

2
June 2005

Institute for National Strategic Studies

U.S.-Japan Relations: Progress Toward a Mature Partnership

by James J. Przystup

occasional paper

The National Defense University educates military and civilian leaders through teaching, research, and outreach in national security strategy, national military strategy, and national resource strategy; joint and multinational operations; information strategies, operations, and resource management; acquisition; and regional defense and security studies.

The Institute for National Strategic Studies (INSS) is a policy research and strategic gaming organization within NDU serving the Department of Defense, its components, and interagency partners. Established in 1984, the institute provides senior decisionmakers with timely, objective analysis and gaming events and supports NDU educational programs in the areas of international security affairs and defense strategy and policy. Through an active outreach program, including conferences and publications, INSS seeks to promote understanding of emerging strategic challenges and policy options.

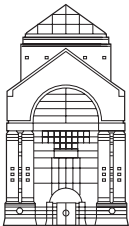
NDU Press of INSS publishes books, monographs, reports, and occasional papers on national and international security affairs, defense policy, and military strategy, primarily the output of university research and academic programs. In addition, it produces *Joint Force Quarterly*, a professional military and security studies journal published for the Chairman of the Joint Chiefs of Staff.

U.S.-Japan Relations

**U.S.-Japan Relations:
Progress Toward a
Mature Partnership**

by James J. Przystup

*Institute for National Strategic Studies
Occasional Paper 2*



**National Defense University Press
Washington, D.C.
June 2005**

Opinions, conclusions, and recommendations expressed or implied within are solely those of the contributors and do not necessarily represent the views of the Defense Department or any other agency of the Federal Government. Cleared for public release; distribution unlimited.

Portions of this work may be quoted or reprinted without permission, provided that a standard source credit line is included. NDU Press would appreciate a courtesy copy of reprints or reviews.

First printing, June 2005

NDU Press publications are sold by the U.S. Government Printing Office. For ordering information, call (202) 512-1800 or write to the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. For the U.S. Government On-Line Bookstore go to: http://www.access.gpo.gov/su_docs/sale.html.

For current publications of the Institute for National Strategic Studies, consult the National Defense University Web site at: <http://www.ndu.edu>.

Contents

Foreword <i>by Stephen J. Flanagan</i>	ix
The Alliance: Challenge, Response, and the Road Ahead	1
Reflections on “Advancing Toward a Mature Partnership”	4
Security Environment	5
Intelligence Issues.	15
Economic Progress	16
Diplomatic Challenges	19
The Road Ahead	23
Recommendations and Conclusion	26
Notes	29
About the Author.	31

Foreword

by Stephen J. Flanagan

In early 2000, a bipartisan group of then-former government officials, foreign policy and national security analysts, and interested scholars, concerned with a post-Cold War drift and loss of focus within the U.S.-Japan alliance, met under the auspices of the Institute for National Strategic Studies (INSS) and the leadership of Richard Armitage and Joseph Nye to chart a course for the U.S.-Japan relationship in the new century. On October 11, 2000, INSS published *The United States and Japan: Advancing Toward a Mature Partnership* (hereinafter referred to as the Special Report).¹ The present study was prepared by INSS Senior Research Fellow, James Przystup, one of the organizers of the 2000 study group. This study assesses the steps taken by the governments of the United States and Japan to implement the recommendations of the October 2000 Special Report and to chart a course for future action.

Released 11 months before September 11, 2001, the Special Report did not anticipate the profound transformation of the international security environment that followed the events of that tragic day. The U.S.-Japan alliance, however, has responded remarkably to the unprecedented challenges posed in the post-9/11 security environment. The cumulative effect of the policy decisions and attendant actions has been to transform the alliance into an instrument that enhances stability and security across the globe, thus supporting the national interests of both the American and Japanese people.

At the same time, the security challenges touched on in the initial report have not disappeared. The Korean Peninsula and the Taiwan Strait remain areas in which conflict affecting the vital national interests of the United States and Japan could arise, as the report observed, “at a moment’s notice.” North Korea’s clandestine pursuit of nuclear weapons, in blatant violation of its international treaty commitments, stands as a challenge to stability and security in Northeast Asia, and the threat of the proliferation of weapons of mass destruction (WMD) from a cash-strapped North Korea to rogue states or international terrorists cannot be discounted. China’s continuing missile buildup is having an adverse impact on the military balance in the Taiwan Strait. And, in Southeast Asia, ethnic and religious differences remain susceptible to both internal and external exploitation.

The threats posed by international terrorism and WMD proliferation, as well as the enduring challenges of maintaining security and prosperity in East Asia and globally, warrant close coordination of U.S. and Japanese national policies and further steps to enhance the alliance. We hope this paper will contribute to efforts to advance these goals.

U.S.-Japan Relations

In September 2000, the American Secretaries of State and Defense met in New York with their Japanese counterparts in the U.S.–Japan Alliance Security Consultative Committee, also known as the “two plus two.” The meeting focused on the “strategic environment in the Asia-Pacific region and issues related to the bilateral security alliance.” The Joint Statement, issued on September 11, 2000, portrays an Asia and a world much different from the one that erupted 366 days later. On the Korean Peninsula, the United States and Japan “welcomed” the historic South-North Summit held in June in Pyongyang and expressed the “strong hope that this progress will lead to an easing of tensions on the Korean Peninsula.” Beyond the peninsula, the Joint Statement devoted one sentence to proliferation, “noting with concern the continued proliferation of ballistic missiles and related technologies.” The phrases “international terrorism” and “weapons of mass destruction” did not appear in the Joint Statement.²

The Alliance: Challenge, Response, and the Road Ahead

When the Security Consultative Committee met next, in December 2002 in Washington, DC, it issued a statement at the conclusion of the meeting on December 16 that spoke to the transformed nature of the international security environment. Terrorism was the first issue mentioned. Reflecting the events of 9/11, the document stated that terrorism poses “a serious threat to the U.S., Japan and the entire international community” and that in dealing with international terrorism, “continued action and cooperation are of the highest importance.” Addressing the “threats posed by the proliferation of weapons of mass destruction and their delivery systems, including ballistic missiles,” the statement expressed concern that “not only states but also international terrorist organizations are increasingly able to obtain and use weapons of mass destruction and their delivery systems.”

Efforts to secure Iraq’s compliance with United Nations Security Council Resolution 1441 were supported by the United States and Japan, who agreed to “coordinate their views even more closely” in the event that “Iraq’s behavior requires further action on the part of the international community.”

In the Asia-Pacific region, Washington and Tokyo discussed “persistent instability and uncertainty” attendant on the “expansion and modernization of military capabilities” and focused on activities related to the proliferation of weapons of mass destruction (WMD) as well as the actions of international terrorists. The governments also expressed “grave concern” with the nuclear challenge posed by North Korea and called on Pyongyang to “to give up any nuclear programs in a prompt and verifiable fashion.”³

Just over 2 years later, on February 19, 2005, the Security Consultative Committee met again in Washington, DC. As highlighted in the Joint Statement issued at the end of the talks, the meeting marked the ongoing convergence of a common strategic vision and a shared understanding that the alliance enhances the security of both countries and the Asia-Pacific region, as well as the cause of “global peace and stability.”

Toward the Asia-Pacific region, the Joint Statement set forth a number of common strategic objectives. Among them are:

- supporting “peaceful unification of the Korean Peninsula” and “peaceful resolution of issues related to North Korea, including its nuclear programs”
- developing a “cooperative relationship with China,” welcoming it “to play a responsible and constructive role regionally as well as globally”
- promoting “the peaceful resolution of issues concerning the Taiwan Strait through dialogue”
- encouraging China “to improve transparency of its military affairs”
- endorsing Russia’s “constructive engagement” in the region and the full normalization of Japan-Russia relations “through the resolution of the Northern Territories issue”
- promoting “a peaceful, stable, and vibrant Southeast Asia.”

Common global strategic objectives are defined as the promotion of “fundamental values such as basic human rights, democracy, and the rule of law in the international community” and the consolidation of the U.S.-Japan partnership “in international peace activities and the development of assistance to promote peace, stability, and prosperity worldwide.”⁴

Convergent Post-9/11 Assessments

The statement of the U. S.-Japan Security Consultative Committee reflects the convergent assessments of the post-9/11 world expressed in key national security documents of the alliance partners: the U.S. *Quadrennial Defense Review* (QDR), the Bush administration’s *National Security Strategy of the United States of America*, and Japan’s defense white paper, “Defense of Japan 2002.”

