

The Japan-U.S. Dialogue

“Evolving the Japan-U.S. Alliance in a Turbulent Time of Transition: Sustaining the Open, Rules-based Global Order”

Outline of Discussions

March 2, 2016

The Global Forum of Japan Secretariat

The Global Forum of Japan (GFJ) co-hosted The Japan-U.S. Dialogue “Evolving the Japan-U.S. Alliance in a Turbulent Time of Transition: Sustaining the Open, Rules-based Global Order” with the Japan Forum on International Relations (JFIR) and the Institute for National Strategic Studies (INSS) of National Defense University (NDU) from 1:00 p.m. to 5:00 p.m. on Wednesday, March 2, 2016 at the “Lecture Hall” of the International House of Japan. An overview of the discussion and attendees is as follows.

1. Attendees

A total of 88 people attended the event, and of them, the 10 panelists are introduced below. Incidentally, a panelist from the U.S.-side, James J. PRZYSTUP, Senior Research Fellow, Center for Strategic Research, INSS, was suddenly unable to travel to Japan for this Dialogue for family health reasons.

[Japanese-side panelists: Seven panelists]

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| ITO Kenichi | Chairman, GFJ / President, JFIR |
| KAMIYA Mataka | Professor, National Defense Academy of Japan / Superior Research Fellow, JFIR |
| HOSOYA Yuichi | Professor, Keio University |
| TAKAHARA Akio | Professor, the University of Tokyo / Superior Research Fellow, JFIR |
| KATO Yoichi | Senior Research Fellow, Rebuild Japan Initiative Foundation |
| NAKANISHI Hiroshi | Professor, Kyoto University / Academic Member, GFJ |
| WATANABE Tsuneo | Director for Policy Research and Senior Fellow, the Tokyo Foundation |

[U.S.-side panelists: Three panelists]

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| Robert MANNING | Senior Fellow, Brent Scowcroft Center on International Security, the Atlantic Council |
| James SCHOFF | Senior Associate, Carnegie Endowment for International Peace |
| Rust DEMING | former U.S. Principal Deputy Assistant Secretary of State |

2. Overview of the Discussion

The Japan-U.S. Dialogue “Evolving the Japan-U.S. Alliance in a Turbulent Time of Transition: Sustaining the Open, Rules-based Global Order” comprised of “Opening Remarks,” “Session I: Mission of the Japan-U.S. Alliance in the Era of New Guidelines and Japan’s New Security

Legislation,” “Session II: Where Should the Two Allies Start?,” and a “Wrap-Up Session” in that order. The overview is as follows.

(1) Opening Remarks

ITO Kenichi, Chairman, GFJ / President, JFIR

Last year, 2015, was a year that marked an epoch-making turning point in the Japan-U.S. Alliance. In April, Japan and the U.S. reached an agreement on new Defense Cooperation Guidelines, and accompanying that, the Japan-U.S. Alliance will seek to strengthen the seamless deterrence capability and response capability in the new strategic domains of “regional, global, space and cyber” from here forward. In September, security-related bills that included partial acceptance for exercising the right of collective self-defense were enacted in Japan, and the country’s diplomatic and security policies took a more concrete step under the banner of the “Proactive Contribution to Peace” policy advocated by the ABE Administration. Forming a backdrop to that are major changes occurring in the international community as a whole, including East Asia, which have made such advances inevitable. In East Asia, China continues to carry out hardline maritime advances in the South China Sea, East China Sea and elsewhere, and is repeatedly acting in ways that should be described as defying the existing “open, rules-based global order.” Meanwhile, North Korea’s decision to go ahead with conducting a nuclear test in January and a ballistic missile launch in February, which drew condemnation from the international community, are still a fresh memory. In the Middle East, there has been notable expansion in the influence of so-called IS (Islamic State), the repercussions of which are reaching Europe, as demonstrated by the simultaneous terrorist attacks in Paris last fall. In the face of this turmoil in the international community overall and the increasing fluidity in the East Asia situation for which it forms a background, the role the Japan-U.S. Alliance should fulfil in the future as forces for international public good are once again being interrogated. At present, there is shared awareness between Japan and the U.S. that the Japan-U.S. Alliance can achieve its true purpose by contributing to the peace and stability of the world as a whole, not just the Asia-Pacific region. The Japan-U.S. Alliance has entered a new phase, and I sincerely hope that today’s dialogue will provide a venue for a fruitful exchange of views regarding what shape it should take in the future.

