

## HOW TO IMPROVE THE U.S.-JAPAN SECURITY ALLIANCE

### INTRODUCTION

**T**he United States-Japan military alliance is being strained. Declining Cold-War tensions between the U.S. and the Soviet Union and rising economic competition between the U.S. and Japan are placing unprecedented pressures on it. Rather than receding in importance in the post-Cold War world, this alliance may become more important to Japan and the U.S. as the basis for long-term stability in Asia and expanding bilateral political cooperation.

The Pentagon rightly calls this alliance the linchpin of American strategy in Asia. Under the 1960 Mutual Defense Treaty, the U.S. is committed to defend Japan, while Japan provides bases for American forces. Under pressure from Washington, Japan steadily has increased the size of its defense forces over the past decade. Japan now deploys more destroyers, frigates, and anti-submarine warfare aircraft in the Far East than does the U.S. Tokyo pays about \$2.4 billion, or 40 percent, of the annual cost of maintaining the 50,000 American GIs based in Japan.

**Slow in Gulf Crisis.** Japan, however, can do more — much more. This has been made dramatically clear by the current Persian Gulf crisis. Though the Gulf provides Japan with 70 percent of its oil needs, compared with only 10 percent of America's oil needs, Japan has been agonizingly slow to contribute to the joint effort to restore peace and stability to the Gulf. Only after one month into this crisis, and after much American pressure, did Tokyo agree to spend up to \$1 billion to extend logistical support to the multinational forces in the Gulf, send 100 Japanese medical personnel to the Gulf, and give emergency aid to countries like Egypt and Turkey. This should be only the first in-

stallment of a contribution that must reflect Japan's economic stake in Middle East peace. Tokyo should be contributing at least \$500 million a month. Tokyo should realize that its response to the Gulf crisis will affect future U.S. support for its alliance with Japan.

Beyond the Persian Gulf crisis, Japan can afford to pay more to support American forces in Japan, purchase more American-made weapons, and improve its own defense logistics, communications, and air defenses.

**Reversing Defense Technology Flow.** Japan also can improve its defense relationship with America by allowing U.S. access to Japanese technology with defense applications, like advanced semiconductors and fiber optics. This will help reverse the largely one-way flow of defense technology from America to Japan, which in part sparked U.S. congressional criticism last year of a 1988 agreement that allows Japan to work with American firms to produce the next-generation fighter for Japan's Air Force, known as the Fighter Support-Experimental (FS-X).

In addition, as the U.S. military commitment to oppose Iraq grows, Japan also should be ready to provide financial support for Egypt and Turkey, key allies in containing Iraq. Japan should also consider substantially funding any post-conflict peacekeeping forces.

An effective U.S.-Japan defense alliance will continue to be necessary to ensure Asian stability. From Japanese bases, American forces are better able to deter Asian-based Soviet forces than from the American bases in South Korea. Japanese bases also will be critical to any U.S. effort to resupply South Korea should it be attacked by North Korea.

Most important, perhaps, the U.S.-Japan alliance reassures the rest of Asia, where animosity toward and fear of Japan runs understandably high stemming from Japan's aggression and harsh occupation during the 1930s and 1940s. For one thing, the alliance directly affects the way that the Japanese improve their military capabilities.

**American Shield.** For another, the alliance protects Japan with the American shield, thus giving Japan no reason to expand its military might to the extent that would be needed if it were Japan's only protection. Without the alliance with America, Japan might feel compelled to launch the kind of large scale military build-up that would defend Japan but would terrify its Asian neighbors, thus destabilizing Asia. Japanese leaders realize that a rearmed Japan is neither in their country's interest nor that of its neighbors.

Furthermore, the U.S.-Japanese alliance is the basis for American-Japanese cooperation in other areas, such as scientific research, finding a settlement to the Cambodian conflict, and aiding the Philippine economy.

This alliance, for all its good, nevertheless is under strain. Declining U.S. defense budgets and Japan's stubborn denial of access to American business in Japan's industrial and service markets undermine support in America for the alliance. These strains could be increased by Japan's apparent reluctance to support materially U.S. efforts to oppose Iraq. If such strains continue,

they could prompt an agonizing reappraisal of whether America should keep troops in Japan. As such, Washington must continue to press Tokyo to dismantle its non-tariff barriers to U.S. businesses and further reduce its \$49 billion trade surplus with the U.S.

The Bush Administration plans to reduce the 50,000 U.S. military personnel in Japan by 5,000 to 6,000 over the next three years. These reductions are budget driven. But it is critical to both countries that U.S. forces in Japan should be sufficient to deter potential Soviet aggression in the region and to assist in protection of sea lines of communication from Southeast Asia to the Persian Gulf. To further strengthen the U.S.-Japan alliance, the Bush Administration should:

- ◆ ◆ Stress to Japanese leaders and the U.S. Congress that a strong American-Japanese alliance must be preserved as a critical element of stability in Asia.

