

# Asia-Pacific Security Studies



## *"Japan's FY 2005 National Defense Program Outline: New Concepts, Old Compromises"*

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### Key Findings

Japan's FY 2005 National Defense Program Outline (NDPO) represents a significant alteration of Japanese defense strategy. The new NDPO extends the "Basic Defense Force Concept" of earlier postwar defense program outlines by identifying international peacekeeping activities and counterterrorism as primary components of Japan's overall national defense strategy.



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The FY 2005 NDPO also breaks precedent by identifying China and North Korea as security concerns. The new NDPO emphasizes Japan's need to deal effectively with ballistic missile and guerrilla attacks, along with maintaining the ability to respond to invasions of Japanese islands and intrusions into Japan's airspace and territorial waters.

In order to carry out these newly defined roles Japan seeks to create a "multifunctional" military capability. The new plan calls for streamlining the Self Defense Force (SDF) by centralizing command, upgrading intelligence and communications functions, and also includes the creation of a rapid reaction force in order to respond to new threats such as terrorism.

While breaking new ground, the FY 2005 NDPO is clearly the outcome of a series of political compromises that demonstrate the continued sensitivity of defense policy formation in postwar Japan. While gaining support for a missile defense system, other qualitative upgrades to Japan's military capabilities sought by the Japanese Defense Agency (JDA) were blocked by the Liberal Democratic Party's junior coalition partner New Komeito.

Many experts view the FY 2005 NDPO as another transitional phase in the normalization of Japan's defense policy. A clear conceptual basis for Japanese strategic planning remains a project for the future, and some doubt whether adequate resources will be made available to carry out all of the objectives of the new defense plan.

Despite the limitations of the new NDPO discussed above, the implications for the U.S.-Japan alliance are generally positive. A broadened alliance remains the foundation of Japan's defense planning, with high priority given to increasing intelligence sharing, technology exchange, and greater interoperability between U.S. and Japanese forces.

The views expressed in this publication are those of the author(s) and do not necessarily reflect the official policy or position of Asia-Pacific Center for Security Studies, U.S. Pacific Command, the U.S. Department of Defense, or the U.S. Government.

## **Introduction**

During most of the Cold War Japan maintained a fairly insulated defense strategy within the context of the U.S.-Japan alliance. From the mid 1970s onward Japanese defense priorities focused on deterring a "limited or small-scale invasion" while relying heavily on the United States for nuclear deterrence and maintenance of the regional and international security environment. With the end of the Cold War, Japan's security relationship with the United States began to change, spurred by increasing criticism of its mercantilist outlook and Japan's own desire to match growing economic power with proportional political influence in the international arena.

In the mid 1990s Japan took the first steps toward transforming its defense policy and security relationship with the United States. In 1995 Japan revised its National Defense Program Outline (NDPO) to include "areas surrounding Japan" as an integral part of its defense strategy, but offered little detail regarding how it would support U.S. forces in this context when revised Guidelines for U.S.-Japan Defense Cooperation were announced in 1997. Faced with residual domestic opposition, constitutional constraints, and the continued wariness of some of its neighbors, the Japanese government's initial attempt to revise its security profile was necessarily cautious and incomplete.

During the ten years that have passed since the 1995 NDPO was released, Japan has grown increasingly concerned about its regional security environment and at the same time recognized that by making a larger contribution to international security it can help secure the U.S.-Japan alliance and hopefully obtain greater status in the international arena. The new NDPO announced in December of 2004 represents Japan's attempt to meld these concerns into one "integrated security strategy". Under the new defense plan the various services of the SDF will be streamlined and command centralized to form a more unified, flexible force capable of operating in close concert with the U.S. military and/or UN peacekeeping forces in a variety of security environments. Significant fiscal and political constraints will, however, continue to restrain the transformation of Japan's military power for the foreseeable future.

## **Background to Japan's 2005 NDPO: The Basic Defense Force Concept**

Japan's first NDPO announced in 1976 was heralded as a break with its previous policy of developing a defense force based on maintaining a defense capability proportional to those of surrounding countries. From 1957 to 1976 Japan carried out four four-year military build-up plans aimed at developing a defense force capable of contending with perceived threats to Japanese security. The fourth of these military build up plans, carried out under the Tanaka administration, met with a great deal of resistance from domestic opposition parties who questioned both the constitutionality of the SDF and the need to increase spending on defense in a time of relative peace and economic hardship. Taking these political considerations into account, civilian bureaucrats developed a new security strategy based on what they described as the Basic Defense Force Concept (*Kibanteki Boueiiryoku Kousou*). The concept differed significantly from conventional "threat" based methods for rationalizing defense needs, in that Japan's aim would be to possess the minimum necessary defense capability to avoid creating a power vacuum in the region. Developed in the era of détente, the Basic Defense Force Concept lowered the standard for Japan's defense from a large-scale invasion to a "limited or small-scale conventional attack," placing the bulk of Japanese security in the hands of its alliance partner the United States. Leadership of Japan's three military services were openly critical of the Basic Defense Force Concept at the time of its implementation, feeling

