

## **UK-Japan Strategic Dialogue: Co-operation in New Security Challenges**

**12:00, 12 - 13 Jan 2015**

**RUSI, Whitehall, London, SW1A 2ET**

**English Minutes (DRAFT)**

### **【Opening Remarks】**

#### **Akira Sato**

State Minister of Defense, Government of Japan

Excellencies, distinguished guests, ladies and gentlemen, first of all, I would like to express my great appreciation to the Royal United Services Institute for Defense and Security Studies and to Sasakawa Peace Foundation for welcoming ourselves to this very significant UK-Japan Strategic Dialogue Conference. I am truly honored to have been given this opportunity to address these elites today.

Before I start my speech, I would like to express my sincere condolences to all of the victims and their families and the injured of the horrific terrorism attacks in Paris last week. Vicious terrorism cannot be tolerated for any reasons. As our message sent by Prime Minister Abe to the French government, Japan with France, the United Kingdom, and other democratic states will firmly respond to any terrorism.

The very first UK-Japan Strategic Dialogue Conference was held in 2013 in Tokyo and it could have not been held in a better timing as it gave a boost to momentum to defense cooperation between the two countries. In the recent years, especially after 2013, we have seen great progress in bilateral defense cooperation and exchanges between United Kingdom and Japan.

I would like to point out two aspects which I believe that enhance such progress. One of the aspects is the leadership of Prime Minister David Cameron and Prime Minister Shinzō Abe. The two prime ministers have a clear vision to promote bilateral cooperation and a strong intention to implement such vision.

At the end of last year, Japan experienced a general election. Prime Minister Abe sought voters' judgment in order for him to pursue the government's economic policy dubbed 'Abenomics' and the security policies including the development of a new security legislation based upon policy of "Proactive Contribution to Peace" which is the principle of international cooperation.

Fortunately, the Abe administration's policies were given the word of confidence by the Japanese public and luckily, myself was reappointed as the State Minister for Defense. I understand that the United Kingdom will also experience a general election this year. And regardless of the outcome, I believe and look forward to the future development of bilateral defense cooperation between our two countries.

The second aspect to the progress of relationship between our two states is the heightened need for [Unclear] cooperation. Taking an example, the United Kingdom

and Japan deployed and exchanged liaison offices during their Philippine Typhoon Disaster Relief activities in November 2013. In another example, Japan and the United Kingdom both deployed our assets to the search and rescue activities of the missing Malaysian airlines recently.

So, as we can see in these examples, cooperation between trustworthy countries with the will and capability to contribute to peace and security of the international community will become increasingly important in the future.

Based on these needs for practical cooperation, we have witnessed many actual cooperative accomplishments between the two countries. For example, during the May 2014 UK-Japan Summit, it was agreed by our prime ministers to start negotiation for the conclusion of an Acquisition and Cross-Servicing Agreement. If the ACSA is signed between our countries, it will further smoothen bilateral cooperation whenever our military services on the field for international peace cooperation activities.

In recent years, defense equipment and technology cooperation between UK and Japan has made significant progress. As both governments face difficult financial situations, it's very important for us to utilize our high technologies and actively promote international joint development and production of defense equipment in order for both governments to respond to the demand the need for high-performing sophisticated but costly defense equipment.

In July 2013, the two governments concluded an intergovernmental framework agreement regarding joint development of defense equipment and started joint research on Chemical and Biological Protection Technology. In addition, Cooperative Research Projects on feasibility of a Joint New Air-to-Air Missile, Meteor, has started from November 2014.

In 2013, I had the privilege of attending the Defense and Security Equipment International. And this year, the Japanese Ministry of Defense together with the Japanese companies is scheduled to run a booth in the DSEI 2015 and we hope to support and give momentum for cooperation between our defense industries.

So, what are the areas for future defense cooperation between our countries? During the last UK-Japan Summit, as agreed to examine the opportunities and develop proposals for cooperation in the following six areas.

The first is joint contribution to international efforts towards maintaining international peace and stability.

The second is receiving and providing support to each other's services, visiting military personnel, and assets.

The third is permitting each other's forces to visit each other subject to specific administrative processes.

Fourth is supporting each other's forces when deployed on operations together.

Fifth is establishing a new mechanism to share information and analysis that supports the purpose of our cooperation.

Last but not least, number six is a program of joint exercise between our two militaries.

Of course these cooperations cover a wide area, so it would be difficult for us to achieve it overnight. However, it is important to firstly examine the opportunities so that we can

materialize the cooperation as early as possible. This, I believe that UK-Japan Foreign and Defense ministerial meetings scheduled to be held on the 25th of January, which defense minister Nakatani will attend, will be an important occasion to discuss these areas of cooperation.

