



**Substantial progress, but still further to go:
Next generation ideas for the US-Japan alliance**

**The Sasakawa Peace Foundation
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Pacific Forum CSIS

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In 2010, the Pacific Forum CSIS with generous support from the Sasakawa Peace Foundation established the SPF Fellowship Program to nurture the next generation of specialists who are committed to broadening and strengthening the Japan-US alliance. Through a combination of resident and non-resident fellowships, the Pacific Forum CSIS reaches out to emerging leaders in our two countries to reinvigorate the security relationship. SPF Fellows develop and apply innovative and creative solutions to 21st century problems. They focus on underdeveloped aspects of the relationship to ensure that the alliance is ready to deal with current and future problems. By recognizing and addressing a wider range of issues and actors that are part of this partnership, SPF Fellows ensure the resilience and effectiveness of the alliance into the future.

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Introduction

By Kylie Courtney

A strong relationship between Japan and the United States has been a cornerstone of each country's post-World War II foreign policy. Japan was devastated by that conflict and relied on US aid and assistance to rebuild. Japan provided bases for the US forward-deployed presence in Asia. The two former enemies created an alliance that was instrumental in promoting regional stability and helping to create a durable postwar order.

The bilateral relationship now extends beyond security and provides economic and political benefits for both countries. Japan's extraordinary economic development in the 1950s, 1960s, and '70s was touted by many as a "miracle," and the country rose to become the second largest economy in the world, trailing only the United States. The foundation of this exceptional performance was the strong partnership forged by the two nations. The alliance is a framework that has encouraged growth and trade for the US and Japan and other nations too. This partnership has served as a pillar of the US presence in the Asia-Pacific. The US has also acted as a link between Japan and neighboring countries that harbor bad memories about Japan's imperial era.

That last point underscores the Japan-US partnership's critical role in promoting stability in the Asia-Pacific region. The US has acted as a buffer for Japan, China, and Korea, facilitating interaction among them. The relationship, and those that it enables with other governments, has promoted cooperative security measures that encompass both hard, traditional security concerns, and newer, nontraditional security issues. The partnership with Japan, and the engagement with other regional countries through this alliance extends US influence in regional politics and economics. While the US gets much credit for promoting Japan's re-emergence in the region after World War II, Japan has also encouraged US engagement in the region.

While vital to each country's national interest, the US-Japan alliance and partnership, cannot be taken for granted. While this relationship is strong today, it needs continued tending to survive and thrive. The Sasakawa Peace Foundation (SPF) and Pacific Forum CSIS have been working together for several years to consolidate and strengthen the Japan-US partnership. The Sasakawa Peace Foundation Fellows program gives current and aspiring policymakers opportunities to look over the horizon at new and emerging issues for this partnership, bringing new voices to the fore and promoting creative thinking about the alliance. The fellowship brings together individuals from a variety of fields and endeavors, many of whom have not focused on the alliance, to infuse new blood, new ideas, and new thinking to the bilateral partnership, all with an aim to providing solid, actionable recommendations for the two countries.

The papers in this volume are some of the fruits of that endeavor. Drawing on research presented at a conference March 2014, contributors explore issues ranging from the impact of changes in Japan's arms exports control policies to Asia-Pacific maritime cooperation. Each paper includes background and geopolitical context to facilitate an

understanding of why each particular issue matters, along with policy recommendations to meet regional security challenges.

The SPF program aims to encourage next-generation thinking that will escape the silos and constraints that characterize much of contemporary alliance discussions. (To be fair, many of the constraints reflect urgency; dealing with daily concerns absorbs so much time that there is little opportunity for more long-term issues.) The SPF program allows next-generation policymakers to not only develop and share ideas among themselves, but to bring their thoughts and suggestions to current policymakers.

These papers offer new perspectives on US-Japan relations. Our contributors and fellows strive to identify new problem areas along with innovative policy proposals and peaceful conflict resolution strategies. We hope they stimulate others to think in new and creative ways about enduring and emerging challenges.

Japan-US security cooperation in Southeast Asia

By Brian Harding

Strategic landscape

China's emergence as a global power created extraordinary opportunities and challenges for Southeast Asia, a diverse region of relatively weak states where China has been heavily investing in economic and diplomatic ties since the 1990s. The opportunities for members of the Association of South East Asian Nations (ASEAN) are mainly in the economic sphere, where each country is trying to take as much advantage as possible of China's growth. However, in security terms, China's rise is deeply unsettling for the region. In particular, China's coercive actions — both military and economic — to assert territorial claims in the South China Sea, especially since 2009, have left the region unnerved about China's long-term intentions.

In general, Southeast Asian nations' policy responses to uncertainty regarding China's rise have been to invite greater involvement — both bilaterally and in ASEAN-based forums — from other major outside powers in regional affairs. While not calling it such, Southeast Asian countries effectively seek a balance of power in which no single outside actor can wield uncontested influence, in which ASEAN benefits from competition among numerous actors — a “dynamic equilibrium” in Indonesian parlance.¹

The United States is at the forefront of seizing opportunities arising from ASEAN's invitation for closer ties, deepening security partnerships with each individual country, and engaging in ASEAN-centric defense forums. US interest in deeper engagement in Southeast Asia is driven by concerns over the potential for unchecked Chinese influence and its associated risks regarding control of sea lanes. Engagement with ASEAN also benefits the United States for reasons unrelated to China, including the ability to project power into the Indian Ocean region. The US implemented many initiatives to enhance security ties in Southeast Asia, including the establishment of defense policy dialogues with almost every Southeast Asian country, increased rotations of US military forces for exercises with partners, and becoming an active participant in the ASEAN Defense Ministers Meeting Plus (ADMM-Plus).²

Although other extra-regional powers were invited by ASEAN to play a greater role in the region's affairs, no one has been involved enough to be more than a minor player. However, Prime Minister Abe Shinzo's interest in expanding Japan's profile in Southeast Asia — aptly demonstrated by visiting all 10 ASEAN countries within his first year in office and hosting a Japan-ASEAN summit — has the potential to radically change the strategic landscape of the region.

¹ Speech by Indonesian Foreign Minister Natalegawa at the Center for Strategic and International Studies, Washington, D.C., May 16, 2013.

² Speech by US Secretary of Defense Chuck Hagel at the Shangri-La Dialogue, Singapore, June 1, 2013.

Japan-US cooperation

Given their shared interests in Southeast Asia, and the region's newfound prominence in policy planning in Washington and Tokyo, it is only logical to pursue increased Japan-US alliance cooperation in regional initiatives. In particular, enhanced security cooperation has the greatest potential to forge new ground for the alliance and to alter the regional landscape to benefit the United States, Japan, and the Asia-Pacific.

Coordinated security cooperation in the region also offers an encouraging environment for advancing a key alliance objective — encouraging the Japanese Self-Defense Force to become more comfortable while operating with more partners.³ Although the long-term stakes are high, there are no short-term pressures (no imminent North Korea-like threat), meaning that Southeast Asia offers a relatively low-pressure arena for Japanese defense diplomacy to expand. Furthermore, it is a welcoming area for increased alliance cooperation because a more cooperative Japan is well-received by Southeast Asian regional states, whose memories of Japan's wartime past are far less negative than those of Northeast Asia.

In practice, increased Japan-US security cooperation in Southeast Asia will come in two forms, military-to-military relations and defense capacity-building assistance:

Military-to-military relations

Southeast Asia provides numerous opportunities for Japan's Self-Defense Force (SDF) to build new partnerships — which it has already begun to do — and ample space for the United States to assist in their cultivation.

The United States can help facilitate the SDF's emerging ties through its own deep military-to-military partnerships in the region, principally with the Philippines, Thailand, Malaysia, Singapore, and Indonesia. In practice, this means US officials should stress the strategic importance and tangible benefits of a stronger working relationship with the SDF. The United States can also offer practical advice based on its long history of close cooperation with the SDF.

The United States should also seek to institutionalize trilateral and minilateral exercises that include the SDF and Southeast Asian militaries. In particular, the promise of increased future US military rotations in the Philippines will offer natural opportunities for trilateral Japan-US-Philippines exercises.⁴

Japan also has the ability to advance shared interests in Myanmar, where US military engagement will likely be limited for years. While many US officials would like to more actively engage Myanmar's military to help ensure they see benefits from continued reforms, Congressional concerns will likely make military engagement a slow

³ US-Japan Security Consultative Committee Joint Statement, October 3, 2013.

⁴ US-Philippines Enhanced Defense Cooperation Agreement signed April 28, 2014.

process.⁵ As a result, the United States will be encouraging friends such as Japan and Australia to fill this void.

Defense capacity-building assistance

The establishment of a Japanese Ministry of Defense office for capacity-building assistance in 2010 was a major development in institutionalizing security assistance as a tool for regional engagement.⁶ Given the United States' long history of working with the countries of Southeast Asia to build defense capacity, Japan has closely consulted with Washington on lessons learned and priorities for the future. As Japan expands its defense capacity-building programs, it is critical to continue to closely coordinate its activities with the United States.

As a security assistance provider, Japan has the potential to significantly alter security dynamics in Southeast Asia in ways the United States cannot do by itself, most importantly in two countries where Japan has already pledged significant resources — the Philippines and Vietnam.⁷ In the Philippines, the modernization of their Armed Forces has been a US priority for several years and US funding for capacity-building has increased substantially, but there is still a great deal of work to do and Japan's assistance has the potential to substantially accelerate these efforts. Likewise, in Vietnam, Japan has the potential to significantly enhance Vietnam's maritime security capabilities on a scale that the United States cannot achieve on its own.

The way forward

Like anything else, Japan-US alliance cooperation in Southeast Asia faces hurdles, but they are far from insurmountable, and will require continued focus:

- The United States and Japan need to continue to prioritize relationships in Southeast Asia as long-term, strategic initiatives, resisting the temptation to neglect the region when inevitable Northeast Asian 'emergencies' threaten to monopolize the time of policymakers.
- Japan must continue becoming more comfortable with using security cooperation as a tool of statecraft.
- US and Japanese alliance managers must continue making progress in knocking down bureaucratic barriers and working more closely with colleagues who manage defense relationships in Southeast Asia to ensure all opportunities are seized.
- US and Japanese public messaging on cooperation in Southeast Asia must be based on principles such as building capacity and ensuring freedom of navigation in the region, not about 'balancing' China. This will ensure Southeast Asian partners can continue to advocate for increased US and Japanese involvement.

⁵ Testimony of David Shear to be US Assistant Secretary of Defense for Asian and Pacific Security Affairs, February 25, 2014.

⁶ Japan's 2010 National Defense Policy Guidelines.

⁷ Joint Statement by Philippines President Aquino and Japanese Prime Minister Abe, Manila, July 27, 2013.

Conclusion

Japan-US cooperation in Southeast Asia's security sphere has the potential to enhance regional security while deepening Japan-US ties. For decades, this could have been the case, but, until recently, there was little urgency. Now, with the region emerging as a venue of strategic competition and ASEAN clamoring for more involvement from outside powers in regional affairs, the time has arrived for bilateral cooperation in Southeast Asia to be a focal point for the alliance. US and Japanese policymakers have already begun to seize this opportunity and it is critical to maintain this momentum in the future.

Japan's National Security Council

By Ayako Mie

Japanese Prime Minister Abe Shinzo is well on his way toward achieving his political goal to depart from the post-World War II regime, taking the necessary steps to revise Japan's pacifist Constitution. The conservative prime minister has succeeded in launching the Japanese version of the National Security Council (NSC), and enacting the controversial state secrecy law, two mechanisms Abe considers necessary for enhancing the Japan-US alliance. This paper will examine advantages and challenges they face to bolster the Japan-US alliance.

Discussion of creating the NSC

The Japanese government has suffered from a lack of strong surveillance systems since the US-led occupational forces dismantled the Japanese espionage community after World War II.⁸ The active discussion to establish the Japanese version of the NSC started post-Cold War, as it became much harder to make long-term future projections given declining US economic and military power.⁹

Even though Japan was protected by the 'nuclear umbrella' provided by the US during the Cold War, the intensifying security situation amid North Korea's growing nuclear ambitions and China's increasingly assertive military power invigorated discussions that Japan should be more responsible for defending its own territories. It is also necessary for Japan to instigate more effective information gathering and analysis systems by integrating information across ministries and agencies as Japanese national interests have expanded beyond its borders and have become more complicated with many more players in the region.

The emergence of the 2013 Algerian hostage crisis and intelligence gathering

The 2013 Algerian hostage crisis, which resulted in the deaths of 10 Japanese nationals, revealed the flaws in Japan's information gathering and sharing system. Japan's intelligence gathering entities — the Ministry of Foreign Affairs, the Ministry of Defense, the Cabinet Intelligence and Research Office under the Cabinet Secretariat, and the police — are siloed and rarely share either intelligence or analyses with one another, posing huge problems to government leaders trying to make critical judgments.¹⁰

Chief Cabinet Secretary Suga Yoshihide said he felt the necessity to have a professional organization like the US NSC.¹¹ He also said that his administration looked

⁸ Reiji Yoshida, "Abe to take on intel-gathering taboos," *The Japan Times*, May 11, 2013
<http://www.japantimes.co.jp/news/2013/05/11/national/politics-diplomacy/abe-to-take-on-intel-gathering-taboos/#.U2Ln59w6HwI>

⁹ Tshoshi Harukata, *Nihon ban NSC to ha nanika* [what is the Japanese NSC?], Bungei Shunju (Tokyo, 2014), 23-24.

¹⁰ Yoshida, "Abe to take on intel-gathering taboos."

¹¹ Yoshida "Abe to take on intel-gathering taboos."

foolish and underprepared by the rivalry among intelligence entities during the crisis. Suga and other high-ranking government officials were frantically seeking information on the numbers and fate of the Japanese hostages.¹² However, the foreign, defense, and trade ministries all provided information and analysis independently of one another, hampering the administration's ability to make sound analyses in a timely manner.¹³

The role of the Japanese National Security Council

The NSC began operating in December 2013. Its secretariat is led by Secretary-General Yachi Shotaro, former vice foreign minister, and was launched January 2014 under the Cabinet Secretariat.¹⁴ The government hopes to consolidate its information flow into the new body by mandating that all ministries and agencies report to it. With this mandate, the Secretariat should be able to produce precise analyses by collecting all necessary information so the prime minister can make sound national security decisions.

Japan has had 'nine-minister meetings' to discuss national security matters, but it was difficult to convene the meetings on a regular basis. The NSC will make this system more functional by holding newly established 'four-minister meetings' with the prime minister, the chief Cabinet secretary, and the foreign and defense ministers every two weeks to set defense and diplomatic policies. Under emergency situations, the Council will hold the newly established 'emergency meetings' with related ministries and agencies to advise the prime minister.¹⁵

The proposal of emergency meetings should help the government adjust its defense and diplomatic postures when time is of the essence, especially amid the escalating tension over the Senkaku Islands.¹⁶ Critical defense policies like Japan's Defense Program Guidelines will be deliberated in the 'nine-minister meeting,' which will include the four ministers and the minister of Finance, the minister of Internal Affairs and Communications, the minister of Land, Infrastructure, Transport and Tourism, the minister of Economy, Trade, and Industry, and the chairman of the National Public Safety Commission.

The national security position — currently held by Isozaki Yosuke, an Upper House lawmaker from the ruling Liberal Democratic Party — should have been the person in charge during emergency situations such as the 2012 Senkaku Islands incident, where Hong Kong activists landed on the Japanese-controlled Senkakus, and were arrested under the government of Noda Yoshihiko of the Democratic Party of Japan.¹⁷ If

¹² *Ibid.*

¹³ *Mainichi Shimbun*, "Close-up 2013: Nihon ban NSC Ho Seiritu Jikkousei, Shireito ni Juseki" [The law for the Japanese version of the National Security Council enacted], Nov, 28, 2013

¹⁴ *Sankei Shimbun*, "Nihon ban NSC Ho Seiritu" [The NSC law enacted], Nov. 27, 2013, <http://sankei.jp.msn.com/politics/news/131127/plc13112718290013-n1.htm>

¹⁵ Cabinet Secretariat, "Kokka Anzen Hosho Kaigi ni Tsuite" [About the NSC], http://www.kantei.go.jp/jp/singi/ka_yusiki/dai6/siryoul.pdf

¹⁶ *Sankei Shinbun*, "NSC 4 Daijin Hatsu Kaigo, Bokuken, Anpo Senryaku ni Meiki, Higashi Shina Kai 10 Nen de Yui" [The first four-minister meeting held to clarify China's ADIZ to be included in the NSS], Dec. 5, 2013.

¹⁷ Harukata, 133-136.

the NSC was around then, a ‘principle meeting’ with the vice ministers and director generals would have been convened to discuss strategic measures before advising the prime minister.¹⁸ The NSC could expedite the process by directly instructing the Ministry of Defense, the Metropolitan Police Department, and the Ministry of Foreign Affairs to compile concrete measures to deal with every situation. The prime minister would have then held a ‘nine-minister meeting’ to discuss actions to take based on the NSC’s advice.

The state secrecy law

The Abe administration enacted the state secrecy law last December to strengthen penalties against anyone who leaked classified information or sought state-designated secrets in extremely inappropriate ways. Abe said that the law is necessary for the NSC to function properly.¹⁹

According to the law, all information regarding defense, diplomacy, counterterrorism, and counterespionage will be considered state secrets. However, 90 percent of some 400,000 pieces of government-held information, which are likely to be classified, are satellite images.²⁰ The law stipulates that anyone who handles designated state secrets will be jailed for up to 10 years for leaking the information. Also, anyone who seeks the information in an “extremely inappropriate way” will be charged up to five years in jail.²¹ The standard for inappropriate deeds will be judged in court, presumably based on the 1978 Supreme Court verdict on former *Mainichi Shimbun* reporter Nishiyama Takichi, who revealed classified information regarding the Okinawa reversion to Japan in 1972.²² The classified information will also be reviewed for appropriateness of classification every five years and requires Cabinet approval if the information is to be classified for more than 30 years. Any classified information will be declassified after 60 years with a few exceptions, such as information regarding informants and arms.

