

# **The 8th Japan–Australia Track 1.5 Dialogue**

**Tokyo**

**June 20 –21, 2013**

Co-Hosted by:

The Japan Institute of International Affairs (JIIA)

The Australian Strategic Policy Institute (ASPI)

Supported by:

Ministry of Foreign Affairs, Japan



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## Preface

This report is the product of the 8th Japan-Australia Track 1.5 Dialogue held in Tokyo in June 2012, consigned to the Japan Institute of International Affairs (JIIA) by the Ministry of Foreign Affairs of Japan. This Dialogue was organized with the aim of producing policy recommendations to enhance Japan-Australia security cooperation.

As reported in the last year, remarkable developments in the bilateral security relationship between Japan and Australia have been observed and both countries are seen as natural strategic partners that share basic values and interests in the Asia-Pacific, represented by the issuing of the Japan-Australia Joint Declaration on Security Cooperation in March 2007 and of the Memorandum on Defense Cooperation in December 2008. The Japan-Australia Acquisition and Cross-servicing Agreement (ACSA) was signed in May 2010 and entered into force in January 2013. The Japan-Australia Information Security Agreement (ISA) was signed in May 2012 and entered into force in March 2013. The Japanese and Australian Foreign and Defence Ministers 2+2 meeting issued the Common Vision and Objectives to achieve greater cooperation in security and defence in September 2012.

Considering the aforementioned recent developments, a group of security and regional experts from Japan and Australia discussed in this Dialogue possible measures to enhance security cooperation between the two countries on the following three points: 1) security trends and environments surrounding Japan and Australia, 2) defence and security policy developments in Japan and Australia, and 3) Japan-Australia security and defence cooperation.

We hope that this report will make a valuable contribution to policy-making on Japan-Australia security cooperation, and we would like to express our deepest appreciation to the Oceania Division, Asian and Oceanian Affairs Bureau, Ministry of Foreign Affairs of Japan, and the Australian Strategic Policy Institute (ASPI) for their cooperation in holding this Dialogue.

(As the Discussion part of this Dialogue is based upon the Chatham House Rules, this report does not identify the speaker for any records of statements made throughout the course of the Dialogue.)

Yoshiji Nogami  
President  
The Japan Institute of International Affairs





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## The 8th JAPAN-AUSTRALIA TRACK 1.5 DIALOGUE

June 20 – 21, 2013

Tokyo, Japan

### AGENDA

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Thursday, June 20, 2013

- 10:00 - 10:10      **Opening Remarks**  
Japan: Amb. Yoshiji NOGAMI, President, Japan Institute of International Affairs (JIIA)  
Australia: Mr. Peter JENNINGS, Executive Director, Australian Strategic Policy Institute (ASPI)
- 10:10 - 11:00      **Session 1: Security Trends and Environment Surrounding Japan and Australia**  
Moderator: Amb. Yoshiji NOGAMI, JIIA  
- Presentation  
Japan: Mr. Sugio TAKAHASHI, Senior Fellow, National Institute for Defense Studies  
Australia: Dr. Tanya OGILVIE-WHITE, Senior Analyst, ASPI  
- Discussion
- 11:00 - 11:10      Coffee Break
- 11:10 - 12:20      **Session 1 Continuation**
- 12:30 - 13:50      Lunch  
Venue: Restaurant Iwaen  
<Address> Tokyo Club Bldg. 3F  
3-2-6 Kasumigaseki, Chiyoda-ku, Tokyo
- 14:00 - 14:50      **Session 2: Defence and Security Policy Developments in Japan and Australia**  
Moderator: Dr. Ben SCHREER, Senior Analyst, ASPI  
- Presentation  
Australia: Mr. Michael SHOEBRIDGE, First Assistant Secretary, Strategic Policy, Department of Defence  
Japan: LTG (ret.) Noboru YAMAGUCHI, Professor, National Defense Academy of Japan  
- Discussion
- 14:50 - 15:00      Coffee Break
- 15:00 - 16:10      **Session 2 Continuation**

Friday, June 21, 2013

- 10:00 - 10:50      **Session 3: Japan – Australia Security and Defence Cooperation**  
Moderator: Mr. Hideki ASARI, Deputy Director General, JIA  
- Presentation  
    Japan: Dr. Eiichi KATAHARA, Professor / Director, Regional Studies  
        Department, National Institute for Defense Studies  
    Australia: Mr. Peter JENNINGS, Executive Director, ASPI  
- Discussion
- 10:50 - 11:00      Coffee Break
- 11:00 - 12:10      **Session 3 Continuation**
- 12:10 - 12:20      **Closing Remarks**  
    Australia: Mr. Peter JENNINGS, ASPI  
    Japan: Amb. Yoshiji NOGAMI, JIA
- 12:30 - 14:00      **Farewell Lunch**  
Venue: "Suwa," The Tokai University Club  
    <Address> Kasumigaseki Bldg. 35F  
        3-2-5 Kasumigaseki, Chiyoda-ku, Tokyo



# The 8th Japan - Australia Track 1.5 Dialogue



June 20 - 21, 2013  
Tokyo, Japan



## List of Participants

\*Alphabetical order based on last name.

### Japan

Name	Title	Organization
Mr. Hideki ASARI	Deputy Director General	Japan Institute of International Affairs
Mr. Yosuke HAYASHIDA	Researcher, Oceania Division, Asian and Oceanian Affairs Bureau	Ministry of Foreign Affairs
Dr. Yasuyuki ISHIDA	Research Fellow	Japan Institute of International Affairs
Mr. Kenji KANASUGI	Deputy Director-General, Asian and Oceanian Affairs Bureau	Ministry of Foreign Affairs
VADM (ret.) Hideaki KANEDA	Director	Okazaki Institute
	Adjunct Fellow	Japan Institute of International Affairs
Mr. Takehiro KANO	Director, National Security Policy Division, Foreign Policy Bureau	Ministry of Foreign Affairs
Dr. Eiichi KATAHARA	Professor / Director, Regional Studies Department	National Institute for Defense Studies
Dr. Tsutomu KIKUCHI	Professor	Aoyama Gakuin University
	Adjunct Fellow	Japan Institute of International Affairs
Dr. Yoshinori KODAMA	Director, Oceania Division, Asian and Oceanian Affairs Bureau	Ministry of Foreign Affairs
Mr. Tetsuo KOTANI	Research Fellow	Japan Institute of International Affairs
Ms. Megumi MAEKAWA	Officer, National Security Policy Division, Foreign Policy Bureau	Ministry of Foreign Affairs
Mr. Ryo NAKAMURA	Director, Policy Planning Division, Foreign Policy Bureau	Ministry of Foreign Affairs
Amb. Yoshiji NOGAMI	President	Japan Institute of International Affairs
Mr. Takashi NONOGUCHI	Deputy Director, International Policy Division, Bureau of Defense Policy	Ministry of Defense
Mr. Atsuo SUZUKI	Defense Councilor (Deputy Director General), Minister's Secretariat	Ministry of Defense
Dr. Seiichiro TAKAGI	Senior Associate Fellow	Japan Institute of International Affairs
Mr. Sugio TAKAHASHI	Senior Fellow	National Institute for Defense Studies
	Deputy Director, Office of Strategic Planning	Ministry of Defense

<b>Mr. Shinichiro TOKUMASU</b>	Officer, Oceania Division, Asian and Oceanian Affairs Bureau	Ministry of Foreign Affairs
<b>LTG (ret.) Noboru YAMAGUCHI</b>	Professor	National Defense Academy of Japan

## **Australia**

<b>Name</b>	<b>Title</b>	<b>Organization</b>
<b>Mr. Aldo BORGU</b>	Senior Analyst, Strategic Analysis Branch	Office of National Assessments
<b>Mr. David GLASS</b>	Counsellor (Political/Strategic)	Australian Embassy
<b>Ms. Louise HARRIS</b>	Second Secretary (Political/Strategic)	Australian Embassy
<b>Mr. Peter JENNINGS</b>	Executive Director	Australian Strategic Policy Institute
<b>Mr. Nicholas KAY</b>	Second Secretary (Political/Strategic)	Australian Embassy
<b>Dr. Tanya OGILVIE-WHITE</b>	Senior Analyst	Australian Strategic Policy Institute
<b>Dr. Benjamin SCHREER</b>	Senior Analyst	Australian Strategic Policy Institute
<b>Mr. Michael SHOEBRIDGE</b>	First Assistant Secretary, Strategic Policy	Department of Defence
<b>Ms. Dara WILLIAMS</b>	Minister- Counsellor	Australian Embassy

# The 8th Japan - Australia Track 1.5 Dialogue

## Biographies of Participants

\*Alphabetical order by surname.

### JAPAN

#### **Hideki ASARI**

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Hideki Asari is Deputy Director General of The Japan Institute of International Affairs. He was Minister at the Embassy of Japan in the US before assuming his current position. After graduating from Waseda University he joined the Ministry of Foreign Affairs (MOFA) in 1986. He earned M.A. in the University of Oxford. At MOFA he served as Counsel for Trade Negotiations in the International Legal Affairs Bureau (2004) and as Director of the Oceania Division of the Asian and Oceanian Affairs Bureau (2005-2007). His overseas posts include Political Counselor at the Japanese Embassy in the Republic of Korea (2003) and Economic Counselor, and later Minister at the Japanese Embassy in the US (2008-2011). He was also Cabinet Counselor in the Office of the Assistant Cabinet Secretary (2007-2009).

#### **Yasuyuki ISHIDA**

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Yasuyuki ISHIDA is a research fellow at the Japan Institute of International Affairs (JIIA). Currently, he works on various projects including “Japanese Foreign Policy in the Indo-Pacific” and “Southeast Asia and the Japan-US alliance”. His areas of interests include multilateral and regional cooperation in the Asia-Pacific security.

He completed his B.A. and M.A. from Keio University, Tokyo. He also received a Diploma (International Politics) from the University of Wales, Aberystwyth, U.K., and a Ph.D (International Politics) from Jawaharlal Nehru University, New Delhi. His working experience includes a visiting fellow in the Institute for Defence Studies and Analyses (IDSA), New Delhi, and two postings in the Ministry of Foreign Affairs (MOFA) to deal with Asia-Pacific security and national security policy.

#### **Kenji KANASUGI**

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Deputy Director-General  
Asian and Oceanian Affairs Bureau  
Ministry of Foreign Affairs

Education:

1983                      Hitotsubashi University (Faculty of Law)

Professional Career:

1983                      Enter Ministry of Foreign Affairs  
1984                      Embassy of Japan in Australia (Second Secretary)  
1988                      Overseas Public Relations Division  
                              First North America Division  
                              Second Africa Division

	Office of Deputy DG for Economic Affairs Bureau
1994	Deputy Director, Second North America Division
1995	Embassy of Japan in Malaysia (First Secretary)
1998	Deputy Director, Policy Planning Division
1999	Senior Assistant for Policy Coordination
2000	Executive Assistant for Vice Foreign Minister
2001	Director, Second North America Division
2002	Chief of Staff to Foreign Minister, Yoriko KAWAGUCHI
2005	Embassy of Japan in the U.S.A (Counselor, Economic Affairs)
2007	Director, Personnel Division
2009	Director, Management and Coordination Division
2011	Deputy Director-General, Asian and Oceanian Affairs Bureau Executive Assistant to the Prime Minister, Yoshihiko Noda
2013	Deputy Director-General, Asian and Oceanian Affairs Bureau

### **Hideaki KANEDA**

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Vice Admiral Hideaki Kaneda, JMSDF (ret.) is a Director for The Okazaki Institute, an adjunct fellow of JIIA (Japan Institute of International Affairs) and a trustee of RIPS (Research Institute of Peace and Security). He was a Senior Fellow of Asia Center and J. F. Kennedy School of Government of the Harvard and a Guest Professor of Faculty of Policy Management of Keio University.

He is the author of published books and articles about security, including *“Proposal for Maritime Coalition in East Asia”*, IMDEX, Germany, Nov. 2000, *“Changing situation of China’s and Japan’s security”*, World and Japan, Tokyo, Sep. 2001, *“US/China Power Game in Maritime Hegemony”*, JIIA, Tokyo, Mar. 2003, *“BMD for Japan”*, Kaya-Books, Tokyo, Mar. 2003, *“Multilateral Multi-Agencies Cooperation for Maritime Order Maintenance”*, CSCAP, Apr. 2005, *“US and Japan’s Policy toward North Korea”*, World and Japan, Tokyo, Sep. 2005, *“Japan’s Missile Defense”*, JIIA, Tokyo, Dec. 2006, *“Collective Defense Right and Japan’s Security”*, Naigai News, Tokyo, Aug. 2007, *“Aspects of the War (Sea Battle)”*, Naigai Publishing Company, Tokyo, July. 2008, *“Understanding BMD”*, Ikaros-Books, Tokyo, Oct. 2008, *“Japan’s Diplomacy and Total Security”*, Wedge, Tokyo, Sep. 2011.

He is a graduate of the National Defense Academy in 1968, the Maritime War College in 1983, and the U.S. Naval War College in 1988. He served in the JMSDF from 1968 to 1999, primarily in Naval Surface Warfare at sea, while in Naval & Joint Plans and Policy Making on shore.

