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**Advisory Panel to Comprehensively Discuss Defense Capabilities as National
Strength (Third Session)**

Summary of Funabashi Statement

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You cannot protect a country without protecting its people

Defense of Sea Lanes and Merchant Fleet Protection

Sea transport accounts for 99.59% of Japan's trade (on a tonnage basis), and the Japanese merchant fleet accounts for 60% of imports and exports. About 96% of the sailors on board the Japanese merchant fleet are foreigners. The Japanese self-sufficiency rate for marine transportation is only 2.3%.

Before the Second World War, Japan not only neglected the protection of its merchant fleet, but also forced private shipping companies to transport troops deployed overseas, recruited civilian sailors, and sent them to war. During the Pacific War, the death rate among civilian sailors was 43%. (*)

In the event of an emergency, the role of the Japanese merchant fleet, which supports the country's maritime logistics infrastructure, is vitally important in maintaining people's livelihoods.

Sea lane defense and protection of merchant fleets are indispensable not only from a national security perspective, but also from the perspective of human security, and should be positioned as an issue of extreme high priority in the drastic strengthening of defense capabilities.

In order to realize a drastic strengthening of defense capabilities, we must reaffirm the following two principles:

- 1) The nation cannot be protected unless its people are protected.
- 1) Security is only as strong as its weakest link.

In the case of Japan, protecting its people has been put on the back burner. Our priorities before the war, which included an emphasis on combat but neglected logistics, intelligence, and the civilian population, led to our defeat. This should be taken as a cautionary tale.

We must know that the weakest link in the chain is and always has been the defense of sea lanes and the protection of the civilian merchant fleet.

The government should develop a doctrine for protecting commercial fleets in times of emergency, and clarify the roles of the Self-Defense Force and Coast Guard in protecting merchant fleets.

In this section, we would like to touch more specifically on the need to re-enforce the "home maritime logistics infrastructure" that has supported Japan as a maritime shipping nation, as well as the challenges of protecting the merchant fleet under the new geopolitical situation.

1 Taiwan contingency preparedness

In the event of Sino-Taiwanese relations becoming further strained and leading to a

Taiwan contingency, commercial merchant vessels bound for the Middle East and Europe would be forced to make significant changes in their routes and would likely choose to take detours. Even if they find new routes, however, the risk to safe navigation in the waters east of Taiwan, the Philippines, and Indonesia until they reach the Indian Ocean is likely to increase. There will also be a need to transport Japanese citizens from Taiwan. It is necessary to urgently define the respective roles of the SDF and Japan Coast Guard merchant fleet escorts in these waters.

2 Expand deployment of armed guards on Japanese-flag vessels and simplification of procedures

Currently, the deployment of armed guards on Japanese-flag vessels is limited to those carrying crude oil, wheat, soybeans, salt, iron ore, coal, naphtha, liquefied petroleum gas, and methanol. However, armed guards should also be allowed on container ships, car carriers, and other general cargo ships for the protection of people's livelihoods. Foreign companies that are contracted to provide security services tend to shy away from deploying armed guards to Japanese-registered vessels because of the cumbersome laws and regulations related to armed guards. Regulations should be relaxed and procedures should be simplified.

3. Reconstructing the ship-building industry

Japan imports 76 million tons of LNG annually (second in the world). Therefore, we have to operate a total of 1,000 LNG carriers every year. LNG carriers are the lifeblood of Japan's energy economy and security. Despite this, Japan has not built any LNG carriers domestically, and will rely on China and South Korea for ships built after 2020. The International Energy Agency (IEA) predicts that even if we achieve carbon neutrality in 2050, we will still use about half of the current amount of natural gas. We have no choice but to use LNG for the long term. Japan's Sixth Strategic Energy Plan also sets renewable energy at 36-38%, nuclear power at 20-22%, and LNG at 20% by 2030. A system for building LNG carriers in the country must be established.

The shipbuilding industry in Japan, an island nation, is the foundation that supports the maritime logistics infrastructure for national security, economic security, and human security. The government should work on rebuilding the shipbuilding industry, including marine equipment, as a national project.

Promote the Joint Use of US-JP Military Bases

The Achilles's heel of Japan's defense capability is the uneven distribution of US military bases in Okinawa, which has resulted in an excessive burden being placed on the residents of Okinawa. Despite the fact that deterrence is becoming more essential, it remains difficult to talk about national security as a Japanese citizen from the same perspective as an Okinawa resident. In the face of the Senkaku and Taiwan contingencies, overcoming this Achilles heel must be prioritized as an urgent task.

The American and Japanese governments have agreed to “promote joint/shared use to enhance interoperability and deterrence, build stronger relationships with local communities, and strengthen the Self-Defense Forces' force posture, including in Japan's southwestern islands” (Japan-U.S. Joint 2+2, August 2017). The joint use of bases by Japan and the U.S. has a legal basis in Article 2 of the Status of Forces Agreement. At present, the facilities and areas available for Japan-U.S. joint use are 29 out of 76 U.S. military facilities nationwide, and 68 out of 130 Japanese facilities. It is necessary to establish a framework that enables prompt joint use of these assets as needed. For example, a framework should be established for joint use of ammunition storage at Kadena Air Base and for joint use of SDF facilities in the Nansei Islands by the U.S. military. In practice, even if the possession of missiles with counterstrike capability is necessary, it is meaningless unless their deployment sites are secure. In addition, pre-stocking of ammunition is essential to ensure the ability to continue fighting.