that its vaguely stated objectives left little room for practical defense planning. According to the former chairman of Japan's Advisory Group on Defense Issues, Akio Watanabe, "the reason that the Basic Defense Force Concept prevailed in the face of these objections was the government's overriding determination to preserve a certain degree of autonomy in Japan's defense policy in defiance of US pressure," particularly with regard to strengthening its defense posture against the former Soviet Union.

## **The Early Post-Cold War Period**

With the end of the Cold War, both the U.S. and Japan began to reevaluate their alliance relationship, a process that was considerably hastened by events of the early 1990s. International criticism of Japan's "checkbook diplomacy" during the first Gulf War and a near disaster in U.S.-Japan relations during contingency planning for the first North Korean nuclear crisis brought the alliance to the brink of collapse. In the midst of this turmoil the first serious review of the Basic Defense Force Concept was carried out by Japan's Advisory Group on Defense Issues (commonly referred to as the Higuchi commission) in 1994. While the report issued by the Higuchi commission reaffirmed the Basic Defense Force Concept, it also noted that military dangers now differed considerably from when the 1976 NDPO had been issued. The report pointed to nontraditional threats arising from an "opaque and uncertain situation" and that Japan would need to create capabilities to aid in preventing unstable situations from developing into large-scale conflicts. Thus while sustaining the Basic Defense Force Concept, the authors clearly recognized that Japan would need to find new ways to contribute to international security if the alliance was to be preserved. The gist of this report was then incorporated into a new NDPO that was released in 1995, which included "areas surrounding Japan" and contributions to international peacekeeping as a valid concern of Japanese security policy. In 1997 the Guidelines for U.S.-Japan Defense Cooperation were revised to reflect Japan's newfound commitment to a larger security role, but the resulting document was a reflection of the era in which it was written. Shared roles and missions of the U.S. and Japanese military forces were never properly defined. Japan, while clear that it could not maintain the limited security contribution it had been making during the Cold War, was still in the midst of reformulating its post Cold War agenda, which in part aimed at reducing its strategic dependence on the United States.

## **The New International Security Environment: Reports of the LDP Defense Policy Subcommittee and the Araki Commission**

A number of regional and international events, including North Korea's test launch of a Taepodong rocket over Japan in 1998 and terrorist attacks on the U.S. in September of 2001, have contributed to moving Japanese defense thinking beyond the confines of the Basic Defense Force Concept. Revelations of North Korea's secret HEU nuclear program in October of 2002 catalyzed the Japanese government's decision to move forward with development of a missile defense system in December 2003, at which time a cabinet decision was made to review the NDPO in 2004 in accordance with "the new security environment".

The development of the FY 2005 NDPO involved a long consultative process that was highlighted by the release of two substantial sets of recommendations for transforming Japan's defense policy. A report released by the ruling Liberal Democratic Party's Defense Policy Studies Subcommittee in March 2004 contained the most far-reaching

and in that sense controversial recommendations for transforming Japan's defense policy. In discussing the security environment of Northeast Asia, the report emphasizes instability caused by North Korean ballistic missile and nuclear weapons development, the Sino-Taiwan issue, and China's naval advance into the East China Sea.

In response, the report advocates amending Article 9 of the Constitution to reflect the legitimacy of the SDF, clear recognition of Japan's right to collective self defense, consolidation of crisis decision-making in the hands of the prime minister, the enactment of a general law to support international peacekeeping operations, and strengthening U.S.-Japan security arrangements to deal with new security threats such as ballistic missiles, terrorism, and the proliferation biological, chemical and nuclear weapons. The Defense Policy Subcommittee report proposed changing the Basic Defense Force Concept to a "Flexible and Mobile Force Concept" that would ground Japan's twofold strategy of effectively responding to various situations related to Japan's territorial defense and playing an active role in achieving international peace and stability.

At the operational level, the Subcommittee recommended that the SDF force structure be transformed to include rapid-response ground units along with increased maritime and air transport capability in order to support greater involvement in international peacekeeping activities. It also advocated a thorough revision of Japan's three principles on arms export (which have in essence banned the export of weapons since 1967). One of the most controversial items in the report was a proposal for Japan to examine whether or not it should possess the capability to strike enemy missile bases in the case of an imminent attack.

