

Asia's Evolving Security Environment: Policy Options for Japan

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The following report reflects my 20-year experience as a government official, in particular my 3-year experience as Director of International Security Policy Office of the Japanese Ministry of Defense. During this time, I participated in several multilateral dialogues. This report reflects my personal views and does not, in any way, represent the official policy positions of the government of Japan.

Japan's Security Environment

Over the past twenty years, the rise of China and North Korea's ongoing nuclear and missile programs has had a major impact on the security environment in East Asia. In this context, Japan's security environment has become increasingly more severe. Today, Japan is facing a number of security challenges across the region, beginning with the East China Sea.

China's Rise

In 2010, China surpassed Japan as the world's second largest economy. Today, some economic forecasters are predicting that China will overtake the United States as the world's largest economy by 2030, reflecting a relative, not absolute, decline of the United States.

The report of the Chinese Development Research Center of the State Council estimates that Chinese GDP, at recent exchange rates, will be 23 trillion U.S. dollars in 2020, amounting to four times China's 2010 GDP and nearly equaling U.S. GDP which is estimated to be 23.4 trillion in 2020. The State Council report envisages China overtaking the U.S. by 2022.

According to IMF data, total world GDP has doubled from 33 trillion U.S. dollars in 2000 to 64 trillion dollars in 2010, and will reach 97 trillion dollars in 2018. China's share of world GDP was 1.7% in 1990, increasing to 3.7% in 2000, 9.3% in 2010, and is estimated to hit 14.2% in 2018. On the other hand, Japan's share world GDP will decline from 14.5% in 2000 to 6.1% in 2018, while that of United States will decline from 31.4% in 2000 to 22.2% in 2018.

Since Deng Xiaoping's economic opening and reform policy, China has followed his "TaoGuangYangHui and YouSuoZuoWei" doctrine—to hide capabilities and bide its time—as the foundation of national policy. This policy line has resulted in an average annual economic growth rate of, 9.8% through 2012, which has served to advance China's military modernization and to expand its political influence across the Asia-Pacific region. China's

growth has been driven largely by investment and technological assistance from Japan, U.S. and Europe, by infrastructure development triggered by an enormous amount of Japanese Official Development Assistance, and by its export orientation.

The State Council economic report, cited above, estimates that China's economy growth will decline gently but continue to grow, shifting from manufacturing industry as "factory of the world" to retail, service and finance as the "market of the world."

For many analysts, China's statistical data is suspect. Moreover, a real estate bubble, driven by large-scale infrastructure and apartment construction, with little thought of profitability, has resulted in many uninhabited apartment and could cause the collapse of a bubble economy. Declining real estate prices would expose the bad loan problem of "shadow-banking", such as the off-balance-sheet debt of financial institutions, and throttle back the Chinese economy.

The Xi Jinping administration has reiterated its intention to push ahead with the modernization of the PLA. This policy centers on building China into a maritime power. China has been continuously modernizing its Navy and Air Force. The aim of naval modernization is to acquire capabilities to operate in distant areas. This includes advanced surface ships, landing ships, submarines, and ballistic missile nuclear submarines. China, as of FY 2013, is estimated to have 43 advanced surface ships, including *Sovremenny*-class destroyers, equipped with the SS-N-22 anti-ship missiles, and the *Jiangkai II*-class frigate

with stealth capability. China, also as of FY 2013, is estimated to have 40 advanced submarines, including *Kiro*-class submarines, equipped with the SS-N-27 missile as well as the top-of-the-line *Yuan*-class diesel submarine. As for the air force, China has been transitioning from an air defense force to one with both defensive and offensive capabilities. China has not only steadily increased the number of the fourth generation fighters but also developed the next generation fighter, the J-20, and introduced airborne refueling, early warning and transport aircraft. China procured the fourth generation fighter Su-27, in 1992, and then Su-30 in 2001, and has been deploying the domestically produced J-10 since 2005. In FY 2013, 673 J-10 aircraft were estimated to be in service.

At the strategic level, China first successfully tested a nuclear device in 1964 and subsequently developed Submarine Launch Ballistic Missiles, the JL-1 in 1987 and the JL-2 in 2008, and appears to be in the process of deploying by 2015 the *Jin*-class SSBN, which can carry 12 JL-2 ballistic missiles. The range of JL-2 is reported to be 8000km, allowing China to target the U.S. mainland. To enhance prospects for a survivable “minimum nuclear deterrence”, China is exploring sea bastion areas for its submarine force in the East China Sea, the area around the Senkaku islands, and the entrance to the South China Sea.