In July last year, the Japanese government made a cabinet decision relating to the development of new security legislations and now we are currently in the process of developing new domestic security laws.

The establishment of new laws will enable Japan to seamlessly respond to any situations in order to secure the lives and peaceful livelihoods of our citizens and also to respond to situations which will contribute towards peace and stability of the international community based on the Japanese government policy of proactive contribution to peace.

Myself, as well as the State Minister for Defense are also appointed as the State Minister for the Cabinet Office in charge of Security Legislations, so I am fully committed to development of the new domestic laws.

In order for Japan to respond seamlessly to any situations, it is vital and indispensable to deepen relationship of trust and cooperation with regional and international partners.

I am certain that relationship between Japan and its significant partner, the United Kingdom, will be elevated to a higher level once the new security legislation is established.

I understand that this year the British government will be releasing its security and defense strategic review, so 2015 will be an important milestone as we will have opportunities to see UK's engagement posture with the international community.

The United Kingdom and Japan share the fundamental values and also together allies in the United States of America, so I heard that in the new ACSA we will seek plans by the United Kingdom to strengthen its relationship with Japan and to show an even more presence in the Asia Pacific region for the peace and stability of the international community.

I heard that this UK-Japan strategic dialogue conference will become a large foothold for the future bilateral relations, and I pledge that I will serve for the future development of defense cooperation between our countries. I would like to close my speech by expressing my gratitude to all of the audience and thank you for your undivided attention.

## **Rory Stewart OBE MP**

Chairman of the Commons Defense Committee

Thank you very, very much indeed for having me. It's always a little bit intimidating to come to visit because on the record and it might be difficult – I find very difficult because I tend to make things outside a little bit.

Let me just begin by saying what a great privilege it is to be here with the Minister of State and how much we in the United Kingdom respect and admire a continual seriousness and commitment of Japan towards this relationship. Michael spoke a little bit about the history of the relationship with Japan and indeed the symmetry. He talked about some of the central aspects. The symmetry in fact of course between Britain and Japan is quite remarkable, whether one talks about countries, whether one talks about

imperial histories, whether one talks about the scale of our countries, or whether one talks about our relationship with the United States. And of course it is also true I think that we have some very interesting possibilities for deepening that cooperation. We, for example, have some very unique links through countries like Australia which is of course a country which with both of us are able to create, I think, much more creative synergies.

I may also want to say this personally just before I look at it further that over the last 20 years I have been very fortunate to serve a lot of assigned Japanese officers, Japanese civilians based in Iraq and Afghanistan. I was very lucky to work with a very distinguished Japanese diplomat for Iraq who was very sadly killed. I was alongside Japanese soldiers in Samawah when I was in SDA and I've worked very closely with JICA in Afghanistan, so I just wanted to say how much Japan is contributing to the world and how grateful we are to the Japanese contribution.

I think we have to now move on to Britain because I feel I am well out of my depth commenting about Japan's strategic reach, but I think there may be some parallels. I would like to open up the conversation to a slightly more honest conversation about what it feels like not to be a superpower and what countries like Britain and Japan might want to think about over the next 40-50 years in terms of our limitations, our weaknesses, and in the case of Britain sometimes our lack of seriousness.

So, I am going to try to talk a little bit about the challenges and the problems in Britain, but I hope that there may be some analogies with the experience of Japan recently and those lessons we can draw from one to the other. The fundamental problem of course in Britain is that every time you have any kind of conversation about anything that Britain is doing well anywhere in the world, whenever you criticize British defense policy, British foreign policy, British lack of action of Britain, we hear, 'well we are not a superpower.' This seems to be now the catchall excuse which is beginning to travel across the world.

In fact, what's extraordinary about the current challenge faced in Britain and potentially France and I'd be interested to hear in the conversation whether you think this applies to Japan, is that rather than punching above our weight we are in serious danger of punching significantly below our weights. Indeed, the phrase 'we are not a superpower' seems to me in the British context why don't we behave a little bit more like Denmark despite the fact we are of course a country about 10 times the size of Denmark with the fifth largest economy in the world.

The problem that we face in Britain is a vast budget, £37-38 billion a year, but very surprisingly little output at the end of it; despite having an extraordinary amount of money, a creeping sense in Britain there was not much that we can do in the world despite this immense amount of money. Why is that? Well, of course, and again I'd be interested to know what the Japanese analogy is but in our case of course deep public doubt and skepticism about any kind of intervention. As a member of parliament, as you can imagine, many, many constituency events I go to, everybody says, well, these are other people's countries, it's none of our business.

