

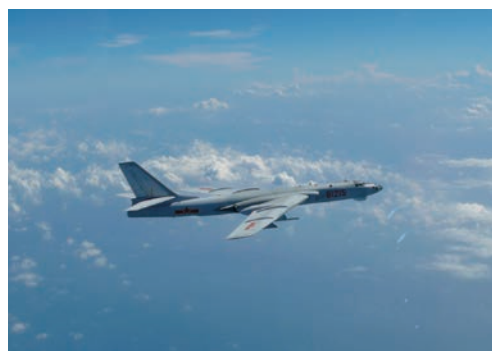
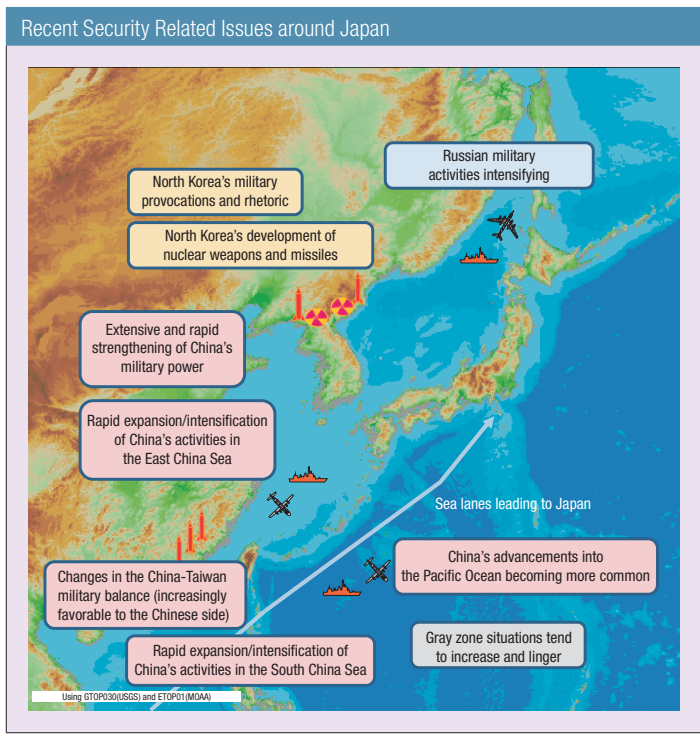


Overview

Overview p. 2

- ◆ The security environment surrounding Japan has become increasingly severe, being encompassed by various challenges and destabilizing factors, which are becoming more tangible and acute.
- ◆ Opaque and uncertain factors such as issues of territorial rights and reunification remain in the vicinity of Japan. There is also an increase in the number of so-called “gray-

zone” situations, that is, neither purely peacetime nor contingencies, over territory, sovereignty and maritime economic interests, etc. In addition, there are clearer trends for neighboring states to modernize and reinforce their military capabilities and to intensify their military activities. As such, security issues and destabilizing factors in the Asia-Pacific region including the area surrounding Japan are becoming more serious.



A bomber of the Chinese Armed Forces that flew through the airspace between the main island of Okinawa and Miyako Island and advanced to the Pacific Ocean