- ◆ ◆ Press Tokyo to increase foreign assistance to Egypt and Turkey, and to pay at least \$500 million per month as Japan's fair share of the costs of the Persian Gulf peacekeeping forces.

- ◆ ◆ Urge Tokyo to complete the structural reforms that it has promised in the recent Structural Impediments Initiative (SII) agreement to remove the barriers in the Japanese market which contribute significantly to the chronic American trade deficit with Japan (in Western Europe, where such barriers do not exist, America enjoys a trade surplus).<sup>1</sup>

- ◆ ◆ Praise Tokyo for improving its defense over the past decade, but tell Tokyo that further improvements are needed in base defense, military communications, and logistic support.

- ◆ ◆ Urge Japan to increase long-term support payments for American forces in Japan from 40 percent to 75 percent, out of a total cost of about \$7.5 billion, by the end of the decade.

- ◆ ◆ Improve U.S.-Japanese military cooperation by increasing the number of bilateral and multinational military exercises involving Japan.

- ◆ ◆ Obtain greater access over the next eighteen months to defense-related Japanese technology in computer science, missile guidance systems, armor-piercing shells, and laser technology.

- ◆ ◆ Urge Japan to increase greatly its off-the-shelf purchases of U.S.-made weapons and seek co-development of new weapons systems.

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<sup>1</sup> See also Roger Brooks, "The Next Step in U.S.-Japan Trade Relations," Heritage Foundation *Background Update* No. 136, July 27, 1990.

## ASIAN THREATS REMAIN

While Cold War tensions appear to be easing in Europe, political and military challenges in Asia continue to make the U.S.-Japan alliance a strategic necessity for both countries. Moscow remains the dominant military threat in Asia even though Soviet leader Mikhail Gorbachev has promised to reduce Soviet forces in Asia by 200,000 by 1991. In addition, he has withdrawn some Soviet naval and air forces from Vietnam's Cam Ranh Bay. These Soviet reductions, however, appear to exempt the Soviet military districts nearest to Korea and Japan. A Pentagon strategy report on Asia prepared for Congress and issued in April notes that in areas near Japan, "Soviet capabilities still appear to far exceed those needed for defense."<sup>2</sup> For this reason, presumably, Japanese officials remain skeptical about Soviet military cutbacks.<sup>3</sup>

Principal Soviet wartime military objectives in Northeast Asia likely would be to gain control of the Sea of Japan and the Sea of Okhotsk to deploy the Soviet Pacific Fleet's 34 ballistic missile submarines. The Soviets also will seek to prevent control of Pacific Ocean sea-lanes by Japanese and U.S. naval forces beyond about 500 miles from Japan, and to deny control of the Straits of Tsushima, Tsugaru and La Perouse to Japan.<sup>4</sup>

**Powerful Soviet Forces.** Of the 51 Soviet Army divisions in Asia, about 26 divisions, with about 260,000 men, are in the Far East military district near Korea and Japan.<sup>5</sup> These appear to be exempt from Gorbachev's promised reductions. Soviet Air Force units near Japan are being upgraded with new fourth generation fighter aircraft like the MiG-29 *Fulcrum* and Su-27 *Flanker*. These are regarded as similar to America's F-15 *Eagle* and F-16 *Falcon* fighters based in Japan. About 85 Soviet Tu-26 *Backfire* bombers are in this region, as are increasing numbers of Tu-95H *Bear* strategic bombers.

A recent Japanese Defense Agency study states that by the mid-1990s, elimination of obsolete ships may reduce the Soviet Pacific Fleet by 27 percent. This report cautions, however, that owing to steady Soviet fleet modernization, the proportion of nuclear-powered submarines in the Soviet Pacific Fleet may rise from 55 percent to 75 percent, and missile-carrying combatants will increase from 71 percent to 87 percent of Fleet strength.<sup>6</sup> This Fleet now includes two *Kiev*-class anti-submarine aircraft carriers, 77 other large combat ships, and nearly 120 submarines. By the mid-1990s, it is pos-

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2 Department of Defense, *A Strategic Framework for the Asian Pacific Rim: Looking Toward The 21st Century*, April 1990, p. 3.

3 "USSR Asked for 'Proof' of Military Scaledown," *Kyodo*, Tokyo, May 22, 1990, in *FBIS, East Asia*, May 23, 1990, p. 8.

4 *Soviet Military Power*, pp. 113 to 117.

5 "A Strategic Framework...", *op. cit.*, p. 5; Defense Agency White Paper, published as *Defense of Japan 1989*, by Japan Times, Incorporated, p. 38.