Officials have often remarked that Japan is a paradise for spies because it did not have stringent penalties against information leaks.²³ Such a statement is somewhat misleading as Japan has been strengthening measures to protect information, especially related to defense issues. But the new law is aimed more at protecting diplomatic-related information than defense issues. The Mutual Defense Assistance Law, aimed at

¹⁸ *Ibid.*

¹⁹ *NHK News*, “Nihon ban NSC Hoan Sangiin Shingi Iri” [The Upper House started deliberation of NSC bill], Nov. 8, 2013.

²⁰ *Sankei Shimbun*, “Tokutei Himitsu no 9 Wari wa Eisei Gazou Shusho ga Mitoshi” [Abe said 90 percent of designated state secret would be satellite images], Nov. 26, 2013, <http://sankei.jp.msn.com/politics/news/131126/plc13112622470027-n1.htm>

²¹ *Sankei Shimbun*, “Nishiyama Jiken ni Ruisuru Shuzai ha Shobatu Taisho” [The penalty to be applied for similar cases as Nishiyama case], Oct. 22, 2013, <http://sankei.jp.msn.com/politics/news/131022/plc13102211290009-n1.htm>

²² Nishiyama uncovered documents in 1971 that revealed Japan had secretly made a pact with the US to absorb \$4 million of the cost of Okinawa reversion. He obtained the documents through an affair with a married foreign ministry secretary. Nishiyama was convicted for revealing state secrets by abetting her efforts. <http://www.japanfocus.org/-David-Jacobson/1983>

²³ *Nikkei Business Online*, “Nihon ha Spy Tengoku” [Japan is a paradise for spies], Nov. 6, 2013, <http://business.nikkeibp.co.jp/article/opinion/20131106/255550/?P=2>

protecting classified information related to the Japan-US alliance, can punish leakers with prison time up to 10 years. The revised Self-Defense Forces Law, which took effect in 2002, allows the defense minister to designate some national security related information as classified, with violators facing up to five years in prison. The special criminal law also puts anyone in jail, for up to 10 years, if one leaks the information through inappropriate methods.²⁴ Additionally, in April 2009, Japan introduced the “special secrets and information clearing system,” a set of government-stipulated guidelines pertaining to national security and diplomacy, allowing the government to withhold information at its disposal.

The NSC and the Japan-US alliance

The NSC could benefit the Japan-US alliance by enhancing coordination mechanisms between the Ministry of Foreign Affairs and the Ministry of Defense if it functions properly. Better coordination between the two ministries would greatly enhance bilateral cooperation, when the security situation in Asia cannot afford misinformation or misperceptions. Japan and the US already signed the General Security of Military Information (GSOMIA) agreement in 2007, but the state secrecy law would build further trust in Japan’s information security for the US, as well as other friends of Japan, when exchanging sensitive information.

There are still challenges to overcome. The NSC Secretariat is still a small-scale organization with only 60 people working for it; it must increase personnel to nurture better analytical functions. Cyber security, a nontraditional security area where both Japan and the US need better coordination, is especially crucial. Like many other countries, Japan lacks cyber security analysts both in the private and public sectors. The cultivation of such experts is a prioritized task for Japan since they face at least one illegal access to government websites and computer systems every 30 seconds.²⁵ The NSC should also utilize more staff from the Ministry of Economy, Trade, and Industry to tackle energy security issues, which have risen in importance to the alliance. The current NSC consists of personnel mostly from the foreign and defense ministries, and the Self-Defense Forces.

Despite criticism that the security clearance component of the state secrecy law could infringe upon human rights and privacy laws, it might help the organization utilize more experts from the private sector. But as the Edward Snowden case proved, even the most stringent security clearance systems cannot prevent classified information from being leaked. The government should focus instead on more concrete information security measures rather than mere penalties. Such security measures should also be coordinated with the US, especially since the Guidelines for Japan-US Defense Cooperation, slated to be compiled in the end of this year, will cover cyber security.

²⁴ Prime Minister’s Office, “Waga Kuni no Himitsu Hozen ni Kansuru Genko Hosei” [Japan’s related laws to prevent information leakage]

http://www.kantei.go.jp/jp/singi/jouhouhozen/housei_kaigi/dai1/siryou6.pdf

²⁵ The Ministry of Defense “Boeiho no cyber security heno Torikumi” [Measure against cyber security at the Defense Ministry], April, 2014,

<http://www.nisc.go.jp/conference/seisaku/ituse/dai2/pdf/siryou0200.pdf>, p. 3.

The government will also have to clarify the roles of its national security executives to prevent confusion and increase efficiency. It is necessary to distinguish the differences of the roles of the deputy chief Cabinet secretary for management crisis and the secretary-general of the NSC Secretariat. Even though the government said that the Algerian crisis renewed its push for the creation of the NSC, it is unlikely that the NSC will be directly involved in emergency-response operations. Leadership falls under the deputy chief Cabinet secretary for management crisis, not secretary-general of the NSC Secretariat, for cases like the Algerian crisis or natural disasters. Yet their roles would overlap in contingencies in the Korean Peninsula. For example, the NSC will be in charge of Japan's comprehensive strategy, but the deputy chief Cabinet secretary will be responsible for rescue operations of Japanese nationals in South Korea. Better coordination between the two is required for potential military intervention in the area surrounding Japan and the clarification of these functions would help smooth cooperation with their US counterparts. As the NSC is a new entity, constant reviewing its systems will be required for Japan to better respond to crises and improve upon its national security strategies.

Refurbishing the alliance and a new type of trilateral framework

By Daichi Uchimura

The paramount nature of politics is power. The concept of power is the ability to affect international or regional order, and others, by carrots and sticks. The primary aim of an alliance is to secure national interests of member states through combining their power, especially in regards to security.

The Japan-US alliance is the key to maintaining regional stability in the Asia-Pacific. This relationship is necessary for a prosperous century for the Asia-Pacific, which faces many challenges. East Asia has a variety of unresolved problems. For a decade, the alliance has sought a role in this rapidly changing area, seeking feasible measures to manage regional dynamism, and to benefit from it.

President Obama's tour of Asia in April 2014 comes at a pivotal moment for the United States' 'rebalancing' strategy, which seeks to reassure its allies and others of a higher degree of US commitment to the region. The Obama administration accurately addressed the importance of the Asia-Pacific, but so far it appears to just be rhetoric.

Externally, the main concern and unknown variable is China. China rejects the claim that it will rise to become a superpower through radical and aggressive ways. By launching the concept of "A New Type of Great Power Relationship" with the US, China states that it could avoid the historical pattern of zero-sum outcomes between a status-quo great power and a rising power. But reality appears to be just the opposite. China insists to have adopted more assertive foreign policies in recent years. Beijing intermittently raises tensions with its neighbors, including Japan, over archipelagic territory in the South and East China Seas. Tokyo and Washington predict emerging challenges in the region after having witnessed China's developing naval capability and strategy, known today as anti-access and area-denial (A2/AD).

North Korea's ambition to develop nuclear arms and ballistic missiles is also a threat to regional peace. Kim Jong-un often makes rash decisions, making him dangerous in his unpredictability. The US, Japan, and South Korea, must tackle this increasingly difficult issue without escalating tensions in the region.

While external challenges are nothing new to the alliance, the US also has to confront emerging domestic challenges. After fighting two long wars in Iraq and Afghanistan, the US public appears to be more anti-war than ever and tends toward isolationist foreign-policy decisions. Additionally, financial constraints and defense sequestration programs overshadow the sustainability of the US military presence and dominance in the face of China's robust growth.

Meanwhile, Japan also needs to overcome its domestic political barriers to better cope with a more uncertain security environment in East Asia, especially in the age of US austerity. Under Prime Minister Abe's political leadership, Japan has already embarked

on becoming a more responsible and proactive security player. His government established the Japanese version of a National Security Council, headed by former Vice Foreign Minister Yachi, and passed a controversial state secrecy bill last December. His Cabinet issued the first National Security Strategy in conjunction with a revised Defense Policy Guideline Program. Moreover, Japan decided to increase defense spending for the first time in a decade. Lifting the self-imposed ban on arms exports will encourage Japan to participate in a series of joint weapons development programs with partners, which could decrease the cost of research, development, and acquisition of defense systems in the future.

To preserve regional stability, the US and Japan must refurbish their alliance. During his visit in Japan, Obama — for the first time as the US president — stated that the disputed Senkaku Islands are covered under the Japan-US Treaty of Mutual Cooperation and Security. This guarantee was what the government in Tokyo desperately wanted to hear. Now the ball is in Japan's court. Japan ought to embark on initiatives to boost the alliance and ensure that both nations are considered equal in their partnership. There is no room for Japan to adhere to its long-standing strategic inertia in the name of a pacifist constitution. The Japanese public is still reluctant or indifferent to security-related affairs. Prime Minister Abe must persuade them to not only allow Japan to exercise the right of collective self-defense, but also to adapt to indispensable defense postures to enhance the alliance.

Both the US and Japan could work together to expand frameworks of cooperation with other strategic partners in Asia-Pacific. While Tokyo and Washington must reinforce their broad-based cooperation, it is also necessary for the allies to clarify common political objectives.

There will also be the opportunity for the Japan-US alliance to cultivate enhanced strategic partnerships with South Korea, Australia, India, the Philippines, and Vietnam. It should be pointed out that the goal of extended cooperation with these partners is not simply to counter threats from China. Beijing could interpret enhanced alliances as a means to contain or encircle them, but such alliances reach beyond China.

The US, Japan, and other partners could expand their effort into various non-traditional security fields, including: WMD nonproliferation, human assistance and disaster relief, counterpiracy operations, counterterrorism, cyber security, cracking down on illegal arms, human, and drug trafficking, among others. The US and Japan could play a leading role in solving emerging transnational problems by supporting capacity-building, or technological and institutional cooperation with Southeast Asian countries.

The combined and integrated partnership should go beyond security. US, Japan, Australia, and Vietnam already participate in one of the most remarkable political-economic projects in the Pacific Rim: the Trans-Pacific Partnership (TPP). The US and its allies could promote this mega-trade liberalization for the sake of more integrated regional economy and prosperity. This might result in further interdependence among Asian countries to prevent them from conflicts over short-term national interests.

More importantly, the US and Japan must open a trilateral strategic economic dialogue with China. The alliance needs to use a carrots-and-sticks strategy toward China. Strengthening conventional alliances and enlarging strategic partnerships throughout the region should be the top priority; continuous engagement with China is second. Currently, there is only bilateral alliance between the US and China amid deteriorating Japan-China relations over the uninhabited islands in the East China Sea and previous historical issues. In the trilateral framework, the US can play a constructive role to guide Tokyo and Beijing in a better direction. Both Tokyo and Beijing might be unsatisfied with the US approach toward each other. China always regards the Japan-US alliance as a threat to its security and national interests whereas Japan is afraid of being abandoned by the US. To reduce anxiety and uncertainty, the three Asian great powers need to meet to discuss a trilateral relationship.

The Japan-US-China trilateral dialogue, if achieved, will have significant positive effects in the Asia-Pacific. The establishment of such a dialogue will not be easy or simple but, for the security of the region, it is needed to provide stability. Rationally speaking, China must seek a stable relationship with the US and this is encouraged by voices from China that back a “New Type of Major Country Relationship.” On one hand, China is aggressive toward Japan, but on the other hand it understands that a healthy relationship with Japan is beneficial for China, considering its internal difficulties. For technological advancements and investments, and environmental issues in particular, China sees the merit of improving ties with Japan. To balance its own economic reform and growth, direct foreign investment from Japanese industries and an accelerating trade partnership with Japan are vital.

The Japan-US alliance has the crucial task of managing a rising China over the next decade. The US and Japan cannot contain China or overwhelm it militarily. Even if it could be contained, this would be costly and less beneficial than a peaceful relationship. Rather, it is strategically logical to encourage China to become a responsible stakeholder and key partner for prosperity and peace in the region. The US and Japan can use the TPP, once finalized, as a diplomatic tool to lure in China, which has already shown interest in the project.

There is a deep mistrust among powers over the future of the Asia-Pacific, but trilateral dialogue can provide opportunities to discuss conflicts of interests and find peaceful solutions. In the short-term, although the dialogue may not yield a concrete solution, the fact that President Obama, President Xi, and Prime Minister Abe will all meet will be a step in the right direction.

Japan-US maritime cooperation in the Indo-Pacific: an enhanced framework

By Andrew Taffer

When analysts, scholars, and policymakers refer to the 21st century as the ‘Pacific century,’ what they intend to convey is a departure from the past. However, one point of great continuity will be that the 21st century, like those before it in the modern era, will also be a maritime century. Although there may be some degree of concern attached to the notion of a ‘Pacific century,’ as critical Pacific states, the United States and Japan stand to benefit — individually and collectively — from the region’s increasing significance. The Japan-US security partnership has served as the cornerstone of the regional security architecture that has furnished the foundation for Asia’s current dynamism. To thrive, prosper, and maintain stability in the Asia-Pacific, the United States and Japan must be ever mindful of the vital importance of the maritime domain in general, and should work to forge a more meaningful maritime partnership in particular.

As the leading great power democracies in the Asia-Pacific, a Japan-US maritime partnership should be ambitiously conceived. The partnership should aim to maintain stability and security not just in the Asia-Pacific, but in the broader Indo-Pacific. Analysts and politicians have noted that the region is inextricably linked in economic, military, and strategic terms. As Rory Medcalf writes, “though the roots of the Indo-Pacific are economic, the consequences are deeply strategic.”²⁶ For this reason he argues that the United States’ policy of ‘rebalancing’ to Asia is in fact a rebalancing to the Indo-Pacific.

A maritime concert

The maritime conflicts scattered across Asia, in the East and South China Seas and the Yellow Sea, should not be treated as isolated conflicts. Instead they should be treated as potentially ominous signs of what lies ahead as Asian states grow economically and modernize militarily. As a great power, a major maritime trading nation, and a state central to the institutionalized international order, Japan has a strong interest in opposing territorial revisionism — particularly when pursued through the use of force — both in Southeast Asia and throughout the Indo-Pacific.²⁷

The US and Japan should explore ways to undertake robust maritime cooperation within the bounds of Japan’s constitutional limitations, not just in maritime East Asia where interests are most significant, but also further afield in the western Pacific and Indian Oceans. The Japan-US security partnership should not conceive of itself as

²⁶ Rory Medcalf, “The Indo-Pacific: What’s in a Name?” *The American Interest*, Oct. 10, 2013. Accessed April 29, 2014, available from <http://www.the-american-interest.com/articles/2013/10/10/the-indo-pacific-whats-in-a-name/>.

²⁷ Prudent collective efforts in the South China Sea also, of course, have the potential to positively impact the state and trajectory of disputes in the East China Sea.

peripheral either in Southeast Asia or after exiting the Straits of Malacca to the west. In the 21st century, the relationship should not shrink from a broader role in the region; to the contrary, successfully managing future security challenges will require alliances to more fully and firmly embrace it. Doing so would serve as a powerful deterrent to states across Northeast and Southeast Asia that might be tempted to pursue revisionist or irredentist objectives.

Encouragingly, Japan's Prime Minister Abe has argued that the disputes in the East and South China Seas should not be disaggregated; he has warned that the South Sea risks becoming "Lake Beijing,"²⁸ and offered aid to the Philippine Coast Guard to counteract such movement.²⁹ More is needed, however, and robust joint Japan-US efforts, perhaps orchestrated through a "bilateral coordination mechanism," are critical.³⁰ Among the great comparative advantages the US and Japan have in facing security challenges are each other, and wisely leveraging the alliance in peacetime is vital to avoid being compelled to leverage it in a crisis or worse.

The establishment of a 'bilateral coordination mechanism' is provided for under the Guidelines for Japan-US Defense Cooperation, which further allows for "cooperation in situations in areas surrounding Japan that will have an important influence on Japan's peace and security."³¹ The notion of "situations in areas surrounding Japan," it should be noted, "is not geographic but situational."³² Establishing a bilateral coordination mechanism that serves as a basis for an Indo-Pacific maritime security initiative would be an excellent way to deter aggression in the global commons and reassure allies throughout East Asia. It would also be a sensible and effective way to cultivate an increasingly meaningful security role for Japan in and beyond the Asia-Pacific.

A multilateral effort

The Indo-Pacific is linked both strategically and politically by some of the world's most vibrant liberal democracies. As such, the Japan-US partnership should not be exclusively bilateral. Although such a proposition will depend heavily on Tokyo's future with 'collective defense,' such a maritime cooperative should aim to include India, the largest democracy in the world and one with significant and growing interest in the maritime domain. Partnering with India would not only provide a critical, well-positioned, third democratic state to add value to the partnership, but would also encourage India to continue to play an increasingly proactive role in Pacific affairs. While Delhi has been reluctant to be perceived as balancing China, the US and Japan

²⁸ Shinzo Abe, "Asia's Democratic Security Diamond," Project Syndicate, Dec. 27, 2012. Accessed July 30, 2013); available from <http://www.project-syndicate.org/print/a-strategic-alliance-for-japan-and-india-by-shinzo-abe>

²⁹ "Japan, Philippines to Tighten Links as Maritime Disputes Fester," Bloomberg, (accessed July 30, 2013); available from <http://www.bloomberg.com/news/2013-07-27/japan-philippines-to-tighten-links-as-maritime-disputes-fester.html>

³⁰ The Guidelines for Japan-US Defense Cooperation (accessed July 30, 2013); available from <http://www.mofa.go.jp/region/n-america/us/security/guideline2.html>

³¹ *Ibid.*

³² *Ibid.*

should issue a transparent and open invitation for multilateral cooperation in the maritime commons.