The United States

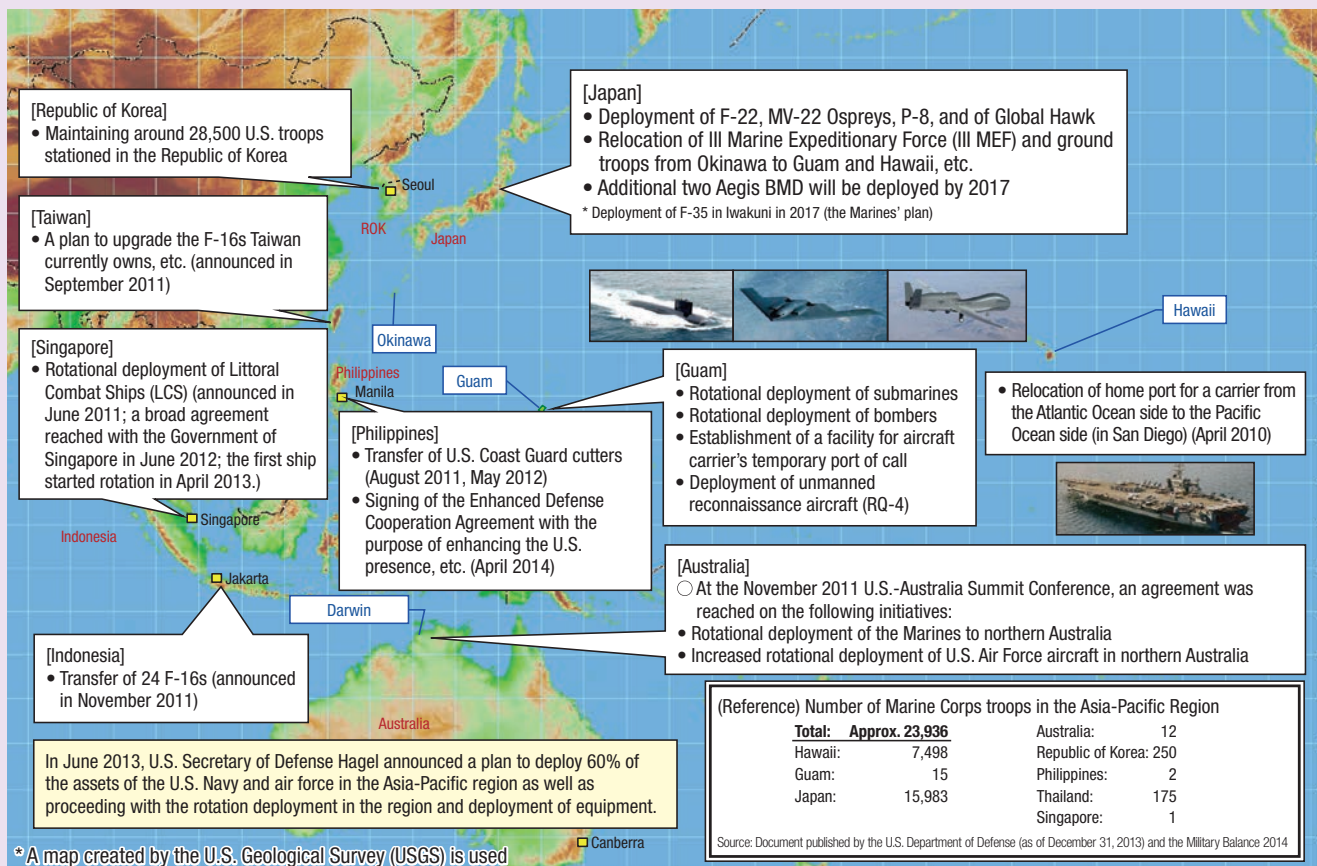
Chapter 1 p. 7

- ◆ Despite its changing influence in relative terms, the United States remains the world's most powerful nation, and it is believed to consistently play a significant role in ensuring peace and stability throughout the world.
- ◆ In the Quadrennial Defense Review (QDR) released in 2014, the United States expressed its intention to continue to uphold the policy of placing the Asia-Pacific region at the focus of U.S. strategy, including the National Security Strategy (rebalancing to the Asia-Pacific region), as articulated in the Defense Strategic Guidance, as well as to strengthen its relations with allies in the region and expand its collaboration with partners.
- ◆ The 2014 QDR states that the centerpiece of the Department of Defense's commitment to the rebalance towards the Asia-Pacific region is to modernize and enhance security alliances with

countries including Japan. Furthermore, it states that 60% of U.S. Navy assets will be stationed in the Pacific by 2020 including enhancements to its critical naval presence in Japan, and the Air Force will move forces such as ISR (intelligence, surveillance and reconnaissance) assets to the region.

- ◆ Meanwhile, the government budget sequestration, including defense spending, which was initiated in 2013, has had various impacts on the U.S. Forces. The QDR also emphasizes the considerable risks that mandatory sequestration would have on U.S. Forces, and much attention will be paid to how the mandatory sequestration cuts in defense spending will impact U.S. defense strategies and security strategies.

