The Alliance Rebounds, But Expectations Remain a Problem: The Fourth US-Japan Strategic Dialogue

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Fourth US-Japan Strategic Dialogue
June 30-July 1, 2011, Maui

Key Findings

The Pacific Forum CSIS brought together a select group of Japanese and US security specialists for the fourth time to discuss the changing strategic environment in East Asia and the nature of extended deterrence. Key findings from this meeting include:

- The US-Japan alliance is strong, much improved from the situation of a year ago. US support in general, and that of the military in particular during Operation Tomodachi, after the March 11 catastrophe bolstered Japanese confidence in the US commitment to Japan's defense and extended deterrence.

- Despite the US reassurance strategy in East Asia, Japan remains concerned about Chinese military modernization and what is commonly characterized as its anti-access/area denial strategy. More generally, the US must make a concerted effort to rewrite the regional narrative and push back against the increasingly popular notion of US "decline."

- There is recognition that new fiscal realities in the US and Japan mandate force structure changes in both national militaries and in the alliance. Both governments need to be extremely careful about making such changes in ways that do not trigger a misreading of US and alliance intentions, i.e., signaling a US withdrawal from the region.

- China's assertiveness in the South China Sea has transformed perceptions of its military modernization program and offers opportunities to improve security cooperation among allies and other potential security partners such as India and Indonesia.

- Until recently, China has been more effective in asserting its message of peaceful rise and mutual benefit than the US and its allies have been in promoting alliances as a mechanism to ensure regional security and stability. There should be a major effort to improve strategic communication among US allies to counter China.

- There is growing realization that the Futenma relocation project is not realistic. There is an immediate need for an honest and open assessment of the role of the US Marines, and more generally US ground forces, in the security strategies of the US and its allies.

- There is confusion regarding what US extended deterrence can and cannot do. While there is a consensus that US alliances have prevented the breakout of a major conflict in the region, there is concern that they have not been able to deal with North Korea's provocations and nuclear development and China's maritime assertiveness.

- That said, there appears to be recognition among Japanese that deterrence reflects a wide spectrum of capabilities, from conventional to nuclear; missile defense in particular plays an important role. But for signaling purposes – to Japanese and potential adversaries – the nuclear component still plays a disproportionately large role.

- The Fukushima disaster has provided impetus to connect nuclear security with nuclear safety. This perspective is driven by concern that terrorists could exploit weaknesses in the safety aspects of nuclear energy production.

- A stable regional security order requires a stable nuclear order in the region.

- One of the major lessons of the Fukushima nuclear disaster is the importance of an all-of-government approach to respond to disasters. This has significant implications for alliance management.

- All participants agree that increased trilateral cooperation between the US, Japan, and South Korea is a strategic necessity. There are significant opportunities for cooperation but there is concern that the window is closing. There is a need for a sense of urgency.

- Japanese officials were upset at the announcement of the deployment of littoral combat ships to Singapore; they felt blindsided and expected an explanation as host of the 7th Fleet headquarters.

- The June 2011 Security Consultative Committee (SCC) statement is important because it demonstrates continuity of thinking about the alliance despite the historic shift in politics in Japan with the coming to power of the Democratic Party.

- Some Japanese believe that the change in administrations in Tokyo makes once-difficult strategic decisions easier; "there are no more taboos."

- While the state of the alliance is much improved, there has been little change in public or political understanding of how the alliance works. Strategists applauded the SCC statement, but few others paid attention. In other words, alliance management "success" at the elite level must be complemented by rigorous efforts to educate the public about the value and significance of the alliance.

- There are fears that the Japanese public will link the accident at the Fukushima nuclear facilities with nuclear weapons more generally; there are worries that opportunistic politicians, perhaps even Prime Minister Kan Naoto will make that link explicit.

- There remains a demand for a US East Asia Strategy Report.

Fourth US-Japan Strategic Dialogue
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Conference Report

While the US-Japan alliance has been tested since the Democratic Party of Japan (DPJ) took power in Tokyo in June 2009 – a process that has been detailed in these and other Pacific Forum CSIS reports – the tests of the last 12 months have been of a different character. Previously, tensions stemmed from domestic, mostly political, events in each capital. Since our last Strategic Dialogue in April 2010, the challenges have been military in nature and go to the very heart of the security guarantees afforded by the alliance. Thus, a key question for participants at this year's meeting – some three dozen security analysts and current and former officials from both countries (all attending in their private capacity) and a dozen Pacific Forum CSIS Young Leaders – was whether deterrence failed in 2010, and the lessons to be drawn from the brazen behavior of North Korea and China.

We concluded that deterrence still works on the general or strategic level – it deters overt military action by adversaries – but it does not prevent lower-level provocations. It isn't clear how well nonspecialists among the general public understand this division of labor. More must be done to facilitate such an understanding so that publics in both countries have realistic expectations of how the alliance works and what it can do in difficult circumstances.

Asian Security Perspectives

As is our custom, analysis began with a comparative assessment of regional security perspectives. At the outset, our US presenter applauded the June 21, 2011 meeting of the Security Consultative Committee (SCC or "2+2" of top foreign and defense ministers) which had not convened for four years, a "remarkable" gap that reflected difficulties Japan has experienced in the wake of the historical political transition in 2009. Blame the all-consuming focus on the Futenma Replacement Facility (FRF) for the failure to move forward with the realignment roadmap agreed in 2007, which still faces considerable opposition in Tokyo and Okinawa. That debate has "sucked all the oxygen from the room," preventing security planners from dealing with other pressing concerns. In addition to the mere fact that the meeting was finally held, the statement released after the discussion was important for demonstrating powerful continuity in government policy despite the political changes in Tokyo (and Washington).

The security environment was described as "stable and satisfactory." Our speaker cautioned, however, that stable doesn't mean stationary: the defining regional development is China's rise, which is altering strategic calculations for almost every government. China's ascendance, coupled with the political and economic difficulties in the US, prompted questions whether the era of US-brokered stability in East Asia is coming to a close. Fortunately, Washington is aware of these concerns and is doing its

best to reassure allies, friends, and partners of the US commitment to its historic role in the region. Evidence can be found in diplomatic efforts to counter Chinese assertiveness in the South China Sea, the explicit statement of support for Japan in its territorial dispute over the Senkaku/Daiyotai Islands, and backing of South Korea in its standoff with the North, an implicit acceptance of the potential for escalation on the Korean Peninsula. The presenter reassured those who worry about China's anti-access area denial (A2AD) strategy, noting that (former) Secretary of Defense Robert Gates grasped the challenge it poses and the US is investing in capabilities to counter it.

That said, neither the US nor China seeks an antagonistic relationship. Neither wants a new Cold War and both governments are working to normalize security relations. The People's Liberation Army (PLA) is something of a wild card, however; in recent years (although not as much in recent months) it has been increasingly assertive and shows little restraint when announcing its grievances and declaring obstacles to improving relations.

The situation on the Korean Peninsula is worsening as North Korea improves its capabilities: US planners are keeping a close eye on development of a road-mobile ICBM that could threaten the US. While the North's penchant for provocations appears to be growing, there is concern that the ROK is becoming increasing provocative in turn as it responds to Pyongyang. Seoul is demonstrating a higher tolerance for risk as it attempts to stare down the DPRK. This is occurring against the backdrop of a hardening of the North Korean position on its nuclear weapons: there is virtual unanimity that Pyongyang has no intention of giving up its arsenal and wants to be treated as a nuclear weapon state.

Meanwhile, the US-Japan alliance is encountering new headwinds, the most powerful of which is the economic landscape. Prior to our meeting, a bipartisan group of three US senators – Carl Levin, John McCain, and Jim Webb – released a letter calling plans to move US forces around the region untenable, dismissing the 2007 roadmap as "unrealistic, unworkable, and unaffordable." The earthquake of March 11, 2011 has compounded Japan's budget woes. This fiscal reality demands new and more innovative thinking about security planning; one important option is deeper integration with South Korea. Our speaker noted that "the 'virtual alliance' [of the US, Japan, and the ROK] is now a strategic necessity."

While that might make sense, it has become more difficult. The deeply felt hostility between Japan and South Korea has, remarkably, intensified rather than dissipated with the passing of time. The speaker suggested that Japan renounce its claim to Dokdo/Takeshima as one way of dealing with that ever-present past. Innovative as such a move sounds, it won't help deal with another obstacle: China's "hypersensitivity" to any new security initiative that Beijing doesn't launch. Fears of containment oblige China to denounce in the strongest terms any project that it fears could be aimed at Beijing. That makes rationalization of security resources by the US and its allies even more difficult.

