

Japan's Visions for Future Security and Defense Capabilities
in the New Era: Toward a Peace-Creating Nation

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INTRODUCTION

For any state, security is of the most vital interest. Without national security, the independence, prosperity, and welfare of a people cannot be guaranteed. As the security environment surrounding Japan undergoes historic changes, both globally and regionally, security has become an issue of growing importance. Since the end of the Cold War, the world has confronted far more diverse security challenges — regional conflicts, failed states, the proliferation of Weapons of Mass Destruction (WMDs), terrorism, piracy to name a few — than it had in the past. Japan has also had to cope with these issues. In light of the global and regional changes in the balance of power brought about by the rise of emerging powers and other foreseeable changes in the world order, the security environment surrounding Japan is clearly undergoing an important transition.

Keeping in mind these changes in the security environment, the Council reviewed Japan's security and defense policy "without taboos," and tried to distinguish what should be preserved from what should be revised. It is the mission of the Council to formulate a plan for Japan's security and defense "in the new era."

In the post-WWII era, Japan has maintained a set of policies that consists basically of adopting a low profile in defense and ensuring its safety through an alliance with the U.S.. The peace, security, and prosperity that Japan has enjoyed for more than 60 years can be largely attributed to this set of policies, which has also contributed to maintaining the power balance in the Asia-Pacific region and promoting regional and global stability. Japan should continue to uphold this set of policies.

That does not mean, however, that there is no room for revision of Japan's security and defense policy. In the post-Cold War era, the Japanese government has from time to time amended its security and defense policy. Although this effort is commendable, arrangements made thus far are not sufficient, and Japan's security and defense policy remains largely reactive and situation-driven. The Council believes that Japan should contribute more proactively to global peace and stability and that, in fact, this proactive stance is the best way for Japan to maintain peace and prosperity.

This report proposes a strategy for Japan's security and defense in the new era. The gist is that Japan should aim to be a nation that actively contributes to the peace and security of the region and the world, while realizing the basic goals of ensuring its own peace and security and

maintain its prosperity. In other words, we call for Japan to grow from an inward-looking pacifist nation to an outward-looking “Peace-Creating Japan” that imaginatively and skillfully plays a greater and more active role in the sphere of international security.

To achieve this goal, Japan should maximize the various instruments at its disposal. Above all, defense capability plays an important and irreplaceable role. Approved in 2004 and effective as of fiscal year 2005, the last National Defense Program Guidelines (NDPG 2004) state that a review and revision of their content should be conducted in light of changing circumstances. The Council did look into the issue of what type of defense structure Japan should put in place. This report argues that the “Base Defense Force” (BDF) concept that was formulated in the Cold War era and has persisted even after the end of the Cold War should be abandoned and that Japan should build a new defense capability that is focused primarily on responding to a “complex contingency,” in which various events unfold simultaneously.

A security and defense strategy in the new era requires infrastructure to buttress it. Hence, this report also reviews the modality of Japan’s defense capability and security strategy, and proposes ways of enriching them. It is crucial for this country to utilize its resources effectively, and ensure its security by fully utilizing its alliances and friendships. If there are any irrational points in past policies, they must be corrected.

Japan is at a turning point in its history. The change of government party that took place in September 2009 is perhaps a sign that the Japanese public understands this and demands that Japan reinvent itself. Needless to say, security is of vital concern to Japan, and the Council does not think that government change in itself is a reason for hasty revision of current security and defense policies. At the same time, this turn of events is a golden opportunity for the public to rethink parts of the existing policies that are not rational. The security environment in which Japan finds itself is undergoing substantial changes as well. For Japan to thrive as a nation that contributes to global peace and stability, the Government must develop the good aspects of past security and defense policies, while at the same time confront boldly and proactively the challenges of the present and future without being limited by the legacies and thinking of the Cold War era.

CHAPTER 1 SECURITY STRATEGIES

From the viewpoint of the world system, the end of the Cold War meant the end of bipolarity. It entailed the democratization of the East European countries, German unification, and further integration of Europe. From an Asia-Pacific perspective, the end of the Cold War brought about accelerated transition to a market economy in China and Vietnam and North Korea's defiance of international norms. The terrorist attacks that took place in the U.S. on September 11, 2001 added to the new and troublesome issues that emerged in the post-Cold War era. In this new era, how should Japan secure its own safety and live in harmony with the world?

Generally, a state attempts to achieve such goals as independence, security, prosperity, and a favorable international environment. Many states thus undertake a process of clarifying the objectives to be achieved, prudently analyzing the international environment that surrounds them and examining the methods for achieving objectives and the instruments to be deployed. This entire process can be called a "security strategy." In this chapter, the Council discusses the security strategy Japan should adopt in the future by defining the objectives, analyzing the international environment in which Japan will be situated from now until around 2020, and formulating basic principles regarding the instruments Japan should prepare and their use.

Section 1 Objectives

A Security and Prosperity of Japan

The most fundamental task for national security is to protect state sovereignty, territorial integrity, and the safety of Japanese nationals (the safety of Japan).

The safety of Japan cannot be completely separated from the prosperity enjoyed by Japanese nationals and their sense of values. For its own safety and prosperity, Japan has to appropriately utilize exploitable resources in both its territory and its exclusive economic zones (EEZs), and maintain and develop its economic power, which is supported by its scientific and technological capabilities and industrial competitiveness. In order for Japan to maintain a free and prosperous life for its people with its limited resources and market, free economic activities and freedom of transportation, and other liberties must be guaranteed under an open international system.

The safety of Japanese nationals who live in Japan or abroad must be ensured. Since the world is currently built upon a sovereign state system, it is difficult to provide protection to, and guarantee the safety of, Japanese nationals in territories that are under the sovereignty of other states to the same extent as within Japanese territory. Yet Japan must be prepared at all times to secure the safety of Japanese nationals who are at risk abroad through coordination with other states as well as international organizations and non-state actors.

B Stability and Prosperity of Both the Region Surrounding Japan and the World

The stability of the region surrounding Japan is a basic condition to ensure Japan's safety. As transportation and communication technology evolves, incidents happening anywhere in the world have a greater potential to affect Japan. Preventing conflicts in all corners of the world, or managing the risks of emerging conflicts is an important factor for Japan's security.

The stability of the region surrounding Japan and the world is essential to defending the livelihood of Japanese nationals. Access to markets, essential for resource procurement and a stable supply of food, and the safety of the sea lines of communication (SLOCs) are common interests shared by Japan, the surrounding areas, and the world. Peaceful economic exchange is the foundation of Japan's prosperity, and the stability and prosperity of Japan's trade partners and regions are important to Japan.

C Maintaining a Free and Open International System

The safety and prosperity that Japan has enjoyed since the end of WWII is based on a free and open international system. Since Japan relies on other countries for resources and markets, maintaining a free trade system is an issue of crucial significance to Japan, as are the international rules that govern international society and the observance of agreements. Concerning security in particular, the norm that international disputes ought not to be settled by armed force should be observed, or else the cost of defending the peace and safety of Japan and the world will be extremely high. For that reason, the main players in the world have to cooperate with each other closely in order to maintain the international order.

To preserve a free and open international system, universal basic values such as the freedom and dignity of individuals must be upheld. In this sense, failed states and fragile states, which lack governance, may pose a threat to the international system. In such states, fundamental values such as inviolability of life and property cannot be defended. In the interest

of upholding the freedom and dignity of individuals, it is desirable to create a freer and more open international system based on the concept of “Human Security¹”.

Section 2 Security Environment Surrounding Japan

1. Global Security Situation

a) Globalization and Paradigm Shift in Inter-State Disputes

The first basic trend of the world security environment is globalization of economies and societies. This trend is expected to accelerate. On the one hand, increasing interdependence brought about by globalization has reduced the probability of large-scale war among major powers. On the other hand, globalization facilitates the proliferation of threats that were once manageable locally, so that their impact can now be felt across the world.

These threats are transnational in nature. The terrorist attack of September 11th, the proliferation of WMDs, piracy, and other types of threats are all transnational, and it is unlikely that they will be eradicated in the near future. Furthermore, global climate change, environmental pollution, large-scale natural disasters, infectious diseases, and attacks in space and cyberspace are now considered security threats. These transnational security problems make it nearly impossible for a single country to maintain peace through measures wielded only within its territory. These issues are likely to increase.

Globalization has decreased the possibilities of large-scale war among major powers. However, military rivalry, confrontation, and conflicts have not disappeared completely. It is not all-out war but disputes over sovereignty, territory, resources, and energy “in between peacetime and wartime” that are on the rise. We need to be aware of risks that may arise from disputes in these “gray zones” and their potential to provoke confrontation between major powers beyond the intentions of the countries concerned.

b) A Global Shift in a Balance of Power and Deterioration of International Public Goods

The second basic trend of the world security environment is a shift in the global balance of power. Since the end of the Cold War, the U.S. has been regarded as the sole superpower in

¹ A concept to incorporate and enhance efforts that emphasize human-centered views rather than nation-centered, aiming at protecting people from such threats as poverty, environmental destruction, drugs, international organized crimes, infectious diseases, outflow of refugees, and antipersonnel mines that are caused by progress of globalization and frequent occurrence of conflicts, as well as realizing human potential.

every index, whether military or economic or in terms of consensus generation in international society. Following the wars in Afghanistan and Iraq, however, American efforts at stabilization and post-war governance have proven more costly than expected, as well as divisive. The financial crisis of 2008 that originated in the bursting of the American housing and financial bubble has since swept across the world. A consequence of these developments is that the overwhelming military and economy superiority of the U.S. appears to be in decline, at least in the eyes of non-US actors, and it is now generally acknowledged, by the U.S. itself and the world, that while the U.S. remains a superpower, it can no longer afford to ignore other nations.

On the other hand, globalization has led to the rise of emerging powers such as China, India, Russia, and Brazil: since the economic crises of 2008, the global and regional presence of each of these nations has been increasingly felt. This change, symbolized by the first G20 summit meeting in 2008, has made it difficult for members of advanced capitalist nations to exclusively manage the international order as they had done before. Such a trend toward multipolarity will continue in the future. Emerging powers are enjoying the fruits of globalization while simultaneously coping with globalized threats by cooperating with advanced nations and many other nations in the world. However, there are some nations that have interests and values that differ from those of advanced capitalist nations. Backed by economic growth, others are trying to strengthen their military power because of concerns over the behavior of other powers in their regions or because of lack of confidence in neighboring nations.

The decline of the overwhelming superiority of the U.S. and the shift in the balance of power have resulted in the deterioration of international public goods which had hitherto been provided by the U.S. The international public space called “the global commons” refers to the high seas, including EEZ, and airspace. Outer space and cyberspace are now also recognized as part of this domain. Until now the U.S. has controlled the global commons with its overwhelming power and allowed free use of it by the rest of the world. However, as emerging countries gain more power, a number of nations are gaining and strengthening their ability to enclose parts of the global commons, such as obstructing the deployment of military force in the sea and airspace around their nations, destroying artificial satellites, and mounting attacks in cyberspace. The deterioration in openness of the global commons has become a risk.

c) Proliferation of WMDs and Their Delivery Means

The third basic trend in the world security environment is the proliferation of WMDs and facilitation of their delivery means.²

Since the end of the Cold War, the strategic nuclear force of the U.S. and Russia has been drastically reduced, and the danger of a global nuclear war has receded. However, North Korea has conducted nuclear explosion tests several times; and Iran is suspected of developing nuclear weapons and has denied requests from International Atomic Energy Agency (IAEA) and European nations to suspend its nuclear development program. Plans to develop or acquire WMDs have been uncovered in nations like South Africa, Iraq, and Libya. Some of them were forced to abandon these plans, while others did so of their own volition. As indicated in the Nuclear Security Summit in 2010, if terrorists or failed states are able to obtain nuclear weapons or nuclear materials and use them, the world may be in peril. We cannot deny the possibility of this scenario becoming a reality in the near future.

In 2009 U.S. president Barack Obama called for “a world free of nuclear weapons” in Prague and in 2010 U.S. and Russia signed a new strategic nuclear force reduction treaty. Also, in May 2010, a final document was adopted unanimously at the Treaty on the Non-Proliferation of Nuclear Weapons (NPT) Review Conference, and an action plan was agreed upon. These are favorable developments in the push for nuclear non-proliferation and nuclear disarmament, but they also underscore the seriousness of the nuclear proliferation issue. Even as other nuclear-weapon states are making efforts at nuclear disarmament, China is increasing its nuclear arsenal; India and Pakistan have conducted nuclear tests and possess nuclear weapons; and Israel is suspected of possessing nuclear weapons. These facts show that the path towards “a world free of nuclear weapons” is beset with difficult problems; solutions to these problems will not be arrived at so easily.

International restrictions on and disposal systems for chemical weapons have been set since the end of the Cold War. Efforts towards strengthening restrictions on biological weapons are in progress as well. However, enhanced missile capabilities, combined with the proliferation of such weapons and the growth of international terror activities, constitute a threat to civil society. As the role of nuclear weapons is further minimized, how to deter use of the weapons mentioned above will continue to be a major question in security. Since the number of nuclear power plants is expected to increase rapidly in the future, control of nuclear

² WMD refers to nuclear, biological and chemical weapons, while “its delivery means” signifies ballistic missiles, cruise missiles, and vehicles that can carry these weapons.

materials and nuclear waste will become an even more serious challenge.

d) Regional Conflicts, Failed States, International Terrorism, and Transnational Crimes

The fourth basic trend of the world security environment is the increasing prominence of regional conflicts, failed states, international terrorism, and transnational crimes in international security agendas. Since the end of the Cold War, civil war-type regional conflicts resulting from ethnic or religious confrontations and failed states in which governments have virtually collapsed have become prominent in security agendas. Issues concerning regional conflicts and failed states are not likely to be settled in the near future.

