

# TOWARD A GREATER ALLIANCE

A POLICY PROPOSAL OF THE MT. FUJI DIALOGUE  
SPECIAL TASK FORCE



Mt. FUJI  
DIALOGUE  
*since 2014*

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(In the order of the Japanese syllabary)

# **“Toward a Greater Alliance”**

## **A Policy Proposal of the Mt. Fuji Dialogue Special Task Force**

### **Introduction**

#### **Standing of the Proposal**

Entitled “Toward a Greater Alliance,” this Proposal may be described as the Japanese version of the Armitage-Nye Reports (2000, 2007 and 2012) that summarized and presented the discussions of US experts on the value and challenges of the Japan-US alliance from a comprehensive and long-term perspective. With the birth of the Trump Administration, however, this Proposal may now be of even greater significance than its US predecessors.

Throughout the postwar period, Japan accepted the status of junior partner to the United States. Opting to be lightly armed and following economic-centered policies, Japan successfully achieved reconstruction and development. At the same time, US military bases in Japan became an indispensable element of the US military presence in Asia. Based on a shared value of freedom, the Japan-US alliance emerged as a link between the overwhelming military power of the US and the complementary role played by Japan, and has come to be highly appreciated in East Asia as a regional public good. However, the newly elected President Trump publicly questioned some of these aspects of Japan-US relations throughout his election campaign, which he ran under the aegis of “America first.”

Turning to the situation in East Asia, overwhelming US power has begun to recede due to America’s own over-stretching and the emergence of China. North Korea has made steady progress in the development of nuclear arms and missile technologies. Meanwhile, Japan under the Abe Cabinet has undergone a series of changes that can be considered to be epochal in the context of Japanese politics. These include the establishment of a National Security Council and the partial revision of Japan’s stance on exercising of the right to collective self-defense.

Given these developments, there is now a pressing need to re-examine and/or to reaffirm the value of the Japan-US alliance. The authors of this report participated in the Mt. Fuji Dialogue, which launched in 2014 aspiring to strengthen bilateral ties by promoting intellectual exchanges among corporate, political and academic leaders, came to believe that such a report needed to be written in light of the discussions that had taken place through the Dialogue meetings.

#### **Overview of the Proposal**

The birth of the Trump Administration signifies the election of a leader who unabashedly asserts the doctrine of “America first” and who has come to power without making almost any reference to America’s political principles of

commitment to freedom and democracy that have buttressed the postwar world order characterized by freedom. It can be said that this represents the injection of the highest level of uncertainty to be seen in the world order since the end of the Cold War. All the peoples and nations of the world are holding their breath as they anxiously try to gauge whether President Trump will fundamentally alter the core values and principles of the United States.

Our fundamental position in publishing this Proposal is that both Japan and the United States should preserve without change the principles of liberalism that guided the world in the Cold War Era and continued to give direction to the post-Cold War world order. It was based on these very principles of liberalism that Japan and the United States promoted the development of democratic domestic systems and institutions, maintained economic prosperity, and fostered the technological innovations and creative culture that have led the world. The two countries must jointly endeavor to ensure that a liberal world order will continue to gain strength and momentum in the future.

We also believe that it is essential to realize that the world has come to a critical juncture that requires the greatest “adjustment” ever in the post-Cold War period.

Of the various changes that have occurred in the world since the end of the Cold War, special attention must be paid to the following four developments.

The first among these is the global spread of economic development. Many of the world’s developing countries experienced remarkable economic growth during the first quarter-century after the end of the Cold War. The most dramatic reduction in the ranks of the poor occurred in China and the countries of East Asia. This phenomenon generated a power shift of immense significance in the realm of international politics.

The second development relates to the spread of freedom and democracy, and arrival of this process at its limits. Beginning the 1980s, the number of democracies enjoying high levels of freedom continued to increase and exceeded 80 countries by the end of the 20th century. However, this movement began to lose momentum with the start of the 21st century and ground to a halt by around 2010. On the other hand, countries such as China began to achieve remarkable economic growth despite their low degree of freedom.

The third development pertains to continued instability in the vulnerable regions of the world and the spread of terrorism. Once support was withdrawn from the US and Soviet camps, many developing countries failed in maintaining and developing their domestic political systems. Some countries descended into civil war. Terrorist groups were born out of this turmoil and have steadily elevated their level of activity.

Finally, there has been a resurgence of geopolitical military and paramilitary activity among authoritarian governments. This too constitutes a trend that cannot be overlooked in the post-Cold War Era.

Against the backdrop of these structural changes occurring in the global system, the emergence of the Trump Administration can be seen as the people's pushback against recent government policies and an expression of their deep sense of frustration. Even though the public statements of the President sometimes sound emotional, we accept that those are supported by the majority of Americans. Our task would then be to endeavor to understand the factors that provide the background for this support, and to seek out together with the US government a path to effective policies for addressing global challenges.

