

Developments in Japan's Defense and Security Policy -With a Focus on Cooperation with Australia-

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On 7 January 2009, Prime Minister Taro Aso created a panel of nine experts on Japan's security and defense capabilities ("Anzenhosho to Boeiriyoku ni kansuru Kodankai"), an informal advisory council to the Prime Minister himself. The panel was comprised of a businessman and academics as non-official civilian members; and former high ranking bureaucrats of the Ministry of Foreign Affairs, the Japanese Defense Agency, and the Chairman of the Joint Chiefs of Staff of the Japanese Self-Defense Forces (JSDF) as "expert members". (See the list)

The Council on Security and Defense Capabilities

<non-official member>

Setsuko Aoki, Professor, Keio University (specialist on International Space Law)

Chikako Ueki (Kawakatsu), Waseda University (specialist on Asian security)

Tsunehisa Katsumata, Chairman of Tokyo Electric Power Company (Chair)

Shinich Kitaoka, Professor, Tokyo University (Diplomatic historian and IR specialist)

Akihiko Tanaka, Professor, Tokyo University (IR specialist)

Hiroshi Nakanishi, Professor, Kyoto University (IR specialist)

<expert member>

Ryozo Kato, (Japanese Ambassador to the U.S. 2001-2008)

Ken Sato, (Vice Minister, Japanese Defense Agency 2001-2002)

Shoji Takegochi, (Chairman of the Joint Chiefs of Staff 2001-2003)

Ministries, local governments and business organizations concerned with Japanese security, U.S. bases and defense industry (such as the Ministry of Defense, the Ministry of Foreign Affairs, the Ministry of Finance, Yokosuka city and Japan Business

Federation) would provide basic data and materials for reference. The Cabinet office would provide the panel with full logistical supports. Tsunehisa Katsumata, Chairman of the Tokyo Electric Power Company, was appointed chairperson of the panel. After several meetings of deliberation, the council was originally reported to be submitting a report to the Prime Minister by July¹. If earlier precedent is to be followed, in spite of its unofficial character, its report would be made the basis for the next National Defense Program Guidelines and Mid-Term Defense Program which would be adopted by the government by the end of this year.

The National Defense Program Guidelines (NDPG) is an official document which provides for Japanese security strategy and defense policy. A table is attached to the NDPG which lists the numbers of SDF personnel, the numbers and sizes of major military units and equipments. The latest National Defense Program Guidelines (*NDPG 2004*) was the one adopted by the *Security Council of Japan* and subsequently by the Koizumi Cabinet in December 2004. The present NDPG would be effective for, it was specified, the next 10 years, yet a review should be made in 5 years time. Prime Minister Aso was acting in accordance with the provision.

Since the adoption of *NDPG 2004* there have been significant changes in the security environment surrounding Japan. Japan and the world today are in a global financial and economic crisis (called “a crisis in one hundred years time”). North Korea conducted nuclear and ballistic missile tests in 2006 and again in 2009 and now says that the 6 parties talk is over for good. China has been modernizing its nuclear arsenal, expressed her intension to possess aircraft carrier combat groups, and invigorating military activities in the South and the East China Seas and other sea areas adjacent to the Japanese territorial water. The relative influence of the United States, Japan’s only ally, appeared to have declined owing to her prolonged military engagement in Iraq and Afghanistan and the world-wide economic crisis originating in the collapse of American financial systems. The American economy today is dependent on Chinese willingness of continued possession of U.S. Treasury bills. It was in this rapidly changing security environment that Prime Minister felt a need to re-examine the present Japanese security strategy and defense policy.

As mentioned, a new National Defense Program Guidelines is scheduled to be made and adopted by the end of this year, yet a new situation has arisen. Prime Minister Taro

¹ The Council eventually submitted its report on 4th August 2009 (“Katsumata Report”) which is available on the following web site of the Prime Minister’s Office.
<http://www.kantei.go.jp/jp/singi/ampobouei2/200908houkoku.pdf>

Aso has dissolved the Lower House for general election; and the date for voting is set on 30 August. According to the opinion polls conducted by several mass media, the opposition party Minshuto, Democratic Party of Japan (DPJ), is said to be likely to win the election. A change of government from the current ruling coalition of the Liberal Democratic Party and New Komeito to a coalition centered on the DPJ would affect the planned schedule of the formation of a new National Defense Program Guidelines; it might also affect the contents of existing Japanese security strategy and defense policy. DPJ's leader Hatoyama in a press conference for foreign correspondents suggested the postponement of a revision to the National Defense Guidelines saying that the newly elected government would need time to review the National Defense Guidelines. He also said he did not have intention to increase defense budget².

