Part II  The Basics of Japan’s Defense Policy

Chapter 2  The National Defense Program Guidelines and Build-Up of Defense Capability

Section 1  Basic Concepts of Formulating National Defense Program Guidelines

The National Defense Program Guidelines show basic principles of Japan’s security policy and the basic guidelines of Japan’s defense capability in the future including significance and roles of the defense capability as well as the specific organization of the SDF and the target levels of major defense equipment to be built up that are based on these principles and the guidelines.

The National Defense Program Guidelines were formulated twice in the past, once in FY1976 as the National Defense Program Guidelines in after FY1977 (NDPG 1976) and another in 1995 as the National Defense Program Guidelines in and after FY1996 (NDPG 1995). The current guidelines were formulated in 2004 as the National Defense Program Guidelines in and after FY2005 (NDPG 2004) in order to respond adequately to the international security climate after the 9/11 terrorist attacks on the United States. This section will explain about the background, circumstances and the basic concepts of formulating the National Defense Program Guidelines.

(See Reference 11)

1  Background of Formulating the NDPG

1 Changes in International Situation and Diversifying Roles of Military Capability

After the end of the Cold War, interdependence of states has been deepened and expanded, and with the advancement of international coordination and cooperation, the likelihood of a global armed conflict has become slimmer even in comparison with that at the time of formulating NDPG 1995.

On the other hand, complex and diversified regional conflicts have occurred due to territorial, religious and ethnic issues. Furthermore, responses to new threats and diverse contingencies have become an urgent task for respective nations and the international community including illegal activities and emergency situations such as international terrorism as observed in the September 2001 terrorist attacks on the United States (the 9/11 terrorist attacks), proliferation and transfer of weapons of mass destructions and ballistic missiles, and piracy.

Against these backgrounds, to prevent inter-state conflicts, it remains to be important to maintain a conventional form of deterrence. However, against non-state actors such as international terrorist organizations, the approach of keeping a conventional form of deterrence does not necessarily work effectively.

In addition, it has become more difficult for a single country to resolve security environment issues, and stabilizing the international security environment has become a common interest for every country. Therefore, each country has been making a broad range of efforts to resolve those issues by utilizing various means including military capabilities, thorough coordination of various measures and with international collaboration. In this context, the roles of military capabilities have become diversified to include prevention of conflicts and assistance of reconstruction in addition to their traditional role of deterrence and response to armed conflicts.

Under such circumstances, the United States has been engaged in a variety of activities such as war on terror and activities to halt the proliferation of weapons of mass destruction while giving consideration to international collaboration. Depending on the nature of these activities, there have been some instances in which international cooperative frameworks have been established in the form of “Coalition” that differ from...
traditional alliance relations. (See Fig. II-2-1-1)

In the midst of these global changes, the countries in areas surrounding Japan are characterized by diversity in ethnic groups, religions, political systems, and economic strength; the area also features several major countries having a complex structure of tangled interests as well as disputes over unification, territorial issues, and maritime interests. Many countries are also modernizing and improving their military capabilities. In particular, North Korea is engaged in the development and deployment of weapons of mass destruction and ballistic missiles and maintenance and reinforcement of its asymmetric military capabilities (large-scale special forces, and others). In addition, China continues to grow steadily as a major power in the region both politically and economically. In the military sphere, the country has been modernizing its nuclear/missile forces as well as its naval/air military capabilities, and seeking to promote space development and expand the scope of its activities at sea. Continued attention must also be paid to these trends in the future.

2 Remarkable Developments of Scientific Technologies

Technological advancements led by the information and communications technologies have not simply sparked spectacular improvements in combat capabilities, but brought about fundamental transformation of military powers and have had considerable impact on the defense strategies of each country.

3 Expansion of the SDF Activities and the Improvement of Japan’s Emergency Response Mechanism

The SDF’s activities have been diversifying and expanding to include responses to the incidents with suspicious boats, nuclear accidents, various natural disasters, illegal acts, emergency situations, and international activities including not only U.N. peacekeeping operations but also cooperation in the international efforts for preventing and eradicating international terrorism as well as the effort for reconstructing the nation of Iraq. Through the activities being undertaken in response to these situations, the coordination with relevant agencies such as police and local communities has been reinforced.

4 Characteristics of Japan

Close to major powers of the Eurasian continent, Japan is located at a strategically important position for the maritime traffic extending from the northeastern part of the continent to the Pacific Ocean. Its territory consists of a long and thin crescent-shaped archipelago with long coast lines and numerous small islands. Japan’s large population is confined to a vary narrow territory, its industries and population are concentrated mainly in urban areas, and a large number of important facilities essential to economic development are in coastal areas, all of which can be considered in terms of topology as vulnerabilities. Due to the geographical, geological and climate conditions, Japan is also prone to natural disasters of various kinds.

In addition, stability in the international security environment is essential for Japan’s stability and development which are based on a market-based economic system and free trade. Above all, Japan depends on imports for many resources it uses as the country relies on the Middle East for nearly 90% of crude oil it consumes, and the maintenance of the security of sea traffic, and stable utilization of the seas are extremely important for the country.

2 Circumstances for Formulating the National Defense Program Guidelines

In light of the changes in the security environment surrounding Japan as described above, the current National Defense Program Guidelines were formulated in December 2004. Circumstances for formulating the current National Defense Program Guidelines are shown in Fig. II-2-1-2.

3 The Basic Concept of the National Defense Program Guidelines

1 Two Objectives and Three Approaches
The purpose of Japan’s security is to protect peace, independence and the territory of Japan, to maintain the national system based on the freedom and democracy, and to protect the lives and property of the nation.