6 Kensuke Ebata, "Japan predicts Soviet cuts," *Jane's Defence Weekly*, June 16, 1990, p. 1199.

sible that the Soviet Pacific Fleet will receive a *Tblisi*-class nuclear-powered aircraft carrier, which may carry 60 to 65 modern fighters like the MiG-29 *Fulcrum* or Su-27 *Flanker*.

**Uncertain Soviet Intentions.** Japan and the Soviet Union have yet to sign a peace treaty ending their World War II hostilities, primarily because Moscow continues to occupy Japan's Northern Territories, the islands of Etorufu, Kunashiri, Shikotan, and a smaller group called the Habomais.

Tokyo wants these islands returned, but the Soviets refuse. For Moscow, these islands provide air and naval bases that complete a defensive "bastion" in the Sea of Okhotsk, which provides safe haven to Soviet ballistic missile submarines.<sup>7</sup> The Soviets heavily have fortified the Northern Territories and nearby Sakhalin Island with troops, artillery, and fighter aircraft.<sup>8</sup> This March, the Soviets held a large military exercise near Sakhalin Island involving 130 aircraft that simulated attacks on aircraft carriers.<sup>9</sup>

Gorbachev's need for Japanese trade and investment and Japanese leaders' desire to assist Gorbachev's reforms have prompted a flurry of diplomatic activity, including visits by several prominent Japanese leaders to Moscow and Soviet officials to Tokyo. Most recently, Soviet Foreign Minister Eduard Shevardnadze visited Tokyo from September 5 to 7. These visits create the impression that Japan and the Soviet Union desire a solution. Previous Soviet statements, however, have indicated that Moscow is not willing to return territory to Japan.<sup>10</sup> But on September 7, Shevardnadze indicated Moscow was willing to negotiate about the future of the islands.<sup>11</sup> Tokyo will not give any economic aid to Moscow until the dispute is settled.<sup>12</sup> If Gorbachev has a proposal, it may not be revealed until he visits Japan next year.

**Additional Challenges.** Even if the Soviet threat in Asia diminishes, the U.S.-Japan alliance is essential to enable both countries to meet other potential security challenges. One possible threat is war on the Korean Peninsula. Despite the very slight thaw in relations between North and South Korea, the unpredictable and volatile North Korean government retains one million men under arms, and reports persist that Pyongyang may acquire nuclear weapons within five years.<sup>13</sup> Another threat to peace could arise if China pursued its territorial claims over most of the South China Sea.

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7 *Ibid.*, p. 45.

8 Edward Neilan, "Soviets refuse to cut forces on 4 islands," *Washington Times*, December 22, 1988.

9 "Japan boosts defense in north to ward off any threat by Soviets," *Washington Times*, May 9, 1990, p. A7.

10 "Says No Soviet 'Land To Spare,'" *Kyodo*, Tokyo, June 9, 1990, in *FBIS, East Asia*, June 11, 1990, p. 1.

11 David E. Sanger, "Soviets Say Dispute on 4 Islands Can Be Negotiated With Japan," *New York Times*, September 8, 1990, p. 1.

12 David E. Sanger, "Tokyo Leader Bars Aid to Soviets Until Settlement of Island Dispute," *New York Times*, July 7, 1990, p. 1.

13 "The Yongbyon Puzzle," *Asiaweek*, March 9, 1990, p. 17; Joseph S. Bermudez, Jr., "N Korea - set to join the 'nuclear club'?", *Jane's Defence Weekly*, September 23, 1989, p. 594.

American and Japanese interests also might be threatened if India sought to expand its military influence beyond the Indian Ocean to Southeast Asia. And certainly, the American-Japanese alliance provides a forum for Japan to help counter aggressors, like Saddam Hussein in the Persian Gulf, who threaten the West's access to oil.

## JAPAN'S IMPROVED SELF-DEFENSE FORCES

Despite unique political constraints, the Japanese Self-Defense Forces (JSDF) have been improved steadily during the 1980s. Japan's Constitution, written during the U.S. occupation after World War II, renounces "the threat of force as a means of settling international disputes" and the acquisition of military strength amounting to "war potential." This Constitution has been interpreted by most Japanese as prohibiting Japan from obtaining "offensive" weapons systems like intercontinental ballistic missiles and aircraft carriers, and has ingrained pacifism deeply in Japanese society. There is strict civilian control of the JSDF; for example, the highest-ranking JSDF officer, the Chairman of the Joint Staff Council, is not a member of Japan's National Security Council. The Ministry of Finance and the Foreign Ministry often have more power over military procurement decisions than does the JSDF.