Our Japanese presenter opened with a ‘thank you’ to the US for its support of Japan in the aftermath of the triple catastrophe of March 11. *Operation Tomodachi* has been a resounding success and shown to the Japanese people the depth of the US commitment to the protection of Japan and the safety and security of its people.

He agreed with the US speaker that hopes that North Korea will honor its promise to denuclearize were dwindling. Still, he insisted that the US and Japan could not abandon that objective for two reasons. First, the world is watching the negotiations and other nations will draw appropriate lessons from the talks; for our speaker, the deterrent effect of those negotiations – that proliferation will not be tolerated – must not be ignored. Second, and related to the denuclearization goal, it must never appear to Pyongyang, or any other government contemplating a nuclear program, that it is better off possessing such weapons.

Our two speakers had similar views of China. While worried about the implications of China’s rise, our Japanese presenter cautioned against reverting to a Cold War mindset when thinking about deterrence. Deterrence should be tailored, focusing on who, what kinds of entities, and what specific actions are to be deterred. While most Japanese adopt a Cold War approach to North Korea – relying on massive destruction – China demands a more finely tuned instrument.

While most observers view the events of March 11 through the lens of humanitarian assistance/disaster relief, our Japanese presenter focused on the security implications of 3.11 and how it relates to deterrence. The crisis at the Fukushima Dai-Ichi plant has reinforced for Japanese the importance of security and safety for nuclear plants and highlighted the vulnerability of such facilities – and by extension, entire economies – to attacks. At the same time, our speaker worried that the Japanese public might conflate nuclear energy and nuclear weapons: the 3.11 crisis could encourage them to question the safety of such weapons and their role in securing Japan.

On the positive side, reaction to the disaster reinforced extended deterrence. The US deployment and efforts to alleviate the human impact of the tragedy sent a powerful signal to the Japanese and any adversary that the US is committed to the safety and well-being of its ally and partner. While *Operation Tomodachi* was a success by almost every measure, it did demonstrate some gaps in the two countries’ ability to work together: planning and coordination mechanisms need to be enhanced.

Discussion focused on China. There was virtual unanimity that Beijing’s foreign policy was becoming more unyielding. There was no agreement on how assertive China might be beyond its claimed territorial waters; historical sensitivities attached to sovereignty concerns are a powerful influence on Chinese foreign policy decision-making. Another participant suggested that the geography of the South China Sea is critical: Chinese consider the sea to be inland waters.

Notable, however, is the reaction to Chinese behavior. Beijing has alarmed Southeast Asian governments, who pushed the US to take a higher profile at the July

2010 ASEAN Regional Forum (ARF) meeting, a move that China met with snarls. Combined with Japanese alarm at the conflict over the Senkakus and South Korea's anger at Beijing's disregard for Seoul's security concerns in the wake of North Korean provocations, the result has been the forging of a more united front among regional governments that could anticipate the containment strategy China has long feared. Japan in particular is now pushing for more engagement with Southeast Asian governments to raise its own diplomatic profile as well as to safeguard shared interests in the face of a more bellicose China. For its part, the US has deployed new vessels to the subregion, basing a Littoral Combat Ship (LCS) in Singapore to shore up its presence. (While most Japanese were pleased with the enhanced presence, some Japanese military officials felt the US should have informed them in advance.)

One element of this new engagement is a proliferation of trilateral discussions among the US, Japan, and third countries. Talks with India will be launched this year, to join the Trilateral Security Dialogue with Australia already underway. There is a "de facto" discussion with Indonesia and the Philippines is another target for diplomacy.

Oddly, the one partner that has fallen short is South Korea. Events of the last year offered an opportunity for the three governments – the US, Japan, and South Korea – to push forward with trilateral cooperation but virtually all Japanese expressed disappointment in Japan-ROK relations. History remains an insurmountable obstacle and it threatens to loom even larger as South Korea heads into an election year. A visit to Japan this year by ROK President Lee Myung Bak for the long-anticipated summit would be a powerful signal, but few Japanese expect that to occur. US participants urged Japan to adopt a sense of urgency and move before the window of opportunity closes.

Hanging over all the discussion was the much ballyhooed "relative decline of US power." The perception that the gap between the US and other powers, principally China, is closing dominates thinking about regional security. Is that an accurate assessment of the regional balance of power? A recent Tokyo Foundation study suggests that the balance of power is not shifting between the US and China but within the region. If that is correct, then trilateralism takes on a new significance: it is the mechanism to balance the rise of China. US participants also highlighted the renewed US engagement with the region, both diplomatically and militarily – in particular the deployment of the LCS to Singapore – to counter the image of a rising China that might be displacing the US.

Several individuals argued that the most important question is regional thinking about US capabilities and commitments. *Operation Tomodachi* was applauded by all participants as a powerful demonstration of the US readiness and capacity to act on behalf of an ally. Japanese participants agreed that their faith (and that of most Japanese) in extended deterrence has been significantly enhanced by the joint response to the crisis. Nevertheless, a Japanese alliance watcher warned of rising frustration in his country: the failure of the alliance to stop North Korea's nuclear program has fostered a sense of helplessness among Japanese.

Nuclear Policy after Fukushima

The second session turned to nuclear policy after the crisis at the Fukushima Dai-ichi nuclear plant triggered by the earthquake and tsunami of March 11. As our Japanese presenter explained, the risks of catastrophic accidents and disasters in the Asia Pacific region are growing. From 1975-2007, 40 percent of world disasters, and 60 percent of casualties, occurred in Asia. Japan is especially prone: it has had two major quakes in the last 15 years, and aftershocks from the Tohoku quake continue. Indeed, the probability of an earthquake with a magnitude greater than 7.0 will hit the Tokyo metropolitan area in the next 20 years is greater than 80 percent. If that happens, it has been estimated that more than 11,000 lives could be lost and damage could exceed ¥112 trillion.

The events of March 11 have forced Japanese policy makers to reassess assumptions and analysis of disaster planning. Our speaker highlighted, for example, the challenges posed by an aging population in a disaster of that magnitude. There are also concerns about simultaneous earthquakes or preparations for events that can affect US forces in Japan; planners also have to be ready for physical protection of forces during actual military contingencies, such as on Taiwan or the Korean Peninsula. Indeed, the new baseline for contingency planning should now be multiple events, both natural and manmade. Climate change is also increasing the likelihood of disasters and straining the capacity to respond.

Our speaker pointed to the systemic stress that reduces Japan's capacity to respond to any contingency. The burdens imposed by the calamity of March 11 have, in his words, "constrained the space for cooperation," not only within Japan but with partners. The resources available for virtually every program will be squeezed.

The alliance will have to adjust to doing more with less. Our two militaries seem prepared; they demonstrated a real ability to work together. Our speaker noted that chemical and biological forces were dispatched – the first time those US forces had been sent abroad – but the Japanese public wasn't reassured by the gesture because it didn't know about it. This underscores the need for better communication to demonstrate the US commitment to Japanese security, an important signal of assurance. The question now is whether the political leadership can match the military's example. This speaker also pointed to the "2+2" meeting as a promising indicator.

Looking ahead, our speaker felt the events of March 11 offer Japan a chance to reach out to Asian nations, to share lessons learned and best practices, one the most important of which is the need for a whole of government approach, one that networks all stakeholders and constituencies that can contribute to the response.

An immediate opportunity for Japan to share its experiences is the upcoming Nuclear Security Summit (NSS), which Seoul will host in 2012. The Fukushima events have made plain the need for new nuclear safety and security standards, along with new risk assessment techniques. That planning should include preparation for nuclear terrorism along with general planning and training for disasters.

Our US speaker agreed with almost all his predecessor's remarks while warning that the situation in Japan is not yet stable, that the issue is emotional and sober analysis is needed more than ever, and that caution has to guide all assessments. Still, it is clear that the problem is primarily a result of design failure and inadequate risk methodology. That should not come as a surprise given the complexity of nuclear systems, their many vulnerabilities, and the multiple possible sources of failure. Our speaker highlighted the prospect and impact of single point failures. (Such shortcomings and concerns notwithstanding, it is also important to remember that both the earthquake and tsunami were "once in a thousand year" events, difficult to predict and even more difficult – and expensive – to prepare for)

Inherent risks were exacerbated by regulatory failure in Japan, a political, cultural, and bureaucratic problem. For our US speaker, lessons learned include the need to develop a new safety culture, to focus on emergency management and preparedness, to create an independent nuclear regulator, and to take a more nuanced approach to design risks. More attention must be paid to "soft targets" such as nuclear fuel that might attract the attention of terrorists. As this list makes clear, attention has to be paid to both hardware and software. Ultimately, national governments need to look hard at nuclear power plans and decide if they are realistic; this effort should be complemented by a rigorous assessment of nuclear power standards.

