

Spurred by a perceived growing ballistic missile threat from within the Asia-Pacific region and requests from the United States to support research and development on components of a missile defense system, the Japanese government decided in late 1998 and early 1999 to move forward with joint research and development with the United States on ballistic missile defense (BMD). But the decisions taken thus far commit Japan only to limited participation with the U.S. government on collaborative research and prototype production of theater missile defense (TMD) components. To date, Japan has undertaken no effort to develop or acquire a dedicated BMD system, nor has it assessed the larger political and strategic implications of a Japanese BMD system in any thorough or systematic manner. More important, no consensus has yet emerged in favor of the development or deployment of a full-fledged BMD system in Japan. Finally, Japan and the United States have not clarified: (1) how essential it is for Japan to participate in a more extensive program of joint research and development; (2) the extent of system interoperability that is desirable and achievable; or (3) the impact of a decision to deploy on the strategic environment in Asia.

#### **MOTIVATIONS AND RESPONSES**

Although Japan's decision to move forward was precipitated by the 1998 launch of a North Korean rocket believed to be a Taepodong-1, the more likely threat to Japan arises from the shorter-range Nodong missile. North Korea currently possesses about 100 Nodong-1 missiles capable of delivering conventional and nonconventional (i.e.,

weapons of mass destruction, or WMD) warheads to most of Japan. Concern about North Korea's potential use of these missiles to threaten or attack Japan in the context of a conflict on the Korean peninsula or a confrontation between the United States and North Korea is one of the major motivating factors behind Japan's movement toward participation in a U.S.-led BMD system. According to military analysts, this threat, although somewhat diminished by the recent warming trends on the Korean peninsula, has not been eliminated.

The friendly nature of governmental relations between China and Japan precludes official characterizations of China as a direct military threat. Nonetheless, many Japanese strategists and military officers and some politicians are concerned about a possible Chinese missile threat given that the number, types, and ranges of China's ballistic missile force are far greater than those of North Korea. China currently has two types of medium-range and one type of intermediate-range missiles capable of reaching Japan and of carrying both conventional and WMD warheads. Although the likelihood is admittedly not terribly high, strategists are concerned that China might resort to using these missiles to threaten or attack U.S. forces in Japan or even Japanese territory and citizens in two conceivable contexts: (1) as part of an escalating crisis over Taiwan or (2) over the long term, in support of efforts by a much stronger and more confident China to achieve specific territorial, political, or strategic objectives in the Asia Pacific such as control of the disputed Senkaku Islands claimed by both Beijing and Tokyo.

Thus, North Korean and Chinese missiles form the primary potential threats that Tokyo decisionmakers must take into consideration to justify investing taxpayer funds to support the development of a ballistic missile defense system. But an equally compelling incentive for policymakers is that the United States, Japan's only alliance partner, is a strong advocate of Japan's participation in the development of such a system. The United States has been discussing joint participation in development of BMD since the inception of President Reagan's Strategic Defense Initiative (SDI) in 1983. Although the system under consideration has evolved over the years, the factors motivating U.S. requests for Japanese participation have remained fairly constant. The United States wants Japan to contribute technological expertise and funding, and to serve as a customer for what will

undoubtedly be a complex and expensive system. Joint development of the system has also been perceived on both sides as a way to maintain and even strengthen both the alliance and Japanese security.

In addition to diplomatic and other nonmilitary measures that this study does not explicitly deal with, Japan has a number of military-related options to counter the perceived ballistic missile threat—either independently or in cooperation with the United States. These countermeasures fall into three broad categories: offensive measures, passive defense measures, and active defense measures. Japan has excluded the possibility of acquiring offensive capabilities. Passive defense measures, such as civil defense and hardening of military targets, would be effective in reducing casualties in the event of a missile attack but would not have the psychological effect provided by active defensive measures such as ballistic missile defense.

Thus, any effort by Japan to develop military countermeasures to ballistic missiles would likely include some type of active layered defense, including aspects of civil defense and hardening in addition to some combination of BMD components. Japan could deploy four general types of BMD systems. The most likely are Land-Based Lower Tier (LT), Sea-Based Lower Tier, Land-Based Upper Tier (UT), and Sea-Based Upper Tier Phases I and II. At present, Japan is officially committed only to an initial phase of study and joint research on UT-related components, and to the limited acquisition of LT-related systems. Even though the prime minister's office and the foreign ministry have reportedly at times privately expressed their support of moving forward on BMD, no thorough discussion has been undertaken or agreements reached—either publicly or privately—on whether and how to proceed with BMD development, procurement, and deployment.