The United States. The QDR, issued September 30, 2001, defined the emerging security environment as one of great uncertainty; the U.S. Government could no longer know when, where, or from what direction the Nation or its friends would come under attack. Security could be threatened by major war; adversaries seeking to develop asymmetric approaches

to warfare, including cyber attacks; the proliferation of weapons of mass destruction and ballistic missile delivery systems; acts of international terrorism; or terrorists with access to weapons of mass destruction.

The QDR also envisioned Asia as “a region susceptible to large-scale military competition” and, without mentioning China, noted that “The possibility exists that a military competitor with a formidable resource base will emerge” in East Asia. The reference, however, was widely understood as pertaining to China. However, unlike the Cold War era, with its well-defined adversary, the post-9/11 environment is judged to be “increasingly complex and unpredictable.” The QDR makes clear that “the attacks of September 11 demonstrate that the risks of future challenges are a permanent feature of the international system,” with asymmetric attacks by a variety of possible adversaries likely.⁵

The Bush administration issued its National Security Strategy (NSS) a year later, on September 17, 2002. The NSS noted that the U.S. security environment had experienced a “profound transformation” in the decade following the collapse of the Soviet Union, one in which “new deadly challenges have emerged from rogue states and terrorists.” The strategy warned that the new adversaries were determined to obtain WMD and use them against the United States, thus making the contemporary security environment “more complex and dangerous.”⁶

To secure the United States, the NSS outlines a comprehensive strategy for developing a flexible international coalition to combat terrorism. It also advocates ties with the “other main centers of global power,” including allies in Europe and East Asia as well as Russia and China, and cooperation with friendly countries to defuse regional conflicts. It calls for preventing enemies, identified as rogue states and terrorists, from threatening the United States, while reserving the long-held option of “preemptive actions to counter a sufficient threat to our national security.”⁷

Japan. Twenty-four Japanese citizens were lost in the attacks on the World Trade Center. Even before 9/11, however, Japan had experienced domestic terrorism in the form of the 1995 gas attack in the Tokyo subway system by members of Aum Shin Rikyo. At the same time, more traditional threats—such as China’s use of missiles for purposes of political intimidation during the March 1996 Taiwan Strait crisis and North Korea’s Taepo Dong missile launch over Japan at the end of August 1998—were not distant memories on September 11.

The Japan Defense Agency’s annual white paper, “Defense of Japan 2002,” begins with the admission that “although the world had been aware

of the threat posed by terrorism, the attacks of September 11 were beyond imagination in scale and method.” As a result, the post-9/11 world is defined as a “time of uneasiness” across the globe. Territorial disputes; ethnic and religious conflicts; the proliferation of weapons of mass destruction, which terrorists and nonstate actors are seeking to acquire; and the potential of asymmetric warfare combined to make the international security environment one of “unpredictability and uncertainty.” The white paper recognizes the leading role played by the United States in the war on terror but, given the “complexity of international politics and security,” states that “international cooperation is indispensable for the success of this fight.”⁸

Reflections on “Advancing Toward a Mature Partnership”

For the United States, the alliance with Japan remains the keystone of U.S. involvement in Asia and is central to America’s global strategy. Following the 9/11 attacks, among the first American units deployed to Southwest Asia in Operation *Enduring Freedom* were forces based in Japan. Eighteen months later, U.S. bases in Japan also provided vital support to coalition forces in Operation *Iraqi Freedom*. Meanwhile, the transformation of the U.S. military presence in Asia to meet the demands of the war on terror as well as more traditional defense commitments is being advanced through ever closer alliance cooperation.

In Japan, a process of profound social and economic change continues. As noted in the Special Report, “Japanese society, economy, national identity, and international role” are experiencing historic transformation.⁹ Issues related to constitutional change are now front-page news. Politically, judging from the results of the 2004 Upper House election, Japan appears to be moving toward a restructuring of its multiparty system, with security issues becoming matters of substantive debate instead of dogmatic polemics. Across society, a new generation of leadership is inexorably moving to assume positions of influence and power. And, after years of stagnation, Japan’s economy is evincing signs of rebounding.

Leadership does matter. Both President George W. Bush and Prime Minister Junichiro Koizumi have responded to the security challenges of the new century, strengthened the alliance, and thus enhanced its value as an anchor for international security and stability. Style should not be confused with substance; both the President and prime minister have embraced the responsibilities of office and led on both regional and global issues. The personal rapport between the two leaders as well as the steady

dialogue between senior officials, particularly between the deputy secretary of state and vice minister for foreign affairs, has served to promote and reinforce understanding between the United States and Japan.

The Special Report expressed the view that Japan's self-imposed restriction on the right of collective self-defense stood as a "constraint on alliance cooperation." That judgment still stands. The report also argued that the United States should respect the "domestic decisions that form the character of Japanese security policies," while at the same time making clear that the United States "welcomes a Japan that is willing to make a greater contribution and become a more equal alliance partner." The steps taken by Japan over the past 4 years toward becoming a more equal alliance partner, and the receptiveness of the United States to those steps, have served to strengthen the bonds between our two countries.¹⁰

The Special Report cited the "special relationship" of the United States and United Kingdom as "a model for the alliance."¹¹ In Japan, not a few editorialists and opinion leaders interpreted this as a call for Japan to become, like the United Kingdom, a nuclear power with substantial power-projection capabilities. This, however, was not the intention of the Study Group participants. Rather, the reference was to the shared values and many common interests that marked the U.S.-UK relationship and serve as the firm foundation for cooperation in dealing with threats to international security. It was that sense of confidence that the Study Group participants hoped to see evolve in the alliance with Japan. The steps taken by the United States and Japan toward that end underscore the progress made over the past 4 years toward a mature partnership.

Security Environment

In its examination of the security aspects of the U.S.-Japan relationship, the Special Report called for action in seven broad areas. Tangible progress has been recorded in each, as discussed below.

Reaffirmation of the Alliance

Strengthening the alliance and the U.S.-Japan relationship has been a central foreign policy goal of the Bush administration. This objective was underscored in the text of the Joint Statement issued on June 30, 2001, by the President and prime minister at the conclusion of their meeting at Camp David.¹² Their rapport has facilitated the development and expansion of the bilateral relationship. Personnel decisions also reflected the importance attached to relations with Japan. Several of the participants in the 2000 Study Group were appointed to senior policy-level

positions in the administration that took office on January 20, 2001, most notably Richard Armitage (Deputy Secretary of State) and Paul Wolfowitz (Deputy Secretary of Defense).

By the time the Security Consultative Committee held its first post-9/11 meeting in December 2002, Japan, animated by concerns about terrorism and the North Korean nuclear threat, had already acted to advance security cooperation with the United States. Twelve months earlier, Japan's Maritime Self-Defense Force had deployed to the Indian Ocean to support the United States in Operation *Enduring Freedom*.

At the 2002 meeting, Secretary of State Colin Powell and Deputy Secretary of Defense Wolfowitz and their Japanese counterparts, Foreign Minister Yoriko Kawaguchi and the Director General of the Japan Defense Agency, Shigeru Ishiba, noted their mutual concern about the threats posed by terrorism, North Korea's nuclear weapons program, and WMD proliferation, and underscored the importance of alliance cooperation in meeting them. The ministers acknowledged the need to continue "cooperative research on ballistic missile defense technologies and to intensify consultations and cooperation on missile defense" and "to pursue further improvements in bilateral [defense] planning."¹³

As American and Japanese diplomats have worked since October 2002 to eliminate the nuclear challenge posed by North Korea, the U.S. commitment to the alliance has repeatedly been made clear. Deputy Secretary Armitage told visiting members of the Diet that "if there is an attack on Japan, we consider it an attack on ourselves. That's what the alliance means."¹⁴ Armitage later reiterated the commitment to defend Japan as well as territory administered by Japan (in particular, the Senkaku Islands). The commander of U.S. Forces Japan, Lieutenant General Thomas Waskow, emphasized that the alliance, the "extreme bedrock" of security in East Asia, stood as an "absolute commitment" of the United States.¹⁵

For his part, Prime Minister Koizumi, in a March 23, 2003, address to graduates of the National Defense Academy, defined the alliance as "absolutely invaluable" to Japan.¹⁶ The prime minister and other Japanese leaders recognized that they could not expect firm U.S. support on North Korea if Tokyo wavered in supporting the United States in Afghanistan and Iraq. To defend Japan and to enhance its security and that of the surrounding region, the prime minister's advisory Council on Security and Defense Capabilities in October 2004 called for a strengthening of the Japan-U.S. alliance. The advisory council also regarded the alliance as the instrument through which Japan can cooperate in advancing international stability beyond East Asia.¹⁷

The centrality of the alliance for both countries was again underscored in the February 19, 2005, Joint Statement issued at the conclusion of the Security Consultative Committee “two plus two” meeting in Washington, DC.

