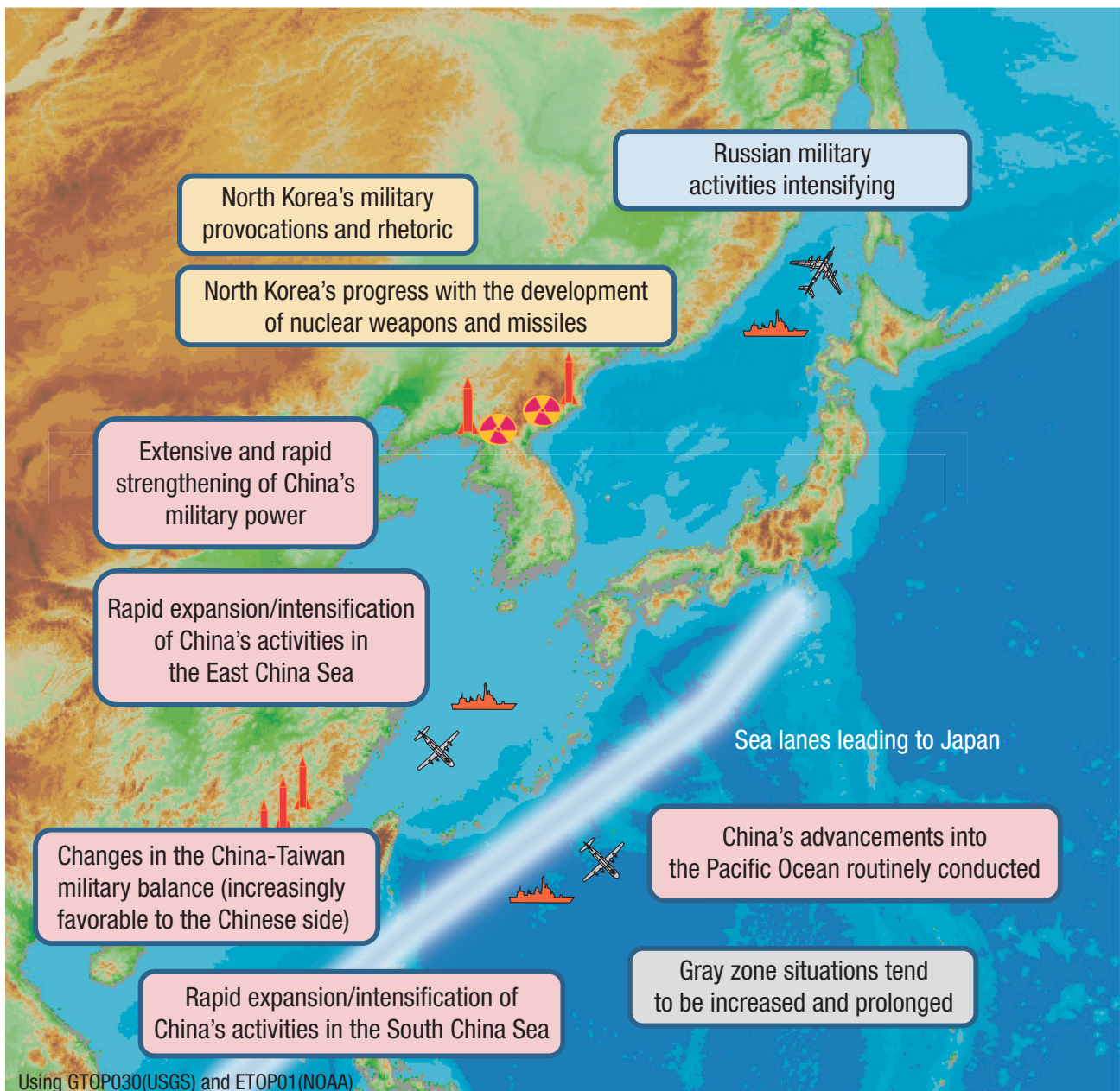


# Part I Security Environment Surrounding Japan

## Overview

- The security environment surrounding Japan has become increasingly severe, with various challenges and destabilizing factors becoming more tangible and acute.
- In the periphery of Japan, there has been a tendency towards an increase in and prolongation of so-called “gray-zone” situations, that is, neither pure peacetime nor contingencies over territory, sovereignty, and maritime economic interests. In addition, there has been a noticeable trend among neighboring countries to modernize and reinforce their military capabilities and to intensify their military activities. In this regard, security challenges and destabilizing factors in the Asia-Pacific region are becoming more serious.
- In a global security environment, there is a growing risk that unrest or a security problem in a single country or region could immediately develop into a challenge or destabilizing factor for the entire international community. The activities of international terrorist organizations, including the Islamic State of Iraq and the Levant (ISIL), are gaining momentum and expanding. Russia has attempted to change the status quo by force or coercion in Ukraine (so-called “hybrid warfare”). Cyber attacks have become more sophisticated and complicated. As these examples exemplify, the security challenges and destabilizing factors are complex, diverse, and wide-ranging, and it is becoming ever more difficult for a single country to deal with them on its own.