A quarter century after the end of the Cold War, the four trends outlined above have arrived at a juncture where they now demand a response from the United States and its allies. We believe the specific recommendations contained in the following sections of this Proposal provide a roadmap for overcoming the challenges of this "Era of Adjustment," for developing an even more robust Japan-US alliance, and for maintaining and promoting a liberal world order.

In that sense, we would like to make clear that the Mt. Fuji Dialogue highly appreciates the achievements of Japan US Summit Meeting held between Japan's Prime Minister Shinzo Abe and US President Donald J. Trump on February 10, 2017, in Washington as well as the joint statement issued after the meeting, as they greatly contribute to the strengthening of the Japan-US alliance.

## **Recommendations**

### **A. Alliance Strategy**

**[1] The Trump Administration should share the basic philosophy and principles of the new National Security Strategy with Japan, its most important Asian ally.**

In formulating its new National Security Strategy, the United States should seek to establish a shared awareness with Japan's new National Security Strategy. To achieve this objective, the United States should maintain close exchange between the staff of the National Security Council (NSC) and the staff of Japan's National Security Secretariat.

**[2] Japan and the United States should share common China strategies.**

China's maritime expansion looms as a common concern for the Indo-Pacific region. There is a need for powerful US strategies toward China, combined with Japan's close coordination based on shared foundations. Under US leadership, Japan-US-Australia and Japan-US-India should play a central role in formulating a regional framework for the Indo-Pacific region, and cooperate with the ASEAN countries, Russia and Mongolia to create a network of alliances and cooperation to ensure regional stability and prosperity.

**[3] Japan and the United States should jointly strengthen their capability to counter the growing threat from North Korea.**

To counteract the North Korean military threat, measures should be taken to promote the Japan-US-ROK Regional Missile Defense Concept. As deterrence against the threat of nuclear and ballistic missiles, Japan and the United States should strengthen deterrence by denial, including the development and improvement of ballistic missile defense systems. Furthermore, Japan should consider developing counter-strike capabilities with the deployment of early-warning satellites, electronic warfare capabilities, precision-guided munition and other advanced assets without delay.

**[4] Japan and the United States should jointly act on the Republic of Korea to ensure that it remains in the framework of Japan-US-ROK cooperation.**

The Republic of Korea (ROK) is in the midst of an extremely serious political crisis. Regardless of whether the current ruling party or opposition party comes to power in the coming months, Japan and the United States must urge South Korea to stay committed to deploy THAAD (terminal high altitude area defense), reinforce sanctions on North Korea, and observe the Japan-ROK Agreement of December 2015 and keep improving relations of the two nations. Parallel to this, efforts must be made to move forward on Japan-US-ROK security cooperation.

To ensure security and stability in the Korean Peninsula, a Japan-US-ROK military information network should be created, and Japan-US-ROK “defense cooperation guidelines” should be formulated in the future. Going forward, one of the challenges will be to formulate concrete plans for cooperation and to conduct exercises based on emergency situation scenarios. In preparation for such scenarios, it will be necessary to establish a consultative framework with related countries (including China and Russia).

**[5] Japan should foster frameworks for tripartite security cooperation, including the Japan-US-Australia, Japan-US-ROK and Japan-US-India security cooperation.**

US allies should avoid incongruous and incoherent responses to the Trump Administration. Rather, it is desirable for allies to closely coordinate their response and engage with the United States with a unified position. For this purpose, bilateral security cooperation should be promoted, including Japan-Australia, Japan-ROK and Japan-India security cooperation.

**[6] Japan and the United States should coordinate their Russia policies.**

Dialogue with Russia is indispensable to realizing stability in the Middle East, the Gulf area and South Asia. For this purpose, the development of a Japan-US-Russia consultative framework should be considered. For Japan and the United States, cooperation with Russia is also important in deepening ties with Central Asian countries. Moreover, from the perspective of China strategies, it is desirable to engage in frank dialogue with Russia and to urge Russia to make positive contributions. Reconstitution of Russia policies stands as an essential challenge for the Trump Administration.

The Putin Administration is emphasizing economic and social improvement in the Russian Far East. Procuring energy from Russia, particularly natural gas, will have the

effect of reducing Japan's dependence on energy supplies from the Middle East. For the United States also, cooperation with Russia in the energy field will help create a more solid foundation for resource development. Considering that the Japan's Northern Territories have important security aspects for Russia and building more stable Japan-US-Russia relations is an essential element of regional security, dialogue should be promoted covering the regions encompassing from northern Japan, Siberia, the Sea of Okhotsk, to the northern Pacific, and the Arctic Ocean.

