Japan-U.S. Security Relations: Managing Future Challenges

A Conference Report

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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. The Pacific Forum CSIS apologizes in advance for any misreading of the views of participants.

Foreword

The Japan Institute of International Affairs and the Pacific Forum CSIS were very pleased to convene the 9th annual U.S.-Japan security seminar on March 20-21, 2003 in San Francisco with an excellent group of participants. As in previous years, we brought together Japanese and American experts, both in and out of government, whose utmost concern is the vitality and longevity of the U.S.-Japan alliance. This dialogue provides decision-makers in both countries with valuable insights and ideas aimed at improving alliance management in both countries, regarding national, regional, and global issues and perspectives.

In the year since our last meeting, the U.S.-Japan alliance has become stronger in many ways, particularly as regards cooperation in the war on terrorism. The shared bilateral commitment to the alliance was particularly in evidence literally on the eve of our meeting this year, which occurred just as Operation Iraqi Freedom began. Prime Minister Koizumi Junichiro very quickly pledged his unswerving support for the United States military action and the Americans around our conference table greatly appreciated the prime minister's very vocal and public support, regardless of individual opinions toward the Iraqi intervention.

This kind of commitment reminds us of what an alliance is and should be; yet it also raises questions of how we deal with future challenges. This is especially true regarding the North Korea nuclear crisis, which is close to home for both countries, but particularly for Japan. Whether alliances are moving into unchartered waters as "coalitions of the willing" are organized around specific problems is another of the many serious security issue dealt with during this year's candid, constructive dialogue.

Due to events in the Middle East, the participation of some of our esteemed Japanese and American colleagues was not possible. Yet the exceptional expertise and varied voices of opinion around the table made for a robust interaction and exchange of views. We very much look forward to next year when we convene the 10th annual U.S.-Japan security seminar.

Finally, we wish to express our appreciation to the participants who made time in their schedules to be with us during what had portended to be, and certainly was, a very trying and uncertain week in international affairs. It was their commitment, insights, and ideas for the future of the alliance that made this conference a success.

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Conference Summary

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Introduction

On March 21-22, 2003, more than 30 current and former Japanese and U.S. government officials and security and economic specialists met in San Francisco for the 9th Annual San Francisco Security Seminar. During a day and a half of intensive dialogue, the participants debated and exchanged views on a wide range of concerns and issues that the two countries face in the post-September 11 security environment, including at the bilateral, regional, and global levels. The conference theme of "Meeting Future Challenges" clearly derives from the positive direction the bilateral alliance has taken in the wake of the September 2001 terrorist attacks, and participants were challenged at the outset to share views on how best to maintain the alliance's current good health, as well as to identify those issues and challenges that need more work to satisfy either or both parties in the future. Readers will find that some of the issues raised by participants and outlined below have new impetus – the North Korea nuclear crisis fueled much discussion – while other issues are more familiar ones, such as Japan's internal debates about its security role, but with new information and insights.

Yet the bulk of issues that sparked participants' interest focused on how the two countries can grapple with new security concerns in the post Sept. 11 world, and how this affects constructive management of the alliance. The sections below closely follow the conference agenda, concentrating on current concerns and developments in East Asian security, the evolving security policies of both Japan and the United States, including their respective interests on regional and global issues. A final section addresses future issues that both governments should be alert to as they consider how to improve alliance management. Readers should note that this summary reflects the rapporteur's notes and interpretations of discussions, and is not intended to convey consensus. It also strives to respect the off-the-record, not-for-attribution nature of the conference.

Current Concerns and Developments in East Asian Security

Overview. The current trend in U.S.-Japan relations is extremely positive. Japan will continue to seek a partnership with the United States rather than a patron-client relationship, developing a greater independence in policy decisions. Japan's principal challenge, however, is economic, as its decade-old decline is weakening its role on the regional and global stage, although this will not negate its significance in the balance of power in Asia.

In regional security relations, Sino-Japanese relations continue to be clouded by history, yet national interests continue to dictate that both need a positive relationship.

Russia-China relations will be mostly positive, based on a growing economic relationship. For ASEAN, interests lie in cooperation and a collective position *vis-à-vis* the major powers, as the nations of Southeast Asia, individually and collectively, seek stronger relations with China as well as retaining the U.S. strategic presence. The DPRK is the only state in the region that is clearly failing, but Indonesia has a multitude of political and economic problems, and Myanmar's military is so far incapable of undertaking reform. In general, the foreign policies of smaller nations suggest greater economic and cultural interaction, and a sustained effort to avoid conflict. Mongolia, for example, pursues balanced relations with China and Russia while it attempts to develop relations with others. Taiwan maintains close economic relations with China, while maintaining political independence.

The principal security threats are the debris that flows out from failed or faltering states; terrorism that arises out of non-state and state forms; and domestic human security issues, such as aging and rural/urban income gaps. Since the Asian financial crisis in 1997-98, the region's governments have become all too aware that these domestic issues can spill over borders and profoundly affect their economic and security policies. Yet the chances for avoidance of conflict between states are good; the region's problems are primarily internal security, so peace and stability require a mixing of national, international, official, and private efforts. Multilateral institutions must be strengthened, as there is no existing body that is effective for peace-making or peacekeeping. Efforts at the track-two (non-governmental) level are still important to the region to help build an institutionalization approach to problem-solving.

Iraq. Since the U.S. military action in Iraq had begun the night before the conference began, there was intense interest on the regional and global implications of the U.S. military intervention and on the general situation in the Middle East. It was broadly recognized that Prime Minister Koizumi's very clear statement of support for the U.S. action was a political risk for him domestically, making his international stance even more significant to Washington.

The implications of the conflict will be significant for the EU, the UN, and especially the UN Security Council (UNSC), where France's role has been widely questioned. It is impressive that a quarter of the British army is deployed with U.S. troops, and although the "coalition of the willing" has reached 40 nations, these are mostly smaller countries and some in Washington referred to it as a "coalition of the unwilling." Yet despite the public rhetoric in Saudi Arabia and other Middle Eastern nations, no country is standing with Saddam Hussein, and everyone wants to see him go.

The new impact of the media is a notable new development in the Middle East. The rise of A*l Jazeera*, founded in Doha, Qatar initially to broadcast to the Arabian peninsula countries, has dramatically broken the nexus of government control of media throughout the region. *Al Jazeera* is bringing scenes of the war in Iraq, as well as of the Palistinian infitada, directly into peoples' living rooms for the first time, which is having a cataclysmic effect on public opinion – similar to the impact of the vivid war scenes of the Vietnam war on U.S. public opinion decades ago. The popularity of *Al Jazeera* is

also occurring at a time of tremendous change in the region, particularly in the Gulf Cooperation Council (GCC) states, the real core of the Arab world. In Kuwait, the parliament has become much more open and disagreements are reported in the press. In Bahrain, the constitutional monarchy has opened up voting to women. In Qatar, there is now universal suffrage for men and women, and more powers have been granted to the parliament. In Saudi Arabia, there is some movement to liberalize the press and freedom of speech. Throughout the region, there is an increased awareness that this is the youngest region in the world; there has been a population explosion and at the same time high unemployment. In some states, up to 40% of university students graduate in Islamic studies, but this is accompanied by a widespread feeling among graduates that they cannot influence their Islamic governments. Tom Friedman of *The New York Times* has observed that are three predominant attitudes driving anger in the region toward the United States: a feeling of subjugation to the U.S., anger against their own governments, and frustration at the inequality of the Israeli-Palestinian conflict.

The difference in whether one is optimistic or pessimistic about the outcome of the war in Iraq depends on imponderables, but even if Saddam is removed and the U.S. is seen as providing a humanitarian service, there is still the question about the sustainability of support for the United States' role over the medium to long term. Even if there is a positive outcome in Iraq, participants questioned the impact on North Korean officials: will it motivate them to negotiate, or feed their desire to develop nuclear weapons? It was noted that the previous nuclear crisis with North Korea in 1992-93 occurred on the heels of the1991 Gulf War; North Korea clearly saw the U.S. military's superior technological capabilities, as it will now during the war in Iraq. Participants agreed that there will undoubtedly be an impact but it was difficult at this vantage point to anticipate the North's response.

Future of the United Nations. No matter how Iraq turns out, there are already deep cleavages within the UN Security Council, and participants debated how these will be resolved. The chances for enlarging UNSC membership may be improved, since the permanent five members are even more motivated now to enlist new members who will support their respective positions. There is no question the UNSC needs updating, but in the near to medium term, the question is whether the UN needs a more general, broad reform to make it more effective and strengthen its peace-making abilities. The UN is in a degree of crisis over the Iraq matter, and broad reform will likely go hand in hand with changing the structure of the Security Council.

Japan's ability to play an expanded role in the UN will, in part, depend on how successful the U.S.-led Iraq operation will be, and how Japan contributes to the nation-building effort following the conflict. If Japan passes that test, then it has a better chance of overcoming potential vetoes and forging ahead on becoming a permanent member of the Security Council.

It is difficult to predict the Bush administration's position toward the UN following the war. Conservative opinion makers in the U.S. have tended to dismiss the UN as an outdated and useless institution, and argue that the U.S. should move away

from any serious commitment to the international body. After the Iraq war, President Bush will have a major choice to make: return to the UN and deal with those who disagreed with him, or take another course. Participants tended to agree that the president will adopt a mixed policy, but some expressed concern that underlying contempt or frustration with the UN will be masked by only a superficial effort to re-engage.

Human security. Participants expressed concern about a number of threats to human security across the region that will cross borders in uncertain ways. Demographic changes, including rapid aging, are hitting a peak in many countries at once, which will impact not only the regional economy, but the global economy as well. The problem of aging will be severe – already in Japan one-fourth of the population is 60 years or older – and there are no easy solutions. The older generation will form a stronger pressure group on governments, with considerable prestige and power. This could translate into increased governmental attention to domestic rather than international matters, as well as a possible downsizing of budgets for military modernization as economic resources are stretched to cover increased pensions and healthcare costs. China will not only have to cope with its aging population, but its huge rural population could become migratory should rural employment and standards of living fail to improve. This prospect worries the Russian Far East and Myanmar in particular. In addition, the scarcity of natural resources in China, including water, timber, and energy cause concern for regional neighbors. Other potential threats across the region include rapid urbanization and industrialization, and the income gap between rural and urban populations in many countries. Participants agreed that it is in the interest of all parties to utilize multilateralism to deal with these common and difficult threats.

The DPRK Nuclear Crisis: Bilateral and Multilateral Options. Participants agreed that the centers of gravity in U.S. policy actions toward North Korea are its alliances with the ROK and Japan, and trilateral cooperation is key to solving the crisis. Yet as one participant wryly put it, the Bush administration has been "unilateral" in its insistence that this is a multilateral, not just a bilateral, problem. Japan somewhat shares this view, but it prefers to develop a bilateral channel within multilateral talks. The problem from the U.S. viewpoint is that there is not a shared view among the ROK, Japan, China, and Russia on the North's nuclear program, and it does not want a solely bilateral dialogue that fails to take into account these other varied interests and views. Yet the U.S. is clearly more nervous about nuclear weapons since Sept. 11, and will not tolerate a nuclear capability in the North, particularly supplying weapons or weapons material to terrorists. And given the North's economic plight, its economic motivations for proliferating should be taken seriously.

Some participants argued that North Korea might successfully drive a wedge between the U.S. and the ROK, with the goal of regime preservation. Although there has been very close policy coordination between the U.S. and Japan, DPRK leader Kim Jong-il can and probably will try to disrupt alliance solidarity through actions that would be viewed very differently by the two countries. For example, North Korea could provoke or lead Japan to think a military response is required but the U.S. doesn't agree, such as

launching a ballistic missile near or over Japanese territory. It might try to lead Japan to question the credibility of relying on U.S. deterrence.

Some participants believed the U.S. focus on Iraq has compromised more serious attention to the DPRK nuclear project, and they lamented the seemingly "nonchalant" attitude of U.S. officials and commentators alike. North Korea poses a greater risk than disarming Iraq, according to some views expressed, particularly to the Japan-U.S. alliance. If the North does develop nuclear weapons, many Japanese will question the foundation of the alliance which always contained the core promise of nuclear deterrence. Other participants were troubled by the U.S. approach to North Korea in general. The Bush administration does not appear to have a coherent policy or even a unifying view of policy within its ranks, according to some. The administration began with a North Korea policy review, but the "axis of evil" speech complicated the perceived intentions of the review, and then President Bush's statement of personal ill-will toward Kim Jong-il was damaging. The outcome of the review was that the administration would meet with North Korea at "any time, any place," with no conditions, but then it placed the precondition of nuclear dismantlement before any meeting could occur, while insisting the talks be multilateral. Other participants disagreed, arguing that the U.S. was moving forward with North Korea with the "anytime, anywhere" policy, when suddenly North Korea provoked the U.S. with the admission of a nuclear program, and forced a different policy.

In going forward, while it should be possible to conduct bilateral and multilateral talks that are interrelated, the Bush administration has not given its key allies – Japan and the ROK – a clear indication of its direction or a partnership in policy making. Where North Korea is heading cannot be determined by the outside due to insufficient information; we don't know if the North is irrevocably committed to nuclear weapons, and only through intensive discussion can we determine the answer, some argued. The U.S. needs more discussions with others, including at the track-two level, to probe different issues and fashion a coherent policy.

There was strong agreement that some U.S. officials and commentators have been terribly reckless in public statements that pointedly suggest to North Korea that it should abandon its nuclear project lest it provoke the spectre of a nuclearized Japan. These are totally irresponsible comments; not only are they completely out of line with Japanese thinking and attitudes, both in the public and the official arenas, but it violates a fundamental alliance agreement. That Japan is committed to a non-nuclear defense posture is a core issue in both countries' national security strategies, and U.S. opinion makers and officials should be ever mindful of the importance of this strategic concept that undergirds the alliance. Playing the "Japan nuclear card" for expedience sake in pressuring North Korea is unacceptable, and counterproductive to the alliance. Most deep thinkers in Japan realize that a world that causes Japan to go nuclear is not a world Japan wants to see.

Other participants argued that during the last five years, there have been fundamental changes in North Korea's commitments to the world. In the 1990s, it suffered famine and for the first time in history accepted food aid, which was a real turning point to allow the UN World Food Program to distribute aid inside the country, reflecting a real desperation. This was followed by the favorable circumstances of two North/South summit meetings and the North Korea-Japan summit. Out of the blue, Kim Jong-il apologized for the abductions of Japanese and for the spy ship caught in Japanese territorial waters. Since then, the situation has worsened with a halt in dialogue, and the North's motivations are entirely unclear now, yet the earlier changes may suggest pressure points for future outside policy actions.

South Korea: The New Roh Administration. Participants agreed that President Roh Moo-hyun has huge challenges to deal with, in addition to handling the nuclear crisis in the North – a crisis he inherited, participants were reminded. President Roh stated many times during the presidential campaign that he is concerned about resolving complicated domestic problems, such as economic reform and the relationship between the parties and regionalism. Many people in ROK society have adopted an attitude of "wait and see," and this is to be expected, and even respected – President Roh is untested as a leader, and he much to learn and solve all at once. The United States should also be patient, while encouraging President Roh to engage in dialogue in the North and to deal with domestic issues.

Regarding North Korea, there are some in Roh's circle who have suggested that the U.S. should not only meet the North's demands of bilateral dialogue and a nonaggression pact, but should also make a specific pledge to not undermine the Kim Jong-il regime. There seems to be a growing belief among the "progressives" in the South that the North is not a threat; some appear more concerned with a U.S. attack on the North than Northern attack on the South, despite the North's history of aggression and Washington's history of restraint on the Peninsula. This issue goes right to the heart of alliance, some participants argued: if the U.S. regards North Korea as a rogue nation and the ROK regards it as a peace partner, then the basis of the alliance is greatly diminished. Although Roh stated in his inauguration speech that he would not "tolerate" nuclear weapons in the North, this policy does not appear to carry any consequences. As with the Sunshine policy, which had a zero tolerance for military conflict with the North, there still are not any stated military consequences should the North provoke a conflict or continue unambiguously down the nuclear path.