### **Takehiro KANO**

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Director, National Security Policy Division,  
Foreign Policy Bureau, Ministry of Foreign Affairs, Japan

*Mr Takehiro KANO, since he joined the Ministry of Foreign Affairs in 1989, has served a variety of posts within the Government of Japan as follows:*

-Director, National Security Policy Division, Foreign Policy Bureau (2012-)

- Director, Climate Change Division, International Cooperation Bureau, engaged in UN climate change negotiations from COP15 to COP 17 as well as regional and bilateral cooperation in environment and energy area. (2010-2012)
- Senior Foreign Policy Coordinator, Policy Coordination Division, Foreign Policy Bureau, coordinating Japan's major foreign policy agenda such as Afghanistan/Pakistan, North Korea's missile/nuclear tests, peace building matters including UNPKO, and nuclear disarmament and non proliferation. (2008-2010)
- Senior Coordinator, Global Issues Cooperation Division, International Cooperation Bureau, coordinating Japan's ODA policy on major sectors, particularly on global health and education. (2007-2008)
- Executive Assistant to Deputy Chief Cabinet Secretary, Prime Minister's Official Residence, providing advice to one of the three Deputy Chief Cabinet Secretaries on major foreign and security policy matters. (2005-2007)
- Principal Deputy Director, Economic Policy Division, Economic Affairs Bureau, internal policy coordination in economic and trade area and administrative matters, including preparation for G8 summit, APEC and ASEM. (2004-2005)
- First Secretary, Economic Section, Embassy of Japan, USA, working on US-Japan bilateral economic and trade issues as well as US-Japan policy coordination on reconstruction assistance to Iraq. (2001-2004)
- Principal Deputy Director, Loan Aid Division, Economic Cooperation Bureau, working on Japan's "Yen Loan" policy to major recipient countries such as China, India and Indonesia, as well as on debt alleviation of highly indebted poor countries mainly in Africa. (1999-2001)
- Deputy Director, US-Japan Security Treaty Division, North American Affairs Bureau, working on passage of the new US-Japan Defense Guideline legislations, as well as on the US base issues in Okinawa and other regions in Japan. (1998-1999)
- Deputy Director, Overseas Establishment Division, Foreign Minister's Secretariat, working on budgetary matters related to overseas Embassies/Consulates facilities and staffs. (1997-1998)
- Deputy Director, First Southeast Asia Division, Asian Affairs Bureau, serving as country officer for Myanmar, Thailand, Cambodia, Laos, and Vietnam. (1995-1997)
- Chief Researcher, Bank Supervision Bureau, Ministry of Finance, working on Japan's Financial System Reform. (1993-1995)

Education:

1986-1989 the University of Tokyo (Law Faculty)

1990-1993 Selwyn College, Cambridge University (Master of Economics)

### **Eiichi KATAHARA**

Eiichi KATAHARA is Professor and Director, Regional Studies Department at the National Institute for Defense Studies (NIDS) of the Japanese Ministry of Defense. Prior to joining NIDS, he was Professor of International Relations at Kobe Gakuin University; a visiting fellow at Stanford University's Asia-Pacific Research Center; a postdoctoral fellow at the University of California's Institute on Global Conflict and Cooperation (IGCC); lecturer in the Department of Political Science and research fellow at the Australia-Japan Research Center both at the Australian National University. He is Editor-in-Chief of the East Asian Strategic Review 2013 (Tokyo: National Institute for Defense Studies, 2013) and the East Asian Strategic Review 2012 (Tokyo: National Institute for Defense Studies, 2012). His

publications include “Japan: From Containment to Normalization,” in Muthiah Alagappa (ed.) *Coercion and Governance* (Stanford University Press, 2001); Chapter on the USA, *East Asian Strategic Review 2010* (Tokyo: National Institute for Defense Studies, 2010); “Japan’s Concept of Comprehensive Security in the Post-Cold War World,” in Susan Shirk & Christopher P. Twomey (eds.) *Power and Prosperity: Economics and Security Linkages in Asia-Pacific* (Transaction Publishers, 1996) and other articles and book chapters. He earned a Ph.D. in Asian and International Studies from Griffith University, an MA in International Relations from The Australian National University, and a BA in Economics from Keio University.

### **Tsutomu KIKUCHI**

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Tsutomu Kikuchi is Professor at the Department of International Politics, Aoyama-Gakuin University, Tokyo, Japan. He has been an adjunct fellow at the Japan Institute of International Affairs (JIIA) since 1987. He is specializing in international political economy in the Asia-Pacific.

He was a visiting fellow at the Australian National University (ANU: Canberra) and the Institute of Southeast Asian Studies (ISEAS: Singapore), a visiting professor at the University of British Columbia (UBC, Vancouver), and consultant of the Asian Development Bank (ADB). He has been engaged in various track 2 activities and international research projects conducted under such regional institutions as PECC (Pacific Economic Cooperation Council) and CSCAP (Council for Security Cooperation in the Asia-Pacific). He has published many books and articles on international political economy (especially regional institution-building) of the Asia-Pacific. He obtained his doctoral degree from Hitotsubashi University, Tokyo, Japan.

### **Yoshinori KODAMA**

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#### EDUCATIONAL BACKGROUND:

- 1990 Bachelor of Law, University of Tokyo, Japan.
- 1992 Master of Laws, University of Cambridge, England.
- 1999 Doctor of Philosophy (Law), University of London, England.

#### PROFESSIONAL EXPERIENCE:

- 1990 Joined the Ministry of Foreign Affairs.
- 1990- First International Organisations (GATT) Division.
- 1991- Treaties Division.
- 1993- Second Secretary, Embassy of Japan, United Kingdom.
- 1995- UN Law of the Sea Convention Ratification Office.
- 1996- Deputy Director, Second International Organisations (OECD) Division.  
Vice-Chair, OECD Joint Expert Group on Trade and Environment.
- 1998- Head of Legal Unit, Foreign Ministry’s Secretariat.
- 2002- First Secretary, Permanent Delegation of Japan to the OECD, France.  
International Energy Agency Emergency Energy Policy Inspector for the UK & Portugal.
- 2005- Counsellor, Embassy of Japan, Kingdom of Cambodia.  
Co-Chairman of the Inter-governmental Support Group for the Khmer Rouge Trials.  
Coordinator of the Supervisory Team for the 2006 Municipal Election of Cambodia.

2007- Executive Assistant to the Deputy Chief Cabinet Secretary, Prime Minister's Office.  
 2009- Director, Japan-Korea Economic Affairs Division,  
 Senior Policy Coordinator for the Korean Peninsula.  
 2011- Director, European Union Economic Affairs Division.  
 2012- Director, Oceania Division.

Author of "Asia Pacific Economic Integration and the GATT-WTO Regime (1999, Kluwar)."

### **Tetsuo KOTANI**

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Mr. Tetsuo KOTANI is a research fellow at the Japan Institute of International Affairs (JIIA) and teaches at Hosei University in Tokyo. His research focus is the US-Japan alliance and maritime security. He is also a senior research fellow at the Research Institute for Peace and Security (RIPS) in Tokyo, and a member of the International Advisory Board at the Project 2049 Institute in Washington. He received a security studies fellowship from the RIPS in 2006-2008. He won the 2003 Japanese Defense Minister Prize. He has published numerous articles both in English and Japanese, and his recent English publications include "The Senkaku Islands and the US-Japan Alliance" (Project 2049 Institute, March 2013), and "China's Fortress Fleet-in-Being and Its Implications for Japan's Security" (Institut Français des Relations Internationales, February 2013). He is preparing his first book on maritime security.

### **Ryo NAKAMURA**

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Education:

1994	Magister Legum, Friedrich-Alexander-Universität Erlangen-Nürnberg, Germany
1992	Bachelor of Law, University of Tokyo, Japan

Occupation:

August 2011 to present	Director, Policy Planning Division, and concurrently Director, Division for Promotion of Emerging Countries Policy, Ministry of Foreign Affairs
July 2009 to July 2011	Executive Assistant to the Deputy Chief Cabinet Secretary, Office of the Prime Minister
September 2006 to July 2009	First Secretary, later Counselor (Political), Embassy of Japan in Germany
January 2004 to August 2006	Principal Deputy Director, International Peace Cooperation Division, Ministry of Foreign Affairs
February 2002 to January 2004	Deputy Director, United Nations Administration Division, Ministry of Foreign Affairs (Global issues, human security)
August 1999 to February 2002	Deputy Director, Office of the Deputy Director-General for General Affairs of the Economic Affairs Bureau, Ministry of Foreign Affairs (G7/G8-Affairs; September 2001 to February 2002: Acting Head of the G8 Sherpa Office)
June 1997 to July 1999	Official, later Deputy Director, Second Southeast Asia Division, Ministry of Foreign Affairs

May 1995 to June 1997 Third Secretary, later Second Secretary (Economic),  
Embassy of Japan in Bonn, Germany  
April 1992 Entered the Ministry of Foreign Affairs

Languages:

Japanese (native), German, English, French (basic), Korean (basic)

### **Yoshiji NOGAMI**

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Yoshiji Nogami is President of The Japan Institute of International Affairs and Executive Advisor of the Mizuho Corporate Bank, Limited. His current responsibilities include Advisor to the Cabinet, Advisor to the Minister for Foreign Affairs. He is former Japanese Ambassador to the U.K. and a Vice-Minister for Foreign Affairs of Japan. After graduating from the University of Tokyo he entered the Ministry of Foreign Affairs in 1966. He was Deputy Director-General of the Middle Eastern and African Affairs Bureau and the Foreign Policy Bureau, Director-General of the Economic Affairs Bureau, Deputy Minister for Foreign Affairs. His overseas posts include Economic Counsellor at the embassy in the U.S. and Consul-General in Hong Kong. Mr. Nogami was also Ambassador to the OECD in Paris in 1997-99. He was Senior Visiting Fellow at the Royal Institute of International Affairs.

### **Atsuo SUZUKI**

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Present Assignment: Defense Councilor (Deputy Director General), Minister's Secretariat  
Deputy Director General, Defense Intelligence Headquarters (DIH)

Education: 1985 Waseda University (BA in Politics and Economics)  
1990 Georgetown University (MA)

Service Career:

April 1985	Entered Japan Defense Agency
May 1993	Secretariat of International Peace Cooperation HQ. Prime Minister's Office
Aug 2000	Visiting Fellow, INSS, NDU
July 2001	Director, Office of Defense Studies, Defense Policy Div, BODP, among others
Aug 2005	Director, Defense Operations Div, Bureau of Operational Policy
July 2006	Director, International Operations Div, BOOP
Sep 2007	Director, Defense Intelligence Div, BODP
Aug 2009	Director, Defense Policy Div, BOD
Aug 2011	Deputy Director General for Realignment Initiatives, Minister's Secretariat
Sep 2012	Present Assignment

### **Seiichiro TAKAGI**

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Seiichiro Takagi is a senior associate fellow of the Japan Institute of International Affairs (JIIA). He obtained Ph.D. in political science from Stanford University. Before moving to his current position in April 2011, he was an associate professor and professor at Saitama



University (1979-97), a professor at National Graduate Institute for Policy Studies (1997-99), a Director of the Second Research Department at The National Institute for Defense Studies, and a professor at the School of International Politics (1999-2003), Economics, and Business, The Aoyama Gakuin University (2003-2011). He is a specialist on Chinese foreign relations and security issues in the Asia-Pacific region. He is a member of the Japan Committee of the Council for Security Cooperation in the Asia-Pacific (CSCAP), and a board member of the Program for International Studies in Asia (PISA), an international academic NGO based in the George Washington University. His recent publications in English include *China Watching: Perspectives from Europe, Japan and the United States* (co-edited with Robert Ash and David Shambaugh, with contribution, Routledge, 2007); "The Taiwan factor in Japan-China relations," in Lm Peng Er, ed., *Japan's Relations with China* (Routledge, 2006); "The Asia-Pacific Nations: Searching for Leverage," in Ramon H. Meyers, Michel C. Oksenberg and David Shambaugh (eds.), *Making China Policy* (Rowman & Littlefield, 2001); and "In Search of a Sustainable Equal Partnership: Japan-China Relations in the Post-Cold-War Era," in *Japan Review of International Affairs*, Vol.13, No.1 (Spring 1999).

### **Sugio TAKAHASHI**

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Sugio Takahashi is Senior Fellow of the National Institute for Defense Studies and currently with Deputy Director of the Office of Strategic Planning of Ministry of Defense in Tokyo, Japan. In that capacity, he contributed drafting process of the National Defense Program Guidelines released by the Government of Japan in December 2010. He received MA and BA from the Waseda University and MA from George Washington University. Mr. Takahashi has published extensively in the areas of nuclear strategy, the Japan-U.S. alliance, and East Asian regional security including "Counter A2/AD in Japan-U.S. Defense Cooperation: Toward Allied Air-Sea Battle," *Futuregram* 12-3, (Project 2049, 2012), "Transformation of Japan's Defense Industry? Assessing the Impact of the Revolution in Military Affairs," *Security Challenges*, Vol.4, No.4 (Summer 2008); "Dealing with the Ballistic Missile Threat: Whether Japan Should Have a Strike Capability under its Exclusively Defense-Oriented Policy," *NIDS Security Reports*, No.7 (December 2006), pp.79-94.

### **Noboru YAMAGUCHI**

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Lieutenant General YAMAGUCHI (Ret.) is now professor and Director for International Programs of the National Defense Academy of Japan. He was graduated from the NDA majoring applied physics in 1974 and trained as an army aviator mainly flying helicopters. He received his MA from the Fletcher School of Law and Diplomacy, Tufts University in 1988 and was a National Security Fellow at John M. Olin Institute for Strategic Studies, Harvard University 1991-1992. LTG YAMAGUCHI's major assignments include Senior Defense Attaché at the Japanese Embassy in the United States (1999-2001), Deputy Commandant of GSDF Aviation School (2001-2003), Director for Research of the GSDF Research and Development Command (2003-2005), Vice President of the National Institute for Defense Studies (2005-2006) and Commanding General of the GSDF Research and Development Command (2006-2008). After retiring from active duty in December 2008, LTG YAMAGUCHI started teaching military history and strategy in April 2009. After the East Japan Great Earthquake, he served at the Prime Minister's Official Residence as Special Adviser to the Cabinet on Crisis Management from March to September, 2011.

## AUSTRALIA

### **Aldo BORGU**

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Aldo joined the Office of National Assessments (ONA) as a Senior Strategic Analyst in April 2007. There he is responsible for assessing the interactions between major powers in the Indo-Pacific and broad military-political issues. Prior to joining ONA, he was the Principal Adviser to the Australian Minister of Defence, responsible for strategic, international, operational and intelligence issues.

From Feb 2002 to March 2006 he was the Program Director, Operations and Capability, at the Australian Strategic Policy Institute (ASPI) where he managed ASPI's research programme on military operations, defence capability and terrorism/counter-terrorism issues. From 1998 to 2002 he served as Senior Adviser to the Minister for Defence and was Senior Adviser to the Minister for Defence Industry, Science and Personnel from 1996-1998. Aldo started his career in Canberra as a strategic analyst in the Defence Intelligence Organisation from 1991-1994 and then in the International Policy Division in the Department of Defence from 1994-1996.