- Territorial disputes over the Northern Territories and Takeshima, both of which are inherent parts of the territory of Japan, remain unresolved.

## Recent Security Related Issues around Japan



## The United States

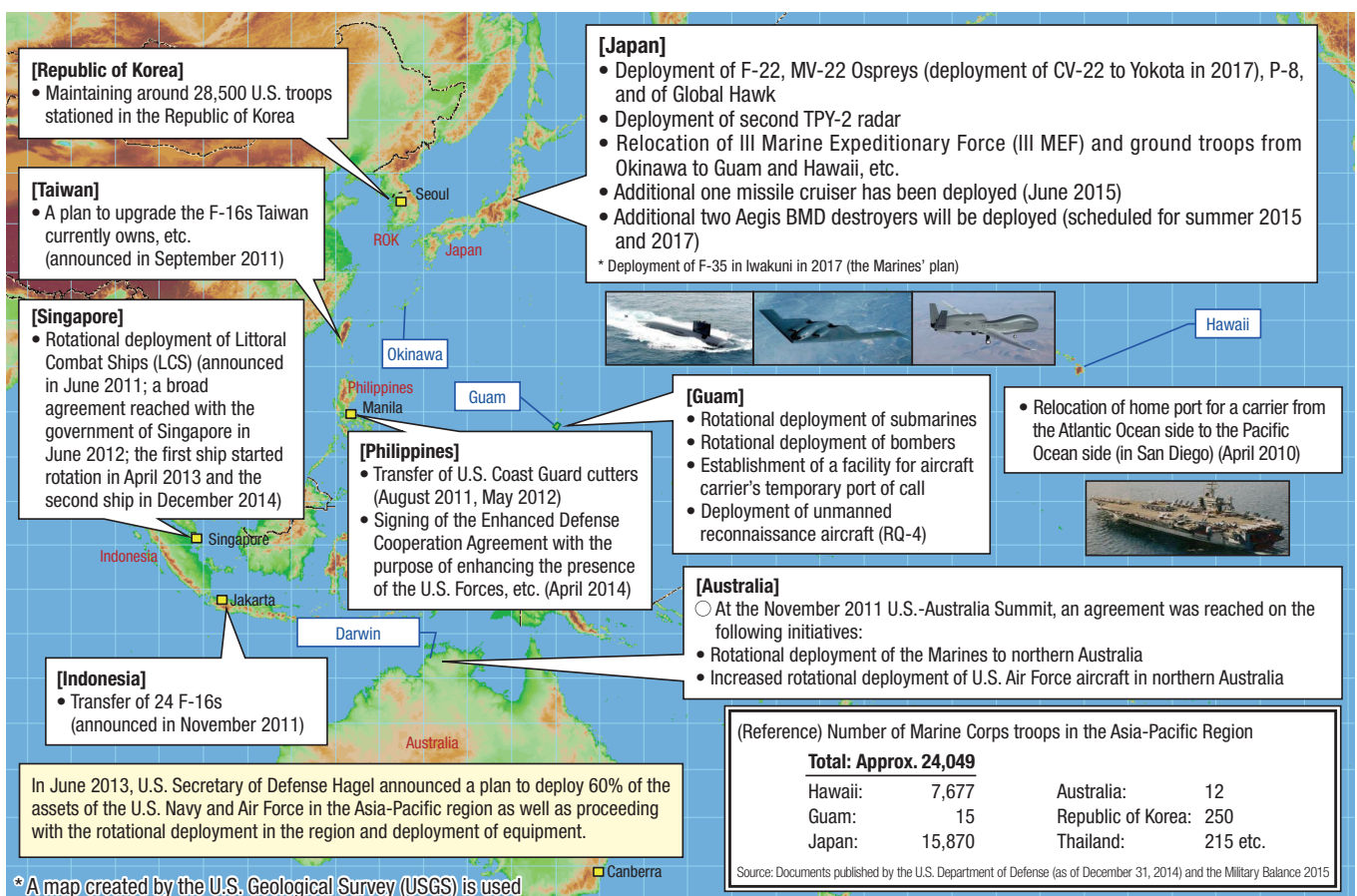
- As the wars in Afghanistan and Iraq draw to a close, the patterns of U.S. involvement in the world are changing. While faced with a severe financial situation, the United States is anticipated to continue to play a role in the peace and stability of the world by drawing on its world-leading, comprehensive national power.
- The National Security Strategy (NSS) released in February 2015 underscores that the United States would continue to play a leading role in tackling a variety of challenges, such as the threat of terrorism, the proliferation of weapons of mass destruction (WMDs), and cyber attacks, as well as take collective action with its allies and others, while promoting a rules-based international order. Furthermore, the NSS maintains that the United States would continue to advance its rebalance to Asia and the Pacific. Focus will be on how the changes in the situations in the Middle East and Ukraine impact these U.S. policies.
- Meanwhile, the government budget mandatory sequestration, including defense spending, that was initiated in 2013 brought various impacts on the U.S. Forces. The QDR also emphasizes the significant risks of sequestration to the U.S. Forces. Much attention will be paid to how the mandatory sequestration cuts in defense spending will impact the defense strategies and security policies.
- In November 2014, then-U.S. Secretary of Defense Chuck Hagel