With the establishment of the trend toward attaching importance to collaboration and cooperation in the international community and also from a Japanese standpoint of playing a suitable role for the position of our country to gain the trust of the international community, Japan must independently and proactively make its own efforts for peace and stability of the international community, which are a prerequisite for Japan’s peace and independence.

On that occasion, because security threats today are unpredictable, complicated and diverse, it is important for the government to make swift and appropriate response through systematic collaboration of the security-related measures such as those of public security, economy and intelligence, in addition to the promotion of diplomatic efforts in peace time and effective operation of defense capabilities, to cooperate with the United States based on the Japan-U.S. Security Arrangement and to promote cooperation with the relevant countries and international organizations such as the United Nations.

Based on the perception as mentioned above, the National Defense Program Guidelines define the following two objectives for security:

1) to prevent any threat from reaching Japan, and, in the event that it does, repel it and minimize any damage, and
2) to improve the international security environment so as to reduce the chances that any threat will reach Japan in the first place.

In order to achieve the two objectives listed above, three approaches—“Japan's own efforts,” “cooperation with alliance partners” and “cooperation with the international community”—are to be combined in an integrated manner. (See Fig. II-2-1-3)

Against the threat of nuclear weapons, Japan will rely on the U.S. nuclear deterrent and at the same time will play an active role in the efforts for disarmament and nonproliferation of weapons of mass destruction such as nuclear weapons, and missiles.

2 New Concept for Defense Capability (Shifting emphasis from “deterrent effects” to “response capability)

(1) Reviewing the Basic Defense Force Concept

With regard to Japan’s defense capability, NDPG 1976 presented the Basic Defense Force Concept. This concept is designed to enable Japan to maintain the minimum necessary basic defense capability as an independent state lest it turns into a power vacuum and becomes a destabilizing factor in the region surrounding Japan rather than preparing to directly counter a military threat. NDPG 1995 basically followed this concept.

The Basic Defense Force Concept was reviewed for the following two reasons in line with changes in the security environment surrounding Japan.

a Effective Response to Contingencies

Under the Basic Defense Force Concept, a focus is placed on the idea of preventing invasion by possessing adequate scale of defense capability in addition to relying on the Japan-U.S. Security Arrangements. Behind the idea is deterrent effect being generated due to a country having defense capability. However, the new threats and diverse contingencies are difficult to predict and can occur unexpectedly, and conventional deterrent effects, which derive from the presence of defense force, do not necessarily work effectively. Therefore, the defense capabilities in the future are strongly expected to have ability meant to prevent such threats from surfacing, and to have ability to enable effective response to various contingencies and to minimize damage when such events occur.
Independent and Proactive Efforts for International Peace and Cooperation Activities

The Basic Defense Force Concept is based on the assumption that while it is internationally recognized that the efforts for stable international relationship will continue in spite of the existence of unpredictable and uncertain elements, Japan will not turn into a power vacuum and become a destabilizing factor for the surrounding region. Meanwhile, mutually cooperative and interdependent relationship among nations has been advancing in the current international community, and the new threats and diverse contingencies are difficult for one nation to resolve.

Under these circumstances, Japan, in order to ensure its security, must proactively participate in international collaborative activities for the improvement of the international security environment (international peace cooperation activities) on its own initiative by utilizing its defense capabilities.

In other words, it has become difficult to build defense capabilities based solely on Japan’s Basic Defense Force Concept that focuses on the defense of Japan by not turning into a power vacuum and becoming a destabilizing factor for the surrounding region.

(2) Multifunctional, Flexible and Effective Defense Capabilities

With regard to the future defense capabilities, the National Defense Program Guidelines state that the effective portion of the Basic Defense Force Concept shall be succeeded under the new security environment, and with these capabilities Japan shall be able to respond to the new threats and diverse contingencies effectively while proactively participating in the international peace cooperation activities on its own initiative.

While expected roles of the defense capability are becoming diverse, decline of young population with dwindling child birthrates and dramatic increase of severity in Japan’s fiscal conditions need to be considered as we plan to build the future defense capabilities.

Based on this viewpoint, Japan’s future defense capability needs to be equipped with high responsiveness, mobility, flexibility and multi-purpose functionality, and supported by advanced technology and intelligence capabilities measuring up to the trend of military technology standard, so that it can become “multi-functional, flexible and effective defense capabilities” that can effectively respond to various contingencies through flexible operation of SDF units and defense equipment with multi-functionalities.

Thus Japan’s defense capability is required to shift its emphasis from pursuing conventional deterrence effects to acquiring abilities to respond to various contingencies at home and abroad.
Section 2 Contents of the National Defense Program Guidelines

This section will explain about Japan’s basic security policy, its vision for the future defense capability and specific mechanisms for its defense capabilities that are stipulated under the National Defense Program Guidelines.

1 Basic Principles of Japan’s Security Policy

As described earlier, there are two objectives for Japan’s security: to prevent any threats from reaching Japan or repel it; and to improve the international security environment so as to reduce the chances that any threat will reach Japan.

Japan will achieve these objectives by combining “Japan’s own efforts,” “cooperation with alliance partners” and “cooperation with the international community” in an integrated manner.

1 Japan’s Own Efforts

Japan’s security depends first and foremost on its own efforts. Based on this recognition, it is stated in the National Defense Program Guidelines that Japan will make its utmost efforts, by utilizing all available means, to prevent any threat from reaching the country directly. The guidelines state that in the event that these efforts failed to prevent the threat from reaching Japan, the Government of Japan would take an integrated response by swiftly making appropriate decisions, bringing together all relevant organizations, and having them cooperate adequately. This is based on the recognition that it is important to mobilize the total national power by collecting the capabilities of relevant organizations such as the SDF, police and Japan Coast Guard in order to ensure the safety of the nation and the people. In addition, the Government will establish necessary civil defense systems to respond to various emergency situations, and the central and local governments will work closely together to establish adequate systems.