Decisions or actions in these three areas will likely require a greater level of political consensus among many actors on a wide range of controversial issues. These issues include the effect of BMD decisions on the U.S.-Japan alliance, financial and legal constraints, the technical and military feasibility of the BMD concept, internal military and bureaucratic rivalries, and the reactions of China and other countries in the Asia-Pacific region.

## DOMESTIC FACTORS DETERMINING FUTURE DECISIONS

The pace, tempo, and level of support for BMD have been heavily influenced by the Japanese government's bureaucratic and budgetary processes, U.S. pressure, and actions taken by North Korea. The Japanese government is apparently attempting to limit the number of actors involved in BMD decisionmaking. To date, the policy process has remained largely under the control of the prime minister and his cabinet, the Ministry of Foreign Affairs (MoFA), the Japanese Defense Agency (JDA), and to a lesser extent (given the relatively small sums of money spent thus far on the program) the Ministry of Finance (MoF).

China's continued opposition to Japan's acquisition of BMD makes the prime minister's leadership critical to the decisionmaking process. It is also imperative because the prime minister and his cabinet hold the power to interpret the Constitution and thus decide what is and is not "defensive-oriented defense," and whether or not the potential collective security aspects of a future BMD system fall inside or outside constitutional boundaries. A politically strong and skillful prime minister can lead the decisionmaking process on BMD. But absent an immediate threat to Japan's security, it is likely that whoever is prime minister will neither commit to a full-fledged system nor cut off funding entirely. Given the controversial nature of BMD, the consensus-oriented nature of Japanese decisionmaking, and the recent history of prime ministers with neither strong convictions on defense issues nor solid political bases, future prime ministers will probably prefer instead to continue a cautious, go-slow stance toward Japan's participation in BMD.

The JDA and the Japan Self Defense Forces (JSDF) are engaged in evaluating the military pros and cons of BMD for Japan, but there is no unanimity as yet. Overall, there is a gradual shift toward support for Japan's participation in BMD research, which can be attributed primarily to the emphasis placed on alliance maintenance considerations. However, a decision to acquire a system may spawn inter-service rivalries over budgets and control, particularly between the Ground Self Defense Forces and the other two services.

The MoFA is seen as an ally of the JDA in supporting BMD, primarily as a means of maintaining and strengthening the U.S.-Japan alliance.

But unlike the JDA, the MoFA's support is not closely linked to the feasibility of the system. To MoFA officials, the defense implications matter less than the symbolic value of participation in the U.S.-Japan alliance. On the other hand, the MoF, given its budgetary control, will care more about the cost and cost-effectiveness of the system. Absent renewed economic growth and strong political leadership, the MoF's tight hold on Japan's purse strings is likely to guarantee a fierce political debate down the road should the United States press the Japanese to agree to support the next, more costly phases of the system's development.

The Ministry of Economy, Trade, and Industry (METI) and the defense contractors in private business form a latent pro-BMD lobby because of the potential technological benefits that could accrue to Japanese industry. However, certain drawbacks—the limited number of areas in which Japan has the capability of developing indigenous technology; the huge up-front investments necessary; and the uncertainty over whether, when, and how much the Japanese government may eventually decide to invest—have prevented this potential pro-BMD group from coalescing into a potent political force.

Although often viewed as relatively weak and compliant, the Diet holds two of the key cards in any decision on BMD. The first is the budget approval process. The second is its ability to rescind or reinterpret its own long-standing resolution on the peaceful use of space. So far, although there has been a general airing of concerns, no meaningful debate has occurred in the Diet. Not only are few Diet members familiar with the technical, political, strategic, and financial issues, but debate has also been hindered by the government's successful argument that, absent a decision to proceed with procurement and deployment, it is premature to address any other concerns. Because of the political upheaval of the last decade, which has splintered the Liberal Democratic Party (LDP) and resulted in a more even distribution of power within Japan's political elite, future Diet debate is likely to be more vigorous than in the past. It could even lead to some major shifts in how Japan construes its defense, including a move toward more autonomy within the U.S.-Japan alliance.

Japan's political parties could potentially exert considerable influence over any BMD-related decision. However, it is too early to tell what the impact of that influence will be on the final procurement

and deployment decisions. While no party has yet taken a clear stance for or against acquisition of a full-fledged BMD system, the major parties have begun to clarify their positions on some of the surrounding issues that will create the decisionmaking environment. The positions each party takes on collective security, the role of China in Asia, Japan's role within the U.S.-Japan security alliance, and reform of the Constitution will provide clues to their preferences with regard to specific decisions on BMD.

The likely fragility of any ruling coalition will increase the need for compromise in order to make difficult decisions. If the current LDP-Komeito-Conservative Party governing coalition holds together, the Buddhist-backed Komeito is likely to demand (1) Japan's control over the decision to launch, to avoid a perceived participation in a collective defense arrangement; and (2) the inclusion of China in regional security dialogues, in order not to risk provoking an arms race in Asia.

