The security environment surrounding Japan has become increasingly severe, with various challenges and destabilizing factors becoming more tangible and acute.

- Security challenges and destabilizing factors in the Asia-Pacific region including the area surrounding Japan are becoming more serious. There has been a tendency towards an increase in and prolongation of so-called “gray-zone” situations, that is, neither pure peacetime nor contingencies, over territory, sovereignty, and maritime economic interests. In addition, there has been a noticeable trend among neighboring countries to modernize and reinforce their military capabilities and to intensify their military activities.

- In particular, North Korea’s further progress with nuclear weapons and ballistic missiles development, coupled with repeated provocative rhetoric and behavior that disregard the international community, constitute serious and imminent threats to the security of the region including Japan and of the international community.

- Additionally, as China’s reinforcement of its military capabilities without transparency, along with active maritime advancement, rapidly shift the regional military balance, China’s attempts to change the status quo in the East and South China Seas based on its own assertions as well as its risk of causing unintended consequences due to misunderstanding or miscalculation have become security concerns to the region including Japan and to the international community.

- In a global security environment, there is a growing risk that unrest or a security problem in a single country or region could immediately explode into a challenge or destabilizing factor for the entire international community. The activities of international terrorist organizations continue to gain momentum. Today, the threat of terrorism is not confined to the Middle East and North Africa, but is expanding globally. The outcomes of Russia’s changes to the status quo in Ukraine have taken on an aspect of being entrenched. At the same time, China’s unilateral acts that alter the status quo and heighten tension in the South China Sea have left challenges for the international response, in the midst of China’s continued attempt to further create a fait accompli. With cyber attacks becoming more sophisticated and skillful, there are increasing risks to the stable use of cyberspace.

- These security challenges and destabilizing factors in the international community are complex, diverse, and wide-ranging, and it is becoming ever more difficult for a single country to deal with them on its own.

- Furthermore, territorial disputes over the Northern Territories and Takeshima, both of which are inherent parts of the territory of Japan, remain unresolved.
The United States promotes the Third Offset Strategy to develop military technologies in new fields to maintain and increase the superiority of the U.S. Forces, deeming that its military superiority is gradually eroding in light of recent trends, including China and other countries’ attempts to threaten the existing international order or the interests of the United States and its allies as mid- to long-term security threats.

It is regarded that the United States sees violent extremist organizations such as ISIL and Al Qaeda as short-term security threats, and nations with a severe financial situation, the United States is anticipated to continue to play a role in the peace and stability of the world by drawing on its world-leading, comprehensive national power.

The United States intends to maintain the pivot to the Asia-Pacific region, continuing to rebalance towards the region to deepen relations with its allies and other countries in the Asia-Pacific region and to enhance both the quantity and quality of U.S. assets deployed to the region. Mindful of China’s recent moves to unilaterally change the status quo and create a fait accompli in the South China Sea, the United States has indicated that it would continue its Freedom of Navigation Operations to protect the rights and freedoms under international law.

The patterns of U.S. involvement in the world are changing significantly in a new security environment, including a shift in the global balance of power beginning with the military rise of China, attempts to change the status quo by force or coercion in Ukraine and the South China Sea, and the intensification of the activities of international terrorist organizations such as the Islamic State of Iraq and the Levant (ISIL). While faced with a severe financial situation, the United States is anticipated to continue to play a role in the peace and stability of the world by drawing on its world-leading, comprehensive national power.

The United States promotes the Third Offset Strategy to develop military technologies in new fields to maintain and increase the superiority of the U.S. Forces, deeming that its military superiority is gradually eroding in light of recent trends, including China and other countries’ enhanced military capabilities. The Third Offset Strategy is aimed at gaining technological, organizational, and operational superiority in order to strengthen deterrence using conventional assets against great powers, and outlines that priority would be given to investing in human-machine collaboration and combat teaming.

U.S. Forces Deployment Status and the Recent Trend of the U.S. Forces in the Asia-Pacific Region

[Diagram showing U.S. forces deployment status in the Asia-Pacific region, including key deployments, agreements, and initiatives.]

Notes: 1. Source: Documents published by the U.S. DoD (as of September 30, 2015), etc.