It is natural for President Roh to go through a transition from positions he adopted as a candidate to those he adopts as president, but some participants expressed concern that most elected governments respond to their base of support, and for Roh this is the 20-40 year age group who have no personal history with the Korean War and the threat conditions that provide the rationale for the alliance. On the other hand, North Korea's belligerence has affected the foreign investment climate in the South during the last six months, including a recent rating reduction by Moody's of ROK bonds, so the ROK leadership cannot ignore how its North Korea policy affects its own economy. President Roh's statement during his inauguration speech that his North Korea policy would

involve "reciprocity and transparency," and bipartisan support was a clear recognition that he cannot afford to alienate the opposition Grand National Party (GNP) who dominate the National Assembly – a majority of whom support President Bush's hard line stance.

All of this suggests that President Roh and his new advisors are undergoing a tremendous learning curve, participants stressed. Recent statements by some of Roh's aides have shifted to embrace a multilateral approach to the nuclear crisis, reflecting a move toward the middle. Although there are some ruling party politicians in the National Assembly who hold extreme views, this is not uncommon for any democratically-elected legislative body, including the U.S. Congress or the Japanese Diet, it was argued, and should not be necessarily taken as consensus views of the new Roh government.

U.S./ROK Cooperation on the Nuclear Crisis. The immediate challenge for the U.S. is to coordinate views with South Korea; without this, the U.S. cannot even attempt to have a North Korea policy. The first summit between President Roh and President Bush, which is expected within a few months, will be important to consolidate not only the bilateral relationship but help facilitate consultations between these two allies with Japan. It was recalled that former ROK president Kim Young-sam had just come to power when the 1993 nuclear crisis erupted, and his attitude of "blood is thicker than water" sent the wrong signal to North Korea of too much compromise on the part of the South. Similarly, Roh's immediate predecessor President Kim Dae-jung pressed too quickly for a summit with the newly-elected President George Bush in early 2001, and the negative fall-out from that meeting was detrimental to both sides. Given these precedents, participants agreed that officials will carefully prepare for the Bush-Roh summit.

Some participants criticized the statement made in early March by U.S. Secretary of Defense Donald Rumsfeld that U.S. forces would withdraw from the ROK. There may have been several motivations for this comment: to respond to anti-American sentiment in the ROK, to encourage the ROK to take the nuclear issue more seriously, or to not allow U.S. forces in the ROK to be held "hostage" to North Korea's efforts at intimidation. Yet Rumsfeld's statement sent the wrong signal to the North of a weakened U.S. commitment to the South, some argued, and U.S. officials should exercise more caution and care.

Contrary to public statements that the U.S. will pull U.S. troops out of country, the necessity of having dependable and flexible sites from which to operate U.S. forces overseas is growing, and this remains an inescapable fact of life for the U.S. as global power. The number of troops could rise or fall, but in the immediate future the U.S. needs to work with allies, especially Japan and the ROK, to ensure that U.S. facilities will stand the test of time. (For more on this point, see section below on "Evolving U.S. Security Strategy.")

There was a critique of both the U.S. and ROK governments' handling of the tragic accidental deaths of two South Korean schoolgirls by a U.S. army vehicle in June 2002. A comparison was made to how Japan and the U.S. handled the alleged rape of an Okinawan schoolgirl by a U.S. serviceman in Okinawa in 1996, when the two governments worked very hard to avoid undermining public support for alliance. It was well understood by both governments that domestic politics in Okinawa could erupt in chaos and that they needed a delicate approach to not inflame broader public opinion. In contrast, the U.S. and ROK governments were insensitive to public opinion, and the issue was handled very poorly, particularly in light of the pending presidential election. Yet other participants responded that the prosecution of the case was handled in an appropriate and apolitical fashion, however the timing of the outcome – the decision was to acquit the two military men involved – happened to be a month before the election, so it did have an unintended, unfortunate political impact. President Roh went out of his way both before and after the election to state support for U.S. troop presence, a commitment the U.S. should build upon in the bilateral review to enhance force restructuring.

North Korea's Motivations. Participants debated at length North Korea's motivations for pursuing a nuclear weapons program, as well as a number of other puzzling policies and behaviors. The DPRK's objective has been regime preservation, it was broadly agreed, with a strategy of maintenance of military power and control over society. Meanwhile, the government's sales of arms, ballistic missiles, or possibly weapons of mass destruction (WMD), are all channels for hard currency revenues. Some participants debated whether Kim Jong-il is personally driving the nuclear project or it has taken on a military/institutional life of its own.

One seasoned participant argued that the debate over motivations for North Korea's nuclear program entirely misses the point. Are nuclear weapons a strategic imperative for the North? Absolutely, and it is driven by both Kim and the military. Should we conclude that we need to get used to this danger? Absolutely not; this poses an unacceptable danger to the U.S., Japan, the ROK, and the world. Should we accept the threat because we are powerless to stop it? Absolutely not; if we cannot stop it, it is due to lack of will, not ability. We need to recall that Kim Jong-il is a Leninist/Stalinist with a mentality that dictates a goal is kept as paramount, even if achieving it may involve tactics of retreating when obstacles are encountered – yet the goal remains. In retrospect, this change of tactics is what happened in 1994, and now the world should conclude that Kim cannot be persuaded, and the policy the world adopts must be one of coercion. The argument that since Kim broke the 1994 agreement no more deals should be made overlooks the fact that the agreement bought eight years of time. If we could buy eight more years now, that would be a success; time is not on North Korea's side; one of these days the regime will disintegrate; and the goal is not to solve the North's nuclear aspirations but to keep it from blowing up the world as the regime slides into the dustbin of history.

Participants weighed differing assessments of the North Korean leadership's approaches toward economic reform. It was generally agreed that they have not developed a technocratic class capable of enacting any true reform. What appears as "reform" is often simply acquiescing to failure of the existing system, such as in the agricultural sector where the black market has proven more successful than decrepit government distribution channels, and so the black market has been allowed incremental "freedoms." Likewise, the new bracket for wage and price increases announced in the summer of 2002 may have appeared as a liberalization of governmental controls, including a provision to allow cash payments instead of requiring government-issued coupons. Yet this policy maneuver was an ill-considered reaction to black market currency valuations, and unless productivity increased, it was predictable that inflation would result, which has in fact ravaged the economy. Nevertheless, participants shared a view that in spite of the North's utter failure to enact any meaningful reforms, clearly some kind of economic development package should be a central part of a multilateral sticks and carrots approach. This package might build on the gradual interaction with the North by South Korean businesses, as ROK companies export products on a commission basis with North Korean labor, which could increase with the opening of the Kaesong Industrial Park close to the South Korean border. Eventually, this is an avenue that could be significant, some participants believed.

China's Stance toward North Korea. Participants offered distinct evaluations of China's calculus in its North Korea policy. Participants shared the desire to see China play a constructive role in defusing the crisis and neutralizing the nuclear threat. Yet some argued that not even China could persuade the North to give up its prized bargaining chip. North Korea has often felt abandoned and betrayed by China; for example, China's normalization of relations with the South in 1992 was a setback to bilateral relations, and again when the UNSC considered a vote on economic sanctions on the North during the 1994 nuclear crisis, China expressed the intention to abstain, not veto, the decision. There has been "bad blood" between North Korea and China in other instances as well, so China should perceive that it is in its own national interest to take the DPRK nuclear issue more seriously.

It was argued that China clearly desires the status quo of a divided Peninsula: it does not want regime collapse in North Korea, nor does it want U.S. power increased on its periphery. The U.S. and Japan should not be starry-eyed about Chinese interests, as these are not identical to those of the U.S. or Japan, but in the near term China is prepared to use its influence and pressure on the North to achieve their status quo goal. China is recently bringing more muscle into the dialogue, telling both the North and the U.S. that it is time to talk, one participant argued.

Others agreed that a more cautious view of China's role is appropriate, and it is more important to strengthen coordination among the U.S., ROK, and Japan. This will be a challenge, and hopefully the Roh/Bush summit will improve coordination on China's role, recognizing that China will not get off the fence to act on its own.

From China's point of view, it is less risky for the U.S. to talk with the North than for China to pressure North Korean officials, other participants argued. China is dealing with a handful of sensitive issues: could China feel manipulated by Pyongyang due to the potential threat of refugees flooding over the border? Could China want regime change in the North to prevent pressure on Japan from going nuclear? It was also noted that China is closer to a two-Korea policy than any other country, and Chinese officials do not want to adopt a stance or advocate a public position that would put them on one side or the other. Chinese officials and analysts also often express that they do not know what is happening in the North; they think there is a bizarre situation there, and it is certainly not communism as they know it. These considerations may make Chinese officials less risk-oriented about their actions toward the North.

On the other hand, it should also be kept in mind that China is very oriented toward internal stability. The new leadership may take several years to carve out its own niche, but already the new premier Hu Jintao is trying to forge a more "purist" communism that is more people based and deals more effectively with the stark gaps in the rural/urban and poor/wealthy populations. This is the priority task and is all-consuming, some argued, leaving little appetite in China for risky North Korean behavior. This augurs for a more active Chinese approach toward North Korea.

Apart from the North Korea question, the U.S. and Japan should encourage China's President Hu to widen the scope of China's ties with the European Union, Japan, and ASEAN. In China and Japan, there are hopeful signs of new domestic attitudes for a more balanced bilateral relationship. In Japan, the perception of "China is a threat" that was quite prevalent during the past several years is receding as more Japanese companies become profitable in China. For example, Sony estimates that by 2008 it will sell more products in China than in Japan. As the perception changes in business circles, it could coalesce into an important political force. In China as well, there is evidence of new thinking that Japan is not a militaristic country, and that China is becoming a strong enough country to stop acting like the victim. This view may not be prevalent, although an article was widely distributed in the wake of the 16th National Party Congress that suggests this view is receiving consideration by senior officials. It is also well known that former President Jiang Zemin had personal problems with Japan that he could not overcome, and the change of leadership could provide new opportunities for improved relations. In fact, President Hu did express an interest in exploring a new relationship with Japan, but then President Koizumi visited the Yasukuni Shrine, and some participants opined that Chinese opinion makers who backed the new approach were undercut. Yet given time, at least several years, the new domestic attitudes in each country could have a real positive affect on the bilateral relationship.

Evolving Japanese Security Policy

Much discussion ensued about the current debate in Japan on a wide range of security issues and on the tremendous evolution in Japanese security policy. Japan's reliance on "checkbook diplomacy" in the past lay in stark contrast to the decision to send an Aegis destroyer to the Indian Ocean in support of U.S. operations in Afghanistan.

And if a crisis did occur on the Korean Peninsula, there is now a legal framework to deal with Japan's response to it. The emergency measures law passed by the Diet in October 2001 needs to be passed again this session, and the Japan Defense Agency (JDA) is still evaluating and discussing what kind of new legislation is desirable.

In general, it was argued that Japanese foreign policy has become more pragmatic, and even the psychology of the Minister of Defense has changed. Given North Korea's beligerant behavior, there is a societal consensus supporting the Koizumi administration's stance toward the North, in part reflected by an unusual lack of opposition in the editorials in the major newspapers.

It was recalled that during the Gulf War in 1991, Japan had no framework to cooperate with the U.S. in international conflicts; its support was limited to financial contributions. Yet the Japanese people felt this contribution was not evaluated appropriately by the United States or the world community, and the people were deeply affected by a sense of disappointment and even trauma that Japan was viewed as not contributing enough. This changed Japanese society and paved the way for support for Japan's involvement in UN Peacekeeping Operations (PKO), first in Cambodia, then in the Golan Heights and East Timor. The next step is to create a framework for Japan to actively participate in multinational-type operations, in particular International Security Assistant Forces (TSAF) operations, such as in Afghanistan. Some participants wondered whether Japanese society will support this given the anti-warfare sentiment in large segments of society, but it was broadly viewed as the next necessary step for developing Japan's international role.

Participants only touched upon Japan's economic conundrum. Economic recovery is the top priority for the Koizumi government it was broadly agreed, although participants stressed that effective prescriptions are difficult. Economic recovery does depend on political will, and this in turn depends on Koizumi's public approval rating, which in turn will at least partially depend on the outcome in Iraq. Some participants believed that the main area where the tone of the alliance has needed to change is in the economic arena, in that the U.S. has not been congratulatory enough on the positive steps that Japan has undertaken. In years past, the U.S. has been too demanding, although that has been recently modified to some degree by the Bush administration.

National Defense Program Outline (NDPO). The JDA began to review this policy document a year and a half ago, but the process was accelerated in early 2003, driven by the end of August 2003 deadline for next year's fiscal budget. The budget deadline is appropriate because the review is really about creating a new blueprint for a workable Self Defense Force (SDF) for the future, and how the JDA can best allocate resources to achieve that goal. The NDPO review is a Japanese-style transformation of the military with a newly-defined defense posture and capabilities.

In the debates that are emerging from the NDPO review, there has been much public discussion about the Cold War focus of the defense posture; for example, tanks based in Hokkaido really do not have a mission there any more now that the Soviet threat

has disappeared. Defense Minister Ishiba has been straightforward in stating to the Diet that Japan could develop a strike capability to take out a missile capability in North Korea, but in order to develop this capability, Japan needs logistical backup, and this affects roles and missions with the United States. In the war in Iraq, for example, U.S. and British forces share many capabilities; U.S. forces on the ground can see the same things that British planes and headquarters can see. There is a question whether modern military operations challenge the old legal interpretations of collective self defense, whether referring to the defense of Japan or in PKOs elsewhere. These are command and control issues that need to be addressed in the NDPO, it was argued.

Although the Japanese media tend to focus on the missile defense aspect of the NDPO, there are other important elements of the review for the SDF. As the U.S. transforms its own military and becomes more "netted," with communications more seamless among services, Japan will have to resolve a serious decision about its own procurement of data links and communications connectivity to take advantage of all the information available to operating forces. Resolving this issue is a big challenge, and some in the JDA and SDF believe there is a need to persuade conservative thinkers to spend more resources on communications. It was observed that this debate is not unique to Japan.

As mentioned above, there is also the issue of how Japanese law limits JDA participation in ISAF operations, and Afghanistan is the obvious case in question. Certainly the airlift and refueling support that Japan provides to Operation Enduring Freedom (OEF) is an important backfield capability and frees U.S. forces to be deployed elsewhere. Japan's maritime support is also important, and tremendous progress was made when the Aegis deployment was approved. Yet some participants argued that the contribution the U.S. finds truly valuable in operational terms are noncombat teams, such as medical and engineering units. However, because Afghanistan is not an official PKO, such as East Timor, Japanese law does not allow the JDA to take part in this ISAF. The Japanese government has identified this as a priority problem to contend with in the NDPO review process.

It would also be desirable if the NDPO review could reexamine the structure of decision making, some participants observed. Often, new operational issues arise and there is always a concern about how to solve a problem without violating collective self defense. For example, Japan's support for OEF in Afghanistan needs to be renewed every six months; yet in other instances, operational questions are readily solved when Japan faces a real threat. Prior to Sept. 11, the debates about how to interpret collective self defense seemed to follow different agendas, but after Sept. 11, Japan came up with a framework relatively quickly to accept new responsibilities as a U.S. ally. Most likely, the philosophical difficulties surrounding the adoption of a national missile defense (NMD) system consistent with collective self defense will be resolved once the U.S. and Japan move toward implementation of a system, it was argued.

Yet others argued that within the current interpretation of collective self defense, there is a problem with adopting NMD. For example, if a missile were launched by the DPRK, Japan can shoot it down if it is ascertained that the missile is aimed exactly at Japan. But if it is aimed at the U.S. and does not fly over Japan, Japan cannot shoot at the missile, although many argue that it should be able to, given the threat to its ally. Yet if a Japanese Aegis destroyer were in the Sea of Japan, and the captain ordered to shoot at the launched missile aimed at the U.S., he would be accused of violating the Japanese Constitution. In addition, right now Japan has very little ballistic missile defense (BMD) capability as its Aegis ships have only tracking ability, which is not effective to counter-attack North Korea's *No-Dong* missile. It was also pointed out that keeping the prime minister in the decision-making loop about whether or not to shoot at a missile does not make sense when minutes may make a difference in deciding whether a missile is landing on Japan or flying over it. The current NDPO review is raising debates over how to take corrective measures in Japan's defense policies to address these thorny but real problems.

The review should also take into account the changing nature of the roles and missions debate between the U.S. and Japan. The old model of U.S.-Japan security relations, where Japan relies on the United States to tell it what its capabilities should be, no longer seems appropriate. The U.S. wants Japan to keep expanding its policy flexibility to do the things Japan knows are in its best interest without *gaiatsu* (outside pressure). Both countries are growing into this new mode, but more work needs to be done to keep on this new path.