(2) Session I: ‘Mission of the Japan-U.S. Alliance in the Era of New Guidelines and Japan’s New Security Legislation’ (Chairperson: KAMIYA Mataka, Professor, National Defense Academy of Japan / Superior Research Fellow, JFIR)

(i) Presentation by HOSOYA Yuichi, Professor, Keio University

I would like to discuss four points relating to how the Japan-U.S. Alliance will change as a result of the security legislation that was passed by the Diet last year, and what that will mean for Japan’s security policy and the Japan-U.S. relationship. The first point, to begin with, is that if you were to ask what on earth the debate surrounding the security legislation last year was, it was nothing

more than another example of ideological standoff that has been repeated since the Cold War. The argument put forward by those opposed to the security legislation was based on the ideology that overturning the three evils, that is to say, military strength, the Japan-U.S. Alliance and the ABE Administration, would bring peace to the Asia region. However, in a recent public opinion poll about whether or not respondents want the security legislation to be abolished, 47% said they support the legislation while 38% said they oppose it (and want the abolishment). My second point concerns why opposition grew to such an extent. It was probably because the ABE Administration's intentions – the reasons why it was so eager to pass the bills – were not accurately conveyed to many citizens. Those reasons were stated clearly in the 2013 National Security Strategy. Namely, the strategy advocates Japan's "further contribution to peace and stability," which means that Japan will contribute more proactively to peace and security in the Asia-Pacific and in the wider international society. With the power of the U.S. waning and the burdens shouldered by its allies increasing, the stability of this region will be greatly affected by what sort of regional contribution Japan will make. The legislative amendment was needed for that purpose also. My third point concerns what forms the core of the security legislation, which bundles together 11 bills. I think the legislation can be consolidated into two pillars: namely, "United Nations (UN) Peacekeeping Operations (PKO)" as contribution to the international society and "Contributing to the Japan-U.S. Alliance and friendly nations." The fact is that the hurdles to exercising the right of collective self-defense are extremely high, and I think the possibility of Japan's actual exercise of the right of collective self-defense rather than individual self-defense, in other word, the possibility of the occurrence of crisis situations that threaten Japan's existence, is almost nonexistent. Over the past seventy years Japan has not exercised even the right of individual self-defense once. The small possibility of Japan's exercise of the right of collective self-defense in case or the situation posing threat to the existence of the state, is now added outside of this right of individual self-defense. Although, the possibility of Japan's exercise of the right of the collective self-defense is slim, being able to do so logically means that Japan will be able to cooperate on broader-ranging PKO activities and logistical support in the future. My final point is that when it comes to the impact to the security legislation on the Japan-U.S. Alliance, two things can be noted. The first is that operational flexibility will increase and cooperation will become smoother. The second is that the legal constraints that had been hindering the strengthening of the Japan-U.S. Alliance will be substantially removed and existing activities and so on will be able to be conducted more smoothly, which, in turn, will contribute to a stronger Japan-U.S. Alliance.

(ii) Presentation by Robert MANNING, Senior Fellow, Brent Scowcroft Center on International Security, the Atlantic Council

Projecting the world in 2030, we may say that the international community surrounding the Japan-U.S. Alliance is on the verge of an inflection point. In this uncertain and fluid era, there are 7 mega trends that will likely occur (or is possibly starting already) as global trends. Namely, the first point is that wealth and power are being diffused from East to West and from North to South. With