announced the Defense Innovation Initiative aimed at identifying innovative ways to offset potential adversaries' capabilities in order to sustain and expand U.S. military advantages, utilizing limited resources. He expressed his expectation that the initiative would develop into a third offset strategy.



The U.S. Navy's Aegis destroyer USS Benford to be deployed to Yokosuka in summer 2015  
[U.S. Navy website]

### The Recent Trend of the U.S. Forces in the Asia-Pacific Region



## North Korea

### General Situation

- North Korea seems to maintain and reinforce its so-called asymmetric military capabilities and repeatedly uses militarily provocative words and actions. Such military trend in North Korea heightens tension in the Korean Peninsula and constitutes a serious destabilizing factor to the security not only of Japan but also of the entire region and the international community. Accordingly, it is necessary for Japan to pay utmost attention to them.

### Development of Weapons of Mass Destruction and Missiles

- In March 2013, North Korea adopted the so-called “new strategic line” policy of simultaneous economic and nuclear development.
- With regard to North Korea’s nuclear development, some have argued that it is a so-called brinkmanship policy designed to receive a reward of some sort. However, North Korea is deemed to be developing nuclear weapons as an indispensable deterrent for maintaining the existing regime.
- North Korea has conducted three nuclear tests since 2006 and has repeatedly hinted at further nuclear tests since March 2014, raising international concerns.
- Taking into account that North Korea has not changed its stance of continuing its nuclear weapons program, it is believed that with the passage of time, there would be a greater risk of North Korea deploying a ballistic missile mounted with a nuclear warhead that includes Japan in its range. In this regard, related developments need to be monitored carefully.
- It has been suggested that North Korea is developing a Submarine-Launched Ballistic Missile (SLBM) and an SLBM-carrying submarine. In May 2015, North Korea announced that it conducted a successful test launch of the SLBM. It is deemed that North Korea intends to diversify its attack capabilities and improve survivability. Furthermore, it has been suggested that North Korea is carrying out significant modification of its rocket launch tower in Tongch’ang-ri district. In the future, North Korea could launch long-range ballistic missiles which are larger compared to the past.
- Should North Korea acquire longer-range ballistic missile capability and achieve the miniaturization of nuclear weapons and acquired nuclear warheads, and in turn have a false sense of confidence and recognition that it secured strategic deterrence against the United States, this could lead to increases in and the escalation of military provocations by North Korea in the region and could create situations that are deeply worrying also for Japan.
- The ballistic missile launches since 2014 have demonstrated improvements in the operational capabilities of North Korea’s ballistic missile units, including surprise attack capabilities, with several ballistic missiles launched from locations and at timings as North Korea chooses. The North Korean ballistic missile threat is increasing further.
- The development of WMDs and missiles by North Korea constitutes, coupled with its provocative words and actions, including missile attacks against Japan, a serious and imminent threat to the security of Japan. Additionally, such development poses a serious challenge to the entire international community with regard to the non-proliferation of weapons, including WMDs.