Revisions in Article IX. Questions were raised about the degree of public support in Japan for the long-standing issue of changing or revising Article IX. The public debate about any revision to Japan's "Peace Constitution" will become increasingly important in coming years. Compared with 10-15 years ago, the percentage of the public who support a revision has clearly increased; this is no longer a taboo topic, and is gaining acceptance and even respectability in public debate. This is not the case regarding Japan's nuclear option, however; those who argue for this option are regarded as eccentric, and it is politically risky for a politician to argue for the nuclear option, even should Japan face an alarming threat from a nuclearized North Korea. The pacifist sentiments from Nagasaki and Hiroshima run very deep in Japanese society, and many people believe that Article IX is a core component of the post-World War II constitution. So Japan's nuclear option complicates the debate over revision of Article IX; the two issues are very intertwined. Yet so much has changed in the past ten to twenty years that there are optimists who believe a revision of Article IX is still possible, and that Japanese society will reach a consensus to resolve the conundrum of collective self defense with SDF's roles and missions so that Japan can become a "normal" country.

Other participants argued that the constitutional debate lacks balance and practical considerations, almost to the point of being ridiculous for a soldier's actions on the ground. For example, a preemptive strike is considered constitutional, while clearing mines for the U.S. navy is deemed unconstitutional. This discrepancy calls out for a reinterpretation of collective self-defense, which can only be done if there is political will among the top leaders. Japan's legislators need to create a framework that makes clear

that Japan not only has the right of collective self-defense, but also to use that right. The current interpretation is that Japan has the right, but cannot use it, and this is "ridiculously meticulous," one participant asserted.

Constitutional issues are complicated and take time, so there is a tendency to think that only crises can create change. Yet some participants lamented that after Sept. 11, during the Diet's debate to pass emergency measures, Prime Ministger Koizumi did not take advantage of his popularity and the fresh image of Sept. 11 to take on the reinterpretation issue. Some Japanese analysts have argued that there is much less resistance to a reinterpretation than believed, and that a new national security law with the explicit right to collective self defense could be passed by a simple majority in the Diet and would be upheld by Japan's Supreme Court.

Regarding North Korea, Japan needs a hedging strategy in the face of a nuclear threat from North Korea, but Japan also needs to give the ROK a signal that Japan will not go nuclear even if North Korea goes nuclear; Japan cannot let the ROK become shaken by perceived intentions from Japan and become tempted to go nuclear itself. Japan needs to demonstrate that it will pursue a non-nuclear self-defense missile option.

Regarding the United States, some participants wondered whether there are voices on the Japanese political right that question the constancy of the U.S. commitment and encourage a view that Japan should exercise the nuclear option. Although there is some anti-American sentiment in Japan, participants responded that the feeling of familiarity with the U.S. has increased over the longer term, and there is a consensus that the U.S. is the best country to be allied with. The sentiments of Japan being abandoned by the U.S. are not widespread among the Japanese public. There is some uneasiness about Bush's policy toward North Korea, specifically his commitment to a nonnuclear North Korea and perceived willingness to mobilize the resources of the alliance to prevent North Korea from going nuclear. There is also concern about the U.S. commitment and determination to post-conflict Iraq, but these are specific policy concerns rather than a questioning of the U.S. commitment to the alliance in general.

Evolving U.S. Security Strategy

U.S. Role in the Asia-Pacific. A new region-wide security approach was outlined in the Quadrennial Defense Review (QDR) issued by the Pentagon in October 2001. The U.S. intends a transition from a fixed floor of 100,000 Asia-based troops to a capability-based approach. The QDR discusses increasing capabilities in the Asia-Pacific and intentionally does not discuss a fixed number of forces. The focus is on capabilities, what other countries have and what the U.S. needs for the 21st century, and this will impact the U.S. alliances with the ROK and Japan. This reassessment has long been necessary, and in the case of the ROK alliance was actively discussed more than a decade ago in 1991-92, but was shelved to handle the North Korea nuclear crisis of 1993-94. Though long overdue, the timing is now again problematic in light of the current North Korea crisis, and some opined that the Pentagon may be wise to consider postponing some aspects of force restructuring.

China and Taiwan. In Northeast Asia, the largest change in U.S. security thinking regards China and Taiwan, one participant argued. The new policy statement of "strategic clarity," versus the former policy of "strategic ambiguity," was an important stabilizing step in the wake of Beijing's caprice in its February 2000 Defense White Paper, which stated that it may use military force in pursuit of unification even if Taiwan does not provoke conflict such as declaring independence. The unhappy consequences of strategic clarity is the ill-disguised contingency planning in the U.S. and China, one participant noted; during visits and in written articles, both sides are figuring out how to defeat each other. This is now actively on the table compared to being done quietly in years past, and puts a black cloud over an otherwise normal U.S.-China relationship.

The long-term prospects for U.S.- China relations are uncertain. Security planners in the Department of Defense see the Chinese "acorn" and worry about the "oak tree." This concern is evident in the defense secretary's annual report to Congress, which was written one year after Sept. 11. Given China's massive internal problems, it is unlikely that even by 2020 or 2030 it could be a regional peer, but others argue its economic *gravitas* has made it a regional magnet, so the conditions for a "candid, constructive, and cooperative" policy cannot persist. It was also observed that there are two different schools of thought among U.S. military planners about China; one is reflected in the Quadrennial Defense Review (QDR), which suggests the U.S. should be prepared to challenge China down the road, and a different view expressed in the National Security Strategy, which emphasizes cooperation with China in the war on terrorism and more broadly. The U.S. needs to evaluate these views and what they mean for how U.S. presence is structured and the subsequent impact on key allies.

The U.S.-ROK Alliance. United States security policy toward South Korea is undergoing an evolutionary change, particularly regarding force structure. For some years the U.S. has realized the basing structure is outdated; the configuration has not changed much since the alliance was established in 1953, and today's defense of the South in the face of an attack from the North requires a very different structure. At the same time, there is a desire to change U.S. forces from a single-minded focus on deterrence to perform off-Peninsula missions as well. The U.S. hopes that its forces in Korea will look more like Japan; namely, dual-tasked with the defense of South Korea as well as service as a hub for deployment for other missions as the twin goals. This has major implications for the ROK government, as it requires Seoul to take on additional roles for its own defense.

Some participants argued that Defense Secretary Rumsfeld's comments in early March about the U.S. reducing forces in South Korea were at best ill-timed – occurring in the midst of the nuclear crisis as well as on the heels of anti-American protests in South Korea – and at worst were inappropriate, dangerous bullying tactics that made South Koreans even more nervous than they already were. This was no way to treat a trusted ally, some argued. Yet others put Rumsfeld's comments in the context of a U.S. desire for force reduction in Asia, as well as the ROK's mutual desire for moving U.S. forces out of downtown Seoul. The ROK government may have been taken by surprise that the U.S. was now ready to enact such a plan, but this by no means reflects a lower level of

U.S. commitment to defend South Korea, some argued. Secretary Rumsfeld's comments also follow on more extensive remarks about a new concept for South Korea serving as an air and sea hub for U.S. forces, requiring a restructuring similar to what the U.S. implemented in Japan back in the 1970s.

North Korea. U.S. policy toward North Korea continues to evolve. First there was the Perry process, then a comprehensive approach that involved the Perry process plus conventional forces, then, in the summer of 2002, the "anytime, anywhere" approach now with the added element of a precondition of the North halting its nuclear program. We are now in a waiting mode to see what is next – whether another Perry process will occur, whether a multilateral approach will develop, or whether the U.S. will opt for a preemptive strike. North Korea today fits the exact template of preemptively stopping the proliferation of weapons of mass destruction (WMD) that is articulated in the National Security Strategy, which in so many words states "we can't let our enemies strike first." While few believe that the Bush administration would choose to risk the alliance with the ROK to act militarily, the administration's North Korea policy is still hung up over not rewarding bad behavior, it was argued.

U.S.-Japan Alliance. Regarding the U.S. alliance with Japan, the National Security Strategy states the importance of "creating a single sustainable model of democracy and free enterprise," which Japan fits perfectly. The most important task laid out in the NSS is "creating balance of power that favors freedom," which also Japan fits perfectly. So the foundation for the alliance is extremely strong, even as the allies have difficulty resolving some issues, particularly restructuring forces in Okinawa.

The U.S. and Japan suffer from a serious case of inertia in resolving base issues in Okinawa, many participants believed. U.S. forces are located where they are because of the past rather than due to current need, but Okinawa still fits nicely into the Pentagon's new "hub" approach. But if the Japanese government takes the position that there is no strategic need for the marines to be in Japan, then the U.S. will move them; this has happened before (Philippines) and typically governments are ill-equipped to fill the vacuum, and local communities end up feeling ignored and worse off. In addition, Japan would be taking a unilateral action which doesn't support an alliance relationship. The best way is to work together at the strategic level, then down to the local level, but this involves a political dynamic of winners and losers, not to mention the international overlay. The U.S. experiences these same issues with its own domestic closing of bases, and it is necessarily a very political process.

Some participants noted that discussions between Tokyo and Washington about Okinawa have two contradictory strains that are difficult to navigate: one is Japan's desire to reduce U.S. forces there, and another that such a reduction could translate into a lessening of the U.S. commitment to Japan and to security in the region. The report by the Special Action Committee on Okinawa (SACO) keeps the numbers in Okinawa the same, but proposes base realignment. Yet SACO did not have input from Okinawans, reflecting only discussions between Tokyo and Washington, so it has been difficult to implement – participants were reminded it has been seven years since SACO's report was

issued. It is possible to relocate the marines to Japan's mainland – SACO envisions transferring artillery training to the mainland – so it should be possible to relocate all functions, yet communities on the mainland need to accept that plan. It is also possible to reduce the numbers of marines in Japan altogether, but this will impact the larger alliance strategy and division of responsibilities. Participants pointed out that the most recent QDR was issued just as the war on terrorism began in earnest, so the review did not foster a bilateral discussion on troublesome issues such as Okinawa. Yet there is a process now under way for the U.S. to discuss these matters at the local level, both in Japan and South Korea. The timing is good, given Japan's own defense posture review.

U.S. Force Restructuring: Impact on ROK and Japan. Participants discussed how the U.S. evaluates its respective alliances with Japan and the ROK. The U.S. cannot restructure forces in South Korea in a vacuum, it was argued; it will affect the nature of the U.S. presence in Japan and across the region. The model of the East Asia Strategy Initiative (EASI) developed during the first Bush administration is a good one since it assesses U.S. force presence from the global to the local level. The specifics of the EASI probably need to be adjusted and drawn down, but it does provide a good way of fitting all of the pieces together. Other participants added that the impetus for the EASI was dictated by an imperative for change by the U.S. Congress: in the wake of the end of the Cold War, Congress was anxious for a peace dividend, and the defense department initiated EASI to stay in front of the issue and not have to just react. Undertaking another EASI may depend on the impetus from the Executive rather than Congressional branch, and it is difficult to get the bureacratic traction to do it, but it is a good idea if this obstacle can be overcome, in some participants' opinions.

Participants also questioned how U.S. forces in Japan and South Korea fit together. If the U.S. considers Japan as the model for restructuring forces in South Korea, how will the U.S. divide roles and division of labor between the U.S. bases in Japan and ROK in an integrated way? The U.S. presence in Japan is designed to maintain regional stability, but Japan already provides an air and sea hub, so what kind of hub role does the U.S. intend the ROK to fulfill? Do bases in South Korea provide access to the continent, while Japan is focused on maritime capabilities? Is one regional, the other global?

Several answers emerged to these questions. First, the U.S. alliance structure is focused on the littoral areas in Asia; U.S. forces are not capable of providing stability on the continent. Second, the United States has Status of Forces Agreements (SOFAs) in more than 100 countries, and each reflects fundamental difference in relationships. By considering Japan as a model for South Korea, the U.S. is looking at the big picture, not for an identical relationship. From a strategic perspective, there is high degree of inherent complementarity between U.S, ROK, and Japanese capabilities, it was pointed out. The predominant military forces in Asia are army, not navy, marine, or air forces. Japan's navy is the one with the most strategic clout. If the U.S. can restructure the second infantry division in South Korea to be mobile, it would be highly complementary. Moreover, the way the U.S. fights is based on a lot of air power, so it would like to reconfigure Japan and Korea to serve as stand-alone posts for U.S. expeditionary forces

that can defend locally or outside. All of the U.S. bases in Japan are already extremely well-suited for air expeditionary forces (AEF), which entail worldwide missions of 90 days and are available for any kind of contingency that planners can think of. Perhaps the U.S. might build more navy capability in South Korea to complement this, moving the U.S. navy out of the Kanto plain in Japan, for example. Yet the basic rationale of U.S. force restructuring with its two key Asian allies will dramatically improve U.S. capability to defend the two countries, the region, and address other potential threats.

Some participants raised the differing threats that North Korea poses to the U.S., Japan, and South Korea. For the ROK, the threat is conventional attack and short-range rockets. For Japan, the threat is the *No-Dong* missile, and for the U.S. it is the threat of nuclear proliferation. There needs to be mutual policies that accommodate all three types of threats, it was argued.

Some participants questioned whether restructuring U.S. bases in Korea to be oriented to non-Peninsula threats is possible given South Korea-China relations, which have become particularly intensive in the economic arena. Might South Korea have to compromise that relationship at some point to serve as a regional hub for the United States? In addition, force restructuring raises the traditional twin fears of any ally, abandonment and/or entrapment. This concern is reflected in South Korea's reaction to the new U.S. determination to move bases south of the Han river sooner rather than later; the U.S. is suddenly perceived to be removing the tripwire that keeps the U.S. involved. Restructuring bases may fit the U.S. strategic design, it was argued, but does not do much for South Korea. This points to the need for the U.S. to strengthen function and policy coordination with its allies, as it seeks to restructure and reduce its military footprint.

Additional Discussion. There was additional debate about China and Taiwan. Some participants prefer the previous doctrine of strategic ambiguity, because (at least as articulated) strategic clarity seems too one-sided: the consequences to Taiwan of moving toward independence are ambiguous while the consequences to China of provoking conflict are all too clear. There is a belief among some conservative thinkers in the U.S. that Taiwan should be able to undertake any action with respect to China, which is dangerous and can turn into a self-fulfilling prophecy. This issue is critical to China, since Sino-U.S. relations are based on the "one-China" principle.

Other participants made note of the twin impetus for the strategic clarity doctrine and argued it has been effective. Beijing's provocative actions of a missile build-up occurred as President Bush came into power, and the administration felt it had to make clear that it would not be seduced into a relationship based solely on economics and cooperation in the UNSC. The second impetus was to make plain to Taiwan that the U.S.' sole abiding interest is in peace, and that in practice it does not support any effort to change the status quo. The statement by Taiwan President Chen Shui-bian on October 3, 2002 that "there is one state on each side of the Taiwan Strait" met with a quiet but quick and firm response by the Bush administration. This was a shock to many in Taiwan circles who had thought they could do "anything anytime." Additionally, President Bush made clear to President Jiang during their October summit at Crawford Ranch that the

U.S. does not support Taiwan independence. Since then, some participants argued, both sides have demonstrated that the message of strategic clarity has worked: Chinese leaders were very pleased with the Crawford statement and have figured out that they can trust the U.S. on this issue and, at the same time, Taiwan has walked away from provocative words and has stopped testing the U.S. and China.

Some participants worried that Taiwan in fact does not get the message, and that President Chen will play the "America card" as the March 2004 election approaches. The U.S. needs to be attuned to that possibility, and not assume that Taiwan is clear about strategic clarity. While the Crawford meeting made a big impact on Jiang Zemin, it had less effect on President Chen, other participants agreed.

Participants reiterated the uncertainty of China's future. Nationalism is strong, as is the heritage of the Middle Kingdom concept, and there are elements in the emergent China that seek to be dominant in the region and world. Yet China is currently preoccupied with domestic stability and good relations with neighbors, a position that augurs well for greater economic interdependence and, therefore, a greater stake in regional stability. These structural conditions offer considerable hope for China's future foreign relations. Yet the U.S. and Japan must face the complexities of this period of delicate political relations, not only between China and Japan, but between the ROK and Japan. It is important to build multilateral and bilateral discussions together.

