a great impact among the Japanese people who are interested in the U.S.-Japan relationship. We really appreciate that report.

Rich emphasized in his remarks that our world is shifting to Asia and he referred to the rise of China. He also stressed Japan's social changes. When he mentioned free trade agreement (FTA), I was especially interested since Korea is getting ready to start FTA negotiations with the U.S. Why shouldn't Washington and Tokyo consider starting their own negotiations on an FTA? An FTA with the ROK seems to be much more complicated, complex, and difficult when compared to Japan. Japan has engaged in negotiations on FTAs with several countries and already concluded economic partnership agreements, which started with Singapore and Mexico. Therefore, we have experience, and following the advice and suggestions of Rich Armitage's proposal, we hope that Tokyo and Washington will consider to start, or at least study, an FTA between the U.S. and Tokyo.

He pointed to many things in connection with Japan's changing situation. He mentioned the role of the economic advisor to prime minister, but in Japanese society the

way that particular person has been pursing reform policies is not necessarily very popular or well received. Some of those people who enjoy being critical of many aspects of the U.S. say that he is a hidden agent trying to introduce something from the U.S. into Japan. In their view, he and others considered agents of the U.S., or his group, are trying to destroy Japanese society. Therefore, I hope that you will be careful in playing up that particular group of economic advisers who are regarded in a somewhat different way among some in Japan.

Since the early 1990s, after the Cold War ended, the Japanese people came to realize something was wrong with their attitude and position regarding the security situation emerging from the Persian Gulf War. Because of this change, Japan introduced in 1992 a law that allowed us to contribute to international peace. This enabled Japan to send Self-Defense Forces to United Nations peacekeeping operations in Uganda, Cambodia, and East Timor. This was followed up by the joint statement on security cooperation between President Clinton and Prime Minister Hashimoto in 1996 which was backed up by defense guidelines which showed the way Japanese Self-Defense Forces would cooperate with the U.S. in emergency situations. This helped Japan cooperate with the United States in a very positive way. That's a completely different situation when compared to the Cold War, when the dominant feature of the popular mentality was peace for ourselves without doing anything positive for the rest of the world.

After these changes, we are now enjoying a very happy relationship between our two countries, as trusted allies, with our two leaders sharing a very good friendship. But as was mentioned this afternoon, we shouldn't be complacent about the current situation and we should always be making efforts to make the alliance relationship more solid and trustworthy.

We were reminded today that we have to be very careful about the coming situation, especially when dealing with the transformation of U.S. forces in Japan. And there was also the unfortunate case of BSE. Those things have a great psychological impact on the Japanese people, particularly among those who enjoy criticizing the government and tend to criticize the U.S. They criticize policy advisers, charging that they are simply following the U.S. blindly without protecting Japan's own particular interest. Therefore, we should be very careful in the coming period so that we shouldn't give material or excuses to those who enjoy being critical of the government and taking a stand against the U.S.

These are things of which we should be mindful in the coming years. But at this time we are very happy that Japan enjoys such a close relationship with the U.S. even though I am afraid we cannot afford to establish the same kind of special relationship as the U.S. and the UK.

Thank you so much.

The Security Environment in Northeast Asia
By Michael H. Armacost

How has the security environment in Northeast Asia changed over the past year? I would say “slightly for the worse.” A brief explanation follows.

Great Power relations are more correct than cordial, with the exception of U.S.-Japan ties.

Washington’s links with Beijing are in reasonable shape, but the blush is off the rosy 2004 campaign claims that “relations have never been better.” Congress is spoiling for a fight over trade. Treasury evidently is poised to “cite” China for currency manipulation. The Pentagon continues to worry publicly about China’s military buildup, though its defense budget remains roughly 1/10th the size of the Pentagon’s. The State Department wonders whether China is utilizing the leverage it possesses to lure Pyongyang back to the Six-Party Talks.

The PRC, meanwhile, worries about US “encirclement,” though U.S. force deployments in Northeast Asia are being gradually thinned out, and we are grudgingly leaving at least one major operating base in Central Asia. Beijing harbors serious reservations about the efficacy of U.S. nonproliferation policies toward Pyongyang and Tehran. Its leaders also rely more and more heavily on nationalism for their legitimacy, and the U.S. alternates with Japan as the primary target for such nationalist sentiments.

All this notwithstanding, the fundamentals have not changed: we need China’s help in coping with terrorism and proliferation, and in financing our trade deficit and offsetting a paltry household savings rate; China needs access to our market and friendly relations in order to concentrate its attention and resources on hastening its internal modernization.

Sino-Japanese relations have gone steadily downhill over the past year. Conflicting historic memories have generated growing mutual animosity even though the wartime generation is leaving the scene. While some bilateral problems are rooted in the past, others have a distinctly contemporary flavor. China has publicly opposed Japan’s bid for a permanent United Nations Security Council seat. Many Japanese question whether China’s rise will be peaceful. Japan’s changing security role gives China pause, while China’s continuing missile buildup and double-digit defense budget increases generate concerns in Japan, particularly within the defense establishment. Competition for energy and other resources complicate the picture.

To be sure, some prominent Japanese media figures are seeking to redefine the Yasukuni Shrine issue. And many of China’s leaders recognize that if they actively encourage anti-Japanese protests, a day may come when the protesters turn their ire on them. Thus, while there are risks of drift toward strategic rivalry between the two major Asian powers, they also compete in a more benign way for leadership in a nascent “Asian

Community" – China utilizing its huge internal market to foster regional trade agreements; Japan capitalizing on its financial power to promote bank swap arrangements and a regional bond market. And expanded economic links – e.g. proliferating direct flights, and rapid growth in bilateral trade, investment flows, technology transfers, and student and other exchanges – continue to temper political friction.

The U.S.-Japan alliance is rock solid. The personal rapport between President Bush and Prime Minister Koizumi remains exemplary. Government officials on both sides have worked thoughtfully to bolster cooperation. By assuming a new international security role as provider of offshore, noncombat logistic and other services to UN-authorized peacekeeping missions and occasional U.S.-led "coalition of the willing" activities, Japan has helped transform the alliance into a more balanced and more global partnership.

At the same time, however, as Japan's relations with its neighbors have deteriorated, the "reassurance" the alliance has provided in the past to Koreans and Chinese appears to have diminished. Or to put the matter more bluntly, since both President Bush and Prime Minister Koizumi are somewhat polarizing figures in the region, their close collaboration provokes greater wariness and suspicion than it once did. Some even maintain that Washington is the petrol fueling an acceleration in Japan's rearmament, and that this is leading to a sharper cleavage between Northeast Asia's continental and maritime powers.

On the Korean Peninsula, little has changed – and that is the central problem. Pyongyang is skilled at stalling negotiations in order to buy time, and it is using the time gained to operate its reactors, reprocess its plutonium, and augment its uranium enrichment capabilities. It claims to possess a nuclear arsenal, and our intelligence cannot disprove this arguable contention. Surely it is likely to be harder to impel the North to give up an established capability than the aspiration for one.

Regrettably, the U.S. and North Korea's neighbors have not managed to translate their shared interest in a nonnuclear peninsula into a coordinated strategy for attaining that objective. The Chinese and South Koreans remain eager to engage the North on economic issues, without much reference to its nuclear activities; the U.S. and Japan appear more intent on complicating the North's economic woes by promoting sanctions on the North for its criminal as well as nuclear activities. These contradictory strategies have permitted the DPRK to maintain its nuclear program without paying a serious price.

To be sure, in the Six-Party Talks agreement was reached last September on a statement of general principles. But we all know that it is easier to agree on general principles than on the details of their implementation.

Nor does it appear that the basic differences that have long divided the Bush administration over Korean issues have been resolved. Happily, the issues than formerly troubled our relations with Seoul over troop levels and bases appear to have been quite professionally managed. But that does not resolve the more basic question of whether the

U.S.-ROK alliance can be sustained for long when Washington and Seoul have such fundamentally diverging perspectives on North Korea.

With respect to Taiwan, we are again going through one of our periodic dust-ups with President Chen, but, on the whole, cross-Strait relations appear reasonably stable. I was last in Taipei and Beijing in January 2005. At that time there seemed to be quite serious dangers of miscalculation between the two. Today, Chen Shui-bian is again threatening to take actions that Washington believes would contradict his past assurances ("the five noes"). Perhaps he will; one should never be complacent about cross-Strait ties.