regard to the GDP ratio between each country, the rapid strides of China and India decreased the share of many of the G7 countries. The second point is that individuals are enhancing their strength. For example, on the positive side, entrepreneur Bill GATES has created his own foundation to cure malaria whereas on the negative side, terrorists have become able to utilize Information and Communication Technology (ICT). The third point is demography. Decreasing birth rate and aging population are the problems not only for Japan as South Korea and China are facing the same problem. And in the Middle East, the issue of “youth bulge” (the situation where the population of young people protrudes in the composition of a population) is a primary factor for protests and turmoil in the same region. The fourth point is urbanization. By 2030 or 2035, about 60% of the world’s population will live in cities, and nearly half of the world’s population is predicted to grow into the “middle class.” The fifth point is globalization. It was simply welcomed 20 years ago and recognized as beneficial to the economy. Such a viewpoint has changed and now globalization is perceived as one of the sources of imbalance as well as disparity within and between countries. The sixth point is technological revolution. Robots, artificial intelligence, 3D printing, big data, etc. will all converge on the IT platforms, and there is a possibility that the third industrial revolution rises. This movement will transform the future of not only employment but also war. Lastly, the seventh point is fragmentation. It is a reaction to globalization and is an inward dynamic toward nationalism. For example, in Europe, there is the Brexit issue (Britain’s withdrawal from the EU), the rise of nationalist political parties in France, Hungary, Poland, Scotland, and Cataluna (Spain). In addition, in the Middle East, the Sykes-Picot scheme (secret British-French-Russian agreement in 1916 to split up the territory of the Ottoman Empire) is collapsing, and various ethnic groups, religions, and nationalisms are threatening Arab countries. Also, as global issues, in addition to the slow growth of the OECD countries and the building up of a global financial system, there are risks to the stable use of global commons, such as space, cyberspace, and ocean. At the present point in time, there are no appropriate rules in these fields, and it is an urgent task for the voluntary countries like the United States, Japan, and other voluntary countries to create a strategy to maintain the systems. Furthermore, in Northeast Asia, North Korea is pursuing nuclear weapons and ICBMs and may possibly succeed in downsizing warheads in the next 10 to 15 years. If that happens, that would become a significant pressure to the extended deterrence by the United States to South Korea and Japan. The United States and Japan are facing such various challenges, and many of such challenges are non-security issues rather than security issues. What is being tested by these global trends – in which we cannot make light of the fact that China is trying define itself as a great power – is the future of the entire open and rules-based system.

(iii) Comments from TAKAHARA Akio, Professor, the University of Tokyo / Superior Research Fellow, JFIR

China has been intensifying its activities particularly on the maritime front since the global financial crisis that began in the U.S. in 2008. It appears that ‘action first’ advocates have increased

their influence and China is building up fait accompli in the East China Sea and South China Sea. A military overhaul is currently underway within China, and the country is moving to build “armed forces that can fight, armed forces that can fight and win,” as advocated by President XI Jinping. Furthermore, recently China’s slowing economy and falling growth rate are beginning to have a major impact. President XI is moving ahead with his anticorruption drive and solidifying his own power base, but one side-effect of that has been a notable decline in bureaucrats’ willingness to work, which is having a negative impact on the economy. With the economy doing poorly like this, potentially the source of President XI’s authority will undergo a shift in emphasis from “economic development” to “nationalism.” Assuming President XI is popular, that popularity is by no means derived from his pursuit of anticorruption, but rather from citizens’ awareness that he is lifting China’s international standing and successfully enhancing its national prestige. Looking ahead, in the long term Japan and the U.S. should incorporate China into the Japan-U.S. regional order concept, Along with that, given that the U.S. is entering a period in which its government will change, in the short term Japan and the U.S. should undertake close policy coordination on a daily basis.

(iv) Comments from James SCHOFF, Senior Associate, Carnegie Endowment for International Peace

The background to the security legislation and related issues that Professor HOSOYA reported are extremely important. Within the U.S., the current situation is that mainstream citizens have virtually no understanding of the Japan-U.S. Alliance, and it will be necessary to continue to work on deepening understanding of the value of that Alliance. A presidential election is currently underway in the U.S. and moves by one of the candidates, Donald TRUMP, are attracting attention. He has almost no grasp of the Japan-U.S. Alliance, however. Over the past few years President Barack OBAMA has been praising Japan’s international contributions highly, and Japan’s political stability can be cited as one reason for that. Additionally, the ABE Administration has demonstrated to the international community that it is capable of responding swiftly to global challenges such as measures to combat the Ebola virus disease and the Syrian refugee problem. The challenge in the future will undoubtedly be whether this awareness can be carried over to the post-OBAMA Administration. Japan should exercise greater influence in the world and should fulfill a greater role in security, logistics support and capacity building.