2. The number of personnel deployed in the Asia-Pacific region includes personnel deployed in Hawaii and Guam.

3. In 2013, the U.S. Secretary of Defense Hagel announced a plan to deploy 60% of the assets of the U.S. Navy and Air Force in the Asia-Pacific region as well as proceed with the rotational deployment in the region and deployment of equipment.
Part I

Security Environment Surrounding Japan

North Korea

General Situation

- North Korea seems to be maintaining and reinforcing its so-called asymmetric military capabilities. It has repeated provocative rhetoric and behavior militarily, including conducting a nuclear test in January 2016 and repeating ballistic missile launches since February 2016. Such military activities by North Korea heighten tension on the Korean Peninsula and constitute a serious and imminent threat to the security not only of Japan but also of the region and the international community. Therefore, it is necessary for Japan to pay utmost attention to them.

Development of Weapons of Mass Destruction and Missiles

- North Korea conducted its fourth nuclear test in January 2016. It launched a ballistic missile disguised as a “Satellite” in February 2016 and has continued to repeatedly launch ballistic missiles since March 2016.
- North Korea is deemed to be developing nuclear weapons as an indispensable deterrent for maintaining the existing regime.
- North Korea asserts that the nuclear test conducted in January 2016 was a hydrogen bomb test. However, it is doubtful that a general hydrogen bomb test was conducted, considering the magnitude of the earthquake. In either case, North Korea’s activities to develop the hydrogen bomb must continue to be monitored.
- In light of the technological maturity reached through North Korea’s previous four nuclear tests and other factors, it is possible that North Korea has achieved miniaturization of nuclear weapons and has developed nuclear warheads. It is believed that, with the passage of time, there would be a greater risk of North Korea deploying a ballistic missile mounted with a nuclear warhead that includes Japan in its range.
- North Korea’s launch of a ballistic missile disguised as a “Satellite” in February 2016 used a “Taepodong-2” variant, which seemed to be a similar type of the ballistic missile launched in December 2012. It is assessed that North Korea’s long-range ballistic missiles’ technological reliability had been advanced by this launch. It is believed that a test launch of long-range ballistic missiles can contribute to the advancement of North Korea’s entire ballistic missile program and to the diversification of attack measure.
- North Korea is deemed to be continuing to develop submarine-launched ballistic missiles (SLBMs), announcing in April 2016 that it once again conducted a successful test launch of an SLBM. At the military parade in October 2015, a new missile thought to be the “KN08” was showcased with a different-shaped warhead (the missile is reportedly called “KN14”) from the previous version. This is likely intended to diversify North Korea’s attack capabilities using ballistic missiles and improve their survivability.
- Should North Korea succeed in extending the range of ballistic missile capabilities, miniaturizing nuclear warheads and mounting them on a ballistic missile, as well as have a false sense of confidence and recognition that it secured strategic deterrence against the United States, this could lead to increases in and the escalation of military provocations by North Korea in the region and could create situations that are deeply worrying also for Japan.
- In the case of the ballistic missile launches since 2014, North Korea has launched multiple ballistic missiles using a Transporter-Erector-Launcher from locations and at timings as it chooses. The launches have demonstrated the improvements in the operational capabilities of North Korea’s ballistic missile units, including surprise attack capabilities. In this regard, the North Korean ballistic missile threat is increasing further.
North Korea demonstrated that the Musudan it first attempted to launch in April 2016 had its certain capability as an intermediate-range missile in the June 2016 launch. In March 2016, North Korea disclosed the implementation of ballistic missile re-entry environmental simulations, a ground jet test of a high-power solid fuel missile engine, and a ground jet test of a new-type high-power engine of an intercontinental ballistic missile (ICBM). North Korea has shown readiness to acquire technologies to make practical use of new intermediate- and long-range ballistic missiles and make them more sophisticated, presenting serious concerns for Japan and other relevant countries.

North Korea’s further development of weapons of mass destruction and missiles, coupled with its repeated provocative rhetoric and behavior that disregard the international community, constitutes a serious and imminent threat to the security of the region including Japan and of the international community.

**Range of North Korean Ballistic Missiles**

- Taepodong-2 (Approx. 6,000 km) (Variant: Approx. 10,000 km+)
- Musudan (Approx. 2,500–4,000 km)
- Taepodong-1 (Approx. 1,500 km+)
- Nodong (Approx. 1,300 km)
- Scud ER (Approx. 1,000 km)

* The figure above shows a rough image of the distance each missile can reach from Pyongyang for the sake of convenience.

