TRANSCRIPT
Podcast Episode
The Truth of the Matter
“Japan’s New Defense Strategy”

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I’m Andrew Schwartz and you’re listening to The Truth of the Matter, a podcast by CSIS where we break down the top policy issues of the day and talk with the people that can help us best understand what’s really going on.

To get to the truth of the matter about Japan’s new defense strategy and their current state of their national security strategy, we have with us CSIS’s Japan Chair and Senior Advisor, Chris Johnstone.

Chris, so good to have you here.

Thanks, Andrew, really a pleasure. Great to join you.

So it seems like everybody has a new defense strategy now. The United States of course announces ours almost yearly or every other year. We just saw Xi Jinping in China in the 20th Party Congress talk about a new era, which is consisting in his words of big defense buildup and technology.

How is Japan now thinking about their defense strategy and are they reacting to China or is this something that they've been thinking about a long time and it's coming to fruition?

As a long time Japan guy, Andrew, there are relatively few times when I've been able to use the word unprecedented in describing things that they're doing. But that's what this package of initiatives that's going to be in the national security strategy and in the national defense strategy will represent really unprecedented policy change.

We're expecting both of these documents to drop as soon as Friday this week, could slip to next week, but likely Friday this week. And they will include a number of things.

So first of all, the national security strategy will for the first time identify China as the primary security challenge facing Japan. They won't use the word threat, but the fact that China will be listed first, or at least that's what we expect, is significant in indicating how the Japanese are thinking about their environment.

Second thing it will do, and this will probably attract some of the biggest headlines, they're going to announce plans to increase defense spending, to really double defense spending from about 1% of GDP to about 2% of GDP over the next five years. Japan, as you may know, has had a long tradition policy of restraining defense spending to 1% of GDP, and so this announcement is going to shatter through that ceiling, and we can talk more about the details of that.
Mr. Schwartz: Going to try to clarify what that number really means, going from 1% to 2%. What are we talking about in dollars here? We're talking about well over $300 billion, aren't we?

Mr. Johnstone: We're talking about going from about ... One thing, exchange rates matter here, I should really use yen, but the listeners won't understand what that means. So roughly on the order of magnitude of about $50 billion a year to about $100 billion a year, which would make Japan-

Mr. Schwartz: And this is over how many years?

Mr. Johnstone: Over five years. So that this will make Japan the third largest defense spender after the United States and China, probably.

Mr. Schwartz: That's really incredible.

Mr. Johnstone: Really remarkable, right? Now there'll be a little bit of budget gimmickry that goes with this. What I expect is that the core defense budget is going to increase by about 60% core defense budget, and then they'll do some other things that get you to the 2% framework.

They're going to increase spending on the coast guard, for example, which is important for their maritime security. They're going to increase funding for civilian R&D with national security implications, and they'll do some other recategorize of spending. So there's a little bit of budget imagery, but by any measure, they're going to shatter this 1% cap that's been in place since the 1970s.

Mr. Schwartz: So it's quite a lot of money. And why is this happening?

Mr. Johnstone: Yeah, so Japanese security planners talk about their security environment as being the worst at any time since World War II. China's military modernization, North Korea's nuclear and missile programs, and now Russia as a concern for the Japanese. Of course, the China challenge and the North Korea challenge are not new. So you might ask why suddenly are things doubling?

What changed the political context in Japan is the war in Ukraine. The realization by the Japanese public that major war is possible in the 21st century, and if it's possible in Europe, it's also possible in East Asia. And so what you saw in the public opinion polls was really a quite dramatic shift in support for increased defense spending and for some of the specific capabilities that we'll talk about. So the war was a catalyst on top of the other concerns that have been there for some time.
Mr. Schwartz: So what does this mean for the United States? Are we happy about this? What does this mean for us?

Mr. Johnstone: Yeah. Well, let me say a little bit more about some of the specific capabilities they’re going to acquire. Japan has a lot of defense needs, and so they’ve identified a number of categories that they’re going to focus on, including cyber and space, unmanned systems, integrated air missile defense. But the most important and new capability that will be announced is what they call counterstrike capability.

What this really boils down to our long-range precision strike cruise missiles aimed at targeting military infrastructure inside an adversary’s territory. So inside China, inside North Korea. This also is unprecedented. The Japanese have not had a capability like this in the entirety of the post-war period. There are press reports indicating that they are seeking in particular tomahawk cruise missiles in a fairly large quantity to strengthen their deterrence and defense posture.

