Japan's missile defence dilemma

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As the key ally of the United States in Northeast Asia and being in close proximity to North Korea (part of the 'axis of evil'), Japan is now centre-stage in the current debate over missile defence. The Japanese government's approach towards development of, and any future participation in, missile defence not only has significant repercussions for its regional security role, but may also provide an important indicator of its approach and commitment to its bilateral ties with the United States and China.

This chapter seeks to develop a framework for understanding Japan's approach towards missile defence. The key argument is that the formation of Japan's policy towards missile defence has been guided by three principal strategic considerations: the wish to strengthen the US-Japan alliance; the importance of a stable relationship with China; and maintenance of domestic political support for the government's policy towards missile defence. The first section will discuss how these factors have guided Japan's participation in the development of a theatre missile defence (TMD) capability. The latter part of the chapter will use the framework to examine the challenge Japan faces in responding to the possible deployment of a strategic missile defence or National Missile Defence (NMD) system by the United States and, in particular, the missile defence proposal put forward in May 2001 by President George W. Bush.

The rise in the missile threat to Japan has been the primary cause of the government's examination of missile defence. Over the last decade, Japan's defence planners have been confronted with the proliferation of ballistic missile capabilities in Northeast Asia. In particular, North Korea has developed a medium and intermediate range ballistic missile capability that threatens all of Japan (Bermudez 2001). In 1993 North Korea test fired several No-Dong missiles, demonstrating a capability to strike most of Japan. The Taepo-dong missile launch over Japan in 1998 provided a more dramatic demonstration of the progress of

North Korea's missile program. The significance of the threat has been heightened by not only the extensive biological and chemical weapons that the regime is reported to possess but also by the possibility that it has a rudimentary nuclear weapon capability (Stimson Center 2000, 63–4). Given the regime's uncertain future and hostile attitude towards Japan, this threat has made North Korea the most immediate concern for Japan's defence planners. But although not openly acknowledged, the missile threat from China dominates long-term thinking in Japan. Beijing's use of missile exercises to intimidate Taiwan in 1996 heightened attention in Tokyo to the missile capabilities of China (Funabashi 2000, 136). The Japanese government became more concerned that conflict in the Taiwan Straits could lead to the threat or use of missile strikes against Japan, particularly the US bases there.

Japan has conducted a number of studies (both independently and with the United States) on its missile defence options to counter the threat from ballistic missiles (Swaine et al. 2001, 29–33). The government has examined acquiring both upper tier (wide area defence) and lower tier (point defence) TMD systems (Stimson Center 2000, 62–63). Defence officials are looking at upgrading Japan's Patriots to the PAC-3 hit-to-kill capability in order to provide a limited point defence against missile attack. In August 1999 Japan and the United States signed an MOU on collaborative research of four components for the Block II interceptor of the upper tier Navy Theatre Wide (NTW) missile defence system. This is to be deployed on Aegis equipped warships such as Japan's Kongo class destroyers. The Japanese government initially planned to spend roughly 20–30 billion yen (US\$200–300 million) over a five to six year period for that research (Swaine et al. 2001, 35). Japan's Defense Agency appropriated 2 billion yen (US\$20 million) and 3.7 billion yen (US\$37 million) for the research in the 2000 and 2001 financial years respectively (Japan Defense Agency 2001). Japan's examination of missile defence options appears to suggest that the acquisition of such a capability is almost certain. Any uncertainty surrounding Japan's commitment to missile defence is not related to the decision to acquire a capability but rather to the timeframe and strategic framework within which this decision will take place.

The Japanese government, however, has been hesitant to commit to the deployment of missile defence systems and has taken an incremental approach to involvement in the development of missile defences. The government has at this stage only committed to the initial research phase of the NTW joint development project. Officials have constantly stated that there is no commitment to participation in the development or acquisition of the system. A decision on whether to proceed to the next stage is not expected to be made until 2003 at the earliest. This discrepancy between the missile threat to Japan and the cautious approach to involvement in missile defence provides an insight into the strategic dilemma confronting Japan. Given a relatively unchanged level of threat, I argue that Japan's policy towards missile defence has been driven by management of the

tension between three principal strategic considerations: China's sensitivities; the US-Japan alliance needs; and domestic attitudes.