At the same time, Japan will engage in its own diplomatic activities to prevent the emergence of threats by improving international security environment.

The guidelines say that Japan’s defense capabilities, which are the ultimate guarantee of the national security, shall be multi-functional, flexible, and effective, and the improvement of efficiency and rationalization are necessary in order to realize such capabilities.

2 Japan-U.S. Security Arrangements (Cooperation with Allies)

Japan-U.S. Security Arrangements are indispensable in ensuring Japan’s security, and the presence of the U.S. military is essential for the maintenance of peace and stability in the Asia-Pacific region. Considering the progress made in Japan-U.S. cooperation in dealing with global issues as exemplified in the fight against terrorism, close Japan-U.S. cooperative relationship plays a significant role in the effective promotion of the international efforts to prevent and respond to the new threats and diverse contingencies.

The function of the Japan-U.S. Security Arrangements is not granted by simply having the agreement called the Treaty of Mutual Cooperation and Security between Japan and the United States. In order to make the agreement effective, it is essential to make restless efforts in peacetime. Based on this viewpoint, the National Defense Program Guidelines clearly specify the following efforts.

(1) Implementation of Strategic Dialogue between Japan and the United States (strategic objectives, role-sharing, and military posture)

Based on the posture of Japan’s security and defense capabilities clarified in the National Defense Program Guidelines, Japan will proactively engage in strategic dialogues with the United States on wide-ranging security issues such as role-sharing between the two countries and military posture while working to harmonize
our perceptions of the new security environment and appropriate strategic objectives. In doing so, the Government of Japan will bear in mind the need to reduce the excessive burden on local communities which host U.S. military facilities and areas, while maintaining the deterrent capabilities that the U.S. military presence in Japan provides.

(2) Various Efforts for Strengthening of the Japan-U.S. Security Arrangements

The Japan-U.S. Security Arrangements shall be enhanced through active promotion of measures including information sharing, various operational cooperation, and collaboration on ballistic missile defense (BMD).

3 Cooperation with the International Community

The National Defense Program Guidelines state that in order to improve the international security environment as part of cooperation with the international community and help maintain security and prosperity of Japan, the Government of Japan will actively engage in diplomatic efforts, including the strategic use of Official Development Assistance (ODA). It is also stated in the guidelines that based on the recognition that the destabilization of the international community by events such as regional conflicts, proliferation of weapons of mass destruction, and international terrorist attacks would directly affect its own peace and security, Japan will, on its own initiative, proactively participate in international peace cooperation activities as an integral part of its diplomatic efforts.

In particular, stability in the regions spreading from the Middle East to East Asia is crucial to Japan. Thus, the Government of Japan will strive to stabilize the region by promoting cooperative efforts, in conjunction with other countries concerned, to deal with common security challenges. And Japan will actively engage in the U.S. reform, and also promote the efforts for multilateral frameworks for security in the Asia-Pacific region such as the ASEAN Regional Forum (ARF).

2 Vision for the Future Defense Capability

1 Role of the Defense Capability

In recognition of new security environment, the National Defense Program Guidelines defines the role of the defense capability as:

1) effective response to the new threats and diverse contingencies
2) preparation to deal with full-scale invasion
3) proactive efforts, on its own initiative, to improve the international security environment

The guidelines say that Japan will efficiently maintain the SDF posture which is deemed necessary to effectively carry out missions in each area.

NDPG 1995 clearly states the maintenance of defense posture of each SDF. But the current National Defense Program Guidelines adopts the idea that a new SDF posture should be formed in the process of joint operation being conducted to respond to each contingency. Based on the idea, the guidelines, under “the Role of the Defense Capabilities,” specify the role and response to be fulfilled in each contingency and the concept of SDF posture in a comprehensive manner.

(1) Effective Response to New Threats and Diverse Contingencies

The idea behind responses to new threats and diverse contingencies presented in the National Defense Program Guidelines is as follows.

As new threats and diverse contingencies are difficult to predict and have potential for sudden outbreak, Japan will cope effectively with them by forming and deploying highly ready and mobile defense force units capable of responding properly to the characteristics of each situation in accordance with the characteristics of the units and Japan’s geographical characteristics. When contingencies actually happen, the defense force will
act quickly and appropriately to seamlessly respond to the situations in smooth and close collaboration with the police, Japan Coast Guard and other relevant organizations in accordance with the circumstances and the need for division of labor.

Major responses to new threats and diverse contingencies are as follows.

a  **Response to Ballistic Missile Attacks**

Japan has started the development of a BMD system, for which introduction was approved in December 2003. The country will establish a system to counter missile attacks, including one approved in 2003, at an early date in order to deal effectively with such attacks.

Japan will appropriately deal with nuclear threats with efforts to build the BMD system as well as relying on the U.S. nuclear deterrent.

(See Part III, Chapter 1, Section 2-1)

b  **Response to Attacks by Guerrillas or Special Operations Forces**

Guerrillas and special forces attacks are difficult to predict, and we need to be prepared to deal with such attacks without delay and to prevent the expansion of such attacks. Therefore, Japan will maintain necessary defense force structure to effectively respond to the situation by enhancing the readiness and mobility of defense force units, as well as by coping with such attacks in a flexible manner including swift and concentrated deployment of the units.

(See Part III, Chapter 1, Section 2-2)

c  **Response to the Invasion of Japan’s Offshore Islands**

Because of Japan’s geographical characteristic featuring many offshore islands, invasion of such islands is envisioned as a form of armed attacks against Japan.

In order to respond to such invasion, it is necessary for Japan to maintain a defense structure which is capable of effectively dealing with precise-guidance attacks by transporting SDF units by sea and air in a flexible manner.

