

# 50th Anniversary of Revision of the U.S.-Japan Security Treaty

## Rivalry in the Indian Ocean: Grand Strategy of the 21st Century and the U.S.-Japan Alliance



“String of Pearls” ① Gwadar  
② Chittagong  
③ Sittwe  
④ Hambantota

China-India hot spots a Aksai Chin  
b Arunachal Pradesh

Date & Time: 10:00-18:00, Friday, June 4, 2010

Venue : Masaru Ibuka Auditorium,  
International Conference Center,  
Waseda University, Tokyo

Organizer : Japan Institute for National Fundamentals (JINF)


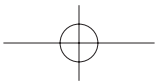

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Mr. Akihisa Nagashima



Dr. Michael Pillsbury    Dr. Yang Mingjie    Ms. Yoshiko Sakurai    Dr. Brahma Chellaney    Dr. Tadae Takubo





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June 4, 2010

Organized by the Japan Institute for National Fundamentals (JINF)

Sponsored by the Sankei Shimbun

Held at Masaru Ibuka Auditorium, Waseda University, Tokyo

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(This is an edited transcript of the symposium.)





## [Session 1]

### Opening Remarks

#### **MS. YOSHIKO SAKURAI, PRESIDENT, JAPAN INSTITUTE FOR NATIONAL FUNDAMENTALS**

The Japan Institute for National Fundamentals aims to restore Japan as a normal country. Since the end of the Second World War, Japan has been a mentally secluded country. Under the security umbrella of the United States, Japan has been focusing exclusively on economic activity, with no regard for national security or foreign policy. The Japan of the Meiji Era, which achieved greatness through its “fukoku-kyohei” (wealthy country, strong army) initiative, has disappeared. Now is the time to break the shell of mental seclusion. Open your eyes wide, and you will see that the situation in the region surrounding Japan is drastically changing. As this year marks the 50th anniversary of the revision of the Japan-U.S. Security Treaty, many Japanese think-tanks are focusing on affairs concerning the bilateral relationship between Japan and the United States. However, we cannot overcome global challenges merely by depending on the alliance between Japan and the United States. We must consider from a multifaceted perspective how Asian countries, including Japan and India, and the international community should deal with the momentous changes that the United States and China are undergoing.

China poses the greatest challenge of all. I feel respect for China’s remarkable rise and wonderful success. However, does China really deserve our respect? Isn’t China emerging as a threat to us? Isn’t it developing into a destabilizing factor for Asia and for the world? To get answers to these questions, we have invited guests from China, the United States and India. The main objective of this seminar is to discuss on the situation of the Indian Ocean, which is turning into a sea of conflict in the 21st century. I am sure that this should also be the biggest theme for the 50th anniversary of the revision of the Japan-U.S. Security Treaty. By holding serious discussion on this theme, I hope to use this seminar to encourage many people to have moments of reflection and prompt Japan to take the first step toward renewing itself as a normal country.

### Keynote Speeches

#### **MR. AKIHISA NAGASHIMA, PARLIAMENTARY VICE MINISTER OF DEFENSE, JAPAN**

One of my favorite books is *America's Strategy in World Politics*, which was written by Nicholas J. Spykman, an American scholar of geopolitics. This book, which was published in 1942, in the midst of the Second World War, is well known for its huge impact on the postwar U.S. foreign policy. It deserves credit for encouraging the United States to continue to engage with international affairs in the postwar period without reverting to the isolationism of the Monroe Doctrine.

Spykman said even if the United States chose the policy of non-intervention assuming that its distance from Europe and Asia would assure safety, an Old World (Eurasia continent) unified by a specific country would be certain to go on to conquer the New World (the American continents) and it would be unstoppable.

As I understand it, this was a warning that if a country with a huge influence in Eurasia emerged, it could threaten the safety of the sea lane that is vital for our survival and prosperity. The solution that Spykman proposed for this risk was to the effect that in its foreign policy, the United States had no option but to work with the countries that formed the Rimland (the coastal areas of Eurasia) to prevent the expansion of the force of the Heartland (the central areas of Eurasia).

As early as seven decades ago, Spykman asserted that the United States should form alliances with Rimland naval powers like the United Kingdom and Japan. At the same time, he issued this warning to the pro-China faction in the State Department: “A modernized and militarily stronger China would pose a threat to the Western nations in the Asian Mediterranean Sea (South China Sea). A China with aviation power, supported by its continental character, would prevail in the Asian Mediterranean Sea.”

In 2008, a senior officer of the Chinese navy made comments that appeared to vindicate Spykman’s warning when he met with Admiral Timothy J. Keating, who was the Commander of U.S. Pacific Command at that time.

Admiral Keating mentioned the Chinese navy officer’s comments to Admiral Sureesh Mehta, the chief of the Indian naval staff, on May 14, and news about these comments was carried by an Indian newspaper and spread worldwide. According to the newspaper’s account, the

Chinese navy officer proposed a division of the Pacific Ocean between China and the United States on the assumption that China will own aircraft carriers in the future. The United States should take the eastern half of the Pacific Ocean from Hawaii in exchange for allowing China to control the western half and the Indian Ocean. In that case, the Chinese navy officer suggested, the United States would not have to extend its reach into the Western Pacific and the Indian Ocean. For its part, China would not need to venture into the Eastern Pacific. If something happened in the areas controlled by China, the United States would be notified. If something happened in the sphere of U.S. influence, Washington should let Beijing know. These were the suggestions made by the Chinese navy officer.

The fact that the Chinese officer referred to the control of not only the Western Pacific but also the Indian Ocean is evidence of China's confidence in its naval power.

Before talking about the Indian Ocean, let me remind you of the background. What has happened in the South and East China Seas during the two decades since the end of the Cold War? China's behavior has a distinct pattern. First, it declares sovereignty over disputed islands. In 1992, the year after the United States closed its military bases in the Philippines, China designated most of the South China Sea as Chinese territory under its own territorial waters law. The Senkaku Islands (a chain of islands in the East China Sea controlled by Japan over which China claims sovereignty) are included in that region. After declaring its sovereignty, China starts to conduct occasional maritime surveys, and eventually, Chinese military vessels are deployed around a disputed island and people supposed to be private citizens land on it, exert effective control of it and construct military facilities. Through this pattern of behavior, China has established hegemony over the South China Sea. What is noteworthy is that all these things happen in peacetime. We must keep in mind China's tendency to expand its hegemony without waging war in line with ancient military strategist Sun Tzu's teaching on warfare.

Some people say that China has a strategic goal of becoming a naval superpower. Admiral Liu Huaqing, who was known as the right-hand man of Deng Xiaoping, mapped out a long-term maritime strategy for China in 1982. This strategy called for China to enhance its coastal defense capability by 2000. It also aimed to establish maritime supremacy in the seas within a line of defense known as the first island chain (extending from Kyushu,

Japan's southernmost main island, through Ryukyus, Taiwan and the Philippines to Borneo) by 2010. The long-term strategy aimed to establish maritime supremacy in the seas within the second island chain (extending from Ogasawaras through Guam, Saipan, Tinian to Papua New Guinea) by 2020 by building battleship groups led by conventional aircraft carriers. Ultimately, the strategy envisioned China becoming a naval superpower equal to the United States by 2040 by building battleship groups led by nuclear-powered aircraft carriers and eroding the supremacy of the U.S. Navy in the Western Pacific and the Indian Ocean. In short, as early as three decades ago, China had a grand strategy looking 60 years ahead with an ambitious eye on the Indian Ocean.

In reality, China is said to be around five years behind compared with the timetable of that strategy. Under its modernization plan, by 2015, the Chinese navy will secure air supremacy over the seas up to 1,500 kilometers from the mainland China – roughly speaking, this extends to a line just outside the first island chain — by using land-based aircraft and will deploy more than 40 missile-armed submarines in addition to surface ships so that it can prevent carrier-based U.S. aircraft from intruding into this area. According to Japanese military experts, this plan is almost in line with the long-term strategy mapped out by Admiral Liu Huaqing in the 1980s, although there is some time lag between their timetables. In particular, the threat posed by cruise and ballistic missiles mounted on surface ships and submarines is growing remarkably. China is thus acquiring anti-access/area-denial capability gradually. If China extends its anti-access capability to the second island chain, Japan, South Korea, Taiwan and the Philippines will be within the area affected.

Generally speaking, a continental power is believed to face difficulty extending its reach into the blue waters. That is because a continental power needs to build up its defense across its long borders with many countries. China has borders with 14 countries, including Russia, Vietnam and Myanmar. Until its borders are demarcated definitely, China will face difficulty venturing into the blue waters. However, China is close to completing the border demarcation. It has only two countries left – Bhutan and India – with which it has yet to resolve differences over the border demarcation. Those differences have been narrowed considerably. China is growing powerful enough to afford to wholeheartedly pour its national energy into its blue water ambition — namely its push into the Western Pacific in its east and

into the Indian Ocean in its south.

The Indian Ocean is a vast area surrounded by Asia, Africa and the Antarctica. In the coastal areas facing the Indian Ocean, there are trouble-spot countries such as Somalia around which piracy is rampant, Iran which is suspected of developing nuclear weapons, and terrorism-prone Pakistan. Another potential trouble spot is the Strait of Malacca, a choke point of the vital sea lane for Japan and other countries. Some people in the United States used to refer to this region as an “arc of instability.” This ominous description appears to fit the current situation of this region perfectly. As many as 100,000 cargo ships sail through the Indian Ocean annually. More than one billion tons of crude oil is transported through this ocean each year. Forty percent of sea surface traffic goes through the Strait of Malacca. Also, 40% of exported crude oil goes through the Strait of Hormuz (a waterway through which tankers from the Persian Gulf coast go out into the Indian Ocean). Global energy demand is forecast to grow 45% over the period through 2030, with India and China together accounting for half of that growth. In particular, 85% of oil products bound for China goes through the Indian Ocean. In short, the Indian Ocean will be critically important for the future economic development of China.

Therefore, China has provided various forms of aid to its friendly partners in South Asia, making massive investments in the construction of strategic port facilities. This approach has three goals. First, China is seeking to ensure that oil and other products can be imported through South Asia — particularly Myanmar, its closest neighbor in the region — without going through the Strait of Malacca. The second goal is firing a warning shot at India, which stands in the way of China’s attempt to extend its reach into the Indian Ocean. Third, China apparently aims to establish its supremacy in the Indian Ocean as envisioned in Admiral Liu Huaqing’s long-term strategy.

China invested \$1.2 billion in Gwadar Port in Pakistan in order to increase the number of berths there from only three to 12 by 2012. China is also actively investing in Hambantota Port in Sri Lanka, a transit point for crude oil shipment. There is talk that this port, which is as deep as 22 meters, may be used to host an aircraft carrier, or that it may eventually grow large enough to allow as many as 33 ships to dock. In Chittagong, Bangladesh’s second largest city, China is expanding container facilities and oil-related facilities. When completed, the \$9 billion project will triple the capacity of this city’s port compared with the current level. Myanmar is very important for China’s

hope to bypass the Strait of Malacca. It provides a short-cut access from the Indian Ocean to China’s Yunnan Province. While China is supporting the expansion of Sittwe Port in Myanmar, it is also said to have constructed electronic information and military facilities in Great Coco Island. This array of facilities forms what is known as China’s “String of Pearls.” Moreover, there is also a plan to develop a canal in Kra Isthmus in Thailand. The development of such a canal, which would directly link the Indian Ocean and the South China Sea, would be an earth-shaking project that rivals the development of the Panama Canal and the Suez Canal. While there are political challenges such as whether opposition from the United States and Singapore as well as environmental groups can be overcome, I think that this plan is more than just a pipe dream given its potential to help China resolve its strategic weakness.

Of course, India is counteracting this Chinese offensive. According to the 2010 edition of *the Military Balance*, which is published by the International Institute for Strategic Studies of the United Kingdom, Admiral Mehta, the former chief of the Indian naval staff, has set forth a new doctrine and expressed India’s intention to (i) build a credible deterrent force without engaging in an arms race with China and (ii) expand its critical maritime area to include the South China Sea and other parts of the Western Pacific and maintain cooperation with maritime countries with which it has friendly relations. Of course, I believe that Japan will be among India’s partners. We will pay close attention to India as the country has started building an aircraft carrier earlier than China and plans to spend more than \$30 billion to strengthen its navy over the coming years. As an apparent act of warning against China, India is building military intelligence-related facilities in Madagascar, an island country in the Indian Ocean, and in Mozambique on the African east coast. It is also constructing an airfield in Kazakhstan and a space information center in Mongol, right in the backyard of China.

Of course, the Indian Ocean is a vital region for Japan as well. We are interested in the security of the Indian Ocean as much as in the security of the Pacific Ocean. India is making efforts to make constructive contributions to the security of the Indian Ocean by sponsoring a multilateral symposium and holding joint military drills with other countries. Japan is ready to provide strong support for India’s such efforts. In September 2007, a five-nation joint naval drill, which

brought together the naval forces of the United States, India, Japan, Australia and Singapore, was conducted off Great Coco Island in the Bay of Bengal. This was a large-scale military exercise that involved 20,000 personnel, 28 military vessels, including three aircraft carriers — two from the United States and one from India — and 150 aircraft. This military drill included maneuvers to deal with enemy aircraft, submarines and surface ships. In April 2009, a three-nation naval drill, involving Japan, the United States and India, was conducted in the seas around Japan's Kyushu and Okinawa. I believe that Japan should actively participate in joint military drills and consider arranging such exercises on a regular basis.

Neither Japan nor the United States has participated in the multilateral naval symposium that India sponsors. Japan has requested to be allowed to participate in it as an observer if not as a formal member. Japan has not been invited to join this symposium because its coasts do not face the Indian Ocean. However, such discussions about maritime order should be actively held with the participation of various countries including China, too.

What was regrettable about the eight-month period of the Hatoyama government was the fact that the Maritime Self-Defense Force withdrew destroyers from the Indian Ocean, an area vital for Japan as I explained, and suspended the refueling operations (to support anti-terrorism activities) that had continued for about eight years. We have been barely supporting international efforts to maintain the security of the western part of the Indian Ocean by deploying two destroyers for anti-piracy operations off the coast of Somalia and P-3C patrol aircraft in Djibouti. I believe that Japan must restore its presence in the Indian Ocean as soon as possible, irrespective of whether we should resume refueling operations to support anti-terrorism activities or the Self-Defense Forces should directly participate in maritime interdiction operation.

In the Western Pacific, we must counter China's anti-access capability that I mentioned earlier. In the Quadrennial Defense Review (QDR), which was announced by the United States in February this year, there was a notable keyword, which is Air-Sea Battle Concept. This concept has made it clear that the United States will seek to counter anti-access capability through the integrated air and maritime operations. For Japan, it is critical how much it can contribute to the peace and stability of the Western Pacific by strengthening its cooperation with the United States.

Under the agreement reached in May between Japan

and the United States (on the relocation of the Futenma airfield to Henoko in northern Okinawa), we embraced a concept that was not adopted under a bilateral agreement reached on the relocation issue when the Liberal Democratic Party was in power. The new concept is "dynamic deterrence," which refers to enhancement of deterrence through the dispersion of U.S. Marine bases in several locations throughout Japan. In order to maintain maritime stability in a comprehensive manner, we need to increase military bases that can be used by both the Self-Defense Forces and the U.S. military. Depending on the circumstances, we may need to consider deploying Japanese patrol aircraft in Guam on a permanent basis, conducting a joint military drill with the U.S. military in Tinian, or asking for joint use of the U.S. Navy base in Diego Garcia, an Indian Ocean island.