**[7] Cooperation in the areas of aerospace, cyber-security, and information must be expanded and improved.**

It is necessary to consult on and promote the respective roles and responsibilities between Japan and the United States in space, cyber-security, and intelligence related activities, nuclear power cooperation between the two countries and reform of the United Nations. In particular, Japan-US cooperation in cyber-security related challenges constitutes an issue vital to national survival. In addition to cooperation between national cyber-security agencies, it is important to create partnership between the cyber commands of the two countries. Japan's Cyber Defense Unit is about one-sixth the scale of the US Cyber Command. As a first step, reinforcement of Japan's capabilities and technical exchange between the two organizations should be promoted.

## **B. Asia Policies**

### **1. China**

**[1] Japan and the United States should take a cautious approach to security and economic issues involving China.**

The China relations of Japan and the United States are characterized by two simultaneous developments that are proceeding at high levels. These are growing economic interdependence and strategic competition. In this environment, any facile decision to advance either the economic or security aspect of the relationship while sacrificing the other must be avoided. For each country, economic stability and development are very high priorities. In that sense, it would be an unwise policy to significantly restrict economic exchange. However, agreeing to a trade-off in terms of security and lowering one's guard for the purpose of economic gain may lead to disastrous results.

**[2] Japan and the United States should heighten the level of communication and mutual understanding regarding their China policies.**

It is desirable to establish a mechanism whereby US China-policy personnel and China scholars travelling to China stop by in Tokyo to engage in discussions and exchange of views. Such stopovers should take place either on the way to China, on the way back from China or on both ways.

**[3] Japan and the United States should promote dialogue with China and upgrade public relation activities related to cooperation between both sides.**

Serious differences in understanding often emerge between Japan and the United States on one side and China on the other. Therefore, efforts must be made to avoid China's misunderstanding of the intent of Japan and the United States. To build mutual understanding and foster trust, dialogue involving policy and military personnel should be promoted. Additionally, it is necessary to promote dialogue and exchange among maritime law enforcement agencies. It is also important to widely publicize and inform the public of the broad range of cooperation that already exists in such areas as anti-piracy and anti-drug programs, and responses to environmental pollution.

**[4] In reacting to Chinese actions, Japan and the United States should calmly demonstrate their principles through action.**

While verbal dialogue is certainly needed to avoid misunderstanding of intent, it is also important to exhibit one's intent through action. Under the leader who shows a preference for action, China may begin constructing additional artificial islands in the South China Sea or ratchet up the level of provocation in the vicinity of the Senkaku Islands in the East China Sea. To prevent to such situations, it is desirable for the United States to undertake Freedom of Navigation Operations in timely manners, and for Japan to enhance the capabilities of the Coast Guard and the Maritime Self-Defense Force.

**[5] It is desirable for the United States to maintain military presence in Southeast Asia and for Japan to expand the scope of support for the US.**

In order to uphold the rule of law in East Asia and to ensure the region's steady progress, it is important to maintain US military presence in Southeast Asia based on the foundation of the Japan-US alliance. Japan and the United States should strengthen their consultation and cooperation in promoting social development in Southeast Asia, and should thereby avoid economic stagnation leading to social instability and a movement toward authoritarian regimes.

## **2. Korean Peninsula**

**[1] In light of the unpredictability of the Kim Jong-un regime, the US and Japanese governments should immediately renew the plan of Japan - US joint military operations for an emergency situation on the Korean Peninsula.**

Japan and the United States have crafted a joint plan to act swiftly and appropriately in preparation for the emergency situation on the Korean Peninsula, but the rapid progress of the North Korea's nuclear and missile development and its unpredictable leadership urge the Japanese and US governments an immediate response to renew the plan. In 1994 the Pentagon considered the possibility of a surgical strike against North Korea's nuclear facilities in Yongbyon and they concluded that the tactical forces of the North Korean army (missiles and artilleries) deployed near the military borderline could launch an all-out attack toward Seoul, the Republic of Korea and the casualties would exceed "500,000". If the warheads (nuclear and VX) were mounted on newly developed ballistic missiles, the scale of ROK's damage could be further increased. Currently, it cannot be ruled out that not only ROK but also Japan and the US forces in Japan will be subject to missile attacks by North Korea. Based on these

circumstances, Japan and the US should make a fundamental review on previous joint operation plan and take all possible measures to overcome the new reality of threat.