Given the envisaged change of government, the present time may not be opportune for predicting future Japanese security strategy and defense policy. However if a state's security strategy is or should be primarily shaped by the international security environment surrounding that country, we will be able to guess the future directions and trends of Japanese security strategy. In mid July, being asked about DPJ's Manifesto for the general election regarding defense and external relations, DPJ's leader Hatoyama remarked that he thought diplomatic continuity was important and that he wanted to establish a good relationship of trust with American President Obama if his party won the election. He also said that the party would consider what roles Japan could play to stabilize Afghan regions³. Hatoyama's stand on major issues regarding Japanese security policy appears to have been a bit shaky throughout the election campaigns. Nevertheless, given his pledge and pragmatism, we might be able to expect a basic continuity of Japanese security and defense policy even if the DPJ comes to power.

Since the formation of the so-called 1955 regime, Japanese politics has been characterized as a de facto one party dominance of the Liberal Democratic Party. For the first time in the post W.W.II political history, there is a possibility of change of government as the direct result of a general election which might change the leading party in the Lower House. In this uncertain situation, the countries which have close relationship with Japan such as the United States, Australia and Republic of Korea are

² "Hatoyama Daihyo Yasukuni Sanpai sezu", (Leader Hatoyama will not visit Yasukuni Shrine), *Yomiuri* 12 August 2009 (2).

³ "Hatoyama Daihyo, Indoyo deno Kyuyu Keizoku Bei ni Hairyo 'Genjitu Rosen' ni, (Leader Hatoyama, Oil Supply Operation in the Indian Ocean to be continued, "Realistic Policy" with care to the U.S.), *Kyodo News*, 17 July 2009.

showing a growing interest for the future direction of Japanese security strategy and defense policy. With this increasing international concern in mind, this paper aims at investigating the following questions:

1. What are the main features of present Japanese security strategy and defense policy? What are the current problems and challenges facing Japan's security?
2. What are the focal issues of contention in the current re-examination of Japanese security strategy and defense policy? What new revisions are likely to be made to the existing security strategy and defense policy?
3. What common security concerns do Japan and Australia share? What would be the possible areas of cooperation and collaboration between the two countries?

Additional related questions to be asked will be:

1. How did Japanese Security Strategy and Defense Policy evolved? What were/are the factors triggering the changes?
2. What implications do the possible changes in the existing security strategy and defense policy have with respect to Japan's basic security policy in the past?

These two questions may be peculiar to Japan which as a result of the Second World war has had adopted a very restrained defense policy. Historically, Japanese governments have adopted the following basic principles: (1) Exclusively Defense-Oriented Policy, (2) Not Becoming a Military Power posing a threat to other countries. (3) Three Non-Nuclear Principles (Not possessing nuclear weapons; Not producing nuclear weapons; Not permitting nuclear weapons to be brought to Japan) and (4) Ensuring Civilian Control. Some of these principles are still regarded as valid, yet inflexible categorical application of some of these is today called into question.

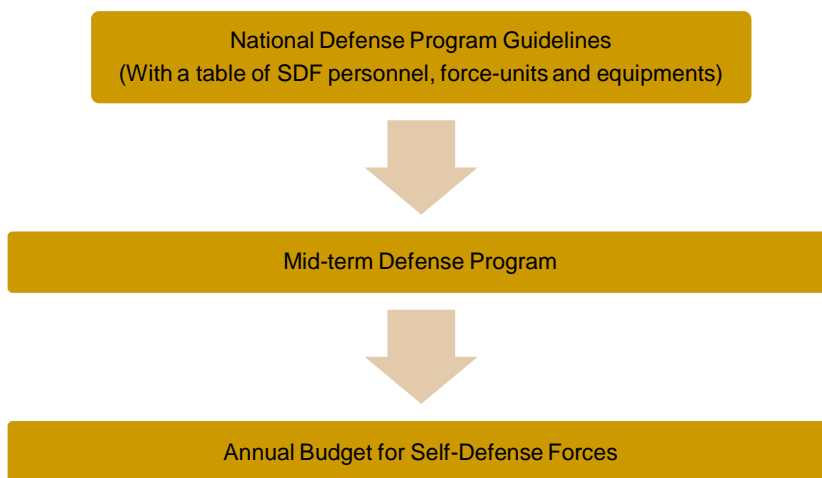
Section 1 Japanese system of making a security strategy and defense policy

First, a brief explanation about Japanese system of making defense policy and its historical evolution is in order.