Discussion probed the political dimensions of the Fukushima problem and its impact on the alliance. Several Japanese participants warned that politicians in Japan could tie nuclear energy problems to nuclear weapons. They feared the creation of a continuum in the public consciousness that ran "from Hiroshima to Fukushima." Most Japanese participants were confident that such a tactic wouldn't succeed. While a majority of Japanese now question their country's reliance on nuclear power that does not equate with support for the immediate termination of the nuclear power option. (Since nuclear power accounts for nearly one-third of Japan's energy generation that is unlikely anytime soon.) Moreover, several participants argued that increased awareness of the risk of nuclear terrorism is a good thing. Nonetheless, Japanese participants underscored the relationship between the nuclear accident and the alliance, warning that fears of radioactive contamination could "poison" Japanese thinking about the utility of the US extended deterrent.

A Japanese official noted that his government has set up a committee to investigate the events at Fukushima; an interim report is scheduled to be completed by December or January, and a final report, "which will assign errors" should be complete by the summer of 2012. Japan plans to cohost an international conference on nuclear safety in the second half of 2012 to share its findings and would be happy to provide a briefing at the NSS in Seoul.

One of the lessons of 3.11 is the need for greater transparency for nuclear energy issues. One participant pointed to China, which will significantly expand its nuclear energy capacity in coming years – Beijing has plans to build 65 more reactors; Japan was scheduled to have just 64 in total by 2025. Fukushima underscored the need for a

notification mechanism that would go into effect at the time of accident; there should be an obligation to inform neighbors if an accident will have a transboundary impact.

The biggest concern that participants had was the impact of the crisis on Japan's capacity to act – a very literal concern when the country faces rolling blackouts because of energy shortages. Japan needs new power generation facilities but building more nuclear plants looks close to impossible given the fears such plants now engender. Few, if any, political leaders are going to be willing to expend the political capital needed to support such construction. This, one speaker warned could lead to a decline in Japanese national power as businesses struggle to find the energy they need to operate.

Did Deterrence Fail?

Our third session tackled the most provocative topic of the meeting: did deterrence fail in 2010? With North Korea launching two provocations against South Korea – the sinking of the ROK Navy corvette *Cheonan* and the shelling of Yeonpyeong Island, which resulted in the loss of more than 50 lives – and China pressing its claim to the disputed Senkaku/Daiyotai Islands, a case could be made that adversaries are no longer deterred by the strength of the US-ROK and US-Japan alliances. A Japanese presenter argued that Pyongyang wasn't deterred when it launched two limited strikes against the ROK. North Korea appears confident that it can control escalation in the event of a conflict and that offensive exchanges can be kept at a relatively low level. Our speaker argued that Beijing has a role to play in such situations: it can increase pressure on Pyongyang to desist if it fears that a crisis will escalate and involve China. In this sense, China's perception of the credibility of the US deterrent matters even when it is not directly involved in a crisis.

In the Senkakus, a Chinese fishing boat rammed two Japanese Coast Guard vessels when they tried to stop it from fishing in disputed waters. Despite the diplomatic confrontation that followed, our presenter argued that extended deterrence worked. The US pledged to invoke Article 5 of the treaty to defend the islands and China capped its aggression. Nonetheless, the incident showed that Beijing remains hardline in its pursuit and protection of core interests. It also demonstrated the necessity of Japan's adoption of "dynamic deterrence" in the National Defense Program Guidelines (NDPG) to show the will and capacity of the Self-Defense Forces to defend Japanese national interests.

Our US presenter began by noting that deterrence is never absolute, and therefore the incidents of 2010 were not proof that deterrence had failed. But an assessment of how deterrence works demands an accurate understanding of an adversary's motives: we have to know what an opponent is trying to achieve before we can say if and how we influenced his behavior. Explanations for North Korean behavior range from the domestic – attempts by Kim Jung Un, "the Young General," to earn his stripes, power struggles between the Korean People's Army and the party, shoring up internal support for the regime at an increasingly difficult time – to foreign-policy oriented – testing the limits of Chinese support for the DPRK or pushing for a more moderate line toward the North in South Korea – to pure adventurism – retaliating for black eyes delivered to the

North Koreans in previous disputes over the Northern Limit Line or showing Pyongyang's new confidence in the wake of its nuclear tests.

Explaining Chinese behavior is equally difficult. Outwardly, Beijing has reacted to the pushback against its aggressiveness in 2010 by retreating to "smile diplomacy." At the same time, there are renewed campaigns of personal suppression in China, a sign of nervousness in the run up to the 2012 leadership transition. Some explain the new Chinese hard line as indication of a lack of accountability of the PLA in domestic politics, or signs of factionalism in the military, or the top leadership's inability to rein in uniformed hotheads. More broadly, there are concerns that the transition has encouraged nationalists to be more outspoken, reasoning that a new leadership will not want to look weak when defending Chinese national interests. This is all encouraged by a PLA that lacks international sophistication and is inclined to exaggerate US decline.

Neither country's behavior has served it well. China's standoff with Japan has, said our speaker, squandered the support of the most pro-Chinese government in Tokyo in years. North Korea has confirmed the view of most Japanese that Pyongyang is a belligerent, bellicose adversary. China's unflinching support for North Korea has alienated many in South Korea; Seoul's firm stand has convinced Pyongyang not to press its luck.

Our discussion focused on motives: it is only possible to ascertain if deterrence worked if you know what an adversary was trying to accomplish. There was agreement that the US extended deterrent has stopped North Korea and China from an attack on South Korea and Japan, respectively; it has not stopped harassment, however. Several US participants insisted that North Korea well understands and appreciates the US extended deterrent; its rhetoric, in particular the insistence that the US withdraw its nuclear umbrella from the Korean Peninsula (and all of Northeast Asia), and its actions – dispersing aircraft after the incidents – are proof. (All participants agreed that North Korea is a rational actor and capable of being deterred if it feels truly threatened.) One US participant countered that deterrence in fact failed in the Yeonpyeong Island shelling, but escalation control worked. Questions persist as to whether escalation control will continue if the ROK strikes back with more force as it says it will in the future.

The Chinese case is different. Most participants believed that China will continue to assert its claim to "core interests" such as the Senkakus (which is core because it relates to territorial integrity) and nationalism will make reasoned decision making more difficult as China heads toward a leadership transition in 2012. A Japanese participant warned that continued harassment is problematic for the alliance, as it could erode public faith in the ability of the alliance to protect the country.

At the same time, however, China's desire for stability could incline it to dampen North Korea's proclivity for provocations – assuming that Beijing has leverage in Pyongyang. (Participants on both sides agreed that Beijing is probably telling the truth when it says its influence over North Korean behavior is somewhat limited, but certainly not nonexistent.)

For Japan, the events of 2010 justify the call for dynamic deterrence that is outlined in the NDPG. A Japanese participant explained that the concept has floated through the halls of the Ministry of Defense since 2008, and was included in the original draft of the NDPG with no expectation that it would make the final version; the provocations of 2010 ensured that it would. He also explained that Japanese security planners worry that the success of escalation control infers that there is mutual deterrence between the US and North Korea. (A US participant argued that North Korea is deterring the US and its allies.) This is an example of a "stability-instability paradox," whereby strategic stability (in US-China relations) leads to instability at lower levels (the South China Sea). Dynamic deterrence is Japan's proposed response: the SDF will use it to deter and halt harassment, illegal activities, etc.

Virtually all participants agreed that the alliances had responded well to challenges. The US decision to send an aircraft carrier battle group to the Yellow Sea signaled resolve – especially in the face of Chinese claims that those were its waters and the US should not be exercising there. (Several US participants noted that Chinese complaints forced the US hand; yet another example of Beijing's hamfisted diplomacy doing damage to its national interests.) The trilateral – US-Japan-ROK – foreign ministers' statement in December was another important message to adversaries and publics that the three governments are working together to tackle shared concerns. The next challenge is preparing for future provocations. The 2+2 statement issued in June underscores the alliance's readiness to use all available means to protect shared national interests. But, as several participants warned, US credibility is a work in eternal progress.

Nuclear Diplomacy

Our fourth panel took up the two countries' approach to nuclear diplomacy. Our US presenter split the topic into three issues: nonproliferation, arms control, and transparency. On the first front, nonproliferation, a lot of work is being done and there is progress. This is important as there is a real risk of nuclear contagion: "proliferation cascades are possible." For a number of years, it has become evident that proliferation and disarmament were linked concepts: a US commitment to disarmament was needed to win other governments' backing for Washington's nonproliferation agenda. But it appears that there is another linkage: the prospect of proliferation is becoming an obstacle to disarmament. Countries are not discrete problems; their behavior inspires others to act in similar ways. Thus, North Korea is aiming to follow Pakistan, and Iran is closely watching how the world responds to Pyongyang's demand to be treated as a nuclear weapon state. Our speaker warned that international outrage is diminishing as the novelty of North Korea's status wears off; its possession of nuclear weapons is beginning to be accepted as "a fact." (Ironically, North Korean provocations undermine that objective by reminding the world of the potential consequences of acquiescence.) The revelation that North Korea has a uranium enrichment program is a new chapter in this saga.