Implementation of Defense Guidelines

Legal issues related to an armed attack on Japan, including the role of the Self-Defense Forces (SDF), activities of U.S. forces, and protection of lives and property of Japanese citizens, have been studied by the Defense Agency since the late 1970s. Legislation on the issues, however, was not introduced into the Diet until April 2002. After debate and amendment, three separate bills were enacted in June 2003:

- *To Ensure National Independence and Security in a Situation of Armed Attack*, which defines the responsibilities of national and local governments and the powers of the prime minister in the event that Japan comes under armed attack
- *To Amend the Security Council Establishment Law*, which clarifies the role of the Security Council in situations in which Japan is attacked
- *To Amend the Self-Defense Forces Law*, which allows the SDF to take certain actions, such as the expropriation of material and construction of defense facilities, in the defense of Japan.

A year later, in June 2004, the Diet adopted a legislative package of seven bills that supplemented the 2003 crisis management legislation. The bills strengthen the hand of Japan’s central government to deal with local and prefectural governments in the event of a crisis and address issues related to SDF operations as well as Japan-U.S. military cooperation. Specifically, the legislation allows the prime minister, in the event of an attack on Japan, to command government agencies to support U.S. forces fighting in defense of Japan. The legislation also established a crisis response committee in Japan’s National Security Council structure.

Collectively, the legislation passed by the Diet in 2003 and 2004 has strengthened Japan’s crisis decisionmaking and response and enhanced its ability to work with the United States in any contingency that would require cooperation in “Situations in Areas Surrounding Japan” as stipulated in Japan’s 1997 Defense Guidelines.

Greater Jointness and Security Cooperation

The United States and Japan have pursued an active schedule of joint exercises. In November 2002, minesweeping exercises were conducted in

waters off Japan; and, in November 2003, the Japan Maritime Self-Defense Force announced a 10-day exercise with the U.S. Navy in the Sea of Japan, East China Sea, and Pacific Ocean. In May 2003, Japanese F-15 fighters and an airborne warning and control system aircraft flew to Alaska to participate in a mid-air refueling exercise with the U.S. Air Force for the first time—an event indicative of the recent qualitative improvement in bilateral activities. The United States and Japan are now participating in exercises featuring the development of a common operating picture and defense networking.

In April 2002, the Director General of the Defense Agency called on Japan's Joint Staff Council and Chiefs of Staff to initiate studies on joint operations. The resulting Report on the Study of Joint Operations, which was submitted to the Director General in December 2002, outlined the need to transform the individual services toward joint operations.

Putting its muscle behind the push for jointness, the Council on Security and Defense Capabilities addressed the need to restructure the SDF “substantially” into a “Multi-Functional Flexible Defense Force” to meet the security challenges of the 21st century and to enhance joint defense cooperation with the United States. To deal with the constraints of low birth rates, an aging population, lower economic growth rates, and increasing demands of social welfare spending, the council observed that the “downsizing of personnel, streamlining of equipment, and rationalization of operations will be required.” To promote jointness, the panel recommended creation of “a joint command structure along with the infrastructure required for education, training, intelligence and communications, and logistical support.”¹⁸

In addition, the Acquisition and Cross-Servicing Agreement has been amended to allow for increased security cooperation. The agreement now lets Japan supply U.S. forces with ammunition for operations in defense of Japan and enables Japanese and U.S. forces to offer each other logistic support on a reimbursable basis in global operations, authorized by their respective laws.

The two governments also agreed to improve the procedures used under the Status of Forces Agreement to investigate allegations of such heinous crimes as murder and rape involving members of the U.S. Armed Forces. This agreement resolved differences that have caused friction in the bilateral relationship for several years, particularly on Okinawa.

Antiterrorist cooperation. On September 12, 2001, the United Nations (UN) Security Council adopted Resolution 1368, which defined the attacks

of September 11 as a threat to international peace and security and called on member states to cooperate in the suppression of terrorist activity. A week later, on September 19, Prime Minister Koizumi announced that Japan would actively support the United States in its response to the terrorist attacks. To that end, the government introduced the Anti-Terrorism Special Measures Law on October 5, which passed on October 19, and an Implementation Plan was approved on November 20. By early December, ships of the Japan Maritime Self-Defense Force were operating in the Arabian Sea in supply operations supporting U.S. forces in Operation *Enduring Freedom*. Supply operations were later extended to other members of the coalition. Also, in December 2002, the Japanese government deployed an Aegis destroyer to the Indian Ocean in support of the war on terrorism. These deployments continue.

The leadership exhibited by the prime minister and the speed with which the Diet acted testify to their understanding of the transforming nature of September 11; of the need for Japan, in its own national interest, to assume a larger role in support of international stability and security; and of the enduring importance of the alliance with the United States.

Combating WMD: Proliferation Security Initiative. Japan was one of the first countries to support the Bush administration's Proliferation Security Initiative (PSI), which aims to interrupt international trafficking in weapons of mass destruction and ballistic missile delivery systems.¹⁹ The Japan Maritime Self-Defense Force, along with the navies of the United States, Australia, and France, participated in the multilateral, coalition-of-the-willing exercise *Pacific Protector*, which took place in the Coral Sea in 2003 and focused on PSI maritime intercept activity. Seven other members of the PSI coalition attended the exercise as observers. In October 2003, Japan hosted a PSI-related meeting in Tokyo to which China, South Korea, and member states of the Association of South East Asian Nations (ASEAN) were invited. During the meeting, Prime Minister Koizumi urged those attending to support the PSI. In October 2004, Japan hosted a PSI exercise in which the United States, Australia, and other PSI members participated.

Collaboration in Peacekeeping and Peacemaking

In December 2001, the Diet amended the International Peacekeeping Law, lifting the restrictions on Japan's participation in core assignments of UN peacekeeping forces. Shortly thereafter, in March 2002, the government deployed SDF engineers to East Timor. In December 2002, the Advisory

Group on International Cooperation for Peace called for an expanded international role for the SDF in support of UN peacekeeping operations and outlined the legislative changes necessary to facilitate SDF participation.

To facilitate SDF support for UN peacekeeping operations, the Koizumi government was expected to introduce permanent generic legislation in the autumn 2004 Diet session that would establish criteria for SDF participation. This would obviate the need for the special legislation that authorized SDF participation in Afghanistan and Iraq. Consideration of the legislation, originally scheduled for autumn 2004, has been carried over by the government into the 2005 Diet session.

Support for Iraq stabilization. In the face of pronounced public opposition, Prime Minister Koizumi committed the SDF to assist in the reconstruction of Iraq. In July, legislation authorizing the dispatch of the SDF to Iraq passed the Diet, 1 month after the Koizumi government had decided to participate in Iraq's reconstruction. Despite the tragic deaths of two Japanese diplomats in Iraq, the government approved the SDF deployment in December; the first SDF units deployed to Iraq in early 2004. The prime minister acted in accordance with UN Resolution 1368, arguing that the SDF dispatch was in keeping with Japan's obligations as a member of the international community.

The deployment of the SDF to Iraq in support of the United States speaks to the progress made toward a mature partnership—Japan, in its own interests, both assumed a larger role in support of international stability and security and supported its alliance partner, the United States.

Transformation of Force Structure

The 2001 *Quadrennial Defense Review* focused on the concept of transformation of defense planning as well as the structure and operations of U.S. Armed Forces. With regard to defense planning, the QDR called for a shift from “threat-based” planning to a “capabilities-based” model, one that would allow the United States to deal with diverse adversaries “who will rely on surprise, deception, and asymmetric warfare to achieve their objectives.” Accordingly, the QDR called for a transformation in the structure of the Armed Forces, the development of joint forces that “must be lighter, more lethal and more maneuverable . . . more readily deployable and employed in an integrated fashion,” allowing for “distributed and dispersed” operations.²⁰

In the *Transformation Planning Guidance* issued April 2003, Secretary of Defense Donald Rumsfeld defined the *war on terror* as

“a transformational event” that requires the United States to put “new thinking [transformation of the military] into action.”²¹ The Pentagon continues to revise operational concepts, investment priorities, and overseas deployments to advance the transition to an information age military. Doctrine and operational concepts under development emphasize the need to establish and maintain information advantage. Services are modifying acquisition programs and increasing investment in information technologies. The Army’s cancellation of Crusader and Comanche programs and the Air Force’s emphasis on communication interoperability in the F-22 and V-22 aircraft programs are representative of this trend. Enhanced mobility and lethality make possible adjustments in U.S. overseas posture without diminishing the ability to support alliance commitments.