But I would underline the positive effects of four developments on stability: (1) Washington's forthright and public opposition to unilateral attempts to alter the status quo in the Strait; (2) China's current disposition to "entice" rather than "threaten" Taiwan, and to engage actively at least with Taiwanese opposition leaders (though not President Chen); (3) the outcome of recent Taiwanese elections in limiting the DPP's ability to push constitutional amendments on its own; and (4) the deepening integration of the island and mainland economies.

I might add that Taiwan's failure to attend to its own self-defense needs adds weight to Washington's regular reminders that it should not expect the U.S. to pull its chestnuts out of the fire if Taipei's actions provoke a crisis with Beijing.

There is one other feature of the landscape I should mention – the pronounced shift in the center of gravity of regional cooperation in East Asia from trans-Pacific forums to pan-Asian institution building. While the U.S. seemed anxious and fearful about this tendency in the early 1990s, Washington has more recently adopted a more passive stance that is perhaps appropriate given the uncertainty about where Asian regionalism is heading.

I will conclude by noting that the deterioration in Sino-Japanese relations is in many ways the most worrisome development of the past year. It is noteworthy that more and more observers are urging the U.S. government to offer help in ameliorating this downturn. I wonder whether there is much we can do. It is heartening to see the leaders of two major Japanese newspapers grappling with this challenge. When it comes to U.S. actions, I would recall George Shultz's admonition: "Don't just do something, stand there!" We can be helpful only if both parties are anxious for outside help, and I don't sense at this stage that they are.

So all in all, this is a mixed bag. There is some good news and some bad news. One of the more worrisome features of the landscape to me is the fact that Asia is changing profoundly at a time when Washington is heavily preoccupied with other areas – above all, the Middle East and South Asia. That means we face a risk of not devoting the attention and resources to East Asia that its importance to our future deserves – indeed demands.

The Koizumi Legacy
By Yoichi Funabashi

Today I want to focus on the U.S.-Japan alliance from the Japanese perspective, paying particular attention to the Koizumi legacy and its implications for the post-Koizumi era. I would like to touch on three aspects of the Koizumi legacy: the U.S.-Japan alliance, normalizing relations with North Korea, and Yasukuni Shrine.

First, Prime Minister Koizumi has certainly elevated and empowered the U.S.-Japan alliance to a new level, extending the scope of cooperation from an Asia-Pacific-centered regional alliance to a truly global partnership, demonstrated and reinforced by Japan's dispatch of Ground Self-Defense Forces to Iraq and Maritime Self-Defense Forces to the Arabian Gulf and Indian Ocean as part of the war on terror.

But this post 9/11 alliance empowerment phase, kind of like "an alliance on steroids," is coming to an end, in my view, as there will be a backlash against Koizumi's one-dimensional alliance-building measures. I know this may seem like a bold or unlikely prediction given that there is a solid pro-U.S. school in the Liberal Democratic Party as well as in mainstream Japanese business. But even though there is currently 80 percent support for the U.S.-Japan alliance among the Japanese public – the highest support level ever, I should add and particularly unusual given the current backdrop of worldwide anti-Americanism – there are a number of challenges that will likely strain the alliance in the years ahead.

The first challenge for the U.S.-Japan alliance is that, most likely by the end of the year, Ground Self-Defense Forces will be withdrawn from Iraq. This symbol of the solidarity of the alliance will be gone.

The second challenge for the U.S.-Japan alliance is the emerging differences between U.S. and Japanese approaches to terrorism in terms of threat perception and responses. From the U.S. perspective, the war on terror is seen as a "long war," and with such an ambiguous and broad enemy as terror it is increasingly difficult for America's allies to really share threat perceptions, which will increasingly hinder their ability to jointly coordinate responses. From the Japanese perspective, economic development, diplomacy, and law enforcement are the keys to attacking terrorism, not military action, which in some cases has been considered counter-productive.

A third challenge to the U.S.-Japan alliance is another rift, this time in regard to China. Perhaps the real challenge of China's rise, or one of the real challenges, is that China is pursuing a different approach to the U.S. and Japan. Its "peaceful rise" strategy may not necessarily apply to Japan. If Japan is indeed an exception to this much-heralded strategy, we must consider a number of questions, such as whether this is because of history issues, whether it is the product of a more strategically motivated power struggle, or whether it is simply a reflection of China's political governance

dilemma and the fact that fueling anti-Japan sentiment is a handy tool for China's political leaders.

In part, this problem may have something to do with China's belief that the U.S.-Japan alliance comes at the expense of U.S.-China relations, compromises their national interests, or even promotes hostility between China and Japan.

I do not think the U.S.-Japan alliance has been a tool for encircling China or promoting hostility between China and Japan. As we can see in the very serious and concerted joint efforts by the U.S. and Japan to pressure Taiwan President Chen Shui-bian's government not to unilaterally declare or hold a referendum on independence or provoke mainland China militarily, U.S.-Japan cooperation does not have to necessarily work against China's interests. I think January 2003 is an illustrative time when we can see strong measures jointly taken by Tokyo and Washington marking red lines that Taipei respected.

Perhaps China is now more concerned about the U.S.-Japan alliance and its direction simply because what they used to see as a cap on the bottle of Japan's remilitarization increasingly seems like a helping hand, preparing and guiding it. In my view, however, this is really an example of an anachronistic Cold War mentality on the part of China. Some in Beijing may suspect that the pro-Japan faction in the Bush administration has a secret design to change Japan's constitution and propel Tokyo toward remilitarization to balance China's rise, or that there may even be some neocons harboring the secret desire to make Japan a nuclear power and then elevate the U.S.-Japan alliance even farther so it will be on par with the U.S.-UK alliance.

If so, this assessment is very much off the mark. Japan's security policy is undergoing an evolutionary process, not a revolutionary one, and even though more Japanese from most political spectrums are yearning for Japan to become a "normal" country, the majority are still uncomfortable with a great leap forward and in a typical Japanese fashion prefer slow, incremental change. In regards to the nuclear question, as far as I know, it is only an extreme fringe element in the U.S. that entertains this idea; in Japan, it would be political suicide to publicly argue for Japan to become a nuclear power.

The U.S.-Japan alliance has not and should not be driven by China threat perceptions or anti-China passions, as a tool to encircle or constrain China. The U.S.-Japan alliance first and foremost is and has to remain a stabilizing force in the region, and, if anything, should promote – a not diminish – trilateral cooperation among the U.S., China, and Japan. I believe in the stability that the U.S.-Japan alliance produces for the whole region, and I think that even China benefits from this stability.

At the same time, the U.S. and Japan need to better develop their logic, rationale, and *modus operandi* for regional stability. The lack of meaningful progress in linking regional cooperation with advances in the bilateral alliance is by far the most important challenge for the U.S.-Japan alliance, and until now one that has often been talked about but not really acted on. I think we should devote more resources to linking the two and

explaining how strengthened U.S.-Japan relations and strengthened regional integration do not need to take place in a zero-sum game.

The second aspect of Koizumi's legacy I'd like to touch on is normalization of relations with Pyongyang. I must say it has been spectacular diplomacy. The Japanese government certainly did diligent homework to cultivate such a possibility and the Pyongyang Declaration, a real breakthrough, will likely serve as a valuable base for the relationship when normalization talks are restarted. Unfortunately, as you know, they have not gotten off the ground, though, and instead we have seen a serious backlash against the normalization process because of the abductee issue. Serious consideration of normalization while North Korea continues to develop its nuclear capability is hard to imagine.

The Six-Party Talks are an important hope, but they seem to be at a impasse as deep divisions regarding threat perceptions and visions for North East Asia's future have emerged between a U.S.-Japan camp and a China-South Korea-Russia camp. As proponents of Koizumi's very bold approach face a growing backlash due to their inability to deliver, the new Japanese government may be more timid and risk averse in its diplomacy as a result.

If we fail, and the Six-Party Talks fail, the biggest casualty will certainly be the U.S.-Japan alliance since the credibility of the alliance's deterrent capability will be seriously questioned. Failure may also lead Japan to seriously consider pursuing its own nuclear program, which would further strain the bilateral alliance and add even more regional instability. This is a scenario that we all must work diligently to avoid.

The third legacy I want to briefly address is Koizumi's continued visits to the Yasukuni Shrine. It's almost tragic to see Japan's top leadership responding to the rise of China, a geostrategic shift of tectonic proportions, with such reactionary, introverted emotionalism, projecting an image of Japan, not as a world leader or even a normal country, but rather as irrelevant.