Failed states sometimes become a hotbed for international terrorism: Sudan provided sanctuary for Al Qaeda in 1990s; and Afghanistan fulfills the same role at present. The 9-11 terrorist attacks proved that even a failed state located thousands of miles away from the U.S. can have a direct impact on the safety of its core regions. Failed states also provide haven for transnational crimes such as drugs, human trafficking, and piracy. For these reasons, failed states pose a serious challenge in the field of nontraditional security.

Generally, regional conflicts and failed states are accompanied by deterioration in public safety and mass refugees. From the many tragic incidents that occurred in the former Yugoslavia, Somalia, Rwanda, and other areas during the 1990s, international society has come to understand the importance of cooperation when a conflict happens or a state fails. On such occasions, “Human Security,” which focuses on ensuring the survival of local people and securing their livelihood, is an important theme.

2. Security Environment of the Areas Surrounding Japan and the Areas of Particular Importance for Japan

Japan is located in the northwestern part of the Pacific Ocean and the eastern end of Asia. The abovementioned changes in the international environment are likely to have an impact on Japan. Moreover, they pose challenges to both the areas surrounding Japan and the areas of particular importance for Japan that are directly connected with Japan’s security.

There remain Cold War legacies and unsettled sovereignty and territorial issues in this region, in such areas as the Korean Peninsula, the Taiwan Strait, and the Northern Territories, even as the region itself has undergone enormous social, economic and political changes with the deepening of economic interdependence and strengthening of regional bonds. In this sense

the region can be characterized by the coexistence of cooperation and confrontation. At the same time, the importance of natural resources and energy issues, along with environmental issues, is increasing rapidly and its impact cannot be dealt with by a single country. Even though cooperation is the major trend in East Asia, confrontation remains a possibility. It does not seem likely that this potential for conflict will be fully contained in the near future. Elements of confrontation will linger in this region, and may be exacerbated under specific circumstances.

a) Changing U.S. Deterrence

Since the end of WWII, the U.S. has been an indispensable actor in the region, stabilizing the area with its force presence and commitment as well as its enormous economic power. The U.S. has also constructed extensive human and intellectual networks in this region. The U.S. has shown its deep commitment to the Asia-Pacific region after the end of the Cold War. At present, the U.S. position in the region is based on its cooperation with traditional allies such as Japan, the Republic of Korea (ROK), and Australia. This is reinforced by other U.S. policies, such as cooperation with the major states of Association of Southeast Asian Nations (ASEAN), pursuit of dialogues with emerging powers such as China and India, and emphasis on regional multinational frameworks, such as Asia-Pacific Economic Cooperation (APEC) and the Six-Party Talks. The U.S. will most likely continue to respond in a similar manner to the shift towards multipolarity.

In the security field, while firmly maintaining its nuclear force to deter nuclear threats, the U.S. has announced that it will reduce the role of nuclear weapons. Accordingly, the role of conventional weapons, including missile defense, is expected to increase. The U.S. has set its victory in ongoing wars (including the War in Afghanistan), prevention of nuclear terrorism, and counter-proliferation of WMDs as its major security agenda. The U.S. has also expressed its will to meet the challenge of a state to acquire “anti-access capabilities.”

U.S. presence as well as its policies in the Asia-Pacific region will continue to be a stabilizing factor in the region. But the superiority of U.S. power in the region is not unconditional. U.S. decision-making will increasingly be influenced by its relationships with states in the region and its own interests. In this regard, it is likely that the U.S. will increase its expectations of its allies and their contributions in the security field. It will be more important for states in the region, including Japan, to possess the will and capability to maintain regional

stability.

b) Continuing Uncertainty and Shifting Regional Balance of Power

It is highly possible that uncertainty in this region will persist or even increase. Since the end of the Cold War, North Korea has downgraded its relationship with Russia and China and sustained its isolated dictatorship. Although North Korea's economic situation appears grave, it is able to maintain large-scale military power. Despite pressure and sanctions from the international society, it continues to develop nuclear and ballistic missile programs, and repeatedly employs brinkmanship diplomacy. In addition, North Korea's tight control of information makes its decision-making process highly opaque. North Korea's nuclear and ballistic missile development and the activities of its special operation forces pose a direct threat to the Northeast Asian region, including Japan. Moreover, should North Korea's leadership succession generate internal confusion, the destabilization of the Korean Peninsula will be a matter of great concern.

China has already become a large power with the ability to influence the stability of the world economy. It has begun to play an active role in the international community. In the security field, China is host to the Six-Party Talks, and there are signs of its will to share in the burdens of the international community. The relationship between China and Taiwan has improved to some extent and military tension in cross-strait relations has lessened. The international community greatly expects China to act as a "responsible power" and continue to take on responsibilities for managing the international order in proportion to its economic size.

On the other hand, there are trends that are of concern to the region and Japan. Since the 1990s, China has rapidly modernized its military power, and has qualitatively improved and advanced its naval and air forces, missiles, outer space, maritime, and cyber capabilities. Consequently, the military balance between China and Taiwan is shifting in favor of China. Keeping pace with the military modernization, China's maritime activities have expanded beyond the East and South China Sea and reached the Pacific Ocean. China has become more assertive in waters, including the waters near Japan. Its aims³ behind these activities are seen to be the following: to intercept opponents' operations in sea spaces as distant as possible, for

³ U.S. "Quadrennial Defense Review Report" (QDR) refers to the military modernization of Iran, North Korea, and China in a section of "Deter and Defeat Aggression in Anti-Access Environments." In a different context, it used the wording "Adversaries equipped with sophisticated anti-access capabilities," and indicated the importance of capabilities to confront it.

the purpose of defending its territory and territorial waters; to deter or deny Taiwan's independence; to acquire, maintain, and preserve maritime interests; and to protect maritime transportation. Such active maritime expansion by China is expected to continue.

China's military power is problematic not only because of the expansion of its capabilities, but also because of the lack of transparency or predictability of China's capability and intentions. Although China responded to the criticism with the biannual publication of the defense white paper and other measures, the scale of the defense spending disclosed in the report is not deemed credible by the international community, and the nation's overall program of arms procurement has not been clarified. China has not succeeded in allaying the concerns of the international community, especially those of neighboring states.

Because Japan has deep ties — political, economic, social, and cultural — with China and is geographically close to China, China's military build-up is a serious concern for Japan's security, while China's political and economic development is critical to Japan's interests. In this sense it is important that a cooperative relationship between the two countries be maintained on the basis of a "Mutually Beneficial Relationship based on Common Strategic Interests."

Since the dissolution of the Soviet Union, Russia has sharply reduced its military power, but it has been trying to secure its international position as a great power. In the Far East region, it still maintains a considerable amount of military capabilities, including nuclear weapons. The defense expenditures of Russia show an upward trend, and the modernization of both nuclear and conventional forces is ongoing. While Russia is deemed to have very high military technology, mobility, and joint operations capabilities, it faces such problems as a decreasing population, low average life expectancy, and fragile foundations of civilian economy and technology.

The relationship between Japan and Russia is marked by continued negotiation on the Northern Territories issue, and cooperation in fields such as energy, in which the Sakhalin Project is underway. However, Russia has recently boosted its military activities, such as training, including flight exercises, in areas close to Japanese territory. There are signs of Russian military activities in areas surrounding the Northern Territories as well. Russia's military potential in the Far East warrants constant attention.

c) Unstable Factors in Sea Lines of Communication and Coastal Countries

The scarcity of resources and energy in Japan makes SLOCs and their surroundings an important security issue. Japan relies for most of its energy supply on maritime transportation across the Indian Ocean. Thus, the security of the SLOCs that run from the Persian Gulf, the Indian Ocean, the Strait of Malacca, the South China Sea, the Bashi Channel, and the east coast of Taiwan to Japan's vicinity and the stability of the coastal countries around the sea lines are of crucial importance for Japan. This will not change in the future.

The area is vast enough to include both states which are developing as emerging powers and states which are confronting problems such as regional conflicts, failed states, and international terrorism. Indonesia has overcome domestic turmoil and now achieved a favorable cycle of political stability and economic growth. India, with a nuclear force of its own, is a great power in South Asia. At the same time, India has high economic potential and its weight as an emerging power is increasing. Its relations with Japan are based on a strengthened partnership that includes development of security cooperation, such as the Joint Declaration on Security Cooperation between Japan and India, and initiation of negotiations on an Agreement for Cooperation in the Peaceful uses of Nuclear Energy. Pakistan is a state that possesses nuclear weapons, but its regime is fragile and its stability is of serious concern to an international society that favors a stable Afghanistan.

Gulf States in the Middle East as well as states on the east coast of Africa comprise an important region in view of Japan's maritime security and energy supply. To maintain the peace and stability of these areas and promote cordial and cooperative relationships with the countries there are in Japan's interest. Japan needs to regard issues such as Iran's suspected nuclear development, Iraq's post-war reconstruction, and the security of Somalia and its sea space as part of its own agenda.

Section 3 Strategies and Instruments

Based on the foregoing analysis of the international security environment, the council examines in this section the strategies and instruments to achieve Japan's security objectives.

1. Characteristics of Japan and Identity as a "Peace-Creating Japan"

a) Natural Environment and Geographical Characteristics

Japan is a chain of islands that narrowly extend from north to south. It has a long coastline

and many islands. Japan is a small and mountainous country, and its land is lacking in depth. Japan's geographical characteristics create difficulties in national defense from a military viewpoint. Its population of nearly 130 million people is concentrated in the narrow plain area. Japanese urban life depends on highly systematized lifelines and an infrastructure that includes such services as telecommunications. In addition, Japan is prone to natural disasters such as earthquakes and typhoons, and vulnerable to large-scale terror attacks and pandemic outbreaks of infectious disease.

b) Characteristics of Economic Power and Defense Capabilities

After WWII Japan's economy made dramatic progress under the free trade system. However, since the end of the Cold War, its economic power has been in relative decline due to the rise of emerging powers and other factors. In addition, its rapidly aging society and declining birthrate will make it difficult to allocate resources to defense capabilities. Moreover, Japan depends on foreign countries for a wide range of resources including energy and food and this dependency will continue in the future.

After experiencing defeat in WWII, Japan has maintained a restrictive defense policy. Based on its constitution, Japan has adopted an exclusively defense-oriented policy that does not threaten other countries. Japanese people have basically supported this policy. Under the Japan-U.S. Security Arrangement, the two countries have maintained a division of roles and missions: the Self-Defense Forces (SDF) assumes the function of deterrence by denial, while Japan basically relies on U.S. Forces to enforce deterrence by punishment. Additionally, Japan has maintained a de facto weapons embargo that no other advanced nation has adopted, and it has planned and implemented its security and defense policy on the understanding that Japan cannot exercise its right of collective defense as a result of an interpretation of the constitution. However, these policies can be changed if Japan chooses to do so.

c) Characteristics of Historical Restraint

Post-war Japan has achieved a high reputation among members of the international society through concerted foreign policy and international cooperation initiatives such as official development assistance (ODA). Relying on this advantage, Japan may be able to implement initiatives to improve the global security environment. However, Japan's ODA has recently decreased and whether Japan can keep its favorable reputation in international society is also a

matter of Japan's own choice.

On the other hand, lingering memories of war and colonial rule mean that the historical past remains an issue between Japan and its Asian neighbors, especially China and the Republic of Korea. It cannot be denied that the resulting wariness of neighboring countries creates obstacles to Japan's attempts to construct positive relationships with these neighboring states, especially in the security field. Although there have been efforts at joint history studies between Japan and China, and Japan and the ROK, the future direction of the relationship will depend both on these countries' intentions in building relationships with Japan and on Japan's own choice on how to confront its past.

d) Identity As a "Peace-Creating Nation"

Given the above characteristics of Japan, the country's foreign and security policy should be based on a reinvention of Japan's identity as a "Peace-Creating Japan." With this identity, Japan will make its presence felt as a member of the international community by acting to lower various threats and risks that exist in international society, and realizing its security objectives by enhancing alliances, relationships based on cooperation, and diplomatic power in general, along with its own defense capability.

This identity is grounded in the idea that contributions to international peace and stability are the right way to achieve Japan's peace and security. The basic attitude of Peace-Creating Japan is that the country should involve itself proactively in such fields as international peace cooperation, non-traditional security and human security. This proactive stance is in direct contrast to the passive attitude the country had adopted in the Cold War era, when it limited its political commitment to reducing international conflict to a bare minimum. Since the end of the Cold War, Japan has gradually moved away from this passivity, but the changes have been not enough. With its new identity as a "Peace-Creating Nation," Japan has to make full use of its resources and instruments.

2. Japan's Own Efforts

a) Foreign Policies Concerning National Security

Today such factors as economic power and cultural influence have become more important as instruments of national security alongside traditional governmental factors such as diplomacy and military power. One result of this change is the expansion of the roles of

non-governmental entities that supplement those of the central government. Another result is that non-traditional functions of diplomacy and military power — public diplomacy⁴ and noncombat functions — have gained traction alongside more traditional functions and roles. Furthermore, the arenas of foreign and security policy are no longer limited to unilateral policies or bilateral relations, but require a multi-layered approach. The formation of norms and practices within multilateral relations and international organizations is becoming more prominent.

Judging from today's globalization and the tightening bonds in international politics, it is difficult for any state to achieve its security objectives by itself. It is thus essential for states to forge alliances, promote friendship, and undertake other measures to improve the international environment. The premise, however, is that a state should demonstrate what kind of efforts it is making and spell out what sorts of responsibilities it agrees to undertake for the purpose of achieving security. To create a maximum effect by properly combining the various diplomatic instruments, a government must create a mechanism for analyzing and defining its security strategy at the upper echelon. The details of this discussion are elaborated in Chapter 4.

b) Build-up of Defense Capabilities

In order to achieve its security objectives, Japan needs to build its own defense capabilities and demonstrate deterrence. Dependency on U.S. deterrence does not mean that Japan can reduce its defense effort with conventional weapons. On the contrary, the trend in U.S. nuclear strategy toward downsizing the role of nuclear weapons merely underscores the increasing importance of Japan's own efforts in the field of conventional force.