China’s Anti Access/Area Denial (A2/AD) strategy is aimed at denying access to the area within the second island chain, from Izu Ogasawara Islands to Guam and Saipan and area denial in the first island chain from Kyushu to the Philippines. Denying U.S. forces entry

to the first islands chain means China can secure the area as a bastion for their SSBN force as well as deter the United States and other countries from intervening in Taiwan contingency, excluding the U.S. aircraft carriers and cruise missile capabilities whose range is 3000km. To be able to exercise A2/AD against U.S. aircraft carriers and ships with cruise missile capabilities, China has focused on developing an Anti-Ship Ballistic Missile capability. It is now reported that China has started to deploy the DF-21D, which, assisted by China's Global Navigation Satellite System, BeiDou, can target U.S. navy ships in the Pacific Ocean.

China's declaration of an Air Defense Identification Zone at the East China Sea and actions taken to extend the reach of the Chinese air force can be viewed in the context of operationalizing its A2/AD strategy. For three days in October 2013, Y-8 early warning aircraft and H-6 bombers flew in international airspace above the high sea between Okinawa Island and Miyako Island. Japanese south west islands, including these islands as well as Senkaku Islands, are strategic choke points for increasing Chinese military operations.

These military buildup and active operations are financed by their defense budget, which is the second biggest in the world. Chinese defense budget in 2014 FY was released to be 808.23 billion Yuan (133.3 billion U.S. dollar), 12.2% over last fiscal year. China has been increasing it by more than 10% almost every year since 1989. It has been four fold in these 10 years, forty times in these 26 years. The amount of China's defense budget, as far as is made public, is three times as big as Japanese. It is told that actual Chinese defense budget

will be 1.3-2 times bigger than it is publicized which does not include the budget of R&D, procurement of weapons from abroad and others.

Chinese Dream

In 2012 Xi Jinping announced the “Chinese Dream” as a slogan for the “great revival of Chinese people.” The “Chinese Dream” represents a new ideology for China, substituting for a moribund Communism. The concept is inward-oriented, encouraging a revival of China’s national consciousness and the exercise of China’s power. China’s view of history reflects a feeling of “historical victimhood” dating from the time of the Ch’ing dynasty. China’s current frictions with neighboring countries can be understood as an element of the Chinese Dream, looking to recover territories which the Ch’ing dynasty once governed.

Since 2008, China has been expanding the definition of its “Core Interests” from Taiwan, Tibet and Xinjiang now to include the Senkaku Islands and South China Sea. However, China’s historical perspective is not compatible with the Post World War II regime established by San Francisco Peace Treaty in 1951 between the Allied Powers and Japan.

While China’s leaders have long followed the “TaoGuangYangHui” doctrine to prioritize economic growth and avoid friction with other countries, China now appears to have adopted an aggressive “YouSuoZuoWei” doctrine beginning with Hu Jintao’s administration.

Under Xi, China also has advanced the concept of a “new model of major power relations.” This concept aims to have the United States and China “respect each other’s ‘core interests,’ ” to “cooperate for mutual benefit” and to “enhance cooperation and coordination in international affairs and on global issues” in order to “move beyond the traditional debate over whether a rising power and an established power are destined to clash.”

The Obama administration has agreed on the need to manage the competitive aspects of the relationship to avoid direct conflict but has resisted use of words “new model of major power relations, concerned that China’s objective is to gain U.S. acceptance of China’s definition of its core interests and a division of the Pacific into spheres of influence.

At the same time, even as China has advanced the concepts of the Chinese Dream and new model of major power relations, it has embarked on an intensely nationalistic anti-Japanese campaign, asserting that Japan has failed to learn the lessons of history, while overlooking the fact that post-war Japan has continued to pursue the path of a peace-loving country. China’s recent anti Japan campaign is aimed at isolating Japan and weakening the alliance by calling into question its value for U.S. and the international society. This is because the Japan-U.S. alliance stands as the major obstacle to their long term strategic goal—to exclude the influence of United States from the region within the First Islands Chain.