A sense that we've invested very heavily in what the chief defense staff calls exquisite equipment, certain kinds of obstacles to reform, very familiar to everybody in this room the ways in which the general conservatism of the military, the conservatism of government, the conservatism of public, makes it very difficult to reform our military structures, whether it's the regimental system digging its heel or potentially sometimes even the defense industry. And perhaps also a sense that although we spend a lot of time talking about political threats, political crises and political risks, in reality most people in Britain feel pretty much at peace, there isn't a great sense of urgency. In fact, one of the things that you notice over the last 20 years of intervention is an attempt by

politicians to ratchet up the sense of public hysteria either by creating great notions of paranoia, the notion of a sum of all our fears, the great [Unclear] ratcheting up a sense of megalomania, a sense of our limitless capacity. But all of this is done in desperation, in a slightly sense that the nation is flagging, the world is going, and everybody has to talk them up to get up to the starting point. In fact in Britain perhaps even a sense that since the Second World War we sort of felt that we overdid it there but it's all seems to be not sure we can quite put it together again.

One, how can we see this in Britain? And again, what are the analogies with Japan? Well, I suppose we can see it in our contribution to multilateral units. NATO, for example, is in a pretty depressing state at the moment and despite the NATO Conference in Wales where countries make great commitments towards this aspiration of 2% of GDP, we can now see certain member states now already reducing their defense budgets. Even Britain hasn't yet made a long-term binding commitment in any party manifesto to keep 2% of GDP in defense spending. And the idea of a brigade which is going to be under the command of the Supreme Allied Commander Europe, which is very important in terms of the deterrence particularly of Russia, appears to be emerging much more slowly than anyone could ever have dreamt; in fact, it's doubtful whether by May 2016, we will begin to have the plans in place to operate into the three framework countries; Britain, Germany, and France, now seem to be unwilling to offer a brigade even once every 5 years, they seem to feel there is much stress on them.

At the moment, our reaction times in NATO for our larger units; for a 40,000 unit which Russia appears to be able to deploy in about 72 hours, in NATO seems to be running at about 6 months.

In Iraq, just to move on that, I just want to stop before I move on to Iraq very, very quickly also to point something I can't develop but I'd be interested in the Japanese perspective on which is the United Nations. Again, Britain is simply not contributing enough to UN Peacekeeping. We are P5 member state, we talk a great deal about these things, we push through interventions, Britain is simply not putting the troops. And in fact it's very difficult at the moment to see what the dividend really is from our withdrawal from Afghanistan, very difficult to see how we are deploying forward, and as a result there is a spare capacity which is presumably being generated by that withdrawal.

To come to Iraq, and this is something again where I'd like to see the Japanese perspective, every country is talking in very, very grand terms about the threat from Iraq, but the question is are we actually being serious? This threat that we face, Western Iraq and Eastern Syria, would have been considered in 2006-2007 to be absolutely the sum of all our fears, an Al-Qaeda affiliate state controlling an enormous area, the second largest city in Iraq, third largest city in Syria. This was the exact justification, this exact thing, for the US surge in 2006-2007 for the deployment ultimately of about 500,000 troops and about US\$0.5 trillion expenditure, 500,000 troops were retained at the time. We are now back again facing almost exactly the same enemy in almost exactly the same place, like the [Unclear] which the US REPO took a great toss, which was then lost again.

And this time what are we doing? Well we are talking a great deal; there is a great deal of talk about how important this is. But what it seems from the outside we face is a situation which is worse than the situation we faced in 2006-2007 and we are putting in considerably less resources. And the strategy hasn't changed at all. The strategy seems to be to do exactly what we did in the surge and just with less people; so, for example, having invested US\$25 billion in training the Iraqi army. When I was embedded with American troops in 2008, we were living alongside Iraqi troops in Baghdad. I spent days eating with Iraqi troops, patrolling with Iraqi troops, living,

sleeping alongside Iraqi troops. None of that's happening anymore. We are now having to do training with a few hundred people when we were relying on tens of thousands before.

And in the case of Britain, well, again, this comes to the question of who is a superpower and who isn't. We currently have a situation in which Australia deployed almost immediately 200 soldiers and is committed to deploying a further 200; and Spain and Italy have deployed 300; and Britain, when I visited back then in December, currently has, I would say the current share is exactly 3 British soldiers. So, what is the seriousness here, where is the ambition, where is the group?

I need to conclude because I want to move on to questions; but just to try to draw some thoughts out of this problem, this problem of being 'not a superpower.' The first challenge that I think Britain faces and I do think Japan faces as well is how does one analyze the United States mission? Essentially, in Iraq and Afghanistan we take for granted an American mission. We appear to have lost our capacity to provide an independent analysis or an independent critique of the United States mission. The best that we seem to be able to do is to be able to ventriloquize with increasing sophistication a doctrine developed in the United States. And in fact if you were to suggest to British brigadiers at the moment that it is even our job to analyze or critique the United States mission, they would be a bit surprised. They would suggest that it might be a waste of time, my job is simply to slot into a mission defined by somebody else.

