

5th Berlin Conference on Asian Security (BCAS)

Berlin, September 30 – October 1, 2010

A conference jointly organised by Stiftung Wissenschaft und Politik (SWP), Berlin, Federal Ministry of Defence, Berlin, and Centre for Strategic and International Studies (CSIS), Jakarta

Discussion Paper

Do Not Cite or Quote without Author's Permission.

Session I: Regional Arms Race and Implications for Conflict Constellations

Prof. Dr. Hiroyasu Akutsu *
The National Institute for Defense Studies (NIDS),
Tokyo

SWP

Ludwigkirchplatz 3-4
10719 Berlin
Phone +49 30 880 07-0
Fax +49 30 880 07-100
www.swp-berlin.org

* The views in this paper are solely those of the author and do not represent those of the National Institute for Defense Studies.

The Arms Race and Factors behind Security Strategy/Policy and Defense Planning in Asia: A Japanese Perspective

Introduction

In this presentation, my task is to respond to the given two questions:

- 1) How should we see the arms race in today's Asia?
- 2) What factors are there behind Japan's security strategy/policy and defense planning?

The arms race in Asia

The theme of this session seems to suggest that the session assumes the existence of an arms race in Asia, but from an analytical point of view, arms race, arms build-up, and exchange of diplomatic strong words have to be distinguished because the situations in Southeast Asia and Northeast Asia may be different.¹ Regarding Southeast Asia, with China's growing naval and maritime assertiveness in the Southeast Sea, many ASEAN countries are becoming more concerned about their territorial and resource interests. The surge of submarine and other naval procurement in the region over the last few years could be seen to indicate an armed race in the region. Another remarkable trend in Southeast Asia would be that against the backdrop of China's military rise, major ASEAN countries such as Vietnam, Malaysia, and Indonesia are looking more to the US for security

In Northeast Asia, while the North Korean issue continues to be a central issue, China's reaction to the planned South Korea-US naval exercise in the Yellow Sea and the shift of the place of exercise to the Japan Sea in the wake of the Cheonan incident in March and the worsening Japan-China maritime relations indicate the unstable maritime order in the region. Regarding another traditional issue of the cross-strait relations, the relations seem to have improved at least on the diplomatic and economic terms, but there seems to be no fundamental change in Taiwan's security concerns toward Chinese ballistic missile and naval capabilities and in Taiwan's reliance on the US commitment to defending Taiwan. However, there seems to be no observed arms race in this region except for China's increasing assertiveness in the naval and maritime dimension.

Secondly, the difference between arms race and overall strategic stability should also be considered. The former could pose a negative impact on the latter,

¹ Regarding the difference of definition between arms race and arms build-up, see, for example, Amitave Acharya, *An Arms Race in Post-Cold War Southeast Asia? Prospects for Control*, Pacific Strategic Paper 8, Institute of Southeast Asian Studies, 1994, p. 3

but general strategic stability or balance of power between or among major powers, could still be maintained. Of course, one can argue that it is only a matter of time when strategic stability or balance of power could easily be tipped if rising powers accelerate their pace of military growth.

In the East Asian context, the maintenance of stability has been dependent on the stability of the US-centered alliance system. In light of the current security environment in East Asia, an overall picture of such an environment might be described as that of China trying to accelerate its military development while the US-centered alliance system in the Asia-Pacific continues to provide the most effective stabilizing mechanism. It should be noted, however, that it is not just US commitments and capabilities that matter to the maintenance of the alliance system. It is also important to see how US allies in the region assess their security environment and how they design their national security and defense strategy and plan their defense policy.

Given this, in the rest of this presentation, I will focus on Japan that relies hugely on the US for its security. For analytical purposes, I will turn to the recent defense white paper and the defense strategy proposal by a defense policy advisory panel of Japan.²

There are various factors affecting states' security programs. National goals, national security interests, perceptions and assessments of their external threats and environment, recognition of the limits of their financial and defense capabilities generally play major roles. Regarding threat perceptions, beliefs including a view of the world or ideology of state leaders, recognition and awareness of the current security environment, geographical proximity, mutual relations, history, behavior influence the perceptions are influential.

With the above in mind, I will see how those elements are involved in Japan's defense white paper and the recent security strategy document by a policy advisory panel.

Factors affecting Japanese security strategy/policy and defense planning

Generally speaking, the most often cited and discussed factor behind the changing security environment in the overall strategic context is probably the rise of China and relative decline of US comprehensive power. Especially, the continuation of the rise of China's military power is seen as the largest driving force behind the rising defense spending and changing security programs in the Asia-Pacific.