The China factor

In examining missile defence, Japan faces a security dilemma in its relationship with China: moves to counter the missile threat may trigger deterioration in the Sino-Japanese relationship that would ultimately harm Japan's security. The Chinese government has long viewed any expansion of Japan's security role in the region with unease and has heavily criticized increases in Japan's military capabilities or strengthening of the alliance with the United States. The Chinese government therefore views Japan's involvement in the development of a missile defence capability as potentially undermining its own security (Urayama 2000). *China's National Defence in 2000 White Paper* stated that the joint development of missile defences would 'enhance the overall offensive and defensive capability of the US-Japan military alliance' and 'far exceed the defensive needs of Japan' (Information Office of State Council 2000). The Chinese government views Japan's possible involvement in missile defence as weakening the effectiveness of its own missile force as a deterrent. A principal concern is that missile defences deployed by Japan could be involved in any conflict over Taiwan, protecting US bases in Japan or even defending Taiwan directly from missile attack.

Japanese government decision makers have continually debated the import of China's opposition to missile defence and possible ways to lessen its concerns. The maintenance of constructive relations with Beijing remains a vital goal for Japan for both economic and security reasons. Some sections of Japan's political elite emphasize the need to restrain Japan's security role in order to avoid undermining relations with China. But over the last decade attitudes towards the Chinese government have hardened in response to its military modernization program and what is perceived as opposition to Japan playing a greater role in the region. Japan's policy of moderating China's regional behaviour through economic integration is now being balanced by greater consideration to bolstering Japan's security against any possible challenge (Green and Self 1996).

The US-Japan alliance

The primary means by which Japan has sought to enhance its security has been a strengthening of the US-Japan security alliance. Since the end of the Cold War, the most notable development in Japan's security policy has been the emphasis on strengthening the alliance as a means to counter the new security challenges facing Japan, and to bolster regional stability. Participation in the development of missile defence must be seen in this context. The US-Japan joint declaration of April 1996 stressed the importance of cooperation in the study of missile defences (Green 1999a, app. 5). Deployment would lessen the risk that the threat of missile attack on Japan would deter either country from responding to a regional crisis. Successful cooperation in the development and deployment of missile defences

would also strengthen the political and military ties between Washington and Tokyo. Many decision makers in the Japanese government now perceive the primary benefit of developing a missile defence capability as reassuring the United States of Japan's commitment to the alliance (Swaine et al. 2001, ch. 3). By signalling a preparedness to undertake its share of the defence burden, the Japanese government hopes to ensure United States support for Japan on security issues.

Using participation in joint development of missile defence as a means of strengthening the alliance is not without risk. Given the asymmetrical nature of the US-Japan security relationship, greater effort to assure the US government of its commitment to the alliance may lead Japan to undertake obligations not necessarily in the national interest. Acquisition of a missile defence capability increases the likelihood of Japan's Self Defence Forces being drawn into a regional conflict in support of US forces. Furthermore, the government is wary of making a significant financial commitment to a program of considerable technical difficulty. Officials have been concerned that the United States is seeking Japan's involvement as a means of subsidizing an expensive and complex project. There is also recognition in the Japanese government that mismanagement of the joint development program could risk undermining the alliance (Swaine et al. 2001, 63). Major cooperative projects always entail the danger of failure to meet expectations and of mutual acrimony: the FS-X/F-2 fighter program provides a recent example (Green 1999b). Japan's approach to the alliance aspect of missile defence is therefore a careful attempt to balance the risks of commitment against the benefits of strengthening the alliance.

Domestic support

The third key consideration for the government has been the maintenance of a broad domestic consensus behind its policy towards missile defence and security matters more generally. The issue is recognized as being potentially divisive. Japan's deeply engrained culture of pacifism has created an aversion to a significant strengthening of military capabilities and of the US-Japan alliance. Public support for the nation's defence posture has increased over the last decade with the end of the ideological differences that existed during the Cold War. But the missile defence issue appears to be pushing the government ahead of the current national consensus. Public opinion on the necessity of missile defence is divided according to differences in the perception of the degree of threat from missile attack facing Japan (Medeiros 2001, 17). Diet members have generally supported the participation in joint research but a number have raised concerns over the cost, effectiveness and regional implications of deployment of any missile defence capability. Although the Japanese Foreign Ministry and Defence Agency have strongly supported participation in missile defence development, some elements within the bureaucracy and defence forces have privately raised concerns over the budgetary implications.