Details of the modality of Japan's defense capabilities will be discussed in Chapter 2. Generally speaking, since the end of the Cold War, the non-combat roles of various nations' military capabilities have diversified and increased, in line with the inclusion of roles that resemble those of diplomacy and civilian activities, such as confidence-building measures, peace operations, and disaster response. Moreover, defense capabilities have become a key instrument to confirm and promote alliances and friendships especially among the advanced nations. Japan's defense capabilities have gradually included both non-combat and

⁴ Public Diplomacy directly targets regular citizens in other countries, and is thus different from traditional government-to-government diplomacy. As public opinion and national feelings have become more and more influential to foreign relations, recently public diplomacy has also tended to be regarded as important.

non-traditional roles. However, from the standpoint of becoming a “Peace-Creating Japan,” Japan must make proactive use of its defense capabilities in these fields. To accomplish this, Japan needs to confirm that the “Basic Defense Force” concept is no longer valid. This concept was developed during the Cold War and aimed at denying limited-scale invasion by external powers, while relying on U.S. nuclear deterrence. We need to review the practices that originated in the Cold War era and context, but are no longer suitable today.

c) Interagency Cooperation and Cooperation between Public and Private Sectors on Security

For Japan’s security, defense capabilities are not enough. They need to be combined and coordinated with other instruments. In other words, interagency cooperation in the government and cooperation between public and private sectors are extremely important. In today’s world most security challenges are difficult to meet without mobilizing instruments other than diplomacy and defense. They require a combined approach that incorporates defense forces and law-enforcement forces such as the police and Japan Coast Guard, as well as economic power.

The Japanese Government should further enhance intelligence capabilities concerning security and crisis management. It should also improve its posture for managing crises such as illegal activities in the territorial waters, large-scale disasters and serious accidents.

The ODA budget has been cut by half over the past thirteen years and Japan’s presence in the international society has decreased. Although mobilizing funds from private sectors and government-related organizations is important, the ODA remains crucial. A certain level of ODA should be secured even if Japan is in a serious financial condition. It is necessary that determination of the size and use of ODA be based on priorities and that ODA be effectively used through coordination between relevant ministries and organizations. In addition, from the standpoint of human security, social and economic conditions that encourage acts of terrorism and piracy should be addressed: strategic use of ODA to mitigate those crisis conditions must be studied and promoted. Challenges relating to human security require close coordination with public and private sectors, including support from non-governmental organizations (NGOs) and commercial enterprises. Japan should continue to provide aid in such fields as health and education, of which it has already made much. It should implement measures to improve the capability of security sectors that include its defense force, police, and justice in order to

strengthen the local society's capability to maintain peace and order.

3. Cooperation with the Allies

a) Common Values and Concurrence of Strategic Interests

The Japan-U.S. alliance is not only strategically significant for Japan's security, but is also a pillar of peace and stability for the region and the world. Japan's diplomacy is underpinned by the alliance between two countries that share values such as liberal democracy, rule of law, and human rights⁵. Taking this into consideration, Japan must be more proactive in its efforts to assure Japan's security and achieve world peace. Such efforts are a prerequisite for strengthening cooperation with the U.S. in the mid- and long-terms, as well as for obtaining support from the U.S. on issues that Japan cannot resolve or address on its own.

Japan-U.S. Security Consultative Committee (SCC) agreed upon the Common Strategic Objectives in February 2005, and since then, Japan and the U.S. have made continuous efforts to realize them. Japan should continue to hold constant consultations with the U.S. and make efforts to establish the roles, missions and capabilities of Japan and the U.S. to meet the Common Strategic Objectives.

Japan has benefited enormously from the open international economic system and global commons (for example, safety of sea lanes and air transport routes) which have been supported by the U.S. Deterioration of these international public goods poses great harm to Japan's safety and prosperity. Japan therefore needs to supplement U.S. efforts to assure the safety of the global commons. In this regard, Japan's role in operations such as constant surveillance of the surrounding sea areas and air space will be increasingly important.

b) U.S. Extended Deterrence

The U.S. provided extended deterrence to Japan through both conventional force and nuclear force. U.S. extended deterrence to Japan, especially through nuclear force, is important not only for Japan's own security, but also for maintaining the stability of the whole region. It does not necessarily contradict the ultimate goal of a nuclear-free world that President Obama called for. To guarantee the credibility of U.S. commitment of extended deterrence, Japan

⁵ The Japan-U.S. Security Arrangement is a general term which includes U.S.-Japan Security Treaty, related arrangements, and actual cooperation based on them. On the other hand, the Japan-U.S. Alliance is a term to explain the close relationship of coordination and cooperation in such fields as security, politics, economy etc. based on the Japan-U.S. Security Arrangement as countries sharing basic values and interests.

should not leave the matter entirely to the U.S., but rather, hold close consultations with the U.S.

There will be no need, for the time being, to revise the Three Non-Nuclear Principles of non-possession, non-production, and non-introduction of nuclear weapons for the purpose maintaining Japan's security. However, the most important point is "not to allow any nuclear power to use nuclear weapons." It is not necessarily wise to set out in advance a principle that seeks only to restrain the U.S.

Stable U.S. Forces in Japan (USFJ) are indispensable to maintaining Japan's security through the Japan-U.S. alliance, and appropriate cost sharing for the stationing of USFJ plays an important supporting role. As a way to share the burden of accommodating the U.S. bases in Japan, the current situation in which bases are concentrated in Okinawa lacks balance. While efforts to alleviate the burden should continue, this issue needs to be considered from a comprehensive perspective that takes into account the geographical and strategic importance of Okinawa.

4. Multilayered Security Cooperation

To weed out the seeds of confrontation at an early stage, it is important to nurture a harmonious order among major states. Japan should devote itself to preventive commitments worldwide, the reinforcement of international public goods, assurance of stability in the Asia-Pacific region, and maintenance of the international systems through multilayered security cooperation.

a) Cooperation with Partner Countries

Japan should promote cooperation with "like-minded countries" in the region as its security partners, including U.S. allies such as the ROK and Australia. With the allies of the U.S., Japan shares many interests and values not only in security, but also in politics and economy. Japan also shares basic platforms for cooperation in defense equipment and operations. It is necessary for Japan to increase the number of its security partners by expanding cooperation with U.S. allies through the joint development of defense equipment, which will be discussed in Chapter 3.

Japan should also consider strengthening the network among U.S. allies, friends, and partners. Such a network will serve as tools to continuously secure U.S. commitment and

promote security cooperation among its allies. While there are two strong alliances — Japan-U.S. and U.S.-ROK — in Northeast Asia, the need to address North Korea’s nuclear development and provocation makes it desirable to strengthen Japan-ROK security cooperation in facilitating the trilateral network of Japan-U.S.-ROK. An expanded network with countries other than these three should also be considered.

Also necessary are such approaches as deepening cooperation with U.S. allies and partners located close to Japan’s sea lanes from the perspective of securing maritime transportation. It is also necessary to go beyond the region and promote cooperation and exchange with North Atlantic Treaty Organization (NATO) and European countries to jointly tackle security challenges.

Security cooperation with India should also be strengthened. India is an important partner which shares many values with Japan. In addition, India is a great regional power with influence over the sea lanes on the Indian Ocean from the Middle East to Japan. Japan potentially shares many strategic interests with India. It should also actively promote nuclear non-proliferation and disarmament through cooperation with India.

b) Engagement with Emerging Powers Which Are Important to the Stability of the Region

It is necessary for Japan to strengthen its engagement with emerging powers such as China and Russia for the benefit of securing regional stability, and also to increase these countries’ active participation in the maintenance and building of the international system. There are not a few cases in history in which a newly emerging power becomes dissatisfied with the existing conditions of international system and destabilizes the system. To avoid this, we need to do our best to make emerging powers understand that underpinning the international system as “responsible powers” is in their own interests.

Relations with China and Russia, which are our neighbors, are important for Japan: they are permanent members of the UN Security Council and military powers with nuclear weapons. Japan should actively engage with each of the two in order to strengthen trust, urge them to act responsibly in international society, and construct and develop cooperation with them in the field of non-traditional security.

c) Building and Utilizing Multilateral Security Framework

In the Asia-Pacific region, the U.S.-led alliance system has been crucial, while security partnerships within the region, both bilateral and multilateral, have had limited roles. Against this backdrop, the ASEAN Regional Forum (ARF) has emerged as an important multilateral security framework in the region. But the ARF needs to go beyond confidence building measures and engage in “action-oriented” preventive diplomacy. In this regard, the ARF Voluntary Demonstration of Response (VDR) exercise, which was a “civilian-led, military-supported” initiative co-sponsored by the Philippines and the U.S. in May 2009, is highly welcome. Japan should make use of ASEAN+3, East Asia Summit (EAS) and Japan-China-ROK Trilateral Summit meeting, among others, to promote frank discussions with neighboring countries on issues, including security. At the same time, Japan should help craft multilayered regional security frameworks based on cooperation through frameworks such as Japan-U.S.-ROK and Japan-U.S.-Australia.

In addressing transnational and non-traditional threats such as terrorism, piracy, large-scale natural disasters and environmental issues, it will be pragmatic to choose the most effective multilateral framework among the existing multilayered frameworks and set up a new framework if necessary. Japan should promote such efforts. For example, Japan has top-level maritime forces — the Maritime Self-Defense Force (MSDF) and Japan Coast Guard — in the Asia-Pacific region and the responsibility to promote regional multilateral cooperation through such efforts as cooperation in Regional Cooperation Agreement on Combating Piracy and Armed Robbery Against Ships in Asia (ReCAAP), in which Japan plays a primary role. It can also promote official-level cooperation at ARF-ISM (Inter-Sessional Meeting).

Additionally, from the standpoint of “Human Security,” networks formed within the Asia-Pacific region to address such issues as disaster prevention and public health should be strengthened. Especially important are the construction of early warning systems for disaster and infectious disease, and support for the improvement of disaster prevention capabilities of local communities.

d) Efforts in the UN and at the Global Level

Japan should make an effort at the global level to improve the security environment, utilizing platforms such as the UN. The first challenge that requires attention at this level is lending international support to prevent weak states from becoming failed states and ensuring concerted actions by the international community to support comprehensive peace-building of

failed states. Japan has actively contributed to post-conflict social reconstruction with an emphasis on economic aid and educational support, and this policy should be continued in the future. In addition, it should make more effort to participate in such activities as post-conflict DDR (disarmament, demobilization, and reintegration). Recently, more attention has been accorded the importance of SSR (security sector reform), and a greater demand has risen for international cooperation in which not only military, but also policing and judicial specialists are involved. To this end, the Japanese government as a whole should strengthen its commitment with its ministries in line.

Although resources that Japan can allocate to international peace cooperation activities, including UN peacekeeping operations (PKO), are finite, Japan should aim for more active participation within its limits and tackle the challenges not only through the SDF, but through the government as a whole. Japan should make an effort to conduct an effective and efficient dispatch in which Japan can utilize its advantages and characteristics.

The second challenge is arms control and counter-proliferation of WMDs, including nuclear weapons. There is now a momentum toward nuclear disarmament, with initiatives such as the appeal for a “nuclear-free world” made by the U.S. President Obama. It is crucial for all states possessing nuclear weapons to move towards nuclear arms reduction in line with the agreement on strategic nuclear arms reduction between U.S. and Russia. Japan should encourage them to do so. At the same time, during the process leading to the ultimate abolition of nuclear weapons, Japan needs to be especially vigilant so as not to undermine the reliability of U.S. extended deterrence through usage of weapons, including conventional weapons.

While it is important to strengthen arms control regimes at the global level in order to prevent proliferation of WMDs, the nuclear nonproliferation regime underpinned by the NPT is currently under siege. Comprehensive strengthening of the nuclear control regime is needed. Japan should spur its actions to promote cooperation with relevant countries and agencies in order to make the arms control regime more effective.

Japan should preferably be deeply involved in the UN decision-making process. The smooth functioning of the UN is important to the maintenance of the international system. In this regard, Japan should work harder to realize the structural reform of the UN, including the Security Council, and renew its efforts to obtain permanent membership in the Security Council. It is also important for Japan to offer systematic support that encourages Japanese citizens to join and work for international organizations.

e) Defense Equipment Cooperation and Defense Aid

Until now, Japan has maintained a de facto arms embargo under the Three Principles on Arms Export, etc., in the spirit of “contributing to the peace by not exporting weapons.” However, it is wrong to ignore the current international reality and claim that Japan can contribute to global peace by banning arms export. We should give due recognition to the effect of appropriate defense equipment cooperation and assistance.

To begin with, misunderstandings are created by the wording of “the Three Principles on Arms Exports, etc.,” which has been used to refer to the export control policy under Japan’s defense equipment policy. Its current status should be understood as de facto arms export prohibition, with a few, individual cases of exemption from application of the Three Principles on Arms Exports, such as transfer of technologies to the U.S. The current condition is, however, making Japan’s equipment policy out-of-date.

The Japanese government has used the term “the Three Principles on Arms Exports, etc.,” but in fact it was adopting a policy to ban arms export. This was a result of cumulative explanations which the Japanese government had made in the past and this is where the problem⁶ lies.

In recent years, international cooperation has expanded to cope with non-traditional security issues such as post-conflict peace-building, humanitarian support, disaster relief, counter-terrorism, and counter-piracy. Utilization of defense equipment and technology is effective for such cooperation and when Japan provided patrol boats to Indonesia to support the Indonesian government’s effort to tackle piracy, this was exempted from the Three Principles on Arms Exports, etc. Because of the de facto arms embargo, it is necessary to decide on exemption on a case-by-case basis, a fact that poses a major hindrance to the promotion of

⁶ The Three Principles on Arms Export, which the Sato cabinet declared in 1967, is a government policy on arms exports. The principles impose an arms embargo on the following countries:

- (1) Communist Bloc countries;
- (2) Countries to which arms export is prohibited under the UN resolutions; and
- (3) Countries which are actually involved or likely to become involved in international conflicts.