Japan too is moving to transform the Self-Defense Forces to meet the security challenges of the post-9/11 world. In December 2003, the Koizumi government called for a Defense Posture Review. The objectives were to ensure that the Self-Defense Forces are able to respond effectively to the new threats of terrorism and the proliferation of WMD and ballistic missiles, and to conduct proactive activities in support of international peace and stability. Transformation of the SDF, toward greater readiness, flexibility, mobility, and versatility, is a major focus of the study. At the same time, the review redefines the priorities and mission of the SDF to make support for international peace and stability among its primary missions.

In October 2004, the Council on Security and Defense Capabilities, a private advisory body chaired by Hiroshi Araki, issued its report, “Japan’s New Security Strategy Toward the 21st Century,” to the prime minister. The report called for an “Integrated Security Strategy” with two major goals, the defense of Japan and the improvement of the international security environment. Toward this end, the report advocated the development of a multifunctional basic defense force and enhanced intelligence capability.²²

The Advisory Council recommended transforming the Self-Defense Forces to strengthen their capability for international activity and allow them to defend against the threats of the new security environment: ballistic missiles; low-intensity military action in the vicinity of Japan; attacks by guerrillas or special operations forces against critical infrastructure; and threats from nonstate actors.

On December 10, the Defense Agency released the first National Defense Program Guideline (NDPG) completed since 1995. The guideline and the related Mid-Term Defense Program (MTDP) call for an unprecedented overhaul of the SDF to make it more responsive and flexible.

The NDPG emphasizes the importance of technology and qualitative enhancements, particularly information processing and networking, to defense capabilities. It calls for active SDF participation in international operations, as well as defense of the homeland, and for intensified cooperation with the United States.²³

Transformation of the SDF should be understood as a process that will take place over time. Budgetary constraints—including a 24.3 trillion yen ceiling set on the total MTDP, with annual budget growth decreasing—and the demands placed on social welfare spending by a rapidly aging population will limit resources available for transformation and extend its timeline. But the recommendation of the Advisory Council and the budget allocations of the new National Defense Program Guideline will begin to advance the transformation of the SDF.

The Joint Statement issued at the conclusion of the February 19, 2005, Security Consultative Committee meeting in Washington, DC, expressed “support and appreciation for each other’s efforts to develop their respective security and defense policies.”²⁴

Reduction of U.S. Footprint in Japan

Implementation of the 1996 Special Action Committee on Okinawa (SACO) Final Report has been an area of frustration for both the United States and Japan. The report contained some 28 initiatives aimed at reducing the burden that the large U.S. military presence imposes on the residents of Okinawa Prefecture, while maintaining the capabilities of those forces to fulfill their responsibilities under the Security Treaty. Many of the initiatives involved changes in U.S. operations and training practices, all of which the United States has implemented. Another recommendation that has been enacted involved changes in procedures used under the Status of Forces Agreement.²⁵

The heart of the Final Report called for returns of approximately 12,000 acres of land, contingent upon relocation of various facilities within the Okinawa Prefecture and upon securing agreement of affected local communities—both those hosting facilities that U.S. forces would vacate, as well as those receiving the relocated forces. To date, only one land return has been completed: the unilateral U.S. release of its right to use training areas in the sparsely populated Aha district of northern Okinawa Island. Slow progress marks many of the other 10 land returns; but all are well behind schedule, and some are completely stalled. In 2005, plans call for the land return of the Sobe communication site and the Yomitan auxiliary airfield.

Most disappointing has been implementation of the centerpiece land return: the complete return of the Marine Corps Air Station Futenma upon relocation to a new facility elsewhere in the Okinawa Prefecture. The Final Report originally envisioned relocation to a sea-based facility within 8 years, but local communities rejected the relocation plan, and the entire project stalled. In 2002, the Government of Japan and the Okinawa Prefecture reached agreement on a basic plan calling for relocation to a dual use military-civilian landfill facility; construction, however, has yet to begin, and Tokyo does not envision completion before 2015.

Meanwhile, frustration within the Okinawa Prefecture over the noise of operations at the Futenma facility has continued to mount, as have safety concerns over operations from a facility closely surrounded by residential areas. The August 2004 crash of a CH-53D helicopter operating from Futenma underscored the nature of existing problems.

Notwithstanding Japan's increased focus on security to its south and west, the contributions made to regional security by U.S. forces based in Okinawa, and the potential role of Futenma in any regional contingency, the experiences of the past 8 years raise serious questions about the ability of the United States, Japan, and Okinawa to reconcile their interests to reach and implement a fully satisfactory solution before continued use of the Futenma facility becomes untenable.

As the foregoing makes clear, both the United States and Japan will have to renew their commitment to the implementation of the SACO process. The Defense Policy Review Initiative provides an active forum for a resolution of the Futenma issue.

Overall realignment of U.S. forces. Since 2003, broad discussions have been under way between Washington and Tokyo on the overall realignment of the U.S. force presence in Japan. To deal with changes in the international security environment and to prosecute the war on terror, President Bush, on August 16, 2004, formally announced plans to advance transformation and realignment of the U.S. global force posture. The President noted that the initiative would be implemented over a decade and in consultation with allies and partners.²⁶

The plans seek to retain the U.S. ability to assure allies and partners and deter, dissuade, and defeat challenges in Asia by streamlining and consolidating headquarters, retaining key facilities, expanding the network of access arrangements, and enhancing long-range strike capabilities. U.S. force levels in Japan are not likely to be reduced significantly, but their footprint, command structure, and operational practices are likely to

be modified. Adjustments in footprint and operations should aim at addressing points of friction in the alliance, thus making it more politically sustainable over time. In late 2004, U.S. naval facilities at Kamiseya and Ikego were turned over to Japan.

Impetus to the process of realigning the U.S. force presence in Japan was provided by the February 19, 2005, Security Consultative Committee meeting, which committed the two governments “to maintaining deterrence and capabilities of U.S. forces in Japan while reducing the burden on local communities, including those in Okinawa.”²⁷

Enhanced Defense Industry Cooperation and Missile Defense

In December 2003, the Koizumi government announced that Japan would acquire and deploy missile defense capabilities and continue cooperation with the United States in the development of missile defenses. The government earmarked 100 billion yen to initiate its missile defense acquisition in the fiscal year 2004 budget. Definition of the full program has been a major focus of the work involved in drafting Japan’s new National Defense Program Guideline and Mid-Term Defense Plan.

Japan’s missile defense architecture will consist of the ground-based, terminal-phase Patriot PAC-3 system and the sea-based, mid-course-phase Aegis system, which uses the Standard Missile Bloc-3. Japan is also upgrading its Base Air Defense Ground Environment air defense system to make it capable of supporting air and missile defense command and control needs. A target date of 2007 is set for the initial deployment of the missile defense system; the system is scheduled to be fully operational in 2011. The missile defense decision marks a significant step toward U.S.-Japan defense cooperation and integration. Earlier in 2003, Japan had placed an order for its fifth Aegis destroyer with Lockheed Martin and signed a contract with Boeing for its first mid-air refueling tanker.

In November 2004, the United States and Japan reached basic agreement allowing Mitsubishi Heavy Industries to begin production in 2005 of the Patriot 3 missile, under a licensing agreement with Lockheed Martin. The December 2004 NDPG called for missile defense cooperation with the United States.

Japan Defense Agency officials and leaders of Japan’s private sector defense industries are now urging the government to lift the ban on the country’s arms export control policy to allow greater cooperation in research and development (R&D) and production of missile defenses and other defense systems. U.S. officials have supported such a change, believing it would enable both countries to coordinate R&D activities and

achieve greater economies of scale in defense acquisition. Both governments reinforced their commitment to missile defense cooperation in the February 19, 2005, Joint Statement.

Intelligence Issues

In an unclassified study, it is difficult to address in detail the progress in intelligence cooperation. Nevertheless, a cursory review of the Special Report reveals progress in key areas:

Broadened Intelligence Cooperation

Intelligence sharing between U.S. and Japanese intelligence agencies has improved significantly since 9/11, the onset of the North Korean nuclear crisis, and the beginning of Operations *Enduring Freedom* and *Iraqi Freedom*. Senior U.S. and Japanese intelligence officials meet often to exchange analyses on critical issues. In addition, the U.S.-Japan Mutual Legal Assistance Treaty of August 2003 allows for direct coordination, outside diplomatic channels, between U.S. and Japanese law enforcement agencies with regard to terrorism and other international criminal activity.