While such a maritime partnership should focus on tier-one security threats like deterring threats and use of military force, it could also focus on cultivating maritime best-practices and good conduct at sea. A robust constabulary presence in the Indo-Pacific will demonstrate multinational commitment to a vibrant and rules-based nautical domain. The earlier such a presence can be established, the more the partnership will be able to leverage the advantages, and reap the benefits, of being proactive, not reactive.

Conceived in this way, an Indo-Pacific maritime security partnership dovetails nicely with the declared US rebalancing effort, as well as Prime Minister Abe's notion of a 'Democratic Security Diamond.'³³ While it is tempting to render a Japan-US, and potentially Indian, maritime partnership to be an exclusively democratic affair, it should not be. Participation should not be determined on the basis of regime type, but rather according to potential participants' willingness to promote stability through adherence to customary and treaty-based international law. This, it should be noted, sets a relatively low bar that should qualify most states in the region as potential partners.

The possible benefits for the United States, Japan, and the region are significant. A wide cross-section of Indo-Pacific states joining together for the common purpose of prompting maritime best-practices will constitute a powerful deterrent to states that might otherwise seek to destabilize what is now one of the, if not the, most dynamic regions of the world. Such a partnership has the potential to safeguard and promote rules- and norms-based governance in a compelling and nonexclusionary way throughout the global commons.

Conclusion

An Indo-Pacific maritime partnership would have the salutary consequence of raising the public profile of Asian maritime disputes and compound the deterrent effects of the partnership itself. The right to navigational freedom has been a cornerstone of US foreign policy since the republic's inception and its significance is made explicit in the Guidelines for Japan-US Defense Cooperation. As such, the alliance has a critical interest in both the East Asian maritime domain and in promoting and defending rule-based governance of the commons across the Pacific and Indian Oceans. While the alliance has been an enduring source of peace and stability in East Asia, at a time of uncertainty there are profound political and strategic reasons to reinvest in and expand the scope of the partnership.

³³ Abe, "Asia's Democratic Security Diamond"

Arms export control policies in Japan: revising the ‘Three Principles’ and the role of the Japan-US security alliance

By Stephanie Nayoung Kang

In light of significant changes in the regional security environment and the rise of new threats, both domestic and abroad, Japan is finding ways to reevaluate its self-restraining security policies, guided by a longstanding commitment to pacifism, as it accepts a larger role in maintaining international peace and security. One such challenge is Japan’s arms export control policies. The changing nature of international and regional threats, coupled with economic stagnation in Japan, pushed Tokyo to recognize the need to revise its arms export control policies to address such concerns, while simultaneously upholding its commitment to promoting international peace. This paper seeks to analyze significant shifts in Japan’s arms export policies in response to rising domestic and international challenges; assess the possible revision of Japanese arms export control policies and defense equipment transfers under Prime Minister Abe Shinzo’s policy of “proactive pacifism;” and evaluate the feasibility of a Japan-US joint cooperation initiative in the research and development of defense equipment for enhancing the bilateral alliance relationship and maintaining stability in the Asia-Pacific.

The Three Principles on arms exports and major developments

Japanese arms export control policies are encapsulated in the *buki yushutsu sangen sokuto* (武器輸出三原則), commonly referred to as the ‘Three Principles.’ The Three Principles on Arms Exports prohibit the export of arms to: 1) communist nations, 2) nations subject to arms export embargos under United Nations Security Council resolutions, and 3) states involved in or likely to be involved in international conflicts.³⁴ The self-imposed ban on arms exports is not a product of the original ‘peace’ constitution — in fact, Japanese arms exports were permitted after World War II (WWII)³⁵ — but rather a commitment to pacifism led by Japan to reevaluate its arms export policy.

In 1967, the government of Japan (GOJ) under Prime Minister (PM) Sato Eisaku established the Three Principles in response to political pressure from members of the Japan Socialist Party who “became concerned that Japan’s expanding arms exports could prejudice the nation’s reputation as a ‘peace loving country.’”³⁶ Another author cites internal objections to Japanese support for US forces in Vietnam as a point of pressure.³⁷ Although the Three Principles serve as the basis for Japan’s blanket ban on arms exports

³⁴ Ministry of Foreign Affairs of Japan, “Japan’s Policies on the Control of Arms Exports” (Provisional translation), accessed Feb. 7, 2014, <http://www.mofa.go.jp/policy/un/disarmament/policy/>

³⁵ Takahashi Sugio, “Transformation of Japan’s Defence Industry? Assessing the Impact of the Revolution in Military Affairs,” *Security Challenges*, vol. 4 no. 4 (Summer 2008), p. 103. Japan exported ammunition to Thailand in 1953 and other countries— including the US, Burma, Taiwan, and Indonesia— were customers of the Japanese defense industry. The author states that a lack of exports in advanced weapons systems was due to an inability to develop such weapons, rather than a refusal to sell.

³⁶ *Ibid.*

³⁷ Kubota Yukari, “Japan’s New Strategy as an Arms Exporter: Revising the Three Principles on Arms Exports,” *RIPS Policy Perspectives*, no. 7 (Nov. 2008), p. 1.

and defense equipment transfers, the principles only prohibit sales and transfers of arms to countries that fulfill one of the stated criteria. In February 1976, PM Miki Takeo extended the scope of limitation to include “arms exports to other areas not included in the Three Principles” that would be “restrained in conformity with Japan’s position as a peace-loving nation.”³⁸ The language of the arms export policy states that the GOJ “shall not promote” arms exports “regardless of the destinations,” yet many scholars interpret this as a ban on *all* arms exports — an interpretation that Japanese policies appeared to uphold.³⁹

A series of exceptions

Despite the GOJ’s commitment to maintaining the Three Principles, Japan’s arms export control policies underwent a series of exceptions. In 1983, PM Nakasone Yasuhiro adopted an exception to the Three Principles to allow the transfer of Japanese military technology and equipment to the United States. In 2004, PM Koizumi Junichiro created yet another exception that allowed joint development and production of defense equipment with the US, namely for projects on ballistic missile defense (BMD). As a result, Koizumi determined that the export of future defense-related technologies to the US would be determined solely on a ‘case-by-case’ basis.⁴⁰

Most recently, in December 2011, the chief cabinet secretary of the Noda Yoshihiko Cabinet announced the “Guidelines for Overseas Transfer of Defense Equipment,” presenting a significant shift in Japan’s arms exports policies. The guidelines introduced “exemption measures,” in accordance with concerns outlined in the 2010 National Defense Program Guidelines (NDPG), for overseas transfers of defense equipment in cases that “related to peace contribution and international security” and allowed international joint development and production of defense equipment that, “contribute to the security of Japan.”⁴¹ Although strict procedures and controls remain in place over Japanese arms exports, significant changes in Japan’s arms export policies signal the GOJ’s growing awareness of Japan’s increasing role in international security and the need to boost Japan’s defense industry to become a competitive market and a reliable partner for the US (see Figure 1). Yet Kubota Yukari argues that the fundamental problem of Japan’s arms export policy is its “*ad hoc* nature,” which is characterized by “having to make exceptions” to the Three Principles on a case-by-case basis with no “clear-cut policy for arms exports that can meet today’s standards.”⁴²

Figure 1: Timeline of Changes in Japan’s Arms Export Control Policies

³⁸ Ministry of Foreign Affairs of Japan, “Japan’s Policies on the Control of Arms Exports.”

³⁹ *Ibid.* For scholars’ interpretations, refer to Takahashi, “Transformation of Japan’s Defence Industry?” pp. 103-104; Kubota, “Japan’s New Strategy as an Arms Exporter,” p. 1; and Michael Green, “Japan is Back: Unbundling Abe’s Grand Strategy,” *Lowy Institute Analysis*, Dec. 2013, p. 7.

⁴⁰ Kubota, “Japan’s New Strategy as an Arms Exporter,” p. 2.

⁴¹ Government of Japan, “Statement by the Chief Cabinet Secretary On Guidelines for Overseas Transfer of Defense Equipment etc.,” Dec. 27, 2011, (Provisional translation), accessed Feb. 7, 2014, http://www.kantei.go.jp/foreign/others/201112/_icsFiles/afieldfile/2012/01/31/20111227DANWA_e.pdf

⁴² Kubota, “Japan’s New Strategy as an Arms Exporter,” pp. 2-3.

Year	Major Development
1967	PM Sato Eisaku adopts the “Three Principles on Arms Exports” which bans arms exports to countries of the following three categories: 1) communist countries, 2) countries under United Nations Security Council arms export embargos, and 3) countries involved in or likely to be involved in international conflicts
1976	PM Miki Takeo establishes a ‘blanket ban’ on arms exports and transfers of defense equipment to any country
1983	PM Nakasone Yasuhiro creates an exception to the Three Principles to allow the transfer of defense technology to the United States (does not include joint development/production)
2004	PM Koizumi Junichiro creates another exception to permit joint development and production of ballistic missile defense with the United States; export or transfer of future defense technology is considered on a case-by-case basis
2010	PM Kan Naoto starts discussions to review the Three Principles in relation to international joint development and production
2011	Chief Cabinet secretary under PM Noda Yoshihiko announces new guidelines for overseas transfer of defense equipment; exemption measures are made for cases relating to peacekeeping and international cooperation and Japanese national security
2013	PM Abe Shinzo introduces Japan’s first National Security Strategy, National Security Council, and revised National Defense Program Guidelines; expresses intent to reevaluate the Three Principles

Source: *The Asahi Shimbun*

Changes in Japan’s arms export policies and their ‘proactive contribution to peace’

Given the gradual changes and *ad hoc* nature of Japan’s arms export policies, the Abe administration’s shifting national security policy (outlined in the National Security Strategy (NSS) and the 2013 NDPG), bolstered by a rigorous economic policy, will significantly impact the review of Japanese arms export policies. In accordance with the policy of “proactive contribution to peace” the NSS states, “Japan is required to contribute more proactively to peace and international cooperation, including through utilizing defense equipment, and to participate in joint development and production of defense equipment and other related items.”⁴³ In recent years, the GOJ has taken measures to increase the joint development, production, and transfer of defense equipment with reliable partners (other than the US) such as the United Kingdom, France, and Turkey.⁴⁴ While still under review, the GOJ expressed the possibility of allowing Japanese exports of defense equipment to neutral parties in international organizations, such as those in UN peacekeeping operations, and is even considering relaxing rules on the transfer of Japanese defense equipment to third parties.⁴⁵

⁴³ Government of Japan, “National Security Strategy,” Dec. 17, 2013, (Provisional translation), accessed Feb. 11, 2014, p. 19,

http://www.kantei.go.jp/foreign/96_abe/documents/2013/_icsFiles/afieldfile/2013/12/17/NSS.pdf

⁴⁴ James Hardy, “Japan and the UK: Ties that Bind?” *The Diplomat*, Aug. 9, 2013, accessed Feb. 14, 2014, <http://thediplomat.com/2013/08/japan-and-the-uk-ties-that-bind/>; Hideki Aota and Takuya Suzuki, “Japan, France agree on development, exports of weapons,” *The Asahi Shimbun*, Jan. 10, 2014, accessed Feb. 14, 2014, https://ajw.asahi.com/article/behind_news/social_affairs/AJ201401100087; “Japan, Turkey considering joint defense equipment development,” *The Asahi Shimbun*, Nov. 12, 2013, accessed Feb. 14, 2014, http://ajw.asahi.com/article/behind_news/AJ201311120051

⁴⁵ Obayashi Yuka, “Japan may lift arms export ban for international groups: Kyodo,” *Reuters*, Feb. 11, 2014, accessed Feb. 14, 2014, <http://www.reuters.com/article/2014/02/11/us-japan-weapons->

While security concerns drive the GOJ to reevaluate its arms export policies, economic considerations are also closely linked with the security implications of restricting Japanese arms exports and joint development and production. The Noda administration “chose economic efficiency and the domestic arms industry over the nation's pacifist Constitution” when it decided to introduce exemption measures to the Three Principles.⁴⁶ The GOJ realized that joint development and production of defense technology could potentially save a lot of money by reducing purchases of expensive foreign products and “domestic companies could also avoid high-cost production runs caused by the small number of units to be manufactured.”⁴⁷ The 2013 NDPG pointedly notes Japanese concerns over the “severe fiscal situation” from declining defense exports as a result of rising equipment costs for increasingly advanced technologies.⁴⁸

Joint defense development and enhancing the Japan-US alliance

Under the framework of the Japan-US security alliance, Japan's defense industry cooperated closely with the US on joint research and development of significant military technologies. According to the 2013 Japanese Defense White Paper, the Japanese Ministry of Defense (MoD) has conducted 18 joint research projects and one joint development project for the Standard Missile-3 Block II A (SM-3) since 1992.⁴⁹ Japan continues to work closely with the US on developing BMD systems as the range of North Korean ballistic missiles expands to include Japanese territory. Currently, the Japan Maritime Self-Defense Force (JMSDF) has four ships equipped with *Aegis* software and SM-3 interceptors, and the MoD plans to secure two more *Aegis*-equipped cruisers by 2018.⁵⁰ Additionally, in response to US requests, the GOJ agreed to consider the export of SM-3 missiles to third-party countries under certain limitations.⁵¹

The GOJ also approved the participation of Japanese defense industries in the Automatic Logistics Global Sustainment (ALGS) system for the *F-35* fighter aircraft. In a statement by the Chief Cabinet Secretary in 2013, the GOJ finds Japanese participation in the production of *F-35* parts to be “essential in maintaining the base for operation and sustainment of fighters of Air Self-Defense Force and contributes to maintaining,

idUSBREA1A05T20140211; Nobuhiro Kubo, “Japan drafts revision of arms export ban – source,”

Reuters, Feb. 23, 2014, accessed Feb. 24, 2014, <http://www.cnbc.com/id/101437441>

⁴⁶ “INSIGHT: Noda administration bids farewell to arms export ban,” *The Asahi Shimbun*, Dec. 28, 2011, accessed Feb. 7, 2014, http://ajw.asahi.com/article/behind_news/politics/AJ201112280040

⁴⁷ *Ibid.*

⁴⁸ Ministry of Defense of Japan, “National Defense Program Guidelines for FY 2014 and Beyond,” Dec. 17, 2013, (Provisional translation), accessed Feb. 11, 2014, p. 27,

http://www.mod.go.jp/j/approach/agenda/guideline/2014/pdf/20131217_e2.pdf

⁴⁹ Ministry of Defense of Japan, *Defense of Japan 2013*, (Provisional translation), accessed Feb. 26, 2014, p. 274, http://www.mod.go.jp/e/publ/w_paper/2013.html. See also p. 337, reference 27 for an overview of Japan-US joint research and development projects.

⁵⁰ Ian E. Rinehart, Steven A. Hildreth, and Susan V. Lawrence, “Ballistic Missile Defense in the Asia-Pacific Region: Cooperation and Opposition,” *Congressional Research Service*, June 24, 2012, p. 9.

⁵¹ Paul Kallender-Umezū, “Japan Considers Export of SM-3 Block IIA Missiles,” *Defense News*, May 27, 2011, accessed Feb. 26, 2014,

<http://www.defensenews.com/article/20110527/DEFSECT01/105270308/Japan-Considers-Export-SM-3-Block-IIA-Missiles>

cultivating, and sophisticating Japan's defense production and technology infrastructure."⁵² While controlling the transfer of Japanese military components for the F-35 to countries outside of ALGS and under the strict management of the US, Japanese participation in the ALGS system is deemed important for the Japan-US alliance and the "stabilization of component supply and the provision of support for the US military."⁵³

The GOJ also expressed its interest in increasing defense equipment transfers to expand its regional role in addressing common security challenges like humanitarian disaster relief and counterterrorism. Tokyo continues to work closely with ASEAN countries as PM Abe attempts to broaden Japanese foreign and security policy objectives and areas of focus.⁵⁴ While joint research and development between Japan and key states on defense technologies are significant for coordinated efforts at maintaining security in the region, economic and political considerations in the revision of Japan's arms export control policies will present both opportunities and challenges.

Economic feasibility: Japan-US defense technology research and development

With increasingly high-performance and sophisticated technologies for defense equipment, there is an associated rise in the cost of maintenance, development, and manufacturing costs for such equipment.⁵⁵ Because of Japanese arms export control laws, the Japanese defense industry, comprised of both large corporations and small and medium-sized enterprises (SMEs), does not derive its main profits from arms exports or defense equipment sales. As a result, the "market for defense equipment is limited to the small amount of demand from the Ministry of Defense" and Japanese defense companies cannot compete on the open foreign market.⁵⁶ Another major constraint on the Japanese defense industry is a lack of consolidation between defense firms, which can be attributed to a low dependency on defense-related revenues (see Figure 2).⁵⁷ Because Japanese defense companies rely on sales to the civilian sector, there is a decreased need for consolidation among firms.⁵⁸

The Abe administration faces significant debt and socio-economic challenges—including costs associated with social security, public works, and maintaining welfare for an aging population—coupled with an increasing defense budget.⁵⁹ Increased joint

⁵² Government of Japan, "Statement by the Chief Cabinet Secretary on the participation of industries of Japan to the production etc. of F-35," March 1, 2013, (Provisional translation), accessed Feb. 24, 2014, http://www.kantei.go.jp/foreign/96_abe/decisions/2013/0301danwa_e.html

⁵³ Ministry of Defense, *Defense of Japan 2013*, p. 280.

⁵⁴ Ankit Panda, "Japan, ASEAN Discuss Defense Exports, Disaster Relief Cooperation," *The Diplomat*, Feb. 19, 2014, accessed Feb. 25, 2014, <http://thediplomat.com/2014/02/japan-asean-discuss-defense-exports-disaster-relief-cooperation/>

⁵⁵ Ministry of Defense, *Defense of Japan 2013*, p. 265.

⁵⁶ *Ibid.*, p. 264.

⁵⁷ Takahashi, "Transformation of Japan's Defence Industry? Assessing the Impact of the Revolution in Military Affairs," pp. 105-106.