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





North Korea

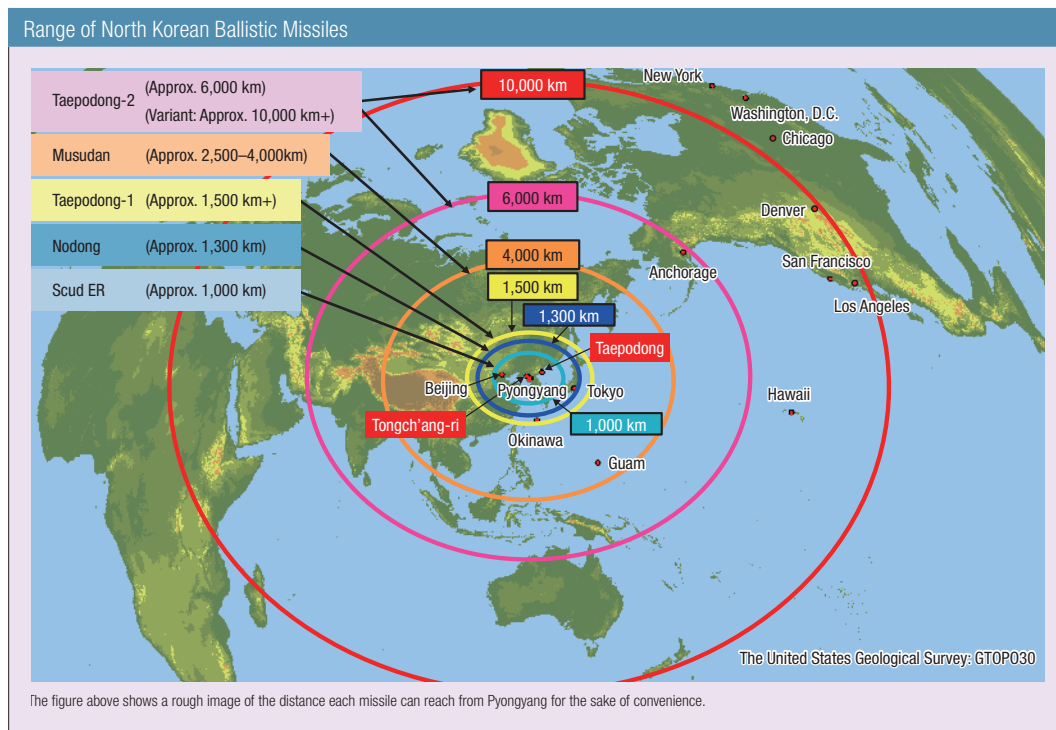
Chapter 1 p. 15

General Situation

- ◆ On the Korean Peninsula, people of the same ethnicity have been divided into two—north and south—for more than half a century. Even today, the Republic of Korea (ROK) and North Korea pit their ground forces of about 1.6 million against each other across the demilitarized zone (DMZ).
- ◆ North Korea seems to maintain and reinforce its so-called asymmetric military capabilities, and repeatedly uses militarily provocative words and actions. Such military trend in North Korea is heightening tension in the Korean Peninsula, and constitutes a serious destabilizing factor to the security not only of Japan but of the entire region and the international community. Therefore, Japan needs to pay utmost attention to such activities.