Policy Challenges

The East China Sea. The current situation in the East China Sea, including the Senkaku Islands, represents a core problem for Japanese maritime security. In light of historical facts and based upon international law, the Senkaku islands are clearly an inherent part of the territory of Japan. Japan incorporated the islands into the Japanese territory in 1895, after having carefully ascertained that there had been no trace of prior control over the islands by another state. Japan's incorporation of the islands was lawful under the late 19th century international legal framework.

The Chinese government did not contest Japan's sovereignty over the Senkaku Islands for approximately 75 years until the 1970s when significant attention was drawn to the islands due to the potential existence of the oil reserves in the East China Sea.

China insists that Japan and China, during negotiations for the normalization of diplomatic relations in 1972, had agreed to "shelve" the Senkaku issue, while acknowledging the existence of a territorial disputes over the islands. However, the published diplomatic records make clear that China only expressed their unwillingness to discuss territorial issues during that negotiation and that no agreement on the Senkaku islands was reached between Premier Zhou Enlai and Prime Minister Kakuei Tanaka. China also insists that the Cairo declaration and Potsdam declaration require the return of the islands to China. However, after the World War II, the Senkaku Islands were placed under the administration of the United

States as part of Okinawa by San Francisco Peace Treaty, and their administrative rights were returned to Japan by Okinawa Reversion Agreement between United States and Japan in 1972.

Although China has criticized nationalization of the islands by the Japanese Government in 2010 as a change of the status quo and a challenge to the postwar international order, the purchase of the islands by the Japanese government from their private owner is simply a civil contract within areas under Japanese administrative control, having no external influence. Moreover, the San Francisco Peace Treaty, which designates the Senkaku Islands as being under Japanese sovereignty, should be understood as the legally binding “postwar international order.”

It was only in 1992 that China enacted the Law on the Territorial Sea and the Contiguous Zone, explicitly delineating its claim over the islands as part of Chinese territory. Subsequently, China has sent government ships to the waters off the Senkaku Islands and repeatedly made incursions into Japanese territorial waters. It should be recognized as “change of status quo by using force or coercion.”

China is increasing the number and size of its Coast Guard ships, deploying 4,000 ton ships to the South China Sea and East China Sea. The larger size of the new ships has enabled the Coast Guard to operate at greater distances for longer periods. China has also announced plans to build an additional 20 patrol ships, reportedly ten 3,000 ton-class, four

4,000 ton-class, four 5,000 ton-class and two 10,000 ton-class ships. It is expected that the Chinese Coast Guard will be able to deploy more than fifty over 1000 ton-patrol ships by 2015 and, in the near future, outnumber Japan's Coast Guard.

The South China Sea. Chinese assertive behavior over contested territory is not limited to the East China Sea, but, from the middle of 1970s, has also extended to the South China Sea.

The territorial disputes in this region area, involving four island group, the Spratly islands, Pratas Islands, Paracel Islands, the group of Macclesfield Bank, have intensified since late 1960s, when the possibility of seabed resources was first mentioned during the UN investigation in 1968-69.

The Spratly Islands, located in the south of the South China Sea, consist of 25 islands and many rocks. Currently China, Taiwan, and Vietnam claim of sovereignty over all of the Spratly islands, while Malaysia, Philippines, and Brunei claim individual islands. China occupied the Johnson Reef in 1988. In the process, China sank 2 Vietnamese vessels and destroyed another, injuring and killing 80 Vietnamese soldiers. In 1995, Chinese fishing boats entered the Mischief Reef, which had been under Philippine control, followed by PLA navy ships. Using the protection of fisheries as a pretext, China constructed military facilities on Mischief Reef. Today, China is rejecting the arbitration proceedings, submitted by the Philippines to the Arbitral Tribunal in 2013 January, under the United Nations Convention on

the Law of the Sea.

The Pratas Islands, consisting of 6 islands and rocks, are located in the east of South China Sea and were occupied by Taiwan in 1945 and now are claimed by China. The Paracel Islands, located in the west of the South China Sea, consist of 55 islands and rocks, had been occupied by Vietnam in half and the rest by China until 1974, when China invaded in the Vietnam occupying islands and occupied almost all of them. Recently, China began oil exploration in the area, while forcibly denying access to the area to protesting Vietnam government vessels.