The Yasukuni issue, of course, has much to do with history issues. China also has serious problems with history issues, but I would like to focus on the Japanese perspective. Five serious foreign policy problems for Japan have been caused by Koizumi's Yasukuni Shrine visits, all of which have done great damage to Japan's national interest, damaged its relationship with China and South Korea, and undermined the U.S.-Japan alliance.

First, Koizumi's visits have decreased Japan's influence in Asia. This is not in the U.S. interest either.

Second, Koizumi's visits have narrowed Japan's policy options toward Asia. For instance, U.S.-Japan-South Korean trilateral cooperation has been almost entirely eliminated as the Yasukuni visits have provided a convenient cover (or window) for Seoul to distance itself from the U.S.-Japan camp.

Third, Koizumi's visits have made communist China look morally superior to democratic Japan, which is not good for a democratic coalition strategy in Asia.

Fourth, Koizumi's visits may have also driven South Korea further into China's "orbit."

Finally, Koizumi's visits have hurt Japan's reputation in the U.S., and therefore Japan runs the risk of belittling itself as it is not regarded as a primary diplomatic interlocutor or serious strategic partner in East Asia.

As this issue has become a testing ground for LDP prime minister hopefuls, the issue is not over, and I fear it may not be over even when Koizumi leaves office in September.

Koizumi is trying to build foreign policy skyscrapers on fragile domestic soil that may prove surprisingly weak at the first sign of a tremor. Even though I haven't discussed the populist politics of Koizumi, it is an important subtext to all my previous points. Even though Koizumi has been very skilled at relating to the public, particularly on the emotional level, he has failed to consolidate his new political platform to translate his popularity into a more sustainable political institutional base, which may be the most important legacy he leaves.

A perfect example is the Okinawa base issue. During the past five years of Koizumi's administration, no progress has been made. A lot of this has to do with the fact that the Koizumi government has not extended any real political capital on this issue, even after its landslide victory last fall.

"Koizumi's theater," as it's often been described, is being acted out by ideologues who are not really good at doing the nitty-gritty job at the local level – the give and take with local populations. Sadly, Okinawa is perhaps the first and most obvious casualty of this trend.

An alliance is only as strong as its weakest link – and in the U.S.-Japan alliance, that link is the Okinawa base structure, which is a dangerously weak one.

A Japanese View of the Security Environment
By Fumio Ota

Recent Changes

Following North Korea's declaration of its intention to become a nuclear state in February 2005, Pyongyang announced in May that it had completed removing 8,000 spent nuclear fuel rods from the nuclear reactor in Yongbyon.

In the same month, North Korea launched a short-range missile into the Sea of Japan. After the launch, U.S. Deputy Assistant Secretary of Defense Richard Lawless mentioned to Japan's Cabinet Secretary Abe Shinzo that North Korea is developing a third category ballistic missile. South Korean newspapers reported that the new missile would be designated a *KN 02*, and appears to be an improved Russian *SS21*. Considering that North Korea has been trying to obtain equipment that can produce solid fuel for rocket motors, it appears that it is actively developing a solid-fuel ballistic missile. Compared to existing liquid-fuel missiles, a solid-fuel missile would provide fewer indications of a pending launch. Coupled with a mobile launcher, Japan's warning time would be dramatically reduced, compounding the difficulty of missile defense.

On Feb. 10, the *Sankei Shinbun* reported that North Korea had developed a new medium-range ballistic missile with a large of about 3,500km using Russian SSN6 technology and had transferred 20 of those missiles to Iran. On Feb. 11, *NHK* reported that North Korea announced its intention to resume ballistic missile tests at the last Japan-North Korea normalization talks. This trend is troubling.

North Korea's reunification campaign directed at South Korea has been effective, with the result that South Korea has been leaning toward the North over the years. North Korea's intentions toward Japan are clouded at best.

In March 2005, China's 10th National People's Congress passed an Anti-Secession Law. According to the U.S. Secretary of Defense's report to Congress, *The Military Power of the People's Republic of China* published in June 2005, China's short-range ballistic missile force totals some 650-730 missiles and has been increasing at a rate of 75-120 missiles per year. Also, China has been acquiring quiet submarines. In September, 2005, Chinese naval vessels were deployed in the vicinity of the Chunxiao oil rig in the East China Sea. Since 2001, when Japan and China agreed to a framework for mutual prior notification of scientific oceanographic research activities in the East China Sea, Chinese maritime research violations have steadily increased.

It is no coincidence that the increasing pace of Chinese maritime research violations is coming at the same time that U.S. submarines are shifting operating bases to Guam. In the event of a cross-Strait conflict, a likely maritime battle space would be to the east of Taiwan. That's what happened in March 1996 when U.S. naval forces responded to rising Taiwan-PRC tensions. In a future crisis, I would expect Chinese submarines to

deploy to this area to intercept U.S. naval forces enroute to Taiwan. U.S. submarines stationed at Guam would deploy to the seas off the east coast of Taiwan to defend surface forces.

Okinotorishima, a small island group claimed by Japan, is exactly midway along the great circle route from Guam to the operating areas off Taiwan. China claims that the Okinotorishima group are not islands but just rocks. A rock does not qualify as sovereign territory, there is no Japanese Exclusive Economic Zone (EEZ) near Okinotorishima and therefore China denies the need to notify Japan of its maritime research. China wants to conduct research in this maritime area since underwater temperature, salinity, and pressure data can be used to support tactical decisions and more effective submarine operations. This situation is not only of concern to Japanese security but also is contrary to U.S. national interests.

The cross-Strait situation is not favorable. The pro-Chinese faction in Taiwan won the last election in December 2005. I believe that the military balance between China and Taiwan will shift to favor China. Time is not on our side.

Nonstate threats are also increasing. Last March in the Straits of Malacca, pirates attacked a Japanese ship, the *Idaten*, and three members of the crew were kidnapped. Jemaah Islamiyah conducted a second terrorist attack in Bali in October. If terrorist groups obtain weapons of mass destruction (WMD), the intensity of the terrorist threat would increase dramatically.

To summarize, Japan faces a hybrid threat environment characterized by both state and nonstate threats. State threats are North Korea in the short-term and China in the mid- to long-term. Nonstate threats are international terrorism, proliferation of WMD, cyberattacks, and piracy. The Northeast Asia security environment is unique: other parts of the world face mainly nonstate threats. We must be concerned with both state and nonstate threats. Sometimes the two overlap. For example, proliferation of WMD and cyberattacks have state sponsors such as North Korea and China. Evidence indicates that the intensity and probability of both state and nonstate threats are increasing.

With regard to Japan's domestic situation, 2005 was a remarkable year. For the first time, Japan's population began to decline. This trend will continue for the foreseeable future, greatly adding to the fiscal pressures associated with our aging society. We expect social security costs to increase dramatically. Making matters worse, Japan's national debt is one of the worst among major industrial democracies, almost two times GDP. One consequence is that our defense budget has been decreasing in the last four years, even though both threat intensity and the probability of attack have been increasing.

Last year, Japanese Self-Defense Forces (SDF) supported Operation Iraqi Freedom (OIF) and Operation Enduring Freedom (OEF). One lesson learned was the value of intelligence sharing through coalition networks. One of our OIF commanders told me that without those intelligence networks, the GSDF detachment force would not be able to accomplish its mission. Second, we learned that we need more foreign language training

and cultural awareness. A couple of years ago, the National Defense Academy of Japan created the Department of Human Culture and an Arabic language course. Now more than 10 percent of our cadets are taking Arabic. Third, recent coalition operations have shown us that we need to be interoperable not only with the U.S. armed forces but also with armed forces of other countries, such as the Netherlands, Australia, and the United Kingdom. In OEF, MSDF oilers have supplied not only NATO countries but also Pakistan and New Zealand with fuel and water.

However, our constitution imposes limitations in the missions we can conduct in OIF or in support of OEF Maritime Interdiction Operations. We now have an ongoing review looking toward revising our constitution which could allow our forces to more fully participate in future coalition operations.

The SDF also learned lessons from the tsunami relief operation last year, especially with respect to conducting operations in a joint environment and the need for common communication methods. Next month, the Japan Defense Agency will stand up a new joint staff. The Joint Chief of Staff will provide expertise and directly assist the minister of state for defense on SDF operations.