National Defense Program Guidelines describes the basic points regarding the build-up, maintenance and operations of Japan's defense capabilities in light of the

security environment surrounding Japan. A table attached to NDPG lists the total numbers of SDF personnel, the numbers and sizes of major military units and equipments for Ground, Naval and Air Self-Defense Forces. These numbers are the target levels which a government is expected to attain within a specified time period. The government then makes a mid-term defense program with a time period of three to five years; and subsequently yearly budget for the SDF will be determined.

Procedure for making defense policy and budget



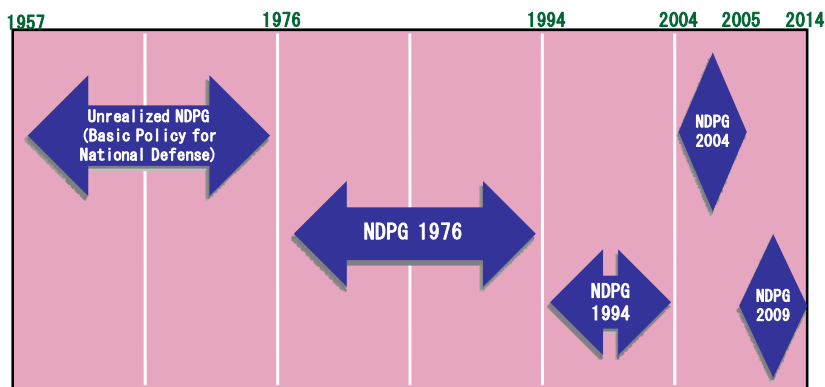
There have been four NDPGs made, that is, *NDPG 1976* which was effective between 1977 and 1994; *NDPG 1994* covering the 1995-2004 period; *NDPG 2005* covering the 2005-2009 period. (If a *NDPG 2009* is to be made, it will cover the 2010-2014 period.)

From the diagram, it can be seen that there was an interval of around 20 years between the adoption of Basic Policy for National Defense (which is still effective today) and the adoption of *NDPG 1976*. The conservative LDP governments built up Self-Defense Forces through the 1st to 4th Defense Procurement Program in the period of high economic growth. The guiding defense concept in the period was "required defense force" (*shoyo boeiriyoku*) which meant acquiring a defense force that was necessary to counter conventional invasion by an enemy.

There was also an interval of around 20 years between *NDPG 1976* and *NDPG 1994*. The period was characterized as a period of low economic growth after the oil shock of 1973. Reflecting this economic situation, *NDPG 1976* formulated the "basic defense

force concept” (*kibanteki boeiriyoku*) meaning a minimum level of basic force which enable Japan to counter a “limited and small-scale conventional invasion” by an enemy. *NDPG 1976* also set the target of 1% of GNP as a ceiling for the military budget.

Successive National Defense Program Guidelines (NDPG)



After about 20 years of the *NDPG 1976* era, a new NDPG was adopted in 1994 in response to the end of the Cold War. *NDPG 1994* was effective for about 10 years. Now 5 years have passed since the adoption of *NDPG 2004*, the government was considering a revision to it or a new NDPG this year. It can be seen that the intervals at which a new NDPG was adopted became shortened, from around 20 years to 10 years, and then to 5 years, which suggests that the Cold War period was a period of relative stability in terms of Japan’s defense policy, yet the post Cold War era and the post 9/11 era were the periods of instability and rapid change⁴.

Following the establishment of the Self-Defense Forces in July 1954, the National Defense Council (*Kokubo Kaigi*) was to be established which would deliberate and formulate a “National Defense Program Guidelines” as the basis for mid-term defense procurement. But the Council was not set up owing to domestic political difficulties. It

⁴ A very informative work concerning Japanese security strategy in the post 9/11 is Daniel M. Kliman, *Japan’s Security Strategy in the Post-9/11 World: Embracing a New Realpolitik*, (Foreworded by Michael H. Armacost), The Center for Strategic and International Studies, Westport, Connecticut and London: Praeger, 2006.

was a time just prior to the formation of the Liberal Democratic Party which was created as a result of the merger of two conservative parties. The major conservative opposition party Kaishinto (the Progressive Party) demanded that the National Defense Council should include a non-official member from the civil society in order to prevent the possible abuse of military power by a dictatorial prime minister. The ruling Liberal Party was opposed to this demand, anticipating that, contrary to the argument of the Progressive Party, accepting its demand might result in a crisis of civilian control of the military. For it was feared that the opposition party was intending to send a former officer of the imperial army to the National Defense Council as a non-official citizen member⁵.