² It should be noted, however, that threat perception alone is not the only factor behind military procurement or planning. Generally speaking, fights over the budget or institutional survival in domestic politics often play a role in the process of military planning where objective and detached assessments of the security environment of a nation should be prioritized.

As for Japan, *Defense of Japan 2010* characterizes its global and regional security environment as follows:

- There are a variety of challenges facing security in the international community including the proliferation of weapons of mass destruction, and activity by non-state actors such as international terrorist organizations.
- In March of 2010, the South Korean navy patrol vessel Cheonan sank. North Korea was strongly criticized by South Korea based on the results of an investigation by the Joint Civilian-Military Investigation Group consisting of specialists.
- Efforts toward the reduction and nonproliferation of nuclear weapons are developing, through the signing of the New START Treaty between the United States and Russia, and Nuclear Security Summits.
- Non-state actors such as international terrorist organizations are still highly active.
- China's international presence is rising.
- China's high and constant increase in defense budget, and further military modernization.
- Advanced equipment and materials appeared at the military parade for the 60th anniversary of the foundation of the PRC, demonstrating China's military mechanization and informatization to Chinese people and abroad.
- Activity by Russian navy vessels and aircraft near Japan is intensifying.
- Many Southeast Asian countries have been modernizing their militaries, focusing on maritime and aerial military capabilities, against the backdrop of economic development and other factors.
- India and Pakistan have advanced the war potential of their ballistic missiles capable of carrying nuclear warheads.³

Particularly, North Korea's persistent violent behavior is the most immediate concern for Japan. *Defense of Japan 2010* notes:

Although North Korea faces serious economic difficulties to this day and depends on the international community for food and other resources, the country seems to be maintaining and enhancing its military capabilities and combat readiness by preferentially allocating resources to its military forces. ...According to the official announcement made at the Supreme People's Assembly in April 2009, the proportion of the defense budget in

³ *Defense of Japan 2010 Digest*, the Ministry of Defense of Japan, 2010. A tentative English translation of the original Japanese version of the whitepaper is available from http://www.mod.go.jp/e/publ/w_paper/2010.html. However, currently, the page of the citations from the translation in this presentation cannot be specified. Please directly refer to the above URL to download each chapter of the whitepaper.

FY2009's national budget was 15.8%, but it is estimated that this represents only a portion of real defense expenditures.

Furthermore, North Korea seems to maintain and reinforce its so-called asymmetric military capabilities by making efforts to develop weapons of mass destruction (WMD) and ballistic missiles and by maintaining large-scale special operation forces.

North Korea's military behavior has increased tension over the Korean Peninsula, and constitutes a serious destabilizing factor for the entire East Asian region, including Japan.

Needless to say, North Korea's possession of nuclear weapons is not condoned, but at the same time, we should not forget security concerns other than the nuclear problem. It is necessary to continue to pay enough attention to the development, deployment, and proliferation of ballistic missiles by North Korea and the military confrontation on the Korean Peninsula continue to demand a close watch.⁴

As for China, Japan recognizes that China's official military-related numbers may not necessarily reflect the actual numbers. Defense of Japan 2010 states:

...China has not yet achieved the levels of transparency expected of a responsible major power in the international society. For example, as for a detailed breakdown of national defense spending, China basically announced only the total amount and general purposes for the three categories: personnel, training and maintenance, and equipment. Slight progress was seen in China's National Defense in 2008 in terms of information disclosure but it does not provide a basic breakdown such as procurement costs for major weapons. Moreover, the report for the United Nations Instrument for Reporting Military Expenditures submitted by China in 2009 was not filled out in accordance with the standard format used by Japan and many other nations, whereby a detailed breakdown of military expenditure is required; the information disclosed was almost as simple as that provided in China's defense white papers.

... On the military front, China has been modernizing its military forces, backed by the high and constant increase in defense budget. In its military modernization China appears to give particular priority to the Taiwan issue as an issue of national sovereignty and territorial integrity, and for the time being it will probably aim for the improvement of military capabilities to prevent Taiwan's independence and others, but in recent years, China has begun to work on acquiring capabilities for missions other than the Taiwan issue. The military trends of China draw attention from countries in the region, as the country has been steadily growing as a major political and economic power in the region.

⁴ Ibid.

...In China's military modernization, backed by the stable relations with Russia and other neighboring states that share land borders with China, it is believed that China is giving the top priority to handling of the Taiwan issue, more specifically to improving the capability to hinder the independence of Taiwan and foreign military support for Taiwan. Furthermore, in recent years, China has begun to work on acquiring capabilities for missions other than the Taiwan issue. ...In the long term, China appears to be aiming to develop a military force according to the development of national strength, as this is compliant with the development plan for the country as a whole.