(See Part III, Chapter 1, Section 2-3)

d  **Patrol and Surveillance in Sea and Airspace Surrounding Japan, and Response to Violation of Japan’s Airspace and the Intrusion of Armed Spy Ships and Other Vessels**

In order to effectively respond to the new threats and diverse contingencies, detecting the signal at an early stage is extremely important for preventing the unwanted event as well as preventing the expansion of such event when it occurs. Therefore, around-the-clock patrol and surveillance in the sea and airspace surrounding Japan remain an important role of the SDF, and thus Japan will maintain the defense structure that consists of warships, aircraft and other necessary equipment.

Japan will also maintain fighter aircraft units to respond instantly and adequately to the violation of territorial airspace. Furthermore, in light of issues concerning North Korean armed spy vessels and the submerged navigation within Japan’s territory by Chinese nuclear submarines, Japan will take adequate actions against such spy ships in the waters surrounding Japan and submerged foreign submarines navigating in Japan’s territorial waters.

(See Part III, Chapter 1, Section 2-4)

e  **Response to Large-Scale and Special-Type Disasters**

Japan is under the conditions that are prone to natural disasters such as earthquake, typhoon, and volcanic eruption, and in the event of unconventional disasters such as nuclear disasters and terrorism, utilization of the
SDF capabilities may become necessary.

In such circumstances, ensuring the security of the people is extremely important, and Japan will maintain an adequate force structure consisting of defense force units and people with specialized capabilities and expertise who can conduct disaster-relief operations in any part of Japan in order to deal swiftly with large-scale disasters and special-type disasters, where protection of life and property is needed.

(See Part III, Chapter 1, Section 2-5)

(2) Preparations for Full-Scale Invasion

While likelihood of full-scale invasion is declining, the new defense capabilities are required for Japan to effectively respond to the new threats and diverse contingencies as well as proactive engagement on its own initiative aimed at improving the international security environment.

In recognition of such security environment, it is stated in the National Defense Program Guidelines that Japan will depart from its defense build-up concept that emphasizes so-called Cold War-type counter-armor warfare, anti-submarine warfare and anti-air warfare, and will make a sweeping review of its defense equipment and personnel earmarked for coping with full-scale invasion with an eye toward reducing them.

At the same time, in light of the fact that the primary role of defense capability is to respond to full-scale invasion and that the rearrangement of defense build-up cannot be achieved in a short time, Japan will secure the most fundamental part of its defense capability in order to prepare for full-scale invasion.

(See Part III, Chapter 1, Section 3)

(3) Proactive Efforts on Japan’s Own Initiative to Improve the International Security Environment

a Proactive Engagement on its Own Initiative in International Peace Cooperation Activities

In NDPG 1995, “contributing to the development of stable security environment” was defined as one of the roles of defense capabilities and the SDF has participated in various international peace cooperation activities.

It is stated in the National Defense Program Guidelines that Japan will proactively participate in international peace cooperation activities on its own initiative, with the objective of further ensuring peace and security of Japan, rather than simply making “contribution.”

The scope of international peace cooperation activities is very wide and the Government of Japan as a whole needs to be engaged in these activities in an integrated manner as part of the country’s unified diplomatic efforts that involve not only the SDF but also civilian activities. Within the framework of the Government’s total policy, the SDF must be engaged in international peace cooperation activities appropriately using its self-sufficiency ability and organizational capabilities, and for that reason, the SDF plans to establish necessary infrastructure to quickly dispatch and maintain defense force units overseas by developing education and training systems, maintaining highly ready force posture for relevant units and improving transport and other required capabilities.

In order for Japan to appropriately participate in international peace cooperation activities, it was determined that necessary arrangements would be made including the effort to properly put these activities within the SDF mission priorities.

(See Chapter 3, Section 2-3)

b Security Dialogues and Promotion of Defense Exchanges

Security dialogues and defense exchanges including bilateral and multilateral training need to be continued in view of the changes in the international security environment and in recognition of the fact that such efforts effectively contribute to an effective implementation of international peace cooperation activities. In addition, the activities to contribute to peace and stability of the international community need to be actively
promoted by continuing the implementation of cooperative activities in the areas of arms control and disarmament conducted by international organizations including the United Nations. 
(See Part III, Chapter 3, Section 2 ・ Section 3)

2 Fundamental Elements for Japan’s Defense Capabilities

Following are fundamental elements of Japan’s defense capabilities that are included in the National Defense Program Guidelines in order to fulfill defense missions described above.

(1) Enhancement of Joint Operation Capabilities

In order to execute its missions swiftly and effectively by responding to the new threats and diverse contingencies without delay in the new security environment, the SDF needs to enhance the joint operational posture that enables all SDF services to be operated in a unified manner from the beginning of the outbreak of such situations.

For the transition into such joint operational posture, establishment of the Joint Staff Office as an organization to assist the then Director-General of the SDF who was responsible for its operations was incorporated in the National Defense Program Guidelines. As well as enhancing the effectiveness of the Joint Staff Office, the infrastructure for the SDF’s joint operations is to be established in such areas as education and training, and information and communications. In strengthening its joint operation capabilities, the SDF is to reexamine its existing organizations so as to enhance their efficiency. 
(See Part III, Chapter 1, Section 1-5)

(2) Strengthening Intelligence Capabilities

In order for the defense capability to function effectively with multiple functionality and flexibility, it is imperative for the Government of Japan to retain and utilize advanced intelligent capabilities including the ability to detect signs of a contingency at an early time and to collect, analyze and share intelligence promptly and accurately.