### Domestic Affairs

- Kim Jong-un, First Chairman of the National Defense Commission, has conducted frequent personnel reshuffles, and individuals selected by First Chairman Kim Jong-un have been assigned to the key party, military, and cabinet posts. It is believed that the First Chairman endeavors to strengthen and consolidate his regime as its sole leader.
- In 2014, the North Korean media stopped reporting the activities of Kim Kyong-hui, Secretary of the Korean Workers’ Party and First Chairman Kim Jong-un’s aunt. Meanwhile, the North Korean media began to report the activities of the First Chairman’s younger sister, Kim Yo-jong, as a senior member of the Korean Workers’ Party. It is suggested that a generational change in the leadership may be taking place among the Kim family.
- The Kim Jong-un regime appears to be moving on track to a certain degree. However, the chilling effect resulting from the frequent personnel reshuffles, including dismissals, could propel North Korea to turn to military provocative actions without making sufficient diplomatic considerations. In addition, some point to the concern over social control such as the increasing inequality between the rich and the poor and the inflow of information from abroad – a concern which needs to be monitored from the perspective of regime stability.

### Relations with Other Countries

- China is a vital political and economic partner for North Korea and maintains a degree of influence on North Korea. However, North Korea does not necessarily adopt actions which are in line with the position of China over nuclear and ballistic missile issues, and mutual visits of senior officials have decreased. In this light, relations between China and North Korea may be cooling on the political and diplomatic domains. Given such circumstances, North Korea-China relations will continue to be followed.
- On the other hand, in 2014, North Korea intensified its diplomacy with Russia. The year saw mutual visits by many senior officials as well as advances in economic cooperation.