Now, I will suggest that's very dangerous. It's very dangerous for two reasons. It's very dangerous firstly of course because despite the immense resources, the immense intelligence, the immense energy of the United States, these interventions in Iraq and Afghanistan were not successful and the doctrine that we pursued, particularly the counterinsurgency doctrine proved to be flawed and therefore it is extremely unfortunate that we were not able to analyze it and challenged it properly.

Secondly, it will be very difficult to retain public consent for these interventions if the public suspects that instead of having our own strategy, our mission, our analysis, we are simply signing up to doing what we are told.

That is of course a challenge for Britain and for Japan for various obvious reasons. One of them is language. Neither of our countries is very good at learning other people's languages. For us to actually be in a situation where Britain and Japan can play an active role in defense engagement, we need to be much more dynamic, to learn from other mid-ranking powers. France, for example, seems to be doing much better on Arabic language training, if you look at French defense attaché most recently in Tripoli. We have done a year round and training 2 years in the Staff College in Cairo, 3 years UAE as defense attaché, 3 years in Cairo in defense attaché, these are models which Japan and Britain should be looking at more closely.

We talk a lot about comprehensive approach but the other problem that perhaps Britain and perhaps even Japan has is that we are immensely bureaucratic and inflexible, particularly in terms of working out how on earth our development aid works alongside [Unclear] operations. In the cases of all our countries, these are deeply bureaucratic organizations with their own very rich instructions, with very few people on the ground in Kabul and Baghdad able to respond flexibly to the problems as they emerge.

This then raises the question of whether we as countries are going to be serious and whether we are prepared to specialize whether countries like Britain and Japan, middle-ranking powers are prepared to specialize. In Britain, we get bored with this conversation. Ten years ago, we talked about a US Marine Corps model and then we gave up on that. We [Unclear]. Sir Michael Howard at the moment is saying that

Britain's future is to focus on what he calls spooks, geeks, and thugs, by which he means Britain should specialize in spies, cyber, and Special Forces operations.

But unless we answer these problems, we are going to end up with pretend militaries, we are going to end up with a situation in which we have endless international conferences, in which we spend a great deal of money on defense, in which we talk again at various international fora, but we don't achieve very much for our money.

And I want to finish with an appeal for the bigger picture. The bigger picture is of course the world order. The fundamental conclusion at the end of the Second World War was that all of us: Britain, Japan, everybody is better off in a peaceful world in which countries do not attempt to annex territory by force and yet we are looking at a situation in Crimea in Eastern Ukraine in which Russia has done exactly that and in which there is a highlight that unless we work on how to respond to Russia, then more of this will happen.

More of this happening affects not just Western Europe, it will affect Japan because the precedent set by Russia's activities will of course have an influence on the way that North Korea behaves, it may even have an influence on the way that other countries in East Asia behave in thinking about their neighbors.

So, around that issue of a world order, around the issue of us being more nimble, I want to conclude with a plea that we can continue this conversation and be a bit more honest with each other. I'd like a conversation with Japan where we talk about what we are not very good at doing rather than what we are good at doing, in which we talk not just about our capacity but about our limits, in which we talk not just about our successes but about our failures. And I think if we can get that honesty, if we can get that focus on limits together, we can regain what is fundamental to both Britain and Japan, what makes us countries has always been above all our seriousness – our seriousness.

When we go through the moments where our countries cooperate with closely in defense, when we had a British Naval Officer on the Japanese flagship fighting against the Russians in the early part of the 20th century, we were serious countries. So I think as we take this conversation forward, we can regain a little bit of that seriousness. Thank you very much.

## **【Session 1 : Debate on East Asian Security Trends】**

### **Professor Tomohiko Taniguchi**

Special Adviser to the Cabinet of Prime Minister Shinzo Abe and Professor, Graduate School of System Design, Keio University

Thank you Jonathan-san. It's been a privilege and honor to be speaking with you in such a typically Victorian institution like RUSI. A moment ago, my friend Chiaki Akimoto, who represents the RUSI in Tokyo and indeed Asia, told me in the magnificent library upstairs, that the first time he was in that room back in the late 1990s he felt as if he was an ant put into a sugar pot. And I felt exactly the same way. And that's got something to do with the role the UK diplomacy could still play in the rapidly-evolving situation in East Asia and indeed in the world. And the value of it all is this sheer continuity. You've got the first publication of Jane's Defense Weekly in the library upstairs. No other nation including even the United States perhaps has got this vast continuity which is in other way a counter... to be [.....] saying, an accumulation of knowledge and experience. That's made me, ladies and gentlemen, quite honestly, a little bit disappointed when I

saw very muted responses from the United Kingdom government when Beijing refused outright the entry of your parliamentarians when Hong Kong situation was dire.