U.S.-Japan Security Relations: Managing Future Challenges

Participants noted the need for increased military to military dialogue as each country moves toward modernization. The U.S. military transformation has been tremendous, and allies (even Britain) fear that the U.S. may go too far, too fast, for others to catch up. For example, Japan's effort to digitize the regimental C4 network within two years is being contemplated without consultations with the U.S. army. Dialogue is necessary to keep connectivity between data links in modernizing the two militaries.

Contingency legislation is important for the defense of Japan as well for the alliance. There has been a drastic improvement in Japan's alliance participation; the anti-terrorism legislation allowing Japan's deployment of ships, including an Aegis destroyer in the Indian Ocean is particularly noteworthy. Yet despite coming a long way, additional contingency legislation is necessary. One participant noted a quotation from a North Korean during the preparation of the 1997 guidelines, which likened Japan to being a "bellboy" for the U.S. – yet if the bellboy is not strong enough to protect himself then he is not reliable for "carrying luggage," this participant noted (see Chapter 4). Japan is not legally ready to defend itself and needs legislation to catch up. Some analysts in Japan suggest that failing contingency legislation, Japan might be forced to take extra-legal action in case of a crisis. Clearly, the law needs to be changed to make the functioning of the SDF efficient.

Some participants were impressed with how smoothly the alliance has been managed in recent years. In part this is because the Bush administration came into office

ready to pay more attention to current allies, and in part because Prime Minister Koizumi came into office with strong instincts on security matters, even though he was elected as an economic reformer. The Bush administration had a concept for moving ahead with Japan; the UK model may or may not have been the appropriate one, but it was a compliment to Japan that the U.S. sought a more intimate relationship. This is in contrast to the past when the allies did not do much together. Naval officers always worked effectively together, but did so quietly so to avoid publicity. In any case, there has been political support for the alliance at the highest level in both countries, and it shows.

In addition, the events of Sept. 11 changed U.S. strategic doctrine more profoundly than in 40 years, and caused the U.S. to consider more seriously who its friends are and weigh more carefully the diplomatic issues of foreign policy. Tokyo has responded in a most positive and active way, including cooperation on intelligence and terrorist financial transactions. Japan's response is very much appreciated. Japan's swiftness in adopting steps to support the U.S. campaign in Afghanistan included humanitarian projects and its lead role in the budget conference for reconstruction and development, and this made a big impression in Washington. Japan's actions did not come in response to a long list of requests from the U.S., but at its own initiative.

Japan's actions regarding Iraq have been even more impressive. The proactive way that Japan sought to respond to the shortage of votes on the UNSC caught Washington's attention. That Prime Minister Koizumi undertook this effort despite public opinion in Japan made it even more notable, in addition to Japan's promised help with reconstruction.

What more will Washington seek? It is hard to identify an agenda in Washington that Japan is expected to meet. What American policy makers hope for is greater movement in Japan toward a flexibility to adopt measures that are in Japan's genuine interests. As mentioned above, the U.S. recognizes that the old *gaiatsu* cannot sustain cooperation for long, and the responsibility is with Japan to identify those things it can do and to generate the public support to carry them out.

Some discussion ensued about the Bush administration holding up the U.S.-UK relationship as a model for Japan; some felt it was more confusing than inspirational. It was pointed out that the first reference to the UK as a model for Japan came in the "Armitage Report," and was intended to evoke the idea of an alliance that the U.S. has confidence in, no matter what. Japan's actions on Iraq have gone a long way toward realizing that concept, and it is possible that bilateral policy on North Korea can serve as a further way to deepen the alliance.

Some participants noted that there used to be an often-expressed concern among senior alliance managers that the younger generation in both countries might fail to appreciate the usefulness of the alliance. Yet as that younger generation increasingly takes hold of the policy reins, senior observers find that if anything there is a more intellectual and informed understanding of the importance of the alliance on both sides, with increased cooperation and joint activities. This is a real cause for optimism.

Although the U.S. and Japan have differing priorities on North Korea, the allies are mostly in sync with how to move forward, participants agreed. It made eminent sense for Prime Minister Koizumi to visit North Korea and have his own lines of communication with the North, and since then, the allies are on the same wave length because Japanese society now has an emotional awareness toward the North with Kim's mishandling of the abduction issue. Japan may be concerned that for all of its assistance with Iraq, the U.S. is not giving adequate attention in return to Japan's priority of North Korea, and the allies may be out of step in the sense of urgency to deal with the problem. Some participants acknowledged that a multilateral solution may be the best approach but they worried that it is too slow. Diplomacy and talking with DPRK do not suggest that we approve of them; the U.S. needs to move swiftly to direct talks, some participants believed.

Other participants argued that the U.S. will not get the cooperation it needs without inducement and collaboration with all of the neighbors. It is notable, for example, that the ROK has not reacted to North Korea's violation of its own bilateral agreements with the North – a "double" violation actually, as the 1992 agreement to "no nuclear weapons on the Peninsula" was agreed to again at their 2001 summit. Japan can play a constructive role in promoting a more realistic assessment in the ROK of the nuclear threat and promoting a multilateral solution, some argued. Some participants recalled that Japan has always wanted six-party talks, and perhaps now is the time for that initiative. Given the lack of multilateral mechanisms and "institutional cushions" to foster engagement and communication on security matters, the allies should seize the Korean crisis as an opportunity for six-party talks, not only making it the vehicle for discussion on Korea but leaving it intact for dealing with other matters.

It was noted that the Bush administration is exploring many options for multilateral talks, including four or six party talks, while utilizing the Trilateral Coordination and Oversight Group (TCOG) mechanism to coordinate its approach with Tokyo and Seoul. The U.S. goal is a firm U.S.-ROK alliance position, as well as forming a larger body to enforce agreements with the North. The U.S. has proposed the "P-5 plus 5" formula (the UNSC five permanent members plus Australia, the EU, Japan, ROK, and North Korea), but this proposal is flexible as long as the international community is broadly engaged and represented. Again, participants expressed the view that the outcome in Iraq will have an impact on North Korea's thinking, as the North's concerns about U.S. intentions may be heightened and induce them to the negotiating table.

Some participants believed that the alliance should be more dynamic and interactive, specifically that Japan should speak up more directly with the U.S. about North Korea in order to try out ideas and formulate policies together: along the lines of the UK model, the U.S. and Japan should be more "conspiratorial," in the positive sense of the term. The avenues for Japan's activism on North Korea apart from the U.S. alliance seem limited, some argued; the UNSC is an unlikely vehicle for putting pressure on North Korea, and even if Japan could discover a way to help revitalize the UNSC on the North Korea problem, the most obvious measure of UNSC economic sanctions would not likely receive support among the public or Diet in Japan. The key concern for the

U.S. and Japan is common policy with the ROK, and then to work on getting the support of China, Russia, and Europe. Other participants agreed that the UNSC is too divided to act on the North Korea issue, and there is no common front among the key players on economic sanctions.

With regard to base issues, it is difficult to get the little things done and agreements implemented. It is striking how little basing arrangements have changed during the history of the alliance. It is ideally better to manage change, such as force restructuring, without the pressure of a crisis, but often the motivation for change comes from a crisis. It could take a period of two to five years when both sides are forced to reassess defense postures and link this with a strategic review of forces.

It will be difficult for Japan to emulate the UK model of an alliance, some participants noted, because the UK can consider a full spectrum of options while Japan has one hand tied behind its back. Even so, Secretary Rumsfeld's comment that the U.S. did not "need" Britain in the Iraq conflict was true militarily – although of course the U.S. needs the UK politically – because when two allies do not undertake joint military transformation they have a difficult time operating together. It was noted, for example, that much of NATO has lost the ability to operate jointly with the U.S. due to lack of joint investment in modernization, leaving only niche capabilities. Similarly with Japan, while the U.S. will always want and welcome Japan's political support, Japan needs to decide what capabilities and tools it can bring to solve a particular military problem or potential threat. In this regard, Japan's economic situation is worrisome, particularly if it causes Japan to lose confidence in itself and in being a player in solving global problems.

Participants recognized that the U.S. needs to know what more it can do to ensure that U.S. forces are not intrusive on local populations. The allies now enjoy excellent cooperation abroad, in Iraq and Afghanistan, but one area that is not being dealt with is the incidents, accidents, and rare but nonetheless troublesome criminal behavior of U.S. forces in Japan. This does not affect military operations, but does impact morale on both sides. For its part, Japan needs to address how its ministry of justice deals with these types of violations, as the U.S. is in some cases concerned that Japanese prosecutors engage in courting or manipulating Japanese public opinion more than seeking justice for the accused. A second difficult area for local communities is the issue of U.S. forces training in general. The two governments successfully negotiated training reductions in Okinawa, and the Japanese government has been helpful in paying for other facilities. But there still needs to be training where U.S. forces live. Some participants argued that a broader policy community in Japan should be developed in alliance management so that problems at the local level don't become so emotional. In the long run, a well-informed policy community is the best way of overcoming the emotional issues, some argued.

Participants also debated the merits of ensuring the interoperability of forces. The issue is important, but the revolution in military affairs (RMA) in U.S. forces is so fast, not only in hardware, but in software such as procedures, and this affects all of Japan's services. The U.S. should give maximum cooperation to JDA for progressing on RMA to a more comparable level with U.S. forces, some participants argued. The U.S. and Japan

have enjoyed interoperability as long as Japan bought hardware from the U.S., one participant noted, but this is being lost with modernization, and it does have practical implications. Others felt interoperability is a secondary priority.

Participants noted that the alliance is dealing with larger and more complex issues in the current regional and global security environment. The *raison d'etre* of alliances is very strong and will continue to be so, but we have entered a somewhat different time than the Cold War or immediate post-Cold War era. In those periods, there were allies and opponents; but now, a key challenge for the alliance is working with nations that among themselves have fragilities and hostilities. Relations with Pakistan and India, for example, used to be determined by their respective relationships with the Soviet Union, but now the U.S. and Japan need to work with both for different reasons. In Northeast Asia, the U.S. is trying to work with the ROK, Japan, Russia, and China, again for different reasons, and participants were reminded that this requires the U.S. to think in both alliance and multilateral terms on a more intensive basis.

There was some debate over intelligence sharing between the U.S. and Japan, particularly in the instance of the U.S. discovery of North Korea's nuclear program. There was an extensive internal process of checking and rechecking the data, but when it was verified, there is no question that Prime Minister Koizumi was informed of the issue by top U.S. officials prior to his visit to Pyongyang. In a different vein, participants critiqued the Japanese government's handling of intelligence data on several levels. Sometimes Japanese officials do not admit to the public that they have been informed by U.S. intelligence, leaving the public to question U.S. sincerity and motives. In addition, there is "stovepiping" within the Japanese government on sharing intelligence among themselves, and there is no mechanism within the Diet – such as a committee on intelligence – to safeguard leaks. On this score, one participant noted that there was a significant legal improvement last year so that now classified information received by the SDF or JDA is protected by all agencies.

Final Comments. In concluding comments, participants again focused on the complexities for the alliance in how to deal with North Korea. It was noted that there could be some very challenging alliance issues that come into play as the U.S. decides what North Korea policy to pursue. The alliance partners have had the luxury of "kicking the problem down the road" as a new South Korean administration was being put into place and as the demands of the Iraq conflict took precedence. But this "holiday" will not last forever. Soon, there will have to be a reckoning of several outstanding issues. One is the resolution between the two camps within the Bush administration, with one group recognizing the need for dialogue and a second group with a "transformationalist" philosophy that believe that North Korea will collapse, and the U.S. should accelerate that process, and that doing nothing is better than another agreement. The differences in the two camps are very profound, and will necessarily be resolved by the president, whose instincts are closer to the second group, some participants argued. In addition, both the U.S. and Japan have been frustrated that Seoul and Beijing have sought to insulate their relationship with North Korea from the nuclear issue. How Washington and Tokyo resolve this particular frustration will be a challenge.

It was suggested that perhaps the United States policy would best be served by adopting a second "Perry process." There are similar conditions now as then: disarray within the executive branch and Congress' lack of faith in the administration. It is an open question whether the administration can achieve a positive result without appointing someone who can work on North Korea full time. The U.S. should have learned from the deficiencies of the 1994 agreement that it needs to negotiate more and get all of the neighbors on board. This is a huge policy job, and has profound implications for the future direction of the U.S.-Japan alliance.

Chapter 1
Current Concerns/Developments in East Asian Security
by Funabashi Yoichi

In looking at the security picture in East Asia, the major power relationships are perhaps the most stable they have been in recent years. Relations among China and Taiwan, China and the U.S., the U.S. and Russia, Japan and Russia, and Japan and the U.S. are all fairly positive, at least with no major conflicts. Yet the security picture of North Korea is rather bleak, so I will concentrate my presentation on the North Korean situation first.

North Korea appears to be determined to acquire the status of a nuclear power. Even though they certainly seem to be interested in using this nuclear crisis, their nuclear project, as enhancing their bargaining chip, I believe their actions betray not just a tactical move to gain leverage but is more fundamentally strategically designed. It is difficult to estimate their motivations. On the one hand, the military has an interest in developing nuclear weapons since they have been losing their cutting edge in conventional forces, so perhaps the drive for nuclear weapons has taken on an institutional/military life of its own. On the other hand, Kim Jong-il has been seen recently to personally motivate the army toward nuclear weapons, so the impetus may directly originate with him. Yet President Kim Jong-il has been on the defensive since the failed economic reform program of July 2002, when selected prices and wages were liberalized and has now caused serious inflationary pressures. President Kim has also made other tactical missteps in recent months, all of which leads some analysts to speculate that the military may have the upper hand in decision making. Of course, no one really knows the motivations, but it seems that nuclear weapons are part of the long-term strategic design of North Korea.

I also believe that North Korea is posing the most serious security threat to the region since the end of the Korean war, especially to Japan. It is a credible danger that North Korea will export nuclear materials and/or technologies to other countries, as well as to terrorists, which will pose security risks to the U.S., to Japan, and the world. Yet beyond this threat, I believe that even more danger could come from the potential for North Korea to have a devastating impact on the international relations of the Northeast Asian region. If North Korea pursues development of nuclear weapons, it could thrust the entire region into a Hobbessian jungle and have a domino effect – in South Korea, Taiwan, and Japan – of either fears of or actual nuclear weapons programs. The pace of this could be faster than we expect. If our governments let this happen, we will all lose, but Japan will be most vulnerable simply because everybody suspects that Japan will be the first to develop nuclear weapons.

In this light, I have been troubled to hear some American commentators recently arguing that the U.S. should pressure China to redouble its efforts to put more pressure on North Korea by raising the spectre that China's nonchalant attitude towards North

Korea's nuclear program will only encourage Japan to also pursue nuclear weapons. I have to say that this is a pressure tactic that is extremely detrimental to the U.S.-Japan relationship. This kind of argument certainly gives ammunition to politicians who might otherwise want to argue for Japan's nuclear option; so far, this view is limited to the very eccentric types like Ishihara Shintaro. But even if reasonable Japanese politicians were to hear this argument, the trust factor with the U.S. would be seriously questioned.

I am also concerned about the Bush administration's policy towards North Korea. The policy message has not been coherent, and they have maintained a rigid position about a multilateral setting for talks between the U.S. and North Korea. It is understandable for the U.S. to take this position because of North Korea's violation of international agreements, as well as North Korean bilateral agreements with South Korea, Japan, and other countries. While all of the countries have to commit ourselves to diffuse the threat, and we need to be involved and facilitate a multilateral process, the U.S. should not hesitate to have direct dialogue with North Korea. Hopefully, the Iraq conflict will be swift and decisive, which will help the possibility of direct talks between the U.S. and North Korea.

Regarding the Japanese government's policy toward North Korea, I believe Japan should have a more realistic assessment of how to deal with the abduction issue. I think the government should put the abduction issue on hold for now, and put the nuclear issue and other weapons of mass destruction at the forefront. This requires strong leadership, but I hope that the Koizumi administration is able to pursue a more aggressive policy towards threats of weapons of mass destruction in coordination with the U.S. administration.

Lastly, I would like to comment on the Japanese economy. I believe Japan's economic malaise has serious implications for the long term, including Japan 's strategic position and alliance with the United States. Unfortunately, I do not see any light at the end of the tunnel for solving the conundrum of non-performing loans and deflationary pressures. Prime Minister Koizumi's reforms have failed miserably, but the crux of the problem is that there simply is no viable alternative on the horizon. In fact, we are far from viable alternatives, and are more likely to see the forces of resistance continue, including politicians only interested in protecting vested interests, who will continue to put pressure on the banks to keep lending to 'zombie' companies, because these very companies are those politicians' cash cows. Prime Minister Koizumi is losing the battle and the war vis-à-vis these politicians. Japan's decline will continue, and sooner or later we will have to confront the serious implications of this issue. I am particularly concerned about the impact of the economic decline on the Japanese government's political flexibility to manage the alliance. We already have seen the continuous reduction of Japan's international economic assistance, and certainly Host Nation Support will be targeted for reduction in future years.