The Ministry of Economics, Trade and Industry is interested in BMD only to the extent that it provides net benefits to Japanese industry. Some within METI insist that Japanese participation would

- strengthen Japan's defense sector
- improve the R&D and technology-acquisition capabilities of participating corporations
- provide possible "spin-off" benefits to the commercial sector.

However, skeptics question whether there will be any technological spin-off from the BMD plan. In this sense, BMD is looked upon as very different from the FSX, where Japan was in a position to develop its own indigenous technology. Except in a few areas such as sensors and radar, Japan is not thought to be in a similar position with regard to BMD development.

## **MAJOR ISSUE AREAS**

### **U.S.-Japan Alliance Maintenance**

BMD has the potential to either strengthen or weaken the U.S.-Japan alliance by affecting bilateral trust and cooperation on such issues as

the reliability of U.S. deterrence; technology; cost; intelligence sharing; and the interoperability of U.S. and Japanese forces.

### **Financial Constraints**

Cost-related issues play an important role in Japan's consideration of BMD. Three aspects are of particular importance: (1) the overall affordability of a fully deployed system; (2) the potential financial impact of deployment of BMD on existing military programs; and (3) the potential impact of deployment on the budgets of the individual armed services.

### **Legal Considerations**

Four legal concerns influence Japanese decisionmaking regarding BMD: (1) constitutional prohibitions against participation in collective defense efforts; (2) legislative resolutions prohibiting the military use of outer space; (3) laws against the export of weapons and military-related technologies; and (4) the provisions of the Anti-Ballistic Missile (ABM) Treaty.

### **Technical/Military Feasibility and Architecture Issues**

The technical feasibility of BMD systems and the type of BMD architecture required to meet the conceivable ballistic missile threats confronting Japan remain subjects of considerable debate. Many Japanese observers are highly skeptical about the basic concept of BMD; in particular, some doubt that those types of systems and architectures under consideration by Tokyo could provide adequate defense against the full range of threats confronting Japan.

### **Industrial and Commercial Considerations**

Japanese participation in BMD could provide significant potential benefits to Japan's defense industry and industrial base. This creates a possible convergence of interests between the industrial offices of the JDA, certain divisions within the major defense contractors, and METI. But overall, BMD is not viewed as an area that will generate major benefits in technology development for both military and non-military related industry and commerce.

### **The China Factor**

Significant controversy exists in Japan over how much consideration should be given to Chinese objections to BMD and to the overall ballistic missile threat posed by China, and over Japan's preferred response to these factors. Japan's political community in particular is highly divided over the nature and significance of the China factor in Japanese policy toward BMD. Many observers in the Japanese security community cite China's missile threat as the major factor compelling Japan to acquire a robust BMD system. But others, including some politicians and officials, argue that Japan should avoid acquiring a BMD system capable of intercepting Chinese missiles, in order to maintain good relations with Beijing and increase the overall independence and flexibility of Japanese foreign policy. A third group argues that the potential deployment of a BMD system could be traded for concrete Chinese concessions on important security issues.

Because of the extreme sensitivity that exists in both government and society toward discussion of China as a potential adversary, the China factor has not played a decisive role so far in Japanese decisions concerning BMD. But many observers believe that China considerations will exert a far greater influence over Japanese calculations if Tokyo seriously contemplates the development and deployment of a relatively sophisticated, upper-tier BMD system.

The Japanese are concerned not only about China's reactions to its own deployment of BMD but also about Beijing's response to efforts by the United States to develop and deploy a national missile defense system. These concerns have generated calls for involving China in open and transparent discussions of BMD systems in the belief that such dialogue could mitigate the potential destabilizing effects.

### **CONCLUSIONS AND IMPLICATIONS FOR THE U.S.-JAPAN ALLIANCE**

No consensus has yet emerged in favor of the development or deployment of a full-fledged BMD system in Japan (including both upper- and lower-tier components and an integrated battle management/command, control, and communications (BM/C3) infrastructure). This lack of consensus reflects a variety of factors: BMD's

unproven feasibility; its potential huge cost; significant strategic implications; apparently limited technological gains; the absence of a clear and persistent public recognition of the missile threat to Japan and of any informed and detailed public or even elite discussion on BMD issues; and the lack of strong support from any senior Japanese leader or politician.

Many observers believe that the decision on whether or not to move forward on BMD will ultimately be a political one. It will thus be heavily dependent upon the willingness of the prime minister to take the political risk and exercise the leadership that such a decision will require.