In the 1980s, Tokyo's expansion of its defense roles came in response to new military missions adopted by Tokyo at Washington's urging. These include the 1981 decision by then-Prime Minister Zenko Suzuki to defend Japan's sea-lanes out to 1,000 miles. This led to the 1986 decision of his successor, Prime Minister Yasuhiro Nakasone, to raise defense spending above what had been a politically sacrosanct level of 1 percent of gross national product. As a result, last year Japan spent 1.01 percent of GNP on defense, or \$27.15 billion.<sup>14</sup> Tokyo's defense expansion can be measured more in quality; the quantity of Japan's defense forces have not increased much beyond levels mandated in 1976. Between 1981 and 1989, Japanese defense forces grew only slightly in major categories: personnel, from 243,000 to 247,000; tanks, from 900 to 1,200; major warships, from 50 to 63; combat aircraft, from 350 to 362.<sup>15</sup>

**Upgrading Air and Sea Power.** The qualitative improvements in Japan's defense forces include the purchase of nearly 200 F-15 *Eagle* fighters in the last ten years, the best American fighter, and the modernization of 100 older F-4 *Phantom* fighters. The F-15s replaced 1950s-vintage F-104 *Starfighters*. Japanese Navy improvements include increasing the number of major war-

14 This figure is misleading given the decline of the dollar versus the Japanese yen. If 1985 dollar-yen rates are used for calculations, Japanese defense expenditure is currently about \$16 billion, compared to just under \$14 billion for 1985, see William M. Carpenter and Stephen P. Gibert, *Agenda for East Asia*, United States Global Strategy Council, May 1989, pp. 80, 102.

15 International Institute for Strategic Studies, reprinted in Tai Ming Cheung, "Self-defense and beyond," *Far Eastern Economic Review*, December 21, 1989, p. 28.

ships from 50 to 60, almost three times as many as the U.S. 7th Fleet, which is based in Japan; acquiring three or four destroyers with the AEGIS phased-array radar; and increasing from 60 to 100 the number of P-3C *Orion* antisubmarine warfare aircraft, about four times as many as the U.S. 7th Fleet has.<sup>16</sup> The P-3 replaced the older, less capable P-2 *Neptune*.

By the late 1990s, Japan's Air Self-Defense Force is slated to receive over 100 FS-X support fighters, now being co-developed by Mitsubishi Aircraft Inc., in Japan, and General Dynamics Corporation; it is based on the General Dynamics F-16 *Falcon* fighter. The 153,000-man Japanese Ground Self-Defense Force (JGSDF) is acquiring 600 new Japanese produced Type-90 tanks, armed with a West German-designed 120mm gun, U.S. designed AH-1 *Cobra* anti-tank helicopters, and domestically produced SSM-1 anti-ship missiles. In the 1991-1996 defense plan, now being drafted, Japan may purchase mid-air refueling aircraft, AWACS radar aircraft, and an "Over-the-Horizon" long-range radar system.

Japan also has created a large defense industry, which can build modern weapon systems. Japan builds 99 percent of its warships and 80 percent of its Army weapons.<sup>17</sup> Most American-designed weapons used by the JSDF, like the F-15 *Eagle* and F-4 *Phantom*, are co-produced in Japan, but at far greater costs than in the U.S. Even Japanese-designed weapons, like the Type-90 tank, cost three times the current U.S. M-1 tank, but are only slightly better than the U.S. tank.

**Increased Japanese R&D.** At the urging of the Keidanren, the major Japanese business association, spending on defense-related research and development has been climbing. It is expected this year to reach 2.5 percent of Japan's defense budget, or about \$1.2 billion, up from 1.5 percent in 1984.<sup>18</sup> This amount pales in comparison to the near \$10 billion the U.S. spends on military research and development. However, there is concern by some in the U.S. that a self-sufficient Japanese military industry might lead to Japanese defense policies that increasingly would be independent of Washington.<sup>19</sup> Increased military industrial cooperation between Japan and the U.S., on the other hand, might help prevent military-economic pressures from contributing to political cracks in the American-Japanese military alliance.<sup>20</sup>

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16 James E. Auer, "Japan's Defense Policy," *Current History*, April 1988, p. 147.

17 Tai Ming Cheung, "A yen for arms," *Far Eastern Economic Review*, February 22, 1990, p. 58.

18 "Tokyo Wants Its Arsenal Made In Japan," *Business Week*, September 25, 1989, p. 64.

19 Kevin L. Kearns, "A Case For The Preservation Of The U.S.-Japan Security Relationship," *Asahi Monthly Magazine*, May 1990.