Lastly, we need to establish a domestic legal framework that is necessary for putting our ideas into practice. Under current domestic laws, Japan cannot conduct maritime interdiction operation or inspections of ships in the high seas. We will make ourselves ready to fulfill our responsibilities to the international community by speeding up efforts to establish the necessary domestic legal framework.

**DR. BRAHMA CHELLANEY, PROFESSOR OF STRATEGIC STUDIES, CENTER FOR POLICY RESEARCH, INDIA**

In no part of the world is the security situation so dynamic and in such flux as in the Indian Ocean Region. This is a large region. It extends all the way from Australia to eastern Africa and southern Africa. It also covers the entire arc of Islam — from the Horn of Africa and the Saudi desert to Malaysia and the Indonesian archipelago. So, most of the world's Muslim populations are concentrated in the Indian Ocean Region. And given the spread of Wahhabism in the world and the link between Wahhabism and international terrorism, it is not an accident that the vast majority of terrorist attacks in the world are concentrated in the Indian Ocean Region. This region is also the center of the challenges of the 21st century world — from extremism and terrorism to piracy and safety of sea lines of communication.

In fact, the Indian Ocean Region symbolizes the global non-traditional security challenges — from environmental pollution and degradation of coastal ecosystems to a mercantilist approach on energy and the juxtapositioning of energy interests with foreign-policy interests. This is



the region where old security threats and concerns meet with new security concerns. The old and the new security orders intersect in the Indian Ocean Region. In fact, this region serves as a case study of how the global security challenges have fundamentally changed. In the past, we were preoccupied with traditional security challenges but increasingly non-traditional security challenges are becoming important and this is so evident in this Indian Ocean Region. How the security and power dynamics in this region evolve will have a direct bearing on Asian security.

We should not forget that the security situation in Asia itself is in flux. Asia has the world's fastest growing economies. We all know that. But Asia also has the world's fastest-rising military expenditures, the most dangerous hot spots, and the fiercest energy competition. In past world history, the competition for a balance of power was centered on Europe. Even the Cold War was not really an East-West rivalry but a competition between two blocs of Europe. For the first time we are faced with the task of building power equilibrium across the globe – an equilibrium that will be very much influenced by Asian power dynamics and thus bear a distinct Asian imprint.

The biggest challenge in my view in Asia and the Indian Ocean Region is how to build stable power relations. The Indian Ocean Region will have a decisive role in determining whether we will see the rise of a multipolar Asia or a unipolar Asia. It is in this part of the world that this issue will be decided, not so much in East Asia, where the balance of power is more or less clear.

More fundamentally, the ongoing power shifts in the world are primarily linked to Asia's phenomenal economic rise. How far and how fast Asia has come up can be seen from a 1968 book written by a Swedish economist and Nobel laureate, Gunnar Myrdal. The title of the book was *Asian Drama*. In that book, the author writes about how poverty, resource constraints, population pressure are weighing down Asia. In 2010, the Asian drama is not about poverty, even though there are a lot of poor people in Asia. Today's Asian drama is about rising prosperity, about Asia's growing profile in international relations.

The global power shifts propelled by Asia's rise are happening for the first time in world history, not because of battlefield victories or new military alignments. They are happening because of a factor that is unique to our modern world: rapid economic growth. Rapid economic growth by itself is instigating qualitative shifts in global power equations. When power shifts are happening because of

non-traditional factors, it is hardly a surprise that non-traditional security challenges are beginning to weigh heavily in our calculations and are beginning to haunt the security scenarios in some regions.

At a time when Asia is in transition with the specter of power disequilibrium looming large, it has become imperative to invest in institutionalized cooperation to help build strategic stability. After all, not only is Asia the pivot of global strategic challenges, but also Asian challenges are by themselves playing into international strategic challenges. The changing power equations in Asia are illustrated by China's increasingly assertive foreign policy, Japan's desire for a more "equal" relationship with the United States and the sharpening Sino-Indian rivalry that has led to renewed Himalayan border tensions.

Today, China is showing greater interest no doubt in the Indian Ocean Region and is pursuing what a study for the Pentagon has called a "String of Pearls" strategy. That has underscored the need to build power stability in this region. After all, in addition to non-traditional security challenges in this part of the world, the traditional security maritime challenges remain important, including freedom of navigation, security of sea lanes, maritime boundary and domain protection, proliferation of weapons of mass destruction, and challenges to law and order, including from piracy and trafficking of arms by sea.

Central to Asia's own future is the strategic triangle made up of China, Japan, and India, and the relationships of each of these three principal Asian economies with the United States, which remains the single most important player in Asia. These relationships among the four countries loom large on the Asian geopolitical landscape.

So, let me briefly turn to the role of each of these four countries. First, Japan. As Asia's first modern economic success story, Japan has always inspired other Asian nations. The Japanese economic success story actually dates back to the Meiji era. Japan's rise from the Meiji era, not only served as a model for other Asian economies, but also provided a fillip to Asian independence movements in the first decades of the 20th century.

Today, with the emergence of new economic tigers and the rise of China and India, Asia collectively is bouncing back from nearly two centuries of historical decline. The most far-reaching but least-noticed strategic development in this century has been Japan's political resurgence. Long used to practicing passive checkbook diplomacy, Japan today seems intent on influencing Asia's power balance, even if it is still struggling to get its act together. A series

of subtle moves are signaling Japan's desire to chart a new future.

Although the two demographic titans, China and India loom large economically, the much smaller Japan is likely to remain a global economic powerhouse for the foreseeable future. One has to look at the size of Japanese economy. Today, it is just below \$5 trillion. And even 2% annual growth in Japan translates into \$100 billion annually in addition to economic output which is larger than the entire annual GDP of small economies like Singapore and the Philippines. Still, given China's rapid economic strides, Japan has been readying itself for the day when it is eclipsed economically by its neighbor. Leading-edge technologies and a commitment to craftsmanship, however, are expected to power Japan's future prosperity just the way they have powered its growth in the past.

Now, let me turn to China. There can be no doubt that China is trying to make strategic inroads into the Indian Ocean Region. More broadly, China's rise in one generation as a global player under authoritarian rule has come to symbolize that qualitative reordering of power in the world. Not since Japan rose to world power status during the Meiji period, has another non-Western power risen so fast and risen in a way to influence and shape international geopolitics the way China has risen. As the 2009 assessment by the U.S. intelligence community pointed out, China stands to more profoundly affect global geopolitics than any other nation. China's rise, however, is dividing Asia, not bringing Asian countries together.

Historically, the rapid buildup of any navy has been a precursor to more expanded national ambitions. Today, we see China focused on two modernizations; one is naval modernization, the other is nuclear forces modernization. In the coming years though, China's strategic objectives will not be much different from what they are today, and there are basically five broad objectives that China is seeking to pursue. The first one is the safeguarding of the country's vast land and sea frontiers. China sits in the middle of Asia and therefore it has many neighbors, 14 land neighbors alone. Second is the safeguarding of internal stability and security – a concern underscored by the fact that 60% landmass of the People's Republic comprises homelands of ethnic minorities, and for 2 years in a row we saw internal revolts by ethnic minorities, first, the revolt in Tibet in 2008 and then in 2009 by the Uyghur in Xinjiang. A third goal of China is expanding trade and commercial interests overseas. Fourth, preventing the rise of peer competition from another Asian state,

especially Japan and India, even as China positions itself as a militarily strong and economically dynamic peer competitor to the United States. And fifth, frustrating efforts by any outside power to set up new military bases or security arrangements around China's periphery.

Through the ongoing accretion of greater military power, China hopes to be better positioned to promote most of these interests in the coming years. It is set to develop clear and deep linkages between trade and foreign policy, and between trade and power projection. The creeping extension of China's security perimeter though is bound to increase international concerns about the opacity of its strategic doctrine and military expenditure which is the highest in Asia.

China's priority will remain what it has been for long: working to shift the balance of power in the Asia-Pacific in its favor. With its growing emphasis on projecting naval power far from its exclusive economic zone, China is seeking to deploy a fleet of nuclear-powered ballistic missile submarines. The Sino-Russian gap in nuclear assets out at sea is on a decline in the coming years. In fact, China before long is likely to have more nuclear assets at sea than Russia. Even conventionally, China's naval power is set to grow sharply as Beijing expands its indigenous ship building activities and deploys naval assets far from its shores. Little surprise, the Chinese Navy is beginning to show open interest in extending its reach and operations to the Indian Ocean Region – a crucial passageway for oil deliveries and other trade. In fact, the Indian Ocean Region now is the world's leading premier trade and energy seaway.

This interest is manifest from the Chinese projects in the Indian Ocean Region. As Minister Nagashima had outlined, these projects include the port building in Hambantota in Sri Lanka, the modernization of Bangladeshi port at Chittagong, and the already operational Chinese port in Pakistan, Gwadar, which sits at the entrance to the Strait of Hormuz. The Strait of Hormuz is the only exit for Persian Gulf oil. In addition, China is building the Irrawaddy Corridor linking Yunnan province in China with Burmese ports on the Bay of Bengal.

China's future trajectory will depend on how its neighbors and other players like the U.S. manage its rapidly accumulating military power. Such management, independently and in partnership, will determine if China stays on the positive side of the ledger, without its power sliding into arrogance.

As far as India is concerned, it is very clear that it is

located in a very difficult region. It confronts what I call a tyranny of geography. Its neighborhood is a hub of major security challenges. Stability in the Indian Ocean Region is critical to India's economic and strategic interest. It is more dependent on oil imports from the Persian Gulf region, including Iran, than any other large economy in the world. It imports nearly 80% of its oil from the Persian Gulf region. Japan is even more dependent on oil imports than India. But unlike India, Japan has managed to diversify its oil imports and find some suppliers from regions other than the Persian Gulf. Still, Japan is equally vulnerable to any kind of disruption of oil shipments from the Persian Gulf region.

One has to recognize that much of the global oil export supply actually passes through the Indian Ocean Region that actually passes through two constricted passageways or arteries; one is the 89-kilometer-wide Strait of Hormuz located between Iran and Oman and the other is the piracy-plagued Strait of Malacca. The Strait of Malacca is only 22.5 kilometers wide at its narrowest point and it is located between Indonesia and Singapore. More than 50,000 ships pass through the Strait of Malacca every year. The security of these two main oil arteries is integral to the security of energy supplies for the major oil-importing countries like Japan and India and also of China because China has become an important oil-importing nation only in the last 15 years or so. Until the early 1990s, China was actually an oil-exporting country but then the situation changed and now something like 40% of its oil is imported.

Coming to the United States, whether you liked or not, George W. Bush's Administration had a very distinct geopolitical imprint in terms of its Asia policy. I do not see this kind of distinct Asia policy, let alone a distinct strategic imprint in Obama Administration's Asia policy. But speaking more broadly for the foreseeable future, the United States will remain a central player in Asia as well as in the Indian Ocean Region. This point is underscored by the fact that it is still waging war in Afghanistan, also in Iraq, it uses the Diego Garcia base in the Indian Ocean Region, and therefore it is the single most important military power in terms of assets and role in the Indian Ocean Region. Furthermore, speaking of Asia as a whole, China's rise by spurring new concerns is reinforcing America's role in Asia.

Yet, how the U.S.-China relationship evolves will have a direct bearing on America's alliances and strategic partnerships in Asia. After all, no alliance system, no partnerships are static; they evolve, and in Asia, America's

alliances and partnerships will evolve in response to how United States shapes its relationship with China. In fact, as the U.S.-China relationship acquires a wider and deeper base in the coming years, the strains in some of America's existing partnerships could become pronounced. After all, for the first time, building a stronger cooperative relationship with China is taking precedence in U.S. policy over the sale of advanced weaponry to Asian allies, lest the transfer of offensive arms raise Beijing's hackles.

The minister referred to the exercises that have been organized in the Indian Ocean Region. For example, there was this five-nation exercise Operation Malabar and there has also been a trilateral exercise — the U.S., Japan, and India — which has happened both in East Asia and in the Indian Ocean Region. But in recent months, the new U.S. administration has been rather cagy about participating in trilateral, quadrilateral or five-nation naval exercises because it is very concerned about China's reaction. Now, this is a new development therefore, that is why I said how the U.S.-China relationship evolves in the coming years will have a direct bearing on the future of America's own strategic alliances and partnerships in Asia.

Let me conclude. The main challenge in Asia centers on how to minimize geopolitical competition and maximize mutually beneficial cooperation. The Indian Ocean serves as a test case in that respect. Mercantilist efforts to lock up long-term supplies, for example, act as a damper to efforts to build institutionalized Asian cooperation on energy. Energy is not only getting intertwined with Asian geopolitics, but also influencing strategic thinking and military planning. Concerns over sea lane safety and rising vulnerability to disruption of supplies are prompting some countries to explore avenues for joint cooperation in maritime security.

Asia needs to overcome the baggage of history that weighs down heavily on all interstate relationships. Also, we need to start building common Asian norms and values. While the community in Europe was built among democracies, the political systems in Asia are so varied and some are so opaque that building interstate trust in Asia, let alone building common norms and values, is proving very difficult. In Europe, the bloody wars of the past century have made armed conflict unthinkable. But in Asia, there have been a number of major wars that have been fought in Asia starting from the Korean War in 1950 and then there were some other wars following that, and those wars have not settled matters. They have not been able to resolve many of the underlying disputes. And while

Europe has built institutions to underpin peace, Asia has yet to begin that process in earnest.

In fact, never before in history have China, Japan, and India been strong at the same time. Today, they need to find ways to reconcile their interests in Asia so that they can peacefully coexist and prosper. But there can be no denying that these three leading Asian economies and the U.S. have different playbooks: America wants a multipolar Asia but a unipolar world; China wants a multipolar world but a unipolar Asia; and Japan and India want a multipolar world and a multipolar Asia.

Finally, it is a mistake in my view to believe that greater economic interdependence by itself will improve regional or global geopolitics. As Asia demonstrates, trade in today's market-driven world is not constrained by politics. That is the reason why even rival nations have booming trade today. And if booming trade and economic interdependence was able to subdue geopolitical rivalries and prevent conflict, there would have been no World War I because the world was more economically interdependent in 1914 than it is today. So, the lesson it teaches us is that better politics is as important as better economics. You cannot have one without the other. Better politics in turn calls for greater transparency in strategic doctrines and military expenditures, and the building of cooperative approaches on shared concerns.

**DR. YANG MINGJIE, VICE PRESIDENT, CHINA INSTITUTE OF CONTEMPORARY INTERNATIONAL RELATIONS (CICIR)**

I came from China Institute of Contemporary International Relations. We are a think-tank for the government, but we do not want to repeat our government position. I want to say something about my personal opinions on the military buildup of China.

When I saw the front page of the pamphlet for today's symposium prepared by the Japan Institute for National Fundamentals, I found two interesting points. One is the topic. According to the pamphlet, our topic today is "Rivalry in the Indian Ocean." I want to add "for Cooperation." Second, there are four red points on the front map and it reminds me of so-called "String of Pearls" in the Indian Ocean that some foreigners gave to China. I have some different opinion on that. When we are talking about the Indian Ocean issues and the Chinese military buildup, we always want to think on the basis of traditional thinking of competition, rivalry and even the balance of

power. It means that some of our foreign friends could not really know the framework of the law and politics of China and the real process of the Chinese PLA (People's Liberation Army) military buildup. So today, I just want to focus on the political and legal framework for the Chinese military buildup.