Concerns/Developments in East Asian Security
by Robert A. Scalapino

At a time when the focus of global attention is upon the Middle East, and more particularly Iraq, the security issues of East Asia, with the exception of the Korean issue, seem relatively benign. Developments involving Taiwan provide an example. In the recent past, economic and cultural relations between Taiwan and Mainland China have advanced at an extraordinary pace. In 2002, more than 50% of Taiwan's overseas investment went to the PRC. In excess of 50,000 Taiwan businesses have invested some U.S. $50 billion in China, and over 250,000 Taiwanese are living in Shanghai and vicinity. While these developments are worrisome to many Taiwan officials, no viable alternative currently exists.

Meanwhile, Beijing has set aside its threats, and concentrated on making appeals to the Taiwan public. Increasingly, it has believed that time is on its side. However, criticism of Chen Shui-bian as a "separatist" continues along with an insistence upon the "One Country, Two Systems" formula. Yet more than 75% of the Taiwan people want to maintain the status quo. Thus, no political resolution of the Taiwan issue is in sight. Nevertheless, the threat of heightened tension or conflict is slight, at least for the near to medium term.

The Korean issue represents a more serious problem at present. The DPRK has only one bargaining chip in its effort to get the United States to interact with it, namely, threat. Thus, threat has been escalated in the recent past, with actions that take the situation back to the early l990s. In the United States, it is debated whether the DPRK is prepared to negotiate for a return to its nuclear ban or is now determined to develop nuclear weapons. Only talks between the two parties accompanied by multilateral dialogues can determine that issue, but thus far, the U.S. has not been willing to accept bilateral talks without conditions.

Nevertheless, the likelihood of another conflict on the Korean peninsula at this time seems slight. The North's leaders know that while great damage could be done to the South in such a conflict, in the end, the DPRK would be pulverized by American and South Korean power. Their aim is survival, not suicide. Could the U.S. engage in a pre-emptive strike seeking to halt the North's supposed Nuclear Program, as the North's leaders appear to fear? Under certain circumstances, possibly, but to diverge from all others including the ROK seems very unlikely. Keeping its alliances and broader dialogues regarding Asia-Pacific security intact is critical, especially given developments elsewhere. Nor does a collapse of the North seem probable, at least in the near term. Kim Jong-il and the military form a tight alliance, and high-level defections have been remarkable few. Thus, the key question is whether an evolutionary route for the DPRK can be created and maintained, one involving gradual economic change and progressive entry into the contemporary world. The evidence indicates that Kim and his associates are now committed to change, but have not yet discovered the appropriate route nor constructed a technological class that could lead such a course.

On balance, the current signs indicate that in this case, the United States is prepared to work with its allies and other neighbors such as China and Russia rather than pursue a unilateral course. If that continues to be U.S. policy, and some progress is made in North-South relations, an explosion can be avoided. Once again, while an early resolution is not likely, the situation can be contained while an evolution takes place.

Meanwhile, the status of major power relations in East Asia warrants hope. Perhaps the key relationship today is that between the United States and China. With the U.S. the sole global superpower and China a rising power in Asia, both economically and militarily, this relation is not only critical to the two states but to the entire region. It is noteworthy that U.S. and PRC leaders have recognized that fact for more than three decades despite recurrent incidents threatening progress. At present, the Iraq crisis represents a major uncertainty, but economic and strategic interests combine to suggest that cooperation amidst difference will continue to govern this relationship. Some individuals in each society will evidence concern about the supposed "threat" posed by the other, but this sentiment will be contained by the more powerful considerations noted above.

U.S.-Japan relations remain favorable on balance, with the strategic alliance certain to remain intact. Japan will continue to seek partnership rather than a patron-client relation with the U.S. and move toward greater independence of policy, especially in Asia, as the Koizumi visit to Pyongyang indicated. Nationalism here as elsewhere in Asia is on the rise. Moreover, the U.S. may well adjust its force and base disposition in Japan over time in accordance with changes now underway in military strategy. With intercontinental weaponry rapidly gaining priority and swift deployment of forces feasible, the need for extensive force and base deployment on a permanent basis is declining.

At this point, Japan faces a challenge. Its troubled economic situation may lead to political fragility, the combination weakening Japan's role on the regional and international stage. However, there is no indication that the U.S.-Japan alliance will lose its significance as a part of a broader balance of power in Asia.

Meanwhile, Sino-Japanese relations will continue to be clouded by prejudices implanted by history and the rapid changes taking place in the relative strength of the two nations. Yet once again, national interests on both sides dictate strong efforts to affect a relationship that is on balance positive. Tokyo and Beijing need to concentrate upon handling domestic problems, and this dictates a foreign policy that avoids major costs and hazards.

How does Russia, once a crucial factor in East as well as South Asia, fit into this picture? Russia's return to power and prestige has proven very difficult and is far from accomplished. Yet in the years ahead, the Russian economy will almost certainly grow at a gradually accelerating rate, and hopefully, the new political system will acquire deeper roots. Putin's past pro-West, and especially pro-American policies have been challenged by recent events, but while some modifications may take place, Russia's interests lie

strongly in having a favorable relation with both NATO and the advanced Western economies.

At the same time, however, Siberia and the Russian Far East, given their vast resources, will play an ever-larger role in the New Economic Territory (NET) that is quickly encompassing Northeast Asia. This in turn will dictate cooperation on a range of other matters, including those relating to human security. Further, Russian relations with China while scarcely those of the "strategic partnership" proclaimed earlier, will be positive with a growing economic interaction providing an ever-stronger foundation.

In sum, each of the major Asia-Pacific nations will pursue a foreign policy attuned to its needs and interests. U.S. policies will rest on two foundations, a concert of powers and a balance of power. Coalitions of states having common interests will be assembled to work on a specific problem or a group of intertwined issues. At the same time, given the unresolved concerns in the region, the expansion of military forces, and the rise of nationalism throughout the area, a balance of power will be maintained. China will concentrate upon handling its numerous domestic challenges and seek to keep good relations with its neighbors so as to have a buffer against American power. Yet at the same time, its nationalist impulses will remain strong, with territory and sovereignty correspondingly regarded as critical matters. Japan will increasingly seek acceptance as a major power despite domestic difficulties, and initiate independent policies, both economic and political. And Russia will continue to strive to regain its former prestige as a Eurasian power, albeit, with economics the first order of business.

The foreign policies and interrelations of the small and medium nations of East Asia also suggest greater economic and cultural interaction, and a sustained effort to avoid conflict. South Korea while insisting upon a more independent course, will maintain its alliance with the U.S. while simultaneously seeking to improve relations with all neighbors, a course set in operation by President Kim Dae-jung. Mongolia will continue to maintain balanced relations with China and Russia while encouraging other nations to give it greater attention as it undertakes the difficult tasks of modernization. And Taiwan, as noted, will maintain close economic relations with China while preserving its political independence, depending upon the United States for security assistance. And in this situation, the U.S. will seek to support the status quo until a "peaceful resolution" of the issue can be achieved.

In Southeast Asia, the ten nations comprising ASEAN will continue to find that their national interests lie in cooperation and the effort to present a collective position vis-à-vis the major powers although problems will periodically emerge such as those that recently caused troubles on the Thai-Myanmar border. Many states in this region while seeking to strengthen relations with China whose economic involvement grows ever larger, will favor a continued American strategic presence in the region to create a balance.

The situation in East Asia underwrites an important fact. The threat to the security of the region does not lie in the likelihood of conflict between or among major powers or

even among smaller states. Leaders of these nations understand that such conflicts cannot be won, given the enormous costs to all parties concerned. The major threats of today lie in three other directions: first, the debris that flows out from failed and failing states; second, terrorism, both in its non-state and state-involved forms; and third, the rising problems of what is labeled human security. Let us turn briefly to each of these challenges.

The DPRK is the only state in East Asia that can be clearly labeled a failing state today, but others warrant concern. For example, Indonesia, the most populous nation of Southeast Asia, remains a political and economic problem, with separatism and religious divisions both weakening authority, and economic problems continuing. Thus, ASEAN is affected as are Indonesia's near neighbors. Myanmar also exhibits problems, with a military junta seemingly unable to undertake basic economic reforms and stalling on political change. Moreover, there are other states struggling with domestic problems, some of which affect the broader region, sometimes in the form of porous borders that produce refugees, drug traffic, or illegal economic activities. Only as all nations of East Asia are able to pursue effective economic and social policies, thereby strengthening cohesion and allegiance to the government will this problem be alleviated.

Meanwhile, terrorism in diverse forms has expanded in Southeast Asia, some forces connected with groups like Al Qaeda, others indigenous. It should be noted that each nation today must deal with three semi-conflictual forces, namely, internationalism, nationalism, and communalism. Internationalism in diverse forms is growing rapidly, posing each state with the need to make major adjustments in its economic policies so as to remain competitive. From Japan to Singapore and beyond this challenge is paramount. At the same time, nationalism is rising. In nations like China, it has become a substitute for declining ideology in seeking to build unity. In states like Japan and the ROK, it is a response to decades of perceived subordination, whether to the U.S. or to the world at large. In addition, communalism is rising, namely, the quest of individuals for an identity in this revolutionary age, hence stronger adherence to religion, especially fundamentalism, or closer identification with one's ethnic group or local community. Communalism representing a quest for solace by belonging to a movement or group that provides identity is a global phenomenon today. How a nation handles these three forces, and their interrelation, will go far in determining its stability, hence, its inner security.

Finally but by no means least, the issues of human security will loom ever larger in the years ahead. The problem of rapid aging will affect many societies. Japan is a foremost example. In two decades, one-fourth of the Japanese population will be 60 years of age or older. The impact of this fact upon programs like social security, and upon the available work force will be a major one. Will a nation long adverse to abandoning its homogeneity accept immigrants on a larger scale? In a different manner, aging will also affect China where the numbers will be huge. And many other societies must face declining birth rates and rising older populations.

Natural resources also represent a supreme challenge. Water is one example. Already, water is a serious problem in parts of China, and thousands of acres are being

turned into deserts. Timber is yet another looming scarcity, as is energy. Rapid urbanization and the industrialization process that are proceeding at an accelerated rate throughout the world will cause these and other scarcities to loom large in the years ahead. Further, the economic gulf between rural and urban populations will widen, producing additional tension. Since all nations will be affected in one way or another by these challenges, multilateral cooperation should be both possible and essential.

Meanwhile, the existing multilateral bodies in East Asia must be strengthened if they are to be effective in handling traditional security problems and building trust and confidence. ASEAN and ARF are useful as are bodies like ASEAN Plus Three, and the smaller clusters such as the Singapore Cooperation Organization, the Four Party Talks, and TCOG. They bring together the nations of the region for useful talks, and enable bilateral dialogues to take place on the sidelines. Yet no existing multilateral body constitutes an effective peace-making or peacekeeping organization at present. Various suggestions for a sub-regional body such as a Northeast Asian Security Organization have been advanced, but it would seem premature to seek the establishment of such a body at this time. Thus, it is essential that non-governmental groups operating on a Track II basis interact with governments and official bodies on a regular basis, offering ideas and programs.

In a broader sense, given the diverse nature of cultures, political systems, and economic orders in the Asia-Pacific region presently, and even within a region like Northeast Asia, a melding of bilateralism and multilateralism together with a mixture of Track I and II interactions is the most logical course.

When one surveys the current situation in all of its facets, the prospects for an avoidance of a major conflict in East Asia seem reasonably good. The most complex problems relate to the internal security of various nation-states in the broadest sense of that term. On this matter, moreover, a combination of resolute action by national governments and international cooperation in resolving or alleviating challenges that are denominated “domestic” but in truth are also international, is essential. Peace and stability require new and complex techniques, merging national and international, official and private.

Chapter 2
Japan's Ballistic Missile Defense: An Urgent Matter Now
by Kaneda Hideaki

The United States' Nuclear Deterrence Strategy and MD Initiative

In May 2001, Bush administration launched a new initiative for ballistic missile defense (MD), and has been vigorously promoting it ever since. In June 2002, the administration formally renounced the Anti-ballilstic Missile (ABM) Treaty, which had become an obstacle for its earlier initiative.

The United States is shifting away from a conventional nuclear deterrence strategy that relies only on offensive nuclear power, and is adopting a new nuclear deterrence strategy that combines offensive nuclear power, conventional military power, and defensive power (i.e., MD), as demonstrated in the U.S.-Russia agreement to further reduce strategic nuclear warheads actively deployed by each side.

During the Cold War era, nuclear deterrence strategy was founded on the theory of "mutual assured destruction (MAD)." At the end of 1960s, "parity" or balancing between the strategic nuclear powers of the U.S. and Soviet Union was recognized as important, and the ABM Treaty was concluded between U.S. and Soviet Union in support of the MAD theory.

After the end of the Cold War, however, the apparent proliferation and transfer of weapons of mass destruction -- nuclear, biological, and chemical -- as well as ballistic missiles to transport them have posed threats to the international community as a whole.

It has become clear that mutual deterrence theory is no longer effective, since deterrence that relies solely on strategic nuclear power will not be able to deter the adventuristic use of weapons of mass destruction by so called "rogue" nations or international terrorists, but it is also defenseless against nuclear attacks after deterrence collapses. In the security environment in the post-Cold War Era, it has been recognized that only a nuclear deterrence strategy that embraces both offensive and defensive elements will be effective to nullify threats in practice, i.e. "denial defense power."

The United States' Missile Defense Initiative

The Bush administration has announced that it would adopt a "multi-phase defense system" as a global MD initiative as part of its new nuclear deterrence strategy. The concept is to build a defense system with multiple phases that can intercept threatening ballistic missiles at various ranges by dividing the entire flight range of a ballistic missile − from launch, impact, and boosting, including mid-course and terminal

segments − and deploying to each segment an interceptor system on the ground, sea, air, or space.

Interception at the boost segment offers several advantages, including the ability to respond before an enemy missile can adopt counter-interception measures, such as the use of decoys or the possibility of destroying the missile over the attacker's territory. However, the extreme shortness of time between launch-detection and interception poses the problem of instantaneous response. Contemplated is an air- or space-based laser, and sea- or space-based interceptor missiles, but these types of systems will require long-term technological development.

Interception at the mid-course phase provides more space and time for interception but is also vulnerable to counter-interception measures such as decoys, and has several problems to overcome technologically. Contemplated systems include ground and sea-based long-range interceptor missiles, and space-based interceptor systems.

Interception at the terminal phase has advantages in providing ultimate local defense tools at relatively lower cost to key defense targets of big cities, military bases, etc., yet entails the dissadvantage of a smaller defended area. Planned systems include a ground-based PAC-3, and some initial systems of these have been already put in service.

In addition, ballistic missile interception will require a system to detect and track a ballistic missile for a long distance and to provide such information to an interceptor system on a timely basis. For this reason, the BMC3I (Battle Management, Command, Control, Communication, and Intelligence) system is considered an important element of ballistic missile defense. The planned components of such a system include an early-warning satellite, ground or sea-based radar, and a large scale information processing system.

The Significance of Japan Owning Ballistic Missile Defense Capability

There are various unsolved issues, remnants of the Cold War, that remain in the neighboring area of Japan, including the issues of Korean Peninsula and Taiwan. North Korea and China continue to increase the number of ballistic missiles, with Japan within their ranges. Along with their possession of weapons of mass destruction, these states are considerable security threats in the area.

Japan's current system to fulfill its national defense based on its own defensive power as well as its alliance with the U.S., yet neither Japan nor the U.S. possess any effective ballistic missile defense capability today. If Japan were to possess such a capability, it would have extreme significance for Japan's defense, for the Japan-U.S. alliance, and for the prevention of proliferation of ballistic missile and other weapons.

In terms of Japan's defense, the possession of a ballistic missile defense capability will fulfill the part of the defense functions currently lacking entirely, while enabling it to complete the defense of its national territory and people.