20 Kearns; Dov Zakheim, "Japan's Emerging Military-Industrial Machine," *New York Times*, June, 27, 1990, p. A23.

Despite its recent improvements, the JSDF suffers from insufficient war-time supply stocks and logistical support. Ammunition stockpiles are enough for only a few days of combat, and reserve forces number less than 50,000. The Japanese Navy lacks the support ships to fulfill its mission of defending sea-lanes out to 1,000 miles. In addition, military facilities throughout Japan are very vulnerable to attack. The JSDF's low pay hampers recruiting; as a result, the Army is about 14 percent below normal strength.<sup>21</sup> A lack of live-fire training also raises doubts about the JSDF's wartime effectiveness.<sup>22</sup> The next five-year defense plan is expected to address deficiencies in the logistic support system.<sup>23</sup>

**Nationalist Urging.** In addition to the constitutional constraints on the JSDF, Japanese leaders often have reaffirmed that Japan does not seek to become a military power. Rejecting this are nationalists like Diet member Shintaro Ishihara, who urges Japan to build a defense capability independent of the U.S.<sup>24</sup> Though Ishihara's views are far from mainstream, they prompt concern by some Americans that Japan eventually may seek military power commensurate with its economic power. To do so, Japan would need a large power-projection capability and nuclear weapons. For the foreseeable future this is very unlikely.

The desire by some in the Japanese Navy to build small antisubmarine aircraft carriers, like those used by the British Navy, is viewed as a sign that Japan also may want to expand its Navy. Yet, building small aircraft carriers would trigger sharp political opposition. And building a large aircraft carrier, necessary for a world-class naval capability, would be only slightly less difficult politically than building nuclear weapons.

Rather than increasing its defense outlays, it is more likely that Tokyo will face political pressure to cut back defense spending as the Soviet global threat recedes and the U.S. cuts its defense budget.<sup>25</sup> The Japanese Ground Self-Defense Force reportedly is planning a cutback of 10,000 to 20,000 men.<sup>26</sup> Increased defense spending also will be opposed by Japan's opposition parties, which last year won control of the Diet's upper house.

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21 Tai Ming Cheung, p. 26.

22 G.A. Rubinstein and J.O'Connell, "Japan's Maritime Self Defense, 1990," *Naval Forces*, No. 2 (1990), p. 84.

23 *Mainichi Shimbun*, May 8, 1990, p. 1.

24 Shintaro Ishihara, "Security treaty as viewed from Japan," *Washington Times*, June 20, 1990, p. F1.

25 David E. Sanger, "For Japan's Military, Some Second Thoughts About Where the Enemy Is," *New York Times*, July 31, 1990, p. 3.

26 "Reduction in Ground Self-Defense Troops Planned," *Sankei Shimbun*, April 28, 1990, p. 1.



## THE U.S.-JAPAN DEFENSE PARTNERSHIP

In several interviews in Tokyo last July, government and military officials told The Heritage Foundation that Japan cannot defend itself against nuclear threats and distant threats to Japan's economic security. As such, these officials regard the alliance with the U.S. as essential for Japan's defense.<sup>27</sup> The Pentagon calls the U.S.-Japan relationship the "critical linchpin" of American strategy in Asia.<sup>28</sup> The geostrategic location of Japanese bases allows the U.S. quickly to contain Soviet forces in Northeast Asia. Japanese bases are also a critical link in the network of U.S.-led alliances that preserve stability in Asia. Example: its Japanese bases enable the U.S. to reinforce its forces in South Korea quickly and provide logistic support for U.S. naval deployments to Southeast Asia and the Persian Gulf.

U.S. forces in Japan include the 5th Air Force headquartered at Yokota Air Base, which includes two tactical air wings, together comprising about 160 aircraft. The 7th Fleet is headquartered in Yokosuka. The Fleet deploys the aircraft carrier *Midway* (which is to be replaced by the *Independence* in 1991), about eight escort ships, three attack submarines, and three amphibious transport ships. The 3rd Marine Expeditionary Force is based in Okinawa; it includes one division and an air wing. The U.S. Army's 9th Corps, based at Camp Zama, primarily is responsible for logistic support.

**Enhanced Cooperation.** In recent years, U.S. and Japanese military cooperation has been enhanced by: increasing the number of joint studies on defense plans, operations, and sea lanes defense; ensuring that Japanese and American military equipment is compatible; and improving and expanding military exercises. Japanese naval forces, for example, participate in the biannual RIMPAC (Rim of the Pacific) exercises, which include other Asian allies like Australia and South Korea. The most recent RIMPAC exercise was this spring.

Tokyo has increased its support for the 50,000 U.S. military personnel in Japan. Support payments in 1989 amounted to \$2.4 billion, or about 40 percent of the cost of maintaining U.S. troops. This is the most generous military support payment the U.S. receives from any of its allies. West Germany has paid about the same amount of dollars to support about five times as many U.S. troops that are based in West Germany. American officials believe that Japan can pay more, perhaps as much as 50 percent of total support costs, or about \$3 billion.