Future Plans

In view of this situation, the SDF are pursuing a more Multi-Functional Flexible Defense Force as specified in the 2004 National Defense Program Guidelines. However, we cannot react on our own against state and nonstate threats. We must enhance the U.S.-Japan alliance. In that process, integration is the key idea defining the future U.S.-Japan alliance. Both the U.S. Navy and the MSDF have achieved a high level of integration in operations. To react against illegal Chinese maritime research activities, one idea would be increasing combined exercises between the MSDF and the U.S. Navy in the East China Sea as well as in the Western Pacific. Regarding ballistic missile defense, the MSDF has four *Aegis*-equipped ships whereas the U.S. Navy has eight at Yokosuka. In addition to defending Japanese soil and people, Japanese ballistic missile defense objectives also include defending U.S. bases in Japan and U.S. soldiers and their families. Our ballistic missile defense efforts must be done in an integrated manner. Air defense efforts of both the U.S. Air Force and the ASDF will also be integrated at a new joint operations coordination center to be established at Yokota Air Force Base. U.S. Army, Marine, and Special Operation Forces possess superb operational experiences with respect to counterterrorism efforts in Afghanistan and Iraq. We hope that they can share that knowledge with GSDF soldiers at Camp Zama. There are many benefits that can be realized by integrating U.S. and SDF bases for joint use.

As for integrating intelligence sharing, the U.S. should release classified materials to Japan at the same level as they do with the UK, Canada, and Australia. According to the report *U.S.-Japan Relations: Progress Toward a Mature Partnership* published by the Institute of National Strategic Studies in June 2005, Japan's intelligence bureaucracies should be reformed by breaking down stovepipes. Intelligence sharing and coordination between the U.S. and Japan should remain a top priority. The stovepiping phenomenon

will be alleviated if the secret protection law prescribed in last October's "two + two" agreement is established.

The current guidelines for U.S.-Japan Defense Cooperation only focus on Japan's homeland defense and "situations in areas surrounding Japan." There is a need now to begin looking to greater global cooperation. We need to discuss role sharing in global cooperation. Which is better: horizontal/ mission-oriented cooperation or vertical/regional-oriented cooperation?

Impact on Alliance Management

Some say the Koizumi-Bush relationship is superb but that it reflects Mr. Koizumi's personal legacy and is not part of our national heritage. The suggestion is that when Koizumi leaves the Prime Minister's Office, his initiatives will go with him. I disagree. The sound state of the current U.S.-Japan alliance is supported by not only top leaders, but many levels, such as the military, bureaucrats, and diplomats. Therefore, I am optimistic about the future of the alliance even though Koizumi will leave office in September.

One concern is the Iranian situation. Since Japan imports a lot of oil from Iran and has invested in Iranian oil infrastructure, Japan will face a severe dilemma between participation in sanctions against Iran and maintaining an oil-oriented relationship with Iran. If Japanese leaders can not manage U.S. base issues as stated in the last "2+2" document, that will be another negative impact on the alliance.

For future coalition operations, intelligence sharing is critical. Intelligence-sharing between the U.S. and Japan should be promoted to the level of sharing with the UK, Canada, and Australia.

Regarding joint operations, jointness must be achieved not only among military forces; an interagency approach should be sought as specified in the latest Quadrennial Defense Review. Japan needs to promote interagency efforts to cope with nonstate threats. Failing to do so will have a negative impact on our alliance. As for threat assessments, U.S. threat assessments are focused much more on transnational threats such as international terrorism and proliferation of WMD, whereas Japanese threat assessments are more nation-oriented. Adjusting both assessments will be factors in alliance management.

I am concerned about the situation in the Middle East. U.S. armed forces have been fully engaged in Iraq, and recently the Iranian nuclear issue has bubbled up. I believe that the Iranian issue could become a higher priority for U.S. diplomacy than North Korea, despite the fact that North Korean nuclear development is much more advanced. If the Middle East situation becomes unstable, U.S. forces might not be able to also engage in a conflict in East Asia. This could affect U.S.-Japan alliance management.

If the Japanese constitution is revised and the SDF can exercise the right of collective defense, the U.S.-Japan alliance would be significantly strengthened. Ballistic

missile defense would be much more effective. Additionally, the SDF would be able to participate more fully in coalition operations such as the Proliferation Security Initiative and the Regional Maritime Security Initiative as laid out by Admiral Fargo in March 2004, when he was the commander of Pacific Command. That would not only have a great positive impact on the U.S.-Japan alliance but also in a global sense. If that occurs, Article 6, the so called Far East article in the Japan- U.S. Security Treaty, must be reconsidered.

In conclusion, both state and nonstate threats are increasing in terms of intensity and probability, and the U.S.-Japan alliance must be strengthened through more advanced integration.

The U.S. View of the Regional Security Agenda
By Michael J. Green

I'm going to talk about the regional agenda as viewed from Washington. I want to capture what balls are in the air, what's being debated about Asia and then think through the implications of that for the alliance agenda between the United States and Japan.

The U.S.-Japan alliance is not a hot topic in the administration or in Washington right now. That said, the U.S.-Japan alliance is the answer to many of the questions that are hot topics.

Look at a new poll that I just saw from the BBC. They interviewed about 50,000 people in 33 countries and they asked what country plays a positive role in the world. The country that got the most answers for playing a positive role – 31 out of 33 – was Japan. The U.S. got 13, China got 20. Two countries said Japan is playing a negative role: 71 percent of the Chinese said Japan is playing a negative role, 54 percent of the South Koreans said Japan is playing a negative role. In the United States, 66 percent said Japan is playing a positive role, which made it second only to the UK, which got 71 percent. Other polls show a steady increase in U.S. views of Japan as an ally when asked who is the U.S.'s closest ally; most polls have Japan just behind the UK, which I think is proof of the thesis, or at least is one metric, that suggests the U.S.-Japan and U.S.-UK alliances could be on the same plane.

That's an important poll for a lot of reasons. One is it points out the problems of Japan and Korea, but it also should give some heart, hope, and credit to the Japanese government and foreign ministry and Japanese people. It also points to a great well of potential diplomatic leverage Japan has in the world that may not be fully tapped right now.

One of the big issues, in terms of the Asia debate and Asia focus in the administration, is China. President Hu Jintao will come to Washington in the third week of April. The press will be full of arguments that the U.S. is divided; that the Pentagon wants to contain China and the State Department wants to engage China. These are sort of ridiculous, I hope people don't take them too seriously. When I was with the National Security Council we frequently would have European visitors come and complain about our policy containing China. I would say, "do you know who China's seventh largest export market is?" They would volunteer Italy or Spain, and I would say, "no, it's Wal-Mart." That is one U.S. company. This is not a strategy of containment.

On the other hand, the notion that the U.S. has a new girlfriend in China is also wrong. I was able to sit in on the famous Strategic Dialogue and the now-famous Robert Zoellick Senior Dialogue with Dai Bingguo in China. They are completely different. The Richard Armitage dialogue with the Japanese was about allies coordinating strategy. The premise going in is we had common values and interest and objectives and then we got right into the business of how we put our national power to work to solve the problem.

In the case of China, it's an almost Socratic discussion with Dai Bingguo about what it is to be a stakeholder. It's an attempt to try to get the Chinese to think about their role. I had a visit (like others) from the head of the Party school about a year and half ago. They came to argue that China is a positive force in the world because China only cares about oil. And in places like Nigeria, China doesn't care about genocide, China only cares about oil, so China is a benign force in the world. I said "that's mercantilism." The translator got stuck on mercantilism and there was a big debate about what mercantilism is, and then they wrote the characters in Chinese, which I can read, and I said, "yes, that's mercantilism." Then the Chinese delegation had a debate about whether that was a good thing or a bad thing. I think the Chinese are defining their roles as they go along. I think the Chinese have instincts, fears, insecurities, prejudices, hubris, but I think in many ways they're finding their role in the world as they go.

This is the back drop for the visit by Hu Jintao, where the main things are international property rights protection, currency, and the like. A lot of his visit is going to be about being a stakeholder and what role China plays in the world, in an attempt to get the Chinese to think in positive ways. It's my view that China's goal in Asia is a kind of bipolar condominium arrangement with the United States, not confrontation, but an accommodation where China has as much leverage as possible. To do that, China needs to marginalize Japan. China would like to deal through this power on material things, on economic issues, on military issues, on the basis of a 19th-century concept of the nation state. No interference in internal affairs. The U.S. view going into this is we're very much a 21st-century nation and it's very much about interference in internal affairs and studying norms of behavior and having contributing stakeholders.