### **David GLASS**

---

Acting Minister-Counsellor (Political-Strategic)  
Australian Embassy-Tokyo

#### Experience:

- 2012-12 Acting Minister-Counsellor, Australian Embassy Tokyo
- 2012-7 Counsellor (Political-Strategic), Australian Embassy Tokyo
- 2009-10 Director, Speechwriting, Global Issues Branch, Department of Foreign Affairs & Trade (DFAT)
- 2007-09 Director, Business and Communications, Shanghai World Expo Unit, DFAT
- 2007 Director, Post Evaluation Report Section, Executive and Ministerial Branch, DFAT
- 2005-06 Director, Latin America and Caribbean Section, DFAT
- 2004-05 A/g Consul General, Australian Consulate-General, Chicago
- 2002-03 Counsellor, APEC, Australian Embassy, Mexico City
- 1999-01 Deputy Representative, Australian Commerce and Industry Office Taipei
- 1998-99 Executive Officer, North Asia Division, DFAT
- 1994-98 First Secretary (Political), Australian Embassy, Beijing
- 1994 Desk Officer, North Asia Division, DFAT
- 1992 North Asia Advisor, Department of the Prime Minister and Cabinet
- 1991-92 Analyst and Senior Analyst (China)
- 1993-94 Office of National Assessments

#### Education:

- 1989-90 Thomas J Watson Research Fellow
- 1988 Bachelor of Arts, Pomona College

## **Peter JENNINGS**

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Peter Jennings commenced as ASPI Executive Director on 30 April 2012. Prior to that he was the Deputy Secretary for Strategy in the Australian Department of Defence.

Peter's career has included extensive experience advising Government at senior levels; developing major strategic policy documents; conducting crisis management, and researching, writing and teaching international security.

Peter has previously held a number First Assistant Secretary positions in Defence including First Assistant Secretary International Policy Division, First Assistant Secretary Coordination and Public Affairs and Secretary of the Defence Audit and Risk Committee.

Peter was for a number of years the Director of Programs at ASPI. He wrote and commentated widely on defence policy and international security, and taught postgraduate studies on terrorism at the Australian Defence Force Academy (ADFA).

In 2002–03 Peter was a Senior Adviser in the Prime Minister's office responsible for developing a strategic policy framework for Cabinet. Peter had previously been Chief of Staff to the Minister for Defence (1996–1998) and Defence adviser to the Federal Opposition (1990–1993).

In the Defence Department, Peter has also been the Deputy Director of the Defence Imagery and Geospatial Organisation (2002) and as head of the Strategic Policy Branch (1998–1999). In late 1999 Peter was co-director of the East Timor Policy Unit, responsible for developing Australia's policy approaches to the international peacekeeping operation in East Timor. Following that, as an acting First Assistant Secretary, Peter was closely involved in developing the 2000 Defence White Paper.

Peter studied at the London Business School in 2000–2001 as a Sloan Fellow and was awarded a Masters of Science (Management) with Distinction. He has a Master of Arts Degree in International Relations from the Australian National University (1987) and a BA (Honours) in History from the University of Tasmania (1980–1984). He has been a Fulbright Fellow at the Massachusetts Institute of Technology (1985). Peter taught politics and international relations at the University of New South Wales/ADFA (1987–1990). He has written and published widely on defence and security issues.

Peter was awarded the Public Service Medal in the Australia Day 2013 Honours List for outstanding public service through the development of Australia's strategic and defence policy, particularly in the areas of Australian Defence Force operations in East Timor, Iraq and Afghanistan.

## **Tanya OGILVIE-WHITE**

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Dr Tanya Ogilvie-White is a senior analyst at the Australian Strategic Policy Institute (ASPI) specializing in international security, non-proliferation and disarmament. She is a trustee of the New Zealand Centre for Global Studies, a member of the Council on Security Cooperation in the Asia-Pacific, an international partner of the Fissile Material Working Group, and associate editor of the US-based academic journal, *Asian Security*. Before joining ASPI in October 2012, she was a research fellow at the International Institute for

Strategic Studies, London, senior lecturer at the University of Canterbury, New Zealand, research fellow at the Mountbatten Centre for International Studies, University of Southampton and teaching fellow at the UK Defence Academy. Her recent books include: *Slaying the Nuclear Dragon: Disarmament Dynamics in the Twenty-First Century* (University of Georgia Press, 2012), and *On Nuclear Deterrence: The Correspondence of Sir Michael Quinlan* (Routledge, 2011).

### **Benjamin SCHREER**

Dr Ben Schreer joined the Australian Strategic Policy Institute (ASPI) as Senior Analyst for defence strategy in January 2013. His primary research interest is in the area of Australian defence strategy and Asian defence developments. He is also working on the future of US military strategy in Asia and its implications for Australia. Previously, Ben was the deputy head of the Strategic and Defence Studies Centre (SDSC) at the ANU where he taught strategy at the graduate level, including in the Military Studies Program at the Australian Command and Staff College (ACSC). Before coming to Australia, he held positions as the deputy director of the Aspen Institute in Berlin, leader of a research group at Konstanz University, and deputy head of research unit at the German Institute for International and Security Affairs (Stiftung Wissenschaft und Politik, SWP) in Berlin.

### **Michael SHOEBRIDGE**

Michael Shoebridge has been First Assistant Secretary Strategic Policy in Defence since May 2011. Previously to this he was the First Assistant Secretary Defence, Intelligence and Research Coordination in the Department of the Prime Minister and Cabinet. Prior to this he was the Deputy Director of the Defence Intelligence Organisation, and he was the Counsellor Defence Policy at the Australian Embassy in Washington D.C., from February 2005 to July 2007. He has experience across a range of policy areas within the Australian Government, within the Department of Defence, the Department of Finance and Administration and the Department of the Prime Minister and Cabinet. He has worked in two Australian Commonwealth Ministers' offices and also on secondment with the United Kingdom's Ministry of Defence.

Mr Shoebridge has a Bachelor of Economics and a Bachelor of Laws from the University of Sydney and also a Graduate Diploma in Legal Practice from the University of Technology in Sydney. He joined the Department of Defence as a Graduate in 1993.

Promoted to the Senior Executive Service in 2002, Mr Shoebridge was the Director- General of Minor War Vessels in the Defence Materiel Organisation, with responsibilities including running the selection of, and then contract negotiation for, the Navy's new Armidale Class patrol boats. He moved to the Department of Finance and Administration in 2004 to set up the new function of Defence Capability Assessment. Mr Shoebridge has also worked as Chief Executive Assistant to the Secretary of the Department of Defence, Dr. Allan Hawke (2001), and on secondment as Director Civilian Personnel Policy (IIP) in the UK Ministry of Defence, London (2000).

Prior to that, in 1998 and 1999, Mr Shoebridge served as Defence Adviser to the Hon Bruce Scott MP the Minister for Veterans' Affairs and Minister Assisting the Minister for Defence. From 1996 to 1998, Mr Shoebridge worked as Departmental Liaison Officer in the

Office of the Hon Ian McLachlan AO MP, Minister for Defence. From 1994 to 1995, Mr Shoebridge worked in the Department of Defence's International Policy Division where he served as Papua New Guinea Section Executive Officer and Senior Research Officer.

Mr Shoebridge was born in Hornsby, Sydney, Australia in 1968. He is married to Margaret Deerrain and they have three children, Gabrielle, Dominic and Leah.

### **Dara WILLIAMS**

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Dara Williams was appointed Minister-Counsellor (Political) to the Australian Embassy, Tokyo, in August 2012.

She previously served in a number of positions in the Department of Foreign Affairs and Trade (DFAT), both in Australia and overseas. In Canberra, before taking up her current position, she was head of the Financial Management Branch (2009-2011). Prior to that, she held the positions of Branch Head of the Information Resources Branch (2007-2008) and Director of the Consular Information Section (2004-2006). She served for two and a half years as Departmental Liaison Officer in the Office of the Minister for Trade (2002-2004), after returning to Canberra from a posting in Geneva as Second Secretary to Australia's Permanent Delegation to the World Trade Organisation (1999-2002). Ms Williams speaks Japanese, which she studied as part of a Bachelor of Economics degree. She furthered her Japanese language studies in Japan at Keio University (1993) and Osaka International Women's University (1992). Ms Williams also holds a degree in law with honours from the University of Adelaide and is admitted as a Barrister and Solicitor in one of the Australian jurisdictions. She has a Master of Arts (Foreign Affairs and Trade) from Monash University. Ms Williams is married and has two children. Her hobbies include exercise, travel and gourmet food.



# Summary

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## Opening Remarks

### **Japan: Amb. Yoshiji NOGAMI, President, Japan Institute of International Affairs (JIIA)**

Ambassador Yoshiji Nogami opened the 8th Japan-Australia Track 1.5 Dialogue, noting that in spite of political changes in Japan and Australia, defense and security dialogue between the two countries has continued smoothly. He underlined the importance of sharing understandings on the security landscape between the two countries through the Track 1.5 Dialogue.

### **Australia: Mr. Peter JENNINGS, Executive Director, Australian Strategic Policy Institute (ASPI)**

Mr. Peter Jennings thanked the JIIA for hosting the meeting, noting that this has been a time of big strategic change for the region, with not all of it favorable, which forms the backdrop to the day's discussions. He also commented that it has been a time of tremendous progress in the bilateral defense relationship as well as the bilateral relationship more broadly.

## Session 1

### **Security Trends and Environment Surrounding Japan and Australia**

#### **Moderator**

#### **Amb. Yoshiji NOGAMI, JIIA**

For the past couple of years, the security landscape surrounding Japan has not necessarily been very calm, with the issue of North Korea and the problems with our large neighbor China. We had a discussion last time on where the US rebalancing strategy is going, and given the difficult domestic situation in the US we do not often hear from US policymakers about this. Defense Secretary Chuck Hagel spoke in Singapore, but the general global environment is crowding out the development of the



rebalancing.

Meanwhile, Japan has achieved a policy transition, and should benefit from a relatively stable political situation for the next few years.

## **Presentation**

### **Japan: Mr. Sugio TAKAHASHI, Senior Fellow, National Institute for Defense Studies**

Looking at long-term security trends, there are three major uncertainties. The first is China's future, especially whether they can overcome the middle income trap. The second is the future of Japan, as whether current Japanese policies succeed or not will have major regional implications. The third is how long the US Asia-Pacific policy of rebalancing will continue. Focusing today on the short-term trends, however, we need to consider 1) Japan-China relations, or more specifically the East China Sea, 2) North Korea, 3) the defense budget trend line in countries in the region, and 4) the US-Japan alliance.

Since last year, the region is paying great attention to the showdown between Japan and China over the Senkaku Islands. However, this grey zone crisis between Japan and China has been a concern since at least 2010 when the first Senkaku incident occurred. In December 2010, the Japanese government released the National Defense Program Guidelines, which clearly outlined Japanese concerns about Chinese creeping expansion in the East China Sea, and invented the notion of dynamic deterrence to increase the Japanese deterrence capability in the grey zone area. In both the East China Sea and the South China Sea, China is making major efforts to change the status quo through paramilitary base creeping expansion rather than military activities. How to treat such paramilitary activities has been a major question for Japan. Having been unable to deter such activities, risk management of the ongoing showdown is a major agenda item for Japanese security policy. How Japan controls the situation and how the US commits to the situation remain big questions.

The Senkaku Islands issue is not a separate issue from the other maritime issues surrounding China. From the US-Japan perspective, the domino effect of the end game of the current crisis should not be underestimated. There are multiple maritime issues

in both the East China Sea and the South China Sea, but the Senkaku Islands issue is much simpler for the US. The US controlled the islands from 1945 to 1972, and as an ally of Japan, the US position is not perfectly neutral. However, Japan is capable of taking care of the situation by itself, unlike the Philippines, Vietnam, Thailand, and Indonesia. Unlike the South China Sea, the Senkaku Islands are very close to US military facilities in Okinawa. So this is the simple case for the U.S. and the Japan-U.S. alliance. Success in the East China Sea cannot guarantee success in stopping the Chinese creeping expansion in the South China Sea, but failure in the Senkaku Islands will guarantee failure in the South China Sea. In that sense, the Senkaku Islands issue should not be treated as a separate issue.

In overall regional power balance issues, China's highest priority policy goal is stability of domestic affairs, so now Chinese foreign policy and security policy is subject to domestic considerations. In some sense their foreign policy is an extension of their domestic politics. The conventional wisdom on policy towards China is “shape” and “hedge,” encouraging China to be responsible and deterring aggressive behavior. However, if Chinese behavior is truly domestically driven, efforts by external powers might not work. The natural tendency of domestic driven foreign policy will be aggressiveness. In this case in the short to mid-term external powers China policy might need to have much greater deterrence rather than encouragement.

North Korea is also a big question. Since 2011, there have been multiple provocations. It is estimated that North Korea will complete the development of an ICBM, and will be able to launch a nuclear warhead. Therefore the credibility of US deterrence is of critical importance. However, the US has repeatedly committed to the security of the region and defense of their allies. If the US is deterred by just a handful of unreliable nuclear warheads by North Korea, then how can regional countries rely US deterrence against China. NATO countries, especially newcomers to NATO, are looking very cautiously at US extended deterrence. If the US does not improve their security guarantee, this will cause severe damage to NATO, which the US cannot afford. Even though the US extended deterrence is credible, the North Korean perception cannot be controlled. Once they complete the nuclear tipped ICBM, they may have some overconfidence about their strategic deterrence toward the US, and may escalate their provocation against South Korea and Japan. In that sense, we need to increase our deterrence efforts in a much more operational way. This is one of the policy challenges for the security of North East Asia.

Regarding the Defense budget trendline, the big issue is the US defense budget. One year ago I was cautiously optimistic, and today I have still cautious optimism. The US budget is very big in absolute terms – they purchased 183 F-22 fighters in the past decade, 170 C-17s, and more than 50 Aegis destroyers, which should be enough to deter regional issues in the coming decade or two decades. However, caution is still needed because the trendline does matter, and budgets in relative terms can shape countries' perspectives. If the dominant perception is that US defense budget will decline, that could have a negative effect on the regional security environment. Another reason for caution is uncertainty about the F-35. The F-35 is a main pillar for air warfare capabilities in the near future for US allies, however uncertainty over the program poses a question for regional security.