The US position in nuclear negotiations with Pyongyang is that North Korea must demonstrate its seriousness and that it is prepared to honor its commitments. While the

administration has not wavered in its position of strategic patience, the speaker warned that "time is not on our side"; delays favors proliferators. He added that the Syrian facility, destroyed by Israel in September 2007, "had North Korea written all over it." The US concluded that the building was intended to process plutonium and was to develop nuclear weapons. In contrast, there is no evidence that Burma's nuclear plans constitute a violation of the Nuclear Nonproliferation Treaty, but doubts and concerns are mounting. Finally, Iran is a "major proliferation challenge." Tehran has tripled its enrichment capacity and managed to keep the IAEA at arm's length. There is no certainty that Iran is complying with its IAEA obligations – and if it is today, how much longer that will be true.

Arms control poses equally thorny problems. While the US-Russia New START treaty is a step forward, it is just a start. Future negotiations have to take up tactical nuclear weapons, and there is no sign the Russians are interested in putting them on the table. Moscow's conventional inferiority makes tactical nuclear arsenals an integral part of its security planning. Missile defense is another topic of contention. Here, the US has shown little inclination to move beyond its current position and do more to address Moscow's concerns. Hanging over all such discussions is the question of when China is likely to be involved in arms control talks. Beijing insists it will be involved "when the time is right," conveniently declining to say when that will be. As US and Russian arsenals shrink in size, the fear that China will "sprint to parity" – an option Chinese insist they will decline – becomes larger.

In other talks, our speaker noted that the Fissile Material Cutoff Treaty (FMCT) has been held up (again) in the Conference on Disarmament. Blame for that holdup belongs on Pakistan's shoulders. Our speaker also argued that the US will ratify the Comprehensive Test Ban Treaty (CTBT) but the process will be more carefully managed than in the past and previous mistakes won't be repeated. That means it is uncertain when it will be resubmitted for consideration by the Senate.

Finally, our speaker urged all countries to develop and nurture a culture of transparency. While transparency is not the same as verification, it is vital. This is especially so when dealing with China. The Chinese reaction to such calls has been "consistently evasive and negative." Our presenter argued that the problem is not a lack of understanding but rather that it is politically expedient for the Chinese to misrepresent foreign demands. He suggested that this is a problem of political culture. He concluded by warning that the failure to make progress on this front with China will limit the progress of arms control talks.

Our Japanese presenter argued that nuclear diplomacy is the "groundkeeping" that is needed to maintain the credibility of the US extended deterrent, especially as Washington reduces the role of nuclear weapons in US security strategy. While the concern has been present since the US began rethinking its nuclear posture, nuclear diplomacy has taken on new urgency in the aftermath of the Fukushima Dai-ichi accident – in particular, attention is now focusing on nuclear security and safety. Our speaker suggested that the upcoming Nuclear Security Summit is an opportunity for Japan to

reclaim its credibility and confidence that it can manage nuclear technology and handle a nuclear crisis. Echoing remarks by an earlier speaker, our presenter said Tokyo should be sharing its experience with crisis management with other Asian nations. This is especially important as Asia contemplates a nuclear renaissance. Japan wants to play a major role in the development of new nuclear facilities in the region, partially for business reasons, but also to ensure safety and security. Development of regional capacity to deal with nuclear contingencies should be a priority. The IAEA has a role to play in this process, but capacity must be developed in that organization as well. Like our US speaker, our Japanese presenter called on China to embrace greater transparency in its nuclear policy, suggesting that this could also serve as a confidence building measure. He too underscored the need to engage China in all aspects of nuclear diplomacy. He suggested, however, that the notion of "strategic stability" could provide the framework that is needed to make ongoing nuclear diplomacy – and progress – possible.

In another echo of the first presenter, the speaker outlined proliferation challenges such as Iran and North Korea, while flagging the need to anticipate those concerns and begin preparing for discussions at the next NPT Review Conference. Also, he noted that the US and Japan will be renewing their civilian nuclear agreement, warning that decision makers and planners in Tokyo will be closely watching US-ROK nuclear negotiations and will likely use them as a benchmark.

The cleavage between nuclear "haves" and "have nots" continues to serve as a bright line in nuclear negotiations. Our speaker suggested that the G20 could serve as a venue to mitigate the divide. He also stressed the importance of ratification of the FMCT. He applauded new export control rules in the Nuclear Suppliers Group (NSG) and suggested that supplier countries refrain from exporting fuel cycle technology to countries that have not signed the Additional Protocol.

Much of our discussion focused on China. There was virtual unanimity both on the importance of engaging China in nuclear diplomacy and on the difficulties that entails. Most speakers agreed that China does not see a value in its own transparency; one speaker countered the view that this predilection is cultural in origin, asserting instead that it reflects a strategic choice. Another observer noted that even if the government seeks increasing transparency in some nuclear matters (for example, trade), other constituencies do not. Some companies prefer to work out of the light, pursuing deals that might not win favor in Beijing. This could present an opportunity, however: if the profit motive drives those deals, then governments worried about proliferation could pay those suppliers to inform on customers. In a notable formulation, he suggested that "we look at Chinese corruption as an opportunity."

While that may be a bridge too far for many other participants, there was agreement that more attention must be paid to the private sector and there should be more systematic inclusion of suppliers in discussions of export control regimes. A Japanese presenter warned that attention must be paid to the proliferation of knowledge, not just hardware.

Our discussion returned to one of the key themes of this series of strategic dialogues: the meaning of strategic stability in the US-China relationship and its implications for US allies. A Japanese speaker denied that his government equated strategic stability with parity of arsenals. He did point out that mutual vulnerability, which seems to be how Chinese interpret strategic stability, will undercut the US deterrent, but that fact is difficult to acknowledge. Another Japanese speaker said, to nods from many around the table, that US vulnerability already exists. A US speaker suggested that China wants "acceptable levels of asymmetry," which translates in practical terms to an assured second strike. (In a comment that reveals more may have been intended, a Japanese participant conceded that he understands why South Koreans want the redeployment of US tactical nuclear weapons to the peninsula, and he would prefer to see US weapons there than an independent ROK long-range missile. But, he suggested that merely building storage facilities for them might send the desired message.)

One strand of the discussion that has surfaced on several occasions is the linkage between the European and Asian theaters when it comes to nuclear policy. Asian allies have been watching how the US deals with allies in Europe and on several occasions have sought equal treatment; informed US participants have countered that those Asian observers exaggerate the content of the US-Europe discussions. That said, there is a need to ensure consistency in US policy across theaters. Several participants noted that nuclear policy developments in Europe can have an impact on Asia, as occurred in the 1980s.

Deterrence and Doctrine

We then turned to the meat of our discussion, US and Japanese views of deterrence and the doctrines they have adopted to support that posture. Our US presenter quickly reviewed the key elements of the Nuclear Posture Review (NPR), released in 2010. Those elements include: preventing nuclear proliferation and terrorism; reducing the role of nuclear weapons in US security strategy; maintaining deterrence and stability; strengthening regional deterrence and reassuring allies, and maintaining a safe and secure nuclear arsenal. The NPR calls for a review of presidential and Department of Defense guidance for nuclear operations and deterrence. This demands an analysis of potential force postures and targeting objectives. When we met, the presidential guidance was not complete; when it is finished, the Pentagon will explore ways the various guidance impacts on force structures. With that assessment, the president will provide new guidance.

The question for our presenter (and those planners) is how recent events have affected extended deterrence. As a starting point, and as our discussion made clear, those incidents have served as a reminder that deterrence concerns cross a spectrum, and the recent focus has been on nonnuclear aggression. The US and its allies must have – and must be seen to have – close diplomatic/military cooperation/consultation. Any response has to be prompt, proportional, and controlled. (To that end, there is concern that South Korean complaints that the response to the 2010 incidents was inadequate and their proposed response might risk escalation.)