(v) Comments from KATO Yoichi, Senior Research Fellow, Rebuild Japan Initiative Foundation

In the present international security environment, low-intensity provocations are the major factors prescribing changes in the world. Put simply, military strength, or quasi-military strength such as the police, is being exercised as a policy instrument to threaten or provoke, but in a way that does not reach the point of becoming an all-out war or full-fledged military conflict. As a result of this, the country in question tries to forcibly change other countries’ actions and/or to alter the regional order to the advantage of itself. China’s conduct in the East China Sea and South China Sea and North Korea’s conduct in the vicinity of the Korean Peninsula fall under this category. For Japan

as well as the Japan-U.S. Alliance, what is most important at the moment is how to deter and deal with these low-intensity provocations. The fact is that currently, both Japan and the Japan-U.S. Alliance are completely powerless in the face of these provocative actions. At the Shangri-La Dialogue (Asia Security Summit) in June last year, U.S. Secretary of Defense Ashton CARTER addressed in front of China's military delegation and demanded that land reclamation in the South China Sea be halted, but China ignored it. In the future it will be necessary to reconsider the combination of "engagement" and "deterrence" with regard to China. To begin with, if China increases the intensity of its provocations, it will be necessary for Japan and the U.S. to increase their deterrence. Next, it will be necessary to make China comprehend that this kind of approach will heighten animosity and distrust toward it among countries in the region, including Japan and the U.S., and that will make them to take moves that will further isolate China diplomatically, such as ramping up alliances and building new security partnerships. Each country will need to demonstrate this through real actions.

(3) Session II: Where Should the Two Allies Start? (Chairperson: Rust DEMING, former U.S. Principal Deputy Assistant Secretary of State)

(i) Presentation by NAKANISHI Hiroshi, Professor, Kyoto University

Last year, we saw a major transformation in the Japan-U.S. security framework, which, from a historical point of view, could be described as one of the consequences of the transformation of the Japan-U.S. security arrangement in the post-Cold War environment beginning from around 1995. The changes that occurred last year both the new Japan-U.S. Defense Cooperation Guidelines and the security legislation, provided a new framework for the Japan-U.S. Alliance. So, from here on, the Japan-U.S. Alliance will need to deal with operational planning and preparation to make these changes concrete. The following six points can be cited as tasks that are necessary to achieving that. The first point is revising the mechanism for bilateral alliance coordination. The new guidelines mention the Alliance Coordination Mechanism (ACM), but implementing that will not be easy, and necessary adjustments to achieve that end must be done promptly. The second point is how to respond to further provocative actions by North Korea, which has already gone ahead with a nuclear test and long-range missile tests. The framework that Japan possesses comprises sea-based SM-3s and ballistic missile defense systems, and discussions are underway among Japan, the U.S., and the Republic of Korea (ROK) on introducing the Terminal High Altitude Area Defense (THAAD) framework, but the issue is how these will be coordinated. The third point is the issue of cyber security. Unlike the previous era in which this challenges centered on anonymous non-state actors, we are now in an era in which it is state-sponsored cyber security challenges that have become important. The establishment of the Japanese National Security Council (NSC) and the enactment of the Act on the Protection of Specially Designated Secrets in 2013 will conceivably allow much wider room for cooperation in this field. The fourth point is how to respond to challenges that transcend regions, such as global peace building and combating terrorism, piracy, and the causes of emerging

infectious diseases. Regrettably, the fact is that Japan has insufficient equipment and training, and it remains uncertain what degree of participation Japan's Self-Defense Forces are capable of if a situation such as an Ebola virus disease outbreak should occur. The fifth point is how to proceed with future equipment procurement, particularly in a multilateral framework. There is a need for Japan and the U.S. to coordinate policies for optimal defense equipment procurement, particularly at stages when the cost of that equipment is skyrocketing. Lastly, it would seem there is a need to coordinate military-diplomatic thinking with socio-economic thinking at high level. For example, Strategic and Economic Dialogues have been held between the U.S. and China by the OBAMA Administration and the administration that preceded it, but no such framework exists between Japan and the U.S., and one should be constructed promptly.