That's the theme and tone in the dialogue with the Chinese. The press will be all hysterical. And you can expect all sorts of charging of "Japan-passing" and "containing" by DOD vs. "engagement" by State. I think you need to cut through that and look at the real theme, which is shaping Chinese behavior.

The implications for the U.S.-Japan alliance over the coming years I think are very, very significant. I think, and I think a lot of people in the administration share this view, it is critical that Japan have a presence, have weight, that Japan be a thought leader; Ambassador Kato's speech was perfect in that respect. The values basis for this alliance is not just good for the alliance, but it helps to shape Chinese behavior, too. And if the Chinese are forced to talk about an agenda in Asia that has to do with behavior, and norms of behavior and values in the future – not in the past, not in terms of the traditional nation state, or carving up the world – it will greatly benefit the U.S. and our dialogue with China and it will greatly help Japan.

So I personally feel that Japan's foreign policy agenda should be very much along the lines that Ambassador Kato articulated, which has emphasized values. There are place like Burma or Iran where it appears the U.S. and Japan have different views, and I would argue that Japan needs to take a fresh look at some of these issues to think about the signals it's sending to Asia and this growing number of democracies about its agenda for the region. It ought to be an agenda based on this rule of law, freedom of speech, and

democracy. This is not about containing China, it's about shaping Chinese behavior, and keeping Japan's weight up. It's also a good antidote for the history issue. The history issue is corroding Japan's position in Asia, no doubt about it. That does not mean stopping Yasukuni visits is the right answer. There are pros and cons to every option available to the prime minister and it's not so clear cut. But certainly one part of the answer has to be a more proactive vision for the region along the lines that Ambassador Kato articulated.

The second hot topic is North Korea. The September agreement that produced an agreement on principles was important. It was a very important step forward and it took a lot of hard work. It is not a breakthrough, it does not represent a strategic decision by Kim Jong-il that he has given up his nuclear weapons, or that he will give them up. But I think the six-party process has locked the Chinese into this in a way that they are pressing the North Koreans not to provoke and not to make their nuclear weapons card clear. China doesn't want to have to deal with the consequences and China is now in this in a way in which it would have to respond. There are cases where they have clearly put pressure on North Koreans not to escalate.

On the other hand, they are not willing to put enough pressure to get the North Koreans to give up their nuclear weapons, if it risks instability. That's sort of the Chinese metric.

So, I think the talks will continue. I predict that the North Koreans will come back because I think it's very awkward for Hu Jintao to come to Washington in April with this Six-Party Talks process – a pillar of U.S.-China cooperation – and not have the talks back on track. We won't have the satisfaction of a breakthrough, but we won't have the satisfaction, if you will, of a provocation either. It's going to muddle forward. I think there are several things that will flow out of this that are important for the U.S. and Japan. There is going to have to be a lot of work bilaterally about what we can live with for verification. The U.S. and Japan will probably have the highest standards of the six, and we ought to start thinking about what they are.

Extended deterrence and counter-proliferation ought to be quietly talked about, and not reflected on the public record of this meeting, but quietly talked about, because we are not going to have clarity on this for some time. There will be at least a thinly veiled North Korean nuclear weapons capability that the world will see. We are not going to get rid of that easily, and we need to be thinking through about how to maintain the credibility of the extended deterrent and to help Japan make good choices.

If you read the September agreement there's a lot of language about peace mechanisms and the future structure of the Peninsula and economic cooperation. That's going to be very hard to implement if North Korea doesn't play ball. But it's opened up an awful lot of discussion in Northeast Asia about the future of the Peninsula, about the future U.S. force structure, and frankly that's a very good and healthy thing no matter what North Korea decides. If the U.S. and Japan and China and Korea can start to get some vision of what the Peninsula and what the region would look like, it makes it a lot easier for all of us collectively to deal with whatever path North Korea chooses. And that is also what the

U.S. and Japan should quietly be thinking about. There used to be a lot of this, when people thought North Korea would collapse 10 years ago, on the track-two level, and I think its time to start doing a lot more of that and start thinking through the future. In my view, it's a confidence building exercise with China and other players.

India is going to be hot. The president is going to be arriving in New Delhi on March 1. People will be very focused on the civil nuclear separation agreement. But the civil nuclear arrangement is not the core of the U.S.-India relationship. There is a momentum to this relationship that is very, very strong in both Delhi and Washington. Before Prime Minister Koizumi went to Delhi, the Indians called on me and others in the administration, asking for our good offices to explain to Japan how important Japan was to India. Another thing that was very interesting was how many Indian officials read the Armitage report and other things written on U.S.-Japan relations. It's something of a model for those in India who want to have a closer alignment with the U.S. and a more active global foreign policy.

I think Japan should be waking up to India, should be thinking strategically about it. It's not about book-ending China. For the relationship to be sustained there has to be real economic investment. It can't just be the security people looking at this. My impression is that there's a bit of an India boom in Tokyo now that business and others are really looking at it. That's a very healthy thing in terms of shaping Chinese choices, because it says, "here's another big growing country where people could pay attention, where investment could flow, where the unions are making some very good choices, where there is intellectual property rights protection, individual freedom, and liberty. And it also helps buoy Japan's own presence by emphasizing the global good work that Japan does. The tsunami is another good case in point.

Another topic is this unfolding regional architecture. When I started at the NSC, Dr. Rice would come down Friday nights for these long seminars on strategy back in 2001, and from the beginning she was talking about regional architecture in Asia. We need more, we need institutions, we can't be backing into it. We need a good bilateral dialogue on this between the U.S. and Japan. I think the Japanese foreign ministry did a skillful job getting India and Australia into the East Asia Summit. The evidence that it was successful was that China lost interest very quickly. I'm personally not attracted to this community building notion. I think that for Japan, architecture should be about norms and setting an agenda along the lines that I described earlier, that Ambassador Kato referred to. It's important that Japan be agenda setting and not just setting up meetings. It would frankly give people in Washington a lot more comfort.

It's important to compare notes and make sure that we're not creating competing institutions that sap resources that weaken APEC and end up creating value-neutral forums where China has a free hand. It's going to take a lot of quiet coordination, especially about the content of the meetings. There were times in the past when the ASEAN Plus Three agenda and its joint statements were quietly coordinated with Washington by Tokyo and Seoul and other friends. It's important to be constantly comparing notes on the agenda at

these meetings. That requires the North American Affairs Bureau to keep after the Asia Bureau and keep after METI.

The administration has had a three-prong economic approach: global liberalization, the WTO, and regional liberalization. In Asia, that's APEC, and bilateral FTAs. There's been talk about a free trade agreement (FTA), but the reality is the president only has about a year or so left in trade promotion authority and he is using that to get the Doha round through. APEC meets in Vietnam next year, and I wouldn't expect too much. In bilateral free trade negotiations, Thailand is going slow, Korea is really taking off, and Malaysia is a probable.

Japan, I'm sorry to say, is just not on the map. This is an issue of concern. In the Doha context, Japan is viewed as unhelpful because of agriculture and Korea is viewed as helpful. India is increasingly viewed as more helpful than Japan. That's not a healthy thing for a bilateral relationship. When the administration looked up FTAs, Japan wasn't on the list. It just was seen as too hard to do and the economic partnership for growth was very vibrant, but has not met in about a year and a half.

Maybe the answer is to study the FTA. Somehow the U.S.-Japan economic agenda has to get put back front and center. It doesn't make sense for the first and second largest economies in the world to not be actively thinking about how we integrate.

Last, but certainly not least, is transformation. The Okinawa issue, the transformation degree, is very, very big press in Japan. It would be very hard to find an article about it or discussion beyond a few people in this room in Washington. I think Prime Minister Koizumi will come to Washington at least one more time before he leaves office. It will be a rude shock for some of my former colleagues to find that the "2 plus 2" statement is not moving. The confidence in Japan and the alliance is so high that it would be a bit of shock to everyone that dugongs could block implementation of a decision.

It's tough and there's not a person or a mechanism to implement this. We used to have the good old *habatsu,* the Hashimoto faction, and the old structure of LDP politics to do this when you needed local retail work. But Prime Minister Koizumi has successfully destroyed them. So how does he go about implementing a decision that requires grassroots help in Okinawa? The options are a special law, which is very controversial. Someone in the bureaucracy in Japan would probably like to do that because it's clean and easy for the bureaucracy. But there are probably a lot of complications. You could have a special envoy who takes on this task of doing the *nemawashi* in Okinawa. I hope that the Japanese side does something quickly to make this happen because it would be a rude shock when Prime Minister Koizumi comes to the U.S. if Washington sees that we didn't actually do anything on this agreement.