Our speaker explored in more depth the relationship between nuclear and conventional deterrence. It was noted – as has every speaker commenting on the NPR since it was published – that the US is not going to end its extended nuclear deterrent as long as nuclear threats persist. That concern is likely to persist no matter how many times the answer is repeated, however, because there is an inherent tension in the idea of reducing nuclear weapons and the assurance provided to allies and the deterrent signaled to adversaries. Extended deterrence will consist of a package of capabilities that includes a nuclear capability, along with US conventional capabilities and the capabilities of allies. The value of any specific capability depends on what is supposed to be deterred. (Our presenter wondered aloud about the value of the South Korean deployment of a cruise missile with a range of 1,000 km; what is being deterred? Will this missile make a difference?) One capability that has engendered debate and some alarm is conventional prompt global strike (CPGS). Our presenter explained that it is being developed to give the US a more credible strike option in particular contingencies. But to potential adversaries (read Moscow and Beijing), CPGS could look like a decapitating first strike. To assuage those concerns, the US has altered the program's design so that it looks less like an ICBM.

Finally, our speaker followed up on a strand from previous sessions and explored the links between the new US strategic doctrine in NATO and its impact on Asia. The short answer is that there should not be an impact as they are very different theaters with different needs. Still, Asian audiences are watching European developments closely; a particular item of concern is the degree to which Washington is seen as treating the two sets of allies equally and giving them input into decision making and planning processes. Our speaker asserted that the Asian extended deterrent consultative process is more focused and serious than the one in Europe; again, the reason is different threat perceptions. In particular, Japan is well ahead of NATO when it comes to missile defense.

Our Japanese presenter focused on the extended deterrence language used in the NDPG that was issued in December 2010. The NDPG is the capstone document of Japanese military strategy; the version issued last year is the fourth. There is no regular review process; it is issued on an ad hoc basic and intended to respond to changing strategic realities. The last review began in 2008.

The new NDPG is intended to meet three strategic challenges: the rise of China, its impact on the regional strategic balance, and China's rising influence in the world. Each demands a response, which our presenter characterized as either hard balancing – such as increasing submarine capabilities – or soft balancing, such as regional cooperation and capacity building, medical support, etc.

The most important development of the new NDPG is the articulation of the policy of "dynamic deterrence." This is an attempt to respond to the full spectrum of challenges noted by the previous speaker, and it will make the SDF quite busy as it demands a "continuous and wide-range steady state operation." Our speaker anticipates little high end conflict, but considerable efforts at stabilization. He also argued that the

scale of the response to the Great Tohoku earthquake sent a signal about the deterrent capability of the two countries – a reminder again of the value of full spectrum responses, especially on the "soft" end of the continuum.

The NDPG specifically addresses the issue of extended deterrence. Historically, there has been one paragraph on the subject in the document, and the language has been virtually identical throughout various iterations: "Japan depends on the US extended deterrent." But while the new document acknowledges the broad spectrum of capabilities that make up the extended deterrent, it uses new language that emphasizes its nuclear component. (This is, our presenter explained, a reference to the deteriorating nuclear situation in Asia.) The new language doesn't try to match specific capabilities to threat – "over-determination" is to be avoided. But extended nuclear deterrence is identified as a "vital effort," which should undermine arguments by disarmament advocates that nuclear weapons are not needed. Nor for that matter, is there support for the notion of a "sole purpose" doctrine for nuclear weapons. Our presenter also pointed out that the most recent "2+2" statement twice mentions extended deterrence.

Our discussion focused on operational issues attendant to nuclear doctrines and the way the deterrent was implemented. Not surprisingly, there were considerably more questions than answers. Americans pressed Japanese to provide a number that would provide a floor for comfort about the nuclear arsenal: in other words, at what number would cuts endanger Japanese faith in the US extended deterrent? (The answer appears to be 1,000 weapons.) Japanese asked how the US could ensure that the use of conventional prompt global strike wouldn't threaten escalation control. Both sides wondered how any country could tell if the new NDGP was successful. Was it deterring China or Russia? (Related to that query was a more prosaic, yet equally pressing, issue: how will Japan pay for a reorientation of defense forces in a straitened fiscal environment?) The obvious and pressing question is whether the US and Japan, their governments and publics, can reach agreement on the appropriate balance of nuclear weapons, conventional weapons, and missile defense? Most significantly, how does the reduction in the US reliance on nuclear weapons undermine faith in its extended deterrent among allies? That invited the broader question of whether the two countries, together and as allies, have a real strategy to engage and shape the region.

Individuals provided answers and they should sound familiar to anyone who has read earlier versions of these reports. The US isn't eliminating its nuclear deterrent and will maintain it to respond to nuclear threats. There are ways to reduce the destabilizing impacts of CPGS, such as notification mechanisms or joint exercises. Decisions about the deterrent made as an alliance shouldn't reduce faith in the deterrent. Nevertheless, there was Japanese nervousness about US plans. One speaker noted that if the US replaces a significant part of its strike forces with conventional capabilities, then there will be "a big impact" on the regional strategic balance. Moreover, a significant reduction of US marines would "be dangerous for the region." An American noted that last year we concluded that the increased role for conventional capabilities offered new opportunities for Japan to contribute to the alliance, take on more burden sharing, and by extension,

strengthen the deterrent. He then asked if Japan has recognized that opportunity and begun to take steps to realize it. The session ended without an answer.

The State of the Alliance

That discussion provided a segue into our assessment of the state of the alliance. Our Japanese speaker noted that the state of the alliance was much improved over that of a year ago. The 50th anniversary of the alliance was a grim affair, marked by acrimony rather than applause. After having hit bottom, relations have improved. Our speaker credited Chinese behavior for helping the alliance: Beijing's aggressiveness reminded Japanese of the value of their relationship with the US. The strong statements of support by the US during the Senkaku crisis and Secretary of State Hillary Clinton's readiness to stand up to Beijing at the ASEAN Regional Forum meeting in Hanoi in the summer of 2010 were both seen as indicators of US commitment and resolve. As the "2+2" statement shows, the new DPJ government understands and appreciates the value of the alliance. (Those incidents also forced elements of the party to reassess their views of China; any thoughts of pro-Beijing romanticism have evaporated.) Add the North Korean harassment and it should come as no surprise that growing portions of the Japanese population appreciate the significance of the US-Japan alliance.

The tragedy of 3.11 is another reason for the improvement in relations. Our speaker noted the irony that Japan has been tested – in its response to Sept. 11 – and it passed; the US had not been similarly tested – until March. And it too passed. The US response made plain how the alliance acts to benefit the Japanese public. The unprecedented cooperation between the US military and the SDF sent an unmistakable signal that should reassure Japanese and warn potential adversaries of the indivisibility of the security partnership.

That effort was matched by specific government initiatives to advance the alliance. Included in this list are the "2+2" statements, the NDPG discussion of extended deterrence, and specific projects to increase deterrence, such as missile defense cooperation. The "2+2" meeting is especially important. Our speaker noted that it was the first such meeting with a DPJ government and the continuity it demonstrates between the current Japanese administration and its predecessor is important. The statement "affirms the indispensability of alliance" and, while updating the common strategic objectives, reveals great consistency.

Serious problems remain, of course. The first and most pressing is the controversy over the Futenma Replacement Facility. The move remains stalled and there is no indication of a break in the stalemate. It is no longer eroding the alliance, but it is still a festering sore. Second, our speaker worried that the NDPG may not be implemented as designed. The goals are worthy, but there is little indication that the political and fiscal capital will be used to implement them. Third, our speaker said, as do many others, that the applause for the "2+2" is made and heard by a small group of people. As he explained, "by and large the public and most politicians are quite indifferent to the '2+2' process." The public remains indifferent to and uninformed about the nature of the

alliance. Yet public acceptance is a critical prerequisite to the success of the alliance. The response to March 11 helps shape perceptions but more must be done. Our speaker warned against complacency.

Our US presenter agreed with most of those comments. He too applauded the work of the "2+2" committee, especially its consistency with previous documents, and noted that it consciously followed the model of the 2000s – another sign of the continuity in both countries in thinking about the alliance. While concerned about the FRF move, he urged all participants to put it in context: it is important but not the essence of the realignment initiative. There are 19 different pieces to the puzzle and most of them are going well.

Surveying the strategic communications in the "2+2" statement, he espied three macro messages. First, the US remains committed to maintaining and enhancing its forward presence in the Asia-Pacific region. Second, the US has reaffirmed its commitment to the Guam move and the realignment roadmap. Third, Washington wants to remind the Japanese public that strategic realities are enduring and Japan must be an active and engaged partner.

In addition to those enduring themes, new and significant items emerged from the "2+2" as well. These include the call for consultation, dialogue, and concrete cooperation on space, cybersecurity, and extended deterrence. This is part of the Department of Defense focus on the global commons. In a demonstration of real will by the Japanese government, the two sides agreed to allow the transfer of the SM3 interceptor (part of the missile defense plan) to third parties. In addition, after 40 years of debate, the two governments made preliminary identification of a site for field carrier landing practice, "an impressive investment of political capital by the Defense Ministry." Finally, there was a companion statement on host nation support that was described as a "smooth, friction free conclusion" for five years of support at existing levels. Even the FRF debate could be said to be making progress – after all the discussion has returned full circle to where it was in 2006 and the original plan. That is, for defense planners, a good thing.