Who else, if Britain couldn't, can be a vocal proponent of human rights, freedom of expression, freedom of religion, universal values in those parts of the world? And Japan needs that from the UK who could punch way above its weight. As the previous speaker said that the UK can't punch above its weight. I don't agree because I am from a country that's been well known for years who can punch only way below its weight. And that's one of the things that Shinzo Abe is trying hard to change. Prime Minister Abe has covered more than 52-53 countries while in office in 2 years. And after that I will have to travel to Cairo to join the Prime Ministerial Delegation again. And he and his delegation are going to cover after Egypt, Jordan, Israel, and Palestine to remind those people in troubled spots that Japan is there, Japan can be a positive contributor to the safety and security in those troubled spots.

And for Japan to do that, it's got to be sustained by its growing network, growing network of partnerships that cover likeminded democratic nations. That's the reason why Tokyo has upscaled its relationships significantly with Australia, between which the bilateral relationship – there is no irony here, ladies and gentlemen, special relationship between Canberra and Tokyo.

Looking at this development, Delhi, India, came up with even more ambitious turn, therefore India and Japan are now being called Special, Strategic and Global Partnership. That's a three-story building, if you like.

And with these two nations, Tokyo is keen on developing security cooperation and exchanges of security equipment which I think are going to be one of the issues that we are going to discuss over the next 2 days. And Japan's interest is to broaden its strategic diplomatic space, looking at the region wherein Japan stands in flux. China is all the more interested in deploying its rather coercive diplomacy towards Vietnam, the Philippines and so on, to claim the vast stretch of areas, both in the East and in the South China Sea.

The rapidity of changes in East Asia and indeed in the rest of the world has made it all the more imperative for Tokyo and London, if you like, to communicate with each other in a much, much, more intensive fashion and to cooperate in a much more tangible fashion.

This is my final comment. You could ask what concrete things you can expect from these improved bilateral relationships. My answer to that question really, it's going to be far better for the UK and Japan to appear in a cooperative terms to the rest of the world because this world awaits the flag bearers and those flag bearers could be Britain and Japan. That's my final point. Thank you very much.

## **Sir Stephen Gomarsall**

Board Director and Group Chairman for Europe, Hitachi and former UK Ambassador to Japan

Thank you very much. And likewise, it is a great honor to be a part of this very important conference. I am very glad with this call from Japanese side to the UK to be proactive in East Asia region.

I am speaking today as not a representative of my company Hitachi, although we started on both areas because Hitachi's revenues from China increased from 8% of our total to 16% total over the last 10 years, and we are also very slowly impacted by the ups and



downs with the Japanese security relations with China and want to see those stabilize at the political level. But I think we need to take at heart what we've heard from the Japanese and the British speakers so far about the need for a very intellectual dialogue between Japan and UK on strategic issues, particularly the East Asia region.

I've heard comments from Japanese colleagues that Britain is leaning too far in its commercial interest to give China airtime in the UK, I think bottom-line is, say, in the worst scenario Britain will have both China and Japan as key partners and diplomatic interlocutors. But the UK does distinguish very clearly between the quality of the relationship with Japan and with China; this has been stated on many occasions by the ministers at the outset that this administration see Japan as a vested partner in the region. And Philip Hammond when he was chair of the developed conference distinguished between countries in East Asia which can be seen as allies or quasi-allies of United Kingdom, I suppose with other countries whose – who he expected to have more complex relationship but still wanted to engage. And obviously Japan was in the first of those categories and China was in the second.

But I think the events of 2013, particularly Chinese policy towards in the China Sea, tension between Japan and China and North Korea in policy and so forth have certainly brought a greater sense of balance to western, the British thinking about the development region, realization of the flashpoints there. And on the commercial side a definite switch of the switch towards more balanced distribution of resources between the East Asian countries.

So, the key point I think is one made by Mr. Sato in his introduction, the need for Anglo-Japanese cooperation to have a more concrete dimension. I think it's true, British relationship with Japan has gone very strongly in the commercial and investment field. Britain was first to see Japan as a major export market when the Japanese economy was growing in the 70s and 80s. UK has been in the forefront trying to open the Japanese market to EU trade. At the same time the UK was also in the forefront of arguing with the EU that Japan and EU should conclude a free trade agreement at an early stage.