Independent Japanese Intelligence Capability and International Cooperation

In March 2003, Japan launched the first two (one photo and one signal) of four reconnaissance satellites. (The failure of a subsequent launch destroyed the third and fourth satellites.) This program has advanced alliance cooperation; the United States did not object to the development of Japan's reconnaissance program, as it did in the 1980s to Japan's plan to develop an indigenous fighter aircraft. U.S. support was limited to commercial contractual arrangements between Japan's program managers and American companies.

More broadly, Japan's participation in Operations *Enduring Freedom* and *Iraqi Freedom* has resulted in enhanced intelligence cooperation with the United States and accelerated the evolution of Japan's own intelligence community. The demands of Japanese policymakers for timely and relevant information on areas where the SDF is deployed is, by all accounts, resulting in a more responsive, analytically sophisticated, and integrated community.

Passage of Japanese Legislation Protecting Classified Information

Legislation to amend Japan's Self-Defense Forces Law by strengthening the penalty for unauthorized disclosure of classified information to a

maximum of 5 years imprisonment passed the Diet in November 2002. Nevertheless, Japan still lacks a government-wide standard for the protection of classified information. This can pose problems when the United States needs to pass classified information to an agency not covered by laws governing the protection of such information. The Council on Security and Defense Capabilities recommended that the government consider strengthening laws concerning the unauthorized release of classified information.

Intelligence Sharing within the Japanese Government

Notwithstanding Japan's strong tradition of bureaucratic stovepiping, intelligence coordination among the Ministry of Foreign Affairs, the Police Agency, and the Defense Ministry appears to be improving. During the Iraq war, representatives from the three bureaucracies presented a daily brief to the prime minister's office. The Council on Security and Defense Capabilities called on the government to develop the ability to integrate and share intelligence among government agencies.

Economic Progress

At the time the 2000 Special Report was being drafted, Japan's economy was heading into a serious recession that was intensified by a deflationary spiral. In 2002, an incipient recovery began to take hold, and through the first quarter of 2004, the economy grew at the rate of approximately 3 percent. However, heading into the second quarter of 2004, Japan's economy again slowed. Figures released for October to December 2004 indicate that Japan has experienced three consecutive quarters of minus growth, the technical definition of a recession. In part this can be explained by the fact that in November 2004, Japan adopted the same method for calculating gross domestic product (GDP) as the United States, which made real growth for 2003 closer to 2 percent, and several quarters over the past 2 years actually witnessed small declines in real GDP. In nominal terms, however, the economy is continuing to grow, though at a very low rate.

The Special Report recommended:

Systemic Reform of Japanese Economy; Greater Reliance on Open Markets

In their first summit meeting in June 2001, President Bush and Prime Minister Koizumi agreed on the creation of a U.S.-Japan Economic Partnership for Growth. The goal of the partnership is to promote

sustainable economic growth by focusing on structural and regulatory reform, foreign investment, bank and corporate restructuring, market opening, and information technology. The summit also resulted in the creation of the Private Sector/Government Commission, which aims at greater involvement of the private sector with government in identifying problems and developing solutions.

Since entering office in April 2001, Prime Minister Koizumi has advocated financial, tax, regulatory, and government spending policies aimed at systemic reform of the Japanese economy. In some areas, his reform agenda has made significant progress, most notably in the liquidation of nonperforming loans. Under the Koizumi government, 13 trillion yen of nonperforming loans have been disposed of. At the same time, the transparency in rule making and regulatory reform has been advanced. In other areas, however, such as privatization of government monopolies, reform has lagged.

Short-term Monetary and Fiscal Stimulus Focused on Promising Growth Areas and an End to Excessive Public Works Spending

Nominal interest rates in Japan have remained at record lows—around 0.10 percent since September 2001—making conventional monetary policy impossible. To assure an ample supply of funds in capital markets, the Bank of Japan has used a policy of “quantitative easing,” creating a target for current account balances held by the major banks to allow for a steady expansion of base money and liquidity. As a result, Japan is on the verge of ending its long fight against deflation and increasing domestic consumption. While the Bank of Japan has worked to expand money supply, the increases have not fully moved from commercial banks into the economy. Economists have speculated whether this is due to the reluctance of commercial banks, concerned with their balance sheets, to lend, or the reluctance of the private sector to borrow and increase debt.²⁸

As for fiscal policy, the Japanese government deficit as a percentage of GDP has remained fairly constant over the past 4 years, fluctuating between 7 and 8 percent. Since the late 1990s, absolute spending on public works has fallen as a share of GDP, though it remains higher than most Organization for Economic Cooperation and Development countries.

Accelerated Deregulation/Greater Transparency in Rulemaking, Accounting, and Business Practices

At the June 2001 summit, President Bush and Prime Minister Koizumi also established the Regulatory Reform and Competition Policy Initiative, which replaced the Enhanced Initiative on Deregulation and

Competition Policy Initiative of 1997. Building on the accomplishments of the Enhanced Initiative, the Reform Initiative is focused on four key sectors—telecommunications, information technologies, energy, and medical devices and pharmaceuticals—as well as on complex cross-sector issues related to regulatory reform and competition policy. The Reform Initiative established a High-level Officials Group and individual sector and cross-sector working groups, and invited, on an ad hoc basis, participation by representatives of the private sector. The High-level Officials Group was charged to submit an annual progress report to the President and prime minister. In June 2004, the group submitted its third annual report.

Under the Enhanced Initiative, the Japanese government had effected reform of close to 5,000 articles of regulation by the end of 2003. In March 2004, Tokyo announced a cabinet decision to undertake a new 3-year program for the promotion of regulatory reform for an additional 762 regulations. The government has also established special zones for structural reform; since April 2003, 394 such zones have been approved as laboratories for national structural reform.

A U.S.-Japan Dialogue on Enhancing Foreign Investment in Japan

Also an element in the Economic Partnership for Growth, the Investment Initiative has resulted in revised Japanese laws that increase opportunities for foreign companies to merge with or acquire Japanese companies. The initiative has also improved access to investment-related information to foreign investors. In 2002, U.S. foreign direct investment (FDI) in Japan stood at \$65.6 billion, an increase of \$7.4 billion over 2001, with significant concentrations in financial services, software, and Internet services. FDI in Japan today is well above the abysmally low levels of the 1980s and early 1990s and has included high-profile acquisitions such as the Ripplewood purchase of the Long Term Credit Bank and Renault's acquisition of Nissan. As a share of GDP or domestic fixed capital formation, however, FDI remains near or at the bottom of developed country levels.

In November 2003, the U.S.-Japan Tax Accord came into effect, which was intended to facilitate reciprocal investment by American and Japanese companies. The two countries also signed a Social Security Totalization Agreement that, together with the revised tax treaty, will reduce the tax burden on many types of cross-border operations.

Trade Agenda

In July 2004, World Trade Organization members agreed on a framework for the Doha Round of global trade negotiations. (Advancing a new

round of global trade liberalization was a major issue when the 2000 Special Report was being drafted.) Both the United States and Japan worked toward acceptance of the Doha Round framework, but the issue now is the successful conclusion of negotiations, which will require the full support of both countries. A major factor will be decisions Japan makes with respect to agricultural policy reform.

In November 2002, Japan ratified a free trade agreement (FTA) with Singapore, which was facilitated by the lack of major agricultural issues. In March 2004, it reached agreement with Mexico on an FTA framework. Japan is also developing bilateral FTAs with South Korea, Thailand, Indonesia, and the Philippines, as well as a pan-ASEAN FTA.

Over the past 4 years, Japan's economy has moved toward positive growth, a result of both private sector restructuring and government efforts to advance economic reform. Continued efforts to implement the various advisory reports and to advance reform and restructuring will be required to revitalize the Japanese economy.

Diplomatic Challenges

The Special Report urged more intensive bilateral dialogue and diplomatic coordination on a number of fronts. Its recommendations follow.

Engaged American Presence in Asia

The Bush administration has repeatedly emphasized its commitment to sustaining a forward-deployed military presence in Asia capable of protecting U.S. interests and meeting all alliance obligations. The ongoing transformation of the U.S. military, accelerated by the demands of the war on terror, aims to shift thinking about force posture from quantity to quality, from numbers to capabilities. Discussions on the adjustments and repositioning of U.S. forces to meet the challenges of the new century are continuing with Japan and other allies and friends in East Asia; the results will be critical in securing a firm foundation for American presence over the long term.