So this really signals the prospect of a much more capable, a much stronger Japan. Now, it will take time to implement all of this, and the devil will be in the details, but I think it’s important to emphasize that this is a departure from the post-World War II practices and signals new thinking in Japan about deterrents and what Japan needs to be able to do.

Mr. Schwartz: So US-built tomahawk cruise missiles, they want to be part of their defense buildup. Are we going to sell that to them willingly? Are we able to sell that to them right now with what’s going on in Ukraine?

Mr. Johnstone: The White House, according to everything that is reported in the press and elsewhere, is supportive of this. And in fact, there’s been a dialogue, a quiet dialogue between the Japanese and the US sides about this for several months. So I do anticipate that there will be support if in fact the Japanese formally make that request of us.

You asked the question, how does the US view all this? This is, I think, very strongly welcomed. A few years ago, I will say there might have been more controversy about some of this, particularly the cruise missile component. There would’ve been voices worried about the regional reaction, voices worried about whether it was smart to support Japan in developing this capability. Those days are gone. Japan is truly seen as a critical ally, and there’s a strong sense that we need capable allies as part of how we build deterrents in East Asia.

So the 2% growth, of course, welcomed. It’s overdue, I think frankly, for Japan to increase spending in this way. And then the specific capabilities that they’re talking about, definitely welcomed.
Another thing that you can expect in the defense strategy is a focus on strengthening Japan's domestic defense industry. This is an industry that has been historically really not competitive internationally because of restrictions on exports and not a very well organized set of defense firms. I think you're going to see a significant focus on trying to make Japanese defense firms more competitive internationally and seeking opportunities for Japanese defense firms to collaborate with other international partners going forward.

They just announced a new collaboration on a fighter aircraft, a next generation fighter aircraft with the UK and Italy. I think we can expect more of that, and that will also create opportunities for US defense firms that are interested in partnering with Japan's.

Mr. Schwartz: What kinds of things would we partner with them on?

Mr. Johnstone: I can imagine partnering with them on uncrewed systems, so unmanned aerial and underwater vehicles. I can imagine partnering with them on certain kinds of space capabilities. And cyber is potentially an area as well, in addition to things like hypersonics. So a number of areas potentially where we could collaborate. So we can expect this to be a focus, strengthening Japan's defense industry as well.

Mr. Schwartz: Does it mean we can spend less in the region or does it mean we just need to sustain what we're doing?

Mr. Johnstone: Well, I think it compliments our own shift in focusing on the Indo-Pacific. And if you think about what the administration is doing elsewhere in the region, helping the Australians with under the AUKUS project to develop nuclear propelled submarines and some other capabilities, supporting South Korea in the continued development of its military modernization. This is very much consistent with a larger pattern of strengthening and enabling our allies and then bringing those allies closer together to the degree that we can. So I think it very much supports and compliments what the US and DOD are doing.

Mr. Schwartz: And what does Korea think about this build-up? I mean, the United States, Korea and Japan clearly are more on the same page than ever before, but this is a significant departure for Japan, significant build-up. Korea has to have some view of this.

Mr. Johnstone: So it's an important point, Andrew. Certainly the Korea factor is an important one, and I expect there have been behind the scenes a fair amount of private engagement consulting or at least informing the South Koreans
about Japan’s plans. I think staying in close touch trilaterally as Japan begins to implement some of this will be very important.

Fortunately, just as you said, these announcements take place in the context of relationships that are improving. So there’s been a lot of trilateral engagement over the last several months with President Yeol and his team.

So that creates the structure, if you will, for consultations on all this, but that will be an important relationship to manage as Japan moves forward.

Mr. Schwartz: Chris, as someone who worked on the National Security Council in the current administration, how do you go about thinking about these relationships post-Ukraine? You mentioned that this is something in Japan, this is coming about because they see what’s happening in Ukraine. So if you’re on the National Security Council in the Biden administration, how does that change the way you think about the Pacific?

Mr. Johnstone: From a military sense, it drove home, I think, a number of lessons. First that you can’t wait until a fight has begun to really prepare for it. For example, in the case of Japan, you’re going to see a real focus on small things or the things that sound small: munition stockpiles, hardening of facilities, things like fuel supplies and storage. These things don’t sound very sexy or important, but they’re incredibly important to sustaining your resilience in the event of a conflict. And I think the Japanese have clearly learned that lesson and have drawn that conclusion and something that we have as well.