But on the bilateral security field, it's true that UK has consistently tried to increase the level of security dialogue with Japan within limitation, and the fact that Japan is unique ally, a sole ally or rather the United States is Japan's sole and preeminent military ally.

In the 90s, when Japan was still [.....] in the world economy, the UK encouraged Japan more to support international security and that wasn't just rhetoric. As you will remember, we worked together with UK Aid policies, Japanese Aid policies being coordinated towards certain areas of Africa for example and South Asia. We welcomed Japan's first steps in peacekeeping and at a Japanese request provided peacekeeping training, by providing training to Japanese self-defense forces.

And when Japan memorably deployed its ships to the Gulf, a statistical mission to Iraq and Afghanistan where the Royal Navy and Army were there in theater to support. Britain has always had a view that Japanese involvement in international security operations is a benefit to the global community.

The high water area is during the Blair-Koizumi partnership was extraordinarily close and we did indeed see a lead forward in UK-Japan's cooperation in sales in the Japanese market that time. But it's always been a rather conditioned by the predominance of the US alliance and the fact that legally under constitution No.9, Japan has been constrained to from deeper forms of engagement with military of friendly countries.

It is therefore excellent news that today we have heard a platform that the legal

framework in Japan is being changed to make it easier. The agreements that were referred to in 2013 between Japan and UK are clearly very, very important. And they showed the UK sees this element of relationship as core and its own contribution to strengthening Japan's defense capability as contributions in security in the region.

On broader security and policy issues, this [.....] essential limitations of UK deployment into the area at this point, but UK is still very robustly engaged with the United Nations using its influence in support of peacekeeping and making clear that its differences with China, for example, or North Korea, Syria, UK proliferation and others.

I think there is a deficit as it sounds in multilateral institutions in the East Asia area for dealing with military tension. Japan is not resistant, if you like, parallel between what's happened in Europe in the past and what will happen in Asia in the future, but I think there is scope for Japan while keeping its foot firmly planted in the US Japan alliance and relationship with friendly countries. Nonetheless, to push frontiers based on economic cooperation and integration in East Asia because that will have the effect long-term on putting relationships between particularly Beijing, Tokyo and so on to a more solid footing.

And similarly, from the history of 1980s and 90s, mechanisms for increasing military transparency and cooperation between, say, conflict prevention of the sort Europe developed in the OECD is also relevant to the situation in Southeast Asia.

I will conclude by saying, really the important thing is that the agreements that Minister Sato spoke of should lead as soon as possible to concrete collaboration. It's one thing to do it, but currently it is much more important now to take this to a higher level and that this conference obviously will set the scene for that.

## **Nobuhiko Sasaki**

Advisor to Tokio Marine and Nichido Fire Insurance Co., Ltd. and Former Vice-Minister for International Affairs, Ministry of Economy, Trade and Industry

Thank you very much. I am very much honored to be here. Today I would like to explain about Chinese economic development and security issues. In 1996, I became a director in METI, then MITI, to be in charge of Japan-China trade relationship and that was my start to see China. China, then, was only poor but big country. My main job was Chinese accession to WTO.

In 2001, China became a member of the WTO. Since then, in only 10 years, Chinese GDP quadrupled and slightly overtook Japan as the world's second-biggest economy. Chinese economic development in those ten years significantly contributed to global economy that of course includes Japan. Right after the successful Beijing Olympics in 2008, China had to deal with the financial crisis stemmed from the Lehman Brothers. China managed it very well and made a huge contribution to the recovery of the world economy. I lived in Beijing at that time and felt huge expectation as well as anxiety of the world. Whether export-oriented China could vested and lead the world economy-that was the question no one was sure. But China responded it very well. +Center pillar was 4 Trillion Yuan investment promotion such as construction of ports, schools, freeways and so on. Thanks to that, China could achieve quicker recovery even after disastrous 6.6% historical low economic growth in the first quarter of 2009.

However, this success misled China in two ways. The first one was its security policy. China abandoned traditional Deng Xiaoping's strategy; 'Hide our Capability and Bide our time' and started aggressively show off its power to its surrounding states. It provoked

alarm among surrounding states such as Japan, Vietnam and Philippines. Because of this mistake, the region gathered security concerns from all over the world. The second mistake, though I think it was inevitable, was that China had to have prolonged investment-centric economic growth, which made it difficult for China to tackle necessary reform with economy. The last period of Hu Jin Tao's regime was to be used for Chinese economic structural reform to make a soft landing to consumption-led economy but it was unable. The problem itself is deep-rooted but it was only under Xi Jinping regime when China realizes its problem.