**Domestic Affairs**

- North Korea held the Seventh Congress of the Korean Workers’ Party (KWP) for the first time in 36 years in May 2016. Kim Jong-un was appointed as KWP Chairman. Setting out that it was a “nuclear weapons state,” Chairman Kim Jong-un demonstrated to those in and outside of the country that North Korea was ready to continue with its nuclear and missile development, including upholding the “new strategic line” policy of economic development and the building of nuclear force. Prior to the Congress, North Korea conducted provocations at unprecedented frequency and content, including the launch of ballistic missiles.

- The holding of the KWP Congress may be an indication that North Korea has shifted into high gear by establishing the “state”-run governance system centered on the party and led by KWP Chairman Kim Jong-un, in terms of its organization, personnel, among other dimensions, both in name and in substance. However, due to an atrophy effect created by the frequent executions, demotions, and dismissals of senior officials, there is likely growing uncertainty, including over the possibility of North Korea turning to military provocations without making adequate diplomatic considerations.

**Relations with Other Countries**

- The explosion of landmines in the Republic of Korea (ROK)’s area of the demilitarized zone (DMZ) in August 2015 deeply stirred tensions between the ROK and North Korea that included shelling. Since January 2016, tensions between the two sides have heightened due to North Korea’s nuclear test and ballistic missile launches, as well as provocative rhetoric and behavior in protest against the U.S.-ROK combined exercise.

- China is a vital political and economic partner for North Korea and maintains a degree of influence on the country. Meanwhile, North Korea went ahead with a nuclear test and ballistic missile launches despite China’s request for the denuclearization of the Korean Peninsula. In this light, it is possible that North Korea-China relations are cooling.
There are high expectations for China to recognize its responsibility in the international community, accept and comply with international norms, and play an active role in a more cooperative manner on regional and global issues.

While advocating “peaceful development,” China continues to act in an assertive manner, particularly over maritime issues where its interests conflict with others’, including its attempts to change the status quo by coercion based on its own assertions incompatible with the existing order of international law. These actions include dangerous acts that could cause unintended consequences. China is poised to fulfill its unilateral demands without compromise, which has included making steady efforts to turn these coercive changes to the status quo into a fait accompli, raising strong concerns over China’s future direction.

During the fifth plenary session of the 18th Central Committee of the Chinese Communist Party in October 2015, the idea of “sweeping law-based governance of the country” was presented. China is thus anticipated to continue addressing corruption within the party and the military.

China is believed to be enhancing its asymmetric military capabilities to deter military forces of other countries from approaching and advancing to China’s surrounding region, and to inhibit their military activities in the region (so-called “A2/AD (anti-access/area-denial)” capabilities).

China has broadly and rapidly reinforced its military forces, and furthermore, rapidly expanded and intensified its activities at sea and in airspace, including the East and South China Seas. Japan has great concerns over such Chinese military activities, together with the lack of transparency in its military affairs and security issues, and must keep utmost attention to them. These activities also raise security concerns for the region and the international community. It is strongly hoped that China will increase transparency concerning its military affairs by such efforts as disclosing specific information pertaining to its defense policies and military capabilities.

China’s announced national defense budget has increased at a rapid pace, recording double-digit annual growth nearly consistently since FY1989. The nominal size of China’s announced national defense budget has grown approximately 44-fold in 28 years since FY1988 and nearly 3.4-fold in 10 years since FY2006.

China is currently carrying out reforms of the People’s Liberation Army (PLA) which some see as being the largest in the country’s history. These reforms have recently taken shape at a rapid pace, including the establishment of the PLA Army Headquarters, Rocket Force, and Strategic Support Force; the replacement of the four general departments that were the headquarters for the entire PLA; and the creation of five new theaters of operations.

China is thought to be strengthening its “A2/AD” capabilities through developing anti-ship ballistic missile and long-range cruise missile assets. In late December 2015, China officially admitted the building of a domestic aircraft carrier for the first time. In November 2015, China reportedly signed an agreement with a Russian state-run military company to purchase 24 Su-35 fighters. Additionally, China is developing the J-20 and J-31 fighters, which are said to become next-generation fighters.

Changes in China’s Announced Defense Budget

Note: This basically shows the defense budget within central fiscal expenditures. Note that the FY2002 budget was calculated on the assumption that the disclosed rate and amount of growth represent increases from the actual defense expenditure in FY2001, because the FY2002 budget was not disclosed and discrepancies arise when the disclosed rate and amount of growth are applied to the initial budget of the previous year. In FY2015 and FY2016, only the defense budget within the basic expenditures of the central government (part of the central fiscal expenditure) was announced. The FY2015 defense budget within central fiscal expenditures was calculated by adding the defense budget within the basic expenditures of the central government and the local relocation expenditure amount, etc., released separately at a later date.
Since 2014, China has pressed ahead with rapid and large-scale land reclamation works on seven features in the Spratly Islands. China has similarly carried out land reclamation and infrastructure construction on features and promoted their use for military purposes. One of the objectives of China’s maritime activities is likely to weaken the control of other countries over the islands to which China claims territorial sovereignty, while strengthening the claim of its territorial sovereignty, through various surveillance activities and use of force at sea and in airspace surrounding the islands.