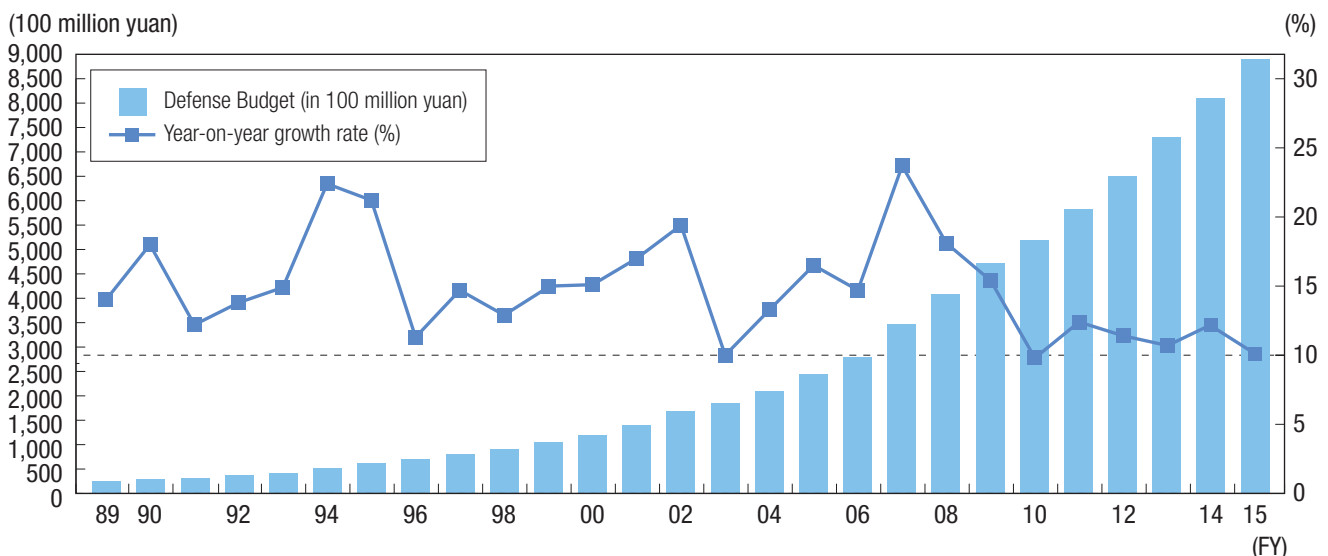
## General Situation

- There are high expectations for China to recognize its responsibility in the international community, accept and comply with international norms, and play an active role in a more cooperative manner on regional and global issues.
- While advocating “peaceful development,” China, particularly over maritime issues where its interests conflict with others’, based on its own assertions incompatible with the existing international legal order, continues to act in an assertive manner, including coercive attempts at changing the status quo, and is poised to fulfill its unilateral demands without compromise. China’s actions include dangerous acts that may invite unintended consequences, raising concerns over China’s future direction.
- China has attempted to advance its own initiatives in the security field. At the Conference on Interaction and Confidence-Building Measures in Asia (CICA), for example, China criticized military alliances and proposed “the security of Asia by the people of Asia.” In the field of international finance, China established the New Development Bank BRICS (Brazil, Russia, India, China, and South Africa) and is preparing to establish the Asian Infrastructure Investment Bank (AIIB).
- In China, under the policy of cracking down on both “tigers” and “flies,” “corruption” has been subject to severe charges, including former prominent leaders of the party and military. During the fourth plenary session of the 18th Chinese Communist Party (CCP) Central Committee in October 2014, a decision that makes reference to advancing the “rule of law” under the guidance of the CCP was adopted. Accordingly, it is possible that further steps will be taken to address corruption within the party and military.
- China is believed to be enhancing its asymmetric military capabilities to deter military forces of other countries from approaching and advancing to China’s surrounding region, and to inhibit their military activities in the region (so-called “Anti-Access/Area-Denial” [“A2/AD”] capabilities).

## Military Affairs

- China has strengthened its military forces broadly and rapidly. Furthermore, China has rapidly expanded and intensified its activities at sea and in airspace, including the East China Sea and South China Sea. Japan has great concerns over such Chinese military activities, etc., together with the lack of transparency in its military affairs and security issues, and needs to pay utmost attention to them. These activities also raise security concerns for the region and the international community.
- China has not disclosed specific information on possession of weapons, procurement goals and past procurements, organization and locations of major units, records of main military operations and exercises, and a detailed breakdown of the national defense budget. It is hoped that China will increase transparency concerning its military affairs by such efforts as disclosing specific information pertaining to its defense policies and military capabilities.
- China’s announced national defense budget continues to increase at a rapid pace, recording double-digit annual growth nearly consistently from FY1989 to the present. The nominal size of China’s announced national defense budget has grown approximately 41-fold in 27 years since FY1988 and nearly 3.6-fold in 10 years since FY2005.
- In order to acquire striking force that will enable penetration of the missile defense shield, China is considered to be developing a hypersonic glide vehicle which is launched by mounting to a ballistic missile. Some analysts point out that China may also be constructing its first domestic aircraft carrier. Additionally, China is developing the J-20 and J-31, which are said to become next-generation fighters.
- China is deemed to have established the “East China Sea Joint Operational Command Center” to jointly operate the Navy and Air Force. In addition, some analysts have stated that the CCP established the “Central Military Commission Joint Operations Command Center” to carry out decision-making at the highest strategic level. Furthermore, China has recently conducted drills aimed at the development of a joint operational posture.

Change in China’s Announced Defense Budget



Note: The total defense budget for FY2002 was not disclosed. Discrepancies arise if the disclosed rate and amount of growth are applied to the initial budget of the previous year. Therefore, for FY2002, 168.4 billion yuan was used based on a calculation conducted on the assumption that the disclosed rate and amount of growth represent increases from the actual defense expenditure in FY2001.