After the establishment of the Liberal Democratic Party in 1955, the Hatoyama LDP government eventually succeeded to get a bill through the Diet which provided for the establishment the National Defense Council which was comprised of only Cabinet ministers. By this time, however, the government had lost an interest to make a National Defense Program Guidelines to clarify its ideas about defense policy. Defense was an extremely touchy and divisive political issue in Japan in those days of the heightened Cold War tension. Left-wing opposition parties and political forces made vehement objections to the creation of the Self-Defense Forces as unconstitutional and criticized the security treaty with the United States. There was still a strong pacifist ethos among a wide spectrum of Japanese people who suffered from the disastrous war.

It was under the Kishi government that the Basic Policy for National Defense (*Kokubo no Kihon Hoshin*) was adopted in May 1957. It was in essence a short list of four basic principles which should guide Japan's defense policy⁶. A literal reading of Article 9 of the Japanese Constitution should have indicated that the possession of military forces was prohibited. By presenting the Basic Policy for National Defense to the public, the LDP governments which established the de-facto military forces wanted to be accountable to the Japanese citizens.

⁵ Akihiko Tanaka, *Anzenhoshō: Sengo 50nen no Mosaku*, (Japanese Security Policy: 50 Years of Grouping Trial), Yomiuri Shinbun, pp.134-135.

⁶ The four principles were (1) Support the United Nations' Activities and promote international cooperation to achieve world peace. (2) Stabilize the people's livelihood and establish the foundations for national security. (3) Establish effective defense capabilities. (4) Defend the nation on the basis of the Japan-U.S. Security Arrangements.

Based on the Basic Policy for National Defense (which is still effective today), National Defense Program Guidelines have been made since 1975. Each National Defense Program Guidelines adopted by Cabinet is a relatively short policy document on security in comparison with corresponding policy documents of, for instance, the United States which has been a global superpower. This situation is unfortunate for an academic observer of Japan's defense policy, for the document does not contain detailed analysis of security environment and the reasoning behind the defense policy adopted. However since *NDPG 1976*, there have been panels of experts on defense and security whose reports contained rich information for an outside observer regarding background of governmental security policy.

At the time of establishing *NDPG 1976*, the then Director General of the Defense Agency, Michita Sakata set up a panel of civilian experts on defense policy called *Boei o Kangaeru Kai* (Panel to deliberate on defense) and resumed issuing *Defense of Japan* or a White Paper on Defense (*Boei Hakusho*) that was published in 1970 yet had not been issued since then. Sakata's intension was that without the understanding and support of the Japanese people to the Self-Defense Forces, it would not be useful in time of emergencies even if SDF built-up military equipments. The panel included members from business and academic sector such as Mr. Kiichi Saeki (Director of the Nomura Research Institute) and professor Kosaka Masataka of Kyoto University, who later developed the idea of "comprehensive security" which influenced governments' security strategy from the late 1970s to the 1980s.

Prior to the making of *NDPG 1994*, Prime Minister Hosokawa established an advisory panel called the Council on Security and Defense Capabilities as a private consultative body to Prime Minister. Its final report called Higuchi Report (after the name of the chairperson of the Council who was then the Chairman of the Asahi Beer Company) was submitted to the next Prime Minister Murayama. Since then, it appears that prime ministers have made it a rule to set up similar panels of experts on security strategy and defense before they create new defense program guidelines. The chairpersons in the three successive Councils on Security and Defense Capabilities were all from the business sector; and their final reports go by the name of chairpersons such as Higuchi Report, Araki Report and Katsumata Report ⁷.

The Reports by the Councils presented a systematic analysis of security environment

⁷ It is believed that the actual drafters of the Council Report were academics who took part in its deliberation. For example, Professor Akio Watanabe of Tokyo University wrote the so-called Higuchi Report.

surrounding Japan and built up a systematic argument for a security strategy for Japan. The concept of security strategy was broader in scope than the concept of defense policy. A security strategy was comprised of, besides defense policy, diplomatic efforts, intelligence, provision of ODAs, economic policy, reformation of governmental structure, reform of top decision-making and the others. The Reports by the Councils made proposals for a defense policy within a broad framework of grand security strategy.

We need to analyze the basic framework of Government's security strategy and defense policy by looking at both a NDPG and each Council Report whose idea obviously underlay the corresponding NDPG⁸. But foreign observers might wonder why a private advisory panel whose members were comprised of businessmen, academics and former bureaucrats could have strong influence on governmental defense policy. An answer to this puzzle would be that the governments selected Councils' members from those people whose thinking on security and defense, they knew, were basically identical with that of the governments. In this respect, an explanation by Professor Akihiko Tanaka of Tokyo University (who happened to be in both Araki and Katsumata panels) may be suggestive. He argued in his book on Japanese security policy that the basic outlines of thinking such as the one which was later to be called the Basic Defense Force Concept (*Kibanteki Boeiriyoku*) contained in the final Report of *Boei o Kangaeru Kai* could be found in the arguments which Takuya Kubo, Vice-Minister of the Defense Agency, had developed in his earlier papers⁹. This indicated that the policy ideas of the top-ranking bureaucrat in the Defense Agency was reflected in the deliberation of the panel to the Director General of the Defense Agency.