(ii) Presentation by James SCHOFF, Senior Associate, Carnegie Endowment for International Peace

I agree with the importance of the ACM that Professor NAKANISHI pointed out. When the new Guidelines were agreed upon, no agreement was reached on the matter of how to actually construct the ACM (the office and staff issues, for example, and what to do about its relationship with the Pacific Command). My feeling is that it would probably be desirable to form a structure in which the ACM is not assigned a permanent staff, and the people who become ACM members prepare new operations management rules and then respond to crises according to the circumstances, while collecting important information and exchanging information. This ACM approach borrows heavily from our experience with Operation Tomodachi, U.S. support for Japan's response to the Great East Japan Earthquake in 2011. The purpose of creating this ACM is to enhance the Alliance, by enabling us in the short term to strengthen our capabilities to respond to "gray-zone" challenges in Japan's coastal waters, and in the long term making us able to deal with new nuclear and missile tests by North Korea. In any event, it will also be important to deal with domains such as cyber and space. As a result of its security legislation, Japan has become able to cooperate with partners other than the U.S. such as Australia and the ROK on military exercises. The Alliance will produce both direct and indirect benefits for Japan and the U.S. Our cooperation with India, Australia and the ROK will also lead to stronger maritime capacity in these regions. The issue of how to deal with China is now being called into question.

(iii) Comments from KAMIYA Mataka, Professor, National Defense Academy of Japan / Superior Research Fellow, JFIR

With regard to the issue of where Japan should start, Japan needs first to build capacities which correspond to the new guidelines and new security legislation. Ordinarily, capacity-building refers to the assistance by Japan, or Japan and the U.S., to developing countries in Southeast Asia and elsewhere for their efforts to obtain necessary security capabilities. In case of Japan, however, the time seems to have come to reconsider its own capacity-building. Whatever words are used, they will not change the substance of defense policy and military policy change instantly. Put simply, to

implement something that has been declared in words requires actual capability. Under its traditional exclusively defense-oriented defense policy, Japan has intentionally refrained from possessing various capabilities. However, it is difficult to imagine that all of Japan's new policies could be implemented with its current capability. Japan is now willing to be involved, more proactively than before, in various problems in the Asia-Pacific, such as the issue of the increasing assertiveness of China in the South China Sea. With regard to that, although there are things which can be done with the existing capabilities, Japan lacks or is insufficiently equipped with various kinds of necessary capabilities. Going forward, what is important is to properly recognize the things Japan cannot do with its current capabilities, and what capabilities are insufficient. Simultaneously, Japanese people needs to change its mindset with regard to the relationship between military and peace. To be cautious about military power is a healthy attitude. But an attitude that denies the role that military plays for peace is a problem. Turning next to where Japan and the U.S. should start together, it is now more important than anything for them to coordinate their views on China more actively than ever. Additionally, and this is something that has largely gone unmentioned up to now, they will similarly need to coordinate their views on the ROK. Due to the agreement between the governments of Japan and the ROK on the comfort women issue in last December, now the possibility of cooperation among Japan, the U.S. and the ROK has become greater. This development should be welcomed. However, there are considerable differences in how Japan and the U.S. recognize the current security situation surrounding them, and how the ROK recognize the security situation surrounding it. The difference is particularly salient with regard to their views on China. It will be necessary for Japan and the U.S. to promote shared understanding about what can be expected from security cooperation with the ROK, and to pursue trilateral cooperation based on that.