⁵⁸ *Ibid.*

⁵⁹ Keiko Ujikane, "Japan Unveils Record 2014 Budget Draft as Debt Burden Mounts," *Bloomberg News*, Dec. 21, 2013, accessed Feb. 27, 2014, <http://www.bloomberg.com/news/2013-12-21/japan-unveils-record-budget-even-as-abe-trims-new-bond-sales.html>; Reiji Yoshida, "Defense spending hike covers pay:

defense research and development between the US and Japan may serve to ease maintenance and production costs of high-technology defense equipment by creating a gateway to gradually ease Japanese arms export controls under strict regulations by the US and Japan. For example, Japanese participation in the ALGS system will help reduce costs for maintaining and improving *F-35* fighters, which the GOJ plans to purchase in 2014 (estimated ¥63.8 billion for four *F-35*s).⁶⁰ Additionally, powerful business groups in the US and Japan, such as the Aerospace and Defense Committee of the American Chamber of Commerce in Japan (ACCCJ) and the Defense Production Committee of the Japan Business Federation (KEIDANREN) have conducted joint dialogues to discuss Japan-US joint development and production of defense technologies and equipment, and have created models for defense industry collaboration.⁶¹

Figure 2: Top Arms-Producing and Military Services Companies in the World and Japan 2012 (excluding China)

World Rank	Company	Country	2012 Arms Sales (in \$USD mil.)	2012 Total Sales (in \$USD mil)	Arms Sales as part of Total Sales
1	Lockheed Martin Corporation	USA	36,000	47,182	76%
2	Boeing	USA	27,610	81,698	34%
3	BAE Systems	UK	26,850	28,263	95%
4	Raytheon Company	USA	22,500	24,414	92%
5	General Dynamics	USA	20,940	31,513	66%
6	Northrop Grumman Corporation	USA	19,400	25,218	77%
29	Mitsubishi Heavy Industries	JPN	3,010	35,316	9%
45	NEC	JPN	2,050	38,497	5%
51	Kawasaki Heavy Industries	JPN	1,860	16,154	11%
54	Mitsubishi Electric	JPN	1,550	44,708	3%
55	DSN	JPN	1,530	2,449	62%
76	IHI Group	JPN	940	17,546	5%

Source: “SIPRI Top 100 arms-producing and military services companies in the world excluding China 2012,” *SIPRI*, 2013, <http://www.sipri.org/research/armaments/production/Top100>

ⁱ Arms sales figures represented as new military contracts rather than revenue (for Japanese companies).

ⁱⁱ Percent is an approximation based on combined data from *Defense News* and *SIPRI*.

While easing Japanese arms export control policies and increasing joint development with trusted partners are significant for saving money on the high costs of maintaining defense equipment and opening space to conclude profitable defense deals,

ministry,” *The Japan Times*, Dec. 24, 2013, accessed Feb. 27, 2014,

<http://www.japantimes.co.jp/news/2013/12/24/national/defense-spending-hike-covers-pay-ministry/>

⁶⁰ Yoshida, “Defense spending hike covers pay: ministry.” See also Ministry of Defense, *Defense of Japan 2013*, p. 279.

⁶¹ Defense Production Committee, KEIDANREN and Aerospace and Defense Committee, American Chamber of Commerce, “Joint Statement on Defense Industry Cooperation between Japan and the United States,” July 17, 2012.

the Japanese defense industry will need to establish an overarching defense-industrial strategy. A national defense-industrial strategy should be “coherent...with overarching multiple ministries...that encompasses critical national technologies and industrial base, roles of government and private sectors, international cooperation and security policies, and the Japan-US security alliance.”⁶² Furthermore, due to the Japanese defense industry’s relative isolation from the international arms market and high dependence on civilian sectors for sales,⁶³ large Japanese defense firms and SMEs will need to restructure their policies and strategies to match the competitiveness of defense firms in the foreign market and be on par with international standards for joint development and research. Thus joint defense industry cooperation between the US and Japan is an important stepping stone for Japan to gradually revise its arms export control policies and steadily increase cooperation with outside partners without a massive reversal of its defense industry.

Political feasibility: domestic and international responses

Although the economic feasibility of increasing Japan-US defense cooperation and revising arms control laws is considered within reach, the political feasibility of easing longstanding restrictions on Japanese arms exports is more complicated. Even within Japan, there are many that are against or extremely cautious of revising Japan’s arms export control policies in fear of threatening Japan’s pacifist image. One such group includes the ruling Liberal Democratic Party’s (LDP) main coalition partner, the New Komeito.⁶⁴ Discussions in the National Diet on easing arms export policies focus on how to control Japanese defense technology and equipment once they have been exported, and which arms should be exportable at all.⁶⁵ In a *Kyodo News* survey, 66.8 percent were opposed to relaxing arms export controls, while 25.7 percent showed support.⁶⁶

In addition to domestic restraint in further relaxing Japanese arms export control policies, Tokyo’s neighbors expressed suspicion toward Japan’s increased joint defense technology cooperation— particularly production and transfer— with other countries. Most recently, Japan and India established a broad agreement for the sale of ShinMaywa Industries’ amphibious aircraft to India that can be used for search and rescue operations, firefighting, and as a potential amphibious hospital.⁶⁷ Increased security cooperation

⁶² Stephen T. Ganyard, Masato Nagase, James A. Auer, “Transforming Japan’s Aerospace and Defense Industry for the 21st Century,” *RIETI Perspectives from Around the World*, Vol. 26, April 2013.

⁶³ Takahashi, “Transformation of Japan’s Defence Industry?” pp. 104-107.

⁶⁴ “Abe looks to ease arms export ban for states in strife,” *The Japan Times*, Feb. 24, 2014, accessed Feb. 27, 2014, <http://www.japantimes.co.jp/news/2014/02/24/national/abe-looks-to-ease-arms-export-ban-for-states-in-strife/>

⁶⁵ “Japan’s ruling party seeks to ease ban on arms exports,” *UPI*, Feb. 24, 2014, accessed Feb. 27, 2014, http://www.upi.com/Business_News/Security-Industry/2014/02/24/Japans-ruling-party-seeks-to-ease-ban-on-arms-exports/UPI-22521393243947/

⁶⁶ *Ibid.* See also “A blow to the weapons exports ban,” *The Japan Times*, March 7, 2013, accessed Feb. 27, 2014, http://www.japantimes.co.jp/opinion/2013/03/07/editorials/a-blow-to-the-weapons-exports-ban/#.UubQ2_V6eUk

⁶⁷ Sanjeev Miglani, “In India, Abe hopes to conclude Japan’s first defence sale in 40 years,” *Reuters*, Jan. 24, 2014, accessed Feb. 14, 2014, <http://in.reuters.com/article/2014/01/24/india-japan-abe-defence-idINDEEA0N06620140124>

between India and Japan can be viewed as threatening in the eyes of the Chinese, who already expressed their mistrust of Japanese intentions to revise its arms export control policies.⁶⁸ South Korea also responded negatively to Japan's "proactive pacifism" and attempts to transfer defense equipment, as witnessed in the December 2013 spat over Japan's provision of ammunition to South Korean peacekeeping forces in South Sudan.⁶⁹

While Japan-US defense cooperation may be accepted, regional countries are wary of Japanese attempts to expand its defense technology cooperation with outside partners and allow the transfer of Japanese defense equipment abroad, which they see as efforts to erode Japan's arms export controls and move away from its pacifist policies. Thus it is important for the Abe administration to maintain transparency in the GOJ's intentions, namely in its security policies, and clarify Japan's desire to play a greater role within the Japan-US security alliance. Tokyo should reiterate to neighboring countries the strict regulations that remain in place over Japanese arms exports, including adherence to principles of the United Nations Charter and restrictions on third-party transfers. PM Abe should also scale back on nationalist rhetoric and controversial acts, such as visits to the Yasukuni Shrine, which some Northeast Asian countries see as tributes to Japan's past militarism and raise suspicions about Japanese efforts to expand its participation in international security.

Japan's arms export policies and expanding the Japan-US alliance for the Asia-Pacific

Revisions to Japanese arms export control policies were carried out over a gradual process, and subsequent changes in Japan's security policies will have significant impacts for the Japan-US security alliance and its role as a stabilizing force in the Asia-Pacific region against rising powers and aggressive actions. In response to regional threats—such as a belligerent North Korean regime and potential kinetic conflicts in the East and South China Seas—and international challenges, the GOJ determined it necessary to "first and foremost strengthen its own capabilities."⁷⁰ The core of Japan's NSS emphasizes the importance of "reinforcing diplomatic power and defense force, as well as bolstering [Japan's] economic strengths and technological capabilities, [which] contributes to peace and stability in the Asia-Pacific region and the international community at large."⁷¹ Thus revisions to Japanese arms export control policies can

⁶⁸ See Yan Shenghe, "Sales of tank engines demonstrate Tokyo eager to drop pacifist stance," *The Global Times*, Dec. 10, 2013, accessed Feb. 14, 2014, <http://www.globaltimes.cn/content/831310.shtml#.Uv6xVfWixNC>; Ben Blanchard, "China says worried by Japan arms exports ban revision," *Reuters*, Feb. 25, 2014, accessed Feb. 26, 2014, <http://www.reuters.com/article/2014/02/25/us-china-japan-idUSBREA1O0NK20140225>

⁶⁹ Japan's arms export policies and role in peacekeeping operations are separate issues, but the transfer of ammunition from the Japan Self-Defense Force to the South Korean peacekeeping unit was seen as a violation of the three principles by critics. See Eo-young Ha and Seok Jin-hwan, "S. Korean troops borrow Japanese ammunitions in South Sudan," *The Hankyoreh*, Dec. 31, 2013, accessed Jan. 27, 2014, http://english.hani.co.kr/arti/english_edition/e_international/617788.html

⁷⁰ Government of Japan, "National Security Strategy," p. 14. For security challenges in the international environment, see pp. 6-10. For a Japanese assessment of security challenges and threats in the Asia-Pacific region, see pp. 11-13.

⁷¹ *Ibid.*, p. 14.

enhance Japan's ability to take on a larger role in securing the Asia-Pacific from common regional challenges that require concerted efforts.

One partnership that could benefit from revisions to Japanese arms export policies is Japan-US-ASEAN cooperation. The GOJ should emphasize the need to revise and clarify policies on joint research, development, and the potential transfer of Japanese defense equipment for aiding in humanitarian assistance and disaster relief (HA/DR) and counterterrorism. For example, in a recent conference in Okinawa between Japan and ASEAN countries, Japan introduced key defense technologies that could be used in HA/DR and counterterrorism, such as a surveillance robot that can capture images inside a destroyed building and a permeation apparatus that can detect human movement behind walls.⁷² At the same conference, senior defense officials from ASEAN and Japan agreed to expand cooperation and joint development of important defense equipment, including early warning systems and information-gathering tools.⁷³

In addition to increased security ties with regional partners, Japan's national security rests on the Japan-US alliance as its 'cornerstone.'⁷⁴ As Tokyo continues to make gradual changes to its longstanding arms export ban in response to a shifting security environment, Japan-US joint development of defense technologies will need to adapt accordingly. Tokyo and Washington should establish clear procedures and controls over the potential use and transfer of Japanese equipment to third parties to ensure such technologies are being used for their intended purposes and by trusted parties.⁷⁵ Another significant area that requires greater coordination between the US and Japan is the potential export of dual-use technologies, which do not fall under the Three Principles' list of "arms."⁷⁶ Equipment with both civilian and military uses must have transparent standards for transfer and the Japan-US alliance must coordinate to reinforce such policies, like the "Commodity Watch List," a list of specific dual-use equipment with high risk of diversion for potential development, manufacturing, and storage of weapons of mass destruction (WMD).⁷⁷ If revisions are made to ease the export of Japanese arms abroad, stringent controls over licensing and exports from private defense firms are essential, and will require close cooperation between US and Japanese defense industries and the Japanese Ministry of Economy, Trade, and Industry (METI) which controls all Japanese exports.⁷⁸ Joint research projects with key private groups such as the Center for Information on Security Trade Controls (CISTEC) and KEIDANRAN will also provide

⁷² "Japan introduces antiterror, disaster equipment to ASEAN," *Kyodo News*, Feb. 19, 2014, accessed March 6, 2014, <http://english.kyodonews.jp/news/2014/02/273963.html>

⁷³ "Japan-ASEAN reach disaster, terror deal," *The Japan Times*, Feb. 19, 2014, accessed March 7, 2014, <http://www.japantimes.co.jp/news/2014/02/19/national/japan-asean-reach-disaster-terror-deal/>

⁷⁴ Government of Japan, "National Security Strategy," p. 14.

⁷⁵ Refer to Government of Japan, "Statement by the Chief Cabinet Secretary On Guidelines for Overseas Transfer of Defense Equipment etc.," p. 3. See also the 1987 Toshiba Machinery Incident where Japan exported sophisticated technology to the Soviet Union. Center for Information on Security Trade Controls (CISTEC), "Overview of Japan's Export Controls (Third Edition)," Oct. 2012, pp. 29-30.

⁷⁶ Ministry of Foreign Affairs of Japan, "Japan's Policies on the Control of Arms Exports."

⁷⁷ CISTEC, "Overview of Japan's Export Controls," p. 19.

⁷⁸ For a review of the administrative authority over Japanese arms exports under METI, see CISTEC, "Overview of Japan's Export Controls," p. 3.

useful information on how to revise Japanese arms export control policies to meet present regional and international security challenges.

Conclusion

Revisions to Japan's arms export policies will have considerable economic, political, and social impacts. Discussions regarding the easing of arms export controls should be done in a transparent manner. Rather than creating *ad hoc* exceptions to Japan's arms export control laws, the GOJ should re-evaluate the basis for its arms export ban and devise a long-term strategy for gradually changing its arms export control policies to adapt the Japanese defense industry to changing markets and meet the needs of a changing security environment. As Tokyo adopts a more active role in contributing to international peace and security through increased participation in HA/DR, counterterrorism, and peacekeeping missions, the GOJ should increase its cooperation with the US on the joint development of defense technologies and equipment, while ensuring neighbors that a strengthened Japan-US security alliance is important for maintaining stability in the Asia-Pacific region and beyond.

Challenges of export controls for Japan-US defense industry cooperation

By Kentaro Ide

In recent years, US and Japanese governments have worked to expand Japan's participation in international security-related activities, including the development of military equipment and technology. The Japanese government has gradually relaxed its restrictions on arms exports established under the Three Principles of Arms Exports and related policy guidelines. However, the challenges raised by export controls for increased Japan-US industry cooperation extend beyond the Three Principles. Both the US and Japanese export control regulations present complex operational requirements that may inhibit Japan-US industry cooperation and undermine government policy objectives of managing the movement of military items. Left unaddressed, these issues may ultimately impair Japan-US relations and the ability of the two countries to serve as an 'anchor' for regional security in the Asia Pacific.

Export controls: complexity and divergence

Export controls are regulations designed to support national and international security policies by restricting the movement of certain military and 'dual-use' items.⁷⁹ By creating legal requirements for industry (such as defense companies) to manage and restrict their trade activities, export controls establish a clear link between public policy objectives, like preventing arms proliferation to certain countries, and private sector business operations. Although it is the government that establishes the legal requirements, it is the industry that constitutes the 'front line' of bringing those legal requirements into effect through their internal compliance processes.

The ability of industries to understand and operationalize export control policies has direct implications for Japan-US defense industry cooperation. Overly complex and burdensome regulations can undermine bilateral cooperation, as demonstrated by the dispute between the US and the UK over the *F-35* Joint Strike Fighter. In 2005, with the UK industry complaining of the administrative burden and the "huge amounts of resource" required to navigate US export controls, the UK government threatened to withdraw from the multi-billion-dollar *F-35* program and stated there was a "real risk that that the close [US-UK] relationship could be harmed" as a result of onerous US export controls.^{80, 81}

In the US, one recent government review concluded that "the current [US] export control system is overly complicated, contains too many redundancies, and, in trying to protect too much, diminishes our ability to focus our efforts on the most critical national

⁷⁹ The term "item" refers to goods, software and technology.

⁸⁰ House of Commons Defence Committee, *UK/US Defence Trade Cooperation Treaty - Third Report of Session 2007-08* (London, UK: House of Commons London, 2007), 33.

⁸¹ "ITAR Fallout: Britain to Pull Out of F-35 JSF Program?" *Defense Industry Daily*, December 7, 2005. <https://www.defenseindustrydaily.com>.

security priorities.”⁸² Businesses that engage in controlled activities incur substantial risks as penalties for non-compliance can enter several tens of millions of dollars for violations of the International Traffic in Arms Regulations (ITAR), which controls space and military items,⁸³ and in some cases restrictions may be imposed on a business’ ability to engage in exports and other activities. For some companies, the burden of managing the risks associated with these complex regulations “exceeds the potential value of [commercial] opportunities,” prompting not only some US companies to avoid exporting ITAR-controlled items but also non-US companies (including those in Japan) to avoid buying ITAR-controlled items.⁸⁴

In Japan, export controls also affect industry’s ability to participate in international projects, not due simply to the Three Principles on Arms Exports, but also because of the complexity of current regulations. The Japanese export controls system is based on numerous pieces of legislation, including cabinet orders, ministerial ordinances, and other administrative rules. One industry group states that their ever-growing compilation of relevant legislation extends beyond 1,000 pages (on top of which the government publishes various pieces of guidance), and the complexity of the current system imposes significant burdens on time and resources.⁸⁵ Furthermore, as described in more detail in the following section, the unique structure of the Japanese export controls system creates difficulties in communicating relevant requirements with partners and other parties overseas, and thus poses challenges for managing requirements throughout the supply chain.

In addition to being complex in their own respects, the US and Japanese export control systems are vastly different. For businesses operating across multiple jurisdictions, the fragmentation of export controls between different states means they must address disparate (and sometimes conflicting) requirements when designing and managing their supply chains. Furthermore, because the US enforces its export control regulations extraterritorially, Japanese companies that handle US-origin items must comply not only with Japanese export controls but also with US export controls (e.g., obtaining US ‘re-export’ authorizations in addition to Japanese export authorizations for US-origin items).