UN Reform and Security Council Enlargement

Both the United States and Japan support reform of the UN system, particularly to make it more representative and more effective in conflict prevention and peacekeeping operations. In his September 2004 speech to the United Nations, Prime Minister Koizumi advanced proposals for a comprehensive reform of the organization, including the enlargement of the Security Council to give Japan and other major powers a permanent seat.²⁹ Following

the policy first announced by the Clinton administration, President Bush has reaffirmed U.S. support for Japan's efforts to obtain a permanent seat.

Fostering Strategic Dialogue

President Bush and Prime Minister Koizumi have met frequently, not only at U.S.-Japan summits but also at various international meetings and conferences to review diplomatic and international security issues and to coordinate policies. Likewise, former Secretary of State Colin Powell and Foreign Ministers Yoriko Kawaguchi and Nobutaka Machimura regularly exchanged views and worked to coordinate diplomacy on key strategic issues, such as North Korea and Iraq.

The two governments have initiated a strategic dialogue at the deputy secretary-vice minister level aimed at policy coordination and an ongoing exchange of views on long-term strategic issues. In addition, the strategic dialogue has been expanded to include Australia in the person of the Permanent Secretary of the Department of Foreign Affairs and Trade.

Encouraging Reconciliation on the Korean Peninsula

Long-sought goals of reconciliation and, ultimately, the peaceful reunification of the Korean Peninsula have been put at risk by North Korea's pursuit of weapons of mass destruction. The United States and Japan have consistently supported and reinforced each other in diplomatic efforts to attain the "complete, verifiable, and irreversible dismantlement" of North Korea's nuclear program. At the 2003 Crawford summit, the prime minister endorsed the Bush administration's two-track strategy of diplomacy and "other measures."³⁰

Along with South Korea, the United States and Japan have worked to coordinate strategy and diplomacy through the Trilateral Coordination Group process and have participated in the Six-Party Talks, arranged by China, aimed at a peaceful resolution of the current nuclear impasse. In addition, the United States has supported Prime Minister Koizumi's efforts to seek full accounting for and return of Japanese citizens abducted by North Korea.

Support for Russia's Stability and Development of Natural Resources

Russia's refusal to recognize Japan's sovereignty over the Northern Territories—four islands seized by the Soviet Union from Japan at the end of World War II—remains the single greatest impediment to the conclusion of a peace treaty between Japan and Russia. In recent years, both

Moscow and Tokyo have made sporadic efforts to address the issue but have failed to make any significant progress. To resolve the issue, Moscow has offered the return of two islands, but Tokyo has made clear that recognition of Japanese sovereignty over the four islands is a precondition for the conclusion of a peace treaty. The United States has consistently supported Japan's claims to the four islands.

At the same time, Japan has cooperated in efforts aimed at securing nuclear weapons and spent fuel rods in the reactors of decommissioned Soviet-era submarines in Russia's Far East. Japan has also cooperated with Russia in the Sakhalin energy development project and is exploring with Russia construction of a pipeline that would carry energy resources from the interior of Russia's Far East to an outlet on the Pacific Ocean.

Support for ASEAN

In December 2003, the leaders of ASEAN member states met in Tokyo in the first ever Japan-ASEAN Commemorative Summit. The Tokyo Declaration and the Japan-ASEAN Action Plan, adopted at the meeting, are aimed at strengthening ties in politics, security, economics, society, and culture as well as promoting cooperation toward the realization of an "outward looking" East Asian community. Japan has also acceded to ASEAN's founding document, the Treaty of Amity and Cooperation. With the United States, Japan participates in the security dialogue of the ASEAN Regional Forum.

Regional anti-piracy cooperation. In November 2004, Japan hosted an intergovernmental conference attended by 16 Asian nations that focused on anti-piracy cooperation. The conference resulted in the adoption of the Regional Cooperation Agreement on Prevention and Suppression of Piracy and Armed Robbery against Ships in Asia. The proposal was first advanced by Prime Minister Koizumi at the 2001 ASEAN Plus 3 meeting. Under the terms of the agreement, the 16 governments will establish an information-sharing network among respective coast guards and maritime safety organizations. The governments also agreed to establish an Information Sharing Center in Singapore.

Support for Indonesia's Territorial Integrity

Both the United States and Japan have responded to the challenge to Indonesia's territorial integrity posed by the separatist group GAM (*Gerakan Aceh Merdeka*, or Free Aceh Movement). In December 2002, anticipating a peace agreement between the Indonesian government and

GAM, the United States and Japan co-chaired an international meeting to provide relief and recovery assistance and international monitoring of provisions and food distribution. The agreement, however, proved fragile, and in May 2003, the Indonesian government and GAM met in Tokyo for talks. In December 2003, with the European Union, the United States and Japan chaired the Tokyo Preparatory Conference on Peace and Reconstruction in Aceh. The joint statement issued at the end of the conference expressed both support for Indonesia's territorial integrity and the belief that only a political solution could end the conflict in Aceh.

Addressing Regional Instability and Terrorism

Japan, both directly and through international relief and cultural organizations, has long been a major source of funding for internationally organized reconstruction and development assistance. These efforts have only increased since 2000. Japan has made significant contributions to the reconstruction of Afghanistan and Iraq and provided emergency assistance to bordering countries, particularly Pakistan, Jordan, and Syria.

With respect to Afghanistan, in December 2001, Japan announced a start-up contribution of \$1 million to the UN Development Program for the Afghan Interim Authority. Japan, with the United States, co-hosted the International Conference on Reconstruction Assistance to Afghanistan in January 2002 and pledged up to \$500 million over the following 2½ years. In March 2004, Japan earmarked an additional \$400 million for reconstruction in Afghanistan.

At the International Donors' Conference on Iraq Reconstruction held in Madrid in October 2003, Japan announced a financial assistance package of \$5 billion, with \$1.5 billion in grants to cover such immediate needs as sanitation, power generation, education, water, health, and employment, through 2004.³¹ The remaining \$3.5 billion, mainly in Official Development Assistance loans, will go toward mid-term reconstruction needs through 2007. Japan also committed to a substantial reduction in Iraq's official debt. Prime Minister Koizumi said that Japan would be prepared to eliminate the vast majority of Iraq's debt if other governments were in agreement on debt reduction.

One year later, in October 2004, Japan hosted the donors' conference, during which it announced a contribution of \$490 million to the Iraq Reconstruction Fund, including \$40 million to support parliamentary elections in Iraq.

Beyond Afghanistan and Iraq, Japan's official development assistance continues to make important contributions toward the betterment

of international society, underscoring Japan's leadership role in advancing international stability and security.

Sumatran Earthquake and Tsunami Disaster

Japan also exercised leadership in addressing the humanitarian crisis caused by the December 2004 tsunami in the Indian Ocean. Japan will extend \$500 million of grant money as emergency assistance—\$250 million through international organizations and \$250 million bilaterally. Also, emergency assistance in kind totaling \$550,000 was extended to Indonesia, Sri Lanka, the Maldives, and Thailand. In addition, Indonesia received \$1.5 million in emergency grant aid; Sri Lanka, \$1 million; and the Maldives, \$500,000; and Sri Lanka received 2,400 tons of rice through the World Food Program.

Equally impressive was Japan's human contribution. Units of Japan's Ground, Maritime, and Air Self-Defense Forces carried out joint disaster relief operations, and Maritime Self-Defense Force units conducted search and rescue operations. Tokyo also dispatched medical and disaster management teams to the affected countries. At the same time, eight Japanese nongovernmental organizations associated with the Japan Platform provided humanitarian assistance in Indonesia, India, and Sri Lanka.³²

The Road Ahead

After more than half a century, the U.S.-Japan alliance remains a work in progress, but it continues to grow stronger. Looking back over the past 5 years, the alliance has made great strides in advancing security cooperation and dealing with issues related to regional—and global—issues of stability and security. Much has been accomplished, but to make the alliance truly effective, much more needs to be done.

The obvious question is, where do we go from here? In the early 1990s, as the Cold War was winding down, the existential value of alliances became a matter of political debate in Western societies. Some argued that, absent the threat posed by the Soviet Union, alliances were bound to wither—that they had served their purpose and had become relics of the Cold War. Others argued that they would become even more important; in an era in which no one could foresee the origin, nature, timing, or location of the next threat, the trust and confidence inherent in an alliance relationship were irreplaceable in dealing with the uncertainties of an evolving global security environment.