There is a second transformation question. It would also be a shock for people to find that we never did much on rules and missions and the guidelines review. There's always been two pieces to these big moves in the alliance: reducing the burden and increasing the efficiency and capability of the alliance. Because the Koizumi government

did so much for OEF and OIF, that piece is already done. Now we need to attend to the Okinawa part. But there is a question of how you put into place a legal structure that allows the dispatch of SDF without a complicated Diet legislative debate every single time. Next time there might not be a Koizumi who sees political advantage and who understands the importance of doing this. Japan won't be able to dispatch forces because the prime minister at the time doesn't want to hold the Diet debate. That's going to be a rude shock to Washington because people are used to and assume that Japan can do this.

And then there's Iraq. Where people are focused on the U.S.-Japan alliance in a lot of ways is in the context of Iraq. The GSDF deployment has been terrific and strategically very important, a psychological breakthrough for the world, and I would bet has had a lot to do with those polling numbers I mentioned at the outset. The fact that there are boots on the ground, that Japan's taking risks, and is not just giving money or sending diplomats, may account for the very popular view of Japan around the world.

On the whole, Japan has a lot to work with, and those opinion polls that I have pointed to you are the evidence of that. Japan can put forward a vision, proactively. The world is hungry for that, and I think that gives Japan enormous opportunities.

Thanks.

Future Vision for the Alliance
By Hitoshi Tanaka

I would like to make a brief presentation about a future vision for the U.S.-Japan alliance.

I would like to talk about three needs, three dimensions which require certain changes. One, is the need for evolution; second, the need for power sharing; third, the need for much closer consultation and coordination, particularly in relations to East Asia.

Let me take up those needs one by one. First, we question the need for evolution. This is more to do with the need on the part of Japan to assume more responsibility in relation to its own national security. I accept Ambassador Armitage's statement yesterday that Japan should be doing more. I also accept the statement of that we should be more proactive. But we have come a long way.

Ten years ago in 1996, I joined this seminar. I was then deputy director general for the North American Affairs Bureau. We have come a long way since then. The defense cooperation guidelines, the wartime legislation, the laws regarding counter-terrorism and the operation in Iraq. It's amazing to see that evolution taking place in Japanese security policy. But at the same time it remains to be seen how we could evolve our security policy farther down the road. I think the crucial question has to do with the question of collective self defense. I have the gut feeling that in the not too distant future Japan will be either changing the law, in particular the constitution, or changing the interpretation of collective self defense, and we will be able to exercise our right of collective defense. But at the same time, we need to change the mental outlook on the part of Japan as well.

I would first like to discuss the question of North Korea. I do believe that dialogue and pressure are compatible. There is no such thing as dialogue without pressure. North Korea acknowledged the crime of abduction, apologized for it, and sent five survivors to Japan, and signed the Pyongyang declaration as a result of dialogue, but we operated with very, very strong pressure from the United States. North Koreans wanted to find a way to improve relations with Japan while the United States dictated a very tough policy against North Korea. This is a very important element for the management of the alliance. What Japan should do is use the strong alliance relationship with the United States to achieve a common objective shared by Japan and the United States. (The same thing applies to Myanmar based upon a strong alliance relationship, we would like to change the policy on the part of the government of Myanmar. And also on the part of the government of Iran.)

When we discuss this very question some politicians argue that we should just exert pressure. I argue that if pressure is not well thought out pressure, it could lead to a crisis situation. Then politicians counter, "well, in that case the United States would come to help us." That is the mentality we need to change in Japan. I think that Japan should assume more responsibility in terms of national security but at the same time it is extremely important for Japan to change the mental attitude over the issue. That is point

number one: the need for evolution both in terms of substance of security policy and also in terms of mental preparedness.

The second need I would like to talk about is the question of power sharing. Yesterday, I talked about the disappointment I had when I saw the article that the decision to bring Iran to the UN Security Council has been made by the P5 countries and Germany. Why not Japan? As I stated, we have been operating vis-à-vis Iran with a very precise nonproliferation agenda in mind. We had a substantive relationship with Iran, oil imports, the development of oil fields, and substantial economic and technical cooperation and we very much wanted to use that as a leverage against Iran's nuclear ambitions. Therefore, we thought we had been playing a useful role. But we found out that Japan was excluded from the decision making process regarding Iran.

One issue remains: the question of the UN Security Council. I wasn't entirely sure if the United States truly wants Japan to sit on the Security Council. During my days as deputy minister in the Japanese Foreign Ministry, I never felt real enthusiasm on the part of the United States in relation to the Japanese bid for the UN Security Council. Yes, the U.S. is in absolute agreement with Japan's bid but, I am not entirely sure if the United States is prepared to work to make it possible with a precise game plan. I hope this is the case today, but one of the important elements of the future of the alliance is how to make sure that Japan has a voice in international affairs. It is important for us to articulate the purpose for demanding more representation in the international decision making process. Japan and the United States indeed share the common objective of promoting democratic regimes and the democratic process, the rule of law, human rights and all sorts of things. That's my second point for the future alliance: we need to be thinking about power sharing in the international scene.

The third issue is the need for much closer consultation and cooperation between Japan and the United States, in particular in relation to the question of East Asia. The whole question is how to shape the future stable order in East Asia. We talked about China. We talked Korea. We talked about East Asia community building. On Korea, Japan indeed took the lead in relation to North Korea. We discussed the matter with the U.S. in relation to a possible breakthrough in our relationship with North Korea much in advance. Thanks to the efforts by people like Jim Kelly, and Rich Armitage, President Bush supported the initiative on the part of Prime Minister Koizumi, and we are grateful for that. We would like to see the outcome of the goal to be implemented, the desired goal which has been written in the Pyongyang Declaration. There has been talk about a possible trip on the part of the prime minister, the third trip to North Korea. I don't think that will take place under the current circumstances. The kind of road map illuminated in the Pyongyang Declaration is now sort of translated into a multilateral context in the form of the joint statement of the Six-Party Talks. So from now on I think how to coordinate the policies toward North Korea, between Japan and United States and the rest of the six parties will be extremely important.

Regarding East Asia community building and the Japan-China relationship I have written two papers. The first is titled "East Asia Insight: ASEAN and the East Asia

summit, a two-tiered approach to community building," and the second, "Japan and China at a Crossroads." We feel that what is important is not making an institution; what is more important is substantive cooperation in East Asia in relation to investment, trade, human security and all sort of questions. We have come a long way to include Australia, New Zealand, and India. Look at Prime Minister Koizumi's speech in Singapore in January 2002. It talked about the outcome of community-building efforts. We need this community building for the sake of converging a possible exclusive nationalism into a constructive regionalism. I hope that the United States will understand the very basic objective for the East Asia community building.

When examining Sino-Japanese relations we should not just look at the question of Yasukuni. The Yasukuni question needs to be seen in a much wider context.

Recently the former prime minister of Singapore, Goh Chok Tong, talked about the need for grand bargain between Japan and China. Goh Chok Tong did this without elaborating on the precise content of the grand bargain. I have talked about the possible content of such a grand bargain. First, it's clearly a question of history. I think it is time for Japan and China to treat history in relative terms not in an opposing terms. I recommend creating an impendent commission on history consisting basically of historians. There is a clear need for China to educate the Chinese in relation to the history which started after the war as well.

The second is the need for the cooperation in relation to security as well. I am proposing a "2+2" between Japan and China, but this "2 +2" is different from the "2+2" between Japan and the United States. The Japan-U.S. "2+2" is based upon the U.S.-Japan security alliance. It's more to do with hard defense and hard security. With China, it will have to focus on confidence building. We also need to be more pushy in relation to needed transparency on the part of the Chinese military program and defense budget.

Third, I talk about managing economic growth. The United States must be prepared to tackle difficult questions Chinese are having in relation to their future stable growth: question's of income disparity, energy, the environment. Its time for us to seriously engage China to address and resolve those difficult, but important questions, for the world as a whole.