Seven months later a report by the Council on Security and Defense Capabilities (a private advisory panel to the prime minister more commonly referred to as the Araki Commission) adopted many of the ideas expressed in the LDP Defense Policy Studies Subcommittee recommendations, including the central idea of a two-pronged defense strategy that puts international peace cooperation activities on an equal plane with the defense of Japan. The Araki report also supported revising the ban on weapons exports (at least to allow for the joint development of a missile defense system with the United States) and giving consideration to the development of a capability to strike at enemy missile bases in the event of an attack on Japan. The Araki report shied away from commenting directly on the revision of Article 9 of the constitution or the sensitive issue of collective self-defense, yet with regard to the latter it did mention, "the opinion was expressed at this Council that this issue should be settled quickly".

While moving Japanese defense policy beyond the original limits established by the Basic Defense Force Concept, the Araki commission maintained that Japan's new "Integrated Security Strategy" would not mean a reversion to a conventional "threat" or "needs" based approach to defense planning. The report argues that in the current era a self-reliant, conventional threat based strategy is not a practical possibility for many, if not most countries. The Araki Commission's Integrated Security Strategy therefore adopts a threefold approach that includes: a) Japan's own efforts; b) cooperation with an alliance partner and c) cooperation with the international community in a way that both protects the homeland and contributes to improving the international community as a whole. According to the Araki report, Japan's strategy should therefore be to develop a "multifunctional flexible defense force" that is best suited to meeting all three of these goals. The SDF will therefore need to be streamlined along the lines of a business enterprise, "utilizing state-of-the-art information technology, overhauling the chain of command, and implementing other appropriate educational training and improvement programs." One of the key steps the report identifies in terms of Japan developing a multifunctional defense force is the expansion and integration of its intelligence gathering mechanisms.

## **Japan's New Defense Thinking Meets Political and Fiscal Obstacles**

The FY 2005 NDPO (released in December 2004) draws upon the central ideas expressed in the two reports discussed above in several important ways. First, in keeping with the hard-nosed realism evident in the LDP Defense Policy Studies Subcommittee report, the new NDPO calls attention to both North Korea and China in its discussion of the security environment that Japan must prepare for over the next ten years. Secondly, it makes international peacekeeping operations a primary component of Japan's national security strategy along with counterterrorism and the defense of Japan. Strengthening the U.S.-Japan alliance plays a key role in the new defense policy outline, including the joint development of a missile defense system and greater intelligence sharing between the two allies. The new NDPO (along with the accompanying mid-term defense plan for FY 2005-2009) indicates that the command structure of the SDF will be centralized, with integration of the air, ground and naval services becoming a high priority. The plan aims to attain greater results with limited resources by "rationalizing and streamlining personnel, equipment, and operations".

The new NDPO is, however, clearly the product of political bargaining and compromise between defense advocates in the LDP and members of junior coalition partner New Komeito. Although the LDP possesses far more seats in the Diet, it has grown increasingly dependent on New Komeito for electoral support in urban areas where its major opposition, the Democratic Party of Japan (DPJ), is rising. During behind the scenes deliberations on the new defense policy, media reports emphasized strong differences of opinion between the coalition partners on some of the hot button issues in the NDPO draft. New Komeito agreed to lift the ban on exports of missile defense related technology to the United States, but resisted the complete relaxation of the ban desired by the LDP. The new NDPO does not mention revising the ban on arms export, but Chief Cabinet Secretary Hiroyuki Hosoda made it clear in his statement announcing the new NDPO that Japan would allow technology developed in connection with the joint missile defense program to be exported to the United States. New Komeito is also seen as responsible for keeping any mention of exploring a "counterstrike" capability against enemy missile bases out of the official document. Many members of the LDP are unhappy with these compromises.

The powerful Ministry of Finance (MoF) also challenged proposals made by the Japanese Defense Agency (JDA) for transforming the military. The Finance ministry adamantly refused to accept budget increases sought by the JDA despite the additional costs of developing a missile defense system, which will cost roughly 10 billion dollars over the next ten years. MoF had targeted the defense budget for one percent year-on-year reductions over the course of the next 5 years, proposing that new funds needed for missile defense and transforming the military might be obtained by reducing the GSDF by some 40,000 troops. In contrast, the JDA suggested cutting the GSDF from 162,000 to 160,000, along with some minor cuts in the number of tanks, destroyers and tactical aircraft. In return the JDA hoped to secure a qualitative improvement in Japan's weaponry, including the development of long-range precision guided missiles.