In fact, I know that with the rise of China our neighboring countries worry about the future of Chinese military intention. But when we think about the real intention of the PLA, it is very important to think at first what the basis of law and political factors is for the PLA? When I talk to my foreign friends, one argument they always make is that the PLA is so independent that there is no leadership in China. But I say it is wrong.

First, according to the tradition of the Chinese Communist Party, all the armed forces of China have to be led by the party. According to the structure of Chinese political system, the PLA has to be led by the Central Military Commission of the government. This commission has a power to administrate the strategy, and make decisions and important operational doctrines for the PLA. Also, it leads the general departments of the PLA. We have four general departments in the PLA; general staff, general armament, general politics and general logistics. The seven main military commanders are also led by this commission. That means the party and the central government really control the PLA.

Second, the Central Military Commission not only administrates the political strategies and personal issues, but inspires the main operations for the PLA. For example, when the PLA wants to do some exercise, or wants to draw out some natural disaster relief operations, the Central Military Commission has the authority to give permission the PLA needs. Also, the Central Military Commission has the doctrines and policy to guard and to direct the PLA's military buildup. So for us it is very natural to think that the central party really controls almost all the important functions and tasks of the PLA.

But it does not mean that the Central Military Commission can control everything. There is another important party in the Chinese political system which is also integrated in the decision making process. That is the State Council. According to the Chinese National Defense Law, the State Council works together with the Central Military Commission especially on the budget and the military buildup program. And that means the State Council has some economic power to lead the PLA.

Another power of the State Council is so-called emergency management. Because there is an office of



emergency department in the State Council, it manages natural disaster issue and some other issues, especially in the crisis management. According to that mechanism, the PLA just plays one part of the national emergency mechanism. So in that case, the State Council will have some power to give instructions to the PLA. For example, in 2008 and again this year after the earthquakes, our premier had the authority to send troops to the disaster areas to give support to the civilian departments and the local governments.

So according to the National Defense Law and other regulations, the PLA is controlled by the party and the central government, especially the State Council. So I will give you the conclusion that the PLA is not such an independent power in China. It is just one factor of the Chinese political system. And this point becomes very clear if we analyze from the personal aspect. At the highest level of the Chinese political system, the political bureau of the communist party, we have two kinds of members. The first one is the standing members of the political bureau and all the nine standing members are civilians. Only among the ordinary members of the political bureau, there are some PLA men in uniform. That means the PLA is led by civilian, not by military itself.

Next, when we think about the military buildup of China, we always say that the Chinese military's strength is increasing. But what kind of increase is it? I want to give some examples to explain my opinion. My opinion is that from the historical point of view, there is a decline of Chinese military strength as a portion of GDP (gross domestic product) and national strength. The military budget occupied about 30% of the GDP at the beginning. But since the end of the 1970s when the reform and opening-up policy started, the percentage has declined and it continued to decline. We can divide the period into three parts.

The first can be from 1979 to 1987 or so. During this period, China focused on the economic development and sacrificed the military buildup. The military budget for the PLA declined dramatically. It was such a difficult time for the PLA that some PLA unit had to do some business to pay for their salaries and ordinary equipment.

The second part is from the late 1980s to the late 1990s. After 10 years of the reform and opening-up policy, Chinese economic situation got better, so two policies were carried out by the central government; one was to stop the business activities by the PLA and the other was to pay for the salary and the ordinary equipment requirement of the PLA. That took about 10 years. We call it recovery period.

And the last period is from the late 1990s until now. This

can be regarded as the period of real building of the PLA military equipment and budget because of the economic development and the international requirement of China. As we know, in recent years some countries have called for China to play a role as a responsible stakeholder and also asked China to join some collective security operations in the world. So that is why we make some normal process of the Chinese military buildup.

When we think about the political and the law framework for the PLA, there is another variable we have to think about. In China, I think, politics is very important. So if you want to play a role as a top leader you have to think everything from the politics. I think the very important thing is that the PLA's strategy and the doctrines have to be subordinated to and in the service of the perceptions of the Communist Party and the central government on the security issues. And in recent years, I think there is a really profound change of the theories of the Communist Party on the war and national and international security issues in China.

I can categorize the change in two parts. One, I call it as the Theory of Change. The Theory of Change is that we think the world is undergoing an unprecedented historical change. We think the world is in a period of major development, major adjustment and major change; that means there is a profound change not only for the international community but also historical change for China. The change has happened not only in the field of military affairs but also in society, economy, and culture.

When we think about the security issues, there are a lot of new ideas of security theories from China; for example, the concept of non-traditional security issues. It came from Japanese concept in the mid-1970s. But in recent years, we use the word non-traditional security issues, and it means that when we think about the international and the national security, we cannot focus only on the traditional issues like sovereignty or territory, but we have to expand our security concern beyond traditional issues to some other issues, especially the security threat that comes from non-state actors like terrorism and organized crimes and even non-personal behaviors like natural disasters. So that is the real change for our party.

This theory is being reflected to the military security, I think, at three levels. First, the concept of international and national security has been somewhat changed. As I mentioned, we added the non-traditional security concept into the strategy of Chinese military buildup. Second, when we think about military buildup, we are

thinking about the worldwide Revolution of Military Affairs especially in the information field. That is why President Hu Jintao said, when we were thinking about the future of the Chinese PLA buildup, we had to think in the background of the development of science and technology in the world, especially in the field of Revolution of Military Affairs. And third, the PLA has to carry out new historical missions in the background of the change.

One of the new historical missions is natural disaster relief operation. For example, in the Sichuan earthquake we saw that all the PLA forces were involved in that operation. But the helicopter capability of the PLA was terrible. We could use only the Blackhawks imported from the United States in the early 1980s. Besides them we could not find any suitable helicopters to save lives in the disaster areas. The second mission is counterterrorism. As we know in recent years, the al-Qaeda network has become global and it is also a threat for China. Some leaders of al-Qaeda have made speeches by videos saying that they want to make another jihad in China. The third is international missions, including the peacekeeping and counter-piracy operations. The PLA and Indian soldiers have been involved in a joint exercise of counterterrorism because there are a lot of common interests. We are common victims of terrorism. And the Chinese Navy sent some warships to Somali sea areas to protect not only the Chinese cargo ships but also other countries'. So far we have protected about 800 foreign cargo ships in this area.

The other change of the party's theory is the Theory of Cooperation. The party and central government really believe that the international community should enhance cooperation in face of the new security threat because security is not isolated and not a zero-sum-game. There is no safety for any country, especially for China, without peace and stability in the region and the world. We cannot do anything by ourselves. For example, without support from the United States, from Russia, from India, and even from Japan, we could not do anything to counter terrorism because terrorism has linkage with international groups.

And even for territorial disputes, we have to depend on the diplomatic negotiations and find some common ways. In the 1960s we had border clash with Russia but after the diplomatic negotiations we reached some CBMs – Confidence Building Measures and we even reached agreement with Russia. So, the Chinese government and the party do not think there will be any real territorial dispute that cannot be solved by diplomats. So that is why

we think that the security is common interest for us.

Having talked about the theories and the political and the law framework for the PLA, I want to tell you now about the basic roadmap for the military buildup of the PLA. The PLA uses three-step development strategy. We will finish the first step this year because according to the National Defense Strategy the PLA will lay a solid foundation for the future development by 2010. The second step is: by the end of 2020 the PLA has to accomplish some mechanization and make some progress in "informationization." "Informationization" is a Chinese word, and I think it is very difficult to understand. It means that in this period the PLA has to change the structure and organization because we do not think the traditional Chinese military structure is suitable for the future security challenge. We will make some change, maybe some dramatic change for the organization. And "informationization" does not mean China want to make informational warfare. It means we have to integrate information technology to the organization of the PLA.

And the last step is: by the mid-21st century we can reach the goal of modernization of the national defense and armed force. I think this stage goes parallel with the economic development strategy. Because according to the economic development strategy, at that time China will have become a middle-class developed country. At that time China will have finished some of our goals of modernization of the PLA. So, it will take a long time. From this year, it will take about 40 years for the PLA to become a real normal armed force in the world. As Japan wants to be a normal state, we want to have a normal armed force.

So according to the three-step strategy of the PLA, we have to do something. The first is how to make a balance between the economic and social development and the military buildup because in the next 40 years the economic and social issues are also the priorities for the government. We know that in recent years, particularly in recent months, there are some incidents happening in China. For example, there are suicides of workers and chaos in some economic special zones. That means China have to shift most of the focus on the economic and social development. I do not think the central government and the communist party want to pay much attention to the military buildup. They want to keep some kind of balance but in favor of the economic and the social development because without economic and social stability there will be the real security risks for us.

The second is that the military buildup has to pay attention to the non-traditional security challenges. That is why in recent years, the Central Military Commission asked the PLA to pay much attention to the buildup of various capabilities for the Military Operations Other Than War (MOOTW), like disaster relief, civilian use of military force in emergency management and joint military exercises and operations with other countries. That is why in recent years, we saw a lot of Chinese military delegations visited developed countries. We want to learn something in this field, MOOTW, from Japan, European countries and the United States.

The strategy emphasizes the international security cooperation and military exchange, and wants to establish some kind of military CBMs. I think these affairs could not be dominated by the PLA, and the Ministry of Foreign Affairs and other ministries will be integrated into this process. For example, the Ministry of Public Security has the authority to join with other countries on counterterrorism. But the counterterrorism mission, according to the law in China, will be assigned to the armed police of the PLA. So, in the future, there will be much broader integration of the Chinese government in the process of the military cooperation with other countries.

The last point I want to say is the regional impact of the military buildup of the PLA for other countries. I know that you have some worries, but I want to say that if we are thinking from the basis of law and politics of the PLA, we can think there is no uncertainty about the direction or the intention of the PLA. It is very easy to do the assessment for the PLA. I know that my friend Dr. Pillsbury spends all his time to analyze the Chinese PLA intention. He collects all the open sources and some not open sources. But I remember in the early 2000s the American National Defense University established a center to study the Chinese military and held a symposium. And one of the American experts said it was very easy to know the PLA, not only their intention, but their structure and capabilities from the open sources. Where do the open sources come from? They come from the documents of the central government and from the statements of the Communist Party leaders and also you can collect all the open sources from the PLA Daily and from the People's Daily. It is very easy because the PLA is much more transparent than before. That is why in the United States this year an organization called "Project 2049" started comprehensive Chinese studies, especially on the nuclear issues. I think they collect all the information from the PLA Daily and

from the Internet. I do not know whether the information is correct or not but if I want to know about the PLA nuclear strategy and capabilities I learn them from that project report. Thank you, our American friends.

Secondly, the development of the PLA capabilities, especially in the non-traditional security field, enhances our regional security cooperation. One example is Shanghai Cooperation Organization. I know some friends in Japan and the United States worry that Shanghai Cooperation Organization is a kind of challenge to NATO (North Atlantic Treaty Organization) and to the Japan-U.S. alliance. But we know this organization is very open and that is why our Indian friends were invited as an observer. This organization shifted its priority from the CBMs for the members to the broader tasks like counterterrorism, economic development, and counter-drug-trafficking efforts by military means of law enforcement.

So, I think the Chinese security cooperation policy is open. It is transparent and open to the world. We want to establish an international regional security cooperation mechanism on the basis of openness. On the contrary, when we look at the Japan-U.S. alliance in recent years, we never get clear view about the alliance and we just worry about what your intention is and what the next target of you is.

Even the military defense industry policy of China is open. We want to make joint research and development on some military equipment. We also want cooperation on the civilian use of some military equipment in such fields as space and information. We hope these initiatives from China will give some new opportunities for regional industrial cooperation, especially in the background of financial crisis. But I must say frankly the last one is very difficult because there are some embargos from the EU (European Union) and the United States on Chinese military buildup. There are some very strict export controls by the United States and other countries on Chinese dual-use exports.

And my last point. When we talk about the Chinese "String of Pearls" or the Chinese intention in the Indian Ocean, the traditional view is that the energy supply for China depends on China itself. But I think it is wrong. Not only it depends on China, but also depends on India, Pakistan and Japan. For example, just look at a map of the Chinese energy pipelines. We can see one line from Russia to Central Asia, and to China; another line from Iran to Pakistan; another will be to Iran, Pakistan, India and then Myanmar and then go to China. Some projects have reached agreements and concluded contracts. The energy

supply for China depends on other countries.

And the energy is not exclusively for China. I can tell you a story. When I visited Sudan, there was an oil refinery factory in Khartoum. A half of the production was for export to European countries; another half was to be divided by the local country and China. So I hope you think about things not from the historical point of view that oil energy is dominated by one country like China. If you think from that view, you think there will be some rivals, some competitions and some confrontation.

When we think from the historical and traditional point of view, we think there will be some confrontation between China and India. But the economic relationship has been increasing recent years, and China became the first trading partner of India and India became the tenth trading partner of China. So the interdependence between China and India is increasing and we could not live without each other's support. Also in the military field, the PLA has reached agreement with the Indian Defense Department in 2006 to enhance military cooperation. So I am optimistic about the future of the Chinese and Indian relations in this ocean.

And also, I am optimistic about the future of Chinese relations with the United States and Japan in this region. We sent some warships to protect cargo ships passing this region and the military cooperation has been done very well. American Deputy Commander of the Fifth Fleet visited a Chinese warship last year. Chinese warships have communicated easily with American warships and this year Chinese Navy Officers visited an American warship and they have been talking about how to enhance their cooperation there. Last year China also held an international conference to discuss how to enhance the counter-piracy warship cooperation in this area.

So, what I said today is that I want to emphasize that when we talk about the Chinese PLA buildup, we have to think from the new point of views and we have to overcome the baggage of history.

**DR. MICHAEL PILLSBURY, CONSULTANT, THE U.S. DEPARTMENT OF DEFENSE**

My discussion is in three parts. The first part is the Pentagon's official policy towards China. This is from testimony in January this year by Assistant Secretary of Defense Wallace Gregson to the U.S. Congress. As part 2, I am going to give some personal opinions and show you some new ideas in the policy debate in Washington, D.C. There are more than 20 new ideas about strategy

and policy towards China but I am going to give you introduction to what some of these ideas are. And then, I call what Japan can do; it is some ideas for Japanese friends. This is also my personal view.

As I said, the first part is from testimony in this year. According to the Defense Department, there are some destabilizing Chinese military capabilities. The first one is the possibility to destabilize regional military balances. This involves India-China balance and Japan-China balance and other countries. Secondly, we see efforts of China to restrict access to navy, airspace and the cyberspace. Third, we see China developing capabilities that could give them the power to have coercion or even aggression against their neighbors. Otherwise, we do not understand the purpose of some capabilities. Secretary of Defense Robert Gates has used the word "threat." We call it the T word. In the past, we never said the T word, the threat word about China. We always said in the past China poses no threat to the U.S. forces. This changed last year. Now the U.S. official statement is China could threaten the U.S. forces. This is a big change in our public declaratory description about the Chinese military capabilities.

Then on specific defense policy issues, the Defense Department in Washington says there are many areas where China cooperates with us. It is good to have this cooperation, but China can do more and it should do more. Specifically on Pakistan, we would like the Chinese military to use its ties with the Pakistani military to enable them to focus more on extremists in the sanctuaries and also to help Pakistan prevent attacks against targets in the U.S., China, and Europe.