From the viewpoint of the Japan-U.S. alliance, it will enable Japan to cooperate in the promotion of the United States' MD initiative and, in practice, to defend U.S. forces stationed in Japan from the threat of ballistic missiles, thereby achieving the mutuality of Japan-U.S. alliance. In addition, by effectively utilizing the possession of ballistic missile defense capability as a diplomatic trump card of "denial deterrence power," Japan may be able to take an independent role in the control of military build-ups, including weapons of mass destruction and ballistic missiles, within the framework of arms control and reduction.

Five Comprehensive Measures for Japan to Exhibit Ballistic Missile Defense Functions (5D)

Before discussing ballistic missile defense capabilities, let me make a comprehensive review on how and in what way Japan can best exhibit ballistic missile defense functions.

For Japan to exhibit ballistic missile defense functions, it is necessary to either prevent the launching of ballistic missiles beforehand, or smash and nullify mass destructive or ordinary warheads loaded on a launched ballistic missile, and to establish measures to confine the damage when hit.

In these terms, we need to consider the following five measures (5D):

(1) Dissuasion
(2) Deterrence
(3) Denial – offensive defense
(4) Defense – active defense
(5) Damage Confinement – passive defense

"Dissuasion" is to dissuade the proliferation of weapons of mass destruction and ballistic missiles as well as military buildup before they happen, through non-military diplomatic efforts and military confidence building measures. For this, it is necessary to promote diplomatic and defensive policies to prevent the realization of threats.

"Deterrence" is a way to control ballistic missile attacks beforehand by actually possessing "denial powers" to cover both offensive and defensive aspects, and by clearly indicating the willingness to use such denial powers. To provide efficacy in deterrence, Japan will need to possess denial and defensive powers against ballistic missiles in the future.

"Denial: offensive defense" is a measure to nullify the enemy's ballistic missile power by destroying the enemy's ballistic missile launchers and silos. At present, Japan

relies for this function on U.S. forces, but, in view of the current security environment of the area, there is a possibility that ballistic missile and other threats could emerge unexpectedly and surprisingly, so that Japan may need to possess its own ordinary denial capability to a certain degree in the future.

"Defense: active defense" is to intercept flying ballistic missiles by missiles and others before they hit Japan. This is a narrower term of ballistic missile defense. Basically, Japan's response against ballistic missiles aims at theater ballistic missiles with relatively shorter flying distances, so it will be necessary to build a system based on a response within about 10 minutes after the detection of such a missile launch, and to establish a way to operate such a system.

"Damage Confinement: passive defense" is a measure to minimize damage when hit by ballistic missiles, and includes "civil defense" measures. Such a measure is least developed in Japan, but for establishing a way to warn of a ballistic missile launch alarm to the whole of Japan, aforementioned BMC3I function can be utilized.

In the future, an urgent task for Japan will be to promote the synergy effects of the above "5D," while advancing the "development of comprehensive response capabilities to demonstrate ballistic missile defense functions."

In regards to the issues of possessing ordinary denial capability and/or ballistic missile defense capability, and their relationship within the interpretation of the Japanese constitution including the issue of collective defense rights, we should not adopt the conventional way of starting the debate directly from the restriction on collective defense right, but from the discussion on what measures are truly necessary for the future national security of Japan, taking into account the recent changes in the strategic environment, the nature of ballistic missile defense, and the significance of the Japan-U.S. alliance. It is essential that we adopt an attitude to address any interpretation issues for which some doubts have risen today, and correct them, where necessary.

Ballistic Missile Defense Approach Japan Needs to Adopt for the Moment

At the end of last year, in conjunction with the Defense Summit meeting between Japan and the U.S., President Bush announced a plan for ballistic missile defense deployment in 2004-2005. The plan is to include the actual deployment of GMD that corresponds to conventional NMD, and although it is still in an initial stage, Sea-based Mid-Course Defense (SMD) that corresponds to conventional TMD, and PAC-3. It will truly be the start of practical operation of the MD initiative.

It will probably not be suitable for Japan to introduce GMD, but the combination of SMD and PAC-3 will be suitable for Japan to introduce immediately as a ballistic missile defense system, in order to respond against the build-up of ballistic missile threats in neighboring countries.

According to news reports, the U.S. plans to back-fit (retrofit, as in radar reforms, etc.) such SMD on Aegis cruisers and destroyers in active services. It is also reviewing the possible application of similar back fitting to Aegis ships in active service in Japan (4 *Kongoh* type vessels).

The cost of such back-fitting is estimated to be several billion Yen per vessel. In view of the urgency of the threats, this cost can be considered very cost-effective in defensive power development.

Furthermore, the United States' MD initiative adopts a spiral approach in which ballistic missile defense system technologies and capabilities are developed step-by-step. Therefore, if Japan finds a need to improve equipment or introduce new equipment in response to the rapid build-up of threats in the future, it only needs to adopt an approach to coordinate with the U.S., to review the cost effectiveness each time, and to improve capabilities phase by phase.

In this sense, it will be beneficial for Japan to cooperate, within its own power, with the development of the United States' MD initiative, in consideration of Japan's future build-up of defense capabilities, and reflect the results in the development of its own ballistic missile defense system capability in an appropriate way.

For that matter, the least obstructive and measure of highest potential will be to complete the ongoing technological study of Sea-based Upper-layer System (today's SMD) jointly conducted between Japan and the U.S. as soon as possible, and step it up to the joint development stage, and install it as a reform system jointly between Japan and U.S. or by Japan alone.

Considering the above, and the moves of North Korea toward nuclear weapon development and ballistic missile test resumption, it certainly was an appropriate and timely judgement in terms of Japan's national defense that Japan's Director General of the Defense Agency, Mr. Ishiba, clearly indicated his intention to promote early and practical SMD and PAC-3 deployment, joint technological studies with the U.S., and shift toward development and practice of such systems, immediately after the completion of the Japan-U.S. defense summit.

Chapter 3
Evolving U.S. Security Policy in East Asia
by Michael McDevitt

I think it is important first, to quickly establish as a baseline the fact that the Bush Administration's Asia policy is grounded in a number of enduring fundamentals of U.S East Asian security policy – some of which are well over one hundred years old.

The first and perhaps most important fundamental is that the United States does not intend to be excluded from Asia. The United States considers access to Asia a vital interest because of a combination of economic, security and societal reasons. For well over a century, the U.S. has proclaimed that it is a Pacific power, which has been interpreted, by our actions, to mean all the way across the Pacific.

The second fundamental is America's enduring commitment to Asian security and stability. Even though we are not in Asia in a geographic sense, our commitment, as Colin Powell said last June, is an enduring one for both Asia's sake and our own. This is a particularly salient point in view of the reported concern that some Asians have expressed after learning of discussions surrounding the realignment of U.S. presence in Asia. Again quoting Colin Powell, "the U.S. is a Pacific Power and we will not yield our strategic position in Asia."

The third fundamental is the rock-solid belief that forward deployed forces contribute to stability. The syllogism that best captures why the U.S. remains committed to presence in East Asia is that a capable military presence that is strong enough to "deter forward without massive reinforcement" creates stability; stability, in turn, is the *sine qua non* for economic development, and economic development creates prosperity.

The final fundamental is the reality that the bedrock of our strategic position in Asia is our alliance structure in Asia, especially with Japan and Korea. Access to bases and facilities in those countries allows us to deter a North Korean invasion and execute a regional stabilizing military mission.

While these fundamentals, along with other traditional U.S. interests – spread of democracy, freedom of the seas – remain as a constant, security policy has evolved, necessarily in the wake of 9/11.

This evolution is largely based on the realization that there are stateless terrorist groups who are willing to use any means possible, including the most powerful weapons available, in order to inflict mass destruction on the U.S. and it allies. This means traditional concepts of deterrence, based on massive retaliation, have little meaning if the enemy is stateless, has infiltrated into the fabric of politically weak or fragile (but not hostile) nations, and is willing to commit suicide to achieve its goals.

This has required the U.S. to either rethink previous policies or place greater emphasis on policy concepts that had previously received episodic or scant attention.

For example, the realization that, with its 206,000,000 Muslims (95% of whom are in Indonesia and Malaysia), Southeast might succeed Afghanistan as a home for al-Qaeda and its network of allied organizations. Indonesia has always been important for the United States, as it is for Japan, but the fate of the secular government in Indonesia is even more critical now for the war on terrorism.

The United States has increased direct assistance to Indonesia for political reform and stabilization, more effective police and intelligence programs, and to strengthen moderate, mainstream Islamic organizations that are appalled at global terrorism. There is greater realization in Washington as well that continued ostracism of Indonesia's armed forces, despite their dismal record of human rights abuses, is not the best way to bring about change in the military. Education programs for the TNI in counter-terrorist related fields has been funded this year, the first military education program since 1991.

Next, our willingness to assist the Philippines in its drawn out struggles with Islamic militants and terrorists reflects a change in attitude of many within the Administration about the importance of being willing to patiently endure frequently unpredictable and mercurial relations with Manila in order to stamp out terrorists in Southeast Asia. .

President Gloria Arroyo gave unreserved support to the United States after 9/11, even offering use of the former bases if necessary in counter-terrorist operations. It was immediately apparent that parts of the southern Philippines that were virtually under the control of a criminal/Islamic gang, the Abu Sayyaf group-which had already had contacts with al-Qaeda operatives-represented a major threat. U.S. military assistance to the Philippines over the past year to help eradicate Islamic terrorism in the South, and improve the AFP's ability to re-establish security and government control, has been welcomed.

It must be said that our closer relationship with Manila also reflects the geo-strategic reality that access to Philippines facilities is much more important than most judged 12 years ago, because of contemporary worries about defense of Taiwan and access to training facilities for U.S forces stationed in Japan. At a minimum, gaining temporary access to airfields on Luzon seems to be a recognized priority.

Our security relationship with Singapore continues to evolve. The access Singapore provides for supporting our forward presence is important, particularly at Singapore's new naval base at Changi. Implicit in U.S. arrangements with Singapore over the past decade has been an understanding on both sides that Singapore could rely on the United States in the event of a serious threat to its security. Post-9/11, this understanding has deepened, and Singapore has become a key ally and confidant in the shared contest against Islamic terrorism.

Certainly, increased interest in Guam, while not in Southeast Asia per se, as an additional base for U.S. forces reflects a perception that depending only on a "places not bases" concept for U.S. presence in Southeast Asia may leave this region of Asia too bereft of American presence.

In Northeast Asia U.S. security policy has certainly evolved, driven by a combination of post 9/11 factors and other policy considerations aimed at improving overall regional stability.

U.S. security policy regarding Taiwan has evolved dramatically over the past two years with the introduction of strategic clarity regarding U.S. intentions should China attack. This was a necessary and important stabilizing step in the wake of Beijing's introduction of impatience and caprice into its stated rationale for using force against Taiwan. (The third "if" in Beijing's February 2000 White Paper.)

Strategic clarity is also involved in making certain that Taipei understands that a firm defense commitment was not license for Taipei to provoke Beijing and drag the U.S. into conflict.

One of the consequences of the defense commitment to Taiwan is the fact that China and the U.S. conduct increasingly ill-disguised contingency planning about how best to prevail in a Taiwan crisis. As a result the prospect of conflict hangs like a black cloud over an otherwise "candid, constructive and cooperative" relationship with Beijing.

One of the great ironies is that at the very time the U.S. evolved its arms sales approaches to Taiwan in order to better balance the inexorable growth of Chinese military power, the combination of a weak economy and vibrant democratic processes has dramatically slowed Taiwan's military modernization.

Moving on to Korea, there are two huge evolutionary changes in the making; changes that should be proceeded by a restoration job. As a precursor to policy evolution, restoring trust and consensus to the security relationship between Seoul and Washington is a necessary precondition. This is made more difficult by the fact that Seoul and Washington do not see eye to eye on how to solve the North Korean nuclear issue or, reportedly, on realignment of the U.S. military force presence.

A word about U.S. presence in Korea. As I understand it there is a desire to change the mission of U.S. forces in Korea from a single-minded focus on deterrence to one that includes regional, or even global, stability. This would be accomplished by a redeployment and realignment of forces: moving headquarters from downtown Seoul, and the 2nd Infantry Division to well south of the DMZ, where they would be reconfigured into a force that could conduct off peninsula missions.

This would involve structuring the U.S.-ROK alliance so that Korea could become more like Japan, where U.S. forces are essentially dual tasked. In Japan, they are responsible for defense of the host nation as well as wider regional or even global

responsibilities. In other words, in a Korean context, U.S. forces would be required to both defend Korea and at the same time to use Korea as a "hub" for the deployment of U.S. forces off the peninsula for other missions.

This has major ramifications for the ROK government. Is the ROK military really intellectually prepared to assume the leading role in the defense of the ROK, and if so, is Seoul also ready to permit Korea to become a deployment hub?

Putting this concept into a larger context, it is an example of the evolution in U.S. strategic thought about East Asian presence, away from a fixed floor of 100,000 military in the region to a more sensible capabilities based approach. The big issue is not whether this is a good idea, but whether it is good idea just now. The timing is bad. Talking about adjusting U.S. presence in the face of a North Korean crisis may send wrong signals north and will surely create concerns throughout the region.

The other major evolution in Korea has to do with the North. It is perhaps the most important evolution of all because it blends the traditional concerns about North Korean nuclear developments with the new post 9/11 reality of terrorists who want to kill thousands of Americans.

The issue is plutonium. Twelve years ago, policy makers would have been terribly worried about a North Korea with 6-10 nuclear weapons. But they could be comforted by the fact that North Korea had been deterred since 1953.

Today, however, the issue is far more threatening because most observers are convinced that Korea would be willing to sell plutonium, or perhaps a nuclear weapon, to an undeterrable terrorist. Reading the *National Security Strategy* (NSS), this is almost a textbook case for preemption. Destroy the Yongbyan reprocessing plant and set back North Korea's ability to produce weapons grade material for several years.

But it is not that simple because we are disadvantaged by geography. If Seoul were 100 kms south of the DMZ, a military option would be more attractive. But it is not, and Seoul cannot be moved, so preemption is hard to seriously consider without both Seoul and Washington willingly accepting a risk of another Korean War.

As a result we are now awaiting the third evolutionary iteration of policy toward North Korea in the last two years. The first was replacing the Perry process focus on talks with North Korea about missiles while holding fast to the Agreed Framework, with an policy that became known as a comprehensive approach. It included the Agreed Framework, but sought to expand disarmament to include conventional forces.

The second evolution came last summer. A willingness to talk anywhere anytime was superceded by a precondition of forswearing nuclear programs before talks, once North Korea acknowledged its nuclear weapons ambitions. As North Korea has continued to shed restraints on its nuclear program the list of preconditions

understandably grows more specific, i.e., return to the Nuclear Non-Proliferation Treaty (NPT) and don't reprocess the spent fuel.

Whether a third iteration will be a successful multilateralization of policy as the administration hopes, or a willingness to set aside moral aversion about rewarding bad behavior and embarking on a Perry-like approach, or a willingness to risk preemption because the threat to America is so grave, remains to be seen. Recall the NSS says, "We cannot let our enemies strike first."

Let me turn now to U.S. strategy and Japan. I was asked to address how the NSS has affected thinking and priorities vis-à-vis Japan.

Arguably, any close reading of the NSS results in an appreciation of the importance of the U.S.-Japan Alliance. Japan fits what the NSS calls "the single sustainable model for national success: freedom, democracy, and free enterprise." Japan also plays a central role in the principal strategic task outlined in the NSS, that is, "creating a balance of power that favors freedom."

The NSS argues that to accomplish this objective it is necessary to "defend the peace by fighting tyrants and terrorists." Japan is certainly doing its share in the fight against terrorism, and its policies toward North Korea are a reflection of popular revulsion toward tyranny.

In the fight against terrorism, the NSS calls for strengthened alliances. By any measure the security cooperation aspect of the alliance has never been stronger. It is the alliance that makes it politically acceptable throughout Asia for Japan to be military active following 9/11 without a backlash, which is precisely what the U.S. wants. As a result, as policy makers anticipated, the alliance is strengthened in U.S. eyes because Japan has clearly started down a road leading to greater security cooperation.

The NSS goes on to say it is necessary to preserve the peace through good relations and alliances with the great powers of the world. Japan certainly belongs in the company of China, India, and Russia. Finally, Japan is contributing to the extension of the peace, through its leading role in Afghanistan.