The latest version of the US-Japan Defense Guidelines covering operational cooperation was agreed in 1997, at which time the world was very different to today. At that time, the main concern was North Korean invasion against South Korea, and the threat of a potential Taiwan crisis. Now, North Korean provocation or North Korean collapse is a much more serious concern than a North Korean invasion against South Korea. The Taiwan situation is relatively stable, but we have the South China Sea and East China Sea problems with China. From the Japanese perspective, in 1997, the main theme of the defense guidelines review process was how to assist the US in the Korean peninsula. Now the main theme is how we are assisted by the US. In addition, there are new areas of cooperation, like missile defense, because in 1997 the two countries had not yet deployed missile defense. There are also space and cyber issues. The US and Japan therefore need to fundamentally revisit the framework for defense cooperation and, if necessary, revise the defense guidelines.

The implications for Japan and Australia of this short-term regional security situation, is that compared to the past decade we may have more intensified security challenges in the grey zone, between peacetime and wartime, where a paramilitary showdown is going on. In the case of China domestic driven foreign policy behaviors may intensify the challenges for surrounding countries. In the case of North Korea complacency may escalate their provocation against regional countries. Japan clearly recognizes that we need to upgrade the deterrence in a more visible operational way, and Japan-Australia-US trilateral cooperation may have such characteristics. Although we do not wish to entrap Australia into the Northeast Asian security situation, the intensified security challenge does matter for Japanese security policy. With regard to

China, if domestic stability continues to be prioritized in Chinese policy-making, the external behavior will have much more aggressive characteristics compared to 10 years ago. We want to continue to encourage China to be a responsible power, but at the same time we need to prepare for uncontrollable events between regional countries and China. Reconciling this regional challenge and political correctness is a big question.

**Australia: Dr. Tanya OGILVIE-WHITE, Senior Analyst, ASPI**

It is questionable whether nuclear deterrence is really as stabilizing as many scholars and officials choose to believe. It is also questionable how objective the assessments are regarding the risks and costs of relying on nuclear deterrence in a multipolar Asia – there is a certain amount of complacency in how these questions are addressed. Disarmament advocates are often scorned because they fail to consider the full picture when they advocate global zero, and many of those criticisms are valid. But there is blinkered thinking on all sides of the nuclear deterrence debates, including among those who assert that nuclear weapons can and will prevent major conventional war into the future, and those who argue that nuclear use is unlikely.

A number of strategic scholars worry about the application of nuclear deterrence in East Asia, but there are different ideas about what should be done about it. The current nuclear order is quite obviously unstable, as seen in the North Korean provocations, but thinking about the challenges of nuclear deterrence in the context of broader regional territorial disputes is also a useful exercise. On the one hand, looking from an extended deterrence and extended assurance perspective, the US signals to China not to occupy various islands. On the other, it doesn't threaten to block it from doing so, even while it assures allies that it is treaty-bound to defend them. Some analysts in the US and Australia consider this to be a dangerous practice, because it projects strength and weakness at the same time. The major concern is that this undermines US credibility, inviting Chinese leaders to see the US as weak and prone to back down in an escalating crisis. There's a risk of major miscalculation here, as, when faced with such a crisis, the US might surprise China by NOT backing down.

In response, analysts have suggested two more clearly defined deterrence strategies. One is a clear commitment from the US to contain China, meaning that Washington would leave Beijing in no doubt that it will block it from expanding its territory through military action or political coercion. In my opinion, this approach would be

equally unwise, because China sees containment as an aggressive threat. Even if Washington emphasized the defensive aim of securing the status quo, relations would certainly deteriorate. But despite the risks, some argue that the benefits of a clear containment strategy would outweigh the risks, making deterrence harder to mistake and thus more effective, allowing for clearer red lines, and reducing the odds of an unanticipated war.

The other strategy that has been suggested is one of accommodation. The argument is that this would make sense if Beijing's ambitions are limited and likely to remain so. In accommodating Beijing, Washington would recognize that as China becomes more powerful, it will naturally feel entitled to the prerogatives of a superpower. Washington would have to accept that disputes over minor issues would be settled on China's terms rather than those of its neighbors. Deterrence red lines would still be set down, but they would be limited to guarding against behavior that poses an existential threat to the US or its allies.

The US hasn't chosen either of these options. Instead, it's responding to developments on a case by case basis, trying to feel its way through the shifts that are taking place, reflects an awareness among US decision-makers that the Asian deterrence environment is far more complex than the US-Soviet one was. It also reflects the nature of its relationship with Beijing, which is more positive than its relationship with the Soviet Union was. While China's power is rapidly growing and some of its behavior has heightened regional tensions, nobody seriously believes Chinese leaders are pursuing an aggressive campaign for global dominance. Moreover, China is integrated into the global economy to an extent that Soviet officials wouldn't have imagined possible, creating pressures and constraints that didn't exist during the Cold War. The vast geography of East Asia and the Pacific shapes security dynamics in ways that are fundamentally different from what took place last century. Asia's nuclear order is a maritime, multipolar, asymmetric one, in an environment of ballistic missile defense and multiplying non-traditional security challenges. All of this makes nuclear deterrence more difficult, more complex, more risky - and less relevant.

The most pressing problem for East Asia today is how to respond to activities that threaten to destabilize the region. Many behaviors can't be reliably prevented through nuclear extended deterrence. This is worrying in the context of growing resource competition, rising nationalism, and the absence of crisis management systems.

Preventing low intensity incidents from escalating is a huge challenge. Nuclear weapons are part of the problem and should not be relied on as a solution.

Last century's hub-and-spoke bilateral alliance system is no longer as relevant as it was. We need to put far more emphasis on developing more inclusive, cooperative security frameworks that reflect our interdependence and which build amity rather than reinforcing enmity. Thankfully, some of this changing in thinking and approach to security is happening, but adversarial approaches continue to undermine cooperative ones. We need to stop thinking of security as a military game, and start thinking about it as a safety net for everyone. One of the biggest costs of nuclear deterrence is that it perpetuates cycles of threat and counter-threat that feeds insecurity and hostility. We need to put much more effort into breaking that cycle rather than reshaping it for a new era.

### **Discussion**

A **Participant** expressed shock at President Obama's speech outlining a comprehensive strategy for reducing nuclear weapon stockpiles, suggesting that US decision-makers cannot understand that the Asian deterrence environment is far more complex than the US-Soviet one, or the European situation. The 2010 NPR states that strategic stability between the US and Russia and the US and China is of key importance, but it viewed them differently, stating that US-China stability is based on mutual confidence building and transparency without mentioning mutual vulnerability. However, the most recent impression is that the US treats Russia and China in the same way, as a peer nuclear actor, which is a big shock. Regarding the effect of nuclear weapons on regional security, we should separate the effects of nuclear deterrence and conventional deterrence on regional security. Current concerns are over maritime conflicts, which are more of a grey zone than a conflict. It is unimaginable that the Chinese would use nuclear weapons in the Senkaku Islands. However, the nuclear balance can shape the strategic perspective for regional countries. Currently there is mutual vulnerability between the US and China, and stability in the strategic nuclear domain cannot guarantee the stability in the regional domain. Nuclear deterrence can have a positive implication for regional security and mutual vulnerability based deterrence between the US and China will have a negative implication, and therefore the US should maintain some ambiguity. In that sense, President Obama's announcement raised some concern.

A **Participant** noted that the Chinese have a great sense of optimism about the relationship with the US, which may in some respects be an overoptimistic reading of the prospects for the bilateral relationship, but which is shaped around the sense that the Americans have signed up to some kind of new great power relationship between the two countries. In both countries there is a certain amount of reluctance to get into deep cooperation with the other. If it is true that the US has formally accepted a deterrence based relationship with China similar to the relationship that they had with the Soviet Union, that adds another element of confidence to the Chinese impression that what the US is doing is making a move towards a more managed cooperative relationship. But the real question is what concessions will either side be prepared to make to shift from the current state of relations they have. Will the US be prepared to reduce their surveillance activities off the Chinese coast? If you speak to Pacific Command individuals, they would say "absolutely not", but the Americans probably will be prepared to reduce at least the frequency of flights on the coast. Will they make concessions on how to deal with each other on cyber issues? At this stage they have at least conceded that they are prepared to talk to each other on cyber issues. Will China make concessions on its sovereignty claims? That is not a likely short-term prospect. There are a number of areas where the US-China relationship remains unresolved, but we are going to move into a period where we will have one of two outcomes. We will potentially have disappointment in raised Chinese expectations when they realize that the US is not prepared to make a broad series of concessions, or indeed this is a trend in which case the key issue for us is to make sure that they think of this as a "Washington and the allies" rather than a G-2 type arrangement.

Another factor which came out of the dialogue was the deeply unhappy state of relations between China and Japan, where the vehemence of the Chinese opinion on this issue was surprising. So much of what we see about China is really how it manages its own expressions of insecurity. It seems that is a very deep fear within the Chinese psyche. If a new kind of great power relationship between China and the US in some way helps to overcome that sense of insecurity there is potentially a benefit here, because it may give China a sense of greater confidence in how it can deal with its relations with Japan. However, there is almost no prospect in the short term for China and Japan to move out of the very unhappy nationalistic position that China has allowed itself to get into.

On US policy, essentially the rebalancing or pivot has worked quite well in South East

Asia. It has given almost all of the South East Asian countries an opportunity to deepen their own defense and strategic relations with the US. It has given a sense of confidence to Myanmar that it can distance itself to some degree from the Chinese orbit. It is given the opportunity for Singapore, Vietnam, Indonesia, the Philippines, Malaysia and Thailand to renew and invigorate their defense relations with the US. My concern about the US is second term drift. After the election, one may have expected that Obama would have a sense that finally there is an opportunity to do the things that he wants to do as president, but on the contrary, there is a lack of real focus about where the administration should go. Obama is committed to the rebalance but he is an intellectual president and less of a tough-edged policy fighter. Nowhere is that more clear than on nuclear security policy. It will not be long before he moves from being a victorious second term president to being a lame duck.

In Asia, there is a deep sense of concern about cohesion within ASEAN, that goes beyond the usual worries about their effectiveness. We see some structural issues creating an incapacity for ASEAN to move effectively on strategic and security issues. At the same time. Indonesia is beginning to think beyond the confines of ASEAN with its G-20 role, to potentially play a regional great power role. Singapore, in turn, is getting more paranoid about its neighbors. It is worried that if ASEAN starts to lose its grip the country that pays the biggest price is Singapore. For Singapore it is essential that ASEAN is in the driving seat of regional security cooperation, which means that regional security cooperation does not move forward.

Australia is going into an election, and opinion polls suggest there will be a change of government to the center-right coalition party. However, on foreign and defense policy there is a broad bipartisanship between the two sides of politics. A new government will face a difficult challenge in terms of defense spending, as the flat defense budget will make it very difficult to acquire the equipment that are planned according to recent defense statements. Government has only two choices, to reduce the size of the force or to increase defense expenditure. My instinct is that the government will tend toward increasing expenditure, and that will then raise complicated questions around the number of submarines and joint strike fighters they choose to buy.

Finally, on cyber security, there has been a step change in the US thinking on how to deal with cyber security issues internationally. The Americans have decided that they can no longer not talk about cyber, and that as the nature of Chinese attacks in the



business and economic area is intolerable, it is necessary to start a more open and diplomatic discussion about managing cyber in the international environment. In a sense, cyber is growing beyond its origins in defense and intelligence which were highly classified. We need to move now to a world where the diplomats can talk about cyber. In terms of the bilateral relationship, we need to be thinking about a cyber dialogue at a government level, and at a 1.5 track level, as well as about cyber security in South East Asia, where, with the exception of Singapore, there is a very limited cyber capability, and where we all have an interest in helping Southeast Asian countries to have at least a basic standard of cyber defense skills. China and the US will now probably have quite a good dialogue on cyber. There have now been eight rounds of discussions between Washington's CSIS and CICIR, one of the best Beijing think tanks on cyber security. The big issue that has to be debated in the international community is between the Chinese and Russian view which would regulate cyber, and the US and Australian view, which is reluctant to create too many external mechanisms to control cyberspace. We have to be very careful not to lose that debate.

A **Participant** shared the concerns about the US and ASEAN, noting that tea party criticism of Marco Rubio received greater prominence in the New York Times than President Obama's speech.

A **Participant** questioned what more the Americans were expected to do, in terms of assistance in a crisis, that they have not already done. At the same time, it seems that the Americans are also asking the Japanese side how they can assist them beyond what they are already doing.

In terms of nuclear deterrence, one positive for Japan is the future relationship between nuclear deterrence and conventional strategic strike, because this is something the Chinese side is really worried about, that the Americans have a huge conventional advantage. There will be lots of discussions about the US-China conventional balance to come up with steps to increase stability. In that context the US could talk with Japan about how to deter these conflicts in the Senkaku Islands which do not warrant a nuclear response but will warrant a conventional response.

A **Participant** noted that Chinese optimism with regard to the US signing on to their concept of a new great power relationship would suggest that the Chinese are reemphasizing their "low profile" approach only vis-à-vis the US, while retaining their

assertiveness vis-à-vis other countries. If the Chinese are convinced that the Americans are signed on to their concept it is quite understandable that they continue to be vehement about Japan over the Senkaku Islands.

Regarding extended deterrence, the nuclear aspect is only part of the US extended deterrence, and the non-nuclear aspect of extended deterrence should work for the Senkaku Islands issue.

On Chinese domestic factors determining their external behavior, this does not always make the Chinese more assertive or aggressive. This is influenced by the domestic power balance between moderates and hard-liners, so we have to think of ways to strengthen the hand of the moderates. Another aspect is the theory of displacement, and trends toward domestic instability, where the leadership is often tempted to divert domestic frustrations toward external objects by enhancing conflict. In this case Japan is a very convenient object because of history and the existing conflict over the islands, which are closely connected. We have to cope with this while not giving in to their creeping expansion and not being provoked.

A **Participant** noted the importance of the normalization of Japan as a security actor among the rise of other regional powers. The US rebalance has also had a positive effect in the region, causing China to recognize US economic and military resilience. Some of China's lack of confidence is based on the fact that they are not certain of their continued rise. This all makes the region's security more positive than just thinking in classic security terms.

The importance of domestic factors influencing China's foreign policy also relies on the economy, which is influenced by the regional and global economy. This gives leverage over leadership behavior in China, because if they realize that nationalistic actions disturb regional security which undermines their own economy it will start to matter to the leadership, so the linkage between prosperity and security is important to emphasize in discussions with China.