We have a law that has been in place for 10 years. Japan does not have this kind of law or policy. This law says there are 12 subjects that the U.S. military cannot discuss with the Chinese military. This means no discussions and no visits to any facilities or bases that concern these 12 areas. It is a legal restriction on the conversations or the visits that can take place between the U.S. military and the Chinese military. Some of these 12 areas I can mention; no discussion of logistics, no help in Chinese military logistics, no discussion of power projection, no help in Chinese power projection with conversations or discussions, no discussion of nuclear capabilities, no discussion of how to do experiments, and how to produce a Revolution in Military Affairs. China asked many times, "We want to see how you – American friends – are doing experiments with your forces to develop new concepts and new weapons." We said, "No, the law says no; no



discussion in this area as well.”

Now some have argued these provisions should be changed; we should open up more to China and change this law. The Defense Department position is we do not believe that is a good idea, and this is a quotation from testimony in January: “To engage the PLA without considering the inherent risk would be irresponsible.”

The next is about Chinese secrecy. We use the word “opacity” because it is more diplomatic but it really means secrecy. China’s neighbors are concerned about the secrecy. A specific example is back in February 2007, when many countries, not just the U.S., but many countries together asked China for an explanation why China did have anti-satellite test against your old weather satellite while in the past China said they would never do this. And the Defense Department position is we have not received a satisfactory response 3 years later.

The Defense Department views China’s military budget is more than double what China says. Actually, we welcome Chinese military experts to discuss this with us. But our request for China to explain in more detail has been turned down.

One Defense Department question is why China has the most active ballistic missile program and cruise missile program in the world; why China need 10 varieties of ballistic and cruise missiles. Another question the Defense Department often raises is the Chinese aircraft carrier intentions. The United States has never said we oppose any aircraft carrier for China. We just ask, “What is your strategic thinking? Why do you want to do this?”

Could there be a day when China sees a tipping point in the Taiwan Strait and issues an ultimatum? Could Chinese exercise coercion against neighbors? Could there be misunderstanding or miscommunication that could lead to confrontation, crisis, or conflict?

Now that is the end of my discussion of the U.S. defense policy. These policies are not really new. Some of them go back 10 years; some go back 20 years.

Now I am going to turn to the new ideas in policy or strategy toward China. The first one: in the last 5 years, several authors have talked about the need to place a cap on Chinese military development. In the Cold War period, there were extensive arms control negotiations with the Soviet Union to try to place limits on military developments. These authors have talked about a number of approaches that the U.S. could lead either bilaterally just Washington-Beijing arms control talks or multilateral form.

Number two: I mentioned some Chinese capabilities could be destabilizing. So several authors in the last 5 years have been asking if there is some way we could influence China to have defense development that is stabilizing and not a problem for other countries, and try to persuade China not to invest in destabilizing capabilities. These authors talk about two problems. First, we would have to know what is destabilizing and what is not. We would have to know what kind of Chinese armed forces we are comfortable with 10 years from now or 20 years from now. We also have to have a clear image about destabilizing capabilities that we would oppose. Also, these authors say that Japan, India, Vietnam, Russia, and other countries should express their concern about these same things.

Obviously, it would have more influence on China, if not just America but many other countries raise concerns in a very specific way and say to China, please do not develop this capability; if you do, we will have to start an arms race and react to what China is doing. My personal impression: this has not gone very far. If you are a Chinese military man now, it is very hard for you to know what is destabilizing about my future 10-year program, what will be objected to by India or Japan or other countries, and what is okay to go ahead. It is a sort of confusing picture for Chinese military in part because China’s neighbors express very vague kind of ambiguous worries but they are not specific, please do not do this or please do not do that.

Number three: there have been a lot of authors who say China has legitimate fears based on past experience that it could be invaded or countries could be trying to blockade China, or there could be countries doing exercises that threaten China. So, if these kind of fears exist in China’s military planners, one idea might be how we can reassure them, and how we can say, “No, these are fears without any basis; you are thinking too much about ancient history; no one really threatens China specifically; or if you think that some country does, please tell us and we can discuss how to reduce your fears and your threats.” So, this is another policy debate.

Finally, there is a school of thought in India, Japan, Russia and Washington, D.C., that says it is none of our business to interfere in Chinese decisions about their military forces; we should passively accept whatever China decides to do; if China wants to double or triple its nuclear forces, it is not an issue for Japan, Russia, America, India, or other countries; it is the sovereign right of China to build a great navy or a powerful missile force if it wants

to. So, this is the school of thought that is related to the one above. In other words, one way to reassure China is not to interfere, not to ask the Chinese any questions about the transparency of their defense developments and just to leave them alone. This is a very strong point of view in Washington, D.C., and in many other countries.

Now on the other side, there are some articles among Washington, D.C., think tanks that say we must buildup India as a balance against China. It is a very old concept – it really goes back 2000 years – that if India wants to buy maritime surveillance aircraft or to upgrade its jet fighters the United States should be more positive towards these requests than usually would be the case because of the China factor. Of course, this view also has the opposite point of view that we should refuse Indian requests not to provoke China.

There have been several articles that say China needs to be reminded that it is so vulnerable through the Malacca Straits and say this will be a kind of deterrence on China. But of course a problem with that is you are increasing Chinese fears. Some analysts say that it would be easy to stimulate fear in China so they would devote more attention and more budgets to short range naval forces, coastguard forces inside the first island chain to protect Chinese resources inside the exclusive economic zone.

So in summary, I found at least 20 new policy options. They tend to be created or stimulated because of China's military buildup and because many Americans do not believe the position that China has been taking. Dr. Yang Mingjie did an excellent job to explain China's position or why it is having the buildup. But Chinese views are not believed in many capital cities of the world.

My own personal opinion is it is very hard to make these choices. We do not know enough yet to decide wisely how to persuade China not to develop destabilizing military forces. I am not clear myself what is destabilizing Chinese capability and what is something that involves U.N. peace keeping operations, anti-piracy activities, anti-terrorism exercises, or Chinese earthquake relief efforts. There are many things China's military is involved in so that it would be helpful for them to have a long-range airlift, air transport aircraft.

Suppose they bought twice as many or three times as many a long-range transport aircraft. This on the one hand will let them have paratroopers; airborne forces go a long way outside China for surprise attack. On the other hand, the same airlifters could help with earthquake relief. So, it is hard to draw a line.

But there seem to be some clear destabilizing capabilities. Attacking other nations' satellites in space will blind and stop communications, especially for America but for other countries, too. So, space warfare seems to be one area that would be destabilizing.

But my personal view is until we are clear about what we want to stop or restrict with China and its future military development, it is hard for us to know what we want. And the second problem is: it is hard to know how to influence Chinese decision-making. It is hard to know whether we should try to focus on the military leaders and persuade them or as Dr. Yang says, we should focus on the civilian party leaders or both.

We publish in the Defense Department an annual report required by law that describes a lot of details about the Chinese military. It is important to understand how much we provide that is not available from the Chinese military. For example, this shows Chinese army units with their numbers. China does not publish this in their white paper. It is very hard to know what a country is doing if they do not tell you the details about their forces today. And what is much worse, China does not publish its forces for 5 years from now or 10 years from now. One of the biggest problems is we do not have any information about the future of Chinese forces or the limits on them or what the debate is.

So some of the more hawkish and worried Americans say we have to start doing things to increase China's internal defenses. If we have activities in Central Asia or if we develop stealthy, long-range bombers, we can do things to force China to devote more resources to internal defense like air defense.

For more than 10 years, the U.S. has had specific limits: refusal to sell weapons to China. We strongly support the European Union embargo on weapons.

Finally I would like to ask as a scholar, as a friend of Japan, if Japan could help China to understand the consequences of a major military buildup that would be destabilizing and would affect Japan. It seems to me Japan does not have an annual report on Chinese military power. Why does not the Gaimusho or the Boeisho publish something on Chinese military power? Why do you rely on the U.S. Defense Department? The Japanese government could easily publish its own description and say, "This is what we see China doing." I personally, as a scholar, would like to see Japanese government do this.

Number two: it would be nice if Japan had a team or a unit that was translating Chinese military publications

so that Japanese readers could get some idea of what the debate inside Beijing is. Actually the Chinese military is very open in some ways; it will provide Japan with articles and books to translate. But first, Japan would have to have a government unit that does this. Today, the Japanese government has no such unit; no public long-range forecasts of where China's military buildup is going have come from the Japanese government. This should be easy to do; it does not have to be the same as the U.S. but it could be published. It might require the Diet to enact the law but it could also be initiative by the Japanese Gaimusho or Boeisho.

## [Session 2]

### Panel Discussion

**DR. TADAE TAKUBO, VICE PRESIDENT, JAPAN INSTITUTE FOR NATIONAL FUNDAMENTALS:** Several years ago, former U.S. Secretary of State Henry Kissinger said there were three notable things about the world of today. One is the emergence of such a supranational body as the European Union in which nation states have transferred aspects of sovereignty to a central institution. Second, Islamic militants have launched terrorist attacks. Third, there has been a shift in the center of gravity of international affairs from the Atlantic to the Pacific and Indian Oceans. In relation to this third notable feature, today's conference focuses on the Indian Ocean.

In Asia, a cross-border tectonic shift is occurring now. The relative national power of the United States started to decline. It was followed by China's rise and then came India's rise. In a few decades, India will surpass China in population. We must discuss the situation of Japan within this broad context. That is our perspective of discussion.

As this year marks the 50th anniversary of the revision of the Japan-U.S. Security Treaty, experts from the two countries should not only discuss the relationship in a bilateral context but also consider what kind of alliance is required amid the cross-border tectonic shift. Even as a big Chinese navy fleet sailed through the seas close to Japan's coast, controversy raged in Japan over the issue of where to relocate the U.S. Marines' Futenma airfield, which is a base for keeping watch on the Chinese fleet. The political fuss resulted in the collapse of the government of former Prime Minister Yukio Hatoyama.

The keynote addresses by the four speakers have reminded me of this: all of the country that is flaunting its

big fleet, the country that is keeping watch on that fleet and the country that is fearful of it should be brought together to discuss this matter.

At the heart of the problems of the Pacific and Indian Oceans is the rise of China as a superpower. In an article contributed by Robert Kaplan to the latest issue of the *Foreign Affairs*, a U.S. journal, this American journalist argues that China is not only a continental power but also a maritime power. To raise the living standards of its 1.3 billion population, China needs to make desperate efforts to secure the supply of raw materials. To its north, there are vast reserves of resources available in the Russian Far East, including oil, coal, natural gas and wood. It is quite natural for China to try to extend its reach into this region. As for the region beyond its western border, when both of the two pipelines — one for oil and the other for natural gas — are to be completed to transport the resources from the Caspian Sea to China, an artery of energy supply will extend throughout China. Therefore, Central Asia will be a strategically very important region for China.

In areas to the south of China, the focus of attention is whether the role of securing the sea lanes of the Indian Ocean will be played by China, which is building a "String of Pearls," or by India, and whether the United States and Japan will also play a supporting role in securing the sea lanes. The situation of the South and East China Seas is one element of this question. At a time when controversy was raging in Japan over the Futenma airfield issue, a Chinese navy fleet of 10 vessels engaged in a 10-day tour that brought it through the seas between Okinawa and Miyakojima Islands into the Pacific Ocean for an exercise near Okinotorishima Island. Japanese media disproportionately concentrated on covering the Futenma issue, allotting only small spaces to news about the movement of the Chinese fleet. That kind of attitude strikes me as wrong.

The key issue is China's military power. Dr. Yang said that China's military spending had been declining as a proportion of GDP. However, if growth in military spending was linked to China's runaway GDP growth rate, the result would be dreadful. Since fiscal 1989, China's military budget has consistently grown by more than 10% annually except for the current year. The issue is whether China's military power is not exerting pressure on Japan and India in the form of diplomatic power and whether the United States is completely immune to such pressure.

**MS. SAKURAI:** I see a discrepancy between Admiral Liu Huaqing's long-term strategy, which seeks to exclude the influence of the United States from the Western Pacific and the Indian Ocean and Dr. Yang's argument that China's military power is kept orderly under the control of the Chinese Communist Party and the government. Regarding the tension in the Indian Ocean, I have the impression that China not only aims to secure the sea lane for itself but also feels strong rivalry with India.

**DR. CHELLANEY:** It is obvious that the situation in the Indian Ocean Region and in Asia as a whole is getting more volatile and uncertain. We have two types of trends in place. On one hand, there is an eastward movement of power and influence. For a long time, power and influence was concentrated in the West. There is a clear movement of power and influence towards the East because of Asia's economic rise. But on the other hand, Asia's economic rise is accentuating many of the fundamental differences and Asia is becoming very crucial.

In this context, I think what is very important is what the domestic trajectory of China will be; which way China will go internally because right now we see this contradictory trend of market capitalism and political autocracy. No one can actually question China's right to be a world power. The only issue is what kind of world power China will be, and that in turn really reflects on this issue of what China will be internally.

It is an open question whether the one-party political system can perpetuate itself indefinitely because the longest survived autocratic system in modern history was the Soviet system. It survived for 74 years. The Chinese communist system has survived now for almost 61 years. And therefore, it seems to me that it is unthinkable that this system can survive for another 61 years. There will have to be a change in China. We do not know whether it will be change towards more openness or a change towards a more closed system. If it is a world power with an autocratic structure in place and increasingly sophisticated political controls in place, with opaque strategic doctrine also being a factor, then obviously, there will be added international concerns over China's rise, but if China is rising as a more open society, I think there will be less concerns both regionally and internationally.

When the Cold War ended, Francis Fukuyama wrote a very famous essay titled *The End of History*. And in that article, he argued that with the end of the Cold War, the ideological debate had ended and the liberal democratic system had triumphed. Ironically, in 2010, when you look

at the larger world, you again see two ideologies. We see on one hand the American brand of capitalism, the American-led value system. And then you see the rise of what I call autocratic capitalism as symbolized by China.

I wish to emphasize that China's rise under authoritarian rule actually serves as a model for a number of countries because they look at China – they see that in one generation this country has achieved remarkable economic success. Its economy has raised 13 fold in 30 years. And then, they see the autocratic path as symbolized by China as being a smoother and more rapid path to progress than the tumult of electoral politics that we see in Japan or India. So, it is a model that is actually challenging the values of liberal democracy in the world. Whether we accept it or not, the fact is that there is again a bipolar world in terms of ideology. And I think given this kind of rise of a rival ideology, the future trajectory of China in terms of its domestic politics becomes even more important.

**DR. YANG:** I just want to say something about the Sino-Indian relations at first. I know there are some tensions and problems in front of the two countries, but I want to define the difficulties and the tensions as temporary. Why? As we know that in history we had some territorial disputes and also now we have some suspicions on each other's strategic intention. But I think that it will take some time for both China and India to enhance our mutual understanding. We have established some kind of framework and made some progress on the territorial disputes. At first, we wanted to reduce the military tension in this region and we enhanced CBMs – Confidence Building Measures – by the military unit in the border area, and in the diplomats level, we had some discussions and talks.

About the Indian Ocean security, I do not think the Chinese have any suspicion or concern about the Indian intention. I think India will play a leading role in this region. We think this region will have a regional leader. So, we want to support you. I do not think there will be continued tensions between two countries.

On the Chinese political system, I want to say that China is in a very dramatic transition in society. We have a lot of historical issues and also we have the task of unification and the gap between the north and the east, the south and the west is enlarging. So I think one-party leadership for the stability and development of 1.3 billion people is not only in the interest of China but also interest for the neighboring countries. If we just do an overnight reform like some countries, there will be chaos and maybe crisis in China and the impact on the regional countries will be



negative.