China does not show a clear, specific future vision of its military modernization. China has been rather intensifying its activities in waters near Japan. The lack of transparency of its national defense policies, and the military activities are a matter of concern for the region and the international community, including Japan, which should require prudent analysis.⁵

The white paper also cautiously watches China's attitude toward the US and China's military transparency. The white paper notes:

...China has not disclosed specific information on its possession of weapons, procurement goals or past procurements, the organization and locations of major units, records of main military operations and exercises, or a detailed breakdown of the national defense budget. Moreover, in January 2007, when China conducted an anti-satellite weapons test, the Chinese government gave an insufficient explanation of the details and intention of the test to allay Japan's concerns. In addition, in November 2007, China sent notification indicating a refusal for U.S. naval vessels including U.S. aircraft carrier Kitty Hawk to pull into Hong Kong on the expected day of arrival, but then later revised their notice and allowed the vessels to port. However, the U.S. naval vessels had already abandoned their port and changed course. These incidents incite concern over China's decision-making and behavior concerning its military. China is steadily growing as a major political and economic power, and its military power also attracts attention from other countries. In order to allay concerns over China, it is becoming more and more important for China itself to improve transparency of its national defense policy and military capability. It is hoped that China will increase transparency concerning its military affairs by disclosing specific information pertaining to its defense policies and military capabilities. ... (I)t must be noted that the amount of the defense budget announced by China is considered to be only part of its actual military expenditures. For

⁵ Ibid.

example, it is believed that the announced defense budget does not include all the equipment procurement costs and research and development expenses.⁶

As for North Korea's missile threat, Japan has committed to strengthening its capabilities within the US-led ballistic missile defense (MD) program, in particular, but Japan's largest security assurance exists in an alliance with the US. Regarding Taiwan, on the other hand, Japan has relied on the US. The series of large-scale Chinese naval exercises in March and April this year reinforced Japan's concern because the exercise appeared to indicate the potentiality of Chinese naval capabilities that could deny US power projection near the Taiwan Strait. For Japan, the passage of Chinese naval vessels between the Miyako Island and Okinawa without much transparency about their activities could make Japan uneasy about the safety of the SLOC in the region.

Japanese security strategy and defense planning: a summary of the Sato Commission Report

So far, I have presented Japan's security perceptions and concerns by referring to this year's defense white paper of Japan. Let me now turn to Japan's security strategy and defense planning.

Unlike the US, the ROK, Australia, Taiwan, and others, Japan has had no national security strategy (NSS) document. Instead, the National Defense Policy Guideline (NDPG) has been seen as Japan's *de facto* national security strategy and policy document. While *Defense of Japan*, Japan's defense white paper, mainly describes how Japan's defense policy currently *is*, the NDPG focuses on how Japan's defense policy *should be*.

Although Japan's official new defense strategy under the Democratic Party of Japan Government has not been articulated because of the postponement of the new NDPG to the end of 2010, it is now being discussed and will be finalized by the end of 2010. As part of the government's efforts to finalize the NDPG for this year, Mr. Hatoyama called a Council on Security and Defense Capabilities in the New Era,⁷ or the Sato Commission, in February 2010 based on a cabinet decision to review Japan's defense policy and to provide advice on Japan's future defense policy. After nine seminars and fourteen study meetings, and the council submitted a final report titled *Japan's Vision for Future Security and Defense Capabilities in the New Era: Toward a Peace-Creating Nation* in August 2010 (Hereafter mentioned as the Report).

⁶ Ibid.

⁷ The council consists of eleven experts of security issues headed by Shigetaka Sato, CEO of the Keihan Electric Railway, Co. Those experts are university professors and former officials from Ministries of Defense and Foreign Affairs.

The Report serves as a national security strategic proposal and articulates what Japan's security strategy should be with regard to the objectives and means, necessary defense capabilities, necessary defense education, and necessary institutional basis for security strategy. For the rest of this paper, I will briefly summarize those points

How Japan's security environment is perceived

The Report first reviews Japan's security environment and characterizes it as follows:

- 1) At the global level, economic and social globalization which created transnational security challenges and increased conflicts in the "gray zones" between peace and crisis
- 2) At the regional level, the rise of emerging powers such as China, India and Russia and the relative decline in overwhelming superiority of the United States, resulting in a global shift in balance of power and deterioration of international public goods
- 3) Increasing risks of proliferation of weapons of mass destruction (WMD) and their delivery means 4) Continuing regional conflicts, failed states, international terrorism and international crimes.