Japan's political structure is in a period of transition. Over the course of the next five to ten years—the period during which Japan will confront most of the major decisions regarding the future direction of its BMD program—it is possible to imagine a number of different political configurations. These include a splintering of the LDP brought on by a crushing electoral defeat, the rise of a Democratic Party–led government, or a shift in coalition partners. Who exerts leadership will matter, but party affiliation or labels may not.

The breakdown of the strong ideological biases that separated Japan's political spectrum into two camps—for and against the U.S.-Japan security alliance—has created room for a new consensus to emerge. One of the key precepts of this emerging consensus is the general acceptance of the need for an alliance. But there is an equally strong desire for more autonomy within this alliance, brought on by a recognition that Japan's strategic interests do not always coincide with those of the United States. In particular, for a variety of reasons related to history and geography, Japan has a greater need than the United States to maintain a nonconfrontational relationship with China.

### **Possible Timetable**

A formal decision to move into development and deployment stages could occur within the next four to five years, in response to the likely introduction by the Japan Air Self-Defense Force (JASDF) of an advanced C3 system for air defense, missile defense, or both. Any formal decision of this nature will likely involve a debate over many

of the issues mentioned above. Among these issues, the question of the creation of a U.S.-Japan joint C3 system and the level of Japanese versus U.S. control over long-range surveillance and cueing capabilities will arguably pose especially significant challenges, given the relationship of these factors to core issues such as alliance maintenance and service rivalries.

It is also possible that various components of a BMD architecture, such as the PAC-3 system, additional AEGIS ships, and certain C3 and radar tracking infrastructure elements, might be acquired by Japan's self-defense forces as necessary and planned "upgrades" of existing systems, without any prior debate or decision on ballistic missile defense per se. Assuming the systems are proven operable and effective, however, a basic decision on the construction of a more complete and integrated BMD architecture will almost certainly need to be made at some point, given the highly sophisticated technologies involved, the significant sums required for the development and deployment of such a system, the significant limitations of lower-tier BMD systems such as PAC-3, and the likely pressures created by a future U.S. deployment of TMD systems in Japan.

A full-fledged BMD architecture for Japan will probably consist of a mix of PAC-3 lower-tier and Navy Theater-Wide (NTW) upper-tier systems, supported by a more integrated and extensive Japanese early warning (EW) and BM/C3 infrastructure. Although the U.S. Navy will exert strong pressure on Japan to acquire a Naval Area Defense (NAD) system, its limited intercept range and high cost will likely preclude Japanese acceptance.

Japan will probably need to make a basic decision on the deployment of a combined LT and UT BMD architecture by 2007–2010 at the latest, in response to a likely emergence and deployment by the United States of a workable, largely U.S.-produced NTW (Navy Theater-Wide) TMD system. Given the lengthy list of military acquisitions already in the pipeline, the restricted size of Japan's defense budget, and the long period of time required to procure, deploy, and operationalize an integrated BMD architecture, Japan is unlikely to field a full-blown BMD system before 2015, even if the decision to deploy is made by the end of the decade.

The development or deployment of a BMD system with the United States will likely exert a major influence on the tenor of the U.S.-Japan alliance. The mishandling of the BMD issue by the United States could arguably damage the alliance and U.S. security interests far more than any military benefits obtained from BMD. Yet the potential for mishandling is arguably rather high, in part because significant suspicions or uncertainties exist between Tokyo and Washington over each other's perceptions, motives, and level of commitment to the notion of joint BMD, and because the two sides have thus far failed to conduct a detailed and sustained dialogue over these and other critical issues. Both governments should commence such a dialogue as soon as possible.

### **Critical Issues**

An important near-term issue for the U.S. side should be to clarify how essential it is for Japan to participate in a more extensive program of joint research and development. The primary objective of the United States should presumably be to ensure that Japan's ultimate posture regarding BMD is fully compatible with the larger political and strategic interests and objectives of the United States and of the alliance.

A second critical issue is interoperability, especially as it concerns early warning and BM/C3 systems. This highly complex factor involves not only technical problems but also problems of political and military coordination and control between the two countries.

A third issue concerns the larger political and strategic implications of various types and sizes of BMD systems acquired by Japan. In particular, the impact of likely Chinese reactions to such systems on Washington and Tokyo's bilateral relations with Beijing, the U.S.-Japan alliance, and the larger Asian security environment should be examined and discussed in detail by both Japan and the United States.

To date, insufficient attention has been paid to these issues by the governments of both countries. While dialogue alone will not eliminate the frictions that will no doubt emerge as the United States and Japan work out the contours of their collaboration on BMD, it is cer-

tain that without it the road ahead for the U.S.-Japan alliance will be bumpy indeed.