Nevertheless, challenges remain. The most oppressive is the political reality in Washington. Our speaker confided that the roadmap as it pertains to Guam and Okinawa is in trouble as a result of deep skepticism on the Hill and in the Pentagon about Japan's capacity to follow through. Congress is refusing to allocate money for the Guam move for fear that it will be hung up indefinitely by Japan's failure to move ahead. In a striking warning that contrasted with much of his previous remarks, he warned that "absent clear public endorsement and completion of all procedures, Congress will kill the move."

The fundamental problem is the US Marine presence. Even though there hasn't been a full complement of 18,000 marines on the island for over a decade (because of various wars), the number is increasing as US deployments wind down and the urgency to deal with the problem is increasing. If Futenma is not sustainable, as all insist, and if the Guam transfer is taken off the table, then old ideas – such as moving the marines to Kadena, the main islands of Japan, or even to Korea or back to Hawaii – resurface. But

each presents problems of its own. Our speaker reminded us that the roadmap was the product of years of discussions and assessment; it was, and is, the best option.

The key, our speaker insisted, is a hardnosed assessment of the elements of the US presence and an accurate understanding of how each contributes to the extended deterrent. Central to that process is an understanding of where the Marines fit. Equally important, is an understanding of how the Japanese see the Marine presence contributing to their security and deterrence.

Several discussants agreed with the rosy assessment of the alliance. They pointed to the agreement to export the SM3 interceptor, the concurrence of views on China - even though neither side wanted to play up the "hedge" inherent in the "2+2" statement – and the decision to set up a new SDF base in Djibouti. This is Japan's first overseas facility and represents a commitment to maintain a distant presence to help fight international problems. A Japanese participant explained that the new facility – Japanese are uncomfortable calling it "a base" – will facilitate Japanese contacts in Africa and can lay the groundwork for Japanese participation in future peacekeeping missions in the region.

On the whole, however, darker assessments prevailed. One Japanese took issue with the positive grade given to the SCC meeting. For him, the meeting was "just a pile of issues, without vision." He complained that there was no single headline or bumper sticker to make the outcome digestible. He, along with other speakers, focused on the problems that bedevil the alliance. Topping the list is Futenma. It is a sad commentary when a return to the status quo of five years ago is considered a positive development. The general sense of the meeting is that the FRF is untenable, as is continuation of the existing facility. But there was little support for colocating the Marines to Kadena. Several Japanese warned that opposition to the Nago move would be dwarfed by opposition to that option.

The FRF problem is part of a larger issue – Okinawa politics. Strategic concerns are being swamped by local politics and the Okinawa governor shifts position with the political winds. One Japanese participant urged freezing the situation and waiting for more change on the island.

Hanging over the entire realignment project is the sad state of Japanese politics. The confusion in Tokyo has meant there is no leadership, no vision, and no one ready to spend political capital on costly, unpopular, yet necessary national security choices. All our participants were quick to blame the media for focusing on political dysfunction – and the situation surrounding the FRF is about as dysfunctional as it gets. This creates a self-perpetuating cycle of negative perceptions. The political vacuum is exacerbated by the March 11 events; no matter how well the alliance has come out of that sad incident, political energy and resources are being diverted. (To be fair, the US is setting no fine example on either the political or the financial front.)

Other participants bemoaned both countries' lack of vision. Several American and Japanese participants urged their two governments to develop a vision statement for the region – ideally individually and then as a joint exercise.

Another Japanese suggested that part of the problem is the imbalance in the bilateral relationship. But by imbalance, he means that the security alliance is carrying too much weight. There is little cooperation between the two governments in other spheres. This web should be thickened.

Again, there was concern about the impact of rising antinuclear sentiment in Japan on the alliance. There is fear that the public cannot or will not distinguish between the problems posed by nuclear energy and the protection afforded by the extended nuclear deterrent.

Ultimately, as one participant pointed out, additional adjustment of the US presence will be necessary. This may be the result of fiscal pressures in the US and Japan, or it could reflect political weaknesses in both capitals. The overarching concern is how to make force structure changes without triggering a misreading of US and Japanese intent by friends and adversaries. That task is difficult in the best of times, but it is even more so in the superheated media environment that surrounds alliance reporting in Japan. It is important to note in this context that one Japanese characterized the current US presence as the minimum possible level. If that is true, the alliance faces real tests as it tries to deal with fiscal and political constraints.

Where do we go from here?

That grim sentiment provided the prelude to our final "where do we go from here?" session. For our US presenter, the glass is half full. His evidence was the bilateral cooperation after March 11 and the SCC meeting. For him, the key message was that the two countries are on the same page and ready to work together through the full range of capabilities, a "message that was not lost on China and North Korea."

But his concerns echo those heard throughout our meeting. He worries about the political vacuum in Tokyo, the seemingly unresolvable dilemma that is the FRF and, most significantly, the fundamental question of Japan's future. How will the country respond to the triple catastrophe of March 11? How will it fend off its tendency toward introspection, the fiscal burdens, and the blow to its self-confidence."

Looking to specific challenges, he began with China. He too worries about Chinese intentions and sees the need for greater transparency from the PLA. To deal with China, he urged bilateral and trilateral cooperation and coordination with South Korea, as well as other key partners. Southeast Asia should be one area of focus. The US and other partners should be pushing back against the narrative of US decline and a shifting of the balance of power in the region. And as the US engages Beijing, Washington has a special obligation to ensure that Japan– like all its allies and security partners – is well informed of the contents of those discussions.

Turning to North Korea, our speaker sees slow progress toward talks, but real uncertainty about their purpose. Pyongyang's determination to hold onto its nuclear weapons changes considerably the purpose of those negotiations. Our speaker urged the US to affirm that there will be no treaty or normalization of relations with North Korea without denuclearization. He reminded negotiators to not forget about the North's missile arsenal and capabilities. In the meantime, we should be exploring North Korean weaknesses and trying to find ways to force concessions on Pyongyang. It is a difficult assignment.

Our Japanese presenter has an easy answer to the question of what should come next? His answer: "just do what is called for in the 2+2 statement." He immediately qualified that response by noting the need to take up economic issues and the Trans Pacific Partnership (TPP) as well. The top leaders of our two countries are slated to meet at the G20 meeting that will be held in early November and the APEC meeting that the US will host the next week. A prime ministerial visit to the US is anticipated sometime in October. Our speaker also endorsed the need for an alliance vision statement.

Specific areas of cooperation include: a review of Japan's arms export principles, as well as the three nonnuclear principles and the principle of collective self-defense. While these are predominantly Japanese concerns, he noted that they have bilateral impact and are already part of the alliance discussion. Our speaker is optimistic about outcomes, asserting that with the change of ruling parties, no topic is taboo any more. (The fact that a DPJ government was responsible for the loosening of the arms export policy in relation to missile defense suggests that he is on to something.)

Additional agenda items for the two governments should include maritime security, in particular securing freedom of navigation. This is, for our speaker, a test case for future rule making for the alliance. He suggested that the East Asia Summit is the best venue for such activities. Specifically, the two governments should try to develop the capacity of Southeast Asian Coast Guards.

Washington and Tokyo should deepen their strategic dialogue on East Asia. The trilateral dialogue with Australia is a model for such efforts. The two allies have commenced a trilateral effort with India, which is likely to focus on maritime security in the Indian Ocean. Talks with the Philippines are moving forward, even though they don't have the intensity of the talks with Canberra or even Delhi. Our speaker endorsed a trilateral meeting with Taiwan, perhaps at the track 1.5 level.

Peacekeeping operations (PKO) are another important agenda item. A newly released report by the government of Japan identifies PKOs as a national interest and recommends more active involvement; the report outlines ways to do that. Our speaker expects the next Japanese government to move forward; one particular area of interest is the Sudan. The United Nations is already reaching out to Japan to help deal with this troubled nation.

One of the most pressing tasks, but one our speaker was cautionary about, is building stronger relations with South Korea. A visit by ROK President Lee Myung Bak is anticipated for the fall, but it is not a certainty. An Acquisition and Cross-Serving Agreement and an information sharing and protection accord are being discussed. Unfortunately, longstanding obstacles – historical and territorial disputes – continue to assert themselves. There is no guarantee that the Lee visit will come off this year. Indeed, relations with South Korea are the one dark spot on our speaker's otherwise optimistic outlook.