**[2] Japan and the United States should strengthen their early warning and surveillance systems by utilizing information gathering satellites and other assets.**

On March 17, 2017, the Japanese government launched a state-of-the-art information gathering satellite (IGS) Unit 5. The IGSs are Japan's de facto domestic spy satellites introduced in response to North Korea's launch of a ballistic missile towards the Japanese archipelago in 1998. Japanese government already has deployed two radar satellites that can observe even in bad weather and at night, and two optical sensor satellites that can photograph at fine weather. In December 2015, the Strategic Headquarters for Space Development at the Prime Minister's Office announced that the government would expand the IGSs to 10 units by 2024, doubling both radar and optical satellites and adding two data relay satellites as well. Both Japan and the US should strengthen the information gathering system further. It is desirable that the US prioritize deployment of the most advanced IGSs in the Northeast Asia or introduction of the early warning satellites in the region and the Japanese government draws the "blueprint" of the transition to 10 units of IGSs and beyond without delay.

**[3] The United States should put aside of the optimism regarding itself as an "offshore balancer" against the threat of nuclear weapons and missiles by North Korea, and should strengthen the recognition of current situation that those threats are directing not only to Japan, ROK and the US military deployed in East Asia, but also to its sovereign territory.**

The Bush administration (43rd) put a label on North Korea as a "rogue state" and abandoned to explore a possible bilateral agreement on missile issues that was one step further during the Clinton administration. The Obama administration placed the "strategic patience" in the main pillar of North Korea policy by rejecting to engage it. The Obama administration refused to give a reward for "bad behaviors" typified by nuclear and missile tests etc. and ignored them. Those responses could not stop North Korea's nuclear and missile program, rather gave North Korea time for developing even further. In the background of the two previous administrations' North Korea policy, there was an optimism that "North Korean missiles do not reach the mainland of the US" (a former Bush administration's high-ranking official), in other words the US has a strong tendency to position the nuclear-missile threat of North Korea as a "low dimensional level" which is different from that of Russia, China and Iran. Now the US should fully understand the sense of urgency shared by Japan and the ROK, and that North Korea's nuclear and missile development is approaching a level of direct threat to the home land. It is necessary for the US to create a radical solution of nuclear and missile issues by embarking on upgrading of regional missile defense system in Northeast Asia and more stringent sanctions against North Korea.

**[4] For the unification on the Korean Peninsula, the governments of Japan and the US should initiate "highly confidential bilateral dialogue" at various levels such as track 1, truck 1.5 and truck 2.**

Currently several secretly-kept dialogues led by the US experts with the counterparts from China, ROK, Japan etc. are progressing simultaneously to examine the future of the Korean Peninsula. In a way to draw a clear line with those dialogues, it is desirable to formulating a scenario of the reunification of Koreas by the Japanese and US government officials, experts, former officials and others. What should be frankly discussed in the scenario are not only the method of uncovering the whole truth of the nuclear-missile program, scrapping it and relocating nuclear material to the third country, but also investigation into the abduction of Japanese citizens, calculation of the unified cost and funding with reference to the preceding example of East and West Germany and other wide range of issues. Japan and the US should work in close coordination so that the coming "Unified Korean State" will share common interests with the Japan-US alliance.

### **3. Southeast Asia and other regions**

**[1] In Southeast Asia policies, the ASEAN framework should be effectively utilized.**

Japan and the United States should support the principles of unity and integration of ASEAN (Association of Southeast Asian Nations), should ensure that their government leaders participate in all East Asian summit meetings and various ASEAN Plus meetings, and should utilize and reinforce these meetings as venues for discussing the common issues facing Indo-Pacific region.

**[2] In the area of cooperation with Southeast Asian countries, emphasis should be assigned to security cooperation centered on maritime security, and infrastructure development and other forms of economic cooperation.**

In national security policies, the United States should steadily implement its military rebalancing (pivot to Asia). Acting in concert, Japan should support Vietnam, the Philippines, Malaysia and Indonesia in strengthening their coastal patrolling capacity, and should enhance security cooperation through the transfer of defense equipment and other measures. In economic policies, realizing that China's "One Belt, One Road" economic cooperation is China's response to the US rebalancing strategy, Japan and the United States should jointly pursue economic cooperation in countries such as the Philippines, Indonesia, and Myanmar where infrastructure development has geopolitical significance.

### **C. Global Diplomacy**

**[1] The United States should uphold the Iran nuclear agreement concluded with major countries.**

Unilateral withdrawal from the Iran nuclear agreement or taking measures to practically invalidate it by the United States will only make matters worse in the Middle East and Gulf countries and in the nuclear non-proliferation regime as well. The United States should uphold the agreement, and begin with improving relations with Israel, Saudi Arabia and Turkey.

**[2] Europe is a partner to both Japan and the United States in sustaining the international order. Support should be given to avoiding EU dissolution and promoting its gradual reform.**

For Japan and the United States, the sudden and rapid dissolution of the European Union (EU) is something to be avoided. On the other hand, adjusting the trajectory of the integration and raising national and/or regional autonomy to a certain level within the EU are desirable options. Responding to the exit of the United Kingdom from the EU can be seen as a touchstone in this process. Japan and the United States should support the UK government to ensure a smooth exit, and should play a mediating role between the United Kingdom and the EU. The G7 framework comprising Japan, the United States, and leading European countries should be utilized in managing the international political and economic systems. Furthermore, the G7 should engage in separate dialogue with Russia, China, India, and others by institutionalizing a “G7+1” framework on a sub-cabinet level.