Section 2 Present Japanese security strategies and defense policy

The present Japanese security strategy and defense policy are outlined by National Defense Program Guidelines of 2004. It can easily be ascertained that the basic ideas and policy prescriptions contained in the Araki Report are reflected in it.

The main features of the present Japanese security strategy and defense policy are as

⁸ Japanese security strategy is strongly affected by Japan's alliance relationship with the United States, which will not be covered in this paper. For American influences, see Magosaki Ukeru, *Nichibei Domei no Shotai: Meiso suru Anzenhoshō* (A True Character of Japan-U.S. Alliance: Japan's Security Straying), Kodansha, 2009. Tsuyoshi Sunohara, *Zainichi Beigun Shireibu*, (U.S. Forces, Japan), Shinchosha, 2008. Tsuyoshi Sunohara, *Domei Henbo: Nichibei Ittaika no Hikari to Kage* (Alliance Transformed: Light and Shadow of Integrating Alliance), Nihon Keizai Shinbun, 2007.

⁹ Tanaka *op. cit.*, p.256.

follows. First, the goals of security strategy are comprised of (1) Defense of Japan from direct threats and (2) Improving international security environment. The primary task for a government is to attain these goals in a complex security situation surrounding Japan. The first requirement for the task is an accurate analysis and assessment of security situation Japan is faced with.

Today, Japan is confronted with new-types of threats and complex security situations. As exemplified in the 9/11 attacks, non-state actors such as terrorists and international criminal organizations possess lethality which only states had in the past. Worse still, they are very difficult to identify; and they operate on a global scale. Secondly, Japan is confronted with an instable regional security environment. China and Russia possess a substantial nuclear arsenal. China is rapidly modernizing its nuclear weapons, building a blue-water navy, and expanding military activities in the South and East China Seas and the sea areas close to Japanese territorial waters. Thirdly, North Korea is frantically developing Weapons of Mass Destruction and their delivery systems. Its leaders now say that the six-party talk is over for good. These are the current security situation surrounding Japan. Japanese governments have developed a variety of policy responses.

As for conventional threats, a major change of policy took place from the period of *NDPG 1994*, that is, the abandonment of the Basic Defense Force Concept (*Kibanteki Boeiryoku*) and the adoption of a new concept of “Multi-Functional Flexible Defense Force”. The Basic Defense Force Concept, which reflected security situation in the Cold War period, assumed the contingency of conventional invasion from the North. However, the likelihood of a Cold-War type major military clash is now regarded as very remote. International security situation surrounding Japan today gave rise to a new demand for a highly mobile, flexible and effective force, and a force capable of fulfilling diverse duties and tasks.

It may be reminded however that *NDPG 2004* considers some elements of the Basic Defense Force Concept as still valid, given the uncertainties in the regional security environment. In this respect, the government’s defense stance has been cautious. Nonetheless, the priority has been shifted from the defense of Hokkaido to the defense of offshore and remote islands and south-western frontier of Japanese Archipelago facing the East China Sea. Relocation of major divisions of Ground SDF from the North to the South-West is now envisaged as a policy direction for the future.

Second, for nuclear threats of various kinds, it has been the Japanese policy to rely on the extended deterrence of the United States, while keeping the three non-nuclear principles. Recently, Mr. Ryohei Murata (a one-time Japanese Ambassador to the United States; a one-time Vice Minister Ministry of Foreign Affairs) revealed the existence of a secret understanding with the United States that the introduction of nuclear weapons onboard American vessels to Japanese ports did not constitute a violation of the three non-nuclear principles. This simply confirmed the remarks to this effect in 1981 by Edwin Reischauer (U.S. Ambassador to Japan 1961-1966). Murata's remark was interpreted as implying that the actual Japanese policy was based on a 2.5 rather than the three non-nuclear principles. But the government so far has made no comment on this.

Responding to North Korea's developments of nuclear weapons and deployment of mid-range ballistic missiles targeting Japan, the Japanese government purchased very expensive Ballistic Missile Defense (BMD) systems from the United States. The Aegis-equipped ships with SM-3 and PAC3 anti-missile systems were deployed at the time of Hokkaido Toyako G8 Summit (July 2008) and North Korea's test of a long-range ballistic missile (April 2009). The streamlining of conventional weapon systems was made necessary to acquire the costly BMD systems.