Public focus on the missile defence issue has remained limited, and serious debate on the matter has yet to occur in the Diet. The political significance of the issue will increase however. Any attempt to make progress on missile defence will raise a number of contentious political and constitutional issues. The Constitution's ban on participation in collective self-defence is potentially the most significant. Full integration of any missile defence system with the United States would be a clear involvement in collective self-defence and necessitate an end to the ban. This would trigger a far-reaching debate over Japan's security role. Legislative restrictions on the export of military equipment and on the use of space for military purposes also pose difficulties. Japan's participation in the joint development of the NTW warhead would appear to require exemption from the military export ban. Deployment of a satellite early warning system would appear to require an end to the ban on military use of space. (Japan intends to launch four intelligence satellites in 2003–4. Although these low-orbit reconnaissance satellites may be able to provide strategic warning of missile launch preparations, they will not provide an early warning capability.) None of these issues presents an insurmountable obstacle to the deployment of missile defence systems. But the government may be unwilling to tackle these issues without a public consensus in favour of change.

The government's handling of the political side of missile defence is further complicated by the reliance since 1993 on coalition arrangements to form a majority. A major impact of the new political configuration has been the lessening of the domination of policy making by vested interests associated with the Liberal Democratic Party (LDP) and the bureaucracy to a more transparent system involving greater inter-party and intra-Diet dialogue (George Mulgan 2000, 78). Movement on the missile defence issue will necessitate taking account of the range of opinions that exists amongst the coalition parties on the missile defence issue.

The balancing act

Balancing these three conflicting pressures creates a serious challenge for Japan's policymakers. A trade-off exists between maintenance of the Sino-Japanese relationship and the strengthening of the alliance with the United States. Greater commitment to missile defence development and deployment would give confidence to the US government over the Japanese government's commitment to the alliance but possibly at the expense of Japan's relationship with China; a restrained approach towards missile defence would reassure the Chinese government but could come at the cost of progress on the US alliance. Meanwhile the government's approach to these two relationships is constrained by the need to maintain domestic support for its policy. Too great an emphasis on either cooperation on missile defence with the United States or on accommodating China's concerns may trigger a political backlash.

Over the last decade, the government sought to limit the strategic costs associated with missile defence by taking an incremental approach towards any

involvement in the development and deployment stages. By limiting its level of commitment, the Japanese government deliberately created a degree of ambiguity over its future position, which effectively postponed the strategic costs of participation in missile defence (Hughes 2001). The United States could take assurance that the possibility remained open of greater participation and support on the missile defence issue; China had the prospect of engaging Japan with the aim to lessen the level of participation in US missile defence efforts. Meanwhile, the incremental approach also provided the Japanese government with time to build up domestic support for any future steps on missile defence. In essence, the Japanese government's approach was to postpone the difficult decisions as it attempted to come to grips with the strategic costs involved.

The impact of the three-way balance on Japan's shift to participation in missile defence development

Japan's careful balancing act can be seen in its cautious moves towards participation in missile defence development over the last decade. A lessening in the pressure exerted by the three strategic considerations has paved the way for Japan's involvement in the joint development with the United States of the NTW system. The government's cautious approach has been successful in allowing the exploitation of a decrease in the strategic costs of involvement in development.

United States policy towards Japan's involvement in developing missile defence systems has shifted from one that suggested considerable costs for the Japanese government to one that emphasized the benefits of participation. In the early 1990s, the US government viewed Japan's participation primarily as a means to secure financial and technological contributions as part of the then current emphasis on burden sharing. Japanese officials viewed such an approach as more related to US economic concerns than Japan's security and not surprisingly responded negatively. In 1994 US strategy shifted to a more constructive approach as part of the broader move to strengthen the US-Japan alliance (Green 1999a, 172). Japan's possible involvement in the development of TMD systems was recast as both an alliance building measure and as a means to strengthen Japan's defences. As a result, Japanese officials became more supportive of participation in joint missile development.