Development of Weapons of Mass Destruction and Missiles

- ◆ North Korea is deemed to be developing nuclear weapons as an indispensable deterrent for maintaining the existing regime.
- ◆ It is believed that North Korea is working to develop a nuclear weapon to mount on a ballistic missile as part of its nuclear weapons program. In general, miniaturizing a nuclear weapon small enough to be mounted on a ballistic missile requires a considerably high degree of technological capacity. However, considering the fact that the United States, the Soviet Union, the United Kingdom, France and China succeeded in acquiring such technology by as early as the 1960s and that North Korea conducted a nuclear test in February 2013, it is difficult to eliminate the possibility that North Korea has achieved the miniaturization of nuclear weapons and acquired nuclear warheads.
- ◆ North Korea's nuclear weapons development, considered in conjunction with the enhancement of its ballistic missile capabilities, poses a grave threat to Japan's security and significantly impairs peace and stability in Northeast Asia and the international community. Therefore, they can never be tolerated.
- ◆ North Korea appears to give high priority to the development of ballistic missiles out of political and diplomatic considerations and from the viewpoint of earning foreign currency, in addition to enhancing its military capabilities.
- ◆ The details of the new missile KN08 which was showcased at the military parade in April 2012 and July 2013 are unknown. However, the missile is believed to be an intercontinental ballistic missile (ICBM).
- ◆ In March, June, and July 2014, North Korea launched multiple ballistic missiles towards the Sea of Japan and conducted military provocations.
- ◆ The development of weapons of mass destruction (WMDs) and missiles by North Korea constitutes, coupled with provocative words and actions, including missile attacks against Japan, a serious and imminent threat to the security of Japan. Additionally, such development poses a serious challenge to the entire international community with regard to the non-proliferation of weapons, including WMDs.



Domestic Affairs

- ◆ The years following the transition to the Kim Jong-un regime have seen many changes in personnel, especially at high levels of the military and the cabinet, reportedly aimed at strengthening the power base of First Chairman Kim Jong-un.
- ◆ Following on from 2012, many personnel reshuffles were carried out from 2013 to June 2014 with the three key military posts, namely, the Director of General Political Department being replaced once, the Chief of the General Staff being replaced twice, and the Minister of the People's Armed Forces being replaced twice. As a result of such reshuffles, all of the three key military posts have come to be held by individuals selected by First Chairman Kim Jong-un.
- ◆ In December 2013, Jang Song-thaek, Vice-Chairman of the National Defense Commission and First Chairman Kim Jong-un's uncle, was executed. It is believed that by executing Vice-Chairman Jang Song-thaek who was considered to be the guardian of First Chairman Kim Jong-un, the First Chairman endeavored to strengthen and consolidate his regime as its sole leader.
- ◆ North Korea faces chronic stagnation and energy and food shortages.
- ◆ North Korea announced the establishment of economic development zones. In addition, according to reports, a new economic policy is under way to enlarge the discretion of plants and other entities over production and sales plans. These all suggest North Korea is placing importance on the rebuilding of the economy.