Regarding the F-35, it is now possible to have confidence in the technical maturity and US commitment to that program. On the Australian defense budget, it has continued to grow in real terms. The cuts discussed are only cuts in the level of projected growth.

A **Participant** explained that there is no easy way out of the Senkaku Islands issue, and although Japan's door is open for dialogue China has not responded. Therefore strategic endurance is required. At the same time China is very sensitive to international opinion and how they are perceived. Since the "nationalization" of the Senkaku Islands by Japan in September last year, there were 47 intrusions of Chinese vessels into the territorial waters surrounding the islands, but in the two weeks leading up to the summit meeting between the two leaders there was no case of intrusion, compared to an average rate of over one intrusion per week. Therefore Japan should attract more international attention to the Senkaku Islands issue.

After Prime Minister Abe returned to office Japan started to reevaluate the important roles played by ASEAN countries, and to try to strengthen the unity of ASEAN to give it a stronger voice. China is actively exacerbating the internal divisions in ASEAN, but there is an underlying mistrust between ASEAN countries and China. From a security standpoint island countries have benefited more from US military presence in the region compared with inland ASEAN countries, and inland countries are more susceptible to China's economic advancement, so higher priority needs to be given to development of inland ASEAN countries in the Mekong region.

A **Participant** noted that domestic economic development in China is a greater factor than nationalism in influencing foreign policy, with the need to maintain a stable international environment conducive to its economic development. When Chinese growth slows, this will be a test of what becomes the more important driver for China. China is a very reactive foreign policy actor, and as its economy slows down and it is faced with a foreign policy crisis it will be interesting to see if it still focuses on economic development as the primary factor, or fall back on the easier option of nationalism.

The issue of North Korea raises the question of US thresholds for action in a practical sense, where expectations have been increased to a level that the US cannot meet. US reliability has been damaged by a number of issues, the first of which was Scarborough Shoal, soon after the rebalancing announcements, and in which China's major target was probably not the Philippines but the US's reliability. Another problem area is Syria. China is becoming smarter about how to use the tools it has to advance its strategic interests. The US believes that China's assertion creates allies for the US in the region, but China's creeping coercion is becoming an important factor, as China realizes that

the US ability to coerce China is far less than China's ability to coerce its regional allies. China is making small tactical gains which may become a strategic gain as this continues.

Defense cooperation on regional security mechanisms is an important part of Australia's policy responses in the Defence White Paper, but everyone needs to think about what is the practical achievement of this cooperation in the event of a major crisis.

A **Participant** agreed that nuclear deterrence is still relevant because it shapes the conventional capability competition. Since the nuclear balance favors the US, China needs to be strategically defensive. Domestic dynamics in China shape China's behavior but the regional nuclear balance also plays a role. The question is when China may shift its strategic posture from defensive to offensive. China is now becoming assertive in the context of the US rebalancing, and so China may try to challenge the US dominance in this region.

A **Participant** noted the necessity to prevent nuclear escalation, and stay at the conventional level as much as possible. In this regard, rather than the air/sea battle concept which is potentially escalatory, there are those that advocate the offshore control concept.

A **Participant** stated that the Americans had done a good job with the rebalance, with marine deployments steadily growing. The Philippines is a difficult area for the US, as they have to figure out how to respond to anything that the Philippines might unilaterally do in the South China Sea. American engagement in the South Pacific is strong, but continuity is the issue. Much depends on how friends and allies in region react, as if they are serious about security they also have to face up to issues themselves. At the same time, the US needs to create an East Asia strategy to clarify and broaden their purpose in the region.

A **Participant** noted that while some are skeptical about the effect of the rebalancing, the Chinese believe in the effects of the rebalance. The rebalance can almost be seen as a demobilization process of troops from Afghanistan and Iraq.

A **Participant** commented that people underestimate the difficulty of separating

conventional and nuclear deterrence, pointing out that having nuclear weapons in the equation means that a situation could escalate, and so a high alert state is reached very quickly simply because of the presence of nuclear weapons.

In terms of the practical achievements of security cooperation, it is also about the mindset with regard to security, in terms of becoming more invested in our mutual interdependencies and common security, so there will be less crises. There needs to be more women in security and strategic studies around the world, because this will bring some fresh thinking, opening up different questions and challenging conventional wisdom.

Regarding the regional implications of President Obama's speech, a **Participant** pointed out that reducing the number of nuclear warheads without transparency of China's nuclear force could have unintended effects. Obama's speech also spoke of reducing the deployed nuclear warheads, which would return to the US nuclear stockpile, while they request Russia to reduce their tactical nuclear warheads, which is unfair and cannot work.

Regarding Chinese domestic drivers, governments cannot shape their own domestic public opinion, so it is impossible to influence Chinese domestic public opinion from the outside.

Regarding the offshore control concept, it may not be appropriate for the emerging grey zone crisis.

A **Participant** pointed out that when China comes to the ARF they will start saying that they have established a very good communications channel with the US, and the other countries need to consider how to respond to that.

Regarding ASEAN centrality, the cost is that everything is based on the lowest common denominator, especially in terms of economic trade. Also there is nobody really pushing RCEP except perhaps Brunei, and there is a built-in dilemma between pushing ASEAN forward and maintaining ASEAN centrality.

A **Participant** stated that it was unlikely that anything would come out of Brunei's involvement, and Singapore would be happy to see its control of the ASEAN agenda

left unaffected.

Regarding US engagement with China, it is a positive that there is an intent to engage, but there may be a problem with expectations that may be unmet. As the two key allies of the US in the region, Australia and Japan are failing to use their bilateral alliance dialogues effectively to express to the Americans their expectations with regard to China.

Session 1 was brought to a close with a **Participant** commenting on a recent US-Japan-India trilateral meeting where Japan and India spoke jointly to the Americans as an interesting new situation.

## Session 2

### Defence and Security Policy Developments in Japan and Australia

#### **Moderator**

**Dr. Ben SCHREER, Senior Analyst, ASPI**

#### **Presentation**

**Australia: Mr. Michael SHOEBRIDGE, First Assistant Secretary, Strategic Policy, Department of Defence**

Assuming much of the strategic environment as a given, it is nevertheless important to mention that there are some other factors beyond those discussed today shaping our strategic environment, including the uncertainty over further implications of the global financial crisis. The Indo-Pacific is an important foundational idea for our Defence White Paper, which comes out of the national security strategy and Australia in the Asian Century White Paper. The central idea of the Australia in the Asian Century White Paper is that Australia's future prosperity and security lie with Asia, and it discusses the definitions of Asia, Asia-Pacific, and the Indo-Pacific. A lot of the public commentary around this publication was about the economic prosperity potential of further engagement in Asia, but from a defense point of view, the idea that our security is tied to the region, and also requires investment, time and effort was recognized. A key element of Australian national security is a capable Australian defense force with high-end capabilities, both for deterrence and for regional influence and engagement.

Another big factor in Australia's defense environment is that we are coming to the end of a period of high operational activity, including East Timor, the Solomon Islands, Iraq, and Afghanistan. The most likely future deployment is for security and stabilization operations, and disaster relief. The emerging Indo-Pacific strategic arc joins the energy and supply shipping routes that run from the Middle East through the South East Asian archipelago and into North Asia and across the Pacific. Whereas the

Asia-Pacific is a vertical view, the Indo-Pacific is a horizontal view with South East Asia in the geographic center.

National security will always be a core priority for Australian governments, however there are competing demands including investment in education, infrastructure, healthcare, and around aging population issues. Together with broader structural and budget issues, this signals an era of austerity. With a move away from operations, there is a shift toward greater thinking about defense partnerships and their purposes. Broad-based military modernization funded by regional economic prosperity allows countries to exert greater power in the EEZs than with previous generation equipment, which will have an effect on territorial disputes, with some latent historical disputes becoming more active due to increasing ability to project power. Also modernization of white-hulled quasi-military forces allows greater comfort in using them in ways that would be entirely provocative for grey-hulled forces.

Australia's policy response could be to think very locally, but its interests are too intertwined with the rest of the region to be able to do that, as 48% of Australia's merchandize trade goes through the South China Sea. Australia has historically had a technological edge over its near region and has compensated for its smaller population with a higher technology force, but with the trend for regional military modernization Australia is getting relatively smaller, although it will still retain its capability edge for some time.

There are also real opportunities for Australia's security in this regional environment. The rising regional capability of Australia's partners in the region gives it an increasing capacity to have meaningful defense partnerships, which includes interoperability, exercises, defense attachés in embassies, but this can also extend to institutional interoperability along the lines of the US-Australia defense alliance, with a broad set of links between ministries on national interests and values as well as strategic policy and intelligence. There are also constraints, such as Australia seeking peaceful resolution of disputes that it is not party to. Institutional interoperability involves building working relationships between counterpart defense organizations and other relevant ministries on functional elements and capability priorities. It is possible to start collaboration with some demonstration areas and then expand based on that. There is potential for capability development engagement, for instance Indonesia has a weakness in logistics and sustainment activities that Australia has strengths in, which could be of great



practical benefit to Indonesia. In Japan there has been good progress with the common servicing arrangement and the information security agreement which provide a good foundation for a closer relationship. There has also been more practical experience of working together. Science and technology engagement has also increased. There is a real opportunity around policy engagement too, as what we do in the next five years will really help to shape the long-term future.

**Japan: LTG (ret.) Noboru YAMAGUCHI, Professor, National Defense Academy**

The National Defense Program Guidelines 2010 introduced the concept of Dynamic Defense, which came from Dynamic Deterrence which is a kind of flexible deterrent option to demonstrate commitment to defense. This was a departure from the Basic Defense Force Concept which existed since the 1970s.

As a peace building country, Japan needs to look at the threat situations surrounding Japan, including North Korea and the rise of China, while making a greater contribution to international peace missions.

Japan used to have a very strict arms export policy with almost no exports except for technology transfer to the US, but there were some urgent incentives for easing of the arms export policy including the completion of the SM3 missile, which may be exported to allies, and also the desire to join fighter programs, as sole development is too expensive. A further incentive is capacity building for other countries in the region for peace building.

Under the LDP administration these national defense guidelines are now being revised, with an effort to increase defense spending, which is currently almost the same as it was 20 years ago. The LDP is proposing a review of the current interpretation of the constitution with regard to the right of collective self-defense. There is also a proposal to add offensive capabilities to current defensive capabilities. Keidanren, the Japan Business Federation, has a very strong interest in maintaining the industrial base, and have made proposals to this end. The US-Japan Defense Guidelines need to be revisited to include coverage of grey zone issues, which are not covered by the current guidelines.

The key issues for Japan's Defense Policy include management of the alliance with the

US, the policy towards a rising China using a combination of engagement and hedging, and managing Japan's relations with its neighbors, particularly Korea, as if Japan fails on this front Japan may look isolated which is not good for many aspects of defense policy and strategy.

## **Discussion**

A **Participant** asked for further elaboration on the concept of offensive capabilities, as this could have an effect on China's perception.

In response, a **Participant** stated that Japan has active ballistic missile defense capabilities, and also passive ballistic missile defense capabilities, but Japan has been dependent on the US for the offensive part. Some of the LDP leadership think that Japan may need to have offensive capabilities. However, offensive capabilities require additional capabilities including surveillance and command and control. This has been discussed in the Diet in the past, but it is not a simple issue.

A **Participant** noted that Japan needs a 5-D capacity, meaning dissuasion policy, deterrence posture, denial capability, defense capacity, and damage confinement. Among these, denial capability is very important, which refers to offensive defense. The purpose of the denial capability is only for defense. Unfortunately Japan has maintained a defense-oriented posture, but the constitution does not exclude denial capability, and in the current security situation Japan needs to the ability to dissuade any intention to attack the Japanese territory.

A **Participant** asked whether Australia has a grand strategy, or whether its focus on the Indo-Pacific is a component of America's grand strategy. The **Participant** also asked about China's reaction to Australia's white paper. Next, the **Participant** asked how different Australia's defense, security and foreign policy would be if there is a change of government as expected in the September elections, particularly with regard to Indonesia. Next, the **Participant** asked about Australia's ASW capability and its interest in improving ASW and amphibious capabilities. Next, the **Participant** asked what role Australia would envisage in North East Asian contingencies. Finally, the **Participant** asked whether the role of US-Australia joint facilities would be more significant if strategic competition intensifies in the future.

On Australia's grand strategy, a **Participant** explained that Australia is absolutely committed to global governance and institutions, which explains its UN and coalition contributions. Part of that strategy is to ensure global prosperity and security.

The white paper has been well received in the US, India, China, Singapore, Indonesia, Malaysia, South Korea and Japan, and the most common message was that it is a very similar assessment of the strategic environment. The US particularly agreed with the wording used around the comprehensive US-China relationship with neither making a defining choice between economic and strategic interests, meaning that no other country in the region will be forced to make that choice. The Chinese compared the white paper favorably with the 2009 white paper, liking the clear statement that Australian government policy does not approach China as an adversary. Indonesia welcomed the white paper and in particular liked the recognition of the increasing value of the Indonesia-Australia defense relationship. Singapore has a very common strategic assessment and likes the policy directions. Those are the main reactions.

If there is a change of government in September, the opposition has said that they agree with the strategic environment assessment and the policy direction, but that there will be a greater focus on Indonesia.

In terms of ASW capability, Australia has not invested as much as it needs to, and its future frigate program focuses on ASW capability, but there are also complementary investments planned. For amphibious capabilities, the two landing helicopter dock ships that Australia will take delivery of in the coming years will be optimized for stabilization and humanitarian operations at least for the first ten years. However these ships are much more complex to operate than existing frigates, so it makes sense to optimize them for security and stabilization during development. Australia's interest in missile defense is technology driven, as the threat to deployed forces from missiles is palpable, so missile defense is a necessity, although a decision has not been made to acquire ballistic missile defense capability.

Regarding Australia's role in a North East Asian contingency, Australia's forces' principal task is to deter and defeat armed attack on Australia, and contribute to its near-region security, and then to use it to contribute to broader regional and global stability.

On whether the role of US-Australia joint facilities would be more significant in the case of contingencies, Australia recognizes this potential, but does not underestimate the significance of their role already in the Iraq and Afghanistan conflicts. We are investing in joint space capabilities with the Americans beyond the current joint facilities including C-band radar and the space surveillance telescope.