In the wake of 9/11 and more recently worries about North Korea, the biggest evolutionary change in the alliance is coming from the Japanese side. The U.S. has long encourage Japanese officials to engage in a more public debate involving the people of Japan on issues regarding collective self defense and even the peace constitution. That debate is finally underway. Such a debate holds out the promise of even greater Japanese partnership in realizing the vision of the NSS. So long as evolutionary changes in Japan's security posture are defined within the framework of the alliance, the goal of balance of power for freedom will be within grasp.

Finally, I was asked for an assessment of the long-term prospects for our "candid, constructive, cooperative" relationship with China. Let me give you my bottom line. I

think a Chinese aphorism my colleague Dave Finkelstein frequently cites – "seeing the acorn and imagining the oak tree" – is an accurate way to characterize how U.S. security planners think about China in the future. They worry about a future Chinese "oak tree" that could upset the balance of power in Asia.

Like all of Asia, the long-term implications of the so-called "rise of China" are very much on the minds of strategic planners and thinkers in the Department of Defense. Candid, constructive, cooperative is all well and good for the short term, but, when it comes to the long term the rhetoric of candidate Bush, that dubbed China a "strategic competitor" is a more accurate characterization of deeply held beliefs. When it comes to long-term thinking about China, strategic competition is still very much on the mind of this Administration.

The evidence of the Bush Administration's long term thinking about China is readily apparent. *The National Security Strategy* is the most authoritative source since, if press reports are correct, the President was personally involved and actually wordsmithed the document so (according to *The Washington Post*) the boys in Lubbock could understand it. Let me cite of few lines from what the NSS has to say about China.

> "We welcome the emergence of a strong, peaceful and prosperous China, but the democratic development of China is crucial to that future."

In other words regime change, or at least political evolution, seems to be a necessary precondition for a peaceful China. It goes on to say that:

> "In pursuing advanced military capabilities that can threaten its neighbors in the Asia-Pacific region, China is following an outdated path that, in the end, will hamper its own pursuit of national greatness. In time China will find that social and political freedom is the only source of that greatness."

To my mind this is a clear shot across China's bow, especially regarding attempts to militarily intimidate Taiwan into a reunification dialogue.

Let me turn now to the Secretary of Defense's August 2002 Annual Report to the President and to Congress (ADR). Under the heading Current Security Trends, the ADR holds that: "In particular, Asia is gradually emerging as a region susceptible to large-scale military competition"; a phrase lifted directly from the Quadrennial Defense Review (QDR) of 2001.

It goes on to say, "Maintaining a stable balance in Asia will be both a critical and a formidable task. The possibility exists that a military competitor with a substantial resource base will emerge in the region." This also reflects the verbiage of the QDR.

I find these thoughts particularly telling because the document was written a year after the QDR and therefore a year after the current warm post 9/11 relationship with

China began. I think the ADR provides good evidence that the current, more normal relationship with China has not changed attitudes, at least in DoD, regarding how today's "Chinese acorn" will grow.

Some worry about a potentially antagonistic China that would be economically and militarily strong in the 2020-2030 time frame. In other words, a peer competitor in the region. While it is easy for many China specialists, who have insight into China's massive internal problems, to belittle the notion of China as a regional peer competitor in two or three decades, the fact remains such an outcome is not outside the cone of plausible futures. After all, China today is the military hegemon on the continent of Asia and its economic gravitas is becoming a regional magnet in perception if not in reality.

It is important to place the notion of regional peer competitor in the context of strategic thought since the demise of the Soviet Union. It has become an article of strategic faith for many strategists and policy practioners that "never again" should the U.S. permit itself to be in the position of being in a contest with a nation that is so strong that the political and strategic outcome is in doubt. This is especially true regarding nuclear weapons.

The NSS makes this point clear. "Our forces will be strong enough to dissuade potential adversaries from pursuing a military build-up in hopes of surpassing, or equaling the power of the United States."

With today's China no one quite knows what to expect. Our only historical experience with a rising power in Asia is Japan during the first part of the 20th Century, and that did not turn out well. One of the lessons from that experience was that an Asian nation who could project decisive military power throughout the region ought to be forestalled or balanced. China cannot do this – yet. It will probably be up to the U.S. to make sure this potentiality is discouraged if possible, or militarily balanced if not, to ensure this does not transpire.

The uncertainty about future role China will play is also actively encouraged by many of the counties of Asia who, based on a longer history with China than we have, are persuaded that it is important that the U.S. play a role in balancing China. They constantly remind influential visiting Americans of this desire.

Finally, China itself has signaled a desire to compete on what could be dismissed as a theological dispute, if it were not so potentially destructive to U.S. strategy. China continues to attempt to undermine the foundation of the U.S. security strategy in Asia – our bilateral alliances – with its own "New Concept of Security." I believe we will find ourselves engaged in a long-term strategic competition in Asia with China over how best to organize for regional stability.

China first announced its competing vision in its 1998 White Paper, and China continues to promote it. I was personally surprised just a couple of months ago when

during his visit to Washington to renew the Defense Consultative talks, General Xiong Guang Kai made much of the concept.

Meanwhile China is working hard to realize its vision. The Shanghai Cooperation Organization (SCO), its strategic partnership treaty with Russia, its smile diplomacy with ASEAN, and its close relationship with the ROK are all examples of a very aggressive diplomatic agenda.

This is the first time since the founding of the PRC that China has become proactive in trying to reshape its external regional security environment (as opposed to trying to spread revolution). This process will undoubtedly collide with our interests in the region. What impact China's attempts to undermine the very basis of our security strategy for the region is difficult to predict. It is hard for me to imagine it going beyond rhetoric and diplomatic competition, but it will nonetheless certainly introduce a certain edginess to the long-term relationship.

Chapter 4
On Legislation to Respond to Emergencies
Background Paper
by Yamaguchi Noburo

Introduction

Whenever talking about the problems related to the current defense posture of Japan, I cannot help recall a statement given by neighbors in North Korea in the late 1990s. It stated: "American imperialists are planning to militarily liquidate the Republic. Puppets in the south are willing to die as human shields for them. Japan is busy preparing to become a bellboy to help them through the Guidelines and the related legislation."

(1) While the statement sounded to me as provocative as usual, I found it somehow accurate in the context of Japan's efforts to become prepared for regional contingencies. At that time, we focused on Japan's contribution to possible international efforts to cope with "Situations in the areas surrounding Japan," and we were fairly happy about the result. The Guidelines, however, are not only for bilateral cooperation in such regional contingencies out of Japan. The document clearly states, "Bilateral actions in response to an armed attack against Japan remain a core aspect of U.S.-Japan defense cooperation."

(2) The Guidelines also recognized that a situation in areas surrounding Japan might develop into an armed attack against Japan. In short, the "bellboy" by North Korea's definition may have to defend himself while helping others. As of the end of the 1990s, Japan became able to assist U.S. forces in such a situation. The serious question remains, however, if this bellboy can defend himself effectively in terms of a legal basis.

History of the Issue: From where we came

The debate over legislation with regard to emergency situations can be characterized by three L's – long history, logical path, and large amount of work. Let me clarify these three.

(1) First, it is a long story at least from when I was a second lieutenant. In 1976, a soviet fighter pilot landed his MIG-25 on Hokkaido and defected to Japan. Soon after, general Kurisu, then-Chairman of the Joint Staff Council, was fired because of his statement. He suggested in his remarks that the legislative basis for SDF's operations in case of an emergency is inadequate and the SDF might be forced to take super-legal action when Japan was attacked. The problem was clear. If the SDF was to complete its central mission dictated by the SDF Law – to defend the

country in case of military attack against Japan, the SDF might have to conduct operations with an inadequate legal basis. In 1977, the JDA started a study on legal problems with regard to emergency situations and reported its progress in 1978, 1981 and 1984. While these reports have pointed out the necessity of legislative actions to enable the SDF to fight, little advance has been achieved in the last 29 years.

(2) Second, the current situation is a result of a path that is somehow logical if not reasonable. Legislative efforts for smooth operation of the SDF were not given a highest priority in the GOJ's policy for a couple of reasons. (a) Defense was not the most important issue in comparison with economic growth. (b) Even within the defense arena, operational readiness of the SDF was not given the highest priority in comparison with defense buildup. While procuring weapons was seen as an important effort to contribute to the West's containment strategy, the people did not pay much attention to using those weapons or operating the SDF. (c) There has been a fear that such kind of legislative action may result in restricting people's rights or posing a burden of legal obligation on the people. For these reasons, the GOJ's approach towards this legislative initiative was cautious and we were not necessarily enthusiastic. The initial report in 1978 states, "The study does not mean preparations for any legislative bill submitted to the Diet in the near future." This might have been taken as an obsession that "the result of the study should not go beyond study." "In the near future" resulted in 29 years.

(3) Third, it will surely require a large amount of work to solve the problem. Five years after the resignation of General Kurisu, the GOJ's progress report pointed out three major categories of legislative actions: 1) laws under the jurisdiction of the JDA, 2) laws under the jurisdiction of other ministries and agencies, and 3) laws pertaining to matters not clearly falling under the jurisdiction of any ministry or agency. For example, in the first classification, the study pointed out the necessity to enact a Cabinet ordinance to enable the SDF to utilize the SDF Law's provision on SDF's requisition of materials, utilization of land in case of defense operations. The list of necessary amendments and new legislative initiatives under the JDA's jurisdiction is too large to accommodate in the Defense White Paper. Including the second and the third classifications, it is not difficult for us to know that there is a huge list for amendments of the existing laws that involve almost all ministries and agencies.

Current Situation: Where we go, and in what Direction?

It took some 30 years to actually start legislative action. Currently three bills are submitted to the Diet as the first step to solve the issue; namely: 1) bill to amend the Establishment of the Security Council of Japan; 2) bill to respond to Armed Attack; and 3) bill to amend the SDF Law. While these three bills will not complete the legislative work for Japan's defense, they may significantly improve Japan's defense posture in terms of legal basis.

(1) The first bill is aimed at clarifying and strengthening the roles of the Security Council, which is the core element of Japan's decision making in case of armed attack against Japan.

(2) The second bill will: 1) set a general idea on how Japan responds to armed attack; 2) provide the GOJ with the guidelines for enacting necessary laws to ensure a) protection of people's lives, b) smooth and effective operations of the SDF, c) smooth and effective operations of U.S. forces in Japan; and 3) more importantly set an objective or deadline to enact necessary laws within two years.
(3) The third bill is to make some improvement for smooth operations of the SDF by amending SDF laws.

If these bills are enacted, we will have a sound foundation for overall guidance of Japan's defense in legal terms, and more importantly we will have to work hard to complete the task.

When I was a child, my mother used to tell me that every important task may take time but it is worth taking time. She quoted a story of Yang Guifei of the Tang Dynasty of China in the 16th century. According to my mother, Madame Yang was very fond of beautiful flowers and was eager to get them at any cost. Once she was told that there was a seed for the most beautiful flower in the world and it took more than a hundred years to bloom. She replied, "be in a hurry."

About the Contributors

Funabashi Yoichi is the chief diplomatic correspondent and columnist for the Japanese newspaper *Asahi Shimbun*. He has been a Nieman fellow at Harvard University and a Ushiba fellow at the Institute for International Economics. He is the author of several prizewinning books and was awarded the 1985 Vaughn-Uyeda Prize – often called Japan's Pulitzer 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.

Michael McDevitt is Director of Project Asia and the Center for Strategic Studies of the Center for Naval Analyses Corporation, and is also a specialist in East Asian security policy. He is a former Commandant of the National War College from 1995 to 1997. From 1993 to 1995 Adm. McDevitt was Director for Strategy, Policy and Plans (J-5) for the Commander in Chief, U.S. Pacific Command (CINCPAC). He was also Director of the East Asia Policy Division, ISA, Office of Secretary of Defense, and concurrently, Acting Deputy Assistant Secretary of Defense for East Asia.

Hisashi Owada is President of the Japan Institute for International Affairs. He also serves as Advisor to the Minister for Foreign Affairs of Japan and Senior Advisor to the President of the World Bank. Previously he served as Permanent Representative of Japan to the United Nations. Ambassador Owada has served in various posts in the foreign service of Japan, spending a large part of his career on legal as well as United Nations affairs, on the United States, and on the Soviet Union. Ambassador Owada is a graduate of Tokyo University and taught there for more than 25 years, as well as having taught at Harvard Law School, Columbia Law School and New York University Law School. He is the author of numerous books and articles on international legal, economic and political issues.

William Perry is well known internationally to the arms control community through his many contributions to the field of international security. He served as Under Secretary of Defense for Research and Engineering during the Carter Administration. He returned to the San Francisco Bay Area in 1981 as Managing Partner, and eventually Executive Vice President of Hambrecht & Quist Incorporated. In February 1985 he founded H & Q Technology Partners, Inc. which has since been changed to Technology Strategies and Alliances and he continues to serve part-time as Chairman and Chief Executive Officer. In 1994, Prof. Perry took leave of absence from Stanford University in order to relocate to Washington, DC. He was serving as the U.S. Secretary of Defense. Prof. Perry is a member of the President's Foreign Intelligence Advisory Board. He co-chairs the Aspen Strategy Group of the Aspen Institute for Humanistic Studies. He is a trustee of the Carnegie Endowment for International Peace. He is a Fellow of the American Academy of Arts and Sciences, and a member of the National Academy of Engineering.

Robert A. Scalapino is Robson Research Professor of Government Emeritus at the University of California at Berkeley. From 1949 to 1990 he taught in the Political Science Department at the University of California at Berkeley. He was department chairman from 1962 to 1965 and Robson Research Professor of Government from 1977 until 1990. In 1978 he founded the Institute of East Asian Studies and remained its director until his retirement in 1990. He is the recipient of numerous research grants, medals, and awards, and has published some 500 articles and 38 books or monographs on Asian politics and U.S. Asian policy. He serves on the Board of Directors of Pacific Forum-CSIS among other organizations. He received the B.A. degree from Santa Barbara College and the M.A. and Ph.D. degrees from Harvard University.

Jane Skanderup is Director for Programs at the Pacific Forum CSIS. She specializes in comparative political economy in Asia, as well as international trade and investment issues. Current projects include an analysis of cross-Strait economic and political relations, particularly the new division of labor in the IT sector; editing a volume of papers on U.S., Japan, and China relations; and a co-authored monograph on regional economic trends and issues. She has published op-eds, journal articles and books on a range of Asia-Pacific economic issues. Ms. Skanderup received the MA degree from the Johns Hopkins School of Advanced International Studies where she focused on international economics and Latin America.

Shigeie Toshinori is Acting Director and Senior Research Fellow of The Japan Institute of International Affairs (JIIA). Mr Shigeie graduated from Hitotsubashi University and joined the Ministry of Foreign Affairs of Japan in 1969. He held a number of different positions within the Ministry, including Director of the Oceania Division, European and Oceanian Affairs Bureau; Private Secretary to Chief Cabinet Secretary Gotoda; Private Secretary to Chief Cabinet Secretary Obuchi; and Director of the Japan-U.S. Security Affairs Division, North American Affairs Bureau. Following a year as CFIA Fellow at Harvard University between 1990 and 1991, Mr Shigeie was part of Japan's Mission to the United Nations for two years. After his position at the UN, he was Deputy Director-General of the Middle Eastern and African Affairs Bureau; and Deputy Director-General of the Economic Affairs Bureau. He then took up a post as Economic Minister at the Embassy of Japan in the U.S., followed by Deputy Chief of the Mission, Embassy of Japan in the U.S. Most recently, he was the Director-General of the Middle Eastern and African Affairs Bureau at the Ministry of Foreign Affairs prior to his present position at JIIA.

APPENDIX A

Ninth Annual U.S.-Japan Security Seminar
"JAPAN-U.S. SECURITY RELATIONS: MANAGING FUTURE CHALLENGES"

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

March 20-21, 2003
Pan Pacific Hotel • San Francisco, California

Agenda

Thursday, March 20

3:30-4:00PM **Welcoming Remarks:**
Ralph A. Cossa
Toshinori Shigeie

4:00-6:00PM **Session I: Current Concerns/Developments in East Asian Security**

The first session will look at regional developments since our March 2002 meeting, with particular focus on those actions and events that pose new or revised challenges to the alliance relationship or our respective national security interests. Primary focus will be on recent Korean Peninsula developments (including the implications of the ROK new administration on trilateral cooperation) and on new or renewed threats caused by concerns over terrorism (especially in Southeast Asia) and the proliferation of weapons of mass destruction. Leadership changes in China and transitions elsewhere will also be discussed, along with more traditional East Asian security concerns, such as cross-Strait developments or the challenges associated with an emerging China. 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.