In 1976 the Miki Cabinet announced the unified view of the cabinet on arms export, in which arms exports were prohibited to the countries mentioned above and the country would refrain from arms export to other countries. And later in the same year it was decided that arms technology would be treated the same as weapons in the reply by then Minister for International Trade and Industry at the Diet. In addition, at first “refrain” did not always mean arms embargo, but in 1981 the view that “refrain” meant prohibition in principle was revealed in the reply by then Trade and Industry Minister at the Diet. Hence, the arms export to other countries was de facto prohibited except the certain cases which were exempted from the Three Principles on Arms Export, etc. such as exports of weapons and technologies to the U.S. and others.

international cooperation to counter these challenges. In aiming to be a Peace-Creating Nation, Japan should promote such international cooperation and make arms export for such cooperation permissible as a general rule by changing the current format of making exemptions on a case-by-case basis.

Needless to say, the international regime of arms transfer is becoming tighter. Japan must observe international norms and regulations and, as a Peace-Creating Nation, place strict restrictions on exportation of arms that may increase the risks of armed conflicts.

Generally speaking, effective application of defense assistance will decrease the likelihood of conflict in a recipient country; in fact, it will promote a friendly relationship. Japan's efforts to effectively supply equipment in support of initiatives such as counter-terrorism and counter-piracy will promote bilateral relations and contribute to improving the security environment around Japan through the stabilization of the recipient country and its surrounding region. These policies are congruent with Japan's identity as a Peace-Creating Nation.

Based on the philosophy that defense equipment cooperation and defense assistance will contribute to the improvement of the international security environment, Japan should establish a new principle⁷ and promote appropriate cooperation and assistance.

⁷ This principle may be thought to include the following things:

- Approval of weapons export and supply to the authorities of countries concerned, including militaries;
- Conducting joint research and development of arms technology and to allow transfer to third parties with prior consent by Japan; and
- Approval of the participation of military personnel in the training and seminars funded by Japan.

CHAPTER 2 MODALITY OF DEFENSE CAPABILITIES

Section 1 Basic Concepts

As Section 3 of the previous Chapter has pointed out, the Basic Defense Force (BDF) Concept needs to be reviewed, which is grounded in the idea of so-called static deterrence and focuses mainly on the quantities and size of weapons and troops.

Recent developments in military science and technology, marked by rapid improvement in the quality of weapons, have widened the gap of war-fighting capability significantly; it is becoming more difficult to measure a country's defense capabilities on the sole basis of quantity of weapons. Decreased warning time before a contingency arises and increased necessity to respond to contingencies which may not be effectively deterred have highlighted the increasing importance of operational capabilities such as responsiveness, along with the number of weapons. Judging defense capability will require obtaining a comprehensive picture of capability, consisting not only of the quantity but also of quality of weapons and troops as well as training and logistics. To achieve more credible deterrence amid the aforementioned changes in characteristics of defense capabilities, a defense force must demonstrate high operational performance in normal circumstances by conducting timely and appropriate operations, such as surveillance and preparation against violation of Japan's airspace.

These developments have increased the importance of "dynamic deterrence" with enhanced operational capabilities. The idea of static deterrence is no longer sufficient. The "Attached Table" in the previous NDPGs should be reviewed in light of the increasing importance of dynamic deterrence. Since the table lists only the quantity of troops and equipment it can result in rigidity of defense posture once it is set forth.

In sum, the BDF has become outdated. The NDPG 2004 states that we should "maintain those elements of the BDF Concept that remain valid," but it is time now for Japan to make a clean break with the Concept and depart from the passive thinking and customs embedded therein in order for Japan to achieve necessary and in-depth reform of its defense posture.

Taking into account the trends in the security environment, the Council believes that a massive invasion threatening the national survival of Japan is unlikely to occur in the foreseeable future. At the same time, we cannot rule out a major shift in the security environment that may radically change the current trend. The SDF needs to prepare for such

possibilities and maintain the minimum in essential know-how because it will take a long time to regain functions once they are lost. The SDF must not use the BDF Concept, however, as an excuse to preserve units or weapons of lesser importance in defiance of future trends in the security environment. Japan should aim at acquiring the capability for adequate response to “complex contingencies” in which various events may break out simultaneously or continuously rather than separately (see the next section).

Japan should maintain “multi-functional, flexible and effective defense capabilities” to deal effectively with the “new threats and diverse situations” as stated in the NDPG 2004. Given the changes in the situation surrounding Japan after the current NDPG, however, Japan should be more attentive to the formation of credible dynamic deterrence that hinges on response capabilities to various contingencies.

Section 2 Response to Various Contingencies

In thinking about the modality of defense capabilities in the new era, we need to describe what roles the defense force should play in keeping with the basic concepts outlined above. The Council proposes that the three roles in the NDPG 2004, namely (1) Effective Response to the New Threats and Diverse Situations, (2) Preparations to Deal with Full-Scale Invasion, and (3) Proactive Efforts to Improve the International Security Environment, be replaced by the following: (1) Response to Various Contingencies, (2) Securing Stability in the Areas Surrounding Japan, and (3) Improving the Global Security Environment.

A Ballistic and Cruise Missile Strikes⁸

Countries in Northeast Asia are strengthening their ballistic and cruise missile capabilities. North Korea, in particular, deploys many ballistic missiles that encompass Japan within their range⁹ while developing a nuclear program. Most important in coping with the threat of

⁸ A ballistic missile is a weapon that, once launched into outer space, is able to strike a remote target at high speeds using gravity. It is a very effective offensive weapon because the means for interception are quite limited. A cruise missile is a vehicle that flies along the terrain at a very low altitude and is capable of precisely hitting a target. It is difficult to track by radar and thus not easy to intercept. Both missiles pose a serious threat when loaded with conventional warheads, yet they can also be used as a delivery means for WMD including nuclear weapons.

⁹ As for the number of the Nodong missiles in North Korea, Gen. B.B. Bell, Commander, U.S. Forces Korea reported to the Senate Armed Services Committee on March 7, 2006 that “North Korea possesses as many as 200 medium range ballistic No-Dong missiles with a range of 1300km that are capable of reaching Japan with these same payloads [conventional or chemical munitions].” Also, it is possible that improvements have

ballistic missiles is securing deterrence to prevent these missiles from being used as means of attack or intimidation. Japan basically relies on the U.S. for punitive deterrence through both nuclear and conventional weapons. Meanwhile, efforts such as enhancing response capability of the missile defense system against the launch of missiles and confining consequences through civil protection measures can also reduce the effectiveness of a strike, thus constituting deterrence by denial. Therefore, it is necessary to strengthen capabilities for prompt information gathering via early warning system and rapid response by further enhancement of missile interceptors. It is also necessary to deepen collaboration with local authorities.

In coping with the missile threat, either ballistic or cruise, deterrence with strike capability as well as defensive measures is deemed important. Japan needs to ceaselessly deliberate on the functions of Japan-U.S. cooperation — in terms of appropriate equipment systems, operational procedures, and cost-effectiveness — in order to supplement the missile defense system and enhance deterrence provided principally by U.S. strike forces.

B Attacks by Special Operations Forces or Terrorists, Cyber-attacks

Asymmetrical warfare, such as attacks by special operations forces, major terror attacks by international terrorist organizations, and cyber-attacks, can pose a huge threat to a country with a small land area, highly concentrated population, and advanced information-communication technology infrastructure like Japan. The SDF has to be responsive to high-intensity events such as raids on nuclear power plants or other key facilities and terror attacks using nuclear, biological, or chemical weapons, thus making it necessary to implement counter-measures in advance and to enhance operational readiness. For protection of key facilities, it is important to maintain and improve coordination among SDF, the police, coast guard and other related agencies.

While cyber-attack alone can create confusion in the targeted economy and society, the effects can be multiplied if conducted in advance of or simultaneously with a terror attack or armed attack. Internationally, cyber-attacks and their counter-measures are recognized as part of their military activities. At the same time, they pose challenges at the national level, involving not only the military but also the economy and other sectors. The SDF has to collect and analyze the latest information on cyber-attacks, especially those by state actors against

been made to the Scud missile to extend its ranges. The 2009 White Paper on the Defense of Japan states that “it is necessary to pay attention” to that development.

military targets. It also has to train people with sophisticated knowledge and skills in order that it may contribute to the efforts made by the other government organs to protect Japan's vital information network. In particular, the SDF needs to enhance its defense posture by protecting its own network so as to prevent damages in its operational capability. For counter-measures against cyber-attacks, it is important to hold, at a government level, comprehensive discussions that include legal and technological aspects and take into consideration relevant international trends.

C Operations to Maintain the Security of Territorial Waters and Airspace, Remote Islands, and EEZs

Japan has many remote islands, and various maritime resources are thought to exist in the territorial waters and the EEZs of Japan. Maintaining the security of these remote islands, waters, and EEZs is a matter of national sovereignty, in other words, a matter of protecting the territorial integrity and sovereign rights of Japan. In order to prevent armed attacks against these areas, it is important that Japan accept the cost of, and secure, dynamic deterrence in the peacetime. Since most of the remote island areas do not have adequate defense forces, these territories as well as freedom of maritime use may be threatened. To achieve dynamic deterrence in these areas, the SDF needs to deploy new units there, improve rapid deployment capability and stockpile supplies, while conducting maneuver and deployment exercises, reinforcing aerial/surface/underwater/coastal surveillance operations, and strengthening joint and combined operations with the U.S.

In preventing conflicts over global commons, it is beneficial for Japan to maintain security of territorial waters and airspace, remote islands and EEZs by enhancing dynamic deterrence and building up seamless response capability. It is also of strategic importance to ensure a foundation for combined operations with the U.S. forces.

D Emergency Evacuation Operations of Japanese Nationals

There is a growing concern that the safety of Japanese nationals living or staying abroad may be jeopardized. In some cases the SDF may have to be deployed for their evacuation. SDF's abilities in long-range maneuvers and deployment, which would be required in evacuation operations, may be needed in responding to other contingencies.

The SDF, in collaboration and intelligence cooperation with Ministry of Foreign Affairs

and relevant foreign government agencies, must not hesitate to rescue Japanese who are put at risk.

E Contingencies in Areas Surrounding Japan

In the region surrounding Japan there are disputes concerning territory or sovereignty, including a divided Korean Peninsula and the unconfirmed demarcation of EEZs. There are countries in the region that have rapidly developed naval and air power or whose national regimes have an uncertain future. The risk that the problems above will escalate into armed conflicts via the use or threat of forces for unilateral change of status cannot be completely eliminated. The issues may develop into “situations that will have an important influence on Japan’s peace and security” (i.e., situations in areas surrounding Japan).

In these cases, the SDF will intensify intelligence, surveillance and reconnaissance (ISR) operation and will likely be requested to perform an evacuation operation. If the U.S. forces are deployed in response to the situations in areas surrounding Japan, the SDF has to provide rear area support. Japan needs to address the situations properly, including support to the U.S. forces, because these situations could develop into a direct armed attack against Japan if left unaddressed.

A legal framework has already been established to enable the SDF to act against the situations in areas surrounding Japan. However, it should be revised to enable more realistic and active cooperation, because there are restrictions in the current laws, such as prohibition against provision of weapons and ammunitions to U.S. forces or limitations in areas where the SDF can operate.

F A Combination of the above Contingencies (Complex Contingencies)

The contingencies above may not happen separately. Several threats may strike Japan simultaneously, and the SDF will be required to deal with them all at the same time. In other cases, one incident may develop into another, and defense forces will need to carry out multiple responses to cumulative consequences. An example of the former would be the concurrence of terrorist attacks against the country’s key installations by special operations forces and cyber-attacks by foreign agents. An example of the latter is a case in which, while Japan conducts rear area support to U.S. forces in a situation in areas surrounding Japan, the situation escalates into an armed attack, including a ballistic or cruise missile attack against Japan or a

battle in a remote island area of its territory.

Japan's defense capabilities need to be designed and operated to deal effectively with such complex contingencies.

G Major Disasters and Pandemics

Having had to deal with various disasters in natural disaster-prone Japan, the SDF has rich experience in disaster relief dispatches. At the same time, there is a possibility of an outbreak of major disasters in multiple locations that exceeds all previous experience, and we may be required to respond to these. Meanwhile, as in such cases as the H1N1 influenza and foot-and-mouth disease, efforts against infectious diseases require a rapid, national approach and the results will have global effects in terms of preventing or containing a pandemic and keeping international trade in operation.

The SDF needs to have regular coordination with related organizations such as local governments, police, fire authorities, Japan Coast Guard, and the Ministry of Health, Labor and Welfare. It also needs to engage in information exchange and joint disaster management exercises with them. The SDF should fully utilize its camps and bases located nationwide in its disaster management effort.

Section 3 Securing Stability in the Areas Surrounding Japan

Japan-U.S. defense cooperation under the Japan-U.S. security arrangement is the most important foundation for Japan to maintain stability and order in areas surrounding Japan. Closer coordination between SDF and U.S. forces is necessary to secure stability in a region where the balance of power is changing and international common goods are deteriorating. In the meantime, the SDF has to carry on various measures to complement its cooperation with the U.S.

Japan must put emphasis on ISR operation as a basis for Japan-U.S. coordination. It also needs to strengthen defense exchanges and cooperation with a variety of countries and boost its participation in the regional security framework.

A Enhancing ISR Activities

Operating defense capabilities in peacetime is not only important for deterrence and

maintaining the defense and security of Japan, but also for the stability of the security environment in the region. Currently the SDF maintains a posture to monitor Japan's airspace with Air Self-Defense Force radar sites and monitor ships' navigation in the sea surrounding Japan with MSDF patrol aircraft. Japan can collect information when it detects anomalous situations around the country. Japan should establish intelligence superiority by accurately grasping the military situations of neighboring states by means of ISR capability.