**Contributing to Japan's Defense.** But by the end of the decade, however, Japan can pay much more, as much as 75 percent of the total cost of maintaining U.S. troops in Japan. This contribution to maintaining U.S. forces in Japan recognizes that it would be awkward for Japan directly to offset the

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<sup>27</sup> This view is also expressed in *Defense of Japan*, 1989, p. 85.

<sup>28</sup> *Strategic Framework*, p. 6.

costs of the 7th Fleet, as well as U.S. troops in Korea and the Philippines, which also contribute to Japanese security. Japan already implicitly recognizes the contribution of U.S. forces in the Philippines to its security by giving generous foreign aid to the Philippines.

The Bush Administration should continue to press Japan to increase its support payments for U.S. forces. Pressure to cut the U.S. budget and pressure from the Congress have prompted military cutbacks in Asia. The Pentagon already plans to cut 14,000 to 15,000 of the 135,000 military personnel in Asia by 1993. Cutbacks in Japan probably will reach 5,000 to 6,000 personnel.<sup>29</sup> Further unspecified reductions are also planned by the Pentagon. The initial cutbacks of U.S. forces in Japan will not result in a significant reduction in U.S. capability in the region. But U.S. defense officials caution that future reductions may result in decreased U.S. capability unless they are made in conjunction with Soviet military reductions in the region.

## IS THIS ALLIANCE STILL NECESSARY?

Some in the U.S. suggest that the American security relationship with Japan has benefited Japan far more than the U.S. For example, Selig Harrison, a Senior Associate at the Carnegie Foundation for International Peace, and Clyde V. Prestowitz, Jr., President of the Economic Strategy Institute, complain that the estimated \$40 billion a year the U.S. spends to maintain defense forces in Asia reduces America's ability to compete economically with Japan.<sup>30</sup> Others suggest that a "strategic divorce," in which Japan ends its militarily subordinate relationship to the United States, and perhaps achieves military pre-eminence in Asia, is necessary to avoid further tension.<sup>31</sup>

These critics ignore the fact that the U.S.-Japan alliance allows Japan to improve its military forces without threatening its neighbors. Should the Soviet threat further recede, the United States and Japan then become the most powerful coalition in Asia. Political stability in Asia will then depend on the military and economic power of this coalition. In addition, it is far from certain that U.S. military cutbacks in Asia will translate directly into savings at home or increased U.S. economic competitiveness. American political influence in Asia rests largely on its strategic alliance network, in which Japan plays a central role.

But if trade friction between Japan and the U.S. increases, then American support for the military alliance with Japan may decrease to the point where the U.S. painfully reassesses its security commitments to Japan. Thus, the

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<sup>29</sup> *Strategic Framework*, p. 18.

<sup>30</sup> Selig S. Harrison and Clyde V. Prestowitz, Jr., "Pacific Agenda: Defense or Economics?," *Foreign Policy*, Summer 1990, p. 56.

<sup>31</sup> Ronald A. Morse and Alan Tonelson, "Let Japan Be Japan," *New York Times*, October 4, 1989.

Bush Administration must convince Tokyo to open its markets to American business just as the U.S. market is open to the Japanese.

## TESTING THE ALLIANCE IN THE PERSIAN GULF CRISIS

The Persian Gulf crisis will test the worthiness of the U.S.-Japan alliance to both partners. The U.S. has done its share by committing over 100,000 American troops to deter further Iraqi aggression. Washington is correct to expect Japanese assistance commensurate with Japan's economic stake in Middle East stability. Japan depends on the Middle East for 70 percent of Japanese oil needs. Japan has supported the United Nations embargo against Iraq, and has promised to send 100 medical personnel to the Persian Gulf and has pledged to spend \$1 billion for transporting supplies and underwriting trucks and housing to American military forces in the Gulf. Yet this support is a pittance for a nation of Japan's wealth. Japan's small contribution was called "contemptible tokenism" on September 10 by Senator John McCain, the Arizona Republican. McCain also called for Japan to assume half the costs of the Persian Gulf Operation Desert Shield and said, "We sincerely want Japan to shoulder the international responsibilities of a great state...."<sup>32</sup>

**Frustrated Congress.** Further U.S. congressional resentment was expressed on September 12, when the House of Representatives voted 370 to 53 to pass an amendment to the Defense Department authorization bill calling on Japan to assume the full cost of stationing U.S. troops in Japan.<sup>33</sup> Following this criticism, Tokyo announced that it would contribute an additional \$3 billion: \$2 billion for assistance to frontline states like Egypt and Turkey, and \$1 billion more to support the multinational military effort.<sup>34</sup> This brings to \$4 billion Japan's pledges to support the states trying to contain Iraqi aggression.