**[3] Good political and economic relations with India constitute an important strategic asset for both Japan and the United States. Efforts should be made to maintain and strengthen these relations.**

In light of the friendly relations that exist between Japan and India, the deepening of defense and economic relations with India will yield strategic benefits for both Japan and the United States. The two countries should strengthen their relations with Pakistan, the neighbor of India. Moreover, Japan and the United States should promote political stability in Pakistan, while seeking to secure the stable relations between India and Pakistan.

**[4] Japan and the United States should actively engage with African and Central and South American countries to address global governance challenges.**

African challenges include the achievement of economic growth and ending regional conflicts, while the challenges in Central and South America are the achievement of political stability and restoration of public order. Tackling with those issues provide a basic condition for the stability of American society in terms of migration of populations. Both Japan and the United States should continue to promote close cooperation in foreign aid.

**[5] Neglecting the United Nations will have a negative impact on the United States.**

The most significant challenges in the world today are the diplomatic relations among major countries and global governance as a means to regulating cross-border relations. If the Trump Administration concentrates on the former, the United Nations will have to play an even greater role than the past in addressing the latter challenge. Given the importance of the United Nations in this regard, neglecting the UN can only have a negative impact on the national interests of the United States. The Trump Administration has identified eliminating the threat of the Islamic State (IS) and restoring regional stability as priorities of the highest order. To realize these objectives, major countries will have to work through the Security Council and other UN agencies to provide a framework for peace building.

## **D. Defense Policies**

### **1. Strengthening Japan's Defense Capabilities**

#### **[1] Japan and the United States should cooperate in the field of the US "Third Offset Strategy".**

The United States is moving forward on its Third Offset Strategy which aims to establish deterrence by combining weapons, systems and strategies in new ways to counteract the military superiority of adversaries and to ensure superior military capabilities. It is important for Japan to consider contributing to this process through technological cooperation (cyber-security and aerospace-related technologies), and joint-development and joint-production programs (unmanned systems including various types of drones, anti-submarine systems, artificial intelligence, robotics, materials, semiconductors, fighter aircraft, etc.). Japan possesses outstanding technologies not only in basic research programs, but also in such areas as sub-systems, parts and components, materials, manufacturing equipment and general purpose technologies. These should be promoted as dual-use technologies that can be utilized for both military and civilian purposes to enhance the comprehensive capabilities of the Japan-US alliance.

#### **[2] It is desirable to strengthen the functions and roles of Japan and the United States in defense cooperation.**

Going forward, US presence in the Asia-Pacific region is expected to be further reinforced and strengthened, including the deployment of larger numbers of personnel and types of weapons. However, base force function to support them cannot be said to be adequate. Retrieval capacity and alternative facilities would not be sufficiently available in case military bases are destroyed. It is necessary for Japan to enhance its support for US presence in Asia by capitalizing on its core logistical support capabilities--such as supplies, repair and maintenance, communications and refueling--and resilience. Japan should also engage in strengthening its necessary defense capabilities. As a reference, member countries of the North Atlantic Treaty Organization (NATO) have pledged to increase their defense spending to 2 percent of their gross domestic products by 2024. With these developments in mind, Japan should steadily increase its defense spending during the next Medium Term Defense Program (five years beginning in fiscal 2019).

#### **[3] Japan and the United States should engage in peacetime joint operations and joint training.**

It is necessary for Japan to strengthen its capacity for defending remote islands and to enhance its capacity for responding to gray-zone situations. The defense budget should be increased to cover the introduction of the following equipment and systems: amphibious assault ships capable of carrying F-35B fighters, and amphibious warships to be deployed by the Self-Defense Forces; and large patrol ships to be deployed by the Coast Guard. Parallel to this, legislation should be enacted to upgrade maritime patrol capabilities. For this purpose, it is desirable to promote the joint-use and enhancement of the survivability of bases and facilities employed by Japan and the United States, and to engage in peacetime joint

operations and joint training. In particular, expanding the joint-use of the US Marine Corps bases and facilities in Okinawa where US presence is concentrated constitutes a critical measure for Japan in preparation for emergency situations.

**[4] A framework for Host Regional Support for fair defrayment of the costs of US presence by allies and friendly countries should be considered.**

The concept of “Host Nation Support” for defraying the costs of stationing US forces should be expanded to create a framework for “Host Regional Support” for allocating the costs of US military presence in Asia among allied countries. Parallel to this, it is desirable to pursue equipment inter-operability among allied countries.