But it does not mean China is not an open society. First, economically I think China is one of the most open major powers in the world. Other major powers in the world are not as open on trade and foreign direct investment as China. For example, we have a state-owned enterprise called China National Offshore Oil Corporation and some of the stakeholders are American companies. Even in some decision-making mechanism we are also open. We invite advisors from foreign countries. For example, in Beijing City there is a big group called Beijing Foreign Advisory Group. They held a big conference last week and invited the CEOs (chief executive officers) from Microsoft and other companies to give direct advice to the local government. Even in the central government level there are some foreign advisors from diplomats.

In the cultural field, I know a lot of Japanese friends visit China. You can talk everything in China. There are Hollywood movies we can show every week and some Japanese movie stars are so famous in China.

And taxi drivers can tell you any story about top leaders or President Hu Jintao.

Also on the political system, I think China wants to continue our reform, so that is why this year the National People's Congress said that in the future we were considering to select the representatives of the Congress by the number of the population by area. That means some kind of democracy by the people.

We want to enhance our openness even for our military. So that is why in recent years, we have published white papers of the national defense of China and before we finished a national defense white paper, the delegation of the authors of the white paper visited the Pentagon to learn from our American friends how to write the white paper. And we invite foreign military attaché in Beijing to visit some military units and exercises which were regarded as very secret before. We also open our warships to India and other countries. And we have some information sharing with the United States and India on counterterrorism and nonproliferation issues.

Of course, we have some limitation. I do not think the Chinese model is the best in the world. We have to learn from Japan and the United States but it does not mean that China is isolated from the world. We are open. We want to become much more open. That is why we want to hear criticism. But we do not want to hear the end of the history. We want a new beginning of the history.

**MS. SAKURAI:** Dr. Yang insisted that China is an open

country mainly in terms of the economy. However, the issue here is openness in the military and national security fields. I think that China is not an open country in that it imposes restrictions on the freedom of information, freedom of conscience, freedom of thought and freedom of speech.

**DR. TAKUBO:** I would like to comment on three issues — territory, the (political) system and military power. As for territory, there is a fierce confrontation between China and India over their border around the Himalayas, with little progress made in their negotiations. Between Japan and China, too, little progress has been made in working-level negotiations about the development of a gas field near the median line between the two countries' coasts. While the negotiations were deadlocked, China built rigs and renewed boarding facilities. It is an indisputable fact that negotiations with China over territorial disputes do not go forward.

As regards the system, now that the rich-poor gap has widened as a result of the development of a market economy and the middle class has emerged, we have to wonder whether the one-party system under the rule of the Communist Party will give way to a multi-party system, making it necessary to hold elections. I would like to ask Dr. Yang to explain the Chinese brand of democracy, which is different from our version of democracy.

As for the issue of military power, in Japan, there is fear of China's military power. Military power can be translated into diplomatic power, bringing substantial benefits. I would appreciate explanations as to the argument that China's nuclear, maritime and space policies do not put other countries at a disadvantage.

**DR. YANG:** Thank you Takubo-san, but I think you give me a real threat because my major is not domestic affairs but international relations. But I will answer your questions to my best.

The first is about the contradiction between socialism and capitalism or market economy. I think for the current Chinese Communist Party, there is no contradiction between market economy and socialism. That is different from the former Soviet Union's idea and even from the old Chinese Communist Party's idea.

And the second is what the socialist democracy means. I think it is ambiguous even for us because we are just at the beginning of the socialist society as Deng Xiaoping said. China is so different from Japan or the United States. We became a socialist country directly from a feudal state, bypassing a capitalist society. Although after the Qing

Dynasty, there are some reform and revolution in China, that kind of revolution and reform made no success in the mainland of China. So China is very special.

I think stability is very important for China to keep the different parts, different people, different cultures, different ethnics and different religions together and to find a way to establish a much more moderate and modest society. It is a challenge not only for the Communist Party but for everybody in China. We have no choice at the beginning of socialism but to find some new way for China. In the 1920s and 1930s, there was some kind of democracy in China, when we had a lot of parties, but the result was the war between the warlords. So we can learn that to keep a stable society is the first.

On the transparency issue, we also feel unconfident about the United States' military intention. We also need some transparency from the United States. We do not know what the Americans' real intention for China is. For example, whenever we ask our American friends what they do mean by the Revolution of Military Affairs, they give us no answer. We do not know what the revolution is for us.

In recent years, the United States has carried out some kind of military exercise called Cyber Storm. But when we ask our American friends what Cyber Storm means, they say Cyber Storm is just Cyber Storm and you can read the meaning on the Internet, but the Internet information is not so transparent. We just read some newspaper which says one target of this exercise is China. So, we ask our American friends if China is a target. They tell us, "We do not know." So, where is transparency?

I do not mean China wants to challenge the United States' leadership, or wants to make another confrontation with the United States. As a lower-level military developing country we want the United States to show us your transparency of strategy at first, and then we will enhance our cooperation. We will do our best. That is why in recent years we have invited American high-level officials from the Pentagon to visit the headquarters of our Second Artillery Force. We want to make some transparency unilaterally without waiting for the United States to change our policy.

**MS. SAKURAI:** Dr. Yang has not answered our questions concerning the military buildup in the Indian Ocean and the East China Sea. Countries in the neighborhood of China, including Japan, feel threatened by China's military buildup. While the military budget has grown by more than 10% for 21 consecutive years, the published figures are said to understate the actual expenditures. As Minister

Nagashima pointed out, it is an objective fact that China has been building up its military power almost in line with Admiral Liu Huaqing's strategic goal of excluding the United States from the Indian Ocean and the Western Pacific by 2040. For what purpose is China engaging in such an excessive military buildup as has been attempted by no other country? If you say it is for self-defense, could you tell me by what country China assume it could be attacked?

**DR. YANG:** I think we have multiple purposes for the PLA military buildup. The first priority is to prepare for the potential crisis across the Taiwan Straits. The relationship between the two Chinese across the Taiwan Straits is improving in recent years probably after Kuomintang took over power in Taiwan province. But, as you know, in the mid-1990s, a few crises happened across the Taiwan Straits. I think it is very natural for us to worry about the future. If there is any political change on Taiwan Island, there will be another crisis. Some people in Taiwan still want to continue the policy of independence. So, the PLA has to make some preparedness.

Some people say the military balance across the Taiwan Straits is in favor of the mainland. I agree with that on one level. If we just focus on mainland China and the Taiwan province, that is okay; the military balance is always in favor of mainland China. But, if you do some assessment for the potential crisis, you know that some country have some act with Japan, not with Taiwan. We know that Japan and the United States are allies. So, we have to think about the military balance from a broader view not just focusing on the two Chinese.

The second purpose for the military buildup I think is requirement for China as a responsible regional and international power. I know that there is some pressure not only from the United States but also from EU countries that the Chinese Navy has to play some role in this region. In Sudan, for the peacekeeping operations of the United Nations, there are also some requirements that you have to send some troops not only for engineer task but also for military and other tasks. So, there are some pressures on China.

A third reason why we have to make some buildup is the real gap between Chinese capabilities. Last year during the 60th anniversary of our National Day, we showed some Chinese "advanced weaponry and equipment" to the world. But the F-10 aircraft does not belong to the fourth generation of aircrafts. It does not belong to the advanced third generation. It belongs maybe to the end of the rank of second generation. And we have some refueling aircraft,

but technology is old. So I think that the real capability of China is limited. The Chinese military and might are not as increasing and the Chinese capability is not as advanced as our foreign friends worry.

Another problem is that we want recovery not only for the capabilities but also for the personal salaries. You may have heard the story that when a delegation of the United States visited China, one of our generals asked, “Do you know how much I earn in 1 month?” He said, “It is only a part of my daughter’s.” In the 1980s, the salary for the PLA officers is just a half of the average income of Chinese ordinary people. So, they have to make some recovery for the salary as well as for the capabilities.

Lastly, I think the Chinese military buildup is for humanitarian relief both in China and maybe in other countries. The new historical mission of the PLA is to protect your people. How to protect your people? I showed some pictures this morning of the Black Hawk helicopters rescuing our people after the earthquake. Old helicopters could not save lives. I do not think that the current capabilities can protect human rights in China.

So, we have to make some kind of military buildup for the PLA. But it does not mean China wants to challenge our neighboring countries’ interests. We have some disputes but now we are so self-constrained. I think that our Indian and Japanese friends know that is why in recent years even though we have territorial disputes in the East China Sea, we reached some agreements in 2008. But, any territorial dispute will take time to be solved. We need patience.

**DR. CHELLANEY:** I have two sets of comments. First, I share Dr. Yang’s perception that China is a society which is opening up, and I have seen radical transformation of Chinese society. And I think this particular transformation of Chinese society – the aspirational transformation, the readiness to speak up – for example, in private, now Chinese people will speak up about corruption of the sons and daughters of leaders – was unthinkable 15 years ago or 10 years ago.

That is one aspect about Chinese society, which I find the most striking. It also raises the issue as to how the system can channel that kind of thinking, because the system is becoming more repressive in terms of press control, for example, Internet censorship. On the other hand, the people’s aspirations and readiness to speak up is going up tremendously. So, I do not know which way China has headed.

In fact, China in my view has to walk a tightrope on

opening up to the world, because it faces a paradox. Because of its repressive autocratic structure, the more it globalizes, the more it becomes vulnerable internally. It is a paradox because China has to open up to the world to the extent that its economic success is dependent on opening up, but it cannot open up to the extent that allows liberalizing influences to come in. How to walk that tightrope is very difficult for the Chinese leadership. It is a very serious dilemma.

I remember that more than a decade ago, I asked a top Chinese Communist Party official how the party would handle this issue of clash between capitalism and autocracy. He gave me a very interesting answer. He said, “We would like to go towards the Singapore model.” In Singapore there is only one party, the PAP (People’s Action Party), and Singapore is not a model of press freedom, and yet it does not invite international criticism. But it came to me that China would not be able to emulate Singapore because Singapore is a city-state and it does not threaten anyone. Singapore is useful for international and Western economic interest, and therefore, it escapes international criticism; while China is an empire and becoming a bigger empire, and therefore, the Singapore model would not be a proper fit for China.

On the issue of Chinese military capabilities, I recently was in the Maldives, which is a country of 1,200 small islands in the Indian Ocean Region. And a top official told me that fairly recently the Chinese government sounded out the President of Maldives about the possibility of leasing an island for the Chinese Navy. This interest in the Maldives of China is not new. We have been hearing this reports for the last 1 year or so, and also there has been press reporting on China’s interest in the Seychelles and Madagascar, which are also islands in the Indian Ocean Region, and it has raised the question as to why China is so determinately seeking to reach out and actually establish not only access, but to set up logistical facilities for its navy far from its shores and far from its exclusive economic zone.

One thing most people in the world do not know is that China and India are new neighbors. They have been neighbors only for 59 years, ever since annexation of Tibet. When Tibet fell, Han soldiers arrived on India’s borders at the Himalayas for the first time in history. And Tibet was not a small little buffer. Tibet was two-thirds the size of the entire European Continent. It is a huge landmass and even today officially the Chinese Government acknowledges that the Tibetan plateau is one-fourth of the entire territory of the People’s Republic of China. Historically, the India-

China relationship was conducted through Tibet, and therefore, there was this huge buffer and there was never any conflict between the two countries. This all changed in 1951 when Tibet fell, and within 11 years of that event there was a China-India war.

I must say that last year was an especially difficult year in the China-India relationship. In fact, we are very lucky that we did not have a military conflict at the border. A number of incidents happened last summer, creating a potential flash point along the long Himalayan frontier. All I wish to say is that things are difficult on the border where cross-border incursions are common, that both countries have to exercise a lot of political maturity, and that they have to manage relationship in a way that things do not go out of control.

To sum it up, the India-China relationship is going through a real test, and I think for Asian peace and stability this relationship is critical. If there were to be open hostilities between China and India, you certainly cannot have peace and stability in Asia. In fact, the China-India relationship is actually even critical for the larger international security, because these are two countries that together makeup one-third of the total global population. And how this relationship evolves will have a direct bearing on Asian security and on the national security. So, I hope that this relationship should stabilize and should head in a more positive direction than what we have seen so far.

**MS. SAKURAI:** It appears to me that there has been no change in the Chinese Communist Party's thinking on matters of national interest. For example, Japan argues that the median line between the coasts of the mainland China and Japan should be the demarcation line of the two countries' exclusive economic zones in accordance with international judicial precedents, whereas China is refusing to retreat from its insistence that the whole of the disputed area belongs to it. China has also refused to contest this case in the International Court of Justice. As for the Senkaku islands, which are part of Okinawa Prefecture, China started to claim sovereignty once it became known that there were reserves of natural resources in the seas around those islands. In 1992, China declared the Spratly Islands and the Paracel Islands in the South China Sea as well as the Senkaku islands in the East China Sea as part of its territory based on its own territorial waters law. Before allowing negotiations to move forward, China built rigs in the Shirakaba natural gas field (known in China as the Chuxiao natural gas field) in the East China Sea,

making itself ready at any time to start drilling for natural gas. We feel threatened by China's attitude like this. In the course of diplomatic negotiations, China warned on several occasions that it would deploy military ships if Japan started test drilling. We feel seriously threatened by the military expansion of China, which uses its military power in this way.

Next, I would like to know what the status of the Indian Ocean Naval Symposium is, which comprises more than 30 countries as members.

**DR. CHELLANEY:** This is an annual symposium being organized by the Indian Navy to which all countries of the Indian Ocean Rim are members. Australia, much of Southeast Asia, the Arabian Peninsula, Iran, the Horn of Africa, countries like Ethiopia and Somalia, South Africa, plus island countries like Seychelles, Madagascar and Maldives are all part of the symposium.

This symposium is organized with the purpose of defining Confidence Building Measures that can be pursued among all members of this symposium. It is more than a seminar. It is an effort to build an ad-hoc community and to evolve some common norms on the Indian Ocean Region. Piracy has brought the Japanese Navy, the Chinese Navy, European navies and the U.S. Navy to the Western rim of the Indian Ocean Region. The coast of Somalia has become very dangerous place for the passage of ships. But this is only one of many issues that face the Indian Ocean Region. Illegal fishing: we have big trawlers coming in from far away countries fishing illegally off the coast of Africa. Many of the pirates have taken to piracy because the fishing communities in Somalia have been deprived of their livelihoods by illegally fishing by trawlers. So, we have all kinds of very complex environmental, non-traditional security and traditional security challenges in the Indian Ocean Region that need to be tackled, and therefore, this symposium is only a modest step to build a set of norms to handle some of these difficulties and challenges.

**DR. PILLSBURY:** I understand this symposium is not a matter for governments, it is just for scholars and Track II, so, I do not consider it to be strategically important. I think what is important about the Indian Ocean is the military capability of India is increasing, which is a good thing. India in the past has not been able to even know about ships that go through the Indian Ocean. It does not have radar. India does not have long-range patrol aircraft. Their navy is very limited in number of ships. So, India has really been blind about the Indian Ocean traffic. And this is changing. India is reaching out to other countries, trying



to improve its knowledge and to some degree control of the sea lines of the communication in the Indian Ocean.