Implications for Japan-US relations and the Asia-Pacific

In many cases, private actors may not be fully aware of their export compliance responsibilities under all relevant jurisdictions, or may be unable to manage those responsibilities. This has at least two implications for the prospects of Japan-US defense

⁸² “President Obama Lays the Foundation for a New Export Control System To Strengthen National Security and the Competitiveness of Key U.S. Manufacturing and Technology Sectors,” The White House, 2010

⁸³ The term ‘military item(s)’ is used herein to include ‘munitions,’ ‘defense articles,’ and ‘defense services.’

⁸⁴ *US Space Industry “Deep Dive” Assessment: Impact of U.S. Export Controls on the Space Industrial Base*, US Department of Commerce, Washington, DC: GPO, 2014, pp. 31-34.

⁸⁵ “Anzenhoshou yushutsu kanri kankei hourei / seido no minaoshi youbousho,” JMCTI, last modified December 27, 2011, https://www.jmcti.org/jmchomepage/naigai_seisaku/yushutu/pdf/111228.pdf.

industry cooperation. First, the high operational burdens of export compliance may discourage participation in cross-border defense programs, particularly among smaller companies that do not have sufficient resources. Second, the complexity of the regulations may result in mismanagement of compliance requirements (such as unauthorized exports of controlled items) by exporters, which undermines government policy objectives of controlling the movement of military and dual-use items.

As demonstrated by the US-UK dispute, onerous export control regulations can undermine trust at both industry and government levels. Establishing and maintaining trust can be an especially delicate challenge for Japan-US defense industry cooperation given the rocky history of past bilateral efforts such as the troubled *FS-X* fighter program.⁸⁶ For the Japan-US alliance to remain a “force for peace, stability, and prosperity in the Asia-Pacific region and beyond,”⁸⁷ the two countries cannot allow regulatory red tape to damage trust and hinder initiatives to bolster bilateral cooperation. Furthermore, as the US and Japan work to strengthen economic and security ties with other Asian countries, successful cooperation between these two long-standing allies will provide an important model for future endeavors with other allies.

The following section provides examples of specific challenges posed by export controls for Japan-US defense industry cooperation. While the examples here focus on military items, the same issues apply to dual-use items.

Export controls classification: disparate (and changing) numbering schemes

For exporters, determining the export controls classification of an item is a foundational step for understanding whether the item is subject to export controls and identifying related compliance requirements. For multinational enterprises moving controlled items throughout cross-border supply chains, it is necessary to classify those items under the Control Lists of each relevant jurisdiction. However, even among member states of the same multilateral export control regimes, significant differences arise in the numbering schemes used to classify controlled items,⁸⁸ increasing the cost and burden of identifying and managing export control classifications in day-to-day operations.

As members of the same multilateral export control regimes (e.g., the Wassenaar Arrangement), both the US and Japan base their respective national Control Lists on the same international standards (e.g., the Wassenaar Control Lists). However, regulatory fragmentation between the US and Japan increases the burden of export controls classification for the defense industries of these two countries in several respects. This

⁸⁶ A detailed analysis of the FS-X program can be found in: Mark A. Lorell, *Troubled Partnership - An Assessment of U.S.-Japan Collaboration on the FS-X Fighter* (California: RAND Corporation, 1995).

⁸⁷ Richard Armitage & Joseph Nye, “The US-Japan Alliance - Anchoring Stability in Asia,” CSIS, last modified August 2012, http://csis.org/files/publication/120810_Armitage_USJapanAlliance_Web.pdf

⁸⁸ This contrasts with the World Customs Organization’s Harmonized Commodity Description and Coding System (“HS”), which has been adopted by most states worldwide to establish a consistent system of classifying products for customs purposes.

section describes two examples: the idiosyncrasies of the Japanese Control List structure, and the ongoing changes to the US Control List structure.

Idiosyncrasies of the Japanese Control List structure

While unique in many respects, the US Munitions List (USML), which covers most space and military items controlled by the US, is structured in a manner largely consistent with international standards. The USML comprises 21 categories of items, under which specific goods, software and/or technology are listed.⁸⁹ In comparison, the Wassenaar Munitions List (WAML) and the EU's Common Military List comprise 22 categories of items, under which specific goods, software, and/or technology are listed. While the details of the categories and entries differ between the USML and WAML, the similarities in structural logic allow exporters to more easily compare entries under these Control Lists and adopt strategies such as developing correlation tables to map USML classifications to classifications under other Control Lists.

Japan's Control List structure diverges from these international standards in several important respects. Under the Japanese system, military and dual-use items are under two parallel Control Lists: Attachment List No.1 to the Export Trade Control Order (ETCO), which controls 15 categories of goods, and the Attachment List to the Foreign Exchange Order (FEO), which controls technology and software under the same 15 categories. Descriptions of the specific items controlled under those 15 categories are provided separately across 28 different articles in a third piece of legislation, the Ministerial Ordinance Specifying Goods and Technologies Pursuant to the Provisions of the Attachment List No. 1 to the Export Trade Control Order and the Attachment List to the Foreign Exchange Order. As a result, the classification determination process requires careful consultation of three pieces of legislation (in addition to various pieces of government guidance on interpretation), rather than a single list.

This unique Control List structure increases the difficulty of communicating and managing export control requirements between Japanese companies and their international partners. The different categories used in the Japanese Control Lists, as well as their mixing of military and dual-use items, create an operational challenge for bilateral defense industry cooperation. For example, a Japanese company importing a USML part cannot rely on the USML category to identify the appropriate Japanese Control List category for the same part. Conversely, the Japanese classification of an item may not even make it immediately apparent to a US company whether the item is a military item or a dual-use item.

The Japanese Control Lists also employ alphabetical characters unique to Japan, including the *いろは* (*iroha*) sequence, which is analogous to the "a, b, c..." sequence in English. In addition to being unfamiliar to non-Japanese speakers, the use of Japanese

⁸⁹ In the field of export controls, 'technology' refers to information required for the development, production, or use of a controlled item, and includes technical data and technical assistance. Technology is referred to as 'technical data' in the USML.

characters is often not supported by IT applications deployed by businesses and governments to manage trade activities.⁹⁰ Given that the cost of designing and implementing automated IT systems can reach several millions of dollars depending on the scope and complexity, the idiosyncrasies of the Japanese Control List structure can exacerbate the already substantial financial and operational burdens of maintaining an effective internal compliance program.

US export control reform

In the US, concerns over the effectiveness of export controls and their impact on industry has led to the government's ongoing Export Control Reform (ECR) initiative, the objective of which is to "strengthen national security and the competitiveness of [US industry]."⁹¹ One key element of ECR has been to update the two US Control Lists: the USML, and the Commerce Control List (CCL), which primarily controls dual-use items. In April 2013, the US Departments of State and Commerce published the first in a series of Final Rules implementing ECR. Among other changes, the Final Rules moved certain 'less sensitive' military items from the USML to the CCL. At the time of writing, these changes are ongoing.

In several respects, ECR represents further fragmentation of export control regulations between the US and other states, including Japan. The updated CCL now controls both military items and dual-use items, as the items transitioned from the former are still controlled as 'munitions' (i.e., military items). The April 2013 Final Rules specifically mention the challenge for multinational businesses in correlating US classifications with the WAML, and therefore, the final two characters of classification numbers for CCL-munitions generally (though not always) correspond to the relevant WAML entry (e.g., "0A606" in the CCL indicates the item is controlled under "ML6" in the WAML).⁹² However, it is important to note that while USML items are controlled under the ITAR, CCL items are controlled under an entirely separate piece of legislation, the Export Administration Regulations (EAR). As a result, businesses that have hitherto dealt primarily with the ITAR now require additional resources and expertise to manage requirements under two complex regulations to manage US export controls alone, in addition to the export control regulations of other countries in which they operate.

In the immediate term, the revisions to the US Control Lists have increased the operational burden for many exporters and re-exporters of US-controlled items, requiring companies to take actions such as reclassifying their products and technologies, revising internal compliance processes, and reconfiguring existing IT systems. Beyond this immediate impact, not enough time has passed yet to assess whether ECR will have the

⁹⁰ *Overview of Japan's Export Controls*, CISTEC, p.2, published October, 2012.
<http://www.cistec.or.jp/english/export/Overview.pdf>

⁹¹ "President Obama Lays the Foundation for a New Export Control System To Strengthen National Security and the Competitiveness of Key U.S. Manufacturing and Technology Sectors," The White House, last modified August 30, 2010, <http://www.whitehouse.gov/the-press-office/2010/08/30/president-obama-lays-foundation-a-new-export-control-system-strengthen-n>

⁹² *Revisions to the Export Administration Regulations: Initial Implementation of Export Control Reform* US Federal Register, Washington, DC: GPO, 2013, 22668.

intended long-term effects of strengthening industry competitiveness and US national security. However, the regulatory fragmentation resulting from ECR may further complicate export compliance requirements for Japan-US defense industry cooperation.

Conclusion

The future of Japan-US industry cooperation depends on the ability (and willingness) of companies from both countries to bear the operational burdens posed by US and Japanese export control regulations. Overly complex and divergent regulations discourage companies from participating in cross-border activity, and increase the difficulty of properly managing compliance requirements to prevent unauthorized exports of military and dual-use items. The difficulties of export controls classification under US and Japanese regulations are illustrative of a broader range of challenges that are exacerbated by the lack of consistency between national regulations, despite the fact that both countries are members of the same multilateral export control regimes. As Japan and the US continue to pursue increased defense industry cooperation both with each other and with other allies, addressing these challenges of export controls will be crucial for achieving industry cooperation while managing the cross-border movement of export-controlled items. Successful cooperation will bolster US and Japanese efforts to maintain their alliance as an important force in Asia-Pacific security, and provide a model for economic and security cooperation with other allies in the region.

Civil society organizations' (CSOs) growing role in Japan-US security relations

By Kay Makishi

Globalization fuels an increasingly integrated social, economic and political world as nontraditional security challenges, such as natural disasters, transcend national borders. Consequently, security solutions need to develop beyond the level of solely state actors and incorporate nontraditional approaches that engage various stakeholders. Such approaches would not be limited by national interests, but have the flexibility to focus on specific issues such as developing globally conscious human resources. According to the World Bank, civil society organizations (CSOs) play an important role in improving international relations through contributing to social legitimacy; holding governments and policymakers publicly accountable; and bringing innovative ideas and solutions, as well as participatory approaches, to solve problems. This paper explores how civil society organizations play an increasingly vital role in Japan-US security relations by encouraging lateral people-to-people relations that affect vertical political developments.

Definition and global benefits of CSOs

Civil society organizations are generally defined as a collective group of experts and activists in various fields influencing local, regional, national, and global issues. Though a wide spectrum of CSOs exists, from charity groups and professional foundations to alumni associations, they are typically **nongovernmental (NGO) and not-for-profit (NPO) groups expressing the interests and values of their members based on ethical, cultural, political, or philanthropic elements. Some well-known examples of CSOs that function as interlocutors for the World Bank include Oxfam International, the ONE Campaign, and Save the Children.**

Civil society organizations advance the idea of securing distance between the government and market, encouraging active self-organization, and providing flexibility to experiment for social change. According to the US Department of State, a robust civil society — independent of state control or government involvement — is necessary for democracy to thrive. In modern capitalistic societies, governments handle the public good, for-profit sectors manage the private good, and CSOs serve the common good. Civil society organizations provide a check and balance system to society while being in a unique position to form partnerships among the three sectors because they do not prioritize monetary gains or get gridlocked by bureaucratic processes. Because CSOs self-organize around common values, they also have the capability to represent marginalized groups as well as take risks that are economically unacceptable for businesses and politically capricious for governments, affording opportunities to pioneer social innovations.⁹³

⁹³ Stephen Heintz, "The Role of NGOs in Modern Societies and an Increasingly Interdependent World," Annual Conference of the Institute for Civil Society, Jan. 2006.

As international NPO registrations have increased from 6,000 in 1990 to over 50,000 in 2006, and continue to grow, it is increasingly valuable to explore the potential impacts such a critical mass can have on security and how it can be harnessed to achieve optimal solutions.⁹⁴ CSOs have a significant impact on development assistance, mobilizing citizens, and forming global public policy. The Organization for Economic Cooperation and Development (OECD) reported that as of 2006, CSOs provided approximately \$15 billion in international assistance. A campaign advocating debt relief and greater aid to poor countries, the Global Call to Action Against Poverty (GCAP), estimated that they mobilized over 116 million citizens toward event participation.⁹⁵ Perhaps the most renowned CSO though, awarded the Nobel Peace Prize in 1997, is the International Campaign to Ban Landmines (ICBL), with a global network of over 100 countries — creating the platform that fostered the 1997 Ottawa Treaty Ratification to eliminate anti-personnel landmines around the world. To establish this treaty, ICBL used a bottom-up approach through forming strategic partnerships among NGOs that impacted decision-making in the United Nations, resulting in the destruction of more than 47 million stockpiled anti-personnel mines and ultimately changing the international security landscape.⁹⁶ These global effects that CSOs have on international security sets a precedent for the benefits CSOs could have on Japan-US security relations, which have yet to be attempted.

CSOs in the context of Japanese domestic security

The March 2011 Japan earthquake and tsunami aftermath exhibited **the influence of civil society organizations** on security within Japan from the local to national levels. According to the Japan Center for International Exchange, US individuals and nonprofits contributed over \$730 million, making it the largest American philanthropic response to an overseas disaster in another developed country. This monetary assistance provided funds for disaster reconstruction and, as an indirect result, enabled higher political attention and resources to focus on strengthening security relations with the US.

Accredited institutional CSOs also foster stronger security alliances by increasing international awareness among the Japanese population by targeting the younger generation and emphasizing cultural and educational exchanges. The Japan-US Friendship Commission, the United States–Japan Bridging Foundation, and the Japan-US Council are some of the prominent CSOs that support building partnerships among businesses, communities, organizations, and individuals. TOMODACHI, a private-public organization supported by the US State Department and Japan’s Ministry of Foreign Affairs, is another example of an initiative investing in leadership programs at the people-to-people level. TOMODACHI provides opportunities for youth — like the TOMODACHI iLEAP Social Innovation in Seattle Program where alumni met President Obama — that encourages Japan-US collaboration in science, technology, engineering, and mathematics innovations. Japan-America Student Conferences was recently

⁹⁴ Union of International Associations

⁹⁵ UN Non-Governmental Liaison Service

⁹⁶ Landmine and Cluster Munitions Monitor, Landmine Monitor 2013

recognized by Prime Minister Abe and President Obama as an “indispensable” bilateral exchange program contributing to the Japan-US Alliance by bringing prominent national politicians like Japanese Prime Minister Kiichi Miyazawa and former US Secretary of State Henry Kissinger to give speeches and presentations.

The JET Alumni Association (JETAA), a nonprofit organization for JET Program participant alumni, and the Association for Japan Exchange and Teaching (AJET) for current participants, are two additional notable CSOs that contribute to the Japan-US alliance by engaging and retaining a community of next-generation leaders who can help shape the security dialogue. Most well-known are Michael J. Green, senior vice president for Asia and Japan Chair at the Center for Strategic and International Studies (CSIS), and Michael Auslin, director and resident scholar of Japanese studies at the American Enterprise Institute. JET is a program aimed at promoting international exchange through fostering ties at the person-to-person level, as participants typically work at Japanese public schools or local government offices, and is recognized as one of the world’s most successful public diplomacy tools.

The JET Program’s community, with a network of over 55,000 alumni worldwide, proves ongoing successful diplomacy to Japan through its continuous support of Tohoku’s recovery. JETAA in America raised over \$330,000 for aid relief as AJET members launched numerous on-the-ground projects in their rural Japanese communities. For example, Shimane AJET raised over \$21,000 through a charity hike for relief aid, a JET from Miyagi raised over \$15,000 to rebuild a school in his city, and Volunteer AKITA, a group created by JET participants in Akita prefecture, raised \$23,000 and delivered approximately 39,000 pieces of fruit to victims. These examples, in addition to numerous others, exist because of the personal connections to Japan created by the JET Program and channeled through JETAA and AJET. The economic and social support provided by current and former JET participants help integrate American and Japanese communities at the local level, the underpinnings of both countries, solidifying the foundation of a deeper connected bilateral relationship and, consequently, a stronger security alliance.

Japan needs more CSOs

Japan’s ongoing struggle to rebuild after the Tohoku earthquake evidences its vulnerabilities within a nontraditional security challenge of domestic economic instability. The Japanese government invested approximately \$400 billion as of 2013 on economic revival, reconstruction, and crisis management.⁹⁷ Yet, despite combined domestic and international efforts, Japan is still in need of various forms of aid, from medical to construction support, as the weak Japanese economy, combined with increasing labor and material costs, slow the rebuilding process.⁹⁸

⁹⁷ Japan’s Ministry of Foreign Affairs

⁹⁸ “Land acquisition delays, rise in material costs slow reconstruction spending in Tohoku,” *Mainichi*, March 2014.

In addition to economic insecurities caused by the Tohoku disaster, globalization continues to diversify Japan's social landscape — causing complex issues such as the need of support for foreign workers, caring for the elderly, and environmental problems, including climate change, that the government and market alone cannot effectively manage.⁹⁹

Existing Japanese nongovernment and nonprofit organizations such as Second Harvest, which distributes food to the elderly; Tokyo English Life Line (TELL) dedicated to helping foreigners with counseling on the wide variety of problems they may run into living in Japan; and Peace Boat, which promotes sustainable environments by organizing educational voyages focusing on raising awareness at the individual level; contribute to ensuring stable growth within Japan. However, increases in Japan's social diversity will prompt increases in the demand for diverse social services and, as a result, there is a need for more CSOs to provide economic support through charity efforts and human resource support to acclimatize Japan to a globalized domestic society.