About the first mistake in security policy, as you can see from Japan-China Summit in November last year, China is trying to make it right, now. One of the reasons must be the fact that Xi Jinping now enjoys stronger power base within the Communist Party which enables him to persuade others that the domestic reform and the economy is much more important than relationship with Japan. And of course, they could not disregard sharp decrease of Japanese investment into China.

About the second mistake in its economic policy, the overall picture of Chinese structure reform was already presented at the third plenary session of 18th of the committee of Chinese Communist party in November 2013. It is clear Xi Jin Pin's will to resolve this problem is very firm but we can see clouds on the horizon. The reform of state-owned enterprise with vested interests and structural reform of industries without competitiveness accompanies a considerable amount of pain and it is an extremely hard challenge even for the regime with strong power base in state operation. And that China is now suffering from consequences of overall investment after Lehman Shock. Structural reform is possible only when the economy enjoys high growth.

Does the U.K. emphasis on economic cooperation with China undermine security cooperation with Japan? I can only say, "Please trade with China, invest into China invite investment from China." Even Japan will do and deepen relationship with China. But we should do so not to undermine our security cooperation.

Japanese companies regard Chinese market as a promising one. Of course, there are some risks to engage with Chinese market—the wage is becoming high, the possibilities of anti-Japan demonstrations, lower interests compared to sales. However, looking around the world, it is only China whose economy keeps growing in such a huge scale. Japanese companies carefully regard China as a promising market—not in the sense of factory center but in the sense of consumption center.

I would like to emphasize that I said Japanese companies carefully regard China as a promising market. "Carefully" because rule of law, free-market economy, democracy—many values that Japan and the UK share and respect are not appreciated in China. One of the most important tasks in the 21st century is to help China understand those values and believe in them. Japan and the UK should cooperate in doing so. In this case, EU-Japan FTA negotiations as well as TPP negotiations should be concluded earlier that will make China isolated in the high-level FTAs in surrounding countries and gradually make it low behind countries in various areas.

Finally, I would like to ask you to understand and bear in mind about concerns that Japan and other East Asian states have towards China. What do you, Britons, think if Japan downplays the political and economic problems between Russia and the European states and proactively engages into economic cooperation with Russia?

Thank you.

## James Miles

China Editor, the Economist

Well, the thing we are engaged in I think boils down to a very important question that is just touched upon by Mr. Sasaki, and that is the relationship between trade, globalization, and domestic policies, external behavior, and individual country that's part of those global networks. And nowhere really are those questions more important than in the case of China and are debated fiercely across Asia with opinions such as those expressed just now by Mr. Sasaki, relatively optimistic, I would assess, along the lines that the trade can achieve some positive benefit in terms of normalizing the behavior of countries, if you like, and those we would argue that a trade integration cooperation between countries economically has really very good bearing on the security of relationships.

I would like to, first of all, paint perhaps a negative picture of the way this has developed with respect to the UK-China relationship and then offer a more optimistic observation about that bigger question of how global trading arrangements and particularly the ones that you just mentioned, TPP and TTIP, might have a bearing on the way that China is and Asian security developments.

It's been almost kind of a given in foreign media coverage to know the relative weakness of Britain with respect to China but perhaps going back to the one early example, of course, being 1982 the early negotiation between Britain and China over the future of Hong Kong, Margaret Thatcher forming out [...] people, a symbolic moment as many saw it, Britain's weakness in the face of China gaining in strength.

Fast forwarding to John Major's visit to China in the wake of the Chairman who are processing his first major western leader visit to China in 1991, went there reluctantly in order to secure an agreement relating to Hong Kong on the building for example. However, still managing a degree of assertiveness when it came to British values as you might call them, talking about the need for unrelenting and unrelenting pressure on China with respect to human rights.

And then of course David Cameron's visit at the end of 2013 with the largest ever British trade delegation, more than 100 business people going out with him. These issues were raised before by John Major indeed, the security issues had become much more pressing since the early 1990s with an evidence of the mid-1990s with the Taiwan Strait Crisis and then through the first decade of this century, becoming all the more so. And shortly before Mr. Cameron's visit, China's announcement of the ramifications of a larger East China Sea, considerably increasing anxieties across the region. But that issue not coming up in public at any rate.

When Mr. Cameron visited Beijing, trade was very much the focus and I think that that visit would have reinforced some of the those anxieties among Asian countries that Britain did some of this and it's part of Europe. Having a formal focus on trade and either asserting their own values or in addressing these growing insecurities that have been developing in Asia as a result of China's rising increasing assertiveness.

However, against that picture of a declining Britain with respect to China, we've continued to hear positive noises about the impact that China's involvement in global trading arrangements might have on its domestic behavior and where it sees the rest of the world.