This is a problem for China, because China is very sensitive about its supplies from the Middle East. So, there are many articles in the Chinese press over the last 5 years that are wary about America. They are also suspicious about India. What is the purpose of this Indian surveillance and control capabilities being improved? So, something like symposium is a very nice thing. I am sure it adds to stability and cooperation and good feeling. And certainly, I support it. It is a wonderful thing. But it is not strategically relevant to the shift in the balance of power in the Indian Ocean and how it affects China's perception of what the Indians and the Americans are doing together.

There is a fear in China, at least among some authors, that the Americans have a hedge strategy or a strategy of trying to encircle China and even dismember China and break it up into, sometimes they say, seven small states. So, when the U.S. does sell India long-range maritime patrol aircraft, the Americans might think this is very innocent, but in China, it seems to create a very different reaction. India in some way is a very poor country, but is willing to buy a larger number of jet fighter aircraft, long-range aircraft, and willing to expand its ground forces. It has activities in space. It is developing long-range missiles. Some people say it has more nuclear weapons than England.

So, India is no longer a poor country that has turned inward, worrying about its own development. That is attracting attention in China, because China occupies two large areas of Indian territory; one is called the Aksai Chin Plateau, the other one is Arunachal Pradesh, actually a state of India. At the same time, India supports a government in exile of the Dalai Lama, and everybody in China knows when the Dalai Lama escaped, he had a CIA (Central Intelligence Agency) person with him. The Dalai Lama's older brother was receiving CIA weapons and starting a huge guerrilla warfare program inside Tibet. Nobody believed it in the U.S. until some Dalai Lama friends published memoirs. They said, "Yes, it is true. The CIA was very close to us this whole time, giving us many weapons and helping us escape." So, I am trying to convey some idea of Chinese concerns about the rise of India.

When you analyze why wars begin as a big field in political science, there is probably six books with the same title, *Causes of War* or *How Wars Begin*. Usually, it is the rise of a power, or there is miscalculation, misunderstanding, and then a clash. So, this is the reason for concern about the Indian Ocean, but I am afraid

the maritime symposium has nothing to do with these fundamental military fears of both sides and the prospects for a war.

**DR. YANG:** Some people say that China wants to expand military capabilities in the Indian Ocean and that we have established military ports in Pakistan and Sri Lanka, but I want to tell the true stories. I have visited Pakistan and talked with the Pakistani people and officials. One very interesting story is that the Gwadar port is controlled by the Chinese Navy. But this Gwadar port project was open for international bid. Chinese companies won the first round of bid and made some construction, but the Chinese failed the second round of bid and other countries have entered. And all the projects there are not for military use. We can visit the port. And even the Sri Lanka's port is open for civilian use. I do not think any Chinese Navy ships want to use this as a military base. It is open and there are no military facilities.

Dr. Chellaney said that maybe China wants to rent an island. It is very interesting for me who told that story. And if we have that capability, we do not worry about the future, because for almost 1 year the Chinese warships have been regarded as homeless in the Indian Ocean. We have no logistical base as Japan does. Japan wants to establish a military base in Djibouti, and you also want to send the P-3C aircraft. All of the Chinese navy sailors have spent 3 months on board. That is a tragedy. If we have logistic capability, I will not think about that issue tomorrow.

As for territorial disputes, there may be some who claim to put the case to the International Court of Justice as Sakurai-san said, but I do not think it is a good idea. If Japan put the East China Sea issues to the court, there are some Chinese who want to sue their case with Japan in the International Court of Justice. So, I think the real choice for politicians is to handle the territorial issues and solve them peacefully, not to make another confrontation.

My Indian friend says there is a new border, I do not agree with you, because even the Dalai Lama says he just wants autonomy in Tibet, not separate from the central government. He says he is a son of Chairman Mao, and he is a son of China.

India buys aircraft carriers from other countries, launches long-range missiles and wants to develop new outer-space technologies, but only some news media in China criticize your intention. The mainstream in the Chinese government do not worry so much about it because we know that in the background of globalization we do not believe there will

be some possibility of the real military conflict between major powers. Major powers are responsible. Real worry is about non-state actors and some states that are not major powers in the world.

**DR. CHELLANEY:** One question that is often asked for which I do not have an answer is that why India's rise does not arouse global concern, but China's rise arouses global concern of the kind that we hear repeatedly. This is a question that only our Chinese friends can answer.

**MS. SAKURAI:** I do not understand Dr. Yang's explanation that China is refusing to take this case to the International Court of Justice because it wants to avoid creating a new conflict. We believe that if we are to avoid creating a new conflict, it would be better to discuss this matter in a fair international court.

There is no guarantee that China would not take the approach of first declaring sovereignty over a disputed island, then sending private citizens and eventually deploying military ships in the East China Sea as it did in the South China Sea. That is the cause of our concern. Such difference between our values and China's values is the reason why the rise of China (rather than the rise of India) is attracting attention. The Japanese people are worried about the threat posed by China. It is quite natural for them to fear that China will try to stifle Japan's voice by translating its military power into diplomatic power or to wonder if China will act in the same way in relation to the Taiwan issue and the situation in the Indian Ocean.

— COFFEE BREAK —

**MS. SAKURAI:** For Asia, it is critically important what kind of relationship the United States will develop with major countries such as Japan, China, India and Indonesia. The Obama administration started the Strategic and Economic Dialogue with China, creating an opportunity for Washington and Beijing to discuss national strategies. As the Obama administration's China policy is not clear, I would like to ask Dr. Pillsbury to tell us about it.

**DR. PILLSBURY:** There is continuity with the Clinton Administration in the people and the thinking. In the Clinton Administration, in the Defense Department, the person in charge of Asia was Kurt Campbell. He is now the Assistant Secretary of State, Hillary Clinton's Asia person. Kurt Campbell's thinking in the 1995-2000 period was to try to revive or strengthen the U.S.-Japan relations and he worked very hard on this along with Joseph Nye. So their focus was to really strengthen the U.S.-Japan

military relations, security treaty relations.

At the same time, the Clinton Administration had problems with China. The main problem was over Taiwan's presidential election. And at that time China had the idea to launch a number of rockets into two areas near Taiwan to warn the Taiwanese voters not to elect Mr. Lee Tenghui. It caused the U.S. to send two aircraft carriers. This 1996 crisis still affects everything in Asia even 14 years later, because the Chinese side was very surprised. One of the Chinese admirals told me, "We do not mind one carrier, but two is too much." And it affected Taiwan. It gave the Taiwan voters a lot of confidence that they could begin to move toward a kind of independence and Taiwan began to say, "We are already independent."

So this really inflamed opinion in China and a military buildup. Some people say the military buildup by the Chinese PLA began that year, '95-'96, in response to this crisis. So, some of the same Clinton people now are in the Obama Administration and of course they remember the lessons. So part of their strategy, I think, is to avoid what happened back in 1996.

Secondly, they have a belief about China that is causing many people to be worried. And their belief is the U.S. and China can cooperate very closely in almost every way. And the speeches you hear have terms like this: no problem in the world can be solved without the U.S. and China cooperating. Climate change is one example but there are many others. There is a short term for this, called "G2" – the G2 Theory.

If the G2 Theory were to come true over the next 5 or 10 years, it would mean that Japan would lose its strategic significance to the United States. And some people who believe in the G2 Theory, the theory of very close cooperation between the U.S. and China as international structure, say Japan is a pacifist country; it cannot engage in collective defense agreements; it cannot defend any country; it is against the interpretation of the constitution.

So this kind of geopolitical thinking has two parts. China is America's future most important partner in the world and Japan is self-limited in international security by two things; the public opinion of the Japanese people which does not appear to care very much about strategic matters or military matters, and number two, the American government occupation concept of a weak Japan, which remains unchallenged in Japanese politics. And now I think you have had four prime ministers since Shinzo Abe and none of them has tried to implement Prime Minister Abe's expert council's ideas on the exercise of the right of

collective self-defense.

So you can see someone like me who works on the long-term trends, 20 years at a time, you can see these trends at work in American thinking, how American intellectuals examine the geopolitics of Asia. The Japanese economic growth has been very poor for the past 20 years and they do not see much sign of reform in the Japanese economy. The pacifism remains the mainstream approach. The efforts of the Clinton Administration in '96 were successful. There were some limited improvements but not a lot. So the G2 approach seems to me is very popular in our country.

And this means some of the policies I put up this morning would have to change. We would have to become more supportive of China's military buildup. And there are some Americans who support this. They have written articles that it is in our national interest to have a stronger China and for China to have power projection, and in order for China to be a responsible power, they need strong military forces. So this view is strong.

Inside the Obama Administration, as I see it from our newspaper stories, there is a very rich debate. But from my impression from reading the newspapers, President Obama does not have a grand strategy or new approach to Asia yet. He has continuity with the Bush Administration and with the Clinton Administration, and he has not been tested yet by a crisis. There are such crises that could occur in the next few years and I am very worried about some of them.

**MS. SAKURAI:** Japan is partly responsible for allowing the G2 Theory to gather momentum. What should Japan do, or what can it do?

**DR. TAKUBO:** The biggest issue is whether Japan can go it alone in pursuing pacifism in the face of the realpolitik of international affairs. Pacifism in this context is better expressed as the sentiment of avoiding war.

It may be good to advocate avoiding war. However, if you do not rise against countries that pose threat, you are not advocating peace in its true sense. The Japanese people do not understand this basic point. They do not understand either that the relationship between countries and the relationship between individuals are quite different things. Only a few years ago, a certain Japanese political leader said, "We do not act in a way that annoys our friends. The same is true with the relationship between countries." Also, the Japanese people believe that diplomacy and defense have nothing to do with each other. However, diplomacy and defense are two sides of the same coin.

The policy of denying the postwar Japan a military force as pursued by the General Headquarters (GHQ) of the occupation forces has been strongly ingrained in the Japanese psyche, and American liberals also have a strong wish to prevent Japan from becoming militarily strong. With the passage of 50 years since the revision of the Japan-U.S. Security Treaty, it is high time that the Japanese people wake up. The most important thing to do is to amend the (war-renouncing) Article 9 of the Japanese constitution. We must reaffirm to ourselves that a military force is the backbone of a country. The Self-Defense Forces should be reorganized as national armed forces unfettered from constraints on military actions. If it is difficult to amend the Article 9, Japan should resort to the exercise of the right to collective self-defense so as to move the status of the Self-Defense Forces closer to the status of normal armed forces. Moreover, there is no country in the world that adopts an absurd rule that keeps defense spending at 1% or less of GDP with no regard for whether or not a national crisis is impending.

China threatens the world as it spends three to four times as much as Japan on the military, owns nuclear arms and anti-satellite weapons and projects its naval power far from its coast. Even if Japan amends its constitution, China is in no position to accuse it of reviving militarism.

**MS. SAKURAI:** If China absorbs Taiwan, the military balance in Asia will change drastically. In 2005, the United States indicated an intention to strengthen the policy of engagement with China by calling on it to become a responsible stakeholder. While it is also necessary to consider taking a hedging strategy to prevent China from acting the bully, I have the impression that the U.S. policy toward China is increasingly tilting toward engagement.

**DR. PILLSBURY:** That is correct. The United States is tilting toward engagement.

**MS. SAKURAI:** As it is impossible to exclude China, it is essential to pursue the policy of engagement. What would be the United States' outlook on the impact that could arise if China absorbed Taiwan as a result of it?

**DR. PILLSBURY:** The Chinese negotiating offer to Taiwan over the last 30 years has been Taiwan accepts and makes an announcement they are part of China; they can keep their own forces; no Chinese military forces will go to Taiwan; they have their own tax system and government system; they can even keep their own flag. So, this does not affect the sea lines of communication between Japan and the Malacca Straits. It would not affect the U.S.

forces.

And our Obama Administration person in charge of Taiwan policy held a press conference in Taipei over a year ago. It is on the website of the American Institute in Taiwan, AIT. It is an organization that takes care of Taiwan policy for us. This American official, Raymond Burkhardt, Chairman of the AIT and a former foreign services officer, was asked by a reporter what level of engagement Obama would like to see between Taiwan and mainland China. Burkhardt said there was not a view in Washington that there's some kind of red line in terms of cross-Strait engagement. Basically he said that we did not oppose any closer ties, no matter how close the relationship might become and that Taiwan had no geostrategic or geopolitical value to the United States. He was denying the idea that Taiwan was a kind of aircraft carrier or a place for military base for the United States and he was giving the impression that even if Chinese military came to Taiwan peacefully to establish navy bases, to patrol the sea lines of communication, this also was not a problem for the U.S. So I call this G2 thinking, and it is very public. I am trying to illustrate for you just how much optimism there is by many Americans about the future of U.S.-China relations.

I give you one more brief story. I once went to a conference with a lot of American four-star generals. They had been to China. And one of them, an American Army General, basically said that our two great militaries, the American military and the Chinese military, needed to cooperate, and then we could control all of Asia. The Chinese military were a little bit surprised how enthusiastic this American general was. But I tell you the story because it shows a lot of enthusiasm that goes back, some historians say, 200 years in American history; a kind of deep love for Chinese culture, Confucius, and a very romantic attitude towards China that all good things came from China. So the idea that there can be security cooperation between Washington and Beijing is very appealing to many Americans. Now there is an opposite point of view.

**MS. SAKURAI:** When I visit Washington, I meet many people who say it will be a natural development if Taiwan is absorbed into China. As long as you remain in Japan, it is impossible to understand that kind of thinking. The Japanese people should recognize that this is the reality of international society and based on this recognition, they must consider who is responsible for national defense in light of the present situation in Japan. A country's survival must be ensured by its own people. Nobody else would

defend it. It is a matter of course that the United States asks itself about what it can gain from its alliance with Japan, which does not exercise the right to collective self-defense. A book titled *The Day When the (Japan-U.S.) Alliance will Disappear* was published in Japan on the basis of a report written by retired U.S. Army officer Michael Finnegan. The Japanese people must keep in mind that's reality.

**DR. CHELLANEY:** I have a couple of comments. In the first place, the issue is when China's military modernization did begin. Dr. Pillsbury has referred to the mid-1990s as a critical period. Actually, in my view, the Chinese military modernization dates back to the Mao era. Before Deng Xiaoping began his four modernizations, China had already, by 1978, developed and tested its first ICBM (Intercontinental ballistic missile), the Dong Feng 5, with the range of 12,000 km; and by 1978, it had already developed and deployed thermonuclear capability deliverable by ICBM. China became a global military player before Deng Xiaoping began his four modernizations.

In fact under Mao, his policy was that the first test any nation has to pass on its way to becoming a great power is the ability to defend itself with its own means. And I think that Mao had some very basic wisdom. It is a fact of history whether we like it or not. You cannot be a great power if you depend on conventional arms imports, or if you depend on others for your security. This is Japan's weakness; this is India's weakness. So we have to recognize the basic logic, the wise logic, on which China embarked on both military modernization and economic modernization.

Coming to today's situation, I think that one has to acknowledge that American economic difficulties at home are beginning to prove a constraint on the U.S. policy vis-a-vis China. In my reading of world history, there has never been a parallel of this kind where an established great power has developed this kind of economic interdependence with a rising great power, the way we see America now inextricably linked with China financially and economically.

Now this has a constraining influence on American foreign policy because the American economy has been going through a very difficult time and at the same time, American global power and influence are on the decline even as America remains the preeminent military power. I think for the foreseeable future, for the next 25 years, America will remain the preeminent military power. But there is a difference between power and influence.



