



Come What May:
Three Scenarios for the US-Japan Alliance



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Regional Architecture and Japan

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The future of the US-Japanese alliance depends not only on bilateral dynamics, but also on changes throughout Asia. As the economic, political, and security situation evolves, the US and Japan may need to rethink and redefine the role of the alliance. This section looks at an alternative future in 2030 in which a regional architecture has emerged and addresses two key questions. First, what is the nature of this regional architecture and how did it emerge? Second, and most critical for this project, what does it mean for the US-Japan alliance?

Regional Architecture and the US-Japan Alliance Form and Function

The regional architecture in 2030 can be best characterized as numerous ad hoc cooperative mechanisms focused on accomplishing specific tasks or discussing particular sets of issues, such as environmental protection, disaster cooperation, transnational crime prevention, financial coordination, and matters of trade. In other words, instead of developing one formal, rigidly institutionalized structure akin to the European Union that addresses economic, political, and security issues, Asia in 2030 will consist of a number of overlapping, functionally focused institutions. Each framework has a specific function, and complements other institutions. For example, while ASEAN-led frameworks do not have effective problem-solving mechanisms, they serve as forums that provide opportunities for states to discuss political, economic, and security issues. Bilateral and trilateral frameworks, such as the US-Japan and US-ROK alliances and the Japan-ROK-China trilateral dialogue, operate as regional security stabilizers and promoters of functional cooperation.

The components of the new regional architecture are likely to include versions of the Association of Southeast Asian Nations (ASEAN), ASEAN+3, the Asia-Pacific Economic Cooperation (APEC) forum, the ASEAN Regional Forum (ARF), and the East Asia Summit (EAS), among others. Asia will most likely witness new or upgraded security institutions, such as a new form of the ARF and the EAS, both of which will start to increase their roles in the nontraditional security arena. Future groupings will also vary in membership, with the issue at hand determining which countries participate in a given institution. The United States will be part of some of these regional arrangements, but it will not participate in all of them. These institutions will coexist without merging, even when tasked with addressing overlapping issues; they will coordinate amongst one another, but will often restrict their activities to a specific functional domain and operate largely independently.

New institutions will also emerge to contribute to the expanding regional architecture. In particular, a Northeast Asia Security Forum (NASF) consisting of China, Japan, South Korea, Russia, and the United States will develop. The absence of such an institution in Northeast Asia to date has been notable, particularly because this area is home to the major powers of the region and to many of its most dangerous flashpoints. The catalyst for the formation of this institution will be a crisis situation, such as the collapse of the Democratic People's Republic of Korea (DPRK). The collapse of the DPRK would compel China, Russia, Japan, South Korea, and the

United States to join forces to deal with the ensuing chaos. These countries will transform the Six-Party Talks into a formal structure that can coordinate aid and serve as a forum for discussion of relevant security issues. This institution failed to emerge in the past, largely due to mistrust between the participating countries and China's concerns about the DPRK's potential reaction to discuss and plan for a regime-collapse contingency.

After managing the situation on the Korean Peninsula, this institution will endure due to the coordination and crisis management benefits that its members gain, and it will gradually take on new security matters. While some hard security issues such as Taiwan's sovereignty will remain off the table, this Northeast Asian Security Forum will be given sufficient institutional power and capacity to handle serious matters such as territorial disputes between Japan, Russia, Korea, and China; counter-proliferation measures; stability across the Taiwan Strait; and confidence building and crisis management measures between a rising China and the rest. Member states will agree to bring issues to the Forum for peaceful dispute resolution instead of engaging in bilateral conflict, and these territorial disputes will no longer be the powder kegs they once were. NASF will increasingly engage in cooperating with ASEAN, India, and Australia to provide for maritime security, crack down on smuggling and trafficking, promote arms control efforts, and cooperatively address problems posed by Burma. While the norm of sovereignty will remain strong throughout Asia and particularly in Southeast Asia, this new institution will represent a significant change in the attitudes of the major players in the region. However, though it may serve to diffuse low-level conflicts and enhance regional stability, it is unlikely that all parties will discuss and/or agree on issues such as the future of Taiwan and the legal interpretation of what defines an exclusive economic zone (EEZ).

As this more extensive regional architecture develops, US alliances in Asia will be strengthened and serve as the platform on which greater multilateral security cooperation is built. Specifically, the US-Japan alliance in 2030 will support trilateral and multilateral forums, thereby increasing the legitimacy of these institutions and providing the alliance with a new, meaningful role. Considering the interoperability between forces, it is likely that the US and its allies and friends would function as the key provider of public goods, including assistance for building regional capacity for disaster relief as well as leading such operations, which they prepare for through joint exercises. The deepening of security partnerships between US allies and friends, such as Australia-India, Australia-Korea, Australia-Japan, and Japan-India, will provide a foundation for transforming the Cold War-era hub-and-spokes system into a web structure.