A **Participant** asked about the role of public opinion in Japan related to changes in the role and purpose of the SDF. The **Participant** also observed that the US had left the field of military weapons systems development for many years apart from operational requirements in the Middle East. In this context it makes sense to start long term planning to develop forces in coalition with like-minded countries, such as maritime systems for Australia and Japan. Increasingly it is almost impossible to think about developing weapons systems independently and therefore the ability to do it collectively will be critical to the success of coalition operations, and it is not possible to rely on the Americans.

A **Participant** stated that in Japan there is a gradual increase in support for constitutional change to update Article 9, regarding the role of the SDF, but less support for changing Article 96, which outlines provisions for changing the constitution. The major issue for Article 9 is the issue of collective self-defense. There is a working group appointed by the Prime Minister looking at collective self-defense, but we don't know yet whether this will require constitutional change. Article 9 is not really well balanced, but the problems are gradually being understood, particularly in the context of potential incidents involving US Forces around Japan. We don't know yet whether the government will try for a change of the constitution or a change of interpretation of the constitution.

A **Participant** asked what Australia's highest priority is after the end of the operations as highest priority period.

A **Participant** asked the priorities of Australia's capacity building program, especially for South East Asia, as there may be opportunities for greater coordination of capacity building programs. The **Participant** also asked how the deployment of US Marines in Darwin affects Australia's defense posture.

A **Participant** asked what historical shifts in ASEAN countries affected Australian

defense strategy, and whether there are any historical shifts in China that affect Australian defense strategy. The **Participant** also asked how Australia assesses the forcible Chinese maritime advancement toward the western Pacific Ocean which is closer to the Oceania and South Pacific area. The **Participant** asked Australia's opinion on Chinese violation of the East China Sea and their anti-access/area denial (A2AD) strategy between the first island chain and the second island chain.

In response, a **Participant** explained that the end of the high level of deployment on operations referred to the end of active military combat operations, and not to UN deployments or border protection operations. The active defense posture will be similar to Japan's dynamic defense, but different to deployment on combat operations. The priorities for capability development is the most difficult question, because after a long period of combat deployments, allowance needs to be made in budgeting for modernization of the force, so there is a balance between posture and capability development.

With regard to capacity building in South East Asia, Indonesia is the largest priority, but there is also the Five Power Defence Arrangements (FPDA) with Singapore and Malaysia. Australia may focus on maritime capabilities, logistics and sustainment, which has the potential to greatly benefit the Indonesians. Regarding the effect of the deployment of 2,500 US Marines in Darwin, Australia is considering how to work with US Marine deployments and South East Asian partners to provide assurance about US presence and build capacity. It could also be useful for disaster relief in the South Pacific.

The historical shift that Minister Smith talked about is about the rise in economic weight of Asia, of which China is the most prominent but not the only country. If the US-China bilateral relationship is the dominant factor in Australia's strategic relationship, this means a lot to Australia. The US Alliance is the cornerstone of Australia's security, and there is no deeper relationship, but that does not mean that Australia will not engage as closely as possible with China.

A **Participant** stated that if there was an opportunity for Japan and Australia to do one thing in the capability development space for friends and neighbors it would be in the South Pacific in maritime surveillance, and perhaps the island states in the Indian Ocean. In the coming 3-4 years the existing maritime security surveillance system of

the region will break down, and so Australia is looking at its options to reinvest in that capability. Because this is a period of cost-consciousness, Australia won't be able to do this by itself. Therefore Australia will look to countries with a stake in the security of the region to be involved, which includes New Zealand, the US, France to some extent, but there is also a great opportunity for Japan, because it is largely civil capability and a region that needs assistance.

A **Participant** explained that the US has relied for too long on its past build ups and superiority, but this has more to do with the lack of existence of a peer competitor and the fact that the US has fought its wars against low quality state opponents. Australia and Japan have not only relied on the US nuclear umbrella, but have also relied on the US to provide long-range conventional strike capabilities, rather than having that capability within their own forces. However, the US is also out of the business of ballistic missile systems, whereas both China and Russia have very good ballistic missile capabilities, and also long-range anti-ship systems. This raises the question of whether Australia and Japan can work on this challenge together. While many emphasize the future role of unmanned systems, there is a lot of debate required about the survivability of UCAVs in a modern combat environment.

A **Participant** asked what it means for the level of strategy if Australia and Japan can no longer rely on the US for weapons systems, when Japan's strategy is so closely linked to that of the US, and what kind of strategy Japan could develop that would be a little bit more independent of US strategy.

A **Participant** explained that Japan is currently thinking about its strategy, where Japan's national defense might serve as a better tool for US deployment in Japan. The US has been concerned about A2AD capabilities of China, and Japan's own A2AD capabilities serve for defense of Japan's southwest island chain, which means that Japan can protect the US Forces deployed in this region. Japan also deployed Patriot batteries and Aegis destroyers in response to North Korea missile launches, so there may be some overlap in strategic interests between the US and Japan, which may result in greater commitment from the US.

A **Participant** stated that keeping the interoperability between the US Forces and the SDF is very important for the protection of Japan. There has been some relaxation of the three principles on exports, but the SDF may welcome multilateral industrial

cooperation for defense design, development, production or even maintenance. This is an issue that can be discussed further.

A **Participant** noted that during the 1990s there were a number of discussions with Americans, Europeans and perhaps also Australia on basic missile defense, and at that time there was a consensus that BMD is about more than active defense, to shoot down incoming missiles, but also offensive strategic capability to deter opponents and remove physical threats by attacking enemy bases. Some of the LDP want to have the ability to remove imminent threats by having tactical mid or long-range conventional offensive capabilities.

Japan used to think in terms of three categories of Japan's solo efforts, bilateral efforts with the US, and then efforts with the international community. Now a fourth category is mentioned in the NDPG, which is cooperation with like-minded countries like Australia or South Korea. Discussions around having more independence from the US are nothing new, but with a real existing threat from North Korea the discussions this time around may be even more heated.

A **Participant** expressed surprise at the mention of any early acquisition by Japan of a long-range missile capability, because that seems to be a huge leap rather than a step, and questioned if this really is a likely step.

Session 2 was brought to a close by the moderator.

## Session 3

### Japan – Australia Security and Defence Cooperation

#### **Moderator**

#### **Mr. Hideki ASARI, Deputy Director General, JIA**

It is already more than six years since Prime Minister Abe and Prime Minister Howard signed the Joint Declaration on Security Cooperation, and steady progress has been made in bilateral cooperation including the entry into force of an ACSA and an information security agreement. There is also active strategic dialogue trilaterally among Australia, the US, and Japan. However, there are further areas of cooperation to be explored and this session is an opportunity to come up with novel ideas.

#### **Presentation**

#### **Japan:Dr. Eiichi KATAHARA, Professor/ Director, Regional Studies Department, National Institute for Defense Studies**

The shifting balance of power in the Asia-Pacific region, which is primarily driven by the rise of China and India, and the emerging centrality of the US-China relationship will make the traditional US-centered alliance network including the Japan-US alliance and the Australia-US alliance even more important, not only because of the strategic imperative of maintaining an equilibrium of forces, but also due to the need to meet regional and global security challenges. In this context the evolving Japan-Australia security relationship is increasingly important, as well as US-Japan-Australia trilateral security cooperation.

Japan and Australia are maritime democracies with shared values and common security issues. As US allies, Japan and Australia can significantly contribute to the US presence and capabilities in the region. Both countries can play a stabilizing and enabling role in support of US global strategy, especially securing access to global commons. Japan and Australia can work together in tackling regional and global



security challenges, and this cooperation encourages both countries to assume regional and global security roles.

Japan-Australia security cooperation predates this recent period. During the First World War, the Imperial Japanese Navy escorted the Australian and New Zealand army corps in the Indian Ocean on their way to the Battle of Gallipoli. For many years after the end of the Second World War the Japan-Australia relationship has long been focused on economic matters, and yet cooperation between Tokyo and Canberra for exchange of intelligence began in the mid-1970s, as an Australian initiative. This would suggest a substantial potential for deepening Japan-Australia bilateral security and defense cooperation, even independent of the US alliance network.

Major recent developments in Japan-Australia security and defense cooperation include active participation in international peace cooperation activities, intensifying defense exchange activities since the mid-1990s, including high-level exchanges and joint exercises, and also success in consolidating the framework for policy coordination and collaboration. The most recent of these are the 2+2 document “Japan-Australia Cooperating for Peace and Stability: Common Vision and Objectives”, and the achievement of the Acquisition and Cross-Servicing Agreement (ACSA).

Regarding new challenges and opportunities, it is important to implement the Joint Declaration on Security Cooperation among other documents, by prioritizing the items of prime importance. Emphasis should be placed on cooperation in maritime security including Sea Lines of Communications (SLOCs) in the East China Sea, South China Sea and the Indian Ocean, strengthening of amphibious capabilities, crisis management mechanism, and promotion of Confidence building measures (CBM) and Code of Conduct (COC). New technologies such as satellite automatic identification system (AIS) for enhanced awareness of the maritime domain can be applied in this regard.

Japan and Australia have been active in capacity building in regional countries and in expanding multilateral exercises for non-traditional security issues. Australia and Japan can also work together for traditional security issues in the context of American regional and global strategy.

Australia and Japan can work together in terms of defense equipment and technology

cooperation, including submarines, anti-submarine warfare (ASW), missile defense, and unmanned aerial vehicles (UAVs), on intelligence sharing in support of interoperability, and on space, cyber security and electric warfare. Other areas that can be pursued include a Japan-Australia 2+2 and a trilateral security dialogue on air-sea battles. Trilateral discussion on extended deterrence, North Korea, and China could also be considered to increase focused and robust strategic dialogue on these questions.

Regional security architecture building is also an important area for cooperation, including ASEAN-centered institutions. We already work together in many areas, but we should strengthen the ASEAN Defense Ministers' Meeting Plus (ADMM Plus) process and expand working group areas. We should also continue to strengthen security and defense cooperation with our partners such as South Korea, Southeast Asian countries and India.

We should establish a whole of government approach to security issues, especially in crisis management and humanitarian assistance/ disaster relief (HA/DR). In reality this is very difficult, for instance during the aftermath of the triple disasters of 11 March 2011 there were tremendous difficulties in coordinating response, particularly to the nuclear accident, and despite the US and Japan being long-term allies there was a lack of mutual awareness of intentions and capabilities in response to the unprecedented nuclear disaster. It is therefore important for Japan and Australia to get to know each other in many areas of mutual interest.

Joint research on strategic, regional and demographic issues should also be pursued. Australia has been active in increasing the numbers of females and foreign nationals among military officers, which Japan could learn from. The Japanese population is aging and shrinking rapidly, and this can be considered a national security challenge that Japan has failed to come to grips with. Perhaps Japan could learn much from Australia's experience and policy expertise in immigration policy and its implications for national security.

**Australia: Mr. Peter JENNINGS, Executive Director, ASPI**

There is an unusual degree of optimism about our prospects for increasing cooperation over the next few years, based on a lot of hard work done over a long period of time. There is a feeling that the momentum is increasing, and we are starting to think in new

and quite radical ways about where the relationship should go. One of the reasons this is happening is because of the nature of our shared alliance relationship with the US, which makes it possible to do much more together due to intelligence work, military capabilities, and strategic outlook shared with the Americans. There are limits to how far relationships can be developed with other countries due to the absence of that American relationship.

At the same time, both countries have a hugely important set of relations with China, including economic and trade integration, and a common interest in preventing conflict and hostilities. In one sense the Chinese will discuss Japan-Australia defense cooperation as being directed against them, and diplomacy therefore needs to be considered in terms of the impact on China.

In terms of future priorities, there is an immediate need to work on maritime confidence building measures. There is a risk that conflict at sea could lead to a serious breakdown of diplomatic relations in the region if incidents are not handled correctly. There is a lot of work that Japan and Australia could do together to strengthen ASEAN's capacity to respond to incidents at sea. If Japan and Australia demonstrate skills and operational techniques when operating together it could become a best-practice model for operations in the region. The Philippines could be the first country to offer training to in this field, as there is a need to ensure that no ASEAN states blunder into a conflict with China. In August 2013 ASPI will be holding an international dialogue on confidence building measures at sea, as a starting point for discussion on the concept.

There is a need to develop shared approaches to strategic policy work between Japan and Australia, which could be accomplished through cross-posting of intelligence officers and policy officers.

Army engagement has seen the least progress in recent years in terms of building cooperation, and this should now be accelerated. Practical and demanding exercises should be examined at company and battalion level. Trilateral training together with the US Marines in Northern Australia could also be considered.

Personnel exchanges need to become a feature of work exchanges at officer and senior non-commissioned officer level, as well as at training institutions. While language has

been a barrier, if exchanges are a priority, ways can be found to make it happen.

On cyber security, not enough progress has been made in the bilateral relationship. This is a difficult area, because the organizational structures differ between countries, and therefore points of connection can be hard to make. There will be a major international conference on cyber security in Seoul in October 2013, and Australia and Japan should share and develop approaches to the meeting together. ASPI is launching a new International Cyber Policy Center in the coming weeks with government and private sector support. This should help to facilitate a Track 1.5 dialogue on cyber security with key friends and allies, including China.

Both the Japanese and Australian governments have been looking at options for closer industrial cooperation. Collaboration on maritime systems, including submarine technologies, should be thought of as a five to ten year journey due to the time required to come to an agreement and start building, but there is great potential for mutual benefit from the collaboration. Australia considers that it has much to offer, including sonar technology, and is interested in particular in Japan's propulsion technology. There is also ongoing discussion in the area of over-the-horizon radar technology, where Australia is a world leader in some respects.

There are opportunities for Japan and Australia to contribute together to a wider global framework, including peacekeeping training with African countries, and on de-mining and counter-IED training. Working together in these areas would help to raise the profile of both Japan and Australia with a wide range of countries.

There is a lot of interest in Australia in having dialogue with Japan around air-sea battle extended deterrence, North Korea, and other areas, but there is some reservation in not wanting to turn it into a public expression of unity against China. It is therefore better to focus defense and security cooperation on military and strategic points of cooperation rather than around contingencies.