You may have all the military power but as America is discovering that its influence in world affairs is on the decline. And as a result, today, the United States is not able to dictate international agenda on its own or even in partnership with its traditional allies; it has to reach out to others. That is the reason why the G20 was formed, for example.

It is in this context, one has to realize, that this talk of G2, global condominium, is a very infectious talk, as Mike has mentioned, because it provides some in Washington a way out to basically reinforce and to perpetuate American power in the world. They think this is the easiest route. If you have an alliance with an emerging great power, then America plus China will mean win-win for both sides.

In my view, if there is a G2 required, it is only on climate change because the U.S. and China together are responsible for 47% of all greenhouse gas emissions in the world. If the world's two biggest polluting nations were to come together and reach an agreement on climate change, they will be in agreement tomorrow globally.

But a G2 by itself, if it were to be even informally pursued, it would mean complete reorientation of America's alliances and partnerships in Asia. The salience of Japan has declined in American policy and the salience of India in American policy has declined since Obama took office. Now whether this is a continuing trend, which we will see in the next 10, 15, 20 years, will really depend on how the U.S.-China relationship evolves. We are at the crossroads. This is a critical time in terms of where American foreign policy and Asia policy is headed. If it is headed towards G2 kind of partnership with China, it will fundamentally change the dynamics in Asia.

Coming to my last point, if Beijing is willing to give autonomy to Taiwan, self-governance of some type in terms of economy, in terms of currency, then if it were to provide that kind of autonomy of Tibet, which is the demand of the Dalai Lama, Tibet issue would be resolved overnight. China has given that kind of autonomy to Hong Kong and Macao to a limited extent, but even that more limited extent autonomy they would not give to Tibet. The entire negotiation process between the Dalai Lama's government and the Government of the PRC is deadlocked on this issue. The Tibetans want genuine autonomy within one China.

Genuine autonomy means they will have the right of self-governance, the right to govern the entire Tibetan area, because after the annexation of Tibet, Tibet was cartographically dismembered. One of the central plateaus

is called the Tibet Autonomous Region. The other areas, the Kham area, the Western Kham, and the Amdo area, have been merged in other provinces. For example, large part of Amdo has become Qinghai Province and the rest of Western Kham and some of Amdo have been merged with Sichuan, Yunnan, and Gansu provinces of China.

So the Tibetans want one administration unit with Hong Kong, Macao type of autonomy. And I think once the Dalai Lama, who is offering that to Beijing, passes away, that offer will not remain because the Tibetans are getting more radicalized. There will be no such offer from the younger Tibetans. If I were an advisor to the Beijing government, I would say, take this offer because this offer will not repeat itself. But the thing is, Tibet is already part of China. So, the Chinese government has no interest in offering autonomy.

**MS. SAKURAI:** When the situation in Asia is about to change considerably as it is now, it is very important how the United States perceives countries such as China, Japan and India. If we are to make the world a better place to live, we must not ignore the importance of values. If the United States acted in an unreasonable manner merely because of some economic factors or because of China's superpower status, it would not have a happy consequence for the world.

**DR. YANG:** First of all, I would talk about G2. Although we know that there are some American friends who support G2, we are not so self-confident about our capabilities. We also think that the current world could not be dominated by two major powers. So that is why when some journalist asked our Premier Wen Jiabao, he said he was very careful and he used the word "nonsense" like that. We support multipolarism, which means that China, Japan, and the United States should enhance trilateral cooperation.

On the military capabilities, I think that capability itself is meaningless. The very important thing is the relationship. If the relationship between China, the United States, and Japan, as well as India, really changes, I do not think there will be any concerns from others about the future of Chinese military buildup. When the Taiwan and Tibet issues are solved, I do not think we will find another cue to make military buildup.

As for the Tibet issue, the Dalai Lama is not from Tibet. He is from Qinghai Province. That is why the Dalai Lama could not really control all the groups, all the different opinions of the overseas Tibet-Chinese. Some people want a separate Tibet but the Dalai Lama said he

wants autonomy. So the first thing is how he could make consensus.

**DR. CHELLANEY:** Dr. Yang mentioned that the Dalai Lama originally is not from Tibet but from Qinghai Province. What is Qinghai Province? Qinghai province is the Amdo region of Tibet. In 1951, when China forcibly absorbed Tibet, it retained the original territorial boundaries of Tibet until the early 1960s when it cartographically redrew the borders of Tibet and the Amdo area, which historically has been a Tibetan area and remains even now.

The issue really is that whether the Chinese government wants to resolve the Tibet issue through a process of reconciliation and healing. The point that I made was that once the Dalai Lama passes away, you may not have this offer because the process of anointing a Dalai Lama is a long and lengthy one. You select a child boy. He has to become an adult. Then he has to gain maturity before he gains respect of the Tibetans. So once the present Dalai Lama passes away, it will be 20 years before the next Dalai Lama gains some kind of respect. So that will be a long power vacuum in Tibetan politics. The only possible solution is accommodation of Tibetan aspirations within a One China policy.

One other comment on what Professor Takubo was mentioning about Japan. I find it so paradoxical that it is the U.S. instilled pacifism that has become the real constraint in shaping Japan's strategic future. It is really a tribute to Japanese history that the only time Japan was occupied in your long history was for a few years by the U.S. That is remarkable; remarkable because Asia was so colonized in the 19th and the 20th century and then you have Japan that retained its independence, not only became the first economic success story in Asia but also managed to defeat Russia, and then provided a model, sort of a big encouragement to independence movements across Asia. And despite its proud history, you have retained this constitution for more than six decades.

In India we have a constitution, which is about the same age as the Japanese constitution that has been amended 89 times. I asked a constitutional lawyer in India if there is any other case in modern history where a country has not amended a constitution for more than six decades. He came back to me after 1 week. He said he looked up the European constitutions because he had to look up countries which have been democracies for six decades and more and most of the old democracies are in Europe. And he discovered that Japan is unique.

If the pacifism in Japan is an obstacle as Dr. Pillsbury said, maybe the Americans should give a helping hand to Japan. Without America giving a helping hand, how will this U.S.-imposed constitution and U.S.-imposed pacifism disappear from Japan? I think you need not only Japanese will, but also American will behind you.

**MS. SAKURAI:** Japan has been unable to amend its pacifist constitution because of a provision that imposes strict conditions on constitutional amendment. However, it is Japan's responsibility to amend its constitution. It (not amending the constitution) is a folly of the Japanese people. It results from the people's failure to reflect on how much pacifism enfeebles their country and how much a constitution written and imposed by a foreign country erodes the foundations of this country. That is the very reason why the Japan Institute for National Fundamentals continues to call for constitutional amendment so that we can rebuild our country from its foundations.

**DR. TAKUBO:** Japan has degenerated because the Japan-U.S. alliance has functioned too successfully. (Because of the excessive success of the alliance) Japan has become blind to the circumstances surrounding itself. I expect that the United States and China will help to open up Japan to the outside. The Japanese people will wake up to the reality of international politics if they are told: "We have entered the era of G2 with the United States and China dictating global affairs."

As Japan is an island country, it is not good at looking at things from the geopolitical perspective. However, we are a people who carried out the Meiji Revolution. Toward the end of the Tokugawa Era, the Japanese people woke up to the imminent threat from the onslaught of the Western powers and carried out that revolution. We are at the dawn of a new revolution. If G2 is to prevail, so be it. The time has come for the Japanese people to realize what they should do. I believe that politicians who understand Japan's national interests in the context of international affairs are arriving on the scene. I am not pessimistic.

**DR. PILLSBURY:** I think both China and the United States do not want to intervene in internal Japanese affairs. I think there is no request from Washington, D.C. or from Beijing that you should revise your constitution or increase your defense spending above 1% of GDP.

If you think about G2 as a philosophy, part of the foundation of G2 is for Japan not to play an international security role.

I think I need to add about the occupation. As I understand it, some Americans like George Kennan, a

famous Policy Planning Staff director and Nagashima said this morning that Professor Spykman also, were very opposed to what was done in occupation. They thought some very liberal, left-wing American thinkers got control of the GHQ. It was not just the constitution. There was a very thorough transformation of Japanese society. And at the time, other Americans were worried about the Cold War with the Soviet Union. They wanted a strong Japan. But this group failed. They lost the policy debate.

**MS. SAKURAI:** In my opening remarks, I said that Japan has been mentally secluded in the postwar era and that the shell of mental seclusion must be broken. In the United States and China, there are many people who see nothing wrong with Japan remaining unchanged. That is no surprise. The presence of a country that makes so-so products and is too timid to strike back against bullying is convenient for them. However, such a country does not have pride and dignity. We must change such a situation that Japan has lost ability to think for itself. I believe crisis is a great opportunity. I am also a believer in the principle of never giving up. To my mind, Japan is gradually getting back on its feet.

## Q & A

**QUESTION:** From the perspective of military might, how much of a security threat do Chinese submarines pose?

**DR. PILLSBURY:** We have many authors who have written about how many submarines China needs. One retired U.S. Navy captain wrote an article recently that China needs double or triple more submarines to protect its sea lines of communications. His name is Captain Bernard Cole. He teaches at the National War College. He also said, beside submarines, China would need to go from three supply ships, so-called replenishment ships, to as many as 10, just to have a normal protection of Chinese sea lines of communication from the Strait of Malacca up to Chinese ports. So, Captain Cole, who might be the leading expert on the Chinese Navy in America, seems to be very relaxed about these numbers; triple the submarines and triple the number of supply ships. So this gives you the general idea from American retired navy scholars if Chinese submarines are a threat to America. Now, for other countries, it might be more of a problem.

**DR. CHELLANEY:** I would like to just reemphasize what Dr. Pillsbury said at the very end that what is a threat to

a country depends on its geography. What may not be threatening to the U.S. may be threatening to Japan. And what may be for one country a defensive buildup could be for another country an offensive buildup. Therefore, the issue really is that when you have a U.S.-Japan security alliance and the perceptions differ in terms of threat perceptions, the differences are enough to basically even undermine the confidence of one party. An outside power's buildup therefore has implications for an alliance system, especially if one or more parties in that alliance system believe that the buildup actually threatens its national security.

**QUESTION:** Japan has been in an uproar over the relocation of the Futenma airfield. What is the significance of U.S. bases in Okinawa for your countries?

**DR. PILLSBURY:** The Japanese hosting of the U.S. bases is extremely important to the United States' global military posture. Japan pays a great deal of money to host the U.S. bases. Japan agreed in 2006 to some arrangements involving Okinawa and also a movement of the U.S. ground forces from Okinawa to Guam. This promise was taken very seriously by President Bush and there was no wavering by the Obama Administration on the importance of Japan keeping its promises.

But these arrangements are not aimed at China. This is not part of containment of China. The way we can move our forces into the Middle East right now involves going through Europe which involves permission of European countries. It involves some difficulties of logistics. So, because of geography, being able to move American forces to the Middle East with the help of Japan is extremely important.

**DR. YANG:** We think the Okinawa military base issue is an internal affair between Japan and the United States and it will be decided by the two countries. I think what we worry is the target of these military bases. As Dr. Pillsbury says they are not targeted to China, I do not think we regard them as threat for us.

**DR. CHELLANEY:** It is obvious to me that for the U.S., forward deployment of military forces in Japan is central to both the U.S. power projection capability in Asia as well as retaining the capability to underpin its security commitments in the Asian theater. Think of a scenario where the U.S. is not able to forward deploy its forces in Japan; they will have to retreat to Guam. From Guam you cannot project the kind of capability that you can do from Japanese mainland. So certainly it will be a serious disadvantage for the U.S. military not to have this kind of

forward deployment capability in Japan. And Okinawa is a very critical element in this larger picture.

As far as China is concerned, I think Chinese government would be more comfortable if Japan continues to allow forward deployment of the U.S. forces. Why? Because without the U.S. forward deployment of forces on Japanese soil, we will see a resurgent Japan that is seeking to look after its own security. And from the Chinese perspective, neither option is good. But having the U.S. bases and forces in Japan is the lesser of two evils. So on balance, Beijing would prefer the status quo to continue even in respect to Okinawa.

**DR. TAKUBO:** It is obvious to anyone that the Japan-U.S. Security Treaty serves, first and foremost, as a safeguard against an emergency situation on the Korean Peninsula, secondly, as a safeguard against an emergency in the Taiwan Straits and, thirdly, as a deterrence against China. When considering the relocation issue, former Prime Minister Hatoyama placed equal priority on honoring Japan's agreement with the United States, respecting a minority opinion in the ruling coalition and taking account of the feelings of the Okinawa people. With this stance, it was impossible to accomplish anything. It was only natural that Mr. Hatoyama returned to the agreement with the United States that was reached in 2006. National security should take precedence over the feelings of local residents. Given the presence of the Japan-U.S. agreement, it is imperative to obtain the Okinawa people's understanding by any means. If the ruling party does not understand this, it should exit the scene. That is to be the right course of action.

**MS. SAKURAI:** It is natural that national strategy places the top priority on national interests. What impressed me when I read the minutes of the secret meetings between Kissinger and Zhou Enlai was that when Zhou demanded the abolition of U.S. military bases in Japan, Kissinger told the Chinese leader that China did not have to worry about the U.S. bases because their presence was intended to restrain aggressive actions by Japan. Several days after that meeting, President Richard Nixon's visit to China was announced abruptly. Such is diplomacy. The postwar Japan has failed to keep that reality in mind. If this seminar provides the opportunity to keep the reality in mind, it will be useful for setting the future policy course of Japan.

**QUESTION:** China has been reluctant to impose sanctions on North Korea for sinking South Korean naval patrol ship. Doesn't such a tolerant stance encourage North Korea to take brazen actions?

**DR. PILLSBURY:** I think the comments at the press

conference (after a trilateral meeting between Japan, South Korea and China on May 30, 2010) in Jeju Island, South Korea, by China's Prime Minister Wen Jiabao were very good. He wants calm and avoiding any kind of incident.

Secondly, Secretary of State Hilary Clinton started the process to try to persuade Chinese leaders about the investigation on what happened and the Chinese leaders have made a very reasonable request for more details and try to understand exactly where the evidence came from as they were not part of the investigation.

And thirdly, we have to remember, the Chinese government played a helpful role in creating and hosting the six-party talks on the North Korean nuclear issues. So they have a relationship with North Korea that we do not have. I do not think any American pretends to understand how North Korea's leadership thinks. So we have to have some hope that the Chinese government understands North Korea better than we do.

So, I am trying to give you an optimistic interpretation that China's long-term strategy for North Korea seems to be to change North Korea and to be more like China, open to foreign investment and loosening up the internal system. So, if China succeeds in moderating North Korea over time, this would be a very good thing and it would also give more confidence to the G2 forces that working with China is a good idea.

**DR. YANG:** I think Mike said all what I want to say. I think the important thing for us is to continue the investigation and I think it is how to keep the stability in this peninsula and how to keep the peaceful development, not only on nuclear issues but economic and social development in this region. We have to avoid contingency in this part of the world.

**DR. PILLSBURY:** I forgot to say one thing about the American policy toward Korea. We agreed with the South Korean government to transfer operational control of forces in South Korea in April of 2012. This torpedo attack is completely in responsibility of South Korea to decide what to do. If the South Korean government wants to request a delay in the transfer of operational control, I think the American side will do whatever South Korea requests.

**DR. CHELLANEY:** First, I do not think China wants to export its model to North Korea. China will not seek to export its model to North Korea simply because the Chinese are smart enough to know that if this weak, isolated, Stalinist regime in Pyongyang begins to reform, it will unravel very quickly.