The other point I would make here is one of the things that was so striking about the response to the Russian invasion of Ukraine is how allies came together and how the response was global to what Russia had done. And so I think that speaks to and reinforces the importance of bringing our allies in Asia closer together. US, Japan, Australia, the Philippines, finding ways to knit them closer together. And also to strengthen ties between our alliances in Asia and our alliances in Europe. So there’s been more engagement of NATO by some of our Asia partners, and I think that’s very welcome.

So to begin thinking about a potential conflict in Asia is one that should also have a global response that also contributes to deterrence.

Mr. Schwartz: And Chris, maybe this isn't something you would tip your hat on because you're also a former intelligence official in the United States government. How does an intelligence officer think about this and does it think about it differently than someone on the National Security Council, or is it a similar way of viewing it?
Mr. Johnstone: I do think the Ukraine war also really underscores the importance of intelligence cooperation. Our ability to share the intelligence picture with NATO allies in advance, and the declassification effort that went on with some of that intelligence information was critical to getting all the allies on the same page when the war started, and also to combating the public narrative that Putin was seeking to put out.

Mr. Schwartz: Yeah, I think we can’t underscore that enough.

Mr. Johnstone: Can’t underscore that enough. So intelligence relationships are also important. So ensuring that we have the same threat picture about China’s intentions in the Taiwan Strait, North Korea’s activities, to enable us to respond quickly when the time comes.

So I think one of the things that has kind of plagued or at least constrained US/Japan cooperation historically has been information security practices in Japan. I also expect as part of the national security strategy and the defense strategy, particular focus on strengthening cybersecurity and information security in Japan. So that if Japan is able to follow through on that, that could enable also a deeper intelligence partnership. Which just as you said, Andrew, is critical to our overall ability to respond.

Mr. Schwartz: And critical, when you’re talking about cyber, critical to Japan in particular, because it is really one of the most internet connected places on Earth, isn’t it?

Mr. Johnstone: Yes, that’s right. And until now, their cyber community has been pretty diffuse, decentralized, not great systems for public private information sharing. So I think you’re going to see in these documents an effort to take on some of that. None of this changes overnight, but it does start with a recognition that there’s a problem that has to be addressed. So I think we will see that.

Mr. Schwartz: So what can the United States do to help Japan as they go through these transitions and this buildup?

Mr. Johnstone: I think a couple of things. The first thing is we should just recognize what an opportunity this moment is. Of course, there are lots of ways that this build-up could result in poor investment decisions, implementation this body, of course that’s a risk. But we should be all in recognizing what an opportunity this is.

So I think helping the Japanese think through priorities. One of the challenges, as I said earlier, is that Japan’s defense needs are so vast that one risk is that this peanut butter is about to be spread very thin and in the end helps less than it should. So I think helping them think about priorities, and
as I said, in near term one, are, I think, little things. Munition, stockpiles, hardening, that kind of stuff. If they do that right away, that’s an immediate down payment that strengthens Japan’s posture on its own. So helping them think through priorities.

A second area is this strike capability. The Japanese are going to need a lot of cooperation from us to make this capability effective. Helping them learn how to do targeting, the intelligence and surveillance and reconnaissance backbone, the battle damage assessment. The whole cycle that we use internally is one that they’re going to have to learn. And so I expect a very deep dialogue going forward on implementing strike.

And one opportunity this really presents for the United States and Japan is the prospect of a much more integrated alliance. If you think about it, any scenario in which Japan is considering using some of these things is almost certainly a scenario in which the US is also taking military action. There’s something bad happening with North Korea, something bad happening in the Taiwan Strait.

So we’re going to need to be very tightly coordinated in deciding who’s doing what, who’s shooting at what. And so these new capabilities create an opportunity to create a much more integrated command and control structure between the two of us. So some big opportunities, I think, on the horizon.

Mr. Schwartz: Chris, this has been incredibly helpful. It seems like this really is a watershed moment in US/Japan relations and in Japan’s place in the world. So thank you for helping us dissect it and understand it better. I’m sure this is something we’ll be talking about a lot going forward.

Mr. Johnstone: Thanks, Andrew. Yeah, it’s truly an inflection point for Japan and for the alliance, so much to watch and opportunities ahead.

Mr. Schwartz: We’ll stay tuned. Thanks again, Chris.

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