## Situation of Activities in Japan's Surrounding Waters and Airspace

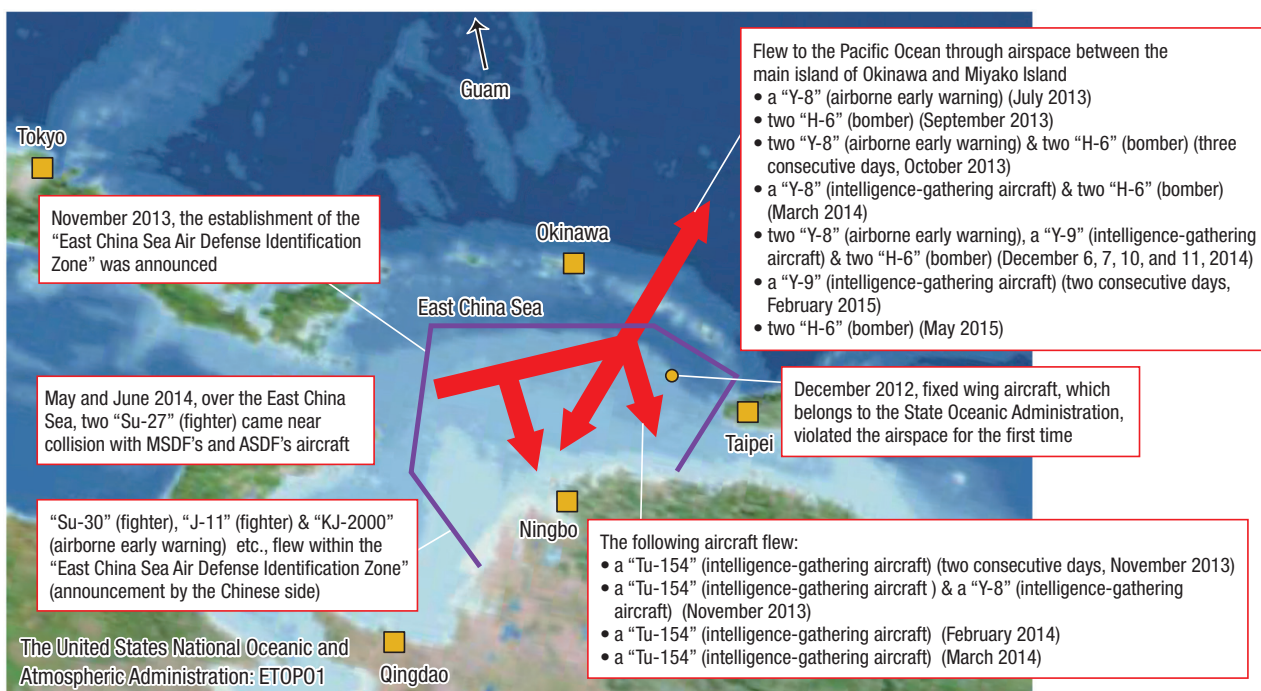
- In recent years, China is believed to be aiming to build up capabilities to conduct operations in more distant waters and airspace. Accordingly, China has rapidly expanded its maritime activities based on sea power and air power, both qualitatively and quantitatively. Such activities by China include dangerous acts that could cause unintended consequences and are extremely regrettable. China is urged to act on the basis of the principle of the "rule of law".
- The Chinese government announced that it established the "East China Sea ADIZ" including the Senkaku Islands which China described as if they were a part of China's "territory," and that the Chinese Armed Forces would take "defensive emergency measures" in the case where aircraft does not follow the relevant rules set forth by the Chinese Ministry of National Defense. These measures unduly infringe the freedom of overflight over the high seas, which is the general principle of international law. Japan is demanding China to revoke any measures that go against the principle of the freedom of overflight over the high seas.
- The number of Chinese naval surface vessels advancing to the Pacific Ocean has increased in recent years, and such advancements are currently conducted routinely. It is understood that China seeks to improve its deployment capabilities to the open ocean.
- With regard to the activities of Chinese government vessels, since October 2013, the operations of government vessels intended to intrude into territorial waters near the Senkaku Islands have become routinized. In this light, an operations manual or other codes may have been developed. Furthermore, China has striven to develop larger government vessels and is proceeding with the construction of the world's largest 10,000-ton class patrol vessel.

- It is thought that one of the objectives of China's maritime activities is to weaken the control of other countries over the islands to which China claims territorial sovereignty, while strengthening the claim of its territorial sovereignty, through various surveillance activities and use of force at sea and in airspace surrounding the islands.
- In recent years, China has shown interest in taking steps to avoid and prevent unexpected situations at sea. In April 2014, China, together with other countries such as Japan and the United States, agreed to the Code for Unplanned Encounters at Sea (CUES). Additionally, in January 2015, Japanese and Chinese defense authorities resumed the consultations to swiftly begin the implementation of the Maritime and Air Communication Mechanism. In November 2014, the United States and China announced their agreement on two confidence-building measures.

## Situation of Activities in the South China Sea and Indian Ocean

- In August 2014, a Chinese fighter allegedly flew abnormally close to and intercepted a U.S. Navy aircraft in the South China Sea.
- China has pressed ahead with rapid and large-scale land reclamation work in seven features in the Spratly Islands. On some of them, it is considered that China is building infrastructure including runways and ports, which has raised concerns among the international community, including the United States.
- A Song-class submarine conducted activities in the Indian Ocean from September to October 2014, and is deemed to have called at a port in Colombo, Sri Lanka, twice in the same year. As such examples demonstrate, the Chinese Navy has improved its capacity to execute operations in more distant waters, including the Indian Ocean.