China is seen to be steadily strengthening an operational posture intended to use Chinese government vessels to intrude into Japanese territorial waters, and they are increasingly larger in size. Japan has repeatedly lodged protests against China’s unilateral development and demanded the termination of such work.

The number of Chinese naval surface vessels advancing to the Pacific Ocean has increased in recent years, and such advancements continue to be conducted with high frequency. It is believed that China seeks to improve its deployment capabilities to the open ocean.

In June 2016, a Chinese Navy frigate entered Japan’s contiguous zone near the Senkaku Islands. In addition, an intelligence-gathering vessel sailed in Japan’s territorial waters near Kuchinoerabu Island and within Japan’s contiguous zone north of Kitadaito Island, after which the vessel conducted round-trip passages south of the Senkaku Islands. It is of serious concern that recently China has unilaterally escalated activities in waters near Japan, such as activities that are seen as actions based on their own assertions related to the Senkaku Islands and further expansion of its naval vessels’ reach to include the Senkaku Islands.

As regards Chinese government vessels, their intrusion into Japanese territorial waters is becoming routinized. Government vessels carrying weapons that appear to be cannons have begun to intrude into Japanese territorial waters, and they are increasingly larger in size. China is seen to be steadily strengthening an operational posture intended to use Chinese government vessels to intrude into Japanese territorial waters.

In recent years, the number of scrambles by the ASDF against Chinese aircraft has increased dramatically. Recently, Chinese PLA aircraft have also been seen intensifying activities near the Senkaku Islands, flying in the southward direction. Utmost attention must continue to be paid to these activities.

One of the objectives of China’s maritime activities is likely to weaken the control of other countries over the islands to which China claims territorial sovereignty, while strengthening the claim of its territorial sovereignty, through various surveillance activities and use of force at sea and in airspace surrounding the islands.

China is known to be building 12 new offshore platforms in addition to the existing 4 platforms on the Chinese side of the Japan-China median line of the East China Sea since June 2013 for the drilling of oil and natural gas. Japan has repeatedly lodged protests against China’s unilateral development and demanded the termination of such work.

Since 2014, China has pressed ahead with rapid and large-scale land reclamation works on seven features in the Spratly Islands. China has built military facilities such as batteries and has developed infrastructures that could be utilized for military purposes, such as runways, hangars, harbors, and radar facilities.

In the Paracel Islands, China has similarly carried out land reclamation and infrastructure construction on features and promoted their use for military purposes. On Woody Island, China is known to have extended the runway, deployed J-11 and other fighters, and deployed arms likely to be surface-to-air missiles.

The Chinese Navy is thought to be shifting its naval forces towards “offshore waters defense and open seas protection,” and is steadily increasing its capabilities to conduct operations in more distant seas such as the Indian Ocean in recent years.

China has reached an agreement with Djibouti to build facilities there for providing logistics support to its military forces. China also supports the construction of port infrastructure in Indian Ocean countries. In this regard, the Chinese Navy could further build up its capabilities to conduct operations in the Indian Ocean and other distant waters.
Part I

Security Environment Surrounding Japan

Russia

- Russia, while facing a severe economic situation, is making continued efforts to modernize its military forces. Russia also tends to intensify the activities of its military forces and expand their area of activity.
- As regards the situation in Ukraine, the outcomes of Russia’s changes to the status quo by force or coercion have taken on an aspect of being entrenched, and the sense of being threatened by Russia’s activities is increasing especially in the West. Russia’s military intervention in Syria is drawing attention as a manifestation of the achievements of its series of military reform as well as a move to increase its international influence.
- The newly revised National Security Strategy construes that Russia has an increasingly greater role in a multipolarizing world, and commits to giving continued priority to the role fulfilled by Russia’s military force and to ensuring strategic deterrence and preventing military conflict by maintaining a sufficient level of nuclear deterrent capability and the Russian Armed Forces (RAF).
- Russia continues to station the RAF in the Northern Territories and has been increasing its activities in the territories under de facto occupation.