During the mid-1990s, the Chinese government's position induced a degree of caution in Japan's approach to participation in missile defence. However, criticism of Japan's participation in the development of the NTW system after 1998 appears to have been counterproductive. It has not swayed the government from its present course and instead highlighted the possibility that China's missile force targets Japan and reinforced the commitment of many to missile defence. Since 2000, China has adopted a more neutral position on Japan's acquisition of a missile defence capability. This shift in position was notable during Premier Zhu Rongji's visits to Washington D.C. and Tokyo in October 2000. Partly this shift reflects recognition of the counterproductive nature and the negative impact of earlier

criticism. But it is also due to the Chinese government's far greater security concerns over the possibility of ballistic missile defences being deployed in Taiwan or the development of an NMD system for the United States. Japanese officials appear increasingly confident that the influence of China's opposition to the development and deployment of missile defences has been marginalized (Medeiros 2001, 19–20).

By early 1998 the Japanese government appeared to be committed to moving ahead with joint research but its approach was constrained by the limited domestic political support for involvement in missile defence (Medeiros 2001, 17). That changed virtually overnight with North Korea's launch of the Taepo-dong missile over Japan in August. While the earlier deployment of the No-dong missile meant that the Taepo-dong missile did not significantly alter the missile threat to Japan, heightened public concern over the threat created considerable pressure for a response. The subsequent decision to participate in joint research with the United States not only provided the government with a quick response to the public outcry but also encountered far less opposition than would have otherwise been the case. The government has since carefully evaded a test of its public support for the development or deployment of a missile defence capability. Questions within the Diet over the implications of proceeding to development and deployment of missile defences have been avoided on the ground that these issues cannot be addressed without a final decision on the type of system that may be deployed (Swaine et al. 2001, 63).

The challenge ahead: confronting the strategic costs of deployment

The Japanese government's incremental approach to missile defence development cannot delay progression on the issue indefinitely. Japan will be forced to confront the strategic costs associated with involvement in missile defence when the time comes to decide whether to proceed beyond the research stage to the development and deployment of missile defence systems. After a decade of economic stagnation, the economic cost of developing and deploying a missile defence capability could be a key consideration in determining the level of domestic support for the program (National Bureau of Asian Research 2001, 16). The capabilities of the system will also have a direct impact on China's reaction to the deployment of missile defences. The greater the potential neutralizing effect on the deterrent capabilities of China's missile force, the more strategic significance the missile defence system will have for the Chinese government.

Japan's preference for the NTW system as the upper tier missile defence option already influences the balance between the strategic costs of deployment. The NTW system offers considerable cost advantages over the alternative land based Theatre High-Altitude Air Defence (THAAD) system: the ability of Japanese firms to participate in development of the system and Japan's current possession of platforms for the system were key considerations (Medeiros 2001, 17). Another

major point in NTW's favour is the ability to deploy off the coast of North Korea and thereby provide a more effective coverage against missile attack. But the mobility of the system is significant for the Chinese government. The possibility that the system could be deployed in the defence of Taiwan potentially weakens the deterrent value of China's missile forces against Taipei.

A critical determinant of the strategic costs involved in deployment will be the level of autonomy of Japan's missile defence capability. The Japanese government faces a critical decision over the degree to which its system is integrated with US command, control and intelligence systems. Japan lacks many of the necessary support systems for an independent missile defence capability. The greater the autonomy from US systems, the more costly and less effective Japan's missile defence will be. Integration of Japan's missile defences with the US forces in the region will mark a significant strengthening of the security alliance but reduces its autonomy in the security field. Such a step would require the government to confront the difficult political question of the self-imposed ban on collective self-defence. It would also be viewed adversely by China as a significant strengthening of the US-Japan alliance. However, Japan has a number of possible command and control arrangements that it could implement with the United States (Matsumura 2000). The government therefore has a significant degree of flexibility in managing the strategic costs associated with deployment of a missile defence system.

The Bush administration's missile defence proposal

Japan's careful balancing of the strategic costs associated with involvement in missile defence is now challenged by the United States' moves to develop a strategic missile defence system. The announcement by President Bush on 1 May 2001 that his administration was determined to press ahead with the near term deployment of a comprehensive missile defence system signalled a significant departure from the more cautious approach of the Clinton administration and alters the strategic circumstances determining Japan's approach to missile defence.