### Recent Chinese Activities in Airspace near Japan



- China has been engaged in oil and gas drilling as well as building facilities and surveying for the drilling in the East China Sea and South China Sea. The Japanese government has confirmed that in addition to its existing platforms, China has been building new

offshore platforms and other facilities on the Chinese side of the Japan-China median line of the East China Sea since June 2013. Japan has repeatedly lodged protests against China's unilateral development and demanded the termination of such works etc.

## Russia

- Russia has made clear its adversarial stance against the West and other countries over Ukraine, which Russia considers is under its sphere of influence. Even in the face of a severe economic situation, Russia has continued to increase its defense budget and modernize the Russian Armed Forces. Recently, Russia has intensified the activities of the Russian Armed Forces not only in the Asia-Pacific, but also in the Arctic, Europe, and areas near the U.S. mainland, and there has been a trend to expand their area of activity.
- In the Eastern Military District, including the Far East, the large-scale exercise “Vostok 2014” participated by over 155,000 personnel

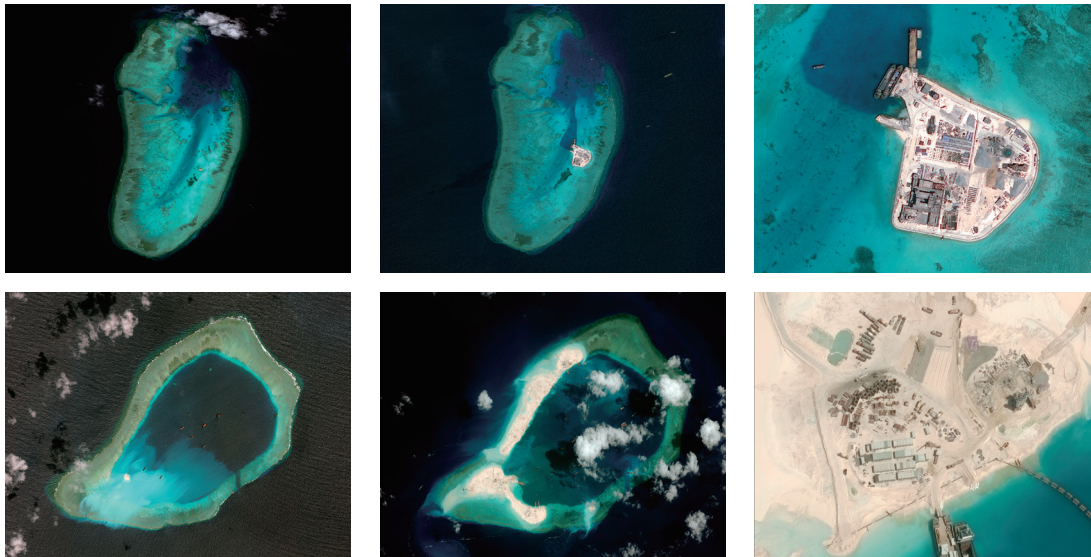
was conducted in September 2014, in which the combat readiness of units was assessed. In addition, an exercise was conducted in the “Kuril Islands” that include the Northern Territories.

- In Ukrainian territory, Russia has attempted to change the status quo by force or coercion by engaging in “hybrid warfare,” in which acts of aggression are carried out through methods that cannot be clearly labeled an “armed attack” based on their outward form. Russia’s action is recognized as a global issue that could impact the entire international community, including Asia.

## Southeast Asia

- In the South China Sea, there are territorial disputes with China, and recently, there has been growing friction with China. Since May 2014, the Philippines and Vietnam have lodged protests over China’s alleged activities, including land reclamation and construction of runways at the reefs of the Spratly Islands.

- In recent years, Southeast Asian countries have increased their defense spending against the backdrop of economic development and other reasons, and are modernizing their military forces focusing on inducting major equipment of their naval and air forces, such as fourth-generation modern fighters and submarines.



The situation of China’s land reclamation work in the Spratly Islands. The top row, from left to right, shows the before and after photos of the reclamation at Johnson South Reef, as well as a close-up of the reclaimed area (photos taken in January 2012 and March 2015). The bottom row shows the situation in Subi Reef (January and March 2015).  
[CSIS Asia Maritime Transparency Initiative / DigitalGlobe]