Intelligence capabilities are not a simple auxiliary element, but should be positioned as one essential element in the defense system. For this reason, Japan will strengthen its advanced and diversified intelligence-collection capability and enhance its comprehensive analysis and assessment capabilities, keeping in mind the dangers in the security environment and technological trends. Japan will also strengthen the intelligence structure, including the Defense Intelligence Headquarters that is to play a role of supporting such capabilities. In this way, Japan will build a sophisticated intelligence capability.

(3) Incorporating the Progress of Science and Technology in Japan’s Defense Capabilities

In order to realize multi-functional, flexible and effective defense capabilities, the fruits of various technological innovations due to the progress of information and science technology should also be reflected adequately.

In particular, advance command and communications systems, and information communications network shall be established to develop reliable command and control systems as well as speedy intelligence-sharing systems, which are indispensable for the SDF’s joint operations described earlier, in tune with advanced information and communication technologies available at home and abroad.

(4) Effective Utilization of Human Resources

In order to achieve greater outcome with limited human resources, it is necessary to recruit human resources with high potential, and train and educate them in order for the SDF to adequately cope with diversification and internationalization of SDF missions, and to properly operate rapidly advancing high-tech
defense equipment.

Research and education on security issues are to be promoted and the foundation of manpower for promoting such research is to be reinforced.

3 Specific Posture for Defense Capability

An attached table of the National Defense Program Guidelines clarifies a specific posture for defense capabilities to fulfill the missions described above. The following is its outline.

1 Ground Self-Defense Force

(1) Formation and Deployment of Basic Strategic Unit Responding to the New Security Environment

As regionally deployed units (basic strategic units), eight divisions and six brigades featuring responsiveness and high mobility are formed in preparation for effective response to the new threats and diverse contingencies, which requires timely actions but are difficult to predict the occurrence, and eight divisions and six brigades will be placed in each of the 14 sections created with consideration given to Japan’s geographical characteristics featuring mountains, rivers and straits. (See Fig. II-2-2-1)

(2) Securing Personnel Resources (Manpower)

a Departing from the conventional anti-tank warfare-oriented defense build-up concept, “personnel (manpower)”-oriented system will be built to enhance the response to the new threats and diverse contingencies such as attacks by guerrillas and special operations forces and large-scale disasters, as well as to the need for international peace cooperation activities.

b To secure effective response capability, the number of regular defense officers will be increased from 145,000 in NDPG 1995 to 148,000.

c On the other hand, the number of primary equipment – tanks and artilleries – will be reduced from approximately 900 vehicles to 600 vehicles for tanks, and from 900 to 600 artillery/vehicle for artilleries. (See Fig. II-2-2-2)

(3) New Formation of Central Readiness Force and International Activity Education Unit

In order to prevent the expansion of various contingencies when they occur, the Central Readiness Force will be newly organized, consisting of Mobile Operation Units and various specialized units. Within this force, the International Activity Education Unit will be newly organized for proactive engagement on its own initiative in international peace cooperation activities. (See Part III, Chapter 1, Section 2-2)

2 Maritime Self-Defense Force

(1) Posture of New Destroyer Unit for More Effective Response

In order to secure as many well-trained destroyers as possible from among a limited number of such vessels and to enable prompt response to diverse contingencies, destroyer units will be formed in accordance with the level of training rather than the conventional fixed formation.

Mobile Operation Units will be consolidated to eight divisions (One division consisting of four vessels) to enable swift and continuous response to contingencies, and the formation of regional district units will be transformed so that one unit is deployed in a five-unit patrol district in view of the current security environment. (See Section 4 Fig. II-2-4-2)
(2) Formation of Submarine Units to Focus on Response to New Threats and Diverse contingencies

Submarine units will continue to possess a total of 16 submarines (Units are consolidated from six divisions (two or three vessels owned by each division) to four divisions (four vessels owned by each division). The new formation of submarines, to be deployed in important sea areas for maritime traffic in East China Sea and the Sea of Japan, is intended for Japan to detect signs of new threats and diverse contingencies at the earliest possible time, take flexible response actions and realize information gathering.

(3) Improving the Efficiency of Combat Aircraft Unit

Through the integration and improvement of efficiency while ensuring the surveillance system for surrounding sea, responsiveness and effectiveness, the number of combat aircraft (including warning patrol aircraft, minesweeping and transport helicopters) will be reduced from approximately 170 to 150.

For the fixed-wing patrol aircraft unit, successor aircraft of P-3C (P-X) with improved performance will be introduced, and the current eight squadrons will be consolidated to four squadrons for better efficiency. The helicopter unit will be consolidated from eight squadrons to five squadrons by making operations of all the helicopters basically vessel-based, from the viewpoint of achieving efficient operation.
(See Section 4, Fig. II-2-4-3)

3 Air Self-Defense Force

(1) Improving the Efficiency of Fighter Aircraft Units

Fighter Aircraft Units will remain as major units in order to take appropriate actions in a timely manner against the violation of airspace, but the number of fighter aircraft will be changed from approximately 300 to 260 through the improvement of operational efficiency in light of the declined possibility of full-scale invasion of Japan.

The number of combat aircraft including fighters will be changed from approximately 400 to 350 in line with, for example, the downsizing of Air Reconnaissance Unit. (See Fig. II-2-2-3)

(2) Strengthening Transport and Deployment Capabilities

In order for Japan to effectively respond to the invasion of its offshore islands and to properly participate in international peace cooperation activities, Aerial Refueling/Transport Units will be newly established, and the next transport aircraft (C-X) with transport and aviation performance superior to the current aircraft will be prepared. (See Fig. II-2-2-4)

(3) Airborne Early-Warning Group into Two Groups

The Airborne Early-Warning Group will be reorganized into two groups from one group planned under NDPO 1995 through functional separation into E-767 and E-2C units.