China

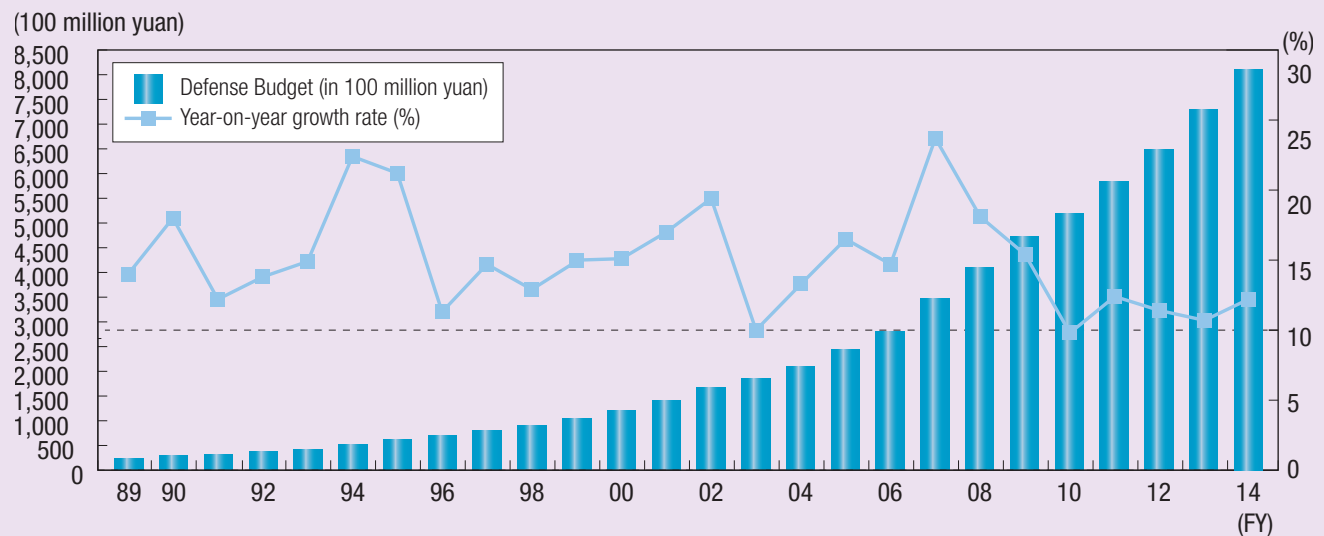
Chapter 1 p. 32

- ◆ China is strongly expected 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.
- ◆ During the third plenary session of the 18th Central Committee of the Chinese Communist Party in November 2013, the session adopted “The Decision on Major Issues Concerning Comprehensively Deepening Reforms” regarding reforms in a wide range of areas. Through the Decision, the Central Committee decided to establish a central leading team for comprehensively deepening reform, which is deemed responsible for the overall design of the reform. The team held its first meeting in January 2014. How these reforms will take shape, including how China will deal with corruption problems within the party, will be a point to watch out for going forward.
- ◆ It is believed that China is 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 “Anti-Access/Area Denial” [“A2/AD”] capabilities).
- ◆ China has been strengthening its military forces broadly and rapidly. Furthermore, China has been rapidly expanding and intensifying its activities in the seas and airspace, including the

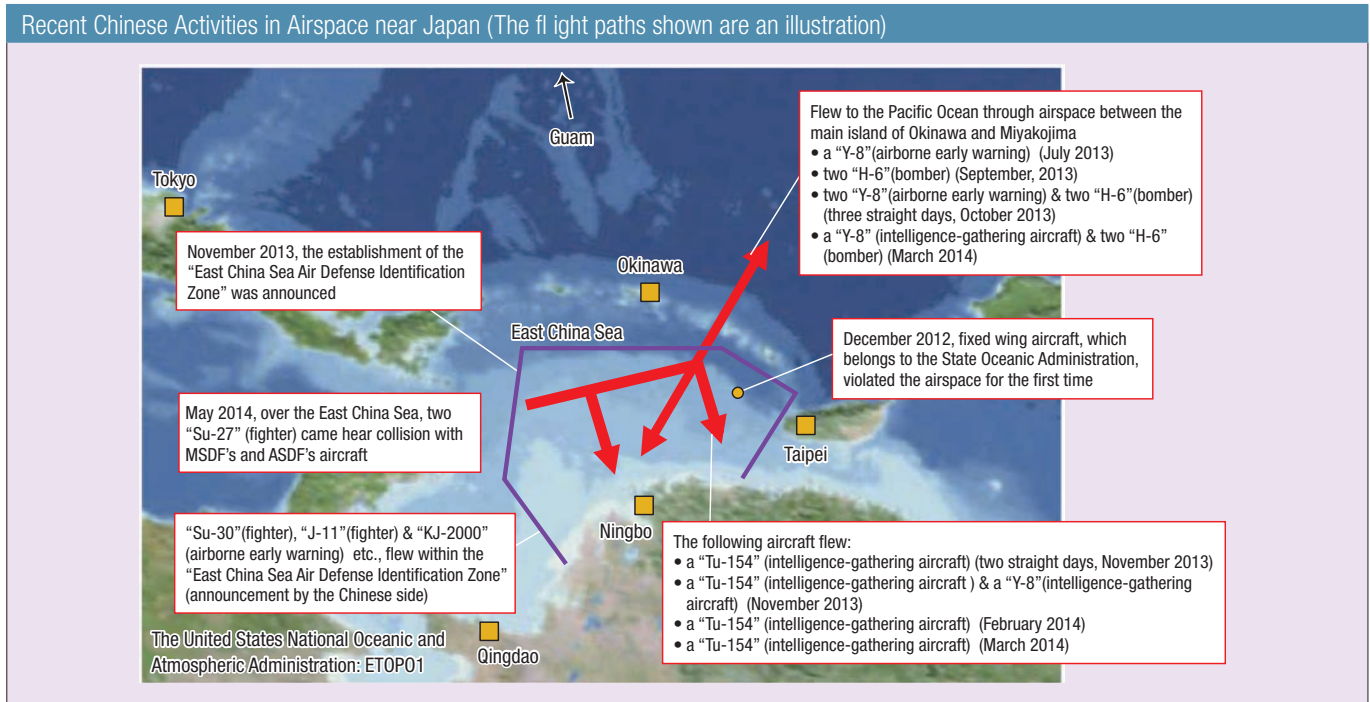
East China Sea and South China Sea. China has adopted so-called assertive measures, including attempts to alter the status quo by coercive measures, especially for issues involving conflicting maritime interests. Japan has great concerns over such Chinese military activities, etc., together with the lack of transparency in its military affairs and security issues, and needs to pay utmost attention to them. These activities also raise security concerns for the region and the international community.