Japan's situation may be complicated by intensification of the dilemma involved in strengthening the US alliance while maintaining a stable relationship with China. On one hand, the Bush administration's proposal may strengthen the credibility of the US policy of extended deterrence: deployment of a missile defence for the US homeland would lessen the risk that the US government would be deterred from responding to a security crisis in the Northeast Asian region by the threat of missile attack (Funabashi 2000). Furthermore, the Bush administration's greater commitment of resources to missile defence may enhance the development of the capabilities of systems applicable to Japan's defence from missile attack.

On the other hand, these benefits will inevitably come at the expense of deterioration in the Sino-US strategic relationship. China views any US commitment to developing strategic missile defences with a degree of alarm (McDevitt 2000). Development of even a limited strategic defensive capability

could negate the deterrence value of China's small ICBM force. Strong suspicion appears to exist within Beijing that the deployment of a strategic missile defence system is aimed primarily at countering China's missile force. An increase in the tension within the Sino-US relationship would inevitably spill over into Japan's relationship with China. In particular, the Chinese government would become more sensitive to any further steps aimed at strengthening the US-Japan alliance.

A downturn in strategic stability may also lead to an increase in the missile threat to Japan. Prime Minister Koizumi has stated in the Diet that the possibility of an arms race resulting from the US missile defence proposal could not be ruled out (*Japan Times* 14 June 2001). Defence analysts have noted the strong likelihood that China will accelerate the modernization program of its missile force in response to the possible deployment of strategic missile defences. An expansion of China's ICBM forces would be deployed to strike the United States and would not appear to signify an increase in threat to Japan (Medeiros 2001, 21). But the Chinese government may view the deployment of additional medium range missiles capable of striking Japan as a useful means of maintaining its deterrent capability. China may also devote more attention to the development of countermeasures to missile defences, which would weaken the effectiveness of Japan's missile defence system.

The Bush administration's determination to revise or abandon the Anti-Ballistic Missile (ABM) treaty caused considerable consternation in the Japanese government that such a move would impact on the domestic debate over missile defence. Public support for arms control remains strong in Japan and has led to an active role in the promotion of international arms control. The government was unwilling to be seen overtly supporting a move that may be portrayed as undermining the international arms control regime. But the subsequent withdrawal from the ABM Treaty occurred with little reaction and instead appears to clear the way for development of the missile defence program with far less controversy. Ironically, a move that was once viewed with concern is now seen as the overcoming of a significant barrier in the development of a comprehensive missile defence program.

Implications for Japan's missile defence capability

The Bush administration's missile defence proposal also raises questions over a possible change in the role played by any missile defence capability acquired by Japan. The Bush proposal blurs the distinction between theatre and national missile defence capabilities by advocating integration of both into a multi-layered defence system to develop a more comprehensive and efficient counter to missile attacks. Greater emphasis has been placed on the importance of participation in the US defence system of allied capabilities, such as any defence system deployed by Japan. Although the multi-layered defence system has clear military advantages (Gompert 1999), it poses a series of difficult questions for Japan.

Participation could raise the possibility of Japan's missile defence capability playing a strategic role in assisting the defence of continental United States. Japanese officials had argued previously that a clear separation existed between the capabilities of TMD systems and those developed under the national missile defence program. But the multi-layered system proposal highlights the weakening of the distinction between regional and strategic missile defence systems that has taken place as the capabilities of the TMD systems increase. The future capabilities of the NTW system likely to be deployed by Japan remain uncertain, however, it may have the ability to intercept ICBMs. The NTW system has been examined as playing a role in the defence of the United States from missile attack (Spencer and Dougherty 2000). That would only heighten Beijing's concern over the significance of Japan's missile defence capability. Nonetheless the NTW system suffers a number of operational and technical limits in the strategic role (Pena and Corry 1999). Deployment of any NTW system in the vicinity of the Japanese home islands appears to limit its effectiveness against missiles launched at the United States. Until Japan looks to acquire alternative missile defence systems, such as boost-phase intercept, its possible role in assisting the defence of continental United States will be limited. Japan's participation in a multi-layered defence system would have far more significance for the strengthening of US missile defences in the Northeast Asian region. Integration would enhance the effectiveness of missile defence in the region by avoiding duplication of effort. It would also open the way for Japan's systems to play a role in the protection of US forces throughout the region.