In Japan's future direction of strengthened ISR operations, it may be required to conduct surveillance seamlessly in outer space, cyber-space, airspace, and underwater. We should consider revising relevant laws or introducing new equipment, including unmanned vehicles, if required. We should also enhance intelligence cooperation with neighboring partner countries in the region, and this will require reinforcement of Japan's information security.

B Promoting Defense Cooperation and Enhancing Defense Exchanges and Security Dialogues

In Japan's effort to seek stability in the region, defense cooperation with countries such as ROK and Australia is absolutely important. These two countries and Japan have a history of cooperation between their contingents. For example, Japan dispatched the SDF to conduct international peace cooperation activities in East Timor, Iraq, and Haiti with the troops from these two countries. Japan should proactively consider further dispatches to the regions where it can expect opportunities to cooperate with these countries. In May 2010, Japan signed the Acquisition and Cross-Servicing Agreement (ACSA) with Australia.¹⁰ Japan should seek to conclude this kind of agreement with ROK as well, and it needs to promote further cooperation in the intelligence arena with these countries, alongside areas of logistical support.

In the past, the purpose of defense exchange was mainly to enhance confidence building. From now on, however, it will be increasingly important to build and strengthen actual cooperation with countries to address security issues of common concern, including the maintenance of global commons. Bearing in mind that strengthening relations with partners is of strategic importance to Japan's security, the Ministry of Defense (MOD) and SDF should seek to deepen practical and effective cooperation with the militaries of these countries. Besides the ROK and Australia, Japan should forge a concrete and practical cooperative

¹⁰ In April 1996 Japan concluded an ACSA with the U.S., its ally as prescribed in the Japan-U.S. Security Treaty.

relationship with India by conducting international peace cooperation activities and joint trainings while continuing the existing dialogue of vice-ministers of both foreign and defense ministries. Already Japan and India have issued a Joint Declaration on Security Cooperation. Yet another important relationship is that with Southeast Asian countries, which hold key locations for maritime transportation and share common security interests with Japan. The MOD and SDF should actively deepen cooperation with them by providing capacity building assistance to these countries, among other measures.

It remains important to exchange frank opinions in defense exchange. In the past, Japan has held various bilateral and multilateral defense exchanges, such as mutual visits by senior officers and officials, service-to-service exchanges, staff talks, and exchanges involving students with many countries, including those mentioned above. With China and Russia, in particular, Japan is making effort to enhance mutual understanding and trust through frank discussions and exchanges such as mutual port calls. In the seas surrounding Japan, incidences of alarming behavior that may cause accidents have been on the rise recently. Japan should call upon concerned countries to avoid incidents on the sea and in the air because the political cost of these accidents is extremely high. Japan needs to engage in dialogues to create a communication mechanism, such as a hotline, with concerned countries in the region. Particularly, there is an urgent need for Japan to establish higher-level and more in-depth security talks with China, which has intensified its military activities, and it is necessary to address the matter at the political level.

C Active Engagement in Regional Security Frameworks

Defense authorities should contribute to regional peace and stability through active participation in a regional security cooperation framework.

Multilateral joint exercise in the fields of humanitarian assistance and disaster relief (HADR) activities, anti-terrorism, and maritime security in particular, is an effective tool for confidence building among regional countries and for improving regional response capabilities. Such concrete cooperation in the field of non-traditional security needs to be further facilitated. In the ARF, cooperation among member countries have deepened over the years, and concrete cooperation, such as disaster relief exercise, have started. Japan should actively undertake these cooperative activities.

The MOD is strengthening regional dialogue with defense authorities in the region

through such venues as the Tokyo Defense Forum, a meeting of director-generals of ARF member states, and a vice-ministers meeting with ASEAN countries started in 2008 and sponsored by Japan. To add to these efforts, Japan should act more vigorously within the security cooperation frameworks in the region so that it can help promote regional peace and stability. In this regard, ASEAN Defence Ministers Meeting (ADMM)-Plus, scheduled to be held in 2010, will be the first defense ministerial meeting among regional defense establishments of both members and partners of ASEAN. It is expected to eventually function as a hub of objective regional security cooperation and Japan's active cooperation will be important to this end.

Section 4 Improving the Global Security Environment

The revision of the SDF law in 2007 has made participation in international peace cooperation activities one of the primary roles of the SDF. The SDF should enhance the presence of Peace-Creating Japan in the world through international peace cooperation activities. It should actively consider participating in relevant activities whenever possible.

The SDF's operations should proceed in coordination with various activities initiated by other government organs and the private sector: emergency humanitarian assistance, vocational training in the mid- and long-term, creating employment opportunities, and rehabilitation of the community. The MOD and SDF need to further strengthen coordination with ministries and private sectors within Japan, such as the Japan International Cooperation Agency (JICA), while cooperating with foreign governments, international organizations, and international NGOs as well. The MOD and SDF should also undertake a detailed study of how to coordinate among these organizations, taking into consideration the specific nature of each organization, since some NGOs may not prefer to collaborate with military forces.

A Assisting Failed or Fragile States, and Increasing Participation in International Peace Cooperation Activities

The phenomenon of failing states is not likely to disappear. Rather, states may remain in this condition over a long period. There are also concerns about fragile states becoming failed states. The SDF has been deployed overseas to participate not only in international peace cooperation missions, such as peacekeeping operations, but also to conduct humanitarian and reconstruction assistance in Iraq and other countries. A mandate given by a UN Security

Council resolution is desirable, but not a prerequisite, for participation of the SDF in these missions. The SDF should be engaged in missions that can be carried out effectively and adequately in cooperation with regional agencies or specific countries, when necessary.

In a decision-making on participation in a peacekeeping operation or other missions, Japan should take into full consideration various aspects, including not only the priority of engaging in more urgent tasks, but also other aspects such as whether it would provide an opportunity for the SDF to train troops and the merit of these missions in creating an environment for Japan to collect intelligence. Japan's information capability can be enhanced through the accumulation of overseas mission experiences.

B Countering International Crimes, Including Terrorism and Piracy

Acts of terrorism and piracy are contingencies that are likely to persist over a long period. There is little indication that poverty or ethnic and religious conflicts will be eradicated. Japan must not turn its back on international efforts to counter terrorism and piracy. Japan has dispatched MSDF supply vessels to Indian Ocean and MSDF destroyers to the Gulf of Aden and off the coast of Somalia. It should prepare itself for possible future participation in other missions. In principle, these missions should be based on UN Security Council resolutions, but Japan, as an ally or a partner, should also prepare for contingencies without such resolutions.

C Responding to Major Natural Disasters

Major natural disasters like earthquakes, tsunami, and typhoons may happen any time, anywhere. Many countries will likely continue to be vulnerable to disasters in the long term, especially when adverse economic and social conditions militate against these countries' prioritization of disaster management efforts. Furthermore, the consequences of climate change may exacerbate the damage caused by various other disasters, triggering rising sea levels, floods, draught, or storms. Additional consideration must also be paid to H1N1 influenza and other potential pandemic diseases. These possibilities will further increase the need for internationally coordinated HADR activities. The SDF has had extensive experience in dealing with disasters, and it can utilize its experience to effectively collaborate with other civilian organizations in conducting an international disaster relief operation, should its services be required. Japan will greatly contribute to securing the lives and safety of the people in the world by maintaining and strengthening a rapid deployment posture for HADR operations and

preparing for major disasters in the Asia-Pacific region and the world.

D Dealing with Proliferation of WMD and Ballistic Missiles

To stem the proliferation of WMDs and ballistic missiles, Japan should enhance its information-gathering capabilities. Japan also needs to implement concrete measures for counter-proliferation, such as efforts based on the Proliferation Security Initiative (PSI), in the event of actual proliferation. For now, each country conducts counter-proliferation measures in its own territories, including domestic and export exports. PSI proposes a collaborative framework among countries to stem WMD proliferation outside of their respective domain. It also puts greater emphasis on domestic collaboration among relevant authorities such as law enforcers, armed forces and defense authorities, and intelligence organs. In Japan, PSI effort involves the SDF in collaboration with the coast guard, police, and customs; the SDF has already conducted interdiction training sessions with these organizations on many occasions. Nevertheless, the SDF will increasingly be required to engage in more practical and enhanced collaboration with other domestic and foreign authorities in the event of actual interdiction operations.

Measures to interdict the transfer or shipment of WMD/ballistic missiles will need specially trained units or personnel.

E Promoting Global Defense Cooperation and Exchanges

Japan's involvement in regional affairs and also global security issues creates opportunities for spreading understanding of the northeast Asian strategic environment to the rest of the world as well as for deepening world understanding of Japan. The MOD and SDF should eagerly promote defense cooperation and exchange with NATO, European countries, and others to deal with terrorism and other global challenges. It is also important in this regard to conduct exchanges with African countries by sending lecturers to the peacekeeping centers. These efforts can be developed beyond exchange to enable the rapid and smooth operation of international peace cooperation activities, and create a cooperative regional order. Meanwhile, in conducting global defense cooperation and exchange, Japan has to carefully consider the allocation of manpower and other resources, and give additional thought to its institutional costs and benefits.

So far, the defense exchange by Japan has been primarily focused on building confidence

through policy dialogues and unit-to-unit exchanges. Japan has not been engaged in cooperation in weaponry, military technology, or knowhow on institutional setup, fields which many developing countries might expect to be covered in military exchanges. Japan has no history of sending defense advisors overseas and has barely utilized non-ODA funds¹¹ for military or defense cooperation. However, Japan should sponsor overseas programs attended by military officers, programs such as seminars on capacity building for counterterrorism, and other initiatives in which skilled, retired SDF officers assist in the democratic development of the armed forces of a state in rehabilitation. Such activities will be suitable for a “Peace-Creating Nation.” Japan should systematically study the modality of a defense assistance structure that will lead to the creation of substantial cooperation as a potential option over and above dialogue and exchange.

Section 5 Function and Arrangements of Defense Capabilities

1. Basic Concepts on Building Defense Capabilities

To build defense capabilities that would fulfill the new roles and missions mentioned in the previous three sections, Japan should continue to pursue the idea of a “multi-functional, flexible, and effective” defense force of the NDPG 2004 with the special emphasis on achieving the following three items.

a) Stabilization of Regional and Global Order

As a country aspiring to become a Peace-Creating Nation, Japan should use its defense capabilities to create a stable order in the international community. In cooperating with the U.S. and partners’ militaries, the SDF needs to maintain a posture for enhancing regular surveillance activities that are performed in normal times, as well as conducting multilateral exercises more often, in order to demonstrate its intention not to allow any use of force in the Asia-Pacific region that aims to violently change the international order or block equal access to the global

¹¹ The Organisation for Economic Co-operation and Development (OECD) defines the main objective of ODA as the promotion of the economic development and welfare of developing countries. It states that the supply of military equipment and services, the forgiveness of debts incurred for military purposes, and activities aimed at combating terrorism are not reportable as ODA, while some activities within UN or non-UN peace operations are reportable as ODA. Japan, on the other hand, follows the principle that “any use of ODA for military purposes or for aggravation of international conflicts should be avoided,” as stated in the ODA Charter, and it does not directly assist the military or military personnel of developing countries through ODA.

commons. The SDF also needs to maintain a framework for the steady implementation of international peace cooperation activities to preserve the international system globally.

b) Effective Response to a “Complex Contingency” in Cooperation with the U.S.

Japan’s defense posture under the NDPG 2004 aims to deal with five types of “new threats and diverse contingencies” that occur individually. In real emergencies, however, defense capabilities will likely have to respond to contingencies in various and complex ways, and a close coordination between Japan and the U.S. in accordance with pre-planned roles will be necessary in order to handle such contingencies. Therefore, it is important to enhance the SDF’s response capability against possible complex contingencies as well as strengthen the foundation of Japan-U.S. joint operation in order that they may jointly deal with such contingencies.

c) Seamless Response in the course of development from Peacetime to a State of Emergency

Peace and crisis should not be treated as separate and mutually exclusive conditions. For example, an SDF unit in a surveillance operation may suddenly face a rapid escalation of an incident. In this case, a flexible response based on real-time sharing of information on the operational situation among frontline units, central headquarters, and, if needed, U.S. forces will be in order. Defense capabilities must be formulated so that one can respond seamlessly in accordance with the developments of a situation in the gray zone that lies between peacetime and a state of emergency.

The common requirement for future enhancement of the SDF capabilities includes ISR capability, readiness, mobility, and interoperability between Japan and the U.S. Also required is the enhancement of the comparative advantages of the SDF in selected fields. With this direction in mind, defense capabilities need to be developed and sustained using high technological and information capabilities that reflect trends in military technology standard.

The development should not concentrate solely on the idea of upgrading individual weapons, but should aim instead at an optimum combination of options, including purchasing weapons, enhancing training, and improving operational availability, based on objective evaluation of the SDF capacity to identify which capabilities need to be reinforced or compensated.

Moreover, greater performance of defense capability will require maintenance of high operational readiness and increased levels of activities. A budget for operations (e.g. fuel and maintenance) needs to be secured. Meanwhile the SDF must also strengthen the foundation of logistical support in various dimensions such as seeking inventory management efficiency; securing joint maintenance between Japan and the U.S. for better operational availability of the missiles, etc., and actively utilizing the capacities of the private sector in the field of services and maintenance; and implementing education and training.

2. Role Sharing between Japan and the U.S.

Although role-sharing between Japan and the U.S. requires in-depth examination from a purely military-specific point of view, the following could be proposed from a strategic viewpoint.

In missions relating to the defense of Japan, which are at the core of the Japan-U.S. alliance, the SDF should seek to strengthen complementary capabilities vis-à-vis those of the U.S. forces. For example, when the U.S. carrier strike group, which plays a central role in U.S. strike capability, is deployed for the defense of Japan, the SDF can provide function in anti-submarine warfare and compensate the function of minesweeping, of which the U.S. forces are in short. By maintaining and strengthening these functions, the SDF can strengthen mutual complementary capabilities.