The fourth element of the grand bargain has to do with East Asia community building. People talk about a rivalry between Japan and China in relation to the East Asia community building process. That East Asia community will not emerge soon. It will take, 20 years or 30 years? But the important thing is to create a process and the process needs to be centered on the investment, trade, the free trade area in East Asia, and the question of human security like bird flu, HIV AIDS, etc. We have talked about the U.S.-Japan free trade agreement, and possible demonstration of that. I have some reservations in relation to that. We are in a sense pursuing two basic objectives. One is a strong alliance with the United States because we share values, and we have similar governments. But at the same time, we are Asians, and we need to develop a better Asia. For that Japan would have to be proactive in making Asian markets more free, and resolving human

security questions. So I would rather hope that the Japanese government would decide to move to a free trade network in East Asia including China. But at the same time, it may make sense for both Japan and United States to discuss the future possibility of a free trade agreement.

Again, I am a strong believer in the evolution of the alliance between Japan and the United States. So the point I made on three accounts, the need for evolution, the need for power sharing, and the need for closer coordination of policies in particular regarding East Asia. I would very much hope that will be the path we can pursue. Thank you very much.

The Alliance: A Future Vision
by James A. Kelly

As we examine prospects for the U.S.-Japan relationship under the Security Treaty, I find myself optimistic. This is more than a projection from the strengthened relationship that has marked the presidency of George Bush and the premiership of Koizumi Junichiro. There are bound to be problems and plenty of tensions as future political leaders, especially in Japan, are likely to be less dedicated to pleasing the American partner. And nationalism in Japan, or at least a collective sense among Japanese of a special leader's role in Asia, will also test the alliance.

To meet this test, the U.S. must recognize a need for greater symmetry in the alliance. But I believe this is likely, and the adjustments in the military base structure recently agreed will ensure a more equal partnership than has been the case. At its core, this will be because the imperative for a strong and effective U.S.-Japan alliance will remain great on either side.

The U.S. needs a partner in Asia, and it has a good one, both in working with resurgent Asians and their energetic homelands, and in a geographic sense to offer bases for the military forces that will continue to be needed. And military forces will be needed because stability will still be threatened, perhaps in new ways, and because tangible military threats – especially North Korea – will need to be deterred.

Japan, for its part, is unique in Asia in its culture, in its wealth and in its insular geography. Proceeding alone in a dangerous world is unattractive for many reasons. The cost alone of the full range of modern military capabilities keeps Japan on the path it chose a half century ago. To some Japanese, broader options, with many nations working together, looked attractive in earlier times.

But Japan, with its recent UN experience, is beginning to grasp just how difficult change will be for that world forum and for other multilateral institutions as well. Although "reforms" have broad support and weaknesses of the UN system are well known, those countries with perceived power, such as the United Nations Security Council's "Permanent Five," are most unwilling to give up any of that power. So Japan must look first to its alliance rather than hope for some multinational breakthrough.

Future Alliance Challenges

If it is to meet the partners' needs, the alliance should prepare for realities that it will necessarily confront. In my view, the five below are the basic challenges that the modern alliance must face.

1. China's peaceful rise, to what has become a global economic, political, and military power, is the greatest challenge. The implications of this challenge are being extensively covered by other presenters at this conference. Most assuredly, this challenge does not presuppose armed conflict or even enmity. But the new China is so large, and its future path so uncertain, that the conduct of relations with China will be the primary Asia-Pacific task, together or singly, of the United States and Japan. Cross-Strait (China-Taiwan) tensions, although less intense recently, have implications for both partners, as was recognized in the 2005 Joint Statement.

2. As oil prices rise, it is apparent that energy competition is a reality, and may generate threats. In modern times, Japan has been constrained by and concerned with energy supplies and this can only intensify. The United States has become dependent on imports of oil, too. But it has yet to fully grasp the implications.

3. Unexpected emergencies, by definition, are unpredictable and the best preparation can only be to have well-organized first responders, civil as well as military. Tsunamis, earthquakes, floods, and such eventualities as a coup or collapse in North Korea are part of life, and Japan and the United States can, together, strengthen the individual capabilities of each. The military planning process, second nature in an alliance, is especially useful machinery when sudden disaster strikes.

4. North Korea is stable in a way, if we accept the unacceptable, of well-hidden nuclear and missile capabilities, regularly accompanied by bellicose assertions and occasional short of war misbehavior. Such behavior is usually to draw attention, including benefits from other countries as well as a useful internal sense of crisis. The truth, reluctant as our South Korean friends are to admit (having chosen stability to facing up to dangerous misbehavior), is that this is a military threat that continues to require deterrence, diplomacy, and measured pressures.

5. Japan's watershed political year, 2006, will bring new leadership to the fore, and the two countries' top leaders will be slightly less familiar with each other. President Bush and Prime Minister Koizumi have had an unusual mutual relationship – a confidence that the other's word is a bond, even if politics may delay fulfillment of one or another personal commitment. This will have to be built anew.

Mutual Concerns and Problems: Cooperating to Resolve

Beyond the outside challenges outlined above, there are a number of concerns – most primarily internal – that must be faced for the alliance to prosper.

Public Attitudes are one such concern. In America, there is some sense that the U.S. stands alone, although the perception of Japanese cooperation – far stronger than other nations – has been marked.

Americans since Sept. 11, 2001 have a continuing sense of a quite unprecedented 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. They will confront in partnership with others if possible, but alone if necessary. The sense of risk among many Americans – certainly among its leaders – is much more intense than comparable feelings in Europe, and probably in Japan. Given an international polity that may not share such an immediate sense of risk, this leads to attractions of unilateralism.

All of this occurs at an unprecedented time of political polarization in America. The political methods for setting congressional districts have led to a division of the House of Representatives into predominantly 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 and see little need to seek consensus solutions to complicated problems. The same feeling can affect international relationships, too.

Japan, as well, has undergone profound political change. The factions of the Liberal Democratic Party (LDP) that offered strength and financial support to members for so long, are weakened if not destroyed. Yet the leftwing opposition has lost even more. So there is a kind of unpracticed nationalism, which leads Japanese, too, to look first to themselves, thus weakening an alliance approach to many problems.

As North Korea postures in a threatening way, especially as it displays ballistic missiles, and as China continues its own relentless and less than transparent collection of medium- and long-range missiles, the **credibility of the nuclear umbrella** has never been more important. The heart of the alliance is Japan's choice not to develop forces that can project power away from the homeland. Even more important, Japan has renounced nuclear weapons as a part of its defense. To do so, it relies and must continue to rely on America's share of that burden, namely to view any nuclear attack aimed at Japan as an attack upon itself. This part of the alliance is not in trouble, but it must never be taken for granted. North Korea has probably developed nuclear weapons of some type or size. Some in South Korea even offer wishes for weapons capabilities, "after unification." The nuclear umbrella, which covers South Korea too, under that country's alliance with the U.S., must be credible and remove the need for more spread of such dangerous weapons.

Lengthy discussions at the official level have touched on **Okinawa and other basing** questions and risks. These issues have been discussed for years, and are a problem that is more serious than ever. Japanese localities' attitudes toward U.S. bases vary, but the sense that, if one complains loudly, there will be more generous rewards from the central government, makes a difficult matter more so. Of course, there should be concern and necessary amelioration of unusual noise or disruption to areas that bear a burden. This is especially true of Okinawa. But bases are necessary in a world that is not safe. And a

frozen situation that causes – as in the case of MCAS Futenma – endless continuation of flight operations in a place that is so very close to the civilian populace, because no choice can be made and carried out for safer alternative locations is a political paralysis that Japan needs to reject. This is also true, to a lesser extent, at NAS Atsugi, closer to Tokyo. The central government needs to address these issues before some really damaging accident occurs.

Intelligence sharing has never been more important. Japan is developing its own information means, including satellites and imagery analysis, but cooperation with the U.S. continues to be vital. This cooperation is not, in my view, as thorough as it might be. Two problems are worth mentioning. First, although Japan values this information, and generally treats it responsibly, occasionally there are bureaucrats or politicians whose treatment of the information is careless. Japan has no legal secrecy protection law and, as a result, those few irresponsible individuals are seen to act with impunity. Second, this outsider senses that some bureaucrats in Japan still seem to value their ministerial interests over national ones. Sometimes this means withholding useful information from either responsible political leaders or from other bureaucrats, somehow seen as rivals.

A mature, more equal alliance needs close and continuous information sharing. Both sides, but especially Japan, need to work to reach that.