**[5] Joint Japan-US use of military bases in Guam should be promoted.**

It is desirable for the Self-Defense Forces to partly lease and station personnel on US military bases in Guam in order to promote participation in multinational exercises and training in the Indo-Pacific regions. For this purpose, it is desirable to conclude a new Japan-US Status of Forces Agreement. When Marines currently stationed in Okinawa are moved to Guam, the Self-Defense Forces should construct a base in Guam to be used in various types of training and joint operation programs (logistical support base functions) involving Japan-US-Australia and Japan-US-India, as well as involving various other countries of the Asia-Pacific region.

**[6] The US military base in Djibouti should be expanded and improved, and joint use by Japan and the United States should be promoted.**

Djibouti is important not only for the anti-piracy operations in the Gulf of Aden, but Djibouti also serve as a strategic foothold for Saudi Arabia as a demarcation between the Red Sea on one side and the Gulf of Aden and the Arabian Sea on the other. Recently, China has notably enhanced its presence in this area. Japan is currently leasing portions of the US military base in Djibouti for use in transporting personnel. In the future, this base should be used not only by the Self-Defense Forces but also as a transit facility by Japanese government agencies for their activities in the Middle East and North Africa. With this in mind, Japan should seek the cooperation of the United States in enhancing the capabilities of the base.

**[7] Japan should expand its logistical support for the deployment of the US Marine Corps.**

Rotational deployment of the US Marine Corps from the US West Coast to the South Pacific region will begin in the near future. As Japan will be used as a transit point for the rotational force, it will be necessary for Japan to expand its capacity for providing logistical support.

**[8] Reallocation of the Kanto airspace and the use of Yokota Airbase should be realized.**

Commercial flights using the airspace over the Tokyo area are expected to increase significantly as the Tokyo Olympics approach. International flights landing and taking off from Haneda Airport can only use a very narrow airspace that detours around the airspace under the air-traffic control of Yokota Airbase. It is desirable to take further steps toward reverting the Yokota airspace to Japan. Furthermore, joint use of the

Yokota Airbase should be increased and aircraft other than those specified under Article 5 of the Japan-US Status of Forces Agreement (including commercial aircraft carrying US government and government agency personnel) should be allowed to use Yokota Airbase.

**[9] Japan-US cooperation in responding to major disasters should be promoted.**

Japan-US cooperation in risk management during large-scale disasters occurring in Japan, the United States (Guam and other US Pacific territories) and the Asia-Pacific region should be strengthened. A consultative framework for upgrading the level of communication between the US Department of Homeland Security and related Japanese agencies should be created. Both Japan and the United States should exercise leadership in regularly conducting multinational disaster deployment training.

## **2. Managing the Japan-US Alliance**

**[1] The United States should utilize the channel of National Security Advisors in communicating with allies.**

Lieutenant General H.R. McMaster, the National Security Advisor of the Trump Administration, should establish close communication and develop relations of mutual trust with his Japanese counterpart Shotaro Yachi. This line of action would facilitate the smooth and efficient implementation of Asia policies. Furthermore, in order to effectively enhance the alliance and its influence in Asia, the United States should establish lines of communication between its own National Security Advisor and those of its allies.

**[2] By maintaining close communication with the US National Security Council, the Japanese government should foster an appropriate awareness of the Trump Administration's national security priorities.**

The Japanese government should utilize the National Security Secretariat to establish communication with the White House. Insofar as the new administration is hoisting the banner of "America first," Japan should endeavor to understand the national security concerns of the new administration, and should then act within the scope of what is possible to cooperate in alleviating the fears and concerns of the American people by bearing a fair amount of burden as an ally .

**[3] Acting at the level of the Prime Minister's Office, the Japanese government should make full preparations on how it would respond if the Trump Administration were to advocate national security policies that differ widely from previous policies.**

It can be assumed that the US Department of State and Department of Defense will follow policies that are more or less in line with existing ones. On the other hand, it is very likely that statements from the White House, and particularly President Trump's Tweets, will contain pronouncements and policies that differ widely from previous policies. To develop an accurate awareness of the real intent of such

statements, the Japanese government must maintain robust lines of communication with the White House and engage in coordination and response on the staff level.

**[4] Japan should develop its partnership with the Trump Administration so that it can respond appropriately to the gray-zone security threats.**

Japan should point out to the new US administration the importance and necessity of responding to the gray-zone security threats in Asia. Japan should also take seamless approach to such threats by utilizing all available resources of the law enforcement agencies and Ministry of Defense/Self-Defense Forces, while asking the United States to cooperate in these actions when necessary.