4 Major Equipment and Major Units that can be also Available for Ballistic Missile Defense (BMD)

The National Defense Program Guidelines state that the posture of the SDF must be capable of taking on various roles to deal with diverse tasks. In particular, it was judged to be important for Japan to try to attain understanding for the BMD system both inside and outside of Japan by clarifying the system as specific as possible and ensuring its transparency. To that end, the guidelines, in its attached table, specify “major equipment and major units that can be also available for ballistic missile defense.” (See Fig. II-2-2-5)

4 Additional Elements for Consideration

The National Defense Program Guidelines state that the following elements will be taken into consideration in building up, maintaining and operating defense capability.
1 Fiscal Conditions, Procurement of Defense Equipment and Maintenance and Operation of Defense Facilities

Given severe fiscal conditions, defense expenditures need to be curbed by further rationalizing and streamlining defense forces, and the overall defense capability needs to function smoothly and sufficiently by making its operations harmonious with other measures taken by the Government.

In addition, the Government will make following efforts: promotion of measures to curb the life-cycle cost7 in procuring defense equipment, implementation of effective and efficient research and development activities, as well as the allocation of limited resources to core technological fields for the establishment of a truly necessary defense production system and technological foundation.

In order to efficiently maintain and upgrade Japan’s defense-related facilities, the Government will take various measures to make these facilities coexist more harmoniously with local communities.

2 Timeframe for Achieving Defense Capability Objectives and Its Review

While NDPG 1976 and NDPG 1995 do not specify the timing for achieving the objectives of defense capability, the National Defense Program Guidelines provides the clear vision for Japan’s defense capability for the next decade, based on the idea that it is important to show concrete timing for achieving the goals of defense capability more clearly.

It is desirable for Japan to review its defense vision on a regular basis in line with the security environment and technological trends. Based on this idea, the National Defense Program Guidelines will be reviewed and, if necessary, will be revised after fives years or in case that there is a significant change in the security environment, taking into consideration such change in the environment, technological progress, and other relevant factors at the time.

5 Three Principles on Arms Exports

A statement by the Chief Cabinet Secretary released at the time of the formulation of the National Defense Program Guidelines addressed issues on arms export control. It stated that given the fact that ballistic missile defense (BMD) would contribute to the effective implementation of the Japan-U.S. Security Arrangements and from the viewpoint of contributing to the security of Japan, the Government would exempt items related to BMD systems from the regulations of the Three Principles on Arms Export and related provisions, on the condition that those items would come under strict export control8.

(See Reference 13 ・ Reference 44)

In addition, with regard to cases of joint development and production with the United States as well as cases seen as contributing to counter-terrorism and counter-piracy, regarding which questions were raised through the process of developing the National Defense Program Guidelines, it mentioned that the Government would decide, on a case-by-case basis, whether to take any actions in the future, taking into consideration the basic principle, as a peace-loving nation, of avoiding exacerbation of international conflicts9.

The statement by the Chief Cabinet Secretary clarified that Japan would continue to firmly maintain its policy of dealing carefully with arms exports control in light of the country’s basic philosophy as a peaceful country, which is the basis for the Three Principles on Arms Exports and their related policy guidelines.
Section 3 Mid-Term Defense Program

National defense is a basis of the existence of the country. Therefore, defense built-up is ultimately made based on the budget of each fiscal year. But defense should be built up continuously, systematically and steadily based on the security environment surrounding Japan and the role of defense capability, and also in line with a concrete medium-term outlook, because research and development of defense equipment, its adoption, improvement of facilities, education of defense personnel, and training of SDF units cannot be realized in a short term.

Therefore, the Government of Japan has devised mid-term defense programs, each covering five years, since FY 1986, and has built up the nation’s defense on such programs compiled for every fiscal year.

The “Mid-Term Defense Program (FY 2005 - FY 2009)” is a plan which defines Japan’s policy regarding build-up of its defense capabilities and main projects for five years to realize new defense capabilities specified in the National Defense Program Guidelines. The program was approved by the Security Council and the Cabinet in December 2004.

(See Reference 12)

This section will explain policies envisaged under the Mid-Term Defense Program, organizational reviews of the Defense Ministry and the SDF, main projects related to the SDF’s capability and measures meant to reinforce the Japan-U.S. Security Arrangements.

1 Policies for the Program

In line with the National Defense Program Guidelines, the Mid-Term Defense Program has shifted its priority from “deterrence by presence” to “effective response” and has placed an emphasis on the improvement of readiness and mobility, an integrated operation of the GSDF, the MSDF and the ASDF through their joint operations and the acquirement of new capabilities in line with technological development. Six policies listed below are the basis of the program intended to build up Japan’s defense capability appropriately.

1) Establishment of multi-functional, flexible and effective defense capabilities
2) Organizational reviews of the Defense Ministry and the SDF
3) Enhancement of fundamental defense capabilities through joint operations and strengthening of intelligence functions
4) Promotion of various measures that support defense capabilities, such as rational and efficient procurement of defense equipment
5) Further strengthening of Japan-U.S. Security Arrangements
6) Efforts to make defense capabilities efficient and streamlined

2 Review of Organizations of Defense Ministry and SDF

The Mid-Term Defense Program calls for organizational reviews of the Defense Ministry and the SDF, as shown below, as a means of swiftly and efficiently transforming their structure into one in which new defense capabilities envisaged under the National Defense Program Guidelines can be acquired.

1) Ideal structure of internal bureaus will be studied in order to improve and strengthen organizations in charge of administrative defense policies, and necessary measures will be taken.
2) The Joint Staff Office will be newly established while the existing Staff Offices of the three SDF services will be reorganized, both to reinforce the joint operations posture. Based on the achievements of joint operations, how to make such operations effective will be studied, and necessary measures will
be taken.