Third, participation in the activities of international peace cooperation is today made a primary mission of the Self-Defense Forces by making a revision to the Self-Defense Forces law. In the past, this mission was regarded as a secondary or supplementary mission for the Self-Defense Forces whose primary mission was the defense of Japan itself. There have been growing Self-Defense Forces' overseas activities under the new legislation. Ground Self-Defense Forces were sent to Iraq and successfully fulfilled its mission. This mission was conducted within a framework provided by the Special Measures Law for Humanitarian and Reconstruction Assistance in Iraq. Maritime Self-Defense Forces are now engaged in logistical support activities supplying oil to foreign naval vessels conducting interdiction mission in Operation Enduring Freedom in the Indian Ocean. This mission is based on the Anti-Terrorism Special Measures Law. Maritime Self-Defense Forces are now deployed for anti-piracy operation in the Gulf of Aden, off the coast of Somalia, which is based on the Law on the Penalization of Acts of Piracy and Measures against Acts of Piracy. Two Japanese P3Cs dispatched to the region are now engaged in surveillance mission of suspect vessels in cooperation with American and German P3Cs.

As stated earlier, Japanese security strategy is not confined to defense policy in a narrow sense. Rather it is comprised of other diverse activities. Araki Report advocated an Integrated Security Strategy which has diverse aspects and components.

To repeat, there are two major goals of security strategy: (1) Defense of Japan from direct threats and (2) Improving international security environment. To attain these two goals simultaneously, Araki Report and *NDPG 2004* expanded the idea of a three-fold approach to security, that is, approach via (a) Japan’s own efforts, (b) Cooperation with an Alliance Partner, and (c) Cooperation with the International Community.

Since there are two goals and three approaches for each, there are six fields of activities to realize the security goals. An Integrated Security Strategy is comprised of all the activities in the six fields in order to enhance security of Japan as well as to improve international security environment. Some activities involving the SDF in Cells {(1)(b)}, {(2)(b)} and {(2)(c)} have some implication in conflict with the traditional Japanese basic defense policy, which includes (i) “collective defense” constrictions, (ii) arms-export prohibitions and (iii) a self-imposed principle of not-sending SDF overseas for combat operations. These activities by SDF therefore raised political concerns and debates in the Diet and mass media.

New Priority Fields and Their Implications for traditional policy constraints

| | (1) Security of Japan from Direct Threats | (2) Improving International Security Environment |
|--|---|--|
| (a) Japan’s Own Efforts | (1) (a) | (2)(a) |
| (b) Cooperation with an Alliance Partner | (1) (b) ○ | (2) (b) ○ |
| (c) Cooperation with the International Community | (1) (c) | (2) (c) ○ |

Besides a three-fold approach to security, there are other aspects to Integrated Security Strategy. These are (i) Integration of roles/functions of various actors (state organs, local authorities, police, fire brigades, and citizens), (ii) Creation of integrated top decision-making for crisis management, (iii) Creation of integrated intelligence capability and (iv) Operating and Utilizing intelligence satellites (Basic Law for the Development of Space was enacted in May 2008 for this purpose). One salient feature of Araki Report and *NDPG 2004* is its emphasis on the importance of collecting, analyzing,

sharing and utilizing information/intelligence. An underlying idea is that under the budgetary constraint and the inevitable downsizing of military units and their equipments, what supplement it will be a timely and effective utilization of information/intelligence for security¹⁰.

Section 3 Prospect for A New National Defense Program Guidelines

As stated at the beginning, Japan is now in the period of general election for the House of Representative, whose outcome decides the next Prime Minister. Prospect for a New National Defense Program Guidelines will be significantly affected by it. It is premature to predict the future at this stage. Yet, Katsumata Report was finalized and submitted to Prime Minister Aso on 4th August which contained several concrete policy proposals. Katsumata Report is reported to reflect more or less the views of Prime Minister Aso, the ruling Liberal Democratic Party, and Ministry of Defense. For this very reason, if there is a change of government from the LDP-led coalition to the Democratic Party, a new government may intentionally neglect some aspects of the Katsumata Report and postpone proposed revisions to the present National Defense Program Guidelines. Besides, currently the Democratic Party needs the cooperation of *Shaminto* (the Social Democratic Party) to obtain majority in the House of Councilors. The Social Democratic Party inherited the strong left-wing anti-military ethos from the former Socialist Party of Japan. Though the current leadership of the Democratic Party is comprised of realistic conservative politicians, it will be obliged to make compromises in security policy to the ideologically committed pacifist *Shaminto* if DPJ decides to form a coalition with it.