The MoF troop reduction plan generated a major bureaucratic row between the two agencies, which ended when the leaders of the two ruling parties stepped in to orchestrate a compromise plan that would fix the number of GSDF troops at 155,000 over the next 5 years. The number of tanks was cut from 900 to 600, "escort ships" were cut from 50 to 47, and the number of fighter planes was cut from 300 to 260. In the end, the JDA was forced to accept a quantitative reduction in forces, but because of political opposition failed to gain the type of qualitative transformation it desired. In light of Japan's ongoing fiscal crisis some commentators believe further cuts in the defense budget are sure to come over the long term.

## Views from Japan and the Region

Upon its release in December 2004, Seiji Maehara of the Democratic Party quickly criticized the new NDPO for being a patchwork of bureaucratic compromises that did not present any guiding philosophy from which to approach Japan's overall defense strategy. Though this type of criticism is expected from the opposition party, similar views were expressed among Japan's top defense analysts. Military analyst Kensuke Ebata, while appreciative of the inclusion of North Korea, China and terrorism as security concerns, nevertheless indicated that the new NDPO lacks convincing arguments to support the restructuring of Japan's military. A roadmap for strengthening joint operations of the three services is lacking, as well as a plan for dealing with terrorism. For this reason Ebata views the current NDPO as another transitional step in the process of transforming Japan's military. Japanese defense expert Akio Watanabe criticized the new NDPO for retaining the phrase *senshu boei*, or "exclusively defense oriented defense," which he believes to be meaningless when faced with missile or guerrilla attacks. According to Watanabe the phrase was left in the outline for political considerations, but only adds to the confusion regarding Japan's fundamental defense strategy. Views in the Japanese media were divided with regard to the new plan. The conservative *Yomiuri* and *Sankei* newspapers were supportive of the new NDPO, while the liberal oriented *Asahi* and *Mainichi* raised concerns that Japan may be drawing too close to U.S. military strategy and abandoning its own pacifist ideals.

In Northeast Asia, China and North Korea both expressed strong dissatisfaction with being designated as security concerns, and South Korea emphasized the need for greater transparency in Japan's defense policy outline in light of neighboring countries' concerns about Japan's militaristic past. South Korean concern regarding Japan's expanding security role became further evident this January, when JDA Director-General Yoshinori Ohno stopped over in Seoul during his tour of Japanese troops sent to aid Tsunami ravaged countries in Southeast Asia. During his stopover Ohno's South Korean counterpart informed him bluntly that the Japanese military should concentrate its efforts on territorial defense.

## Implications for the US-Japan Alliance

As the outcome of a series of political compromises, the new NDPO lacks the conceptual clarity that could provide a solid foundation for

security cooperation between the U.S. and Japan. Language in the new defense policy outline stipulates that while taking into account new threats such as the proliferation of weapons of mass destruction and international terrorist activities, elements of the Basic Defense Force Concept will remain valid, which could once again limit opportunities for joint security planning. Nevertheless, the new NDPO clearly recognizes the importance of the alliance, indicating that it is "indispensable" for Japan's security. Perceived threats from China and North Korea make security cooperation with the U.S. a higher priority for the Japanese now than at any time in postwar history. The Japanese government has therefore moved to strengthen the alliance by moving ahead with joint production of a missile defense system and making international peacekeeping activities a mainstay of the SDF.

Japan has also targeted intelligence sharing, technology and equipment exchange, and operational cooperation (including in "areas surrounding Japan") as goals for enhanced cooperation over the next ten years. Specific details on how the U.S. and Japan will carry out operational cooperation, especially with regard to "areas surrounding Japan", will need to be hammered out later this year during talks aimed at revising the U.S.-Japan Joint Declaration on Security and related negotiations on revising the Guidelines for U.S.-Japan Defense cooperation.

During a February 2005 meeting of the U.S.-Japan Security Consultative Committee (SCC), which includes the heads of the defense and state departments of the U.S. and Japan, an agreement on common strategic objectives was reached. Although the agreement covered a wide range of issues, from supporting the peaceful reunification of the Korean peninsula to maintaining and enhancing the stability of the global energy supply, a great deal of attention has focused on the mentioning of both countries' desire to "encourage the peaceful resolution of issues concerning the Taiwan Strait through dialogue." This statement has been somewhat overzealously interpreted in the Western media to indicate that Japan has signed on to the defense of Taiwan. However, while Washington certainly welcomes this agreement of concern on one of the most destabilizing issues in the region, the strength of U.S.-Japan regional security cooperation will not hinge on such statements, but rather on Japan's willingness to make commitments to regional operational support during discussions of shared roles and missions later this year. Without clear commitments on the common strategic objectives announced in the SCC Joint Statement, the momentum developed under Japan's new NDPO could be lost.



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