The Report points out that in line with these broader trends, important issues for the areas surrounding Japan and Japan itself include such challenges as changing US deterrence, continuing uncertainty in the Korean Peninsula, shifting regional balance of power brought about by the rising China and continuing instabilities on sea lines of communications (SLOCs) from Middle East and Africa to Japan and in the coastal states.

What strategic vision Japan should build

The Report then proposes the following items as Japan's security objectives:

- 1) To ensure its safety and prosperity
- 2) To promote the stability and prosperity of the area surrounding Japan as well as the world
- 3) To maintain a free and open international system

Regarding 1), the Report argues that for Japan's safety and prosperity, it requires the maintenance and development of its economic capability, freedom to undertake economic activities, and freedom of movement. The safety of Japan includes that of Japanese nationals who live or stay abroad, ensured through international coordination. As for promoting the stability and prosperity of the area surrounding Japan and the world, maintaining access to markets and safety of SLOCs are common interests of both Japan and the world. The Report also states that to maintain a free and open international system, it is necessary for Japan to deepen cooperation with major powers in the interest of maintaining the world

order and abiding by international norms. The Report argues that universal and basic values such as freedom and dignity of the individuals should be upheld.

As for the strategies and instruments to achieve those security objectives, the Report considers the above-mentioned trends and characteristics of Japan's economy and defense posture as well as geographic and historical constraints, Japan's identity, which should be translated into its foreign and security policies, can best be expressed as a "Peace-Creating Japan." This concept is defined as the way to achieve Japan's own safety is by contributing to global peace and stability, and by adopting a basic posture of active participation in international peace cooperation, non-traditional security and human security.

According to the Report, Japan's security objectives can be attained by its own efforts and by cooperation with its ally as well as multi-layered security cooperation. Its strategies and instruments include: utilizing various diplomatic tools; building defense capability; enhancing interagency cooperation and cooperation between public and private sectors; achieving common strategic objectives with the ally; securing safety of global commons; upholding U.S. extended deterrence; promoting cooperation and engagement with partners and emerging powers, and promoting cooperation within multilateral security frameworks, among others.

As one of the most notable proposals, the Report suggests that because the role of the military has been diversified, the "Basic Defense Force" (BDF) concept is no longer valid. The Report argues that the concept has limited Japan's defense capabilities only for the purpose of rejection of external invasion and that since defense equipment cooperation or defense assistance could be effective tools for improving the security environment and international relations, defense cooperation and assistance should be carried out on the basis of a new set of principles, superseding the *de facto* export prohibition policy under the "Three Principles on Arms Export, etc."

Which direction Japan's defense policy should go

The Report discusses the direction of Japan's defense policy by focusing first on modality of defense capabilities. It observes that recent developments in military science and technology and decreased warning time before contingency have contributed to a change in characteristics of defense capabilities and that these developments have increased the importance of "dynamic deterrence" through which a defense force demonstrates high operational performance in normal circumstances by conducting timely and appropriate operations, such as surveillance and preparation against airspace violation, in contrast to the traditional "static deterrence" focused on quantities and size of weapons and troops. The Report then argues that it is time for Japan to depart from the BDF concept and to achieve necessary and in-depth reform of its defense posture that

can adequately respond to complex contingencies in which various events may break out simultaneously.

The proposed break with the BDF concept is another most remarkable argument by the Report, but it also cautions strongly that although the SDF needs to prepare for various changes in the future and to consider maintaining minimum essential know-how in responding against major armed invasion, the SDF must not use the BDF concept as an excuse for preserving units or weapons of lesser importance in light of future trends in security environment. The Report stresses that Japan should be more attentive to the formation of credible dynamic deterrence, endorsed by response capabilities to various contingencies, while sustaining the target of “multi-functional, flexible and effective defense capabilities” stated in the National Defense Program Guidelines on and after FY2005.

The Report then argues that the SDF will be likely to face various contingencies such as: 1) ballistic and/or cruise missile strikes; 2) attacks by special operations forces, terrorists, or cyber-attacks; 3) operations to maintain security of territorial waters/airspace and remote islands; 4) emergency evacuation operations of Japanese nationals; 5) armed conflicts in areas surrounding Japan; 6) a combination of the above contingencies (contingency complex); and 7) major disasters and pandemics.

Regarding securing stability in the areas surrounding Japan, the Report points out that with the premise of close cooperation with the U.S. forces under the Japan-US security arrangements, the MOD/SDF needs the following efforts, among others, for stability of the areas surrounding Japan: 1) enhancing Intelligence, Surveillance, and Reconnaissance (ISR) activities; 2) promoting defense cooperation with the ROK and Australia and multilateral cooperation, and fostering defense exchanges and security dialogues with China and Russia; and 3) active engagement to regional security frameworks such as the ARF and ADMM Plus.