In this vein, the US-Japan alliance will continue to enjoy a solid commitment from Washington and Tokyo, primarily due to continued shared interests. Despite notable disagreements concerning cost sharing under national fiscal constraints, both US and Japanese publics will remain supportive of the security partnership. Tokyo and Washington will see the alliance as the primary guarantor of Japanese and US security in the region, as the alliance is a proven institution while the NASF will still be under development. In addition, progress on regionalization will reinforce the alliance. The NASF will help demonstrate that the US-Japan alliance is not directed at any other country and that the alliance facilitates rather than hinders regional cooperation on hard security issues. Moreover, such expanded cooperation will help to dispel regional fears about Japanese militarism. Thus, the NASF will reduce international and Japanese domestic concerns about the unintended consequences of the US-Japan alliance and

hence offers positive feedback for the alliance itself.

The United States Forces in Japan (USFJ), however, will have a smaller footprint than anytime since the end of World War II. Even so, major deployments at Yokosuka and Kadena will continue to represent a US commitment to Japan's defense and a strong Japanese commitment to host a US presence that helps stabilize the vital East Asian region. Other US bases in Japan will have been scaled down according to US needs for flexibility of movement, environmental considerations, and the concerns of local populations. Co-basing will have increased between the USFJ and the Japanese Self-Defense Forces, improving efficiency, interoperability and combined morale. Together, US and Japanese forces will demonstrate highly effective search and rescue and disaster relief capabilities, and will project these capabilities in the region and beyond. The Japanese people will see great value in such cooperation, both as an important international contribution, and also as an essential mechanism for dealing with a possible major earthquake or tsunami affecting the Japanese home islands.

The stability of the US-Japan alliance will allow other nations to add layers of cooperation that enmesh the region in a network of mutually beneficial security relationships because it provides a hedge against uncertainty. The US-Japan and US-ROK alliances will have coordinated common strategic objectives including nation building in North Korea, stability across the Taiwan Strait, and free and safe navigation of the seas. Trilateral US-Japan-ROK security consultations, such as agreement on the use of bases in a contingency (strategic flexibility) and commitment to act on Acquisition and Cross-Servicing Agreements (supply of US forces) involved in a contingency, will be formalized in a 2+2+2 annual meeting, supported by regular working-level meetings. The Australia-Japan-United States Trilateral Strategic Dialogue will take a lead role in increasing regional counter-proliferation efforts similar to those envisioned by the Proliferation Security Initiative.

Although less close in terms of security cooperation, US-Japan-China foreign and economic ministers meetings and Japan-ROK-China summits and working-level meetings will demonstrate progress in coordinating policy via trilateral mechanisms. In other words, the emergence of greater regional governance will be promoted by the alliance, and in turn, strengthen the relationship between the two countries.

Impetus for and Obstacles to Greater Regional Governance Economic Trends

The deepening of continued economic integration will promote and reinforce the development of an Asian institutional architecture. On the trade front, flows of goods and services in the region will become faster and freer than ever before. This will not only characterize manufacturing industries that supply cheap goods to Western countries; domestic markets in the region will have substantially matured, with domestic consumption at least an equal driver of growth, if not more important than exports to outside the region. In particular, increased consumption capacity in large economies such as China, India, and Indonesia will play a key role in driving further trade integration in the region. The fast pace of development will cause the relative economic gaps between Northeast Asia and Southeast Asia (India and Pakistan included here) to shrink, making a region-wide FTA more feasible. Much-improved intra-regional roads and other infrastructures will have also encouraged further trade liberalization; an

intra-regional railway system will be proposed and under negotiation by 2030. With the foundation of an East Asian FTA, multiple bilateral FTAs between ASEAN and major regional economies (including Japan, South Korea, China, and India), the region will have entered into negotiation of a greater Asian FTA.

Similar to the movement in intra-regional trade liberalization, intra-regional investment in Asia will have also increased dramatically by 2030. Even though the amount of investment from traditional sources (such as developed economies and Gulf oil-rich economies) will grow steadily, their total share of investment in the region will have decreased rapidly. This is because the sheer size of markets in the region will have expanded apace, drawing in new sources of investment within the region. Economic players such as Japan, South Korea, Taiwan, Hong Kong, and Singapore will continue to increase their investment inside Asia because the improved infrastructure and cheap skilled labor conditions have made it very attractive. New emerging economies such as China and India will have made great technological leaps in key sectors such as electric cars, and will be able to bring these technologies to the regional market, making the regional market not only a source for raw materials, but also a driver of regional growth due to increased domestic consumption. Energy trade will also play a large role in the development of regional investment, as fuel-rich Central Asia becomes a hub for energy-related infrastructure investment from other economies in the region. However, political instability in some areas, such as Pakistan and North Korea post-collapse, will continue to be an obstacle to further intra-regional investment.