### **3. Cyber-Security Policies**

**[1] Japan and the United States should work jointly to enhance cyber-attack attribution capabilities.**

Japan should act urgently to overcome legal obstacles to monitoring information and communication networks, and create organizational structures to take charge of monitoring. In addition to providing technical support to Japan, the United States should cooperate with Japan in developing supervisory capacity to prevent rogue activity by intelligence agencies.

**[2] Cyber-offensive capabilities should be enhanced.**

As indicated by its name, the Self-Defense Force's Cyber Defense Unit is dedicated to defending against cyber-attacks, and the scope of its activities is restricted to defending the information and communication systems and networks of the Ministry of Defense and the Self-Defense Forces. However, cyber-defense and cyber-offense are the two sides of the same coin, and developing a fuller understanding of offensive methods is indispensable to heightening cyber-defense capabilities. Japan should enhance its capabilities through joint exercises with the United States and other means.

**[3] Japan and the United States should extend the range of available sanctions against cyber-attacks.**

In order to deter cyber-attacks, it is important to prepare ahead of time a graduated list of available sanction measures to be implemented in response to cyber-attacks. Japan and the United States should make it clearly known that prosecution and punishment will be pursued whenever positive cyber-attack attribution is made.

**[4] Multilateral cyber-diplomacy should be promoted.**

Japan and the United States should heighten the pressure on countries suspected of conducting cyber-attacks by building a loose multinational consensus on cyber-security. In this process, Japan and the United States should utilize existing multinational consultative frameworks, such as the international cyberspace conference known as the London Process, and also examine the possibilities for creating a new coalition of the willing.

**[5] Capacity to protect mega-events should be enhanced with priority assigned to resilience.**

Large-scale and critically important events are attractive targets for cyber-attackers. The 2020 Tokyo Olympic and Paralympic Games should be taken as an excellent opportunity to sharply enhance Japan's cyber-security capabilities. It is impossible to totally prevent or repel cyber-attacks, and it is more realistic to assume that some form of damage will be suffered through cyber-attacks. Acting under this assumption, priority should be assigned to achieving resilience, which is the ability to regain full and normal operation as quickly as possible after an attack. Japan should seek the cooperation of the United States in considering measures for securing resilience.

**[6] Reliable multi-tiered information transmission systems should be established in preparation for "hybrid attacks."**

In addition to its traditional propaganda offensives, Russia is conducting "hybrid attacks" that combine the intentional dissemination of false information with physical attacks. Japan and the United States should prepare systems to be used for speedy correction of fake news that the government determines has been distributed.

## **E. Economic Policies**

**[1] Changes in US policies should be realistic and predictable.**

While the change in the US administration may underscore the American people's desire for a reorientation of policies, new policies should be pursued in a realistic manner. For example, the revision and revamping of existing free-trade arrangements such as NAFTA and TPP will give rise to extreme confusion and disruption if due attention is not paid to the fact that the pertinent regions have already become highly integrated and complex supply chains are already in place. Furthermore, economic activities will recede and atrophy unless the changes to be pursued are made known in a manner that provides a comprehensive and predictable vision of future developments.

**[2] Japan should assist the United States in overcoming its economic problems and should commit to "Make America Great Together."**

One of the challenges of the US economy is to reach out to those regions and strata of people that have not been able to benefit from the global economy and have been left behind. On the other hand, Japan has clusters of companies that have achieved high levels of efficiency in such areas as steel and energy. Realizing one-on-one Japan-US cooperation in these industries will benefit both countries.

**[3] The United States should cooperate with Japan in cyber-security and Japan should consider introduction of the sharing economy using the United States as a model.**

The new tide of the so-called Fourth Industrial Revolution has gained momentum during the 2010s and is generating heightened expectations for growth. However, Japan still has many challenges in these fields, in particular, cyber-security and

sharing economy. US cooperation in training human resources in digital technologies and overcoming related challenges facing Japan will provide US hi-tech industries with business opportunities and will also prove beneficial to the United States.

**[4] To appropriately address problems related to economic liberalism and globalization, Japan and the United States should form a group of experts tasked with early identification of problems and coordination of solutions.**

The advantages and contributions of economic liberalism and globalization to avoiding a secular stagnation in the world economy and capitalizing on opportunities presented by the Fourth Industrial Revolution should not be underestimated. On the other hand, the negative aspects of these developments should be recognized and corrective measures should be taken. Over the years, Japan and the United States have engaged in robust and multifaceted intellectual exchange. Now is the time to utilize these assets and to create new channels for policy coordination.

**[5] Effective policies should be implemented to overcome secular stagnation.**

Tax cuts (reductions in corporate and personal income tax rates) and infrastructure investment programs advocated by the Trump Administration and being discussed by the Republican Party are effective policies for overcoming secular stagnation. Among these, infrastructure investment buttressed by maximum utilization of private funds and know-how corresponds to and is consistent with the Quality Infrastructure Investment Project introduced by the Japanese government. Japan and the United States should strengthen their cooperation in increasing quality infrastructure investment, not only in the United States but also throughout the Asia-Pacific region.