Our discussion endorsed the two speakers' ideas and perspectives. There was considerable support for more aggressive outreach by the US and Japanese governments, both individually and as an alliance, to Southeast Asia. The Philippines, in particular, is seen as an easy partner for efforts to increase security and affirm the role and utility of the alliance. Indonesia and Vietnam are two other targets of opportunity.

There was agreement on the need for both countries to think more strategically about trade. Decision-making in both Washington and Tokyo on trade issues is being held hostage to domestic politics, even though such matters are more rightly seen as strategic. For the US, an immediate first step is ratifying the Korea-US Free Trade Agreement. In the words of one US analyst, "US credibility is at stake." For Japan, the test case is the Trans Pacific Partnership. Tokyo had promised a response earlier this year, but that timeline was derailed by the March triple catastrophe.

Fiscal realities in both countries may prove to be the most daunting challenge. Mounting debt has constrained policy makers' choices in both capitals and alliance managers must acknowledge and work within this new environment. While these constraints are ever present, they are biting deeper – not only because of the attention now focused on getting accounts in order, but because the military forces and postures in both the US and Japan are being modernized and those are expensive processes. Messy, vocal, and public disputes in both capitals contribute to a sense of drift and a lack of resolve. When contrasted with China's single-minded determination to modernize its military, the US comes out second best, despite the vast disparity in military capabilities between the two. This feeds the narrative of a power shift in Asia. This story must be countered, but success requires more than just rewriting the story. Results are critical.

Looking to specific challenges, the outlook is troubling. No one believes that North Korea can be persuaded to give up its nuclear arsenal and a stalemate in negotiations only works to Pyongyang's advantage. The immediate challenge is to avoid falling into old traps with North Korea, rewarding bad behavior and splitting allies, and instead speaking with one, principled voice. Increasingly, observers in both the US and Japan believe that regime change in Pyongyang is the only real solution to this problem. Our governments, along with others, should be planning for Pyongyang contingencies.

All participants believe China can play a greater role in pushing the North to negotiate, but there is also agreement that Beijing's conception of its national interest pushes it in a different direction from that of Washington and Tokyo (and Seoul). Our

two governments need to maintain a united front with Seoul to ensure that Pyongyang doesn't entertain hopes of splitting our nations in negotiations. China needs to be engaged in those talks as well. The trick is convincing Beijing that North Korea is a proximate, real, and credible threat to its security.

That should be part of a broader effort to engage China and "shape" its behavior. That is a delicate task since, as one participant noted, "no one likes to be shaped." One Japanese participant suggested that the US and Japan should focus on shaping the environment rather than China. Either way, Beijing plays an increasingly important role in the region – for better or for worse – and our governments need to anticipate and prepare for developments.

Our discussion concluded with the presentation of a draft US-Japan-ROK statement on extended deterrence that was prepared by Pacific Forum Young Leaders who attended the meeting and the US-ROK strategic dialogue that preceded it. (A copy is included in this report as Appendix C.) The statement is based on the belief that the three governments share objectives and expectations and takes as its point of departure the statement by the three foreign ministers in December that an attack on one would be considered an attack on all.

This statement is ambitious. It requires Japan and South Korea to move beyond the historical issues that dog their bilateral relationship. But reaction to the statement from our participants was mixed. Several Japanese bluntly said that they are not eager to share information with South Korea, especially material they get from the US. Moreover, there was agreement that Seoul doesn't share the same perspective on China as does Washington and Seoul. Whether that reflects a bigger strategic divergence in general isn't clear, but that seems to be the consensus view.

Nevertheless, the willingness and ability of our Young Leaders, a bright bunch of next generation specialists from the three countries, to reach agreement bodes well for Northeast Asian security dynamics. While relations between the US and Japan appear to be on the rebound, there remains much to be done – and the challenges will only intensify in the years to come.

APPENDIX A

Fourth US-Japan Strategic Dialogue
July 30-July 1, 2011, Maui

AGENDA

June 29 – Wednesday

6:30 PM Welcome Reception and Dinner

June 30 – Thursday

9:00 AM Opening Remarks

9:15 AM **Session I: Security Perspectives**
US presenter: Mike McDevitt
Japan presenter: Noboru Yamaguchi

This session explores each country's view of the security environment to identify issues, and highlight shared and divergent concerns. What are the principal strategic challenges to each country and to regional security and stability? How does each weight traditional and nontraditional threats? Is China "rising" peacefully? Is India still considered a security partner? How does each view the regional balance of power? What factors influence and how are trends impacting that balance? Is the security environment 'new' and if so, how? How do these changes affect our responses to security threats?

10:45 AM Coffee Break

11:00 AM **Session II: Nuclear Policy after Fukushima**
Japan presenter: Katsuhisa Furukawa
US presenter: Toby Dalton

This session will look at interpretations of what happened at the Fukushima Daiichi nuclear power plant. What caused the catastrophe at that facility? What lessons can be learned from it? What are its implications for Japan, for the alliance, for the region, and for the nuclear power industry?

12:30 PM Lunch

1:30 PM **Session III: Explaining 2010: Did Deterrence Fail?**
Japan presenter: Ken Jimbo
US presenter: Jim Kelly

This session focuses on North Korean and Chinese behavior in 2010. How does each country see developments in North Korea over the last year and what forces are at work? Why did North Korea sink the Cheonan and shell Yeongpyeong island? Were these a failure of deterrence? How do the two countries characterize US, Korean, and Chinese responses to those actions? Was that response sufficient? How do they anticipate that these events will influence ROK thinking and behavior? Do the Six-Party Talks have a future? What has been the lasting impact, if any, of the Senkakus incident on Japanese threat perceptions?

3:00 PM Coffee Break

3:15 PM **Session IV: Nuclear Diplomacy**
US presenter: Robert Gromoll
Japan presenter: Nobumasa Akiyama

This session examines the two countries' approach to nuclear diplomacy and the various negotiations to contain or reduce nuclear weapons. They should address the Nuclear Nonproliferation Treaty Review Conference and follow up items, the New Start agreement, and thoughts about the next steps in arms control and how to ensure progress doesn't undermine the extended deterrent. How does each side see the Global Zero movement, its prospects and its significance? What does each country expect from the 2012 Nuclear Security Summit?

5:00 PM Session adjourns

6:30 PM Reception and Dinner

July 1 – Friday

9:00 AM **Session V: Deterrence and Doctrine**
US presenter: Elaine Bunn
Japan presenter: Sugio Takahashi

How are the two countries' military strategies and doctrine adapting to a changing security environment? The US presenter will examine how the Nuclear Posture Review has shaped US force planning and whether recent events influenced US thinking about the extended deterrent. Does NATO's new strategic doctrine shape US thinking about Asia? Should it? The Japanese presenter will explain the National Defense Program Guidelines and the concept of dynamic deterrence: what it is, what it means, how it will work and its implications for the alliance. Has Japanese thinking about the NPR changed over the last year?

10:30 AM Coffee Break

10:45 AM **Session VI: The State of the Alliance:**
Japan presenter: Matake Kamiya
US presenter: Christopher Johnstone

How does each side characterize the state of the alliance? What are the key issues in the bilateral relationship and how does each side see the other's response to them? How will changes identified in session 4 impact the alliance? What is being done to ensure that the two countries are working together as they adapt to developments? What is the status of the 2007 roadmap? How do current Japanese domestic politics impact how the alliance works? How does each country characterize the state of consultations on deterrence-related issues since publication of the NPR?

12:30 PM Lunch

2:00 PM **Session VII: Next Steps for the Alliance**
US presenter: Evans Revere
Japan presenter: Masafumi Ishii

Presenters should anticipate key issues and concerns for the US-Japan security alliance and ways to ensure that the extended deterrent remains and effective Do the two countries share a common vision of the alliance's future? What is it? How will the events of March 2011 impact Japan and its relationship with the US? How can the alliance work with other US allies – in particular, South Korea but also Australia – and partners, such as India? How can it engage China? How can both work together toward a safer nonnuclear world?

3:30 PM **Session VIII: Conclusions and Wrap Up**

4:00 PM Conference adjourns

APPENDIX B

Fourth US-Japan Strategic Dialogue
June 30-July 1, 2011, Maui

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APPENDIX C

Enhancing Deterrence: U.S.-Japan-ROK Trilateral Statement
Pacific Forum CSIS – Young Leaders Program
U.S.-Japan-ROK Strategic Dialogue – Maui, HI (June 27 – July 1, 2011)

Introduction

The United States-Japan and United States-Republic of Korea (ROK) alliances have long been the key pillars of regional stability in the Asia-Pacific, enabling a peaceful environment for East Asia's remarkable economic development and integration. These alliances represent not only the full commitment of the U.S. to the defense of Japan and the ROK, but also the willingness of Japan and the ROK to play an active role in regional and global security. In particular, these alliances are necessary to deter aggression from the Democratic People's Republic of Korea (DPRK) and elicit China's cooperation in contributing to regional stability and prosperity. The three parties recognize that a strong trilateral relationship requires continued enhancement of bilateral ties. Moreover, contemporary and emerging threats require an evolution toward greater trilateral security cooperation. Provocations, proliferation, nontraditional security challenges, and a changing strategic environment demand stronger political and economic ties amongst the three parties, and the development of a robust Trilateral Strategic Partnership (TSP).