Underscoring the reality of such uncertainties, the Special Report *Advancing Toward a Mature Partnership* made only passing reference to

“emerging new challenges, such as international terrorism” and failed completely to envision September 11, 2001, and the danger such asymmetric threats pose to advanced democracies today.³³ The piracy incident in the Straits of Malacca in March 2005 testified to the reality of such threats to Japanese interests—threats, which the Araki report recognized, that could happen anywhere in the world.

At the same time, North Korea’s continuing development of nuclear weapons and ballistic missile delivery systems stands as a direct threat to the security of Japan and the United States, while the economic dynamism of an authoritarian and nontransparent China promises to shape the contours of Asia over the next half century. China’s emergence as a responsible member of the international community is a matter of enduring national interest to the United States and Japan.

For both the United States and Japan, the alliance provides a firm foundation for addressing the challenges of today and tomorrow. In a speech to Japan’s National Defense University in March 2003, Prime Minister Koizumi noted that, since the end of World War II, the alliance with the United States and international cooperation have served as the foundation for Japan’s peace and prosperity.³⁴ He went on to point out that international society faces new threats—the proliferation of weapons of mass destruction and of ballistic missiles as well as international terrorism. Addressing the U.S. use of force against Iraq, the prime minister made clear that at a time when the United States, Japan’s “invaluable” ally, was making sacrifices on behalf of the international community in its efforts to abolish weapons of mass destruction, it was “only natural” for Japan to lend, to the extent possible, its support to the United States.

In October 2004, the Council on Security and Defense Capabilities issued its report, “Japan’s Visions for Future Security and Defense Capabilities.” The opening statement of the report declares that the events of September 11 “marked the beginning of a new century for security affairs.”³⁵ No longer could threats to international security be regarded as arising solely from the actions of nation states. Today, governments must be prepared to deal with threats arising from both state and nonstate actors such as international terrorists and criminal organizations.

To deal with the new security environment, the council recommended an “Integrated Security Strategy,” the goal of which is “to prevent a direct threat from reaching Japan . . . and to reduce the chances of threats arising in various parts of the world with the aim of preventing such threats from reaching Japan or affecting the interests of Japanese expatriates and corporations overseas.”

To defend Japan at a time when “the more serious problem in the current global security environment is the threat of attack by terrorists and other non-state actors, which is not amenable to the traditional notion of deterrence between states,” the panel called on the government to reexamine the 1976 Basic Defense Force Concept, which assumes threats to Japan’s security will arise only from other states. To deal with the threat posed by ballistic missiles as well as more traditional state-based threats in areas surrounding Japan, the panel recommended that the government “maintain a deterrent capability by bolstering the credibility of the Japan-U.S. Alliance.” The panel also recommended stronger diplomatic efforts and greater intelligence sharing among governments to defend against international terrorism.

To prevent the emergence of threats by improving the international security environment, the report stated, “Japan should make it a basic principle to work jointly with the international community and its ally.” With regard to SDF participation in peacekeeping, peacebuilding operations, and humanitarian support, the council advised that such actions “should as a basic rule, be conducted by Japan as a member of the international community, based on resolutions of the United Nations Security Council.”³⁶

Addressing cooperation with the United States, the report states:

It is obvious that Japan should cooperate with the United States, its ally, in the effort to improve the international security environment and prevent the emergence of new threats.

In the military sense, too, the Japan-U.S. alliance is increasingly assuming the role of preventing the emergence of threats in the international community, in addition to its immediate objective of securing the defense of Japan.

As the United States refashions its global strategy, we should strive to clarify the roles of the two countries and to work to create an effective framework for Japan-U.S. cooperation through closer strategic dialogue between the two countries.³⁷

Taken collectively, the prime minister’s address to the defense university, the Araki report, the new NDPG, and the February 19 Joint Statement of the U.S.-Japan Security Consultative Committee reflect Japan’s reemergence as a democratic and truly comprehensive international power, one that fully recognizes and accepts its responsibilities for the effective functioning of the international system. The process has been gradual over the

last 15 years as Japan, beginning with its involvement with Cambodia and continuing today with Afghanistan, Iraq, and tsunami relief missions, has increasingly assumed responsibilities for international order and stability. Japan's reemergence must be recognized as one of the defining strategic realities of the new century. If we are to realize its promise of democracy, prosperity, and stability, there can be no turning back for Japan.

Looking ahead, and viewed against the initial pre-9/11 INSS Special Report, post-9/11 recommendations of the prime minister's advisory council, and the February 19 Joint Statement, three understandings point the way forward in the evolution of the U.S.-Japan alliance and global partnership:

- The Security Treaty pertains to the defense of Japan and to stability and security in the Far East, and the United States remains steadfast in its treaty commitments.
- Article VI of the Security Treaty, the Far East Clause, does not preclude alliance-based cooperation beyond the region in support of peace and stability in the Far East. Operating from bases in Japan, U.S. military forces have played important roles in the 1991 Persian Gulf War and in Operations *Enduring Freedom* and *Iraqi Freedom*.
- The alliance today is a pillar of global stability and security, as underscored by the SDF deployment to the Persian Gulf and Iraq.

Recommendations and Conclusion

■ *The U.S.-Japan alliance and global partnership should be reinforced institutionally.* The close personal relationship between President Bush and Prime Minister Koizumi has facilitated the development of the U.S.-Japan relationship toward a more mature partnership. This partnership reflects the convergence of U.S. and Japanese strategic interests, supporting the progress of democracy, prosperity, and stability in the Asia-Pacific region and across the globe.

Four years hence, however, there will be new leadership in both Washington and Tokyo. Accordingly, it is important to sustain and regularize the Strategic Dialogue between the Deputy Secretary of State and the Vice Minister of Foreign Affairs as a long-term planning mechanism to review regional and global developments and sustain strategic cooperation. This dialogue should be expanded to include Department of Defense and Defense Agency-equivalent officials. Given Japan's increasing role in support of international stability and security, the inclusion of Defense officials would serve to complement the alliance's existing "two plus two" structure.

The development of a shared strategic picture would allow the United States and Japan to resolve more effectively issues related to imple-

mentation of the recommendations of the 1996 United States–Japan Special Action Committee on Okinawa and to the transformation of the U.S. military presence in Japan.

■ *The transformation of the U.S. military and Japan’s Self-Defense Force must be accelerated to meet the new security challenges of the 21st century.* In Japan, jointness among the services must be advanced; it is central to building interoperability between U.S. and Japanese forces and facilitating the joint use of bases. To enable this process, an expanded and regularized U.S.-Japan strategic dialogue would provide a forum for discussion of issues related to the transformation and realignment of the U.S. military presence in Japan as well as the transformation of the SDF.

■ *Joint planning to deal with threats to Japan, such as that emanating from North Korea, and contingencies in areas surrounding Japan in which its security may be at risk, should be undertaken at the appropriate command levels.* The WMD and ballistic missile threats make imperative closer cooperation on a full range of countervailing measures, including missile defense development and deployment. Joint planning is a critical step in advancing the interoperability of U.S. and Japanese forces and giving the two militaries the flexibility to meet a wide range of multifunctional contingencies including threats to the security of Japan, acts of international terrorism, and disaster relief.

Maintaining the security of the sea lines extending from the Persian Gulf to Northeast Asia is critical to Japan’s and Asia’s prosperity. It is also a common strategic objective of the United States and Japan. Addressing threats to freedom of the seas should be a matter for joint planning.

■ *Reforming Japan’s intelligence bureaucracies to break down the stovepiping of intelligence should remain a top priority, along with improving intelligence sharing and coordination between the United States and Japan.* Transformation of the SDF and reform of Japan’s intelligence agencies will make possible greater operational coordination between U.S. and Japanese military forces in dealing with both pre- and post-9/11 security challenges. Much still needs to be done in this area in Japan.

■ *Because a strong and vibrant Japanese economy is critical to the health of the international economy, it is important to continue to put into practice the Koizumi government’s reform agenda.* Enhancing transparency and accelerating deregulation will make Japan’s economy more open, efficient, and competitive. Nonperforming loans continue to impede capital allocation and will require continuing attention. Controlling public works spending remains an elusive but necessary goal. Free trade agreements with ASEAN and the Republic of Korea should be advanced. But these

efforts should not divert Japan's resources and commitment to the success of global trade liberalization represented by the Doha Round.

■ *Diplomatic coordination between the United States and Japan is essential to advancing the long-term strategic interests of both countries.* Reform of the United Nations, including a permanent seat for Japan on the Security Council, remains a priority for American and Japanese diplomacy. Solidarity among the United States, Japan, and the Republic of Korea is the sine qua non of peaceful resolution of North Korea's nuclear challenge, which is a prerequisite for reconciliation on the Korean Peninsula.