Given that the US is a key stakeholder in the Japan-US alliance, that maintaining stable Japanese economic and social growth affects domestic and thus regional security and that civil society organizations have the potential to contribute in sustaining economic and social growth, it is in the interest of the United States to support the development of civil society organizations in Japan. CSOs based in the US could be comparatively analyzed with the civil society structure in Japan and best-practices can be shared between both countries.

Differences of CSOs between US and Japan

Japan-US security relations could benefit from Japan having a more robust domestic society, one that is affluent with a space to discuss and exchange creative ideas and talents that could mobilize stakeholders to influence security policy. Sadly, it lacks a vibrant civil society sector. In the US, an estimated 2.3 million nonprofit organizations are in operation and, of those, 1.6 million are registered with the Internal Revenue Service.¹⁰⁰ On the other hand, there are approximately 50,000 incorporated nonprofit organizations in Japan.¹⁰¹ Even after considering population differences, US nonprofit organizations generate 7.5 percent of the gross domestic product while employing 11 percent of all workers.¹⁰² In contrast, Japanese nonprofits account for 4.5 percent of GDP while employing 3.5 percent of workers. These differences can be attributed to differences in perceptions toward civil society as well as the central government's role in each country.

⁹⁹ "Emergence of Japan's Civil Society and Its Future Challenges," *Deciding the Public Good: Governance and Civil Society in Japan*; (ed. Tadashi Yamamoto), Tokyo: Japan Center for International Exchange, 1999, pp. 97-124.

¹⁰⁰ National Center for Charitable Statistics

¹⁰¹ NPO Houjin Database

¹⁰² Rick Wartzman, "Why Japan Needs More Nonprofits" *Businessweek*, March 25, 2011, http://www.businessweek.com/managing/content/mar2011/ca20110325_121492.htm.

US and Japanese perceptions of civil society can be reflected by individual actions and attributed to cultural and historical differences. According to the World Index of Giving, out of 153 countries, the US ranks as fifth in donating money, volunteering time, and helping strangers. In contrast, Japan ranks 117th. The history of social welfare management also differs as Japan's central government plays a substantial role in social welfare, through providing national healthcare, subsidizing retirement facilities, and institutionalizing community-building efforts. US culture is deeply rooted in individualism and skepticism toward the central government's role in social and welfare responsibilities.¹⁰³ Relentless debates regarding the Affordable Care Act, a review of the Disability Support Pension, and Newstart allowance for unemployment benefits, demonstrate how bare-minimum funding by the central government, resulting in an inability to meet society's needs and indicate a lack of trust in the government's capacity to provide social services by Americans. Accordingly, US society accepts that civil society organizations help fill the void.

The challenges of Japanese CSOs

Historically, Japanese CSOs faced archaic institutional mechanisms, strict budget expectations, lengthy bureaucratic processes, and inconvenient tax burdens that made nonprofit organizations a challenge to create. Although the Law to Promote Specified Nonprofit Activities was promulgated in 1998 to liberalize regulation on Japanese civil society to a degree, barriers still exist that can be attributed back to the 1898 Japanese Civil Code. In this code, Special Article 34 stipulates regulations for granting incorporated status to NPOs.¹⁰⁴ Essentially, the code constitutes that power to determine whether a particular organization is contributing to public interest or not is up to bureaucrats within the jurisdictional authority of the NPOs' activities, making standards inconsistent and the process *ad hoc*, creating work that undermines the motivation to create NPOs.

The Civil Code also has strict budget criteria. Applicants for incorporated status must have a minimum of approximately ¥300 million (roughly \$2.9 million) endowment in addition to an approximately ¥30 million (roughly \$290,000) annual budget. This makes it almost impossible for small, grassroots groups that rely on volunteers to establish a legal organization.

Tax-exempt status and deductions are another challenge. Charitable donors in the United States generally can claim cash contributions up to 50 percent of their adjusted gross income, and many NGOs are exempt from state and federal taxes.¹⁰⁵ In contrast, up until 2011, only 200 Japanese nonprofits were given tax-exempt status by the government, and the tax-deductible ceiling is limited to 25 percent of an individual's

¹⁰³ Lester Salamon, "Defining the Nonprofit Sector: The United States," The Johns Hopkins Comparative Nonprofit Sector Project, 1996.

¹⁰⁴ Hana Heineken, "Legal Changes Affecting Not-for-Profits in Japan," *The International Journal of Not-for-Profit Law*, Vol. 7 Issue 1, 2004.

¹⁰⁵ National Council of Nonprofits

income.¹⁰⁶ This discourages individual contributions to NPOs and stifles the ability for Japanese nonprofits to generate operational budgets.

Even if nonprofit organizations in Japan were to gain incorporated tax-exempt status, the process is arduous and heavily regulated. The US process to gain tax-exempt status usually takes a couple months while the Japanese process can take one to three years.¹⁰⁷ Thus, local governments that hold the power to determine whether an organization is even qualified to be considered for tax-exempt status often narrowly and arbitrarily interpret the standards. This leads some independent organizations to hire former official administrators to expedite the process by using their connections to government ministries. Hiring former bureaucrats potentially undermines the existence of a civil society organization by jeopardizing its autonomy from the government.

Conclusion and Recommendations

National security dialogues and decisions occur at the country level, but it is time to realize that nongovernmental actors also have the power to affect these issues by mobilizing various domestic stakeholders through businesses, communities, and influential individuals. As such, civil society organizations will be an important catalyst in forging new connections and stronger bonds between Japan and the US. The public already recognizes this potential as *Yomiuri Shimbun* reported that the coordinated relief activities during Tohoku are expected to deepen the Japan-US alliance.¹⁰⁸ Forming stronger bilateral relations at the local level through personal connections will establish stronger bilateral relations at the state level and afford smoother, more efficient dialogues on security issues.

The extent of the affect civil society organizations have on Japan-US security relations requires further research. The legal architecture for Japanese civil society, such as the difference and complexity between nonprofit and nongovernmental organizations, need more analysis. Best-practices and strategies regarding civil society development in conjunction with government and market relationship impacts must also be carefully studied through an interdisciplinary approach. Although reviewing all these details is beyond the scope of this paper, the following recommendations could promote smoother security dialogues through stronger Japan-US bilateral relations.

Reform Japanese civil law to encourage establishing civil society organizations

The Japanese system discourages establishing incorporated NPOs with tax-exempt status. Allowing more civil society organizations to gain tax-exempt status provides an incentive for individuals and groups to donate charity money to domestic

¹⁰⁶ Setsuko Kamiya, "NPO tax status threatened by Diet split," *The Japan Times*, Feb. 22, 2011, <http://www.japantimes.co.jp/news/2011/02/22/reference/npo-tax-status-threatened-by-diet-split/#.U9gPw7HMCM8>.

¹⁰⁷ Yutaka Tsujinaka, "Exploring the Realities of Japanese Civil Society through Comparison," *ASIEN* issue 105, Oct. 2007, pp. 16-32.

¹⁰⁸ "Japan-US relief efforts expanding" *The Yomiuri Shimbun*, Mar. 20, 2011 <http://archive.today/SOBP#selection-341.0-341.19>.

nonprofits. An increase of funds means sustainable working budgets. Consequently, this change will not only help support current and new Japanese CSOs, but it can enhance and expand the scope of their projects. Increasing the number of nonprofit organizations in Japan and their capabilities also means engaging more citizens at the local level and the ability to stimulate discussions regarding issues abroad by providing opportunities to become globally active. Nurturing this civic involvement will also help address Japan's trend of becoming an inward-looking country by laying the foundation for more open communities by developing an active civil society.

Create a joint platform for American and Japanese CSOs to increase exchanges

Currently, there is no joint platform for US and Japanese civil society leaders to facilitate information sharing and coordinate resources. Two major platforms in the US and Japan are InterAction, and Japan NGO Center for International Cooperation (JANIC), respectively. A joint Japan-US platform can foster closer relationships between US and Japanese nonprofit organizations engaged in international cooperation. Inaugurating annual Japan-US Civil Society Organization conferences and forming a bilingual website will bring together community leaders from each country and further strengthen dialogue, relationships between experts, and collaboration regarding disaster relief and other initiatives.

Expand capacity of established CSOs with interests in Japan-US relations

People-to-people relations are the key to a successful bilateral relationship. Building upon organizations that have personal connections to Japan, such as the JET Alumni Associations (JETAA) and Association for Japan Exchange and Teaching (AJET), will be an asset to the alliance. Specifically, the United States and Japan would benefit from developing a central JETAA entity in the US to channel efforts from the current 19 regional chapters nationwide. Central JETAA governance allows for more united efforts toward projects contributing to the alliance through humanitarian and disaster relief efforts such as the JETAA USA Fund that raises money for Tohoku recovery projects. Regarding AJET, over half of current JET participants at any given time are Americans who then eventually become JETAA members. Initiating Annual AJET Conferences to promote community-building efforts, such as volunteering, and to equip participants with the skills needed to become more active in society, while they are still in Japan, will strengthen grassroots relationships and play a vital role in cultivating the next generation of leaders who will manage Japan-US relations.

The Trans-Pacific Partnership: a strategic imperative for the Japan-US alliance

By Manny Manriquez

The debate in Washington over the merits and implications of the Trans-Pacific Partnership (TPP) agreement has become increasingly divisive since Japan announced its interest in joining the negotiations in March 2013. In the United States, classic free trade proponents and industry representatives from certain sectors have proclaimed the great benefits of this 12-nation free trade agreement (FTA), while free trade opponents and some vulnerable and/or interested industry, consumer, and environmental groups have issued warnings and ultimatums regarding aspects of the deal. For the free trade proponents, TPP is a means to provide economic stimulus *vis-à-vis* expanded trade with America's international partners, which many argue will help boost GDP growth and expand export opportunities for small- and medium-size businesses. On the other hand, due to increased competition between the US and developing economies in Asia, opponents argue that TPP is likely to erode domestic environmental and labor standards while limiting wage growth and displacing workers in the manufacturing sector — a phenomena commonly known as the 'race to the bottom.' Moreover, some free trade skeptics and industry groups accuse Japan of intentionally manipulating the value of the yen to make Japanese exports cheaper, thus gaining unfair trade advantages.

This kind of debate is natural given the divisions between labor-oriented groups and protectionist industries on the one hand, and export-oriented business groups on the other; it is also perhaps inevitable given the deep fissures that divide liberal and conservative elements in the US Congress. However, this focus overlooks a key element of TPP that few other FTAs address: strategic priorities. It is in this context that US policymakers must consider the merits of TPP, because it is the first instance where a regional agreement has the potential to both support crucial strategic goals in East Asia, and strengthen the vital Japan-US alliance, which underpins a geopolitical framework with few cohesive organizing principles. For better or worse, strategic aims are often sidelined in favor of domestic political objectives. This is perhaps a more acute problem in the United States due to the country's engagement in a myriad of international initiatives, and the domestic political tensions that complex webs of foreign engagement often provoke. Nevertheless, enhancing the Japan-US alliance and ensuring regional peace and security in East Asia requires a high degree of strategic focus and discipline. This analysis articulates the strategic and geopolitical advances that TPP offers, arguing that TPP goes beyond the immediate benefits of free trade by providing opportunities for economic and political cohesion to the advantage of both the United States and Japan and, by extension, the alliance itself.

From economics to strategy

The economic angle of TPP is of major significance in and of itself, but the jury is still out on whether TPP can accrue the kind of benefits to economic recovery in the United States that the administration claims. The argument that FTAs are deleterious to US jobs, and the counter-argument that FTAs have spurred the growth of average

household incomes in America, are equally compelling and ultimately, nearly impossible to prove. Most observers without a dog in the TPP fight would likely agree that where FTAs are concerned, there are winners and there are losers. In the United States, the potential winners — private sector companies already engaged in global commerce — likely have more pull than the potential losers because they are already highly competitive around the globe. Reduction of trade barriers will make it easier for these economic players to benefit from more open trade. Identifying the losers in the United States is much harder, and depends upon whether one believes the claims of the pro-free trade elements or of the free trade skeptics.

In Japan, it is clear who the losers will be: they are the portions of the agricultural sector that will become more vulnerable by the loss of protection that high import tariffs offer; but the degree to which they will be vulnerable remains to be seen as Japan has yet to make a comprehensive offer on agricultural tariff reductions. As for identifying winners in Japan, again, companies already engaged in global commerce stand to benefit a great deal.

Overall, the TPP will be an extremely significant agreement if it is concluded and enacted by the US, Japan, and the 10 other Pacific Rim nations currently engaged in negotiations. The fact that, with the present membership, TPP would be among the largest regional FTAs in history (second only to the Transatlantic Trade and Investment Partnership/US-EU FTA), is one reason for this. Another reason is that TPP goes beyond other FTAs because it is a “21st century agreement,” as Obama administration officials are keen to point out. This means that TPP is designed not only to lower import tariffs and ease trade barriers in agricultural and manufactured goods, but also to address trade in services, financial transactions, internet commerce, state-owned enterprises, intellectual property rights, investor-state dispute settlements, and labor/environmental regulations and standards.

Many of these elements pose their own unique and often seemingly intractable challenges and points of contention between the TPP-negotiating countries. However, in examining the agreement from above the fray, one thing is crystal clear: TPP is the most significant and tangible element of the Obama administration’s ‘rebalance’ toward Asia. It is therefore a strategic imperative for the United States and Japan and, by extension, it offers the opportunity for a major boost to the health and long-term viability of the Japan-US alliance. There is a sense of nervousness about the US commitment to Asia among some key actors and observers in the region. In East Asia especially, the rise of China, tensions on the Korean Peninsula, and the difficulties that the United States and its key regional ally, Japan, have in addressing and managing these issues has fed a growing sense of regional insecurity. Coupled with the United States’ preoccupation with terrorism and problems in the Middle East and North Africa (MENA) and Afghanistan-Pakistan regions, as well as the perceived inward turn of the US public and political leaders, rising insecurity in East Asia has our Asian allies wondering whether the United States is truly committed to working to support peace, prosperity, and security in East Asia. Although TPP is, in essence, an economic pact, it has much deeper significance in East Asia, and therefore to the United States and Japan.

Ultimately, if one of Washington's key strategic objectives in Asia is to enhance the Japan-US alliance and provide the necessary framework and responsiveness to effectively address major security and geopolitical issues, concluding TPP has the potential to be more far-reaching than an increased military presence or the deployment of better weapon systems in the region. This is because one of the major elements lacking in the Japan-US relationship is the perception of a tight alliance. Perceptions matter more than we give them credit for — and the Japan-US relationship is the crux of TPP and the anchor that Washington depends on for strategic stability in Asia. The TPP can and should be a major driving force for the improvement of alliance dynamics. At the same time, the economic interdependence that it would support and augment could bolster US and Japanese efforts to maintain peace and security in East Asia, especially where potential conflicts with China are concerned.

The strategic benefits of TPP

In the context of an Asia-focused strategy, TPP would accomplish three important objectives: 1) integrate a sorely lacking macroeconomic policy into the Japan-US alliance structure, 2) signal to other actors in Asia that Japan is serious about reversing its waning economic and strategic influence in the region (with US support of course), and 3) balance China's growing influence in the region, either by excluding it from the attendant economic benefits or prompting it to conform to economic norms if it signs the pact. The latter outcome would be the most desirable as it would help the United States manage the rise of China, accommodating it through economic integration rather than antagonizing it through isolation.

There is tension between the notion that there is a lack of US foresight and engagement in its Japan/East Asia policy, and the position that the problem rests with Japan's constrained security commitments to its treaty ally. Whether one supports the argument that Japan-US relations are increasingly fraught with tension, there can be no doubt that the alliance would benefit greatly from a highly visible political/economic initiative. From a purely economic standpoint, the impact of TPP on the bilateral trade relationship could be substantial, particularly if the deal significantly reduces agricultural tariffs in Japan. However, a change in perception of the direction of Japan-US relations would be the best outcome of a successful TPP deal. In this way, the macroeconomic element of the Japan-US alliance can become a catalyst for closer collaboration in an area that has sometimes seemed to take a back seat to security policy. Prime Minister Abe's movement on security issues, particularly the Futenma rebasing issue, the promulgation of a National Security Council, and the possible revision of Article 9 of the Constitution, bode well for the future of the alliance; but there is not much more Washington can do than wait and see on those fronts. The United States' problems with previous Japanese administrations — albeit under a much less foreign policy savvy Democratic Party of Japan (DPJ) leadership — is a testament to the notion that US pressure on security matters can often only make things worse. Yet the US can and should continue to collaborate with Japan on reaching an agreement on the most sensitive TPP issues and conclude a deal.

Second, a successful TPP would signal to other actors in Asia that Japan is capable of reversing its fortunes in the arena of economic and strategic influence. Japan was once East Asia's perpetual 'lead goose,' only to be surpassed by China.¹⁰⁹ With TPP in place, and a strengthened Japan-US alliance, Japan's neighbors would be forced to take note. Chinese leaders may then consider engaging Japan in a constructive manner and seeking a peaceful resolution to the Senkaku/Diaoyu stand-off and its attendant security problems. As the American Enterprise Institute's Michael Auslin recently stated, President Xi Jinping may be the right Chinese leader to pull a "Nixon goes to China" by offering Japan an opportunity for a Sino-Japanese *détente*.¹¹⁰ Ultimately, TPP gives China impetus to take steps in the right direction, toward greater economic transparency. The alternative, economic and political isolation, should be far less appealing to Chinese leaders.

This leads to the third point. If TPP is successfully concluded, China may choose to accede to the agreement. If it does, China will need to adhere to the same rules and standards as other countries in the agreement. This is particularly noteworthy since TPP will contain provisions in areas where China has a spotty track record, including but not limited to, disciplines for state-owned enterprises, intellectual property rights, sanitary measures pertaining to food safety, and internet commerce. It is also possible, but unlikely, that TPP will contain some form of currency manipulation discipline, which could affect China if it accedes to the agreement. Yet questions remain over the exact rules and definitions that will govern these issues. The aim of the countries currently negotiating TPP is to establish global trade rules, and by bringing China into the TPP fold, its often controversial behavior will necessarily be constrained and shaped by the provisions in the agreement. If, on the other hand, China chooses not to join TPP, it will be sidelined from the largest Asia-Pacific FTA of our era.