The Japanese have hotly debated whether they can send military forces to support allied troops in the Persian Gulf. After the suggestion by the Pentagon that Japan send some military forces to the Gulf, the government of Prime Minister Toshiki Kaifu decided that doing so would violate Japan's Constitution.<sup>35</sup> To get around the constitutional restrictions, some in Japan's ruling Liberal Democratic Party now propose to create a "Peace Cooperation Corps" to provide medical, transportation, and communication support to United Nations peacekeeping forces. But other LDP members, like Foreign Minister Shintaro Abe, oppose this idea as a half-way measure and want to send Japanese troops to the Gulf.

32 Congressional Record, September 10, 1990, p. S 12692.

33 Dan Morgan, "House Votes Troop Pullout From Japan," *Washington Post*, September 13, 1990, p. A10.

34 Steven R. Wiseman, "Japan Defends Aid To U.S. In Mideast," *New York Times*, September 14, 1990, p. A1.

35 Steven R. Weisman, "Japan Sending Off-Road Vehicles for Military Effort in the Gulf," *New York Times*, September 3, 1990.

If Tokyo is unwilling to contribute military forces to the Gulf, Washington should urge Japan to make alternative contributions. Specifically, the Bush Administration should urge Japan to:

◆ ◆ **Offset at least \$500 million per month of the cost of deploying American peacekeeping forces in the Gulf.** This could be in the form of airlifting and sealifting U.S. military personnel and equipment or by paying for the transport of that equipment.

◆ ◆ **Quickly disburse its pledged economic assistance to Egypt and Turkey, key countries whose economies must be kept stable so they can assist in containing Iraq.** This should then enable the U.S. to reduce its economic assistance to those countries.

◆ ◆ **Use civilian airliners and ships to transport supplies to U.S. and allied forces to the Gulf.** This does not exceed Japan's constitutional limits on the use of its military forces overseas.

◆ ◆ **Substantially fund any post-conflict peacekeeping forces mandated by the United Nations.**

## **INCREASING DEFENSE TECHNOLOGY COOPERATION**

Just as important, Tokyo can reverse the nearly one-way flow in defense technology. Since the 1950s, this flow has been from America to Japan. Example: Japan has co-produced under license major U.S. weapon systems like the F-15 *Eagle* jet fighter. In the 1989 dispute over the co-development of Japan's FS-X support fighter, many members of the U.S. Congress expressed concern that transfer of U.S. defense technology, based on the design of the F-16 *Falcon* fighter, could increase Japan's industrial competitiveness. Whether or not these congressional concerns were warranted, they exposed the unacceptable one-way flow of technology transfer. Because of congressional pressure, provisions of the FS-X agreement allowing greater U.S. access to Japanese technology were strengthened. The agreement provides the U.S. access to Japanese technology used to improve the aircraft, like composite material wings and miniaturized phased-array radars.

The final FS-X agreement should be the model for U.S.-Japan defense technology cooperation. While the experience of the FS-X dispute has made Tokyo reluctant to consider co-development projects as large as FS-X, several Japanese defense and government officials suggested to The Heritage Foundation last month, during Tokyo discussions, that Japan is willing to proceed on much smaller defense co-development projects, such as components of surface-to-air missiles.

**Slow Progress.** In addition to co-development agreements, Tokyo should meet Washington's requests for U.S. direct access to Japanese technology that has defense applications. In January 1983, Tokyo exempted transfer of military technology to the U.S. from Japan's ban on weapons exports. This led to a November 1983 agreement designed to achieve such transfers. Progress,

however, has been slow. This February, for example, Washington asked for access to Japanese developments in large scale integrated semiconductors, gallium arsenide semiconductors, fiber optics, phased-array radars, composite materials, and biotechnology. Tokyo has yet to give its okay. Japan, however, seems more willing to agree to a U.S. proposal to conduct joint research on missile engines, magnetic field analysis, missile guidance systems, and anti-tank shells.<sup>36</sup>

To improve the process of defense technology transfer from Japan to the U.S., the Pentagon must make the acquisition of Japanese defense-related technology a top priority. Primarily responsible for this is the Office of the Undersecretary of Defense for International Security Programs; it has been vacant since last October. The Pentagon, therefore, has not been able to exercise sufficient leadership on promoting technology flow-back from Japan.<sup>37</sup> For its part, Tokyo must convince private Japanese companies to allow Washington access to new technology.