There are some mission areas where Japan has avoided assuming the cost by relying on U.S. capability. These include non-combatant evacuation operations from danger zones and protection of consort ships operating under a ballistic missile alert. These “unilaterally supplementary” relations need to be altered and Japan should identify and make a careful study of the areas in which it can play a role. Japan should also discuss this matter in bilateral talks on operation and policy.

Developing SDF capabilities to participate even partially in a greater variety of military tasks and conduct joint operations with U.S. forces will lead to expanding the scope of information-sharing between Japan and the U.S. and deepening Japan’s involvement in the decision-making process on individual operations. If joint operation leads to improved performance as compared to unilateral U.S. operation, the effectiveness of the Japan-U.S. alliance will also increase, and have greater significance for the future of the alliance.

Finally, in terms of developing the Japan-U.S. alliance globally, it is important for the SDF

to broaden the range of missions it can operate under its own responsibility. It is often said that the SDF has heavily relied on other countries, especially the U.S., in various functions when conducting overseas operations such as PKOs. While it is rational to rely on the U.S. infrastructure for matters such as intelligence, Japan should also develop necessary capabilities to fulfill overseas missions by itself.

3. Selection and Concentration of the Defense Capabilities

a) Strengthening and Expanding SDF's Integration

Contingencies where a situation changes instantly, such as ballistic missile attacks, should be responded to properly by pooling the resources of the three services of the SDF. It is imperative for SDF to conduct a joint operation centering on the Joint Staff Office and the headquarters of a joint task force of the three services (ground, maritime, and air), while putting more emphasis on network and intelligence. Joint operation is also required to deal with major disasters and attacks by special forces or terrorists, and to deploy forces overseas.

When the SDF responds to various complex contingencies, it does not need to unify all units of the three services. It must have distinct ground, maritime, and air force components which can be reorganized flexibly depending on the situation. However, because functions such as command and communications, counter cyber-attacks, and transportation control are the common requirement among the three services, the units for these functions should be integrated for smoother operations.

To fulfill the needs cited above, the Joint Staff Office should be further enhanced. For smoother joint operations, it is necessary to study and conduct organizational reforms, such as the consolidation and readjustment of the current operational and administrative sections. In addition, each of the three services must fully take heed of the concept of joint operations when tackling the building-up of defense capability. The Ground Self Defense Force, in particular, requires organizational review for further enhancing joint operational capability, including a further flattening of its command and control structure. An equally important aspect to assisting joint operations is that the SDF must promote networking among three services and share operational maps and other necessary information.

It is also necessary to streamline organizations such as ground-to-air missile units, ground-based aerial rescue units, and SDF hospitals and medical defense officers, all of which are currently assigned to each SDF unit, by drastically adjusting and transferring them among

services or integrating them into joint teams in order to avoid duplication and improve efficiency.

b) Ground Force

Ground force must shift its focus from traditional heavy armaments and reorganize itself into a force that emphasizes capabilities such as lightweight and maneuverable ground battle capability; special operations capability; nuclear, biological, and chemical (NBC) protection capability; and ISR, while continuing to work toward better efficacy. Meanwhile, it needs to have the capability to protect important domestic facilities and offer civil protection in collaboration with related authorities, dividing roles when appropriate.

Considering the use of existing exercise fields, it would be difficult to drastically change the deployment of current bases. Also, in considering force deployment, it is necessary to pay attention to proximity to the local community and responsiveness to various disasters. However, the overall direction should focus more on mobility, since a regular unit may not have to be stationed in the same place as an emergency response team if mobility is improved. Furthermore, in terms of facilitating the defense of remote islands, the SDF has to consider strengthening anti-ship missile capability. In particular, the SDF needs to consider deploying units regularly to the remote island areas since parts of such areas have been a vacuum of SDF deployment. In locations where the ground force is absolutely lacking, a minimum essential outpost must be secured and then augmented during contingencies and emergencies by the rapid deployment of forces in order to defend key areas.

Human power is the core of the ground power's ability to flexibly respond to various challenges. Organization and deployment has to be well-balanced in terms of maintaining strength. The SDF has to adequately consider securing personnel and, at the same time, pursue more efficiency in camps and rear support activities. Furthermore, effective use of limited manpower suggests the need for further study on introducing unmanned equipment.

c) Maritime Force

There is a need to enhance the SDF's capability to protect freedom of maritime use and maintain the security of SLOCs, both of which are of critical importance to Japan as a maritime nation, through the SDF's own regular ISR operations and international peace cooperation activities, as well as in close cooperation with U.S. and partners' militaries.

In the event that the defense of remote islands or the execution of missile defense becomes necessary, both Japanese and U.S. naval units must have the capacity to be deployed in the seas surrounding Japan. The SDF needs to improve the performance of fighting vessels, patrol aircraft, and submarines while effectively securing the overall quality and quantity of the force. The number of destroyers and patrol aircraft will have to be reduced, since the majority of them will be reaching decommissioning age. The SDF will have to aim at greater flexibility and efficiency by adopting measures such as extending service life or operating regional district vessels more flexibly. Meanwhile the need for further enhancement of underwater surveillance capability requires a study of the augmentation of submarines forces by extending service life, for example. The SDF has to maintain forces like Special Boarding Unit to respond against various contingencies.

d) Air Force

Air force needs to increase further its air combat interception capability in the airspace surrounding Japan. In modern air warfare, it is vital that fighter planes work in tandem with the network of comprehensive functions to support the fighter planes. Air power of the future stresses superior quality over quantity. To fulfill this objective, the SDF needs to review its current program of preparation against airspace violation, which is predicated on Cold War scenarios, and aim instead at building comprehensive air power through a combination of procurement of new fighter planes, upgrading of existing aircraft, and introduction of airborne early warning and control systems, electronic warfare aircraft, aerial tankers, and other equipment. If certain equipment becomes obsolete and is difficult to upgrade, it may be considered for early elimination.

The SDF has to strengthen aerial ISR capability particularly at high altitudes, which is required for not solely for air combat but for overall operations by the SDF, which includes information on open seas and remote lands. For information gathering, it should examine various methods, including unmanned vehicles, that will hedge the risk.

Open-air runways are inherently vulnerable to missile attacks. Increased threat of ballistic and cruise missiles makes it necessary to minimize possible damage to a base under attack, taking heed of base resiliency as well as the flexible use of equipment, or operational flexibility, to enable alternative airstrips.

Responsiveness, rapid deployment capability, and support capability for overseas missions

will require enhancing the long-range transport capability of air power. At the same time, it is necessary to consider the overall airlift requirements of the SDF in light of joint operations once such capability has been achieved.

e) Building a Basis for Enhanced International Peace Cooperation Activities

International peace cooperation activities, which have become a primary role of the SDF, are an important task for Japan. Through such activities, Japan can contribute to the improvement of the global security environment, and make its presence felt in the international community. The SDF should participate in more activities in the future. Recent figures show that the record of Japan's participation in international peace cooperation activities has not yet reached a satisfactory level, compared to other major nations' overseas operations. There is room for improvement.

In international peace cooperation activities, the SDF can practise skills it has cultivated through national defense training and disaster relief dispatches. Meanwhile, the SDF should also reinforce capabilities that are applicable to international missions such as enhanced maritime and long-distance transport, medical and engineering missions that are in great demand, and joint operational posture. Once SDF is swiftly deployed overseas, it must ensure operational sustainability by securing a posture for unit rotation and logistical support.

International peace cooperation activities are often conducted in areas that are geographically and culturally remote from Japan. Information on the languages, manners and customs, geographic conditions, and natural environment of the regions outside of Japan's neighbors is hard to obtain. Therefore, this kind of information must either be accumulated well in advance or exchanged regularly with partners so that it can easily be made available when needed. The personnel should be given education and training on languages and local affairs in a well-conceived manner so that it can create a pool of manpower that is deployable according to specific scenarios. In parallel with its missions overseas, the SDF also needs to develop systems to provide firm support for the personnel deployed, including taking care of wounded or returned personnel and their families.

CHAPTER 3 FOUNDATION OF THE DEFENSE FORCE

This chapter explains what foundation needs to be built in order to sustain the defense force that Japan seeks. Security and defense must be placed at the core of national administration, and resources allocated to these two areas should be secured at an appropriate level by the highest political decision, based on careful assessment of international circumstances. On the other hand, considering the basic trends in Japanese society, such as declining birth rates and aging, it will be unrealistic to design a future defense force based on the assumption that there will be a significant increase in the defense budget. Precisely because resources that can be invested in the defense area are limited, Japan should examine the foundation that supports the defense force from a mid-to long-term perspective instead of simply inheriting past policies.

Hence, this chapter identifies the challenges posed by personnel, material, and social infrastructure, and proposes directions for future development.

Section 1 Personnel Foundation

On the one hand, expectations toward the SDF — including surveillance in the surrounding sea and airspace, overseas deployment, and rapid response to any contingencies — are growing. On the other hand, its budget for fuel, maintenance of equipment, etc., which sustains activities of the SDF units, is in a tight squeeze due in part to the general trend toward cutting defense-related expenditures, 44-45% of which are personnel expenses. This is not a desirable situation. But restraining personnel expenses by reducing the number of personnel is not a viable solution, since securing manpower is of decisive importance in maintaining the SDF's readiness to effectively respond to contingencies complex. The SDF must be conscious of its priorities when managing its human workforce: it is necessary to allocate manpower with emphasis on front-line units.

In 2007, The MOD published a report on the human aspect of the defense capability, based on deliberations on enriching human infrastructure in a new security environment. The basic principles of the report on major issues related to human infrastructure are as follows: emphasis on non-fixed-term personnel vis-à-vis fixed-term privates; preference for commissioned officers who are either college graduates or promoted by selection from

non-commissioned officer (NCO) corps while restricting lower-class commissioned officers who stepped up from NCO ranks; introduction of early retirement system aimed at commissioned officers; and separation of salary systems for commissioned officers and NCOs. The MOD should promptly design a new system that will address each challenge, review it in light of most recent developments, and start reconstructing a personnel infrastructure that is suited to the trends of declining birth rates and rising long-life expectancy. The design should be based on sufficient evaluation through comparisons of multiple options via simulation and other methods, and fulfill the goal of securing personnel with needed skills while providing incentives to SDF personnel. In doing so, special attention should be paid to the following points.

First is the rebalancing of the rank and age structure of the SDF. The average age of SDF members, in particular commissioned officers, including junior officers, who lead front-line units, is higher than that of officers in the military forces of the U.S., UK, and other countries. This is due to the extension of the retirement age, the promotion of NCOs to commissioned officer to a later stage in personnel career and other measures. The SDF is, in fact, getting older across the board. To cope seamlessly with contingencies complex, the SDF should possess balanced human resources that combine strength (which requires physically fit, young men and women) with technique, skill, and expertise (in areas such as cyber defense, for example). In designing a new system, it is important to assess the characteristics of SDF personnel properly and put into place appropriate rank and age structures through recourse to early retirement system and so on. Additionally, the introduction of an early retirement system requires the government to pay special attention to securing posts for reemployment so that SDF personnel who leave early can devote themselves to new positions that fully utilize their professional experience as SDF personnel, such as in disaster management jobs in local governments and private entities.

Second is effective outsourcing using the power of private sectors. In a security environment that is growing more and more complicated, the SDF alone cannot accomplish its duty of national defense. Therefore, SDF personnel, who have expertise such as undertaking risky missions and are paid relatively well for that reason, should concentrate on jobs or missions that cannot dispense without military expertise. The SDF should look to the private sector to staff such areas as administration (human resource management, accounting, facilities, etc.) and maintenance of equipment, keeping cost-effectiveness in mind. In promoting

outsourcing, it is necessary to build a fair and transparent system of reemployment that would be a basis for full utilization of the skills of those who retire from their defense career at a younger age. In connection with this issue, invention of a new position — an associate status to the SDF uniformed official — can be considered. A portion of active-service SDF members can be converted to this status, appointed to work in jobs that can also be done by non-uniformed officials, and assured of similar treatment compared to other non-military public servants. Such a measure would make use of human resources more effectively and more stably.

Thirdly, in recruiting SDF volunteers, it is important to examine appropriate recruitment methods, take qualifications and educational credentials into account, make recruitment less vulnerable to business fluctuations, and develop thoughtful policies for retirement and reemployment of SDF personnel in order to make effective use of a young workforce in a time of declining birth rates and long-life expectancy. Recruitment and reemployment should be a nation-wide effort — for example, fixed-term privates, when they are discharged, should receive more support to ease their transition to new careers as police officers, firefighters, coastguard officers, and other public servants.

Furthermore, SDF members have sworn under oath to dedicate themselves to defending the nation. It is only fitting that the country should treat them with considerable honor after they are discharged, whether in early retirement or by age limit. The government should seriously consider how former soldiers, sailors, and airmen be treated in terms of their right to wear uniforms, their retired titles, and their decoration.

Section 2 Material Foundation

Powerful domestic defense enterprises and their performance in sustaining Japan's defense production and technology form the basis of Japan's material infrastructure, which is indispensable for sustaining and developing Japan's defense capabilities.

Generally speaking, Japan's domestic defense products are costly, owing to their high technical requirements, the huge development cost to meet those requirements, and the fact that the market for Japan's defense products is restricted within Japan's borders. It is not good for Japan's defense material infrastructure to become trapped, under financial restrictions, in a vicious cycle of high-cost production followed by smaller scale procurement that results in

elevated unit costs. Japan must examine a new way for sustaining healthy domestic defense production and solid technological foundation, while mindful of the risks.