For that reason alone, the Japanese government will face intensified pressure from both the United States and China over its participation in the proposed US global missile defence system. The US government is likely to push for the integration of Japan's missile defence capabilities as an important step by which the Japanese government could play a greater role in assisting the US presence in the region. Meanwhile the Chinese government will become increasingly sensitive about the possible role of Japan's missile defence capabilities. Integration of Japan's systems would not only signal a marked strengthening of the US-Japan alliance but also further weaken the effectiveness of China's strategic missile forces. It may also increase the prospect that Japan's missile defence capabilities could be utilized in any contingency involving US forces and Taiwan. The Chinese government would clearly view such a step as destabilizing.

Japan's response

Not surprisingly, the potentially significant repercussions of possible deployment of strategic defences by the United States has led to a cautious response from the Japanese government. The Japanese government had remained silent on the earlier NMD proposal of the Clinton administration until August 2000 (National Bureau of Asian Research 2000, 17). The Mori government of the time then expressed its 'understanding' of the US concern over the ballistic missile threat and the reasons

for examining NMD. Japan's position was one of tacit but not overt support. This official line remained unchanged despite the more ambitious Bush proposal and the establishment of the Koizumi administration. Public statements on the issue have continually repeated the government's 'understanding' of the reasons for the US proposal to the point where it has taken the form of a mantra. Overt support for the position of the Bush administration would carry considerable domestic and regional costs for little gain. But the Japanese government's own interest in missile defence and commitment to the alliance prevents any outright criticism of the proposal, despite the possible strategic costs it may entail for Japan. The government's response has been to attempt to lessen the possible adverse strategic implications of the missile defence proposal by consistently encouraging the United States to engage Russia and China over the issue.

The key challenge of the Bush proposal for the government will be to determine the future relationship between its missile defence forces and those of the United States. The prospect of any future missile defence capability becoming integrated with the US global missile defence system would have implications for the relationship with China. It would also place the Japanese government under pressure to tackle difficult domestic issues that it would rather postpone. Not only would it require an end to the ban on participation in collective self-defence but would also tie Japan's forces far closer to the United States than has been previously mooted. The Koizumi administration has signalled that it is not willing to move ahead on these issues at the present time. In June 2001 the Japan Defence Agency Director General Nakatani stated in Washington that any missile defence capability deployed would not be integrated with the US missile defence system (*Japan Times* 24 June 2001). Instead it would operate independently and only participate in the defence of Japanese territory. He did state, however, that US bases in Japan would be covered by the system. The US government appears to have accepted the limitations on the Japanese government's policy at present. The long lead-time in the development of missile defence systems allows Japan to hold this position for now with little repercussions. But statements by the US ambassador to Japan, Howard Baker, emphasized that the United States has an ongoing interest in Japan eventually tackling the general issue of collective self-defence to clear the way for participation in a joint missile defence system (*Washington Post* 18 July 2001). Failure by Japan to do so may lead missile defence into becoming a point of contention between the allies.

The popularity of Prime Minister Junichiro Koizumi and his support for the US-Japan alliance indicates that Japan now has the leadership to garner the necessary political support for movement on the missile defence issue. Koizumi has made statements on the need to study revision of the ban on collective self-defence and move ahead on other security issues. He has ensured Japan's support for the United States in the war on terror. However, Koizumi still faces difficult political challenges. He is yet to convert his popular support into control over the LDP factions. The government also confronts the difficult task of managing reform

of the Japanese economy, which will inevitably lead to a backlash in public opinion. It is possible that the administration may see progress on some defence issues as a means of bolstering its position. However, the government may well wish to avoid tackling the more contentious defence issues, such as missile defence, that would lessen valuable political capital in this critical period. The LDP's dependence on the coalition partner Komeito Party for its majority also constrains the tackling of security issues. Komeito remains committed to the ban on participation in collective self-defence and is generally cautious on any expansion in Japan's security role.