**Strategic Defense Opportunities.** Tokyo's 1986 decision to participate in research under the U.S. Strategic Defense Initiative (SDI) offers an additional opportunity for the U.S. to increase access to Japanese defense-related technology. Two industrial consortia involving American and Japanese companies, one led by Japan's Mitsubishi Heavy Industries and the other led by the U.S. LTV Corporation, are conducting research on possible missile defenses.<sup>38</sup> U.S.-Japan cooperation in SDI eventually should lead to cooperation in establishing missile defenses. For the U.S., such cooperation would be advantageous, given Japan's proximity to Soviet ballistic missile submarine operating areas in the Sea of Japan and the Sea of Okhotsk. Missile defense systems in Japan would be better able to intercept Soviet submarine-launched missiles that might be targeted on the U.S. This July, a Japanese defense official suggested to The Heritage Foundation the possibility of U.S.-Japanese co-development of a successor to Japan's *Hawk* anti-aircraft missiles. He suggested that the new missile would be able to intercept North Korean ballistic missiles.

## HOW TO IMPROVE THE ALLIANCE

The value of U.S.-Japan alliance to each partner can be increased by addressing specific political, economic, and military concerns. To improve the U.S.-Japan alliance the Bush Administration should:

◆ ◆ **Stress to the Congress the need to preserve the U.S.-Japan alliance.** The Administration should emphasize that Japan's geostrategic location is

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36 "Defense Technology Talks Planned With Pentagon," *Nihon Keizai Shimbun*, March 19, 1990, p. 2; Kensuke Ebata, "USA asks Japan for technologies," *Jane's Defence Weekly*, March 24, 1990, p. 542.

37 Andy Pazstor and Jacob M. Schlesinger, "Exchanges of Defense Technology With Japanese Plagued by Delays," *Wall Street Journal*, August 13, 1990, p. 6.

38 Peter Buhl, "SDI-vital to Japanese industry," *Jane's Defence Weekly*, July 15, 1989, p. 79.

best suited to block Soviet naval forces in the Pacific. Just as important, the alliance provides a framework for Japan to increase its self-defense capability without being perceived as a threat by its neighbors. Should the Soviet threat recede further, the U.S.-Japan alliance would become the most powerful coalition in Asia, able to provide military and financial assets that would be necessary to promote long-term stability in Asia.

◆ ◆ Stress to Tokyo the continued need to press ahead with internal structural reforms that will give American goods and services fairer access to Japanese markets. Japan has promised to raise fines to deter cartels, reduce complexity in the Japanese distribution system, and abolish government restrictions on foreign investment as part of the recently concluded Structural Impediments Initiative (SII) talks. The U.S. must ensure that Tokyo fulfills these promises. Too often Tokyo makes commitments that it almost immediately ignores.

◆ ◆ Urge Japan to improve the effectiveness of its defense forces. The U.S. should urge Japan to build better base defenses, better communications networks, improve logistic support for naval forces by building more at-sea replenishment ships, and improve realistic training for Japanese forces. These improvements should enhance the JSDF's capability to fulfill its mission of defending its sea-lanes out to 1,000 miles.

◆ ◆ Reduce the number of U.S. forces in Japan only as the Soviet threat in Northeast Asia is reduced. Washington should maintain in Japan the air and naval forces needed to deter Soviet attack. In particular, the U.S. should deploy at least one aircraft carrier battle group in Japan, as it gives U.S. military planners the greatest flexibility in responding to future threats.

◆ ◆ Urge Tokyo to increase its off-the-shelf purchases of weapon systems. For example, systems that Tokyo may seek to acquire, like AWACS and tanker refueling aircraft, and additional Aegis naval radar systems, should be purchased in the U.S. These purchases are an important way for Japan to reduce its trade surplus with the U.S.

◆ ◆ Increase the realism of U.S.-Japan military exercises. Only recently, for example, have U.S. and Japanese forces held multi-service exercises involving land, naval, and air forces. And only recently have Japanese naval forces participated in merchant convoy escort exercises. These exercises are closer to realistic wartime scenarios, and they should be increased.

## CONCLUSION

This June 23 marked the 30th anniversary of the 1960 U.S.-Japan Security Treaty. This Treaty remains the linchpin of U.S. strategy in Asia. The Treaty also has provided the defense shield behind which the Japanese economy has prospered enormously.

This defense relationship could weaken as the Soviet Union diminishes as a global and regional threat and as suspicion builds in Washington that Tokyo

continues to deny access to its markets. If Americans perceive that Japan's support for U.S. efforts in the Persian Gulf is inadequate, the partnership could weaken further. George Bush must tell Prime Minister Toshiki Kaifu that a strong U.S.-Japan defense relationship will require continued Japanese economic structural reform, and added Japanese willingness to contribute to opposing global threats, like that now posed by Iraq.

**Contributing to Global Stability.** A strong military alliance can benefit America economically by providing a forum for increased U.S. access to defense technology. Most important, the U.S.-Japan alliance can provide a forum for Japan to contribute to global stability should Cold War tensions recede. But how Japan decides to assist the American effort to stop Iraq now presents the most serious test of the value of this alliance to both partners.

Richard D. Fisher, Jr.  
Policy Analyst

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