Meanwhile, the U.S. Marine Corps and the U.S. Army are developing ground-launched short and medium-range missiles, and are expected to deploy their own missile units to U.S. military bases in the Nansei Islands and elsewhere. Current Commandant of the Marine

Corps General Berger stated that US forces would be “very dispersed among [their allies]” and that US “presence and the credibility of our forces will reassure allies and partners.” It is time for the joint use of U.S. military bases and SDF facilities to move forward in earnest. This is not only a kind of operational cooperation in the form of increased interoperability through regular joint training with U.S. forces, but also strategic coordination in the form of shared decision-making to enhance deterrence by strengthening U.S.-Japan joint counterstrike capabilities. A 2018 report by Richard Armitage and Joseph Nye noted that the US and Japan should recognize that they have entered an era where they can no longer have the luxury of having separate bases. Joint use of bases contributes to "maximizing the alliance's combat effectiveness, political sustainability, and resource efficiency.” It is about improving interoperability, the political significance of integrated operations that do not “decouple” Japan and the US, and cost reductions through streamlining and avoiding duplication. The key is whether the joint use of bases and facilities in Okinawa can be realized, and above all, the idea itself must be accepted and supported by the residents of Okinawa.

Japan's 21st century defense capability will only be developed into a combat & sustained defense capability through the integration of security perspectives from the mainland and Okinawa.

As for the Futenma base relocation issue, it is time to conduct a full-scale review in light of new strategic challenges from China. This should include the Taiwan contingency, the strategic significance of Japan-US joint use of bases, and above all, whether the relocation to the new base to Henoko is the correct way to address it, whether it will be finished in time, and how cost-effective it may or may not be.

Clearly define the roles of the Maritime Self-Defense Force and Japan Coast Guard in a contingency

In Japan, there has never been a coordinated drill between the Maritime SDF and the Coast Guard in preparation for a contingency. This means that the government is not fulfilling its "national preparedness" in the face of the growing risk of a Senkaku or Taiwan

contingency. Even if the government increases defense spending while failing to take initiative on these issues, it cannot hope to "fundamentally strengthen the defense capability".

Article 80 of the Self-Defense Forces Law stipulates that the Prime Minister "may, in the event of an order to mobilize all or part of the Self-Defense Forces and when he deems it especially necessary, bring all or part of the Japan Coast Guard under the control of the Minister of Defense" (paragraph 1), and in such cases, "the Minister of Defense shall command the Japan Coast Guard as provided by Cabinet Order" (paragraph 2). Without a "Cabinet Order," there is no way to conduct contingency drills, but this is the height of political and administrative inaction.

In relation to this point, the Japanese government's official document (from May 11, 1999) states that even under the "control" of the Minister of Defense, "the Japan Coast Guard will continue to carry out its original duties as stipulated in the Japan Coast Guard Law", and that "it is not correct to point out that it contradicts Article 25 of the Japan Coast Guard Law, which stipulates the non-military nature of the Japan Coast Guard."

As soon as possible, the government should establish a clear policy and plan for the division of duties and roles between the SDF and the Coast Guard in peacetime, crisis management, and contingency operations, as well as for joint operations with the US military. Most urgently of all, the division of roles between the SDF and the Coast Guard in a contingency must be clarified. A "Cabinet Order" should then be enacted.

The public will broadly bear the finances.

In asking the public for an increase in defense spending, it is important to have the public accept it with a sense of ownership, and to have the public broadly bear the financial burden.

For the next five years, it would be realistic to think of the financial resources required to

increase defense and defense-related spending as a combination of spending cuts, the issuance of government bonds, and tax increases. In increasing defense-related spending, however, the feasibility and cost-effectiveness of past defense spending, particularly on R&D and system development, should be examined. Additionally, A thorough scrap-and-build process should be conducted to determine what should be prioritized and what should be eliminated in the scale of defense force enhancements.

However, given that strengthening defense capabilities is a long-term and sustainable task, the primary source of revenue for increased defense and defense-related expenditures should be a permanent source of revenue through tax increases. In doing so, consideration should be given to raising the individual income tax while taking into account the burden capacity.

Many people recognize the need to strengthen Japan's defense capabilities. This is the time to for the government to create a national security state that can weather contingencies and crises together with the people who hold a sense of ownership.

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(*) According to a survey by the Japan Martyred Sailors Honoring Society, 60,643 sailors lost their lives during the Pacific War. Casualties in the war included 20% of the Army, 16% of the Navy, and 43% of sailors.

(***) Richard L. Armitage and Joseph S. Nye, et. al, More Important Than Ever: Renewing the US-Japan Alliance for the 21st Century, the Center for Strategic and International Studies (CSIS). The report also stated that “eventually, all U.S. forces in Japan should operate from Japanese-flagged bases,” as that would signal that they are “working to minimize the burden on host populations while maximizing warfighting capabilities and addressing burden sharing concerns.”