Second, what is China's strategy in relation to North Korea? China's strategy is very clear. It wants to sustain the North Korean system with or without Kim Jong-Il. As you know, Kim Jong-Il suffered an apparent stroke. Now he has regained his composure, he is back on his feet, and as we saw, he was dragging his feet in the TV footage. Normally when you recover from a stroke and you become shriveled like Kim Jong-Il is today, medically speaking, this is not a good prognosis. I do not want to say that he is about to die, but I do not think he has too many years left in his life. So it is not a surprise that Kim Jong-Il is propping up his third son, the 26-year-old man, who lacks both experience and the age to win respect. So in my view, the Chinese strategy is propping up the North Korean regime. Without Chinese propping up of North Korean regime, that regime will collapse within days.

China provides two kinds of protection. One is aid and other sustenance and the second, which is even more important, is political protection in the U.N. Security Council. Without the political protection to Kim Jong-Il's government, that government will come down under the weight of international sanctions; it will get slapped left and right internationally. The only thing that is preventing the regime from being slapped even more by international sanctions is China.

China is also protecting the regime on the South Korean warship sinking incident. It may not be sealed black and white but by not joining the condemnation and not supporting the multinational inquiry on the sinking, China tacitly is shielding North Korea.

But in my view, the Chinese strategy is doomed to flop for several reasons. One, as I mentioned to you, Kim Jong-Il will not be on the scene for too long. Second, the economic crisis in North Korea is worsening and government attempt at currency reform in North Korea have actually created hyperinflation. And third, President Lee Myung-Bak of South Korea reversed decade long Sunshine Policy and also effectively cutoff all aid to North Korea. The point is that President Lee's policy has aggravated the economic crisis in North Korea.

China does not want Korean reunification because South Korea is two times the size of North Korea population wise. In terms of economy, South is much bigger several times. The South is also a U.S. ally and a reunified Korea would mean U.S. influence and military at China's doorstep. So China does not want that scenario to unfold.

But in my view, we will see profound change in the coming years in Korea as a whole, North Korea in

particular. If you look back at last two decades in the world, between 1990 and 2010, the world has changed geopolitically. Nobody forecasted these events. If you look ahead two decades from now, you will see equally if not more dramatic change in the world geopolitically. And one place where change is most likely in the world is the Korean Peninsula.

**DR. TAKUBO:** It is regrettable that Japan, which has not even exercised the right to collective defense, cannot have a significant say in this issue. What is crystal clear is that the South Korean ship was torpedoed by North Korea in an outrageous manner, resulting in a lot of casualties. I do not know the real reason why China has been indecisive. Anyway, if China's approach to this issue is in line with its stance of continuing food and energy aid to North Korea despite such issues as the North's nuclear development, missile development and abduction of Japanese nationals, I cannot put up with it.

**QUESTION:** What military role do you think China should play in the Indian Ocean?

**DR. YANG:** For the Indian Ocean, I do not think we have very clear long-range assessment for Chinese role because we think the major power in this ocean is India, not China. The only Indian Ocean security issue in which China was integrated is the piracy off Somalia. And Chinese options to send warships was not decided by China itself; it was according to the United Nations resolution. Once the pirates are cracked down, it is meaningless for us to send warships and establish logistical bases there.

But because we regard the Indian Ocean as public goods, we need public security and public cooperation. That is why we hope India plays a leading role. The United States also has its own fleet there and can protect us. We want to share the security burden. That is why we pay much cost for the Northeast Asian issues like DPRK (Democratic People's Republic of Korea, North Korea) nuclear problem. The budget and financial resources for China is not unlimited. So we just focus on some issues. We will play a responsible but limited role in the world.

And I just want to add one thing for the DPRK issue. If China has clear strategy as Dr. Chellaney argues, I think the six-party talks are meaningless and we can really control everything, and I do not think we can form partnership with each other on that issue.

**QUESTION:** What kind of cooperation should Japan and India engage in with each other in the Indian Ocean if they are to build good relations without making China suspicious?

**DR. CHELLANEY:** Japan and India need to collaborate

more regularly in a formal way in Indian Ocean maritime security. To promote security and safety of the sea lines of communication in the Indian Ocean Region, they have to join hands with other like-minded countries including the United States for whom the sea lines of communications are vital to their economy.

Japan is the dominant navy in Asia. If you remove the nuclear factor, the number of vessels you have and the kind of capability you have are very impressive. You have a very impressive navy minus the nuclear factor, which is quite a minus because the nuclear factor is so important. But in terms of protecting the sea lines of communication, I do not think India realistically can achieve that objective on its own or even in the partnership with the U.S. unless Japan joins them. The safety and security of the sea lines of communication in the India Ocean Region very much depends on Japan and India's cooperation.

If I could add something about what the China's intentions are in the Indian Ocean Region, there were two important articles that I found last year which were reflective of the thinking of the PLA. One was an article in the Army Liberation Daily, which is a PLA publication. In that, a commentator made the argument that all great powers have military bases far from their shores and that if China, as a rising great power, wished to protect its interests, strategic and economic and energy interests, it needed to establish military bases overseas and one place was the Indian Ocean Region. Another publication, which is also linked to the PLA made the argument that China's "natural security perimeter" extended from the East China Sea through the South China Sea to the Western rim of the Indian Ocean Region. So you see a creeping extension of China's perceived security perimeter, at least in the literature linked with the PLA.

Now if you are a policy maker in China and want to play a bigger role in the Indian Ocean Region, you cannot play a role without doing what China is doing today. What is China doing? Beside port building activities, it actually is seeking and signing special access agreements with regional states. It wants logistical centers in the area. Gwadar, for example, is not yet a naval facility of any kind. But the second stage of Gwadar is a naval base. Gwadar is a port-cum-naval base. In the first step it is always port building. In the second step, you try to get special access. In the third step, you might get logistical or naval facility. The point is that if China wants to be an important player, it will have to have logistical bases in the Indian Ocean region. Without them, there is no way China

can sustain a presence in the Indian Ocean Region.

**QUESTION:** How should Japan, and the Japan-U.S. alliance, respond militarily to the Chinese navy's activities in the East China Sea?

**DR. TAKUBO:** The Self-Defense Forces may be sent in response to acts that violate international laws. Japan must make clear that it is ready to defend its sovereignty. If China observes international laws, I would see nothing wrong with promoting Japan-China friendship.

**QUESTION:** What specific actions has Japan taken to defend the Senkaku islands?

**MS. SAKURAI:** Nothing that I know of. However, I can tell you about my own opinion on what should be done. As the Senkakus are Japanese territory, it is important for Japan to make clear to both the Japanese people and other countries its readiness to resort to all available means to prevent any Chinese interference there.

## Closing Remarks

**MS. SAKURAI:** It is important to know the thinking of the countries with interests in the Indian Ocean, which is turning into a sea of the conflict in the 21st century. Today's session was very instructive for efforts to ensure that the Indian Ocean is an open and peaceful sea so as to contribute to the prosperity of humankind. Five decades after the revision of the Japan-U.S. Security Alliance, what is obvious is that good security relationship between the two countries is essential. In this sense, we attach importance to the United States as our ally. However, the bilateral relationship in which the United States unilaterally provides protection to Japan undermines the mental health of the Japanese people. The American people do not like that kind of relationship, either. It is our responsibility to develop the Japan-U.S. relationship into something more appropriate. We must not leave Japan in its current miserable state to future generations.

While many people have a favorable opinion of China, the Chinese Communist Party's pattern of behavior is unacceptable to us in many cases. Japan needs to gain more influence and set an example for China through its own actions to convince it that threatening other countries by flaunting its military power is not appropriate.

There will be a chance for Japan to build cooperative relationship with India. I hope for closer relationship between Japan and India. I would like to use this seminar as the first step toward building cooperative relationship in the Indian Ocean.

## PROFILES

### Mr. Akihisa Nagashima, Parliamentary Vice Minister of Defense, Japan

Akihisa Nagashima is Member of the House of Representatives in his third term. He received LL.M. from Keio Graduate School of Law and M.A. from the Paul H. Nitze School of Advanced International Studies (SAIS) of Johns Hopkins University in Washington, D.C.

He studied under Dr. James E. Auer, Director of the Center for U.S.-Japan Studies and Cooperation at Vanderbilt University in Nashville, Tennessee, as Visiting Scholar from 1993 to 1995. He was with the Council on Foreign Relations in Washington, D.C., from 1997 to 2000, first as Research Associate and then as Adjunct Senior Fellow in Asian Studies. At the CFR he befriended Michael J. Green (former NSC official), Richard L. Armitage (former Deputy Secretary of States) and other experts on Japan and Asia.

Mr. Nagashima was elected to the House of Representatives for the first time in 2003. He served in the Diet as Senior Ranking Member of Committee on National Security, and as the Ranking Member of the Special Committee on North Korean Abductions and Other Issues, as well as on the Committee of Foreign Affairs, and the Special Committee on Antipiracy and the Prevention of International Terrorism. He served in the Democratic Party of Japan's shadow cabinet as Minister of Defense.

He has authored several books, including *A New Blueprint for Japan-U.S. Relations: Insights into the Changing U.S. Military in Asia* and *National Defense Issues: The Real National Crisis Unknown to the Japanese* (co-authored).

### Dr. Brahma Chellaney, Professor of Strategic Studies, Center for Policy Research, India

Brahma Chellaney has served as a member of the Policy Advisory Group headed by the Foreign Minister of India. Preceding his membership to the advisory group, Prof. Chellaney was an adviser to India's National Security Council until January 2000, serving as convener of the External Security Group of the National Security Advisory Board.

A specialist in international security and arms control issues, Prof. Chellaney has held appointments at Harvard University, the Brookings Institution, Johns Hopkins University's School of Advanced International Studies and the Australian National University. He is the author of five books, the most recent of which is *Asian Juggernaut: The Rise of China, India and Japan* (HarperCollins).

Another of his publications is a smaller, 100-page book, *On the Frontline of Climate Change: International Security Implications* (KAF, 2007), with Heela Najibullah.

Prof. Chellaney has published numerous research papers in various international journals, including *International Security*, *Orbis*, *Survival*, *Washington Quarterly*, *Security Studies* and *Terrorism*.

He is also a newspaper columnist and television commentator. He regularly contributes opinion articles to the *International Herald Tribune*, the *Wall Street Journal*, the *Japan Times*, the *Asian Age*, the *Hindustan Times* and the *Times of India*. In 1985, he won a Citation for Excellence from the Overseas Press Club, New York.

### Dr. Yang Mingjie, Vice President, China Institutes of Contemporary International Relations (CICIR)

Since 1991, when he joined CICIR, a comprehensive research institution for international studies established in compliance with the directive of the State Council, Yang Mingjie has been involved in studies in areas such as world politics, the United Nations, peace keeping operations, arms control and security cooperation, counter-terrorism, and crisis management.

Dr. Yang held prominent positions such as Director of the Division of Arms Control and Security Studies and Director of the Center for Counter-Terrorism, the first research organization on terrorism issues in China established prior to the terrorist attack in the United States on September 11, 2001. He served as Director of the Center for Crisis Management Studies before assuming his current position in CICIR.

Dr. Yang also occupies several positions at academic organizations related to security studies. He is also a member of the Board of Directors, China Arms Control and Disarmament Association (CACDA) and a member of China National Committee, Council for Security Cooperation in the Asia Pacific (CSCAP).

His main publications include *Sea Lane Security and International Cooperation* (Beijing Current Affairs Press House, 2004) and *International Crisis Management* (Beijing Current Affairs Press House, 2003).

### Dr. Michael Pillsbury, Consultant, the U.S. Department of Defense

Michael Pillsbury has been a consultant at the US Department of Defense since 2003. He received B.A. in History at Stanford University and Ph. D. from Columbia University.

In 1975-76, while an analyst at the RAND Corporation, Dr. Pillsbury published articles in *Foreign Policy* and *International Security* recommending that the United States establish intelligence and military ties with China. The proposal later became US policy during the Carter and Reagan administrations.

During the Reagan administration, Dr. Pillsbury was the Assistant Under Secretary of Defense for Policy Planning and was responsible for implementation of covert aid programs. He participated in President Reagan's decision in 1986 to order the CIA to arm the Afghan resistance with Stinger missiles.

In 1992, working under President George H. W. Bush, Dr. Pillsbury held the position of Special Assistant for Asian Affairs in the Office of the Secretary of Defense, reporting to the Director of Net Assessment.

In 1997-2007, Dr. Pillsbury published research reports and two books on China's view of future warfare: *China Debates the Future Security Environment* and *Chinese Views of Future Warfare* (National Defense University Press). Dr. Pillsbury's findings were reportedly added to the reports the Secretary of Defense sent to Congress on Chinese military power in 2002-2005.

### Ms. Yoshiko Sakurai, President, Japan Institute for National Fundamentals (JINF)

Yoshiko Sakurai is the nation's leading freelance journalist. Ms. Sakurai studied at and graduated from the University of Hawaii, majoring in Asian history.

She worked as a staff writer of the Christian Science Monitor's Tokyo Bureau, a reporter for the DEPTH NEWS of the Press Foundation of Asia, and as Tokyo Bureau Chief of the DEPTH NEWS. Beginning in 1980, she worked for 16 years as a news anchor at channel 4, Nippon TV, on the program "NNN Today's Events" until the end of March, 1996. Ms. Sakurai has since been working as a writer-journalist.

She received Japan's highest non-fiction writing award, the Ohya Soichi Non-Fiction Prize in 1995, for her work titled *AIDS-Crime, Tragedy of the Hemophiliac Patients*. In 1998, she published *Crisis of Japan* for which she received the Kikuchi Kan Prize, the highest honor in the world of critique.

Other books by Ms. Sakurai include *Seven Crimes Japan Has Committed, Liberation from Self-Denial Mentality Built in by GHQ, Debates 2003, Privacy in Danger, Education Opens Up Future, Clown of Power, Debates 2004, Don't Worry No Matter What Happens, World Is Surprisingly Scientific, Debates 2005, Debates 2006, Be Noble Strong and Glorious, Debates 2007, China: A Peculiar Power, Debates 2008, Asian Ordeal: Can Tibet Be Liberated?, Image of People in Meiji Era, Debates 2009*.

### Dr. Tadae Takubo, Vice President, JINF

Tadae Takubo is Professor Emeritus at Kyorin University. He received a Ph. D. in law from Keio University.

After graduating from Waseda University, he joined Jiji Press and held prominent positions such as Hamburg correspondent, Naha (Okinawa) Bureau Chief, Washington, D.C., Bureau Chief, Foreign News Editor and Deputy Managing Editor. Between 1979 and 1980 he was a guest professor at the Woodrow Wilson International Center for Scholars in Washington, D.C.

In 1984 Dr. Takubo joined the faculty of social sciences at Kyorin University as a professor of international politics and international relations. He served important positions at the university including Dean of the Faculty of Social Sciences (1992-2002) and Dean of the Graduate School for International Cooperation Study (1993-2002). He was Guest Professor at the Faculty of General Policies and Guest Professor at the Graduate School for International Cooperation Study (2002-2010).

In 1997 he received the "Seiron Taisho" (a prize provided by Fuji-Sankei Group for excellent activities in journalism).

His most important publications include *The "New World Order" and Japan, Nixon and His Diplomacy toward China, Strategist Nixon, America's Wars, Living in a Turbulent World and How Japan Should Live in the Era of Two Super Powers, the U.S. and China?*.



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