A Establishment of a Defense Industry and Technology Strategy

Japan's defense equipment has been procured domestically as much as possible, and great emphasis has been placed on maintaining reliable domestic bases for supply and operations support. It cannot be denied, however, that these methods have made the Japanese defense industry a high-cost one. After defense-related expenditures hit the peak, some defense enterprises have left defense production, because of the uncertain future of the defense industry.

To break the deadlock now faced by Japan's defense production and technology infrastructure, traditional ways of thinking must be abandoned, and selection and concentration are essential. This means that the Japanese government and private sectors should share a common viewpoint on the fields of production and technology that are to be sustained in Japan, and focus investment in these areas.

For this reason, the Japanese government must present a defense industry and technology strategy. The purpose of the strategy is to identify fields that should not be dependent on other countries in view of Japan's security, and to clarify areas for focused investment. With this strategy, Japanese defense enterprises will be able to take a long-term view and make efforts in investment, research and development, and human resources development. At the same time, the strategy must contribute to a defense build-up that is efficient and pays attention to civilian technologies, including the possibilities of a "spin-on" where the MOD exploits the fruits of technologies that are developed out of civilian demands.

Upon formulating such a strategy, and in pursuit of selection and concentration, Japan should have the option of international joint development and production as its third path, in addition to the previous two paths of domestic production and import — this issue will be discussed in detail in the following subsection. In addition, Japan needs to address the problem of identifying which defense technology Japan has an advantage in, because Japanese domestic defense enterprises have been kept out of international competition. Development of a "future technology roadmap" from a long-term perspective is a necessary measure for taking inventory, a thorough inspection of Japan's technological power that combines defense and civilian technology.

B Utilization of International Joint Development and Production

Japan has had only two choices between domestic production and import, with limited exceptions. On the other hand, global trends in the defense industry indicate that in many other countries the industry has been realigned and some mega-enterprises have emerged, and international joint development and production have been more common.

However, since Japan has adopted a virtual export prohibition policy, based on the “Three Principles on Arms Export, etc.,” its domestic defense enterprises are prohibited from joining this trend. In fact, Japan can neither consider joining international joint development or production with countries other than the U.S., nor pioneer joint technology research in the private sector which precedes joint development projects between governments. Therefore, Japanese domestic enterprises are at risk of being left behind in international technology innovation since they lack access to the latest technology developed elsewhere.¹²

So far, Japan has permitted certain cases such as joint development and production with the U.S., by exempting them from the “Three Principles.” The current virtual export prohibition policy under the “Three Principles” needs to be revised in light of the significance of defense production and technology infrastructure from a security standpoint. Utilizing joint development and production will have the merit of increasing Japan’s access to the most advanced technology and reduction of cost in developing equipment. Furthermore, participating in joint projects in development, or production, or both would deepen the Japan-U.S. alliance, and strengthen Japan’s security relationships with other countries than the U.S. Progress in the science and technology fields being so remarkable these days, Japan cannot afford missed opportunities that will prevent it from catching up with the global trend of innovation. Thus, it is highly desirable that a decision on reviewing the policy on international joint development and production be made as soon as possible¹³.

¹² If Japan participated in international joint development or production, it could expect merits such as access to the most high-end technology, as well as demerits resulting from the abandonment of domestic production, such as difficulties in sustaining technologies related to system integration. However, the current situation is that Japan can not consider international joint development or production even as an option, so it is impossible to verify which way is the best for each case through comparison with domestic production, including licensed production.

¹³ Besides, under the de facto export prohibition policy, off-set deals — that is, when importing a product from abroad, Japan will demand that the exporter adopt certain components made in Japan for compensation — have not been implemented, even in such a case that the SDF is the end user of the product. Nor have exports of a licensed product to a country that provides the very license, upon its request, been implemented. These irrational problems should be addressed as well.

Joining international joint development and production would lead to the possibility that equipment containing Japanese technologies may be used in other countries. This problem relates not only to which countries Japan chooses as its partners of joint projects, but also to the question of how to permit transfer to third parties. So far, Japan has had no chance of considering to which countries it should permit the transfer of arms, given that it still operates under the principle of a total ban on the transfer of arms. Should the current export prohibition policy be revised, the Japanese government must exercise caution in designing the new policy, so that the revision will contribute to, rather than threaten, international peace as well as to the improvement of the security environment. What conditions — one of them being strict control of transferred arms — a country would have to meet should be set by Japan if it is to permit the transfer of arms. The conditions may include issues concerning common shared values, or whether arms control and disarmament are being promoted.¹⁴

As a supplement to the discussion, if Japan were to move toward joint development or production with countries other than the U.S., it is possible that Japan and the countries concerned will need to mutually exchange highly classified information. Frameworks, such as one for the mutual protection of secrets, should be examined with the relevant countries.

C Promotion of Comprehensive Reforms of Defense Acquisition

The MOD is the only customer of defense equipment: in maintaining domestic defense production and a technology infrastructure, the MOD must behave as a wise consumer and build coexisting relations with each defense enterprise.

The MOD should carry on comprehensive reforms of defense acquisition that are now underway, as a tool to acquire and maintain equipment that adopts advanced technology while containing costs. To this end, the MOD should pursue cost control throughout the life-cycle of equipment from conceptualization to abandonment. In doing so, it is also important to give incentives for cost reduction to defense enterprises.

From the stages of conceptualization to development to procurement, an Integrated Project Team (IPT)¹⁵ can be established to serve as a vehicle for promoting comprehensive

¹⁴ Transfer to a third party concerning Japan-U.S. joint production on Ballistic Missile Defense (BMD) would not be an issue of the “Three Principles on Arms Export, etc.” However, a decision is needed as to which countries Japan should transfer its arms. This question should be answered in the early stages, before the BMD joint development program shifts to the production phase.

¹⁵ The IPT which the MOD is considering is aimed at thoroughly undertaking trade-offs between defense requirements and cost. It is a meeting body that is established at the stage of conceptualization and consists

examination from various viewpoints, including appropriateness through cost-benefit analysis. Request for high performance should not be the sole focus.

At the procurement stage, we should try harder to make package contracts that are deemed advantageous by defense enterprises. Defense equipment is basically purchased through an “act of bearing liabilities with national treasury funds” that is carried over for five years at most. Procurement of some types of equipment, however, may be given high priority, and at the same time, large-scale cost reduction can be expected from the application of long-term package contracts. In such cases, the modality of a contract that provides liability for longer than five years should be considered. In examining this issue, serious deliberation is needed from the standpoint of financial discipline, specifically with regard to whether there is any possibility that a contract of the sort may bring about rigidity of the defense budget, or the possibility that it may be countered by technological innovation, thus resulting in ineffectiveness.

Finally, at the stage of maintenance, the MOD should acknowledge high operational readiness as a goal of the new defense build-up that should be prioritized, as well as control of maintenance costs. The MOD should reconsider the way it enters into contracts with enterprises engaged in the maintenance of equipment. Among other solutions, the introduction of a Performance Based Logistics (PBL), by which the MOD will not pay compensation for the amount of man-hours used for maintenance, but rather, compensation for the extent to which operational performance is achieved, should be examined proactively.

Section 3 Social Foundation

Neither the SDF nor the Japan-U.S. alliance can function effectively without the support of the Japanese public and the understanding and assistance of local residents in areas where defense facilities are located. Therefore, it is very important to broaden the support of the Japanese public, as well as to work closely with the areas that host the defense facilities. This is part of the social infrastructure that bolsters the defense force.

A Broadening Support of the Japanese Public

It is thought to be well understood by the Japanese public that the SDF is an organization that defends Japan in time of war. Yet, it can not be said that the public discussions on security

of relevant divisions of the Internal Bureau, service staff offices, the Equipment Procurement Construction Office, and the Technology and Research Development Institute.

issues have deepened. The Japanese government is not only responsible for providing accurate information and appropriate explanations to the Japanese public, but it is also obliged to make every effort to secure the agreement of a majority of the Japanese public, including opposition political parties, over its basic security policy, with the process of establishing contingency legislation as a good example. Unremitting efforts must be made to build a consensus through sustained dialogue with the public.

Public support for the SDF activities is growing, thanks to its long-time achievements, both domestic and international, such as HADR and peacekeeping. On the other hand, it cannot be denied that public cooperation and sharing of burden is necessary in time of war. In particular, government activities relating to civil protection in a wider sense are still relatively new and have achieved little thus far, meaning that public understanding and support for them have yet to take root. The Japanese government should therefore redouble its efforts in public relations.

In case of emergencies, the quick provision of information to the public is mandatory. Methods for public dissemination not only of information on typhoons and earthquakes, but also of information on missile attacks, are beginning to emerge through trial and error. The government should work out ways of communicating critical information to the public in a rapid and reliable manner, taking advantage of the information-communication technology evolution.

B Cooperation with Locals Who Reside near Defense Facilities

In peacetime, SDF units depend on their relationship with the local communities in which they are located on matters such as the recruitment and reemployment of personnel and support for families of SDF members. It is no exaggeration to say the existence of an SDF unit would be at risk if support from the local community is lacking. In this sense, relationships with locals constitute an important social infrastructure that bolsters the defense force.

The SDF units spread all over Japan should be appropriately placed, based upon consideration of defense requirements, including the necessity of securing training areas. Stationing must be constantly reviewed from this perspective. At the same time, the existence of SDF units in under-populated areas is the key to local people's sense of safety and security in cases such as natural disasters, and it would fulfill the role of redistributing the young to rural areas which are rapidly aging. The importance of the SDF in answering such expectations

of the local people should not be neglected. Whatever the stationing posture of the SDF units, it should not be forgotten that both mobility for the sake of being able to concentrate the units and the transportation capability that assures it are necessary to conduct missions in response to a situation.

The existence of defense facilities, on the other side, could affect the living conditions of residents who live next to them. The Japanese government needs to solicit their understanding and cooperation. Above all, it should pay particular attention to excessive burdens on Okinawa residents that originated from historical circumstances, and work on mitigating these burdens while cooperating with the U.S. Government.

In relation to this, the importance of promoting shared-use of defense facilities by Japan and the U.S. can be pointed out. Shared use will not only strengthen the relationship between the SDF and the U.S. forces; it can forge a new relationship in which SDF units function as intermediaries between the U.S. forces and local residents. If such a relationship is built, it is expected that the SDF units may better mediate the cultural differences between Japan and the U.S. and between military officers and civilians. The Council recommends that the both governments should sincerely examine the shared use of defense facilities as a way of reducing burdens tangibly from the locals' viewpoint.

CHAPTER 4 FOUNDATION FOR JAPAN'S SECURITY STRATEGY

This chapter addresses challenges relating to various foundations, including institutions and postures, aimed at making Japan's security strategy (Chapter 1) more effective. Defense capability should be a tool for security policies. Japan's security stance has been reactive, and institutions that lead to inflexible responses must be revised as soon as possible.

Section 1 Establishing Foundation for National Security and Crisis Management in the Cabinet

A Strengthening Security Organizations in the Cabinet

The Cabinet, with the Prime Minister at its core, is responsible for decision-making on security issues. Organizations that are subordinate to the Cabinet, and in charge of security policy planning and crisis management — such as the Security Council and the Cabinet Secretariat — have undergone a number of institutional reforms in the past.

Various levels of the current security system in Japan are under civilian control by the Diet, the Cabinet, and the Minister of Defense. The Diet designates the Prime Minister, who is a civilian. The Prime Minister holds the supreme command of the SDF on behalf of the Cabinet, and appoints the Minister of Defense who administers the Ministry of Defense and SDF.

It is important to have a structure that assures civilian leaders of adequate information and knowledge when exerting their authorities of command and control. Today, the Security Council is established at the Cabinet level. This Council functions as a forum over which the Prime Minister presides and relevant ministers share information and discuss certain issues. In recent years, the SDF's missions have become diversified, and the Security Council has had to deliberate and make decisions on issues not only relating to defense build-up, but also to the SDF's operations and Government responses to contingencies. This diversification of SDF missions has expanded the role of the Security Council. More ad hoc meetings have been held among several ministers to facilitate discussions on security issues, thereby complementing the function of the Security Council.

As an organ that supports the Prime Minister who takes command in crisis management and security policy, the Cabinet Secretariat has strengthened its capacity and effectiveness. The current institution for crisis management, led by the Deputy Chief Cabinet Secretary for Crisis

Management, has a record of responding well to crises such as natural disasters, severe incidents, and accidents. In addition, the Special Advisory Commission for Crisis Response, chaired by the Chief Cabinet Secretary, assists the Security Council in responding to armed attack situations, situations in areas surrounding Japan, and other contingencies.

There remains the challenge of finding ways to enable cabinet organizations to cope appropriately and efficiently with national emergencies that include armed attacks as well as natural disasters. To this end, inadequacies of the current posture should be corrected through regular and extensive government-wide exercises to deal with armed attack situations, situations in areas surrounding Japan, and massive cyber-attacks. Necessary improvements should be undertaken to allow Japan to respond seamlessly in situations of transition from peace to a state of emergency. The Prime Minister and relevant ministers should attend such exercises. Whatever the institutions that are in place, the most important thing is that Japan's leaders must have the will and capability to use these institutions to the utmost extent.

Another challenge is for the security organs of the Cabinet to establish a national security strategy. Although it is inappropriate to simply compare Japan's security organs with the National Security Council (NSC) of the U.S., and similar institutions in other countries, it is worth noting that the major difference is that Japan's national security apparatus does not have mechanisms to formulate a high-level national security strategy. In developing such an arrangement, structural reform through legislation may be needed. What matters is not that a new organ is named NSC, but that an effective system be created. On the other hand, as many countries including the U.S. have NSCs, their counterpart institution in Japan should be identified, given that the question of "whom to call" may rise from time to time. Such deficiency should be promptly addressed. It is necessary to strengthen the security apparatus of the Cabinet so that its leader can act as the central command. This is a way of clarifying, both to the Japanese public and to foreign governments, who is responsible for national security and crisis management in Japan.