Over the long term, political solidarity and diplomatic coordination between the United States and Japan, backed by the strength of the alliance, offer the best hope that China will continue to emerge as a responsible member of the international community. The United States and Japan should encourage China to implement fully its World Trade Organization accession agreement and to continue its positive efforts to enhance regional security, including further steps to end the crisis over North Korean nuclear developments and concrete contributions to regional stability.

U.S. support for the return to Japan of the Northern Territories, the four islands seized by the Soviet Union at the end of World War II, remains constant. At the same time, both the United States and Japan can, through the development of Russia's natural resources, contribute to prosperity and stability in Russia's Far East. The allies also share an interest in helping Russia secure remnants of the former Soviet Union's vast nuclear stockpile; Cooperative Threat Reduction has only gained in urgency in the post-9/11 world.

Expanded economic prosperity and political stability offer the best long-term prospect for dealing with the threat posed by international terrorism and transnational crime. In Afghanistan and Iraq, Japan's support for stabilization and postconflict reconstruction is improving the international security environment. In Southeast Asia, the United States and Japan should work to advance a free trade agenda with ASEAN and its individual states, while at the same time supporting the efforts of individual governments to deal with the threat posed by international terrorism.

The Special Report concluded with the observation that how the United States and Japan, individually and as alliance partners, respond to the security challenges of the new millennium "will define significantly the security and stability of the Asia-Pacific region as well as the possibilities of the new century." Inherent in that observation

is the recognition that the international system is not a self-regulating mechanism; rather, it requires the active and full participation of leading states with major stakes in assuring its future peace and stability. The events of the past 4 years, the evolution of the alliance, and the overall development of the U.S.-Japan relationship have only reaffirmed the judgment of the 2000 Special Report.

Notes

¹ *The United States and Japan: Advancing Toward a Mature Partnership*, INSS Special Report (Washington, DC: National Defense University Press, October 2000).

² U.S., Department of State, "U.S.-Japan Security Consultative Committee Joint Statement," September 11, 2000, available at <<http://usinfo.org/usia/usinfo.state.gov/regional/ea/easec/usjapan2.htm>>.

³ U.S., Department of State, "Joint Statement, U.S.-Japan Security Consultative Committee," December 16, 2002, available at <<http://www.state.gov/r/pa/prs/ps/2002/16007.htm>>.

⁴ U.S. Department of State, "Joint Statement of the U.S.-Japan Security Consultative Committee," February 19, 2005, available at <<http://www.state.gov/r/pa/prs/ps/2005/42490.htm>>.

⁵ U.S., Department of Defense, *Quadrennial Defense Review Report* (Washington, DC: Department of Defense, September 30, 2001), 4, 6, 61. Available at <<http://www.defenselink.mil/pubs/qdr2001.pdf>>.

⁶ The White House, *The National Security Strategy of the United States of America* (Washington, DC: The White House, September 17, 2002), chapter 5, 1.

⁷ *Ibid.*, 3.

⁸ Japan Defense Agency, *Defense of Japan 2002 (Summary)*, August 2002, 1-2, available under Publications tab at <http://www.jda.go.jp/e/index_.htm>.

⁹ Special Report, 1.

¹⁰ *Ibid.*, 3.

¹¹ *Ibid.*, 3-4.

¹² Available at <<http://www.whitehouse.gov/news/releases/2001/06/20010630.html>>.

¹³ "Joint Statement, U.S.-Japan Security Consultative Committee," December 16, 2002.

¹⁴ Brad Glosserman, "How High Is Up?" *Pacific Forum CSIS Comparative Connections* 5, no. 1 (April 2003), available at <www.csis.org/pacfor/cc/0302Q.html>.

¹⁵ *Ibid.*

¹⁶ *Ibid.*

¹⁷ Report of the Council on Security and Defense Capabilities, "Japan's Vision for Future Security and Defense Capabilities," October 2004, 24, 27, 29. Available at <www.eai.or.kr/eai_db/eaidb.asp?pk_n4No+23&order+2>. This report is also referred to as the Araki Report, after its chairman, Hiroshi Araki.

¹⁸ *Ibid.*, 27, 29.

¹⁹ The White House, "Proliferation Security Initiative: Statement of Interdiction Principles," September 4, 2003, available at <www.state.gov/t/np/rls/fs/23764.htm>.

²⁰ *Quadrennial Defense Review Report*, iv, 32, 36.

²¹ U.S., Department of Defense, *Transformation Planning Guidance*, April 2003, available at <http://www.oft.osd.mil/library/library_files/document_129_Transformation_Planning_Guidance_April_2003_1.pdf>.

²² Araki Report, 3, 5-9.

²³ National Defense Program Guideline. Available under Defense Policy tab at <www.jda.go.jp/e/index_.htm>.

²⁴ "Joint Statement of the U.S.-Japan Consultative Committee," February 19, 2005, available at <<http://www.state.gov/r/pa/prs/ps/2005/42490.htm>>.

²⁵ Special Action Committee on Okinawa (SACO) Final Report, available under Defense Policy tab at <http://www.jda.go.jp/e/index_htm>.

²⁶ George W. Bush, speech at National Defense University, August 16, 2004, available at <<http://www.whitehouse.gov/news/releases/2004/08/20040816-5.html>>.

²⁷ "Joint Statement of the U.S.-Japan Consultative Committee," February 19, 2005, available at <<http://www.state.gov/r/pa/prs/ps/2005/42490.htm>>.

²⁸ "Bank Loans Keep Dropping Due to Poor Demand," *The Oriental Economist*, January 14, 2005, available at <<http://www.orientaleconomist.com>>.

²⁹ Junichiro Koizumi, speech to the United Nations, September 21, 2004, available at <http://www.kantei.go.jp/foreign/koizumispeech/2004/09/21address_e.html>.

³⁰ Brad Glosserman, "Still on a Roll," *Pacific Forum CSIS Comparative Connections* 5, no. 2 (July 2003), available at <http://www.csis.org/pacfor/cc/0302Qus_japan.html>.

³¹ Available at <http://www.mofa.go.jp/region/middle_e/iraq/issue2003/index.html>.

³² Available at <<http://www.mofa.go.jp/policy/disaster/indonesia/index.html>>.

³³ Special Report, 4.

³⁴ Koizumi, speech to the United Nations, September 21, 2004, available at <http://www.kantei.go.jp/foreign/koizumispeech/2004/09/21address_e.html>.

³⁵ Araki Report, 3, 5-9.

³⁶ Ibid.

³⁷ Ibid.

About the Author

Dr. James J. Przystup is a senior research fellow in the Institute for National Strategic Studies, National Defense University. For almost 20 years, Dr. Przystup has worked on Asia-related issues. He served on the staff of the U.S. House of Representatives Subcommittee on Asian and Pacific Affairs; in the private sector, at Itochu and IBM World Trade Americas/Far East Corporation; and in the U.S. Government on the policy planning staffs at the Department of State and in the Office of the Secretary of Defense. Most recently, from 1994 to 1998, Dr. Przystup was the Director of the Asian Studies Center at The Heritage Foundation.

Dr. Przystup holds a PhD and an MA from the University of Chicago. He studied Japanese at Columbia University and at Keio University in Tokyo. Dr. Przystup was presented with the Department of State Meritorious Honor Award in 1989 and in 1991 and received the Department of Defense Outstanding Achievement Award in 1992.

INSS

DR. STEPHEN J. FLANAGAN

Director

DR. JAMES A. SCHEAR

Director of Research

NDU PRESS

COLONEL MERRICK E. KRAUSE, USAF

Director

COLONEL DEBRA TAYLOR, USA

Managing Editor

MR. GEORGE C. MAERZ

Supervisory Editor

DR. JEFFREY D. SMOTHERMAN

Acquisition and Review Editor

MS. LISA M. YAMBRICK

Writer-Editor

NATIONAL STRATEGIC STUDIES INSTITUTE FOR NATIONAL STRATEGIC
R NATIONAL STRATEGIC STUDIES INSTITUTE FOR NATIONAL S
RATEGIC STUDIES INSTITUTE FOR NATIONAL STRATEGIC STU
S INSTITUTE FOR NATIONAL STRATEGIC STUDIES INSTITUTE
TIONAL STRATEGIC STUDIES INSTITUTE FOR NATIONAL STRA
IC STUDIES INSTITUTE FOR NATIONAL STRATEGIC STUDIES I
L STRATEGIC STUDIES INSTITUTE FOR NATIONAL STRATEGIC



Institute for National Strategic Studies
National Defense University
Washington, D.C.