The Macclesfield Bank, located at the center of the South China Sea, is a group of sunken rocks and, other than Scarborough Shoal, is not occupied by any country. In 1980, the Philippines established its EEZ to include the Scarborough Shoal and exercised administrative control. However, during the friction following Philippine capture of illegal Chinese fishing boats, China occupied Scarborough Shoal, presenting the Philippines with a *fait accompli*.

Now China has cited the “nine-dotted line”, which covers all of the South China Sea, as a “historic claim”—of questionable legal standing—to support its continuing assertive activities in the South China Sea.

In the South China Sea, China has followed “salami-slicing” tactics, combining both hard and soft approaches, to advance its interests, while avoiding legally binding agreements,

such as a Code of Conduct, that could restrain its activities. This approach is well reflected in China's actions toward the Philippines, at Mischief Reef and the Scarborough Shoals, which began with an appearance of fishing boats, followed by Coast Guard ships, followed by the PLA Navy and finally the construction of facilities in the dispute area. Today, China's "salami-slicing" tactics continue to unsettle Southeast Asia and the South China Sea.

Developments there require our careful attention because the same situation is occurring at the East China Sea.

China and UNCLOS. China has directed its assertive actions at the United States as well. In December 2013, PLA navy vessels, escorting China's new aircraft carrier, the Liaoning during a South China Sea exercise, broke formation and, at a 100 yard distance, harassed the USS Cowpens, a Guided Missile Cruiser. The Chinese ship, ignoring warnings from the Cowpens, reportedly cut in front of the Cowpens and forced the Cowpens to an emergency stop to avoid a collision. This dangerous encounter followed earlier incidents involving the EP-3 encounter with a Chinese J-8 aircraft in 2001 and Chinese vessels encounter with USNS Impeccable in 2009. Secretary of Defense, Chuck Hagel, criticized China's "irresponsible" conduct that "that could be a trigger or a spark that could set off some eventual miscalculation."

Meanwhile, China has continued to express its particular interpretation of United Nations Convention on the Law of the Sea (UNCLOS) that opposes any military operations,

without its permission within China's Exclusive Economic Zone. The EEZ is defined in UNCLOS as an area not to extend beyond 200 nautical miles from baselines in which a coastal State has the right to explore, exploit, conserve and manage natural resources, and conduct other activities for economic purposes, (article 56). Although the Convention requires respect for the rights and duties of the coastal State and compliance with the laws and regulations of the coastal State, all States enjoy freedoms of navigation, overflight and laying of submarine cables and pipelines (article 58). It is clear that UNCLOS imposes no restriction on military activities such as surveillance in Exclusive Economic Zones. In contrast China's interpretation of international equates its EEZ with its 12 mile territorial waters and represents an attempt to extend its 12 mile territorial sea out to 200 miles.

Policy Responses

U.S. Rebalance to Asia. In November 2011, President Obama, in a speech to the Australian Parliament, announced his administration's intention to "pivot" or "rebalance to Asia." The rebalance policy is an articulation of historic U.S. economic, political and security interest in the Asia-Pacific region. The president's remarks underscore the importance of the region to future U.S. prosperity and the administration's commitment to protect and advance those interests

Countries of the Asia-Pacific region have overwhelmingly welcomed the

“Rebalance.” At the same time, facing a “power politics” security environment in the region, they are sensitive to developments in the United States, in particular, the war exhaustion of the American public, an increasing inclination to turn inward and address critical domestic issues and the budgetary pressures of the sequester on the U.S. military. Their concerns were reinforced by the administration’s retreat from previously declared “red lines” with respect to civil war in Syria.

Nevertheless, the Obama administration has demonstrated its commitment to the “Rebalance:” the percentage of U.S. Navy ships assigned to the Pacific will rise to 60% from the current 50% ; 800 additional U.S. personnel will be assigned to Republic of Korea; 2,400 U.S. Marines will be deployed, on a rotational basis for training near Darwin, Australia; two Littoral Combat Ships will be deployed to Singapore and a new military cooperation agreement has been signed with the Philippines.

Strengthening the Japan-U.S. Alliance. To strengthen the Japan-U.S. alliance, it is important for the alliance partners to address areas of mutual concern.