- ◆ China has not disclosed specific information on possession of weapons, procurement goals and past procurements, organization and locations of major units, records of main military operations and exercises, and a detailed breakdown of the national defense budget. It is 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.
- ◆ The Chinese national defense budget continues to increase at a rapid pace. Its nominal size has grown approximately 40-fold over the past 26 years and almost quadrupled in size over the past ten years.

Change in China's Announced Defense Budget



Recent Chinese Activities in Airspace near Japan (The flight paths shown are an illustration)



- ◆ Even after China put into commission the aircraft carrier "Liaoning" in September 2012, China seems to be continuing training of carrier-based aircraft pilots and research and development of necessary technologies including the development of a domestic carrier based fighter, J-15, such as its takeoff and landing tests on the "Liaoning." In November 2013, the carrier sailed in the South China Sea for the first time and conducted sea trials in this sea area. Some analysts point out that China may also be constructing its first domestic aircraft carrier.
- ◆ China is developing the J-20 and J-31, which are pointed out to become next-generation fighters.
- ◆ The Chinese government announced that it established "the East China Sea Air Defense Identification Zone (ADIZ)" including the Senkaku Islands which China described as if they were a part of China's "territory," that it obligated aircraft flying in the said zone to abide by the rules set forth by the Chinese Ministry of National Defense, and that the Chinese Armed Forces would take "defensive emergency measures" in the case where such aircraft does not follow the instructed procedures. Japan is deeply concerned about such measures, which are profoundly dangerous acts that unilaterally change the status quo in the East China Sea, escalating the situation, and that may cause unintended consequences in the East China Sea. Furthermore, the measures unduly infringe the freedom of overflight over the high seas, which is the general principle of international law.

Japan is demanding China to revoke any measures that could infringe upon the freedom of overflight over the high seas. The United States, the Republic of Korea, Australia, and the European Union have expressed concern about China's establishment of such zone.

- ◆ One of the objectives of China's maritime activities is thought to be 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 in the seas and airspace surrounding the islands.



Russia

Chapter 1 p. 53

- ◆ How President Putin will gain broader support in the country and handle issues concerning the modernization including structural reform of the economy while maintaining his power base will be the focus of attention.
- ◆ In March 2014, after Russia took effective control of the Autonomous Republic of Crimea, a referendum was held, asking Crimean citizens if they wanted Crimea to be annexed by Russia. Following the referendum, Russia “annexed” Crimea. The United States, European countries, and Japan condemned the referendum as it violates the sovereignty and territorial integrity of Ukraine and is in violation of international laws, and have refused to recognize the “annexation” of Crimea. Said countries have expressed the view that Russia’s changing of the status quo by force or coercion is a global issue that also impacts Asia and elsewhere.
- ◆ Activities by Russian Armed Forces in the vicinity of Japan are on the rise, including exercises and drills that are believed to have objectives such as verification of the results of military reform.