The Defense Intelligence Headquarters will be placed under the direct control of the then Director-General of the Defense Agency.

(See Chapter 3, Section 3)

3) The GSDF, the MSDF and the ASDF will shift to a structure shown in Fig. II-2-2-5 under the previous section, when the Mid-Term Defense Program is concluded.

3 Main Projects Concerning Capabilities of the SDF

Concerning the SDF’s defense capabilities, the Mid-Term Defense Program calls for effective response to new threats and diverse contingencies, preparations against full-scale invasion of Japan, independent and proactive efforts by the country to help improve the international security environment, and promotion of fundamental defense capabilities and various measures that support such capabilities. Under the program, main projects as shown in Figure II-2-3-1 will be implemented in order to achieve these goals.

4 Measures to Strengthen Japan-U.S. Security Arrangements

Under the new security environment, following measures will be taken in order to further strengthen the Japan-U.S. Security Arrangements and close relationship with the United States backed by the arrangements.

1) Exchange of information and views on the international situation will be enhanced, and strategic dialogue on the general security situation will be continued.

2) Efforts will be made to establish an effective cooperative framework in the field of defense operations. In addition, joint exercises and training will be enhanced.

3) Cooperation in the field of ballistic missile defense (BMD) will be promoted further.

4) Efforts will be made to promote wide-ranging mutual exchanges in the fields of defense equipment and technologies.

5) Measures will be taken to make stationing of U.S. forces in Japan smooth and effective.

6) Japan will proactively participate in international security efforts and will take measures to enable close collaboration with the United States.

5 Scale of Build-Up and Necessary Budget

1 Scale of Build-Up

The following table shows specific scale of build-up of main defense equipment that is part of equipment needed for main projects being undertaken to improve the SDF’s defense capability. (See Fig. II-2-3-2)

2 Necessary Budget

The total amount of defense-related expenditures required for the implementation of the Mid-Term Defense Program shall not exceed about ¥24.24 trillion under FY 2004 prices. Defense-related spending earmarked for each year is to be determined within the framework of the sum listed above while further efforts are to be made to promote efficient and streamlined defense operations in harmony with other measures taken by the Government of Japan. In addition, an extra budget of up to ¥100 billion can be allotted if such budgeting is deemed necessary in order to address various conditions including the need to respond to unpredictable events that may happen in the future and such budget is approved by the Security Council.

The Mid-Term Defense Program will be reviewed three years later if such review is found necessary after taking into account various developments both at home and abroad, including the international situation, trends of technological advancement and fiscal conditions. The program would be reviewed within the total amount of expenditures set aside for its implementation. (See Fig. II-2-3-3 • 4)
Section 4 Defense Build-Up Program for FY2007

In FY2007, build-up of Japan’s defense capability will be promoted more efficiently by strengthening its policy-formulating function and establishing a defense organization that can respond to challenges in a new era. In addition, defense build-up being planned for the year will also emphasize how to respond to new threats and various other contingent situations, including the improvement of a counter-missile capability, information-gathering ability and patrol and surveillance ability, all of them responding in the wake of a ballistic missile launch and a nuclear test by North Korea, and countering attacks being launched by terrorists, guerrillas and special-operations units.

Major items being planned for the FY2007 defense built-up program are shown in Figure II-2-4-1.

(See Reference14-15)
Section 5 Defense-Related Expenditures

Defense-related expenditures include spending for maintaining and managing the SDF, improving living conditions in the neighborhood of defense facilities, supporting U.S. forces stationed in Japan and managing the Security Council.

Defense-related budget for FY2007 was significantly curbed with spending items in general becoming subject to reduction, as the fiscal year marked the first year of the Government’s initiative to streamline expenditures and revenues in a unified manner. As a result, such budget for the year decreased for five years in a row on an expenditure basis, by ¥8.8 billion or 0.2% from the preceding fiscal year, excluding costs related to the Special Action Committee on Okinawa (SACO) and costs associated with measures to reduce the burden of local communities hosting U.S. forces stationed in Japan as part of a plan to realign such forces. But the FY2007 defense budget earmarks necessary spending items, including establishing a necessary framework for effectively responding to new threats and diverse contingencies such as countering ballistic-missile attacks against Japan, and the budget is intended to further promote efficient procurement of defense equipment.10

Including ¥12.6 billion in SACO-related expenses and ¥7.2 billion in expenses related to realignments of U.S. Forces (portion meant to reduce burden of local communities11), Japan's total defense-related expenditures for FY2007 amount to ¥4,801.6 billion, representing a decrease of 0.3% or ¥12.3 billion from the preceding fiscal year. (See Fig. II-2-5-1)

1 Breakdown of Defense-Related Expenditures

1 Breakdown by Expenses

Defense-related expenditures are broadly classified into “personnel and provisions expenses,” which cover such items as pay and meals for SDF personnel, and “material expenses,” which finance the repair and maintenance of equipment, purchase of fuel, the education and training of SDF personnel, and the procurement of equipment and others. Material expenses are further classified into “obligatory outlay expenses,”12 which are paid under contracts concluded in past fiscal years, and “general material expenses,” which are paid under current-year contracts. (See Fig. II-2-5-2)

The Defense Ministry terms this classification method as “classification by expenses.” A breakdown of FY2007 defense-related expenditures based on this method is shown in Fig. II-2-5-3.

Personnel and provisions expenses and obligatory outlay expenses, both of which are mandatory expenses, account for 80% or more of the total defense-related budget. A breakdown of general material expenses show that lasting or mandatory costs account for a significant portion of the total, such as the repair of equipment, education and training of SDF personnel, the cost of hosting U.S. forces stationed in Japan and expenses13 related to measures to alleviate the burden of local communities hosting U.S. bases in Japan.