B Strengthening the Function of Intelligence

Intelligence is an important infrastructure for bolstering policy decisions on security issues. Intelligence organs of the Cabinet have also made progress through a series of institutional reforms. However, challenges remain. First of all, government organs should overcome sectionalism, and strengthen all-source analysis that makes full use of information gathered

from all branches of the government. Second, the intelligence cycle on the cabinet-level must be strengthened for greater effectiveness. The intelligence cycle can rotate smoothly only when the policy side — the “customer” — requests intelligence based on strategic considerations, evaluates the intelligence it receives, and finally formulates and implements policies based on assessment of intelligence. In other words, the intelligence side, no matter how excellent, is useless without a clear interest and concern on the part of the policy side. It is necessary to make the intelligence cycle work through extensive discussion between the policy side and the intelligence side.

In this case, intelligence customers at the Cabinet level are not limited to the Prime Minister and his or her high-ranking staff. The security apparatus of the Cabinet can also become a customer when it needs to formulate a security strategy. Daily consultations between the policy side and the intelligence side will lead to the development of a structure for national security and crisis management. In this sense, reforms of both the policy side and the intelligence side are inextricably linked. At the same time, care must be taken to ensure the separation of the two sides in order to prevent politicization of the intelligence.

Japan should focus on outer and cyber-space situational awareness and HUMINT (human intelligence), in addition to the various types of intelligence activities being conducted. While making efforts to enhance the capabilities of intelligence-gathering and analysis in these areas, Japan should, in the mid- to long-terms, advance its satellite system for national security. Japan needs to improve its maritime surveillance capability in and around Japan by utilizing dual-use technology to deploy land and sea observation satellites, undertake maritime exploration, and set up a geospatial intelligence system. To protect intelligence collected by Japan, intelligence security should be further enhanced through government-wide efforts such as unifying security classification and handling procedures among ministries. While strengthening intelligence security, appropriate management of documents should also be taken into account.

It is impossible for Japan to address security challenges on its own. In the interest of increasing the number of Japan’s partner states in the field of intelligence and promoting intelligence cooperation with other states, Japan should enhance its credibility by strengthening its intelligence security functions.

Legislation to protect state secrets is necessary to provide a legal foundation for intelligence security.

C Improving the Process to Formulate a National Security Strategy

There are rooms for improving the process of formulating national security strategy and defense strategy. There are two sets of basic principles on security and defense in Japan. One is the “Basic Principles for National Defense,” adopted in 1957, and the other is the Cabinet decision of 1987 which set four principles: (1) an exclusively defense-oriented policy; (2) Japan’s not becoming a military power which threatens other countries; (3) upholding civilian control over the Self-Defense Forces; and (4) the “Three Non-Nuclear Principles.” Japan does not have the equivalent of a “National Security Strategy” of the U.S. In addition, the Japanese government has published the NDPGs and the “Mid-term Defense Build-up Program (MTDP)” that focus on building defense capabilities. Prior to its review of the current NDPG, the Japanese government convened again a panel composed of experts to lay the groundwork for discussions within the government.

However, important government documents such as the NDPG must be reviewed constantly in light of changing circumstances. The government should therefore depart from the traditional expert-panel format. One alternative is to adopt another format in which the Cabinet Secretariat or other organs establish a permanent council composed of experts, hold dialogues with the council, and directly oversee the process of scrutinizing both the NDPG and MTDP and their implementation. In this case, the experts selected for the council must be treated as public officials and placed under obligation of confidentiality, which is a prerequisite for sharing classified information.

Even though its title contains the word “security,” this council is required to focus on defense capabilities because the council itself is part of the process by which the government formulates the NDPG every five years. If this new format is adopted, we hope to see the establishment of a security strategy which sets the guidelines for diplomatic and defense policies, including those on the modality of ODA, and which views security from a broader perspective. We also propose that a comprehensive study of the ways for improving the formulation method of the security and defense strategy be addressed together with the abovementioned reform of the Cabinet security apparatus.

Section 2 Laying the Foundation for Cooperation with Domestic and International Actors

A Establishing New Structures that Facilitate Cooperation among Various Actors in Japan (“All-Japan” Structures)

For more effective crisis management and national security policy planning, agencies of the central government as well as central and local governments must develop a partnership that connects the government ministries to each other as well as builds bridges between the central government and local governments. In the fields of disaster management and civil protection, cooperative relations between central and local governments, especially between the SDF and local authorities, will help build a sense of security among the general public. Because cooperation among relevant ministries and agencies, including the police and judicial systems, is crucial for dealing with the reconstruction of a failed state, every parties need to change their mentality about inter-agency cooperation. A new forum that facilitates inter-agency coordination should be established.

As a way to enhance confidence with other countries in today’s globalized world, international exchanges between experts and the general public, led by the private-sector, including NGOs and business communities, are growing in significance. It is time to think of how to create a synergy that harmonizes these private-sector initiatives and government efforts.

Civil-Military Cooperation (CIMIC) is an important agenda for peace building. The NGO side is showing interest in coordinating with the SDF, now that the SDF has redefined its major missions to include international peace cooperation. Japan should improve its peace-building capabilities through concrete practices of CIMIC. As a prerequisite for smooth international cooperation, Japan should overcome sectionalism in order to carry out “all-Japan” international cooperation.

B Increasing Effectiveness of Japan-U.S. Bilateral Operations

In Chapters 1 and 2, this report repeatedly underscored the importance of the Japan-U.S. alliance. Since the resources that can be allocated to the defense sector is limited, enhancing the effectiveness of Japan-U.S. bilateral operations is a rational choice for the defense of Japan. Now and in the near future, there are issues that warrant improvement for the smoother functioning of the Japan-U.S. security arrangement; among these issues are those relating to the interpretation of the Japanese Constitution concerning the exercise of the right of self-defense.

There have already been various recommendations on cases such as ballistic missile

defense (BMD) and protection of U.S. vessels. We are witnessing enormous changes in the security environment due to rapid progress of science and technology, including the development of BMD technology. Moreover, maintaining order in outer and cyber-space has become an important task. Current Japanese legislation to operationalize bilateral cooperation with the U.S. has not sufficiently kept up with these changes.

For example, the current interpretation of the Constitution does not authorize the SDF to protect U.S. naval vessels involved in bilateral operations with Japan that are under attack by guerrilla operatives at a stage prior to “armed attack situation against Japan.” Also, it is not possible, under the current interpretation of the Constitution, for Japan to intercept ballistic missiles directed at U.S. territories, such as Hawaii, even if Japanese Aegis vessels gain the capability to do so in the future, because such interception is authorized only for operations to protect Japanese territory under the current interpretation of the Constitution. In other words, Japan does not even have an option to consider, based on its national interest, whether or not it should protect U.S. vessels or intercept ballistic missiles targeted at the U.S.

The security and military technology environments of the 21st century will make it difficult to draw a stark line between peacetime and wartime. Interpretations and responses that were valid during the 20th century have only limited applicability of the new realities. Japan must prevent any occurrence of situations that severely damage the Japan-U.S. alliance by flexibly adopting relevant interpretations and arrangements from the perspective of the necessity for national defense and the maintenance of the Japan-U.S. alliance. Such matters cannot remain undiscussed. Procrastination on decisions that should be made before an emergency actually occurs is inimical to daily planning and training. It is important for the Japanese Government to confront this issue responsibly, reach a decision in advance and lay the groundwork for preparation during peacetime.

This report stresses the imperative for the government to make political decisions on what Japan should do. Such deliberations should not be initiated from constitutional and legislative discussions. The current interpretation of self-defense needs to be reviewed based on the political decisions that the government makes.

C Reviewing the Framework for Conducting International Peace Cooperation Activities

Japan places strong emphasis on international peace cooperation activities. In fact, Japan

has made significant contribution to PKOs since the mission in Cambodia. It has also been engaged in international missions other than PKOs, such as the dispatch of SDF units and vessels to Iraq and the Indian Ocean. But international peace cooperation activities are now evolving into multi-functional activities that include nation-building, in light of new challenges faced by the international community such as failed states, among others. Japan has the opportunity to make nation-building, such as reconstruction of failed states, one of its potential areas of competence. However, some parts of the Japanese government's system for peace cooperation activities are outdated, since it is based on the so-called "Five Principles of PKO Participation," which were set out just after the end of the Cold War.

The five principles, which were set when the International Peace Cooperation Law was enacted in 1992, were meant to respond to the PKO missions of that time. Three principles among the five, namely, agreement to a ceasefire, consent of acceptance, and impartiality, were based on the assumption that it would not be difficult to identify the parties concerned. However, Japan may be unable to participate in missions in fragile states or failed states, where the above assumption may not hold. Japan may be held back from making contributions as a Peace-Creating Nation, even if its participation is deemed necessary and even if the SDF has the capability to take part in these missions.

In addition, the Five Principles limit the use of weapons to "the minimum and necessary extent to protect the lives of Japanese personnel, etc." This requires dispatched SDF personnel to have a thorough knowledge of complicated legal interpretation, which becomes a considerable burden for them. There also have occurred such cases in which Japan faces limitation in the type of mission it can participate in. And even when the SDF can participate, mission planners have no choice but to become oversensitive to the modalities on dispatching troops. These complexities could influence the attitude of the SDF when they consider PKO participation. Japan should consider revising the Five Principles to meet the changing realities of international peace cooperation (more specifically, the content of the criterion used to identify concerned parties, and the limitation on the use of weapons, etc.).

In undertaking multifunctional PKOs, in which civilians and military officers dedicated to civilian activities take part, protection of local residents and displaced people in a fragile or failed state is the key to undertaking peacekeeping operations. First of all, the use of weapons in peacekeeping operations is different from the use of force as means of settling international disputes. Hence, protection of foreign personnel should be added to the list of the SDF

missions, because the use of weapons in PKOs is irrelevant to the concept of use of force overseas. Similarly, logistical support from SDF to units from other countries participating in a PKO mission should be permitted. This type of support is irrelevant to the idea of “forming an integrated part of the use of force by other countries.” The government should define the missions of the SDF in consideration of international common sense and standards, while reviewing the interpretation of the Constitution if necessary.

In addition, Japan has responded to international peace cooperation activities outside UN peacekeeping operations, in so far as these activities are accorded international legitimacy by a UN Security Council resolution or regional agreement. Every time a need arose, special measures laws and other means had to be legislated for this purpose. Such ad hoc legislation each time a new situation arises is not desirable. In the interest of maintaining a coherent legal order, among other reasons, Japan should clearly state its basic concept for international peace cooperation. It should realize the interests of both Japan and the international community, and undertake international peace cooperation mission proactively. A legislative solution to realize this goal may require an overall revision of the International Peace Cooperation Law. In any case, it is crucially important for Japan to have a comprehensive permanent law that has the characteristic of a basic law concerning international peace cooperation activities.

Section 3 Expanding and Strengthening Intellectual Infrastructure

A Enriching Security Communities

While the field of security is widening its scope, security of Japan and stability of the international society are becoming more closely intertwined, whether directly or indirectly, with various phenomena of the globalized world. It is probable that based on the government’s need for specific expertise, scholars will have more opportunities of joining the decision-making processes relating to security issues. This necessitates the pooling of talent.

At the same time, improvement of the international security environment is not only realized through expansion of dialogue and exchange among military and security officials. It also necessitates a range of expertise that is exchanged and shared among scholars and NGO activists who back the efforts on intellectual grounds. It should be noticed that, particularly in the Asia-Pacific region, a network of research institutes for defense and security studies has played an influential role in government-level discussion, and in shaping ideas and norms at

the ARF and other forums.

The essence of intellectual infrastructure is human capital. Japan should nurture people who can operate internationally in the field of security by sending abroad government security officials, military officers and students who want to do security research, dispatching scholars abroad, and enlarging the number of foreign students and scholars accepted in Japan.

Furthermore, think-tanks dedicated to security affairs, and internal and international networks of these think-tanks that are devoted to maintaining and developing an intellectual infrastructure are becoming more and more important. The Japanese government currently lacks understanding of the importance of building intellectual infrastructure. Most think-tanks that are supposed to play active roles in the security arena are financially under straitened circumstances; this results in declining Japanese presence and loss of voice in international intellectual debates on security. It takes decades to build adequate intellectual infrastructure on security, but only a short time to destroy it. The current, straitened condition of Japan's intellectual infrastructure should be addressed urgently and with a sense of crisis.

The modality of Japanese think-tanks and other non-profit organizations should be reconsidered so as to enable them to operate in stable conditions — this effort should focus on a financial aspects such as taxation and donation — with the goal of supplementing official activities, such as national security, which are not viable on a commercial basis.

B Strengthening External Communications

Communicating to the world what Japan and the Japanese public think of security and enhancing global understanding of Japan's national security is important to make the regional and global security environment more predictable.

The Prime Minister must explain to the Japanese public and the world the government's position and measures on security issues in a timely and explicit manner, in normal times as well as times of crisis. The Prime Minister's lucid and prompt communication is indispensable to giving the public a sense of security and sending a clear message to the world. Thus, a structure for external communications should be reinforced to assist the Prime Minister in strategic communication and provide linguistic support.

The outbound communications of the government, especially those disseminated in English, including via homepages, should be improved. The English homepage of the Ministry of Defense needs improvement. The MOD should improve its public relations and ensure

transparency of communication with the world by obtaining advice from scholars and journalists from abroad.

It is also necessary to nurture talented personnel who can explain Japan's stance persuasively and help forge a consensus that is beneficial to all members in negotiations, or international conferences, in international exchange activities, or in international organizations. So far, not only the government sector, but also the Japanese private sector, has done a better job of external communication in the fields of economy, culture, science, and so on. Maintenance and enrichment of the Japanese intellectual infrastructure on security is the key to enhancing Japan's capability for external communications and is intimately linked to Japan's public diplomacy and the improvement of Japan's security environment.

The Council on Security and Defense Capabilities
in the New Era

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Remarks by Prime Minister Yukio Hatoyama

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