The North Korean factor

For most of this chapter, the framework used to examine Japan's policy towards missile defence has taken the level of threat to Japan as a constant. However, the prospect that a dramatic change may occur in the threat posed by North Korean missiles has had significant implications for Japan's approach to the missile defence issue over the last two years. The process of détente on the Korean peninsula indicated that a diplomatic end to the missile threat from North Korea could be possible. In 1999 the Clinton administration initiated negotiations with Pyongyang with the goal of ending North Korea's missile program by providing diplomatic and economic incentives. Chairman Kim Jong-il declared subsequently that no missile test firings would be conducted up until 2003 as long as the dialogue continued. The Clinton Administration failed to secure a final deal on the end of the North Korean missile program before its own term ended, despite continuing negotiations towards the end of 2000. Some members of the administration have claimed that an agreement was within easy reach. Nonetheless it appeared doubtful that the agreement being negotiated would have significantly reduced the missile threat to Japan. Although a halt to North Korea's missile exports and development program appeared possible, no agreement was reached in negotiations on the removal of the principal threat to Japan: the No-Dong missiles already deployed.

The advent of the Bush administration with its more demanding conditions for any agreement with North Korea suggested that the prospect of a US-North Korean deal on the missile threat was not imminent. But the sudden and dramatic announcement by Prime Minister Koizumi of a summit with Kim Jong-il raised the prospect for direct negotiations on the missile threat to Japan. Indeed Kim Jong-il promised an indefinite extension of the moratorium on missile testing in the summit agreement. North Korea's desperate economic situation and need for economic aid held the prospect for considerable progress on security issues. But the détente between North Korea and Japan quickly broke down in mutual animosity. Revelations of the death of the majority of the abductees that North Korea had admitted to kidnapping triggered widespread anger in Japan and led to the evaporation of support for a settlement with Pyongyang. Any further prospects for progress were dashed when it was revealed that in October 2002 North Korea

had admitted to the United States that a covert uranium enrichment program had been undertaken in violation of the Agreed Framework. As the Pyongyang-Tokyo dialogue broke down, North Korea instead turned its attention to negotiation with the United States and sought to force the Bush administration to enter into direct negotiations through a withdrawal from the NPT and restarting elements of its nuclear program frozen by the Agreed Framework. Japan has become confronted with the prospect that the threat posed by North Korea's missiles could increase dramatically. The result has been greater consideration of missile defence options and a possible acceleration of participation in the development and deployment stages of the missile defence program. 2003 promises to be a defining year for Japan's involvement in missile defence.

Looking ahead

Although this chapter has highlighted the uncertainties and challenges confronting Japan's missile defence policy, I would like to highlight several factors that are likely to guide developments. First, progress so far suggests that the TMD program will be technically successful and lead to the development of effective systems, albeit with the likelihood of cost overruns and delays. As progress continues, the Japanese government will be forced to address the issues relating to the type of system to be deployed.

Second, over the next decade US forces will commence with the deployment of TMD systems for the protection of overseas troop deployments and bases, including in Northeast Asia. Deployment of TMD systems to protect bases in Japan will lead to increased pressure on the Japanese government to proceed with deployment of a missile defence capability. The US government will expect the Japanese government to contribute to the defence of bases in Japan while the Japanese public will press for missile defences to be deployed to protect urban areas from attack. The likelihood that the United States will eventually deploy some form of NMD will only increase the pressure on the government.

Third, a strong consensus on the missile defence remains vital for the government to make progress towards participation in development and deployment. The influence of the deteriorating economic situation and the possible threat from North Korea will be critical determinants in this debate. Meanwhile the ongoing fluid nature of Japanese politics and the dependence on coalition government will further complicate management of the issue.

The pressure the government faces on the missile defence issue will increase over the next decade. Barring a dramatic deterioration in regional stability, Japan's approach to missile defence will remain cautious due to the careful balancing of the US alliance, the relationship with China, and the maintenance of domestic support. Although this cautious approach is unlikely to meet the expectations of the United States or placate China's concerns, it will minimize the strategic costs confronting the Japanese government. Should the regional security situation

rapidly deteriorate, Japan will then be forced to confront the difficult strategic issues surrounding the acceleration of participation in missile defence.

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