Owing to uncertainties surrounding Japanese domestic politics, the prospect of future Japanese security strategy and defense policy is unclear. Nevertheless, based on the points made in the Katsumata Report, we can explore what will be the focal points of contention concerning a New National Defense Program Guidelines. First, we are concerned with the budget for the SDF for the next Fiscal Year. The Liberal Democratic Party made a policy proposal for A New National Defense Program Guidelines in June 2009. Some LDP parliamentarians are worried that there are too many diverse duties for the SDF under the condition of declining budget and the limited number of adequate personnel. They think that it is time to change it. The Aso government and the ruling LDP changed their stand of budgetary restraints after the global economic crisis and

¹⁰ Concerning criticism to NDPG 2004 by a policy research institute of the Japanese government, see Chapter 8 of *Higashi Ajia Senryaku Gaikan* (East Asian Strategic Review) , The National Institute for Defense Studies, Japan, 2009, pp.230-262.

the resultant Japanese recession and unemployment came to the fore. This new situation will provide LDP politicians with ammunition for demanding a larger budget for the SDF, yet if a change of government is to take place, a newly elected government may not easily accept it.

Second, ever since the tests of nuclear explosion and ballistic missiles by North Korea, there has been a heated debate as to the desirability of possessing the capability to attack missile bases with sea launched cruise missiles (SLCM). The Japanese government intends to further develop BMD systems in close collaboration with the United States. However, the BMD systems which are extremely costly are viewed as unreliable defense system. Japan will continue the three non-nuclear principles and rely on the extended deterrence provided by the United States. Yet, some have doubts as to the effectiveness of such deterrence. North Korea will resort to nuclear weapon, if they actually do, in a desperate, suicidal manner in an ultimate situation. For this reason, some Diet members requested an examination of another supplementary option.

There has been a division of mission between Japanese and American forces: while the former plays the shield mission, the latter plays the spear mission. The acquisition by Japan of a certain capability to attack missile bases will somewhat change this division of labor. Katsumata Report made a point that such traditional principle as *Senshu Boei* (Exclusively Defense-Oriented Policy) needs to be re-examined from today's point of view. It also proposed that Basic Policy for National Defense which was made more than 50 years ago needs a review in light of rapidly changing security environments.

Third, conservative LDP as well as DPJ parliamentarians are reported to be worried about a high speed of modernization and growth of Chinese military power and their vigorous military activities in the East and South China Seas. Defense of offshore/remote islands in Japan's South is given priority in today's strategic thinking. How and to what extent, divisions of SDF are to be reallocated from the North to the South-West of Japan will be a focal point of expert attention.

Fourth, a recommendation has been made for creating a more effective information/intelligence organization and a decision-making body in the Prime Minister's Office. The Japanese government is planning to further develop and utilize intelligence satellites. In tandem with the efforts to gathering and utilizing intelligence/information, it is proposed that top-decision making in national

emergencies needs to be strengthened. In this connection, a proposal to set up a Japanese National Security Council of an American type has been made. Whether a new government will materialize it or not is a point of public concern.

Fifth, there is a wide concern as to whether or not a change is to be made to the government's position on the exercise of the right to collective defense in light of Article 9 of the Japanese Constitution. The questions to be asked are: With respect to Self-Defense Forces' operation of the BMD systems, is it legal to destroy ballistic missiles which are heading for the territory of the United States? Is it legal for Japanese Self-Defense Forces to use weapons to protect foreign personnel who are working together in international peace cooperation? Are Maritime Self-Defense Forces allowed to use weapons to defend U.S. naval vessels in an emergency situation in the areas surrounding Japan? The Council on Reconstructing Legal Basis for Security which was established in May 2007 by Prime Minister Abe already examined these questions and made a proposal to change the present governmental interpretation of legality regarding the exercise of the right to collective defense¹¹. Katsumata Report strongly endorsed the stand of the Yanai Report and encouraged the government to adopt it.

Sixth, we are concerned with the outcome of proposed reconsideration of the three principles of arms export restrictions. The development of state of the art weapons systems today are increasingly conducted within a framework of joint international research, development and co-production. A pre-condition for further co-development of BMD systems with the United States is an exemption from the principle as far as export to the United States is concerned. Whether such exemption should be extended to other friendly countries is a matter of policy choice. Japan has been unable to take part in an international consortium to co-develop F35, a next generation fighter airplane, owing to the existing arms-export-ban regime.