As has already been mentioned, Australia is looking to broaden its engagement with a broad range of countries in the region, which includes Indonesia, Papua New Guinea, and all the way through South East Asia and into North Asia with Japan and South Korea, but Japan will be at the top of the list in terms of priorities.

## **Discussion**

A **Participant** agreed with the need to strengthen marine confidence building efforts, with joint exercises focused against traditional threats. Also intelligence and strategic policy exchange should be increased, such as from the Pine Gap, Alice Springs facility. Regarding joint exercises, not only combined exercises of the ground forces, but also joint operations on amphibious capacity should be conducted. On industrial cooperation, Japan needs to maintain interoperability with the US forces, and therefore trilateral cooperation including the US might be more beneficial. The **Participant** also suggested that partnership on anti-piracy operations would be a good opportunity to strengthen the relationship. There is also a need for more discussion on defense cooperation against A2AD.

A **Participant** noted that Japan has strong historical working arrangements with India and asked if Australia already had any concrete programs in place with India.

A **Participant** stated that due to a lack of shooting ranges in Japan, long-range artillery are dispatched to Fort Lewis in the US for training. There may therefore be opportunities for cooperation with Australia on long-range artillery training areas. The **Participant** also noted that with regard to China, in addition to hedging, engagement with the PLA is necessary, and information sharing and joint engagement events of Japan and Australia with China could be considered.

In response, a **Participant** noted that there is an opportunity to collaborate on traditional navy roles, including anti-air defense and ballistic missile defense, particularly if the Australian government chooses to adopt SM-3 ballistic missile defense capability in the future. There is also more to be done on ASW. In terms of sharing strategic intelligence a certain amount is already in place, and increasing efforts in that area should be considered as a trilateral activity. Joint operations on amphibious operations also makes a lot of sense. With regard to A2AD, if all of the other joint aims are achieved, this constitutes A2AD capability, so there is no need to announce it separately. Toward building a defense relationship with India, Australia would benefit from the help of Japan to increase the level of cooperation.

In terms of building personnel exchange, Australia has created an alumni organization with Indonesia for defense officials that have engaged with Indonesia in the past,

which has been very successful. If a similar system does not already exist with Japan, this should be created as a new mechanism for exchange.

In Australia there are good facilities for artillery training which Australia would be happy to make available to Japan.

Regarding the US, it is in the interests of Australia and Japan to share information on what is wanted from America. It would also make sense to share information on engagement with the PLA in China.

A **Participant** stated that there is a very rich menu of potential cooperation, which is very timely, as Australia is keen to do more with key security partners in the region. Collaboration with Japan must be focused on building institutional interoperability, and outcomes from that may include professionalism in management of incidents of sea and common understanding of protocols, which may be more useful than codes of conduct as a practical reduction of potential for escalation, and to ensure that decisions are made in capitals, not by ship's captains and pilots.

Australia expressed interest in cooperation on Automated Satellite-based Identification. While submarines is an area of extremely high priority for Australia, the limits to immediate two-way technological cooperation before settling political bureaucracies was questioned.

A **Participant** commented that there is already significant work underway on cyber at the Track 1 level which could set out guidance in the coming years on rules of behavior and capacity building. Efforts will be continued in the lead up to the meeting in Seoul.

Regarding space, Japan appreciates the initiative to take this issue up in the context of the ARF, and hopes to continue this activity.

Japan and the UK have agreed on a framework agreement on defense equipment cooperation, which will allow bilateral transfer of technology with the UK. This could be a good model for a similar agreement with Australia.

Policy dialogue is considered particularly important and no efforts should be spared in keeping national security policies as transparent as possible to avoid any

misunderstanding.

A **Participant** inquired as to whether Japan has an overall strategic objective in its engagement policy with countries like India, Vietnam, Australia, and other regional countries, or different objectives for each country. On submarine cooperation, the **Participant** asked if there was a limit to how far Japan can go in cooperating with Australia within the next ten years.

In response, a **Participant** stated that Japan's approach to partners in the region is articulated in the National Defense Program Guidelines. In terms of capacity building support the focus is to improve the ability of South East Asian and regional countries to deal with non-traditional security issues. Regarding India, their aim is to focus on expanding bilateral cooperation, rather than multilateral cooperation.

A **Participant** asked how useful it would be to have US-Japan-Australia-India quadrilateral cooperation, as all of the countries already have bilateral security cooperation with all of the others. It is possible that the six separate bilateral relationships could be made more efficient, even without official labeling as a quadrilateral cooperation. Regarding maritime confidence building, the question of how to involve China was raised.

A **Participant** asked about the engagement of China and other countries in the region for countries outside the ASEAN and EAS mechanisms. Sri Lanka turned to China due to lack of help from western countries in the domestic conflict against the LTTE. Sri Lanka was also denied membership of ASEAN. There is a need to engage with countries, as if there are no multilateral systems including them the Chinese will approach them bilaterally.

A **Participant** noted that in an environment of mutual multi-country A2AD development, the question is raised of how to develop a new deterrent framework in an Indo-Pacific environment characterized by mutual no-go zones.

A **Participant** pointed out that Japan's active engagement in bilateral security and defense cooperation in recent years is similar to other countries in the region, with some common understanding that the global commons face severe challenges. While

the role of the major powers is critically important, the Indo-Pacific regional order could be sustained also by second-tier countries that could play more important roles.

Regarding maritime confidence building, the Japanese MOD has been promoting the term “good seamanship” to avoid accidents at sea. CSCAP China denied the importance of the regional INCSEA agreement because they believe that the crisis communication mechanism assumes that either side is provoking the other, but they showed interest in the promotion of “good seamanship” which sounds more neutral. Therefore if confidence building is promoted under the name of “good seamanship” this may be more acceptable to China.

On joint cooperation, given the US Navy’s limitations in terms of transport capabilities, Japan and Australia could provide support with additional transport capabilities in order to contribute to regional security.

A **Participant** noted that Australia is progressing with its submarine refurbishment, but that through discussion there may be opportunities for assistance, although there might be questions around intellectual property rights and the three principles of arms exports.

While India has returned to largely bilateral-based cooperation, a recent joint statement on Japan-India cooperation validated the results of the Japan-US-India security dialogue, which can be seen as a positive sign for broader cooperation.

A **Participant** stated that the Indo-Pacific is an emerging system, with gradually strengthening linkages, but the intention was not to launch another security architecture around this concept as there are other security frameworks in the region that are relatively immature. Given this background, it is important to work bilaterally in region, and Australia has been making efforts in this regard.

A **Participant** commented that the concept of “good seamanship” could be very important for traditionally land-based powers, due to a possible different understanding of maritime governance.

A **Participant** noted that the discussions had demonstrated a shift in perception over recent years, and that concrete areas of cooperation had been advanced.



A **Participant** commented that quadrilateral cooperation was better in concept than in content, but that virtual quadrilateral cooperation was close to being a reality. Regarding confidence building, the PLA sees all attempts to engage them as attempts to distract them from what they want to do, so the challenge for cooperation is to get past the sense that the PLA has that they are stronger if they remain isolated from the rest of the region. One way to approach this is to be careful in the language used to discuss the purpose of engagement, and also to build the framework among other countries so that the Chinese decide that they would rather be involved than not invited.

There is an agenda on maritime security that could be pursued with island states, including intelligence sharing and capacity building.

Having built confidence over the period of growing cooperation between Japan and Australia, it is now a natural extension to move toward hard cooperation.

A **Participant** noted that when Japan and India signed a joint declaration on security cooperation three topics were taboo in the negotiations: China, the US strategy, and quadrilateral cooperation. However, quadrilateral cooperation can be pursued without mentioning it.

Other areas of strategic importance to Japan that may be shared with Australia include Africa and the Antarctic.

## **Closing Remarks**

### **Japan: Amb. Yoshiji NOGAMI, JIA**

Ambassador Nogami reflected upon the intensive discussion during the sessions, which have built upon efforts over the last six years between the two countries which are now bearing tangible fruits. He expressed his hope for a continuous process of cooperation on research and through electronic communication exchanges, and to the next session of the Track 1.5 Dialogue.

### **Australia: Mr. Peter JENNINGS, ASPI**

Mr. Jennings thanked the Japanese side for hosting the meeting, noting that the high quality of the discussion matched the quality of the bilateral relationship, and expressed confidence that cooperation would advance at an increasing pace between the two governments. He also looked forward to welcoming the Japanese side to Australia for the next round of the Track 1.5 Dialogue. Mr. Jennings proposed that after digesting the ideas and lessons from the current session, a shared research agenda could be drawn up to consider over the next 12 months.

# Talking Points

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**Session 1**

**Session 2**

**Session 3**

## Session 1

### Security Trends and Environment Surrounding Japan and Australia

Sugio Takahashi  
National Institute for Defense Studies

- **East China Sea**
  - China's opportunistic creeping expansion has been a serious concern
  - 2010 version of the National Defense Program Guidelines (NDPG)
  - China's efforts to change the status quo by paramilitary-based creeping expansion
  - The way of endgame of the current crisis and the future trend line of regional security
  - Implication of domestic factors in China
  
- **North Korea nuclear/missile development**
  - Series of related events since 2012
  - U.S. credibility of extended deterrence
  - Risks from North Korea's complacency
  
- **Defense Budget Trend Line**
  - Cautiously optimistic?
  - Japan's defense budget?
  
- **U.S.-Japan Defense Guidelines**
  - Development since 1997
  - New Challenges and areas of cooperation
  
- **Implications for Japan and Australia**
  - Potential of intensified security challenges in "gray zone"
  - China Question

## Challenges for Nuclear Deterrence in East Asia

Tanya Ogilvie-White  
Australian Strategic Policy Institute

I should start by saying up front that I'm a nuclear deterrence skeptic, at least in the context of East Asia. I don't agree with the official Australian government position on this issue - I'm expressing my own personal views here. You'll find I have quite different ideas to my ASPI colleagues on this issue, too. Fundamentally, I question whether nuclear deterrence is really as stabilizing as many scholars and officials choose to believe. I also question how objective the assessments are regarding the risks and costs of relying on nuclear deterrence in a multipolar Asia - I think there's a certain amount of complacency in how these questions are addressed. Disarmament advocates are often scorned because they fail to consider the full picture when they advocate global zero. I agree with those criticisms. I'm not an unquestioning disarmer - far from it. But I also believe there's blinkered thinking on all sides of the nuclear deterrence debates, including among those who assert that nuclear weapons can and will prevent major conventional war into the future, and those who argue that nuclear use is unlikely.

So why the skepticism? I find myself agreeing with a number of strategic scholars who worry about the application of nuclear deterrence in East Asia, although I have different ideas about what should be done about it. Where I agree is over the concern that the current nuclear order is unstable. I think this is quite obvious in the case of North Korean provocations, but thinking about the challenges of nuclear deterrence in the context of broader regional territorial disputes is also a useful exercise. There's a lot of concern about this at the moment. On the one hand, the US signals to China not to occupy various islands. On the other, it doesn't threaten to block it from doing so, even while it assures allies that it is treaty-bound to defend them. Some analysts in the US and Australia consider this to be a dangerous practice, because it projects strength and weakness at the same time. The major concern is that it undermines US credibility, inviting Chinese leaders to see the US as weak and prone to back down in an escalating crisis. There's a risk of major miscalculation here, as, when faced with such a crisis, the US might surprise China by NOT backing down.

In response, analysts have suggested two more clearly defined deterrence strategies. One is a clear commitment from the US to contain China, meaning that Washington would leave Beijing in no doubt that it will block it from expanding its territory through military action or political coercion. In my opinion, this approach would be equally unwise, because China sees containment as an aggressive threat. Even if Washington emphasized the defensive aim of securing the status

quo, relations would certainly deteriorate. But despite the risks, some argue that the benefits of a clear containment strategy would outweigh the risks, making deterrence harder to mistake and thus more effective, allowing for clearer red lines, and reducing the odds of an unanticipated war.

The other strategy that has been suggested is one of accommodation. The argument is that this would make sense if Beijing's ambitions are limited and likely to remain so. In accommodating Beijing, Washington would recognize that as China becomes more powerful, it will naturally feel entitled to the prerogatives of a superpower. Washington would have to accept that disputes over minor issues would be settled on China's terms rather than those of its neighbors. Deterrence red lines would still be set down, but they would be limited to guarding against behavior that poses an existential threat to the US or its allies.

The US hasn't chosen either of these options. Instead, it's responding to developments on a case by case basis, trying to feel its way through the shifts that are taking place. This reflects the awareness among US decision makers that the Asian deterrence environment is far more complex than the US-Soviet one was. It also reflects the nature of its relationship with Beijing, which is more positive than its relationship with the Soviet Union was. It's true that China's power is rapidly growing and that some of its behavior has heightened regional tensions. But no one seriously believes Chinese leaders are pursuing an aggressive campaign for global dominance. Moreover, China is integrated into the global economy to an extent that Soviet officials wouldn't have imagined possible, and in a way that creates pressures and constraints that didn't exist during the Cold War. The vast geography of East Asia and the Pacific also shapes security dynamics in ways that are fundamentally different from what took place last century. As you know, Asia's nuclear order is a maritime, multipolar, asymmetric one, in an environment of ballistic missile defense and multiplying non-traditional security challenges. All of this makes nuclear deterrence more difficult, more complex, more risky - and I would argue, less relevant.

The most pressing problem for East Asia today is how to respond to activities that threaten to destabilize the region. There are many behaviors that can't be reliably prevented through nuclear extended deterrence. This is worrying in the context of growing resource competition, rising nationalism, and the absence of crisis management systems. I think the most significant of these behaviors are maritime provocations and other low intensity incidents. Preventing these from escalating is a huge challenge. Nuclear weapons are definitely part of the problem but may not be part of the solution.

Personally, I doubt that last century's hub-and-spoke bilateral alliance system, of which extended deterrence and assurance are a key part, is really relevant to the emerging strategic environment. Instead, I think we need to put far more emphasis on developing more inclusive, cooperative

security networks that reflect our interdependence and which build amity rather than reinforcing enmity. Thankfully, some of this is happening, but it's not happening fast enough, because adversarial approaches undermine cooperative ones. I agree with Robert Green, the former British naval commander, who has argued that we need to conceive of security as a safety net for all and stop treating it as a military game. Unfortunately, one of the biggest costs of nuclear deterrence is that it perpetuates the cycle of threat and counter threat that feeds insecurity and hostility. We all need to put more effort into breaking that cycle rather than reshaping it for a new era.