Personnel and provisions expenses for FY2007 decreased by ¥31.9 billion or 1.5% from the previous fiscal year, reflecting smaller payments of retirement allowance due to a decline in the number of retiring personnel. Obligatory outlay expenses for the year increased by ¥22.3 billion or 1.3% from the previous year and general material expenses also rose by ¥800 million or 0.1% from the previous year.

2 Breakdown by Organization and by Use

FY2007 defense-related expenditures classified by organization, such as the GSDF, MSDF, ASDF and the Defense Facilities Administration Agency, and also by use, such as personnel and provisions expenses, and expenses for purchasing defense equipment, are shown in a diagram below. (See Fig. II-2-5-4.5)

(See Reference 22)
2 **Comparison with Other Countries**

Understanding defense expenditures of each country using one standard is not possible in view of differences from one country to another in their socioeconomic systems and differences of their budget systems. In the absence of an internationally unified definition, breakdowns of defense expenditures are unclear in many countries, although they are publicly disclosed. (See Reference 23)

Defense expenditures of one country are generally compared with those of other countries by converting the value of spending measured in each country’s currency into the dollar-termed value. But defense spending measured based on this method does not necessarily reflect the precise value that would result from counting each country’s price levels.

Therefore, making simple comparison between Japan's defense-related expenditures shown in dollar terms and those of other countries also shown in dollar terms does not make much sense.

The Organization for Economic Cooperation and Development (OECD) makes comparison between one country and others of their ability to purchase goods and services by publishing each country’s purchasing-power parity, a gauge meant to measure such ability by taking into account each country’s price levels. A following table lists defense expenditures of each country shown in dollar terms using OECD data of purchasing-power parity. (The table excludes Russia and China for which there are no OECD data on purchasing-power parity) (See Fig. II-2-5-6)


3) (1) Not designed to directly counter military threats (2) The concept’s portion stating Japan will maintain defense capabilities based on strategic environments and geographical characteristics in order to prevent invasion is deemed to remain effective and thus will be succeeded under the new security environment.

4) Regarding the contents of talks Japan held with the United States based on ideas shown in the National Defense Program Guidelines, see Part III, Chapter 2, Section 2

5) The Mid-Term Defense Program stipulates that the GOJ will improve research and education function of the National Institute for Defense Studies, a think tank-like institute of the Japan Defense Ministry, regarding security policy.

6) Major equipment of the MSDF (Aegis-equipped destroyers: four vessels) and major units of the ASDF (Air-warning and control units: seven warning groups and four warning squadrons; Surface-to-air guided missile units: three groups) For development of BMD system, see Part III, Chapter 1, Section 2

7) Total costs of defense equipment that becomes necessary during its entire life cycle-brain-storming sessions, development process, mass production, operation (including maintenance and repair costs) and equipment scrapping

8) Based on this statement, it was decided on December 24, 2005 by the Security Council and the Cabinet that the joint Japan-U.S. technical research on a sea-based midcourse system of the BMD would be succeeded by the joint Japan-U.S. development in fiscal 2006. In a statement issued by the Chief Cabinet Secretary on the same day, it was stated that “weapons that need to be provided to the United States for the purpose of this joint Japan-U.S. development shall be provided under strict control and also upon coordination with the United States regarding a framework for provision of weapons.” Following this statement, “the Exchange of Notes concerning the Transfer of Arms and Military Technologies” was concluded by the Japanese and the U.S. Governments in June last year. The exchange provides a framework for enabling the transfer of weapons and weapons technologies designed for the Japan-U.S. joint BMD development as well as weapon technologies that were subject to transfer under the previous “Exchange of Notes concerning the Transfer of Military Technologies.” (See Part III, Chapter 1, Section 2-1 • Part III, Chapter 2, Section 3-5

9) In June 2006, Japan decided to provide patrol vessels, which fall under the category of weapons and others under the Three Principles on Arms Export, to Indonesia as grant aid meant to support the country in its efforts to control and prevent terrorism and piracy. A statement issued at that time by the Chief Cabinet Secretary said the transfer of the patrol vessels were exempted from the Arms Export Three Principles on the condition that an international agreement is concluded with the recipient country to ensure that the vessels are not used for purposes other than controlling and preventing terrorism and piracy and that the country does not transfer the vessels to a third party without Japan’s prior consent.

10) As part of their efforts to restore sound fiscal standing, the Government and the ruling coalition parties conducted discussions and studies on the proposed unified reform of the nation’s spending and revenue structures. As a result, specific measures to reform defense-related expenditures were laid out in the Basic Policies for Economic and Fiscal Management and Structural Reform. (Cabinet endorsement on July 7, 2006)

11) In the compilation of the FY2007 state budget, the cost for the realignment of U.S. forces in Japan was budgeted under a separately earmarked new category to have it differentiated from other projects from the viewpoint of ensuring accountability to people.

12) Procurement of some main frontal defense equipment, such as vessels and aircraft, and construction of accommodations for SDF personnel, take multiple years. Budgeting for procurement of such equipment and construction of these accommodations is made to allow execution of contracts basically within five years. A contract being concluded based on such budgeting stipulates that payments to contractors are to be made at a specified time in the future. The total budget amount for the contract will be then split into several portions over years for which the contract was made in order to decide the amount of budget being paid annually to the contractor. Expenses budgeted in the fiscal year when their payment to the contractor becomes necessary several years after the conclusion of the contract are called “obligatory outlay expenses” while expenses whose payment period has yet to come are called “expenses carried over
to the following fiscal years.”

13) One of the most typical costs under this category is expenses for setting up a sound-proof system at residential houses located near U.S. bases.