**[6] The United States should pursue an exchange rate regime that is consistent with economic fundamentals.**

The current upward trends in stock prices, interest rates, and the value of the US dollar reflect the projected acceleration in US growth and widening of the fiscal deficit. Aiming to control dollar appreciation, the US government should not unilaterally adopt protectionist trade measures, nor should it exert political pressure on the Federal Reserve Board tasked with preserving price stability.

**[7] The United States should not halt its advance toward a liberal trade and investment order and economic integration.**

The United States has long been promoting the maintenance of a liberal trade and investment order and regional economic integration (NAFTA, TPP), and must not halt its advance in this direction. With regard to the WTO, the United States should engage positively in reaching an early conclusion to the Doha Round negotiations and adopting a new agenda. Japan is situated at the nodal point of several mega-agreements on free trade, and should endeavor as a bastion of free trade to realize a high standard of liberalization modeled on the TPP.

**[8] Japan and the United States should act on China to abide by the rules of the market economy.**

China has lodged protests with the WTO arguing that the reluctance of the United States and Europe to recognize it as a “market economy” constitutes unfair treatment. Japan and the United States should act on China to restrain undue government and party interference in private economic activities. If China applies for TPP membership, the application should be accepted without hesitation, on the condition that China continues to advance toward a “market economy.”

**[9] In order to prevent a rapid depreciation of the renminbi, Japan and the United States should jointly advise China.**

The value of the China’s renminbi is facing downward pressure, which has become a source of instability, not only in Asia but also throughout the world economy. Japan and the United States should request the Chinese government to swiftly dispose of excess capacity in the industries and non-performing loans in the financial sector, to rapidly lower the ratio of corporate debt to nominal GDP and to abolish capital restrictions. Additionally, China should be encouraged to re-establish convertibility of the renminbi and to transition to a floating exchange rate system over the medium to long terms.

**[10] Japan and the United States should consider introducing a carbon pricing mechanism to counter global warming.**

While Japan understands that the United States will be deregulating the energy sector, at the same time, Japan and the United States should act to efficiently reduce CO<sub>2</sub> emissions by making full use of market mechanisms. To meet the obligations of the Paris Agreement adopted in 2015, the greatest effort should be made toward utilizing such mechanisms as carbon taxes, emissions permits trading and bilateral credit systems.

## **F. Japan-US Intellectual Exchange**

**[1] Efforts should be made to continue, expand and enhance the quality of intellectual exchange between Japan and the United States.**

Japan and the United States should further strengthen platforms for intellectual exchange, such as the Mt. Fuji Dialogue, through the active participation of the President, Prime Minister, and other high-level government officials. Based on the discussions that emerge from these exchanges, the two countries should avoid any tendency toward mutual distrust or disparity in views, and should endeavor to formulate common strategic goals. At the same time, Japan and the United States should aim to maintain the principles of the market economy, freedom of speech, democracy and a liberal international order.

**[2] Personal links between all strata and types of people should be promoted, not only links between the elite.**

The governments of Japan and the United States should constantly explain the significance of the Japan-US alliance to their respective people, while giving ear to the voices of dissatisfaction that are rising from the “middle class” in advanced democracies throughout the world. To achieve this purpose, policy dialogue should

be strengthened and promoted, not only on an official level between the two governments (Track 1), but also on a private level (Track 2) and on a semi-private level (Track 1.5) including the Mt. Fuji Dialogue. By ensuring the participation of a wide range of people from both countries, it is desirable to establish a broadly based appreciation of the importance and uniqueness of Japan-US relations.

**[3] Based on the framework of Japan-US dialogue, far-reaching networks should be created throughout Asia.**

Going forward, it is important for Japan and the United States to expand the scope of intellectual exchanges exemplified by the Mt. Fuji Dialogue to friendly countries (India, Vietnam) and US allies (Australia, South Korea) in Asia-Pacific. By inviting the promising people from the region to participate in these exchanges as observers, efforts should be made to spread the shared understanding that exists between Japan and the United States to all parts of Asia and to seek the appreciation and empathy of people throughout Asia.

**[4] Measures should be taken to reaffirm the unusual character and uniqueness of Japan-US relations and the importance derived from these qualities.**

While mutually affirming their respect for the universal values of human rights, freedom, and the spirit of equality, Japan and the United States should identify the “differences” and “commonalities” that exist in the culture, religion and philosophy of the two countries, and deal with each other with mutual respect. In so doing, a fresh awareness of the importance and uniqueness of Japan-US relations should be fostered, and the two countries should proactively put into practice the “harmony of East and West” to thereby demonstrate to the world the true meaning and significance of globalization.

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