- U.S. Presenter: Robert A. Scalapino
- Japanese Presenter: Yoichi Funabashi

6:30PM **Cocktails/Dinner**
Informal Remarks: William J. Perry

Friday, 21 March

9:30-11:00AM **Session II: Evolving Japanese Security Policy**

Under Prime Minister Koizumi, and especially in the wake of Sept. 11, 2001, rapid strides have been made in increasing Japan's role in international security. This session will discuss how Japanese thinking on security has continued to evolve and how military deployments to the Indian Ocean (including an AEGIS-equipped destroyer) in support of anti-terrorism operations will impact Japanese security policy. What changes are anticipated? Where and how does missile defense fit in? How will Japanese participation in regional political and security organizations, such as the ASEAN Regional Forum, also be reviewed?

- Japanese Presenter: Hisayoshi Ina
- General Discussion

11:30AM-1:00PM **Session III: Evolving U.S. Security Policy**

How has Washington's East Asia strategy continued to evolved, especially in light of North Korean nuclear activities and the growing focus on Southeast Asia as a potential "second front" in the war on terrorism? Will/does the war on terrorism continue to drive U.S. thinking in East Asia, or have more traditional security concerns returned to the fore? How has the September 2002 National Security Strategy affected U.S. thinking and priorities in East Asia and vis-à-vis Japan? What are the prospects for a truly "constructive, cooperative" relationship with China and how will this impact broader regional relationships?

- U.S. Presenter: Michael McDevitt
- General Discussion

1:00-2:30PM **Lunch**

3:00-5:00PM **Session IV: U.S. -Japan Security Relations: Managing Future Challenges**

Tokyo's quick and decisive response to Washington's call for increased cooperation in the fight on terrorism has been unprecedented and has clearly raised the security relationship to a higher level. Can this be sustained? What more will Washington seek? What more is Japan prepared to give? Can Iraq be another successful case in the development of U.S.-Japan security relationship? What are the areas political- and security-related where future cooperation will be most important? Where are the future trouble spots? Can issues related to stationing in Okinawa be appropriately addressed? Is it time to seriously discuss future force structure requirements? How can multilateral mechanisms and initiatives enhance future bilateral cooperation?

- Japanese Presenter: Noboru Yamaguchi
- U.S. Presenter: Michael H. Armacost

5:00PM Meeting Adjourns

Ninth Annual U.S.-Japan Security Seminar

"JAPAN-U.S. SECURITY RELATIONS: MANAGING FUTURE CHALLENGES"

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

March 20-21, 2003
Pan Pacific Hotel • San Francisco, California

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APPENDIX B

Basic Strategies for Japan's Foreign Policy in the 21st Century New Era, New Vision, New Diplomacy

November 28, 2002
Task Force on Foreign Relations for the Prime Minister

Executive Summary (unofficial translation)

I. Current State of the World for Japan

Major changes are underway in the international community of today. First of these challenges is the globalization of economy and society. Second is the remarkable advancement and increasing power of military forces. Third is the rapid expansion of the Chinese economy. In all of these developments there are opportunities and potential threats to Japan and to other countries of Asia. Japan must fully investigate and seek responses to these challenges. For Japan's foreign policy in its development from now, Japan must formulate clear strategies as a state, which have been lacking so far. The basis of all strategy is "national interest." Without a debate on the national interest it is impossible to set a course for the nation. First among the basic national interests of Japan is to maintain peace and security. Japan must change its thinking about international peace activities so that its own actions would conform with international norms. Second is to support the free trade system. Japan should establish a network of bilateral free trade agreements (FTAs), to supplement the WTO system. Third, Japan must protect freedom, democracy and human rights. It is Japan's duty as well to demonstrate a consistent commitment to the protection of these values. Fourth, Japan must actively promote people to people exchange and development of human resources, through exchanges in academia, culture and education.

Japan has not seen the external world enough so far. Japan has to face the reality of the world and to actively engage itself in world affairs.

II. Regional Issues for Japan

1. The United States of America

The United States is the most important country for Japan. How the relationship should be, however, has up until now avoided redefinition, including the Japan-U.S. security system which is central to the relationship. Japan must undertake a comprehensive reexamination of its relationship with the United States focusing on security. The reexamination exercise would lead to further enhancement of the Japan-U.S. relationship. If this work is not undertaken, the rifts between the allies will grow from barely tangible to substantial, and confidence in the alliance among the two nations could be shaken.

It is not unusual that the policy priorities of Japan and the U.S. should be different at times. It is impossible that the Japan-U.S. relationship will become like the one between the UK and the U.S. Japan, while upholding objectives common with the U.S. must have its own axis of coordinates and engage in diplomacy that is complementary to that of the U.S.

Now that the economic tensions are relaxed between the two countries, policy coordination should be pursued.

2. China

The relationship with China is the most important theme in Japan's foreign policy at the outset of the 21st century. For both countries, the relationship is one that interweaves "cooperation and coexistence" with "competition and friction." It is important that politics is not brought in too much to the economic aspects of the Japan-China relationship. Japan should assimilate China's "vitality." The only solution to the hollowing out of Japanese industry due to Japanese direct investment in China is Japan itself becoming an attractive, high-value added manufacturing economy.

China's military buildup can pose a serious threat to Japan and other countries of the region. Japan should make strenuous demands for transparency from the Chinese side as regards China's burgeoning military budget.

As regards Official Development Assistance (ODA) to China, Japan must define aid recipients narrowly so that the assistance can gain the understanding of the Japanese people more easily. The history problem and the Japan's relationship with Taiwan are recurring sources of discord in the Japan-China relationship. As regards the history problem, both Japan and China while drawing lessons from history, it is time they liberated themselves from an "enchantment with history" and aimed for a future oriented relationship. Since the normalization of the relationship between the People's Republic of China and Japan, tremendous changes have relationship between the People's Republic of China and Japan, tremendous changes have taken place on Taiwan. It is natural that the Japan-Taiwan relationship should undergo certain change as well.

3. Korean Peninsula

(1) South Korea (Republic of Korea)

ROK is Japan's most important strategic partner in the region, sharing with it the three basic systems of democracy, market economy and an alliance with the United States. The sharing of these basic systems is bringing the values and national interests of the two countries closer together. We should also underscore the awareness of each other as partners that was fostered among the younger generation by the World Cup soccer tournament.

The newest goal for Japan-ROK relations is the signing of an FTA. This should serve as the core for the achievement of a comprehensive economic partnership, and a new

sense of community that it fosters will be important. Japan and ROK can serve as the hub for an expanding network of democratic, market-economy countries in East Asia and the Pacific.

(2) North Korea (Democratic People's Republic of Korea)
There will be no normalization of relations between Japan and North Korea until North Korea itself resolves the many problems that it has caused: abductions, development of nuclear weapons and missiles, spy boats, narcotics smuggling etc. The resolution of these problems would bring peace, which would lead to greater prosperity for East Asia as a whole. North Korea itself needs to make substantial efforts if it is to become a member of international community. Japan's objective is not to overturn the regime in North Korea but to gradually change the nature of its political and economic systems.

4. East Asia and the Pacific
(1) ASEAN
Stability in ASEAN is extremely significant for Japanese security. There are, however, large disparities within the ASEAN region, and the course for Japan to take is to engage in dialogue with the ASEAN 5 first, and then seek the application of those results to the expanded ASEAN group. Economic partnership with ASEAN should be pursued in such a way that it will encourage increased integration of the region.

Japan should pursue the "East Asian community" initiative referred to in Prime Minister Koizumi's Singapore speech. Japan can and should make important contributions to ASEAN in education, human resources development and the promotion of democracy.

(2) Canada and Australia
Located along the Pacific Ocean, Japan, Canada and Australia have much in common strategically. Japan should consider developing common policies with Canada and Australia in some areas. Japan should view its relationship with these two countries strategically and in a different light from the G8, and should incorporate them into its diplomatic assets.

5. South Asia
This region is important from a security standpoint as the one region in the world most likely to see nuclear conflict. There is potential for economic complementation between India and Japan in areas like IT. Japan needs to be aware of India's strengths and utilize them to boost Japan's own economic vitality.

If Pakistan collapses, it could lead to proliferation of nuclear and missile technologies, and also increased terrorism. The conflict over Kashmir has global repercussions. Japan should make an effective contribution to the resolution of this conflict.

6. Middle East and Central Asia

Japan should engage in "Middle East silk road diplomacy" to promote the following agenda: 1) elimination of Iraq's weapons of mass destruction, 2) elimination of the threat of international terrorism, 3) energy security from Gulf countries, 4) "soft power" support for an end to the Israel-Palestine conflict, and 5) expanding relations with Iran.

The most desirable solution to the Iraq problem is for Saddam Hussein to completely eliminate his weapons of mass destruction, followed by the natural dismantlement of the Hussein regime. Japan should do whatever it can to further those aims.

In the Middle Eastern peace process, Japan should make a strong demarche to both Israel and Palestine in an attempt to bring them back on the road to peace.

7. Russia

Japan-Russia relations are at an important turning point, with Russia itself undergoing vast political changes. Japan should engage in a fundamental review of its Cold War policy towards Russia, and indeed it cannot leave relations with Russia unchanged. Russia provides an area where there are still large possibilities for Japanese foreign policy. Russia itself seeks closer ties with Japan. Russia is now an open society in which public opinion has a strong role to play. Japan should make bold moves to strengthen the communication pipeline, initiate Track II dialogue, and discuss territorial issues with Russia from a wide range of perspectives.

8. Europe

The EU is moving steadily towards becoming one of the world's largest quasi-states. The development of the EU should be regarded highly in the context of world history for the implications it has for the balance in the international community. In the new world order, Japanese foreign policy will require strong partners case by case. It is the EU that can reasonably be expected to be a partner in several of these cases. Japan should study how best to cooperate with the EU and its strategy for the EU over the long term.

9. Latin America

Japan has no negative legacies in Latin America; this is a region where it can make use of its abilities and capacities without constraint. However, Japan's presence in Latin America has been steadily declining since the nineties. Japan should expand economic cooperation for Latin America, with a view to possibly signing FTAs with MERCOSUR and other Latin American countries.

10. Africa

If left unattended, Africa's failed states could export terrorism and other destructive factors to the rest of the world. Bringing about democracy and good governance in Africa is essential for world stability and prosperity. Aid to Africa should not look for short-term returns, but should be seen as a part of international activities to maintain

order in the world. It will be important to develop TICAD (Tokyo International Conference on African Development).

11. United Nations

The United Nations is a place where the interests of its members clash. Japan would not sit at the Security Council for six years. There has been no progress in its strategy to obtain a permanent seat on the Security Council or in its efforts to have the "former enemy clauses" deleted. However, the United Nations' functions to maintain world peace and stability are extremely important. It would be difficult for sovereign states on their own to perform the United Nations' peace-keeping and peace-building functions in its stead. Japan should provide the United Nations with all the cooperation it can in order to ensure a better future for the organization.

Nonetheless, there is nothing that explains or justifies Japan's inflated level of assessed contribution. Japan needs a strong resolve to reduce its assessed contribution to rational levels of 15 percent or thereabouts, which is in line with its GDP.

III. Japan's Agenda by Sector

1. Security

Factors for instability in the East Asian region include North Korea's nuclear weapons program and the rapid modernization of the People's Liberation Army in China. The Japanese alliance with United States, which Japan opted for in the interest of its sovereignty and independence, may need to be strengthened in the future, and certainly cannot be expected to weaken. It will be important for Japan to reinforce its counter-terrorism systems. Intelligence gathering, in particular will be fundamental for national security.

The question of U.S. military bases, which have been located in such a way as to place excessive burdens on Okinawa, can only be resolved if the entire issue is rethought from a nationwide perspective that includes both Okinawa and the mainland.

The debate on the right to collective defense should be advanced to a more realistic discussion that would enable Japan to effectively participate in collective security arrangements. Japan should be a country that contributes to behind-the-lines support which does not require the use of military force. The dispatch of noncombatant troops to the ISAF (International Security Force) in Afghanistan is one example.

2. The Japanese economy in the context of global trends

Japan will be more directly influenced by Chinese economic development than any other country and has a responsibility to articulate a national economic vision under this new paradigm. The essential first steps will be to quickly dispose non performing loans and at the same time reform the economic structure itself.

The promotion of science and technology will be an absolute prerequisite to achieving this. Nor can regulatory reform be avoided. Japan must rectify high-cost structures, enhance educational facilities, and accept more foreign students, with the ultimate aim

of attracting direct investment from overseas in high value-added areas such as high technology industries and research and development.

Structural reforms in the agricultural sector are also essential. Japan must study mechanisms to mitigate the impact on domestic agriculture and to ensure food security.

3. Economic integration in East Asia

The highest priority for the Japanese economy is East Asia, which is the growth center for the world economy. Japan should accelerate the integration of East Asia and should take the lead in this area, seeking to become the core country in a community that advances together. Japan should make strategic use of economic partnership agreements in order to achieve this. The goal should be the creation of a borderless East Asian economic sphere.

When complete, the integrated East Asian economy will be a partnership that includes Japan, China, South Korea, ASEAN, Taiwan, Hong Kong, and furthermore Australia and New Zealand. Japan should pursue economic partnerships, which should serve also to balance China's expanding sphere of influence. At the heart of this will be FTAs, first with ASEAN, where Japan has strong trade and investment ties, and also with South Korea and Taiwan.

4. Sustainable development and humanitarian assistance

ODA must be administered with greater efficiency under current tight fiscal conditions, and Japan should therefore prioritize the regions to which it provides aid and the types of aid it provides. Priority regions would include ASEAN, East Asian countries, the Indian subcontinent, the Middle East, Central Asia, and the Caspian Sea countries. Priority aid areas would include the development of basic infrastructure to promote economic integration and growth in East Asia, environment and energy, poverty eradication, peace-building, and promotion of understanding of Japan.

The biggest issue in Japanese ODA is ODA for China. Japanese ODA should be directly linked to Japanese national interests.

It will also be important to support the involvement of the Japanese people at the individual level in international development and humanitarian assistance activities.

5. Energy

The Asian region's energy security issues are coming to the fore, and it is urgent that Japan reduce its dependency on the Middle East. In addition to diversifying its sources of energy supply, Japan should also look at Russian oil, Caspian Sea oil and African oil.

The government should support the activities of core energy companies. Japan should also not overlook the importance of nuclear power in light of energy conditions in Asia.

6. Environment
Japan should promote international coordination on environmental issues from the perspective of sustainable growth as well as domestic political and economic issues.

Assuming the United States will not be ratifying the Kyoto Protocol anytime soon, Japan should consider its strategic framework. Over the medium and long terms, it will be important to create an international framework on global warming that includes both United States and the developing countries. Japan should lead international opinion on this. It should also seek the establishment of international environmental rules in Asia, particularly for Chinese companies, which are the largest potential polluters.

7. Academic and cultural exchange
Cultural power stands alongside economic power as an important pillar of Japanese foreign policy. Japan should culturally deepen philosophies considered vital by the world at large, for example anti-terrorism and the promotion of science and technology. Institutions for studies on foreign countries are still weak in Japan. It will be important to create research centers for modern Japan, America, Asia and other areas. Foreign students should be effectively accepted using close coordination among industry, government and academia.

IV. Conclusion: Creation of a "Foreign Policy and Security Strategy Council"

It has become increasingly the case that Japanese foreign policy seeks to "treat the symptoms," to resort to rearguard efforts to deal with clearly visible changes or trends for which the outcomes are certain. The political side has lacked a long-term strategy and vision for foreign policy. The bureaucracy has not implemented bold policies.

The Prime Minister needs to be given perspectives and options other than just those presented by the Ministry of Foreign Affairs, and there needs to be a process by which the Office of the Prime Minister provides general coordination.

To provide for this vision and to present these opinions, Japan should create, in an authoritative form, a "Foreign Policy and Security Strategy Council" (name tentative) that would advise the Prime Minister on medium and long-term foreign policy guidelines. The world is undergoing vast changes as the United States emerges as a hyperpower, China takes on new dynamism and the EU continues to work towards an integrated state. The changes in international situations coming in the next 20 years will be greater than those experienced in any other 20 year period in modern history. It should be obvious that Japanese foreign policy needs to rethink its priorities in this new world.