Southeast Asia

Chapter 1 p. 65

- ◆ In the South China Sea, there are territorial disputes between ASEAN member states and China, and in recent years, Chinese naval vessels and government vessels have been operating in this sea area. There were reports that in May 2014, China’s unilateral commencement of oil drilling triggered confrontations between Chinese and Vietnamese vessels, and many vessels sustained damages due to collisions.
- ◆ In recent years, against the backdrop of economic development, etc., Southeast Asian countries have been increasing their defense spending and modernizing their militaries focusing on introducing major equipment for their naval and air forces, such as submarines and fighters including a fourth-generation modern fighter.

Disputes in the Middle East and Africa and the Response from the International Community

Chapter 2 p. 88

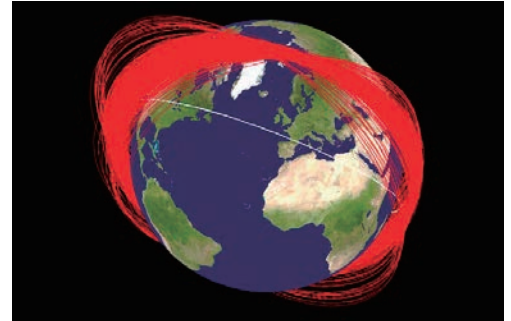
- ◆ In recent years, there are greater risks in terms of security issues that occur in one country or region turn into security issues and instability factors impacting the overall international community.
- ◆ In particular, the Middle East and Africa have seen outbreaks of disputes triggered by various factors including ethnicity religion, territory, and resources.
- ◆ It has become increasingly important for the international community to discern the character of such complex and diverse conflicts, to consider international frameworks and involvements in accordance with their particular circumstances, and then to seek out appropriate responses.

Outer Space and Security

Chapter 2 p. 105

- ◆ Major countries make efforts to enhance the capabilities of a variety of satellites and launch them for the purpose of enhancing their C⁴ISR functions, among others. Such satellites include image reconnaissance satellites reconnoitering military facilities and targets, signals intelligence satellites for military communications and radio wave gathering, communication satellites for military communication, and positioning satellites for navigating naval vessels and aircraft and enhancing the precision of weapons systems.
- ◆ The risk towards the stable use of outer space has become one of the critical security challenges facing countries.

*C⁴ISR: Stands for command, control, communication, computer, intelligence, surveillance, and reconnaissance.



Debris created by a Chinese anti-satellite test (in one month)
White line indicates the orbit of the International Space Station (NASA)

Trends Concerning Cyberspace

Chapter 2 p. 109

- ◆ For armed forces, information and communications form the foundation for command and control which extends all the way from central command to ground-level forces, and the information and communications technology (ICT) advancement is further enhancing the dependence of units on information and communication networks.
- ◆ Cyber attacks are being regarded as an asymmetrical strategy capable of mitigating the strengths of enemies by exploiting weak points in enemy armed forces, and it is said that many foreign militaries are developing offensive capabilities in cyberspace.
- ◆ Under such circumstances, cyber attacks have frequently been carried out against the information and communications networks of governmental organizations and armed forces of various countries. It has been pointed out that governmental agencies and other organizations of China, Russia, and North Korea have been involved.

Trends Concerning Military Science and Technology as well as Defense Production and Technological Base

Chapter 2 p. 113

- ◆ Countries supporting high-tech troops work on improving the destructive capabilities of their weapons, precision guidance technology, information-related technology including C⁴ISR, and unmanned technology (e.g. drones) to be able to carry out more precise and effective attacks. They also work on research and development activities on improved stealth capacity to increase opportunities for preemptive attacks, stealth technology for reducing risks for attrition of combat capabilities through improved survivability, and nanotechnology used for parts and materials related to these technologies.
- ◆ In order to maintain and enhance their defense production and technological bases, the United States and European countries are realigning their defense industries, as well as jointly developing and producing and promoting technological collaboration related to defense equipment. Furthermore, many countries take measures for promoting the overseas exports of defense equipment.