(iv) Comments from Robert MANNING, Senior Fellow, Brent Scowcroft Center on International Security, the Atlantic Council

The anxiety that many Japanese citizens experienced when China proposed a model for a new type of major power relations a few years ago is still a fresh memory. However, it is probably safe to say that that idea has now disappeared. One reason for that is the model of a new type of major power relations that China advocated was not entirely new, and did not differ greatly from the model it had advocated since before. The challenge that remains now is the question about what should be China's role in the regional security architecture. The U.S. has been attempting strategic dialogues with China for the past several years, but China has a track record of being resistant. There is also a lack of transparency surrounding China's nuclear arsenal, and we also do not adequately understand China with regard to cyberspace and other areas. In its relations with China, Japan should inquire more about these points, and for that, Japan and the U.S. should coordinate their China policies. The ACM is first and foremost operationally-oriented. Although we can assume policymaking staff and State Department personnel will be involved, broader participation is currently being demanded, and Japan and the U.S. should seriously consider what the best means for

achieving that are.

(v) Comments from WATANABE Tsuneo, Director for Policy Research and Senior Fellow, The Tokyo Foundation

Within the U.S., opinions on policies towards Russia are divided. President OBAMA, partly out of hope that Russia will cooperate on resolving the Syria problem, is relatively flexible, but within the U.S. there are also many hardliners on Russia, particularly among conservatives. How a balance will be struck between these two sides is an important challenge going forward. Speaking from my personal experiences, in strategic talks between Japan and the U.S., differences between the two countries are small when the discussion is limited to the Asia-Pacific or the Indian Ocean. But when the discussion goes beyond that, I think a range of difficult coordination will become necessary. Nevertheless, from here on, the leaders of Japan and the U.S. should hold strategic talks with each other that adopt a global perspective. I also think it will probably be important to hold talks at the Track 2 levels of the civic community level and researchers such as ourselves. Additionally, with regard to the differences between the new 2015 guidelines and the 1997 guidelines, the coverage of the guidelines that existed up to last year were limited to Japan's territorial defense and security in its vicinity, such as the Korean Peninsula. In other words, how to make the Japan-U.S. Alliance function under such situations and what can be done under the Japan-U.S. Alliance, and so on. In the new guidelines, that has been expanded to how the Japan-U.S. Alliance can contribute to regional security, including the Asia-Pacific as well as the Indian Ocean. The challenge facing the Japan-U.S. Alliance in the future is the necessity to pursue strategically the stability in the region, while incorporating India, Australia and the ASEAN countries as their partners.

(4) Wrap-up Session

(i) Closing remark by Rust DEMING, former U.S. Principal Deputy Assistant Secretary of State

Japan and the U.S. are currently facing various challenges. On the one hand, in the U.S. Presidential Election, candidates who make radical statements such as Donald Trump are attracting public attentions, while in Japan the economic prospects are looking grimmer. Furthermore, looking at the global situation, not only is the European Union (EU) facing challenges such as the immigration problem and a possible exit by the U.K. from the EU, China obviously faces internal issues and is not yet a genuine global player. Under these circumstances, it will again be important to preserve and fortify the cooperative relationship of the Japan-U.S. Alliance over the coming decade and beyond.

(ii) Closing remark by KAMIYA Mataka, Professor, National Defense Academy of Japan / Superior Research Fellow, JFIR

It cannot be denied, for sure, that the power of the U.S. has declined compared to a certain time in the past. Particularly since the financial crisis precipitated by the Lehman Brothers

bankruptcy in 2008, it has been said that there are now few things in the world that the U.S. can do alone. But if you were to ask if there are things that can be done without the U.S., there are few. The only realistic option for us is the continuation of the U.S. global leadership, supported by other countries. Overtaken by China, Japan is still a major power with the third-largest GDP in the world. Japan also shares fundamental values, such as freedom, democracy and human rights, with the U.S. The U.S. leadership will not be sustainable unless Japan firmly displays the intention to cooperate with it. Prime Minister ABE and President OBAMA have been making this point clear, but a new President will soon be elected in the U.S., and the ABE Administration will not last forever in Japan. When it comes to protecting the regional and global order, the arrangement in which Japan as a sort of sub-leader provides core support for U.S. leadership is absolutely necessary. We must firmly recognize that and consolidate such an arrangement.

(The Secretariat is responsible for composing this text.)