Southeast Asia

- In recent years, Southeast Asian countries have increased their defense spending against the backdrop of economic development and other reasons, and are modernizing their military forces focusing on inducting major naval and air force equipment such as fourth-generation modern fighters and submarines.
- In the South China Sea, competing claims with China over sovereignty and other issues have heightened tension in the region. Against this backdrop, the international community’s deep concern over the unilateral changes to the status quo and their creation of a fait accompli is quickly becoming ever more widespread. Some countries involved are making efforts to settle the issues in accordance with international law.*

Trends in Regional Conflict and International Terrorism

- The conflicts occurring in recent years in various parts of the world have arisen due to various problems, including ethnicity, religion, territory, and natural resources. In many cases, areas where internal or regional conflicts have created or expanded a governance vacuum have become a hotbed of the activities of terrorist organizations. In addition, some organizations operate across national borders and regions, and continue to pose imminent security challenges to the international community.
- There has been a rise in young people who sympathize with the extremism of international terrorist organizations, including ISIL that has gained strength in Iraq and Syria, against a backdrop of societal disapproval and other issues. In an increasing number of cases, these people have joined the activities of international terrorist organizations and conduct “home-grown” and “lone-wolf” terrorism activities in their home countries. As evidenced by the simultaneous terrorist attacks in Paris and the terrorist attack in Jakarta, terror threats are spreading, not only in the Middle East and Africa, but also throughout the rest of the world. Furthermore, in light of the terror attack in Dhaka, Bangladesh, in July 2016, it can be said Japan is in a situation where it needs to squarely address the threat of international terrorism as its own challenge.
- Some international terrorist organizations are capable of implementing terror attacks in locations far from their bases and use cyberspace and other means to form global networks within and outside their organization, or use advanced public relations strategies to skillfully promote themselves, recruit fighters and call for terror attacks.

* In July 2016, in the arbitral proceedings pursuant to the United Nations Convention on the Law of the Sea between the Philippines and China over the South China Sea, a final ruling was rendered in which nearly all of the Philippines’ submissions were ruled in favor of the Philippines.
Maritime

In the East and South China Seas, it has become increasingly common for countries to unilaterally assert their rights or take actions, based on their own assertions which are incompatible with the existing international law and order.

The United States continuously conducts its Freedom of Navigation Operations in order to counter excessive claims over maritime interests asserted by coastal states in the South China Sea.

China aims to build up the Chinese Navy’s capacity for continuously executing operations in more distant waters. China is building facilities for providing logistics support to the military in Djibouti, a country facing the Gulf of Aden. Additionally, China supports the construction of port infrastructure in Indian Ocean countries.

The Arctic states have been proactively promoting efforts to secure their interests in resource development and use of the sea route. Countries such as Russia are promoting efforts to deploy new military capabilities. As regards non-Arctic states, China has shown active involvement in the Arctic Ocean, deploying a polar research vessel to the ocean.

Outer Space

Major countries are making efforts to enhance the capabilities of a variety of satellites and launch them for the purpose of enhancing C4ISR* functions. Such satellites include image reconnaissance satellites, satellites gathering radio wave information, military communication satellites, and positioning satellites.

Meanwhile, Chinese, Russian, and other countries’ development of anti-satellite weapons and scattering of space debris have come to be seen as a threat to the satellites of each nation. The risk to the stable use of outer space has become one of the critical security challenges facing countries.

* C4ISR: Command, control, communication, computer, intelligence, surveillance, and reconnaissance

Cyber

It is deemed that actors wishing to cause harm to nations, etc. have all realized that attacking through cyberspace is often easier than attacking directly using physical means.

Cyber attacks have frequently been carried out against communications networks of government organizations and military forces of various countries. With the suggested involvement of government organizations such as those of China, Russia, and North Korea, cyber attacks are becoming more sophisticated and skillful by the day, and cybersecurity has become one of the most important security issues for countries.

Military Science and Technology as well as Defense Production and Technological Bases

Scientific and technological advancements are triggering significant and revolutionary changes also in the military area. In light of the capability enhancements made by China and other countries, the United States promotes the Third Offset Strategy to secure military superiority.

In the United States, a variety of DoD-related agencies provide funds including large-scale funding for research undertaken by entities such as companies and universities.

Western countries are increasing competitiveness through realignment of their defense industry as well as promoting equipment technology cooperation among their allies and partners, in order to adapt to the escalation of development and production costs of equipment due to their growing sophistication and complexity.