In addition to the crisis caused by the collapse of North Korea, the international financial situation strengthened calls for the development of a regional architecture. These calls were sparked by the recognition after multiple financial crises that individual countries were unable to isolate their economies from regional contagion and consequently should create effective regional prevention, management, and resolution mechanisms. For example, the current financial crisis caused regional actors to question the stability of the US dollar, investigate the plausibility of regional banking institutions, and seek an East Asian Community that may or may not include Washington. The establishment of an Asian Monetary Fund was built on the basis of the “Chiang Mai Initiative,” which was proposed as a result of the 1997 Asian Financial Crisis to give Asian export-led economies a layer of protection from the global currency market. The region has gone beyond agreeing on currency swaps and limited regional reserves. The newly established Asian Monetary Fund holds at least three times the amount of reserves agreed upon in 2008 (\$120 billion) and has a full governing body to serve its economic monitoring function. Conditions for an Asian currency are not mature by 2030, but countries have started to use the Asian Monetary Fund as a platform to discuss a regional financial regulatory system and the diversification of regional currency reserves.

Finally, the US will continue to play a major role in the economic development of Asia. Its demand and investment will remain a major driver for Asian economies. However, the economic role of the United States in Asia will be independent of the US-Japan alliance. This will not represent a new development. In pursuing economic opportunities, the United States will gradually take into account the Asian economy as a whole (or at least ASEAN plus several other major states). In general, Japan will become more dependent on Asian countries for its economic growth because its economic activities will be directed more toward Asian countries than to

industrialized Western countries.

Political Trends

Previously, historical and territorial disputes, rampant nationalism, competition, and a high degree of mistrust and even disdain for others in the region have hampered efforts to form a regional multilateral architecture for either security or economic cooperation. Countries in the region have faced significant threats and been poised to take advantage of valuable opportunities, yet they have felt more comfortable with relatively non-invasive and non-binding institutions for dialogue, and leaned toward ad-hoc and issue-specific forums for dispute settlement when the need arose. While there was little movement on these issues in the initial post-Cold War years, several issues arose leading up to 2030 that overshadowed bilateral and relatively benign disputes and led to a greater demand for regional multilateral cooperation. North Korean nuclear adventurism, protection of sea lines of communication (SLOC), growth of Chinese power projection capabilities, growing needs for alternative sources of energy, and increasingly interlinked economies began to take precedence over the names of seas and the sovereignty of islets.

By 2030, territorial disputes in Asia will not have been sufficiently addressed to allow for a single, overarching regional architecture. However, growing economic and military capabilities within the region and the increasingly overlapping interests and challenges that countries face will have raised awareness of the need for mechanisms to identify, avoid, and resolve contentious issues. Growing economic interdependence will have also sparked renewed discussion on the need for institutionalized security forums and dialogue to prevent territorial disputes and historical sensitivities from impeding progress.

In 2030, territorial disputes will be dealt with on a bilateral and multilateral basis, especially through the NASF. Although the NASF will not provide a specific resolution for territorial disputes in Northeast Asia, it will oversee the situation to maintain regional stability. Admittedly, since each territorial dispute will generate a unique set of problems, there will be no one-size-fits-all solution. Disputes over the Takeshima/Dokto Islands, the Senkaku/Diaoyutai Islands, the Northern Territories, the Spratly Islands, and the Paracel Islands include different actors, histories, and politics. However, the principle for managing these disputes will be the same: each party to the dispute will maintain a low political profile. Multilateral frameworks will monitor whether states abide by this principle. The NASF in particular will establish a code of conduct on territorial disputes whereby states renounce “provocative” and “aggressive” actions. If such behavior is observed, NASF will have the power to take collective actions, including deterrence (i.e., collective monitoring) and compellence (i.e., diplomatic condemnation). In this sense, the US-Japan alliance will have some utility. For example, regarding the Takeshima/Dokto Islands, the United States will foster the establishment of a US-Japan-ROK Trilateral Dialogue and bring the territorial issue into the dialogue by asserting that both other members should create and follow a code of conduct and resolve the dispute through peaceful means.

The US-Japan alliance will also have a tailored approach toward territorial disputes. On the Senkaku/Diaoyutai Islands, the basic stance will be to resolve the issue bilaterally between

Japan and China. However, the United States and Japan will establish a US-Japan-China Trilateral Dialogue, which will include the territorial dispute on the agenda and encourage all parties to create a roadmap to solve the dispute peacefully. The first step will be to follow the code of conduct and to pursue joint development of undersea resources. Neither the United States nor Japan has territorial claims on the Spratly Islands. However, because both states have an interest in the stability of SLOCs, the United States and Japan will closely monitor the Spratly Islands dispute and declare that the alliance will respond politically if any provocation threatens the SLOC. In short, territorial disputes will be difficult to resolve unless the issues of sovereignty, natural resources, and strategic location can be adjudicated among disputing states. Therefore, rather than casting the resolution of territorial disputes as a first-order objective, containment of territorial disputes will be the primary goal of regional institutions. In this, they will be aided by the US-Japan alliance.