Finally, Katsumata Report made a recommendation to enact a general law under which Japan can send Self-Defense Forces more promptly if a need for it arises. Japan has dispatched Self-Defense Forces for international peace cooperation under ad hoc special measure laws which limited the mandate and the duration of the operations. Each time a special measure law was deliberated in the Diet, it has been a heated point

¹¹ The Council on Reconstructing Legal Basis for Security was established by Prime Minister Abe. Its final report (Yanai Report of June 2008) was submitted to Prime Minister Fukuda who however paid scant attention to it. It may be noted that Foreign Minister in the Abe Cabinet who took the initiative to start the deliberation was Prime Minister Aso.

of contention between the government and opposition parties. DPJ leader Hatoyama remarked that if elected his government would reconsider the current logistical support operation of Maritime Self-Defense Forces to supply oil to foreign vessels when the bill authorizing the operation ceased to be effective in January next year. However we are not sure whether his can actually carry out this policy for it would undoubtedly cause political frictions with Washington. This sort of difficult experience may create a condition in which a newly elected government find some merit in accepting the proposal to enact a general bill for international peace cooperation involving Self-Defense Forces.

Section 4 Prospect for Japan-Australia cooperation to improve international security environment

As explained, the present National Defense Program Guidelines and the Araki Report which underlay it adopted an Integrated Security Strategy which had two goals and three approaches, namely (1) Defense of Japan from direct threats and (2) Improving international security environment, as the two goals; and (a) Japan's own efforts, (b) Cooperation with an Alliance Partner, and (c) Cooperation with the International Community, as the three approaches. In contrast, Katsumata Report advocated a "Multilayered Cooperative Security Strategy" which had three goals (1) Defense of Japan, (2) preventing threats from materializing, and (3) maintaining and constructing an international system; and four approaches which were (a) Japan's own efforts, (b) cooperation with its ally, (c) cooperation with countries in the region, and (d) cooperation with the international society.

It can be seen that goal (3) and approach (c) were newly added to the present security strategy under *NDPG 2004*. The underlying reason why this change was proposed was that in the Asia-Pacific region, threats to Japan and international systems have been increasing while there have been lacks of an effective regional security framework. It should be noted that Katsumata Report in this connection emphasized the importance of further developing cooperative and collaborative linkages with Australia and the Republic of Korea, the two regional partners which share the same basic values with Japan and also are close allies of the United States. There are diverse areas of cooperation and collaboration for the three countries such as international disaster relief operations, UN PKOs and international peace cooperation. They can make joint efforts in information sharing, procurement, supply, transportation, and medicine.

Japan and Australia, as close American allies, today share a wide range of common concerns regarding international security situation in Asia and the Pacific. They include, for example, uncertainties surrounding China's future. China's expanding economy and technological basis have allowed her to modernize her nuclear weapons, space technology and blue-water naval forces. If this trend continues, it will have security implications for the two countries. There is also uncertainty regarding Chinese top political leader's ability to maintain civilian control over the world's biggest military forces. A slow-down in economic growth may result in the destabilization of Chinese politics, which in turn creates an unfavorable security situation with implications for the world.

On one hand, Japan and Australia highly appreciate the stabilizing effects of American military presence in the region where there are uncertainties about China's future. On the other hand, both countries welcome the constructive and responsible roles China can play in regional and world affairs. Hence, Japan and Australia are interested in promoting dialogue and exchanges with China at all levels. Japan-China-South Korea's Trilateral Summit provides a good opportunity of shuttle diplomacy to build trust and confidence among the top leaders.

Japan and Australia today have valuable venues for collaboration at bilateral and multilateral levels. One of them is Japan-Australia strategic dialogue. A member of the Council on Security and Defense Capabilities raised an idea of making Japan and Australia "a quasi-alliance". Japan, Australia and China are members of ASEAN Regional Forum (ARF) and East Asia Summit (EAS), both of which also provide good venues to promote exchange of views and collaboration between the three countries¹².

As BRICs countries (Brazil, Russia, India and China) grow further, Japan will be relegated to the status of Middle Power. A comparative advantage for a Middle Power will be in the area of information/intelligence, agenda setting and conference diplomacy. Japan and Australia may be able to collaborate in collecting and sharing high-quality intelligence, and thereby improve diplomatic position in their joint effort to enhance international security.

A promising area of cooperation, or rather Australian assistance to Japan, will be in educational exchange program. There will be increasing opportunities for Japan and

¹² As for the current Japan-Australia strategic relationship, see for example, Yusuke Ishihara, "Partnership Adrift: Reshaping Australia-Japan Strategic Relations", *Security Challenges*, vol. 5, no. 1 (Autumn 2009), pp. 103-122.

Australia working together in international peace cooperation. Yet given the *lingua franca* status of English, Japanese lack of communication capability in English is a significant hindrance. Australian educational assistance in this to the future generation of Japanese officers, academics and bureaucrats will be highly appreciated.