## Trends in Regional Conflict and International Terrorism

- An array of problems is at the root of conflicts occurring in recent years in various parts of the world, including ethnicity, religion, territory, and resources. In many cases, areas where civil wars or regional conflicts have created or expanded a governance vacuum have become a hotbed of the activities of terrorist organizations. Among them are organizations which operate across national borders and regions, which continue to pose imminent security challenges to the international community. The presence of states with weak governance has made it difficult to tackle risks such as the pandemic and spread of infectious diseases.
- As a general trend, with the advancement of globalization, transnational terrorist organizations are using social media and other cyber space tools to share information and conspire within their own organizations or with other groups, as well as to acquire

weapons and funds and recruit fighters. These organizations carry out propaganda using tactical public relations strategies. ISIL has gained strength by seizing the opportunity of the confusion in Syria and Iraq. ISIL has an exceptionally substantial funding source, a powerful military force which can stand face-to-face with a nation, and de facto control of some territory, making ISIL a particularly striking presence. Under these circumstances, organizations that pledge allegiance to ISIL have emerged worldwide.

- In developed countries, such as the United States and European countries, there has been a rise in young people who sympathize with the extremism of international terrorist organizations, including ISIL, against the backdrop of dissatisfaction towards estrangement from society, discrimination, poverty, and disparities. In an increasing number of cases, these people have joined the

activities of international terrorist organizations as fighters and conduct “home-grown” and “lone-wolf” terrorism activities in their countries. Such developments have heightened the risk of terrorism in developed countries, and Japan is not in any way immune from it.

- The proliferation of the threat of terrorism has gained momentum. The diversification of its perpetrators, coupled with the growing complexity of regional conflicts, has made it further more difficult to prevent their occurrence. For this reason, international cooperation on counter-terrorism measures has become even more important.

## Maritime Trends

- In the East China Sea and the South China Sea, it has become increasingly common for countries to unilaterally assert their rights or take actions, based on their unique assertions which are incompatible with the existing international law and order. This has caused situations of undue infringement upon the principles of “freedom of navigation in the high seas” and “freedom of overflight over the high seas.”
- The Arctic states have been more proactively promoting efforts to acquire their interest in resource development and use of

Currently, the international community as a whole is taking various steps, including military actions as well as cutting off the funding sources of terrorist organizations and preventing the international movement of terrorist fighters.

- The rapid and vast outbreak of the Ebola virus disease in West Africa threatens the stability of the affected countries, which have weak governance and poor crisis management capabilities, and spread the disease to other countries in the West, shedding light on the risk posed by the spread of infectious diseases seriously.

## Outer Space and Security

- Major countries make efforts to enhance the capabilities of a variety of satellites and launch them for the purpose of enhancing C<sup>4</sup>ISR\* functions. Such satellites include image reconnaissance satellites reconnoitering military facilities and targets, satellites gathering radio wave information for military communications, communication satellites for military communication, and positioning satellites for navigating naval vessels and aircraft and

the sea route. The strategic importance of the Arctic Region is thus increasing.

- “Open and Stable Seas” constitute the basis for peace and prosperity of the international community as a whole. In this regard, each state has been tackling on its own or with others various issues including piracy, unidentified vessels, illegal dumping, contraband, human smuggling, maritime disasters, and the removal of hazardous substances, for maintaining the stability of sea lanes of communication.

enhancing the precision of weapons systems.

- Meanwhile, as illustrated by China’s Anti-Satellite Test, the development of anti-satellite weapons and the spread of space debris have been noted as a threat against space assets such as satellites owned by countries. In this regard, the risk to the stable use of outer space has become one of the critical security challenges countries face.

\* C<sup>4</sup>ISR: Stands for Command, Control, Communication, Computer, Intelligence, Surveillance, and Reconnaissance.

## Trends concerning Cyberspace

- For armed forces, information and communications form the foundation of command and control, which extend from central command to ground-level forces. In this regard, information and communications technology (ICT) advancements are further enhancing the dependence of units on information and communication networks.
- For this reason, cyber attacks are regarded as an asymmetrical strategy capable of mitigating the strengths of adversaries by exploiting the weaknesses of an adversary’s forces. It is believed that many foreign military forces are developing offensive capabilities in cyberspace.
- Cyber attacks have frequently been carried out against the information and communication networks of government

organizations and military forces of various countries. It has been suggested that government organizations of China, Russia, North Korea, and other countries have been involved. In addition, cyber attacks have been growing more sophisticated and complicated by the day. Cyber security has become one of the most important security issues for countries.

- There has been a movement to establish codes of conduct in cyberspace. It has been suggested, however, that there is disagreement between the countries’ assertions, with countries such as the United States, European countries, and Japan calling for maintaining free and unrestricted cyberspace, while many countries such as Russia, China, and emerging countries call for strengthening the national control of cyberspace.