As Chinese naval power expands up to 2030, the development of trilateral military operations conducted by South Korea, Japan, and the United States will naturally emerge. Together, these three states will coordinate on nonproliferation, anti-piracy, port security, and other security issues in the maritime sphere. Washington and Tokyo, welcoming China's rise but harboring concerns about its intentions, will work to strengthen their bilateral alliance. They will also support further institutionalizing the regional architecture to constrain China from engaging in competitive behavior. Mistrust of China's intentions will impel other regional players to shore up relations with the United States to hedge against rising Chinese influence. Like the United States, these regional players will view a multilateral regional architecture as a tool for enmeshing China and thereby constraining its behavior. For its part, China will embrace a more robust regional architecture as a mechanism for reassuring others of its benign intentions.

Regional Architecture and the US-Japan Alliance: Beyond 2030

The regional architecture in 2030 and the role of the US-Japan alliance within it will be dynamic. That is, both will continue to evolve in response to trends unfolding at the regional and global level. Potential trends that will shape the supply and demand for regional institutions and determine the capacity of the US-Japan alliance to contribute include the following:

Rising Protectionism in the West. As Asian economies become ever more competitive, the United States and Europe resort to protectionist measures. By partially closing export markets in the West, this would intensify the push for Asian economic integration. Reflecting the emergence of regional blocs in the West, Asian economic institutions become less inclusive.

A Hegemonic China. The US economy experiences a prolonged period of sub-par growth, Japan's economy stagnates, and India encounters a setback derailing its economic takeoff. Meanwhile, China continues to translate rapid economic growth into expanding political influence and military clout. With the balance of power in Asia tilting decisively in its favor, China no longer regards regional institutions as necessary for reassuring its neighbors and managing conflicts. The regional architecture developed begins to fragment as China increasingly seeks to impose unilateral solutions. Chinese assertiveness produces a new regional architecture of sorts – countervailing alliances, including a revived US-Japan alliance.

China-India Rivalry. Tensions between Asia’s two giants heat up, with China and India jockeying for influence around the Indian Ocean rim and engaging in military clashes along the Himalayan border. Both ultimately recoil from an all-out confrontation, and turn to confidence-building measures. What emerges is a new Indo-Pacific security forum involving China, India, the United States, and Japan. Within this forum, the US-Japan alliance takes a stabilizing role by ensuring close coordination among two of the four members.

Conflict in the South China Sea. Maritime disputes in the South China Sea provide an initial impetus for the development of conflict management mechanisms. After 2020, the inability of these mechanisms to dampen maritime disputes proves damaging to the regional security architecture. States begin to hedge against the failure of conflict management mechanisms. The United States and Japan reinvest in their alliance, which becomes the backbone of a broader “lattice” of security relationships encompassing much of Southeast Asia and India.

Global Warming. The climatic repercussions of global warming become increasingly severe. Asia experiences more frequent natural disasters and pandemics. These induce states to establish a more robust regional architecture that can carry out disaster relief and effectively manage transnational threats. The US-Japan alliance, which still fields the region’s largest heavy-lift capability, takes the lead within a new pan-Asian disaster relief organization.

Concluding Thoughts: The Likelihood of the Regional Architecture Scenario

The broader project assesses three scenarios for the US-Japan alliance. The first is that the alliance stays in place, with some changes. The second is that the alliance has been abrogated and US troops are no longer stationed in Japan. The third and last scenario is the emergence of a regional architecture in which the alliance is embedded. Given current trends in US-Japanese relations, as well as broader regional trends, we conclude that the third scenario is most likely.

A deepened US-Japan security alliance that is integrated within a strengthened regional security framework is more likely than the other scenarios. Neither Japan nor the United States is likely to prefer separation to the current status quo given the central role of the bilateral alliance in the US alliance network in Asia. Furthermore, as a regional architecture emerges, both countries will find new purpose for the alliance in terms of political, economic, and military coordination. Consequently, even with the emergence of other regional mechanisms, the US alliance will remain the foundation of US policy in Asia. US and Japanese perceptions of China’s rise and the need to deal with a collapsed North Korea will reinforce the alliance regardless of institutional dynamics in the region. The status quo is also unsustainable given fundamental changes occurring domestically, within the alliance, and regionally. While the military alliance must adjust to allow greater flexibility and responsibility for the United States and Japan respectively, the evolving regional security environment will also require integrating the alliance into broader cooperative regional arrangements.