Japan and United States have shared a basic two-track policy towards China, welcoming China’s rise as a responsible member of the international community, one acting in accordance with shared norms and values, “engagement,” while, at the same time, being prepared to deal with instances in which the rising power does not act in accordance with international norms and values, or “hedging.” Today, if there is a slight difference between

Japan and the United States in policy toward China, it is in whether policy should emphasize “hedging or “engagement.” This slight difference can be bridged by developing a shared understanding of the nature of the security environment. To this end, it is important to deepen the strategic dialogue between Japan and U.S., and to share an understanding of strategic options.

Freedom of Navigation. Japan and United States share a common understanding with respect to freedom of navigation. Nevertheless, China has persisted in its provocative behavior in the East and South China Sea threatening freedom of navigation. Both Japan and the United States must make clear their determined support for the international rules and norms that support freedom of navigation. Some articles of the United Nations Convention on the Law of the Sea (UNCLOS), such as freedom of navigation, codify norms of conduct and practices based on established international customary law. The other articles, such as EEZs, codify new rules that had not existed.

Japan and the United States should deepen discussions on the interpretation of international law, including UNCLOS, in particular issues related to the rights and duties of coastal states within their respective EEZs. In this context, the superiority of the freedom of navigation, which is embodied in international customary law established by historical state practices, should be recognized as a basic principle.

Observance of CUES Procedures. Secondly Japan and the United States should

support the validity of matured “soft law,” which has not reached the status of legally binding international norms but has been established as a common sense by historical practices. A good example is “good seamanship.” Code for Un-alerted Encounters at Sea (CUES) was adopted at the West Pacific Navy Symposium in 2014 March, which consists of two parts, one is the standard communication procedures, including the list of common signal code, and the other is the “good seamanship” practice to lessen the degree of unpredictability and prevent unnecessary tensions from arising, such as the 2001 EP-3 incident, the sudden surfacing of a Song-class submarine near the U.S. aircraft carrier Kitty Hawk in 2006, the recent Cowpens incident, and China’s locking of fire-control radar on JMSDF destroyers, Suzunami and Asayuki, observing Chinese naval maneuvers in 2013

To avoid such dangerous incidents in the future, we should make CUES effective by evaluating these incidents according to CUES and by reviewing CUES itself continuously. In the process of its review, we should consider expansion of CUES practices to Coast Guard vessels and aircraft, because CUES applies only to naval ships and naval aircraft; it does not extend to other government ships.

East China Sea/Senkaku Islands. At the April 2014 summit meeting, Prime Minister Abe and President Obama, agreed to oppose the use of force or coercion to change the status quo. During the Summit, President Obama also made clear that Article V of the alliance extends to the Senkaku islands. This statement stands as an important deterrence message.

Nevertheless, Chinese government vessels continue to violate Japan's territorial waters in the Senkakus, attempting to alter the status quo by an accumulation of physical measures. Thus, it is important for the alliance partners to develop coordinated responses to the possible expansion of Chinese activities in the Senkakus, including the operation of Chinese private fishing boats, Chinese Coast Guard attempts at law enforcement activities, the deployment of PLA naval vessels and aircraft, and finally a possible landing on the islands.

In that sense, it is effective to confirm the basic principle "not to change status quo by any use of force or coercion." Japan has territorial disputes, Northern territory with Russia and Takeshima with the ROK. However Japan has been claiming them only by diplomatic way, in the long negotiation of peace treaty with Russia, proposing ROK to submit it to International Court of Justice.

South China Sea. Japan and the United States should engage the international community to support efforts by ASEAN to develop binding Code of Conduct in the South China Sea to support peaceful resolution of disputes in accordance with long-accepted international norms and legal principles.

In 2002, China agreed to ASEAN's Declaration of Conduct of Parties in the South China Sea. Although the Declaration of Conduct is a landmark document, requiring signatories to resolve territorial issues by peaceful means without use or threat of armed force,

it is not legally -binding. Concluding a legally-binding Code of Conduct would be in the interest of all countries with an interest in the stability of Southeast Asia, even those not party to the territorial disputes in the South China Sea.

To date, however, ASEAN's efforts to develop a binding multilateral Code of Conduct have met with China's insistence that territorial issues should be discussed only at a bilateral level, between claimant countries. In 2011, ASEAN re-affirmed the importance of implementing the Declaration of Conduct. International society should also support the Philippines' submission of its territorial disputes with China to the International Tribunal for the Law of the Sea.