The TSP parties agree that an armed attack against one or more of them shall be considered an attack against all of them. Consequently, the TSP parties agree that, if such an armed attack occurs, each party, in consonance with its own laws, will assist the party or parties so attacked by taking such action as it deems necessary, including the use of armed force, to restore and maintain the security of the Asia-Pacific region.

The TSP will have the following objectives:

- Promoting an open, inclusive, and rule-of-law-based Asia-Pacific region proceeding from common threat perceptions, mutual interests for peace and stability, and shared values for good governance and free trade.
- Enhancing the security of the TSP parties by increasing defense and diplomatic cooperation while pursuing efficiencies.
- Achieving denuclearization of the DPRK, deterring further aggression, preventing nuclear testing and the proliferation of nuclear materials and technology, and working toward peaceful development of inter-Korean relations.
- Demonstrating the cooperative will of the TSP parties for the purpose of effective deterrence.
- Using trilateral cooperation as a platform for addressing regional and global issues while building constructive partnerships with other stakeholders in the Asia-Pacific region. The TSP parties recognize that the growing role of China is one of the most important trends in the region, and the TSP parties seek to engage China as a responsible partner.

Trilateral Coordination

The United States, Japan, and the ROK recognize the current and emerging threats posed by the DPRK to international nonproliferation regimes, the peace and stability of the Asia-Pacific region, and the U.S. homeland. The TSP parties roundly condemn attacks by the DPRK on the Cheonan and Yeonpyeong Island as direct violations of the 1953 Armistice Agreement, and resolve to maintain and enhance deterrence against future aggression.

The fundamental purposes of the U.S.-ROK alliance are to deter major aggression by the DPRK and to defend the ROK. The U.S.-Japan alliance deters attacks against Japan and contributes to the peace and stability of the Asia-Pacific region, including the deterrence of major conflict on the Korean Peninsula. In the event of major aggression by the DPRK against the ROK, Japan commits to enable and contribute logistical, C4ISR, and basing support to U.S.-ROK operations on the Korean peninsula. The U.S. commits to sustaining and adapting its extended deterrent capabilities, including but not limited to nuclear forces. In the event of aggression by the DPRK against Japan, the ROK commits to providing appropriate support to the combined efforts of the U.S. and Japan in responding to such an attack.

The U.S., Japan, and the ROK also resolve to enhance deterrence against lower-level provocations by the DPRK. The U.S. and the ROK resolve to respond decisively and under close consultation to incidents of limited aggression by the DPRK. Japan supports the strengthening of deterrence against the DPRK, and will appropriately support U.S. and ROK military deterrence and response operations in accordance with Japanese law. Further, the TSP parties pledge to coordinate diplomatic, political, and economic responses to provocations by the DPRK.

The TSP parties reaffirm their commitment to the denuclearization of the DPRK, in accordance with the 2005 Joint Statement of the Six-Party Talks and UN Security Council Resolutions 1789 and 1874. The parties urge the DPRK to return to the Six-Party Talks, and encourage its immediate compliance with the Nuclear Non-Proliferation Treaty and its other international obligations. The TSP parties also call upon China to take appropriate steps to this end.

In light of the DPRK's continuing flagrant violations of its denuclearization commitments and emerging reports of active nuclear proliferation activities with third-party states, the TSP parties commit to hold the DPRK accountable for any future proliferation activities, especially proliferation of nuclear materials, weapons, or technologies. The TSP parties will undertake diplomatic, political, economic, and, as appropriate, military measures in response to proliferation activities conducted by the DPRK. The U.S. reaffirms that it will hold any state or entity fully accountable for participating in, supporting, or enabling a WMD terrorist attack against the U.S. or its allies.

The TSP parties encourage China to play a responsible and constructive role in regional stability and prosperity, adhere to international norms of behavior, and actively promote trust with the U.S., Japan, and the ROK. The parties also call upon China to improve openness and

transparency with respect to its military modernization and related activities and strengthen confidence-building measures with other countries in the Asia-Pacific. In this regard, the TSP parties express concern regarding recent naval incidents within the East and South China Seas and affirm their commitment to the peaceful and non-coercive resolution of all territorial disputes. The TSP parties resolve to coordinate efforts to address China's rapid and opaque military modernization and related activities while utilizing every opportunity to cooperate with China to reduce tensions in the region.

The TSP parties commit to enhance trilateral defense cooperation and integration. To that end, the parties will enhance the interoperability of their defense capabilities, including naval, air, C4ISR, space, and cyberspace assets and systems, and to expand defense industrial cooperation and exchanges.

In recognition of emerging anti-access/area denial challenges, the TSP parties commit to jointly develop operational plans, systems, and postures designed to ensure access to global commons. The TSP parties agree to explore opportunities to enhance defense technology cooperation and create systems which can be developed, built, exported, and used by all parties.

The TSP parties pledge to continue further development and deployment of missile defense capabilities commensurate with the growing threat posed by DPRK missile capabilities and to improve intelligence sharing and trilateral defense coordination with regard to missile attacks.

The TSP parties agree to create a Trilateral Extended Deterrence Policy Committee, to meet regularly at the DASD/DDG level, and to discuss issues relating to extended deterrence, the role of nuclear and conventional capabilities, missile defense, and emerging deterrence issues in space and cyberspace.

Recognizing the fiscal challenges facing the governments of all three parties and the pressure these challenges will place on defense expenditures, the TSP parties commit to bear a proportionate financial burden in order to preserve peace and security in the Asia-Pacific region. The parties further agree to examine opportunities for divisions of labor among their defense postures based on their respective enduring and bridging capabilities.

Timeline and Roadmap for TSP Implementation

The TSP parties commit to regular and close consultations via the following mechanisms:

Trilateral Extended Deterrence Policy Committee

- Discuss nuclear and non-nuclear deterrence at all levels of conflict.
- Explore deterrence implications in space and cyberspace.
- Mechanism: Annual DASD/DDG meeting to commence within six to nine months.

Trilateral Contingency Planning to Respond in the Event of Aggression, Proliferation, or Attempted Access Denial

- Trilateral J-5 Planning Meeting: Coordinate planning on issues including possible conflict on the Korean peninsula, maritime security, space, cyberspace, etc.
- Trilateral State/Treasury Dialogue: Coordinate trilateral diplomatic, political, economic and financial strategies.
- Mechanism: Annual O-7/DASD/DDG meeting to commence within six to nine months.

Trilateral Policy Consultations

- Trilateral Exchange of Regional Threat Assessments.

Mechanism: Annual working-level civilian and military intelligence meeting supplemented by quarterly VTC.

- Trilateral Consultations on U.S.-ROK and U.S.-Japan DPRI Negotiations and Progress Mechanism: Annual USDP/DG meeting to commence within six to nine months (VTC will begin 18 months after the establishment of a secure communication line among the three parties).

Defense Technology Cooperation Initiative

- Explore opportunities to enhance defense technology cooperation.
- Encourage defense industrial companies in all three countries to take part in track II talks.
- Mechanism: Annual Trilateral USD-AT&L & counterparts meeting to commence within six to nine months.

Enhanced Trilateral Interoperability

- Explore opportunities in existing bilateral and multilateral initiatives to improve trilateral military interoperability. (e.g., Cobra Gold, RIMPAC, Key Resolve, Gulf of Aden operations, ARF VDR).
- Negotiate and implement the trilateral General Security of Military Information Agreements (GSOMIA) and Acquisition and Cross Servicing Agreements (ACSA), to commence within three to six months.

Enhance Trilateral Cooperation on Missile Defense

- Exchange observers during missile defense exercises.
- Develop joint missile defense-related operational plans and exercises.
- Establish joint missile defense centers within two years.

Enhance Trilateral Strategic Research and Intelligence Practices

- Provide funding for a one-year long visiting fellowship, to be termed the TSP Fellowship, which would involve personnel exchanges among Japan's National Defense Academy, the Korean Military Academy, and the U.S. National Defense University/National Intelligence University College with a view to improving national information security practices. TSP Fellows would carry out research on TSP areas of interest. This would commence within one year.