Enhancing the Japan-US alliance through the Trans-Pacific Partnership

The overarching theme of enhancing the Japan-US alliance deserves the greatest attention in this discussion because strengthening the alliance and addressing the various political, economic, and security issues in East Asia are mutually reinforcing. TPP is a crucial element for achieving the former because it offers a lifeline to an alliance plagued by incongruences and political landmines. A successful negotiation of TPP will demonstrate to other nations in the region that Washington and Tokyo understand the need to make tough decisions by tempering the demands of their protectionist domestic constituencies and prioritizing the establishment of a framework for the multilateral FTAs of the future. A comprehensive TPP will set precedents for the myriad FTAs currently being negotiated, including the China-Japan-Korea agreement, the Regional Comprehensive Economic Partnership (RCEP), the Transatlantic Trade and Investment Partnership (TTIP), and others. It has already attracted the attention of the South Korean government, which has begun to engage in preliminary consultations with a number of

¹⁰⁹ Japan as the 'lead goose' refers to an economic paradigm in East Asia wherein Japan would lead a regional hierarchy of economic/technological development and production, aligning lower-tier nations with the leader and accruing benefits for the entire group of "flying geese."

¹¹⁰ USJI Event: "*Abenomics*" and *US-Japan Relationship*, Feb. 25, 2014.

TPP countries. Moreover, the pursuit of TPP marks a major diplomatic initiative in which international sensitivities are a focus of discussion and solutions are sought out and decided upon based on an approach that relies on diplomacy above all.

The Japan-US alliance, Japanese influence and engagement in Asia, and China-Japan-US relations would all benefit from a successful TPP agreement. TPP alone cannot solve all the issues impacting the Japan-US relationship, but in the absence of notable progress in addressing the increasingly challenging defense and security issues, the United States and Japan can and should make the tough choices necessary to bridge the gap between the two countries regarding the Trans-Pacific Partnership. If they do not, they will be passing up the best opportunity since the end of the Cold War to galvanize their alliance and demonstrate true leadership in Asia, not to mention the fact that a failure to reach agreement on TPP could cause substantial harm to Prime Minister Abe's economic agenda and Japan's chances of recovery from its long-time economic malaise. As the economic crux of Obama's rebalance strategy and the key to a Japanese revival, TPP is a must, and Washington and Tokyo have a chance to close the deal.

A failure to produce results in the TPP process not only imperils Japan's economic recovery and the Asia pivot, President Obama's strategic policy shift toward addressing economic and security concerns in Asia but, it would also demonstrate the United States' and Japan's lack of political will to make important policy strides in East Asia. With China on the ascent and Washington and Tokyo struggling to demonstrate a unified front, insecurity across East Asia is likely to be exacerbated. The larger economies in East Asia rely on stability for economic growth while developing economies need stability to continue rapid development. Except for North Korea, virtually all East Asian nations are thus engaged. However, there is a delicate balance between an increasingly assertive China and US leadership in East Asia, bolstered by the US alliance structure. A failure to conclude TPP would erode confidence in the United States' capacity to maintain this balance and in Japan's ability to play the necessary supporting role in that endeavor. The Japan-US security alliance itself would likewise lose relevance as the vehicle through which Washington wields its regional influence.

Policy recommendations for the United States and Japan

US trade policy in general is on shaky ground due to the fact that most free trade opponents in Congress are Democrats and most free trade proponents are Republicans. This makes for an uneasy partnership between the Republican-dominated pro-trade bloc in Congress and the Obama administration as it puts these free trade proponents in the awkward position of seeking cooperation with the administration in an election year. Likewise, election-year politics mean that Democrats seeking reelection must play to the party's base, and supporting a controversial trade deal is not an effective way to win support from labor unions and staunch liberals, as neither group is favorable to FTAs. The tensions are playing out presently, as the White House seeks to secure trade promotion authority (TPA) to pave the way for approval of TPP and other FTAs.¹¹¹

¹¹¹ Trade promotion authority, also known as fast-track authority, allows the President to negotiate trade deals with a guarantee that Congress cannot make amendments on a final negotiated deal; they must simply

However, key Democrats in Congress, including Senate Majority Leader Harry Reid (D-NV),¹¹² openly oppose TPA, especially given their desire not to render Democrats vulnerable before the November mid-term elections. With the passage of TPA therefore unlikely to get a floor vote before the November mid-term elections, President Obama and his TPP negotiators in the Office of the US Trade Representative (USTR) must convince the United States' TPP negotiating partners that the president seeks to obtain TPA after the elections and, in the meantime, USTR should continue to negotiate in good faith and at least come as close to closing a deal on TPP as the lack of TPA will allow. This will be a tough sell, but the United States must be seen to be making progress toward a deal so that TPP negotiations continue to move forward.

On the Japanese side, the Abe administration faces a monumental task. Reaching an agreement on the reduction of agricultural tariffs in Japan remains a difficult challenge in ongoing TPP talks between Washington and Tokyo. Japanese tariffs on agricultural goods like rice, sugar, dairy, wheat, barley, pork, and beef protect Japanese producers of these products from heightened competition from foreign importers. For Abe and his Liberal Democratic Party (LDP), reducing these tariffs means removing protections from many of the LDP's traditional rural constituents. However, other TPP countries, including the United States, will not accept Japanese tariff offers that fall short of reducing these barriers to free trade to a significant degree. Therefore, Abe must make the difficult choice to reduce these tariffs to the extent necessary to conciliate its TPP negotiating partners. Japan's agricultural tariffs are not the only outstanding issue in TPP negotiations, but they are the most significant roadblock to progress in the bilateral Japan-US TPP talks, and the eyes of all other TPP countries are upon them. Progress in this area would go a long way toward bringing TPP negotiations to a close.

cast an up or down vote. In return for this authority, the President agrees to pursue the negotiating objectives outlined in the TPA legislation. Historically, all major US free trade agreements since the 1970s have been negotiated under fast-track authority and it has since become a standard feature of US trade policy to convince US trade partners that Congress will not change negotiated FTAs through the enactment or existence of this authority.

¹¹² In a statement issued the day after President Obama made the case for TPA in his 2014 State of the Union Address, Senator Reid called on the White House and Congress "not to push [TPA] right now": Eric Bradner and Manu Raju, "Harry Reid Rejects President Obama's Trade Push," *Politico*, Jan. 29, 2014, accessed on March 7, 2014, <http://www.politico.com/story/2014/01/harry-reid-barack-obama-trade-deals-102819.html>.

Japan-US alliance: working together on nuclear security in the Asia-Pacific

By Jonathan Berkshire Miller

There are a host of current and potential nuclear security challenges in the Asia-Pacific region, not limited to traditional proliferation concern such as North Korea and Pakistan. Several states in the region planning to introduce nuclear power. Existing nuclear power states are continuing the construction of additional reactors even after the Fukushima nuclear accident, which made clear the risks associated with nuclear energy use. Most countries in the region with nuclear programs, civil or weaponized, acknowledge the importance of securing their nuclear material. Often the complicated part involves acquiring the financial backing or expertise to adequately secure the materials. Both the US and Japan are leaders in this field and can leverage their experience both bilaterally and through key multilateral fora such as the G8 Global Partnership and the Global Initiative to Combat Nuclear Terrorism. Joint efforts to improve nuclear security and governance structures can help stabilize norms on proliferation. Both sides should leverage their experience not only in established multilateral fora but also with less established groups focused on advocacy and treaty compliance.

Nowhere is the security of nuclear materials more important than in Asia. The continent possesses three countries with established nuclear weapons programs (China, India, and Pakistan) and another with growing capabilities (North Korea). Asia is also the only continent to experience the use of strategic nuclear weapons (Hiroshima and Nagasaki). Moreover, Asia is home to over 100 nuclear reactors across the continent that serve as significant alternative energy sources to countries such as Japan and South Korea.¹¹³ This historical narrative, combined with current realities about the region's strategic topography, has transformed the need to move from discussion to action on nuclear security in Asia.

Despite this, a robust commitment to nuclear security remains an abstract and opaque concept in many countries in Asia. The most frequently cited source of concern in this regard is Pakistan, which possesses a significant nuclear weapons arsenal in addition to weapons-grade fissile material. Islamabad's inability to adequately combat extremism within its borders, combined with its sordid record on nonproliferation, has understandably raised doubts that it can secure its own nuclear materials. However, Pakistan is not the only concern. Although it is not a demonstrated proliferation threat, India has a nuclear weapons program of relatively equal size to Pakistan. Additionally, China has a substantially larger nuclear weapons program than both Pakistan and India. Lastly, there is North Korea, which is believed to have enough fissile material to make at least five atomic devices.

Nuclear security is not solely an imperative for states with nuclear weapons programs. As a result of the inherent dual-use nature of nuclear material, it is also

¹¹³“World Nuclear Power Reactors & Uranium Requirements,” World Nuclear Association, July 2012, <http://www.world-nuclear.org/info/reactors.html>.

important for civilian nuclear programs — such as those in Japan and South Korea — to maintain and bolster high standards to secure their sites, scientists, and materials. Aside from securing the nuclear material of states with nuclear programs, there is also the tremendous opportunity and challenge to promote and implement nuclear security governance among Asia’s future civilian nuclear powers such as Vietnam, Bangladesh, Uzbekistan, and Kazakhstan.

Japan and the United States have a strong common security interest to ensure that the growth of nuclear power does not lead to proliferation or insecure facilities that would be susceptible to theft, terrorism, or nefarious diversion. This article will outline some of the current cooperation between both sides on this issue and provide recommendations to continue to leverage and enhance this work to improve nuclear security in the Asia-Pacific region.

Japan and the US cooperation on nuclear security

Washington and Tokyo have been working together on nuclear security for several years. Both countries are founding members of the G8 Global Partnership Against the Spread of Weapons and Materials of Mass Destruction and have since been joined by other donor partners in the Asia-Pacific region such as South Korea, New Zealand, and Australia. There are other vehicles of multilateral cooperation, such as the Global Initiative to Combat Nuclear Terrorism (GICNT) and UN Security Resolution 1540.¹¹⁴

Bilaterally, Japan and the US both collaborate on nuclear security and nonproliferation through interagency cooperation between the Department of Energy’s National Nuclear Security Administration (NNSA) in the US and the Japan Atomic Energy Agency (JAEA). Last year, Anne Harrington, the NNSA Deputy Administrator for Defense, lauded this 25 year-long cooperation with Japan, “as we look to the future of nuclear security, our work always has been and will continue to be a central component of the ongoing global mission to combat the spread of weapons of mass destruction and to ensure the peaceful use of nuclear technology.”¹¹⁵ Some of this cooperation has included collaboration on new technologies to resolve some of the most difficult safeguard challenges and the development of unattended and remote monitoring safeguard systems to reduce the inspection burden on the International Atomic Energy Agency (IAEA).¹¹⁶

The two sides also work closely on the Nuclear Security Summit in order to work toward President Obama’s goal of securing all vulnerable nuclear materials around the

¹¹⁴ In April 2004, the UN Security Council (UNSC) adopted Resolution 1540, which establishes legally binding obligations on all UN Member States to have and enforce appropriate and effective measures against the proliferation of nuclear, chemical, and biological weapons (WMD) and their delivery systems, including establishing controls. UNSCR 1540 closes gaps in nonproliferation treaties and conventions to help prevent terrorists and criminal organizations from obtaining the world’s most dangerous weapons. <http://www.state.gov/t/isn/c18943.htm>

¹¹⁵ “NNSA and JAEA Mark 25 Years of Partnership,” NNSA Website, <http://nnsa.energy.gov/mediaroom/pressreleases/nnsajaea>

¹¹⁶ *Ibid.*

world and to prevent the theft, trafficking, and use of such materials for criminal or terrorist purposes. One of the most significant accomplishments in this regard was the NNSA working with JAEA to develop and host physical protection workshops and training at JAEA's Integrated Support Center for Nuclear Nonproliferation and Nuclear Security (ISCN)— a new training center of excellence dedicated to nuclear security-focused human resource development and capacity-building.¹¹⁷ Another area of cooperation is the sharing of best-practices for the region via roundtables and workshops at the World Institute for Nuclear Security (WINS). Japan and the US remain two of the biggest funders of WINS, which focuses on providing an international forum for those accountable for nuclear security to share and promote the implementation of best security practices. Efforts to promote WINS help to complement the work of the ISCN and encourage bilateral efforts to improve nuclear security capacity in the region.

Working with the region to improve nuclear security governance

Most countries in Asia with nuclear programs, civil or weaponized, acknowledge the importance of securing their nuclear material. Often the complicated part involves acquiring the financial backing or expertise to adequately secure the materials. There is also the issue of state sovereignty and the highly secretive nature of some these programs that prevents sufficient international monitoring or verification. The Asia Pacific Leadership Network for Nuclear Nonproliferation and Disarmament (APLN), a group of high-level former government officials from the region, is attempting to change this architecture and way of thinking.

While the APLN's membership is exclusive to the region, this should not inhibit US engagement with the group. Japan's strong influence in the group and connection with the US on nuclear security issues should be a window into giving the APLN's recommendations more weight. In June 2012, the APLN released a statement urging Asia to become more serious about nuclear security. The APLN involves regional heavyweights in the disarmament and nonproliferation field such as former Australian Foreign Minister Gareth Evans and former Japanese Foreign Minister Yoriko Kawaguchi. The group released a statement based on four pillars: the universalization of existing nuclear treaties; the establishment of legally binding nuclear security mechanisms; the creation of mechanisms for transparency, reporting, and accountability; and a bigger role for the International Atomic Energy Agency (IAEA) in nuclear security.¹¹⁸

One goal that the Japan-US alliance should work toward is the timely ratification in the region of existing treaties related to nuclear security, namely the 1980 Convention on the Physical Protection of Nuclear Materials (CPPNM) and its 2005 Amendment, and the 2005 International Convention for the Suppression of Acts of Nuclear Terrorism (Nuclear Terrorism Convention). Nearly 20 states in the Asia-Pacific region have not yet

¹¹⁷ *Ibid.*

¹¹⁸“Statement on Nuclear Security,” Asia Pacific Leadership Network for Nuclear Non-Proliferation and Disarmament, June 13, 2012.

<http://a-pln.org/wordpress/wp-content/uploads/2011/03/APLNNuclearSecurityStatement13vi12.pdf>

ratified the CPPNM, including countries that possess or desire civil nuclear programs such as Vietnam, Thailand, and Malaysia. Of even greater concern is the fact that North Korea, which has a nuclear weapons program, has not signed the treaty.

There are more than a dozen additional countries that are party to the CPPNM, but have not yet ratified the 2005 Amendment including Japan, South Korea, Bangladesh, and New Zealand. The United States also has not ratified the amendment due to legislative hang-ups in Congress. According to the IAEA, the Amendment to the CPPNM makes it “legally binding for state parties to protect nuclear facilities and material in peaceful domestic use, storage and transport. It also provides for expanded cooperation between and among states regarding rapid measures to locate and recover stolen or smuggled nuclear material, mitigate any radiological consequences of sabotage, and prevent and combat related offences.”¹¹⁹ Without ratification of at least two-thirds of the original state parties, the Amendment cannot become law.

Finally there is the Nuclear Terrorism Convention which details offenses relating to the illicit possession and use of radioactive material or radioactive devices, and the use or damage of nuclear facilities. The Convention is designed to promote cooperation among countries through sharing information and providing assistance for investigations and extraditions. This pact on nuclear terrorism is critical to addressing one of the gravest threats to international security. Unfortunately, several key states in Asia have not signed the treaty, such as Pakistan, North Korea, and Myanmar. This is a significant concern because the Convention, which became law in 2007, requires “states parties to make every effort to adopt appropriate measures to ensure the protection of radioactive material, taking into account relevant recommendations and functions of the Agency (IAEA).”¹²⁰ Pakistan and North Korea are states with significant nuclear materials that have demonstrated an inability or lack of motivation to provide adequate physical protection.

The second recommendation of the APLN statement is the adoption of binding nuclear security standards beyond the current nonbinding frameworks in place through the CPPNM and the IAEA. This is perhaps the most significant recommendation, but also the most difficult to realize. Significant questions arise: how can universal nuclear security standards be adequately implemented in a region where the nuclear industry and the military establishment often amalgamate to form a colossal roadblock? Which organization would be tasked with monitoring and verifying the new regulations?

The IAEA appears to be the logical choice, considering its knowledge base and relating functions, but achieving consensus among all states in the region on allowing the Agency to monitor remains dubious. This point melds into the final two recommendations: the need to create a mechanism for transparency, reporting, and monitoring; and the ability to bolster the role of the IAEA in regards to nuclear security.

¹¹⁹“Convention on Physical Protection of Nuclear Materials and Amendment Thereto,” International Atomic Energy Agency, July 2012.

<http://www-ns.iaea.org/conventions/physical-protection.asp?s=6&l=42>

¹²⁰“Nuclear Terrorism Convention,” International Atomic Energy Agency, July 2012

http://www-ns.iaea.org/security/nuclear_terrorism_convention.asp?s=4&l=28

Strengthening the IAEA's position on nuclear security is the highest imperative and will have a trickle-down effect on other APLN recommendations. Nuclear security expert Trevor Findlay emphasizes this point: "nuclear security tasks accorded to the Agency by member states, although growing, tend to be modest and supportive of external efforts: the Secretariat needs to rapidly equip itself for this new area of work and member states need to resource this activity properly."¹²¹ Findlay succinctly encompasses the IAEA's importance by labeling the Agency a "veritable bargain for international peace and security."¹²²

Japan and the US, as two of the largest donors, are well placed to take a lead role in bolstering the IAEA's role in nuclear security. Currently, the IAEA contributes only a small fraction of its budget (around 10 percent) toward nuclear security and nuclear safety. Verification rightly consumes the largest share at nearly 40 percent, but there is also a steep administration and management cost that consists of nearly a quarter of all IAEA costs. Japan and the US should work together to ensure that IAEA takes a stronger role in nuclear security and is well equipped to do so.