Looking back the history, this was the period that United States and Soviet Union declined their military presence at that region after the end of cold war, such as closure of Clark U.S. Air Base and Subic Bay U.S. Naval Base in Philippines, and withdrawal of U.S.S.R Navy from Cam Ranh Bay in Vietnam, when China got assertive at this region from 1990s to 2000s. Unity of ASEAN and international voice, and robust U.S.-Japan alliance are cornerstone for the peace and security at this region.

Support for Asia's Multilateral Institutions. The ASEAN Regional Forum, established in 1994, has played an important role in advancing a wide-ranging security dialogue across the Asia-Pacific region, in particular in areas such as of Humanitarian Assistance and Disaster Relief (HADR), anti-terrorism, maritime security and

non-proliferation. In 2010, the ASEAN Defense Minister's Meeting Plus was established, serving as the only defense authorities' dialogue in the region, composed of 10 ASEAN countries plus Japan, U.S., China, ROK, Australia, NZ, India and Russia. Meanwhile, the East Asian Summit added the U.S. and Russia as the members in 2011, and expanded its agenda to include security as well as economic issues.

China has been insisting that the discussions at these multilateral dialogues should be limited within non-traditional security issues, excluding the traditional ones. However the many multilateral forum provide venues to confirm the regional and the international voices, such as the interpretation of "rules and values" and the role of international society in the Asia-Pacific region, involving the countries which are not concerned, excluding the influence of the difference of the power between the concerned parties. In that sense, we should not make any taboo agendas at the multilateral frameworks. ADMM-plus and its substantial working bodies, Experts Working Groups, can progress to deal with traditional security issues more directly.

It is important for Japan and the United States to lend their strong diplomatic support the development of the region's multilateral institutions. Their focus on diplomacy, the peaceful resolution of disputes, and security cooperation in support of regional stability is in accord with the national interests of Japan and the United States.

China's Anti-Japan Campaign. Japan's public diplomacy must be aimed at

contradicting China's unfounded assertions of its anti-Japanese campaign. At the same time, Japan must make every effort to rebuild relations with the ROK to prevent it from being drawn into China's attempts to isolate Japan. In this context, strengthening the Japan, ROK, United States trilateral dialogue is an important element.

Closing

During my previous position, as Director of International Security Policy Office in the Ministry of Defense, I visited many countries across the Asia-Pacific region where both government officials and private citizens expressed their appreciation for Japan's efforts to support the economic development of their respective countries and, in turn, the stability and security of the region as a whole.

Postwar Japan, as a peace loving country, has held fast to its peace constitution and its defense-oriented security policy, and placed priority on developing relations with neighboring countries.

Dating from its initial participation in UN Peacekeeping activities in Cambodia in 1994, Japan has paid most careful consideration to circumscribe through legislation the activities of its Self Defense Forces, even such contributions to international peacekeeping activities.

The Abe government's reinterpretation of Japan's constitution to allow for the

exercise of the right of collective self-defense is aimed at supporting an increasing Japanese role as a “Proactive Contributor to Peace” in support of stability in the Asia-Pacific region and beyond. I believe that the pledge made by Prime Minister Abe after his December 2013 visit to the Yasukuni shrine, “to never wage war again,” represents sentiments shared overwhelmingly by the Japanese people.

However it is regrettable that only China and ROK have not stopped their anti Japan education, and still using anti Japan policy for the domestic satisfaction. I felt deep sorrow to find many TV programs of war fiction in China describe Japanese people as a brute. Such through anti Japan education are obstructing the normal relation between these countries. In Japanese war literature, there is no “enemy” nor “evil”, only describing the sorrows of war and irrationality at that time. We should not bring “hate” into the history. History should not be used as an excuse to change status quo.

Finally, want to express my sincere appreciation to the Institute for National Strategic Studies (INSS) at the U.S. National Defense University, which accepted me as an international visiting fellow, and to the Ministry of Defense Japan, which seconded me to INSS, allowing me to research several strategic issues affecting Japan’s security. I also want to thank Dr. James J. Przystup and other colleagues at INSS for their encouragement and support of my research endeavors.