Thus, the Report emphasizes the importance of Japan’s continued and strengthened alliance with the US and Japan’s ISR capabilities, and Japan defense cooperation with the ROK and Australia, in particular, and also with other countries both bilaterally and multilaterally.

As for improving global security dimension, the Report argues that the SDF should display Japan’s presence in the world through international peace cooperation activities. In collaboration with other agencies and organizations in Japan and overseas, the SDF should be involved in activities to improve global security environment such as: 1) assisting failed/fragile states and increasing participation in international peacekeeping operations; 2) countering international crimes including terrorism and piracy; 3) responding to major disasters; 4) dealing with proliferation of WMD/ballistic missiles, especially enhancing collaboration

in PSI arena; and 5) promoting global defense cooperation/exchange. Also, defense assistance funded by Japan should be made available as an option.

Regarding function and arrangements of defense capabilities, the Report argues that Japan's building of defense capabilities should specifically aim at obtaining capabilities for: stabilization of regional/global order; effective response to a contingency complex in cooperation with the US; and seamless reaction to an event that develops from peace time to emergency.

In order to achieve these ends, the Report argues, each of the SDF service branch should work together to enhance capabilities such as ISR capability, responsiveness, mobility, and Japan-US interoperability, sustained by advanced technologies and information with focus on enhancing complementary capabilities with those of US forces.

At the same time, the Report points out that it is also important for the SDF to expand the scope of missions that it carries out by its own capacity to include those requested in peacekeeping operations. In order to appropriately respond to various and complex contingencies, the Report calls for the SDF to strengthen and expand its ability to jointly operate. The Report particularly sees it necessary for each SDF service to pay attention to "selection and concentration" and enhance required capabilities including ISR, while reviewing less urgent weapons or arrangements. The Report further argues that the SDF should also reinforce capabilities applicable to international missions such as long-distance mobility, as well as ensuring operational arrangements for unit rotation and logistic support that enable the SDF operations to be sustainable.⁸

Conclusion

In this presentation, I briefly discussed the necessity of distinguishing arms race from other similar concepts such as arms build-up and exchange of diplomatic strong words, how arms race should be seen in Asia, and the difference between Southeast and Northeast situations. Secondly, I also briefly discussed Japan's perceptions and concerns affecting Japan's security strategy/defense planning by providing a summary of the Sato Commission Report.

It remains to be seen how much the Report's views and proposals will be reflected in the new NDPG and Japan's future defense planning, but it is nonetheless worth noting the Report's threat perception of "contingency complex" and call for necessary measures and capabilities to deal with that

⁸ After discussing the direction of Japan's defense policy, the Report discusses the infrastructures required for Japan's future defense capabilities and Japan's security strategy. In light of the initial purpose of this presentation, I will not get into these points in this presentation.

complex. If the Report is any guide, then the new NDPG could also be a step forward in proposing Japan's identity as a "peace-building nation," shifting from the Cold War era BDF concept to dynamic deterrence concept, and articulating necessary defense capabilities to respond to the changing security environment surrounding Japan at both regional and global levels.

Of course, the debates over the points raised in the Council's report will continue toward the end of the year until the new NDPG is finalized. For example, Mr. Kitazawa, Minister of Defense, is willing to promote deregulation of "Three Principles on Arms Export, etc.," while others suggest that the matter should be discussed toward the end of this year.

In addition, while the reference to the need to examine the capabilities to attack enemy bases in the last year's report is absent from the report this time, the report this time continues to endorse the importance of strike capabilities against ballistic missile threats, the need to discuss the question of collective self-defense especially in the context of MD cooperation between Japan and the US.

In any event, those issues presented by the Report will continue to be discussed among both within the government and influential security experts in the Asia-Pacific continues to show various kinds of dynamism in the process of finalizing the NDPG by the end of the year.

In this context, the perceived shifting power situation characterized by the rise of China and relative decline of US comprehensive power over the next few decades seems to be the most remarkable driving force behind the military and defense developments in Asia. It is interesting that many gaming and scenario studies for future great power relations in Asia seem to be focused on those between the US and China.⁹ This may suggest that the very assessments or prospects among many countries that the future course of security development in Asia would likely be determined by US-China relations are the main factor behind the security developments in the region.

⁹ One of the most recent and notable examples would be Malcolm Cook, Raoul Heinrichs, Rory Medcalf and Andrew Shearer, *Power and Choice: Asian Security Futures*, Lowy Institute for International Policy, June 2010.