Priorities should be:

1. Finding ways to genuinely reduce the role of nuclear deterrence in security and defense doctrines, including among US allies that rely on nuclear assurance. An important step would be a sole purpose declaration by members of the Nonproliferation and Disarmament Initiative.
2. Deepening all forms of political and military cooperation, but especially in the maritime sphere.
3. Investing in regional security mechanisms.
4. Upholding international law and bolstering inclusive global security mechanisms.
5. Encouraging new thinking about security that challenges established wisdom.

## Session 2

### Defence and Security Developments in Japan and Australia

Michael Shoebridge  
Department of Defence, Australia

Strategic and economic rise of Asia (not just China's rise but rise of region)

Decrease in op tempo from last 15 years (since ET) – different to force posture, which will continue to be active.

Policy and fiscal environment:

- National security still a core priority for Govt, but competing demands have strengthened - notably health, education, infrastructure and ageing population.
- Combine this with pressure on govt finances from continued GFC risks And govt focus on underlying structure of economy and budget and era of austerity exists.
- But, recognition that national security requires both prosperity and security.
- Within this, some important shifts in defence policy and posture:
  - End of "operations are our highest priority"
  - Big institutional adjustment
  - Shift from ops to defence part of shaping our security environment as part of broader National Security Strategy (NSS) and Australia in the Asian Century White Paper (ACWP) directions.

Broad based mil modernisation funded by economic growth is creating more capable regional militaries:

- Greater power projection
- Territorial disputes

Immature security architecture, limited history in resolving security issues multilaterally, but



developing -EAS and ADMM+

Lack of escalation control, proliferation of grey and white hulls

Policy response:

Australia's prosperity and security are with the region - security is not a free public good

- Indo Pacific arc shows economic and security interdependencies
  - SEA at geographic centre (contrast to A-P)
  - 600m people
- Aust has growing mil capability relative to itself, but capability advantage challenged over time as regional modernisation proceeds
- As the NSS says Australian national security requires as a key element a credible, capable Australian Defence Force. This is necessary to deter and defeat armed attack on Australia. It is also required so we can use the current Australian Defence Force as an active part of our engagement in the region to build regional security tie. We will have an activist defence posture.
- Regional mil mod more of an opportunity than risk for Australia

Move key partnerships from focus on senior level meetings and service level interoperability to "functional or institutional" interoperability

- US benchmark:
  - Interests
  - Values
  - Limitations or constraints
- But where these allow, building institutional interoperability means creating counterpart and working level connections much broader than senior level meetings and Service to Service links
- Functional approach: org structures - strategic and international policy, capability development, personnel management, logistics and sustainment, procurement, Intelligence

- Capability priorities:
  - Undersea domain
  - Advanced air combat
  - Amphibious (hadr focus)
  - UAV potential
  - Force protection (CIED)
  - Cyber, space, BMD
  
- Whether to develop broadly or focus on priority areas for demonstration of value
  
- Different approaches depending on mutual interests

Japan:

- ACSA and Information Sharing Arrangement good steps
- Shared deployment experience
- Strong senior leadership framework and directions (eg 2+2)
- Regional HADR and PKO contributions
  
- Leadership priorities:
  - Community of interest in region that promotes peaceful resolution of disputes in accordance with international law
  - Promote freedom of navigation
  - Strengthen regional capacity to respond to national disasters and challenges
  - Improve regional defence capacities to support long term peace and stability
  
- JSDF and relevant ministries and industry sophisticated
- Constraints on coop easing but there
- Potential for deeper policy engagement on US-China relations and, including on priorities for capacity building and partnerships in SEAsia and agenda in EAS and ADMM+
- Potential for technology cooperation - eg science and technology organisations - identification and start to practical egs to demonstrate benefit
- Undersea
- Advanced processing and fusion
  
- Japanese views on areas of opportunity, constraints, speed and scope

# Recent Development in Japan's Defense Policy

Noboru Yamaguchi  
National Defense Academy of Japan

## 1. Discussions over the NDPG2010

### (1) Dynamic Defense

- a. Dynamic Deterrence: Japanese version of Flexible Deterrent Option (FDO)
- b. Departure from "Basic Defense Force Concept."

### (2) Peace Building Country

- a. NDPG 2010 adds a new pillar, pure contribution to the international community (missions with no direct/indirect relations to Japan's security)
- b. "Peace Building Country" proposed by the advisory group was not in the NDPG, but PM Naoto Kan mentioned this in his policy speech in Jan 2011.

### (3) Easing Arms Export Policy:

- a. DPJ had consensus over the issue that was not materialized due to SDP factor
- b. Incentives include: a) cooperation for more economic weapon R&D for various programs such as SM3, F-X, etc., b) capacity building for peace keeping//building

## 2. Policies under the LDP Administration

### (1) Increasing Defense Budget: Repercussion to DPJ reduction (Departure from continuous decrease for the last decade)

### (2) New NDPG

- a. LDP Proposal: a) Reviewing the current interpretation on collective defense right, b) Deterrence through employment of SDF rather than pure presence, c) Offensive capabilities in the context of Ballistic Missile Defense...
- b. Keidanren Proposal: For healthy defense industrial base, a) revision of arms export policy, b) acquisition reform, c) policies related to use of outer space and cyber space.

### (3) Revising the Guidelines for US-Japan Defense Cooperation

- a. 1997 Guidelines were drafted based on two countries' post-Cold War defense policy. In a post GWOT era, policy coordination between the two countries is needed.
- b. One of the missing points in 1997 Guidelines could be bilateral cooperation for so-called "gray zone" cases (a little short of MST Article 5-events).

## 3. Key Issues

### (1) Alliance Management with USG: FRF, V-22, Guidelines,

### (2) Policy towards "Rising China": Engagement and Hedge

### (3) Managing Japan's relations with the neighbors such as Korea, ASEAN countries

## Session 3

[personal views only]

### Towards a `Dynamic' Japan-Australia Security and Defence Cooperation

Eiichi Katahara

National Institute for Defense Studies

#### 1. Why Japan-Australia Security and Defence Cooperation Matters

- (1) Japan and Australia are maritime democracies with shared values and common security interests, and can help maintain the liberal, rule-based international order.
- (2) As US allies, Japan and Australia can significantly contribute to the US presence and capabilities in the region; both can play stabilizing and enabling roles in support of US global strategy (for protecting and ensuring access to the global commons).
- (3) Japan and Australia can work together in tackling regional and global security challenges; J-A cooperation encourages both countries' (esp. Japan's) larger and pro-active security roles for regional and global security

#### 2. Recent Developments in Japan-Australia Security and Defence Cooperation

- (1) Participation in international peace cooperation activities (Cambodia, East Timor, HA/DR after the Indian Ocean Tsunami, Iraq, 3.11 Earthquake, South Sudan)
- (2) Intensifying defense exchange activities (since the mid-90s): High level and working level exchanges, joint exercises, etc.
- (3) Consolidating the framework for policy coordination and collaboration
  - Memorandum on Defence Cooperation between the Ministry of Defense, Japan and Department of Defence, Australia (December 2008)
  - J-A Joint Declaration on Security Cooperation (13 March, 2007)
  - Major Elements of the Action Plan to implement the J-A Joint Declaration on Security Cooperation (9 September, 2007)
  - Japan-Australia-US Trilateral Strategic Dialogue (TSD) (2006-)
  - J-A Joint Foreign and Defense Ministerial Consultations ("2+2")
  - International Commission on Nuclear Non-proliferation and Disarmament
  - Agreement on the Security of Information (signed in May, 2012)
  - "J-A – Cooperating for peace and stability: Common Vision and Objectives"(September, 2012, "2+2")
  - J-A Acquisition and Cross-Servicing Agreement (ACSA) came into force (January, 2013)

### **3. The Way Forward : New Challenges and Opportunities**

- (1) Implement the “J-A Joint Declaration on Security Cooperation” (+ “Major Elements of the Action Plan”) and “Common Vision and Objectives”
- (2) Maritime security (SLOCs in East China Sea & South China Sea, the Western Pacific Ocean and the Indian Ocean), strengthening amphibious capability, crisis-management mechanism, promoting CBM and COC
- (3) Capacity-building and multilateral exercises for non-traditional security issues (peace-keeping & peace-building activities, HA/DR, PSI, etc.)
- (4) Defense equipment and technology cooperation (submarines? ASW? MD? UAV?)
- (5) Intelligence-sharing (ISR) and information exchanges in support of interoperability
- (6) Space and cyber security
- (7) J-A “2+2” and TSD on AirSea Battle(ASB)?, “extended deterrence”?, North Korea?, China?
- (8) Regional security architecture building: ASEAN-centered institutions: ARF, EAS, ADMM Plus, etc.; strengthening security and defense cooperation with South Korea and India (J-A-K trilateral? J-A-I trilateral?), Indonesia?
- (9) Establish a whole-of-government approach to security issues (especially crisis-management and HA/DR) including JICA, Japan Coast Guard, NGO
- (10) Encourage joint research on strategic issues, regional issues and demographic issues (the roles of female military officers and soldiers and/or foreign nationals, lessons that can be learned from Australia’s experience and policy expertise in immigration policy?)

## Japan - Australia Security and Defence Cooperation

Peter Jennings  
Australian Strategic Policy Institute

Ladies and gentleman, my thanks to Ambassador Nogami and the team of JIA for hosting this dialogue.

ASPI very much values the opportunity for us to exchange views on strategic issues of interest to Australia and Japan. I can say that I have been a regular visitor to Japan over quite a few years now and, in different positions in Government, I have been involved in discussions about our bilateral defence and security relationship.

I am an optimist about the prospects for our relationship, and I will outline my thinking now about opportunities for enhancing our cooperation. As I explained yesterday, ASPI is funded in part by the Australian government, but we are independent in terms of what our analysts write and say. So my comments represent my own thoughts and do not necessarily reflect government policy.

Having said that I most certainly endorse the direct of government policy on our defence relationship. My starting point for that is that we have similar ( but not identical) strategic outlooks.

Our shared alliance relationship with the United States is a vital enabling capacity for our military forces. We are also like minded democracies, with shared values and approaches to the rule of law and international norms of behaviour. And we have shared experiences of military operations in Iraq, where our forces worked closely together in Al Muthunna province. Our strategic geography is different, but we both share an interest in the stability of the Asia Pacific.

We both have an extremely important economic and trade relationship with China, and we both share concerns about aspects of Chinese military policies. We are both interested in building regional peace and security. So these things create an opportunity for us to work more closely together in the defence and security field. And of course, that is exactly what we have been doing for the last decade.

In some respects this has been a slow journey as we worked out how to engage together. We have also invested considerable effort in creating the legal and organisational frameworks to make

cooperation easier and more smooth.

We have expanded our maritime security cooperation through exercises, and work closely on HADR, peacekeeping and maintain good quality senior level exchanges. I do know that Australia's early response to the March 2011 triple crisis was appreciated by the Japanese people. Out of that tragedy came one small benefit -- a break through moment in our cooperation.

From this promising outlook I would like to share with you my personal views about what forms our cooperation could take into the future. My starting point is to say that I think there is an important strategic need for us to work at making our cooperation even closer. We can together, and separately, make a positive contribution to regional stability. We should not lose the recent momentum of our engagement, in fact I would like to see steps taken to deepen and speed out our thinking about defence cooperation.

Let me suggest six areas where I think potential new opportunities exist. First, we should develop a plan for closer cooperation in maritime confidence building measures. I'm sure I don't need to set out the reasons why this is emerging as a serious and current problem in Asia. I see a desperate need to strengthen the professional maritime skills needed to prevent incidents at sea, and also in air space above the seas. Australia and Japan might think about opportunities to strengthen our approach to ASEAN countries to offer skills and training. If our two navies can demonstrate the skills and operational techniques when we operate together, this could offer a best practice model for the region.

Second, I would like to see us deepen our intelligence and strategic policy exchanges. I see good potential to do this because we have started on the practice already. But there is scope to do more in the form of sharing assessments and looking to opportunities for joint work.

Third, at a pace that is comfortable to both parties we should look to broaden our Army engagement. In limited ways this is happening. I look forward to the day when we might have a SDF land exercise in northern Australia.

Fourth, we need to develop a new mechanism for cooperation on cyber security. Governments all around the world are only beginning to think about how to engage and cooperate on cyber. This is challenging but very important work. I believe this will rapidly come on to the agenda of the Australian government -- not least because of the major international conference on cyber security which will take place in Seoul in October 2013. Australia and Japan should start by

agreeing to share our thinking in the lead up to the Seoul meeting. My message is to say that we can't afford to take a decade to design a good quality cyber cooperation model. The nature of cyber is that we will have to move faster. Let me make a short advertisement here to say that ASPI will be launching a new International Cyber Policy Centre in a couple of weeks. This has the strong backing of my government as well as private sector involvement. One of the aims of the centre will be to advise and help shape Australia's international approach on cyber matters. I also hope that we can help to facilitate a 1.5 track dialogue on cyber security with key friends and allies.

Fifth , industry cooperation. Both our governments are looking at options for closer cooperation on industry matters. I have been making the case for a few years now for us to develop options for collaboration on maritime systems, including on Submarine related technologies. We should think about this as a five to ten year journey. But is it a journey we should take because we can both benefit from the collaboration.

Sixth and finally, I see good opportunities for us to take our efforts to a wider global framework. We are sharing peacekeeping experiences in the Sudan at the moment. There is more we could do together on things like peacekeeping training with African countries. Africa will be the central operating environment for PKOs in coming years. We should align our approaches and work to support each other's efforts. There are similar opportunities for us to work together on de-mining and counter Improvised Explosive Device training, in areas as diverse as Thailand and the Solomon Islands.

Ladies and gentlemen I have tried to set out a broad agenda for defence cooperation. Some of these are well in development between our two countries, others are only just coming on the radar screen.

Michael Shoebridge yesterday explained the broader context of Australia's approach in the region.

It is worth saying that Australia is looking to boost cooperation with a number of countries in the region. This includes China. I don't see any of the activities I have set out today as being directed against Chinese interests. On the contrary this is all about building a form of security which benefits all countries.

I will be happy to take any questions or comment you may have.