The Agency's increased role in nuclear security will undoubtedly require more resources from member states. However, as noted earlier, several countries in Asia remain skeptical about allowing the IAEA to 'intrude' on their sovereignty and inspect sites connected with their highest levels of national security and confidentiality. Unfortunately, there is still the specious notion in some states that the Agency narrowly serves the agenda of United States and is just another arm of Western intelligence agencies. In many respects, the IAEA will also need to break new ground on institutionalizing nuclear security because it is an area that has, until now, been housed under a number of different international organizations, processes, and summits.

The third Nuclear Security Summit was held in the Netherlands in March 2014 and will be followed by a capstone summit in 2016 in Washington. These summits continue to play an essential role in raising the profile of nuclear security globally, and working concretely toward President Obama's goal of securing all vulnerable nuclear materials around the world. Despite its critics, the summit process has resulted in significant, high-level awareness and improved physical security of nuclear materials around the world. The summit in Seoul also bolstered Asia's role in nuclear security and demonstrated that the region can no longer approach the issue myopically. As two key leaders in the field and region, Japan and the US have a responsibility to operationalize the work of the summit process and also work toward strengthening the role of the IAEA in this field.

¹²¹ Trevor Findlay, "Unleashing the Atomic Watchdog: Strengthening and Reform of the IAEA," Centre For International Governance Innovation, June 2012, p. 2.

http://www.cigionline.org/sites/default/files/IAEA_final_0.pdf

¹²² *Ibid.*, p. 1

Conclusion

It will be increasingly important for policymakers in Japan and the US to build upon their nuclear security success stories in Russia and former Soviet Union states in an attempt to transpose these achievements toward the creation of a unique model for the Asia-Pacific region. There are several key steps that the two allies can take to improve nuclear security in the region. The US role is significant as it has always been the global leader on promoting nuclear security. Despite this, it is equally important for Washington to transition this mindset to Asian countries so that they will eventually be able to become their own stewards of a strong nuclear security regime. Japan, an advanced country with a significant civil nuclear program, can take the lead through the ratification of the CPPNM amendment. Tokyo can also leverage its expertise in nuclear technology to host conferences that promote best-practices, physical security, and personnel security.

APPENDIX A

About the Authors

Mr. Brian HARDING is currently the director for East and Southeast Asia at the Center for American Progress. From 2009 to 2013, he served in the Office of the Secretary of Defense (Policy) as country director for Asian and Pacific security affairs, where he managed defense relations with major US partners in Southeast Asia and Oceania — including Indonesia, Singapore, Australia, and New Zealand — and advised senior Department of Defense leadership on Asia-Pacific regional strategy. Prior to working at the Department of Defense, Harding was a research associate at the Center for Strategic and International Studies, where he focused on Southeast Asia and Japan. Previously, he was a Fulbright scholar in Indonesia, a research assistant at the Woodrow Wilson International Center for Scholars, and a research assistant at the Institute for National Strategic Studies. Harding holds an MA in Asian studies from the Elliott School of International Affairs at George Washington University, a BA in history and Japanese studies from Middlebury College, and has studied at Gadjah Mada University in Yogyakarta, Indonesia, and Doshisha University in Kyoto, Japan.

Mr. Kentaro IDE is an export controls consultant with Deloitte LLP, where he advises clients on managing compliance with regulations related to export controls and sanctions. He works with companies in sectors such as aerospace and defense, nuclear energy, and electronics across Europe, Asia and North America. Previously, he spent several years working with policy thinktanks in Canada and Japan, where he focused on issues related to nuclear nonproliferation and disarmament. He earned his MA in international studies and diplomacy with distinction from the School of Oriental and African Studies, University of London and holds a BA in political science and English literature, class 1 degree, from the University of British Columbia. He is currently a member of the executive board of the International Student/Young Pugwash organization.

Ms. Stephanie Nayoung KANG is a PhD student in the Department of Political Science and International Relations at the University of Southern California (USC) in Los Angeles. She was previously the 2013-2014 resident Kelly fellow at Pacific Forum CSIS, where she analyzed inter-Korean relations. From 2011-2013, she was a program associate for the International Strategic and Reconciliation Foundation (ISR), a non-profit organization aimed at promoting humanitarian aid and science diplomacy with North Korea. She received her MA in international studies from the Graduate School of International Studies at Seoul National University, and her BA with honors in political science from the University of California, Irvine. Stephanie's current research interests are in US-ROK-Japan trilateral cooperation toward North Korean issues and East Asian regional security cooperation.

Ms. Kay MAKISHI is a coordinator for international relations in Japan for the JET Programme and chair for National AJET, representing over 4,300 JET participants from over 40 countries to the Japanese government. She is concurrently a non-resident Sasakawa Peace Foundation fellow at Pacific Forum CSIS. Ms. Makishi holds a BA and BS from Pennsylvania State University in public relations/advertising, international studies, and Japanese. She received a fellowship from the Okinawa International Exchange and Human

Resources Development Foundation to study at Ryukyu University in 2010. Previously, Ms. Makishi studied at Sophia University and was a WSD-Handa fellow. She is a 2013 alumna of the Japan-US Council Emerging Leader Program. Her interests include Japan-US relations, cultural diplomacy, women's rights, and responsible economic and social development in emerging markets.

Mr. Manny MANRIQUEZ is the director of government affairs for the Japan Automobile Manufacturers Association in Washington, D.C. In 2012, he completed a one-year fellowship at the Department of Energy's National Nuclear Security Administration where he supported the office of Nonproliferation and International Security and the Global Initiatives for Proliferation Prevention program. He earned his Master's degree in international security from Georgetown University and his Bachelor's degree in political science and Asian studies at UC Berkeley. Previously, Mr. Manriquez was a research intern at the Japan Chair CSIS and participated in the Critical Languages Scholarship program in Kyoto, Japan and the Japan Travel Program for Future US Leaders. He has been a member of the Young Leaders Program at Pacific Forum CSIS since 2010.

Ms. Ayako MIE covers Japanese politics and policies for *The Japan Times*. She started her career as a reporter at Tokyo Broadcasting System in 2001. In 2008, she went to journalism school at University of California, Berkeley, as a Fulbright scholar. Upon returning to Japan in December 2010, she worked for the *Washington Post* as a special correspondent.

Mr. Jonathan Berkshire MILLER is an international affairs professional with expertise on security, defense, and intelligence issues in Northeast Asia. He has held a variety of positions in the private and public sector, including roles at the Canadian foreign ministry on international security issues. Mr. Miller is currently a senior advisor on the Asia-Pacific for the Canada Border Services Agency. He is also a fellow on East Asia with the EastWest Institute, a non-resident Sasakawa Peace Foundation fellow with the Pacific Forum CSIS and the co-chair of the Pacific Forum's Japan-Korea Working Group. Mr. Miller is a regular contributor to several journals, magazines, and newspapers on Asia-Pacific security issues and currently is a regular analyst on Japan with *The Economist* and *Forbes*. He has a MA in international affairs from the Norman Paterson School of International Affairs at Carleton University in Ottawa.

Mr. Andrew TAFFER is a PhD candidate at the Fletcher School at Tufts University. His general academic interests include international relations theory, security studies, and the Asia-Pacific region. His research concerns the evolution of the maritime disputes in the South and East China seas. Mr. Taffer formerly worked as an analyst with the Long Term Strategy Group focusing on Chinese foreign relations and East Asian military and security affairs. He also served as a research fellow with the US-China Economic and Security Review Commission where he contributed to the commission's *2012 Annual Report to Congress*. He holds an MALD from the Fletcher School and a BA from the University of Chicago.

Mr. Daichi UCHIMURA is a political and security analyst for a Japanese risk management firm and a Reserve Self-Defense official. His research interests include geopolitics of East Asia and Japan's security policy. He holds an MA in war studies from King's College London, University of London, where he wrote his dissertation on naval modernization and

Chinese diplomacy. Previously, Mr. Uchimura was a short-term research assistant at the Royal United Service Institute in London.

APPENDIX B



**PACIFIC FORUM CSIS
SASAKAWA PEACE FOUNDATION
2014 FELLOWS CONFERENCE**
*Center for Strategic and International Studies ♦ Washington, D.C.
March 23-24, 2014*

Agenda

SUNDAY, March 23, 2014

9:00AM Meet in lobby of **Marriott Courtyard Washington Embassy Row**
1600 Rhode Island Avenue, NW
Washington, DC | Phone: +1 202-448-8004

Transfer by bus to memorial

9:30AM **Guided tour of National World War II Memorial**

Transfer by bus to restaurant

11:30AM **Lunch ~ Old Ebbitts Grill**
675 15th Street, NW

Washington, DC | Phone: +1 202-347-4800

Transfer by bus to hotel

1:45PM Arrive at **General Scott Room, Marriott Courtyard Washington Embassy Row**
1600 Rhode Island Avenue, NW
Washington, DC | Phone +1 202-448-8004

2:00PM **Session I: The Symbolism of Remembering**
How countries remember their war dead, both uniformed and civilian, is a sensitive issue. Differing national narratives surrounding the symbolism of remembering continues to create bilateral and regional friction. Are Arlington and Yasukuni really any different? If so, how and why?

- 3:15PM Coffee break
- 3:45PM **Session II: Shifting the Asia-Pacific geopolitical narrative**
 Geography doesn't change but geopolitics do! The 21st Century Japan-US relationship proves it. What is necessary to shift the current Asia-Pacific geopolitical narrative away from conflict and competition towards peace and cooperation? What are the barriers to doing so? What are the risks of not?
- 5:00PM Session close
- 6:00PM Meet in lobby of **Marriott Courtyard Washington Embassy Row** walk to restaurant

Dinner ~ Firefly
 1310 New Hampshire Ave, NW
 Washington, DC | Phone: +1 202-521-7412

MONDAY, March 24, 2014

- 8:45AM **Arrive at CSIS - 1st Floor Conference Room**
 1616 Rhode Island Avenue, NW
 Washington, DC | Phone: +1 202-887-0200
- 9:00AM **Welcome and introductions ~ Ralph COSSA, President, Pacific Forum CSIS**
- 9:15AM **Session I: Shifting Japanese National Security Policy**
 Tomohiro TANAKA ~ Proactive contribution to peace
 Ayako MIE ~ Role of the National Security Council
- 10:15AM Coffee break
- 10:30AM **Session II: Rebalancing the Alliance**
 Daichi UCHIMURA ~ Refurbishing the Alliance
 Andrew TAFFER ~ Maritime Cooperation in the Indo-Pacific
 Nanae YAMASHIRO ~ US Military Realignment in Okinawa
- 11:30PM **Session III: Securing Arms Control**
 Stephanie KANG ~ Three Principles of Arms Control
 Kentaro IDE ~ Industry Cooperation for Export Controls
- 12:30PM **Luncheon Guest speaker: Kentaro KAIHARA**
 Counselor, Political Section, Embassy of Japan
 Venue: CSIS, 1st Floor Conference Room
- 2:00PM **Session IV: Non-traditional Security Challenges and Opportunities**
 LCDR James MORROW ~ Strengthening Law Enforcement with Intelligence
- Sharing
 Aiko SHIMIZU ~ Energy Security Cooperation
 Manny MANRIQUEZ ~ TPP: A Strategic Imperative for the US-Japan Alliance

- 3:00PM Coffee break
- 3:15PM **Session V: Health and Nuclear Security**
Dr. Jaime YASSIF ~ Global Health Security and Nuclear Security
Jonathan Berkshire MILLER ~ Working Together on Nuclear Security
Dr. Sachi GERBIN ~ Combating Antimicrobial Resistance
- 4:15PM **Session VI: Wrap Up**
- 5:00PM Session close

Transfer by bus to Capitol Hill

- 5:45PM **Arrive at Rayburn House Office Bldg.**
Room 2226, Capitol Hill
Clear security, bring ID
- 6:00PM **Celebrating the Next-Generation of the US-Japan Alliance Reception
with Congressman Randy Forbes and Congressman Steve Chabot**
Rayburn House Office Bldg.
Room 2226, Capitol Hill
- 8:00PM Program concludes

Transfer by bus to hotel

APPENDIX C



**PACIFIC FORUM CSIS
SASAKAWA PEACE FOUNDATION
2014 FELLOWS CONFERENCE**
*Center for Strategic and International Studies ♦ Washington, D.C.
March 23-24, 2014*

Participants

Fellows and Young Leaders

1. **Ms. Brittany BILLINGSLEY (USA)**
Research Associate
CSIS
2. **Mr. Michael CLAUSER (USA)**
Government Relations
Fujitsu, Ltd.
3. **Dr. Clark CULLY (USA)**
Chief of Staff
Office of Global Strategic Affairs
Office of the Secretary of Defense
4. **Ms. Linnea DUVALL (USA)**
Bureau of Political-Military Affairs
US Department of State
5. **Ms. Julia FAMULARO (USA)**
Doctoral Candidate
Georgetown University
6. **Dr. C. Sachi GERBIN (USA)**
Resident SPF Fellow
Pacific Forum CSIS
7. **Dr. Ashley GRANT (USA)**
American Association for the
Advancement of Science (AAAS)
Fellow
US Department of Defense
8. **Mr. Alexander GRAY (USA)**
Defense Press Secretary
Office of US Rep. J. Randy Forbes
9. **Mr. Brian HARDING (USA)**
Adjunct Fellow
CSIS
10. **Ms. Shino HATERUMA (JPN)**
PhD Candidate
11. **Ms. Erin HOSHIBATA (USA)**
Resident WSD-Handa Fellow
Pacific Forum CSIS
12. **Mr. Kentaro IDE (JPN)**
Export Controls Consultant
Deloitte LLP

- 13. Mr. Akira IGATA (JPN)**
 Doctoral Student
 Keio University
- 14. Ms. Stephanie Nayoung KANG (USA)**
 Resident Kelly Fellow
 Pacific Forum CSIS
- 15. Mr. Koichiro KAWAGUCHI (JPN)**
 Second Secretary
 Public Affairs Section
 Embassy of Japan
- 16. Mr. Harry KAZIANIS (USA)**
 Managing Editor
The National Interest
- 17. Mr. Yuki LIN (USA)**
 Economic Affairs Assistant
 Consulate General of Japan in San Francisco
- 18. Ms. Kay MAKISHI (USA)**
 Chair
 AJET National Council 2013-2014
- 19. Mr. Manuel MANRIQUEZ (USA)**
 Director of Government Affairs
 Japan Automobile Manufacturers Association
- 20. Mr. Thomas MATHIEU (USA)**
 Pathways Program Analyst
 Student Trainee
 US Department of State
- 21. Mr. Charles McCLEAN (USA)**
 Research Associate – Japan Studies
 Council on Foreign Relations
- 22. Ms. Ayako MIE (JPN)**
 Staff Writer
The Japan Times
- 23. Mr. Jonathan MILLER (USA, CAN)**
 Senior Policy Officer – Asia-Pacific Desk
 Canada Border Services Agency
- 24. LCDR James MORROW (USA)**
 HC-130 Pilot
 United States Coast Guard
- 25. Ms. Jessica SANTANA (USA)**
 Political/Congressional Analyst
 Economics Section
 Embassy of Japan
- 26. Mr. Eric SAYERS (USA)**
 Defense Policy Advisor
 Office of US Rep. J. Randy Forbes
- 27. Ms. Aiko SHIMIZU (JPN)**
 Sasakawa Peace Foundation Fellow
 Pacific Forum CSIS
- 28. Mr. Kotaro SHIOJIRI (JPN)**
 Second Secretary
 Economics Section
 Embassy of Japan
- 29. Mr. Andrew TAFFER (USA)**
 PhD Candidate
 The Fletcher School
 Tufts University
- 30. Mr. Tomohiro TANAKA (JPN)**
 Official
 National Security Policy Division
 Foreign Policy Bureau
 Ministry of Foreign Affairs
- 31. Mr. Daichi UCHIMURA (JPN)**
 Associate
 Japan Security Support Co., Ltd.
- 32. Mr. John WARDEN (USA)**
 MA Candidate
 Georgetown University

33. Ms. Maki YAMAMOTO (JPN)
Second Secretary
Public Affairs Section
Embassy of Japan

34. Ms. Nanae YAMASHIRO (JPN)
Resident Vasey Fellow
Pacific Forum CSIS

35. Dr. Jaime YASSIF (USA)
AAAS Science & Technology
Policy Fellow
US Department of Defense

Observers

36. Ms. Eleni EKMEKTSIOGLOU (GRC)
PhD Candidate
American University
School of International Science

37. Mr. Miha HRIBERNIK (SVN)
Associate
European Institute for Asian Studies

38. Mr. Yuuki SHINOMIYA (JPN)*
Executive Director
International Student Conferences, Inc.

39. Mr. Timothy STAFFORD (GBR)
Associate Fellow
Henry Jackson Society
Georgetown University

Seniors

40. Ms. Suzanne BASALLA (USA)
Executive Vice President
US-Japan Council

41. Mr. Daniel BOB (USA)*
Senior Fellow and Senior Director for
US-Japan Programs
Sasakawa Peace Foundation USA

42. Mr. Ralph A. COSSA (USA)
President
Pacific Forum CSIS

43. Ms. Paige COTTINGHAM-STREATER (USA)
Executive Director
US-Japan Friendship Council

44. Mr. Brad GLOSSERMAN (USA)
Executive Director
Pacific Forum CSIS

45. Mr. Kentaro KAIHARA (JPN)*
Counselor
Political Section
Embassy of Japan

Staff

46. Ms. Nicole FORRESTER (AUS)
Director – Young Leaders Program
Pacific Forum CSIS

47. Ms. Brooke MIZUNO (USA)
Director of Grants Management and
Institutional Support
Pacific Forum CSIS

48. Ms. Mari SKUDLARICK (USA)
Program Officer
Pacific Forum CSIS