Another problem – Japan's **strained relations with South Korea and China** – is extant. The U.S. government is often asked to take a side, or at least criticize Japan, and has been understandably reluctant to do that. Internal politics and, especially in the case of China, a highly selective view of historical questions, are important drivers of each set of criticisms. Many in Asia suggest that the U.S. supports an intensification of these historic grievances. In truth, it has been made clear by statement, and discerned by analysis, that the U.S. does not favor or find benefit in this friction. For example, the dispute over history with China puts Japan at a disadvantage in serious issues such as Chinese expansionism in the East China Sea.

The Yasukuni Shrine is a matter for individual choices, and every nation needs a proper place to memorialize its fallen troops. But visits to this particular shrine, largely because of the museum within its grounds, plus the honor accorded those guilty of war crimes, becomes, as Professor Gerald Curtis has put so well, a Japanese practice which the U.S. can never support. My sense is that Japan has allowed too much control over Japan's future direction to fall into the hands of individuals and groups with a view of history that few Americans would support.

Economic relationships are generally peripheral to the alliance. But it must be offered that the beef restrictions, over two cases in the U.S. in aged cattle not subject to international trade, particularly aggravate interests in the U.S. farm states, especially those that have America's greatest stake in the open trade that has so benefited Japanese manufacturers.

There are also important American economic realities, mostly not well understood.

They include the 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.

Conclusion

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.

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 happy to join in offering views.

About the Contributors

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Richard L. Armitage is President of Armitage International, and a former U.S. Deputy Secretary of State. Prior to assuming that post, he was President of Armitage Associates L.C. from May 1993. He has been engaged in a range of worldwide business and public policy endeavors as well as frequent public speaking and writing. Previously, he held senior troubleshooting and negotiating positions in the Departments of State and Defense, and the Congress, including as Assistant Secretary of Defense for International Security Affairs. He is a graduate of the U.S. Naval Academy.

Yoichi Funabashi is the chief diplomatic correspondent and columnist for *Asahi Shimbun*. He has been a Nieman Fellow at Harvard University and a Ushiba Fellow at the Institute for International Economics in Washington, D.C. He is the author of several prizewinning books and was awarded the 1985 Vaughn-Uyeda Prize for his coverage of U.S.-Japan trade frictions, and was granted the Sakuzo Yoshino award for the Japanese version of "Managing the Dollar: From the Plaza to the Louvre" (revised edition, 1989). He is also the author of *Asia-Pacific Fusion: Japan's Role in APEC* (1995), which was awarded the Asia Pacific Grand Prix Award.

Brad Glosserman is Executive Director 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.

Michael J. Green is Senior Advisor and Japan Chair at the Center for Strategic and International Studies. He is a former Special Assistant to President George W. Bush for National Security Affairs and Senior Director for Asian Affairs at the National Security Council. He joined the NSC in April 2001 as Director of Asian Affairs with responsibility for Japan, Korea, and Australia/New Zealand. From 1997 to 2000 he was Senior Fellow for Asian Security at the Council on Foreign Relations, where he directed the Independent Task Force on Korea and study groups on Japan and security policy in Asia. He served as Senior Advisor to the Office of Asia Pacific Affairs at the Department of Defense in 1997 and a consultant to the same office until 2000.

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.

Yoshio Okawara is President of the Institute of International Policy Studies. He is a former Executive Advisor to the Keidanren, Advisor to the Ministry of Foreign Affairs, and Executive Advisor, Kobe Steel Ltd. He is a former career Foreign Service officer who served as Ambassador to Australia and the United States (1980-85). Amb. Okawara is active in domestic and international affairs. He assumed the original co-chairmanship of the Canada-Japan Forum 2000, an advisory committee convened in 1991 to review bilateral relations and explore possible areas of increased cooperation.

Fumio Ota is Director of the Center for Security and Crisis Management Education at the National Defense Academy of Japan. He obtained his Ph.D. from the School of Advanced International Studies, Johns Hopkins University. From 1996 to 1999, he served as the Defense and Naval Attaché at the Japanese Embassy in Washington DC. Upon his return to Japan, he was assigned as the Director J4 (Logistics), Joint Staff Office, Japan Defense Agency from 1999 to 2001. During these assignments, Dr. Ota received two legion of merits. After a brief assignment as the President of the Joint Staff College in 2001, Dr. Ota was assigned the director of Defense Intelligence Headquarters until January 2005 when he retired with the rank of Vice Admiral.

Hitoshi Tanaka is Senior Fellow at the Japan Center for International Exchange and was Deputy Minister for Foreign Affairs of Japan until August 2005. He has also been a visiting professor at the Graduate School of Public Policy, University of Tokyo, since April 2006. He had previously been Director-General of the Asian and Oceanian Affairs Bureau (2001–02) and the Economic Affairs Bureau (2000–01); Consul-General in San Francisco (1998–2000); and Deputy Director-General of the North American Affairs Bureau (1996–98). He was Director for Policy Coordination of the Foreign Policy Bureau, Political Minister at the Japanese Embassy in London (1990–93), a research associate at the IISS, London (1989–90), Director for North East Asian Affairs (1987–

89), and Director for North American Affairs (1985–87). He has a B.A. in law from Kyoto University and B.A./M.A. in PPE from Oxford University. Mr. Tanaka has contributed many articles to publications including *GAIKO Forum, Bungei Shunju*, *Gendai*, and various newspapers. His latest publication is *Kokka to gaiko* [The Nation and Diplomacy] (2005).

APPENDIX A

12th 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

February 22-23, 2006
Pan Pacific Hotel • San Francisco

Agenda

Wednesday, February 22

Morning — Participants arrive

Noon-2:00PM — Lunch at leisure

3:15PM — **Welcoming Remarks** — *Bella Vista Room, 21st Floor*
Makio Miyagawa, JIIA Director
Ralph Cossa, Pacific Forum CSIS President

3:30-5:30PM — **Session I: Overview of the Global and Regional Security Environment**
U.S. Presenter: Michael Armacost
Japan Presenter: Yoichi Funabashi

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 rise and its deeper involvement in regional multilateral efforts; prospects and concerns regarding cross-Strait relations in light of the December 2005 Taiwan elections; current China-Japan relations and impact on the U.S.; and the impact of President Bush's November 2005 tour of Asia. 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.

5:30PM — **Session I concludes**

6:00- 9:00PM — **Dinner** — *Terra Vista Room, 21st Floor*

Keynote Address: Ambassador Richard Armitage
President, Armitage International

Keynote Address: Ambassador Yoshio Okawara
President, Institute of International Policy Studies

<u>Thursday, February 23</u>

8:00-9:00AM Government officials-only breakfast meeting, *Mason Room, 2nd Floor*

8:00-9:00AM **Continental Breakfast** *Bella Vista Room, 21st Floor*

9:00AM **Keynote address: Ambassador Ryozo Kato**

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: Prospects for Reorientation of Security Policies and their Global Impact
Presenter: Fumio Ota

This session will focus on Japan's security policy, including how the reorientation of its foreign and defense policies as articulated in the 2004 National Defense Program Guideline continues to evolve. What are the challenges to implementing the goals outlined in the October 2005 2+2 statement? How does Japan view its ongoing role in Afghanistan and Iraq, and has Japan learned any lessons that would inform future coalition operations? How is Japan's security policy and alliance management likely to evolve in the post-Koizumi era? What is the status of and prospects for constitutional reform? What is the impact of that debate on Japanese security planning and the alliance?

10:45-11:00AM Break

11:00-12:15PM **Session II: Part B: United States Overview: Future Changes in Security Policy and Impact on Asia**
Presenter: Michael Green

This session will focus on what changes, if any, are anticipated in regional and global security strategies during the final years of President Bush's second term, and how these potential changes may affect alliance management. What are the challenges for the U.S. to implement the goals outlined in the October 2005 2+2 statement? 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? How will force posture changes in Japan, 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***
Speaker: D. Kathleen Stephens
Principal Deputy Assistant Secretary of State

2:00-4:30PM **Session III: Future Visions of the Alliance**
Japan Presenter: Hitoshi Tanaka
U.S. Presenter: James A. Kelly

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 are the prospects for the changes envisioned in the October 2005 "2+2" document? 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? What will be the impact of the development of missile defense? 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

3:45-4:30PM **Session III resumes**

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

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

6:00PM **Meet in lobby for transportation to dinner**

6:30-9:00PM **Dinner at Consul General Makoto Yamanaka's Residence**

APPENDIX B

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Participant List

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