You will recall that with the kind of optimism we heard when China joined WTO in 2001 and the assertion but then the Director General at the time suggested that China's joining of the WTO was a great historic moment that would contribute to peace, development, and stability. So, he saw it very much in turn not only of the

advancement of free trade but also of global security.

We had Robert Zoellick and his famous utterance in the middle of the decade, 2005 I think it was, and he suggested that China was embarked on a trajectory of, as he called it, being networked with the modern world and that we could expect it to become a responsible stakeholder in global affairs; networked with the modern world is a very important one and one that reflects the kind of optimism that heralded out of China's engagement with global trading.

Of course, what has developed since then has not borne out such optimism, a growing anxiety in the region has suggested that trade has not borne the kind the fruits that those eminent gentlemen had suggested a few years earlier.

But I think it's important at this stage to look closely at what's happening inside China and the issues that have just been talked about with respect to domestic reform in China, the third being at the end of 2013, the fourth one at the end of 2014. I think there has been a bit of a tendency to characterize the first 2 years or so of Xi Jinping leadership as long as that could have seen concentration of power in his hands, a growing impression at home, growing assertiveness abroad. But I think in fact the picture we see, the messages we are getting, if you look closely at, are those major political events, the third and fourth plenary sessions as well as other developments suggest that some of our new ones in the picture that Xi Jinping still does see China's future, even if it's very long term, and we think it's perhaps not one as achievable within the term of his own presidency. Nonetheless, there's one involved in greater engagement with the rest of the world, certainly in terms of economic norms, the decisive role that's dictated by market forces in determining China's economic direction. And indeed in the political realm of where in spite of the continued emphasis on the supremacy of the Communist Party, continuing the pressure of dissent at home and indeed the isolation in the side of repression. We see a noteworthy emphasis on the importance of the constitution and the rule of law in terms of what we've done, and China whistles this for many years now.

So where do we start looking in to that? The talk now of developing TPP and TTIP across the Atlantic I think focuses minds once again just in the buildup to WTO about how this might affect China's behavior. And I think there is some cause for optimism. One thing to point out is that, yes, the WTO if it was ever really expected to do so, has similarly failed to reduce insecurities in Asia. But bear in mind that China's reforms are incomplete and indeed to a degree superficial. Xi Jinping has stressed that China is in what he calls a deep water area now, implying that the how hanging fruit of reform has been picked but now the really nitty-gritty issues have to be addressed.

In other words, we perhaps should be a bit more patient when it comes to assessing the direction of China's economic reform and therefore the possibility that might arise from that of China becoming more part of a rules-based global trading system and beyond that, a security network.

I think it's important to note that China, of course, faces enormous challenges in the coming few years, the trajectory of this economic reform is far from certain and still remains a considerable possibility that China will sink into the morass of stagnation that Japan has suffered for much of the last 3 decades and that in turn could reinforce some of the more negative tendency in terms of China's external behavior. But I do see a positive role being played by these new trade agreements and indeed take some comfort from the way in which some Chinese officials and commentators in China have seen this as an acceleration of force and something to which China in the long term should aspire and therefore something that could be used in the same way the WTO was once used as a way of sparing change domestically. So in short, there are a few levers that the West has in [...] that the United Kingdom has individually to shape China's behavior with

respect to long term security but these are these glimmers of hope. Thank you so much.

## **【Session 2 : Intelligence Co-operation】**

### **Sir John Scarlett**

Former Chief of the UK Secret Intelligence Service and Senior Associate Fellow, RUSI

Malcolm, thank you very much for that introduction and thank you in particular for mentioning Bletchley Park at the beginning and the story and the moral that underlies that. One of the things I am very fortunate in being able to do now is I am Chairman of Bletchley Park, so I am very keen to promote its profile. And if you haven't seen the film about Alan Turing, it's worth going to see, I think.

Now look, my comments today are going to try to place the whole question of intelligence work and intelligence cooperation in a wider context, obviously in a context of the United Kingdom-Japan relationship but also as I try to explain how somebody who is a professional, was a professional intelligence officer and practitioner in the British service, what it is that you have to get right if you are going to be an effective intelligence service and if you are going to have an effective national intelligence capability.

I am going to do this, I'd start with by placing it in a historical context, I know that General Hokazono is going to refer in some detail to the history of British, Japanese intelligence cooperation in the last century, in the first part of the century and in fact that actually is – and I thought about this when he told me what he was going to say, it was a good place for me to start as well because the British security, the modern British security and intelligence community was formed more or less exactly 100 years ago in the period immediately before and then immediately after the First World War, the security service MI5 and the Secret Intelligence Service, my service where I can trace the continuous history back to 1909. And GCHQ can trace it back to 1921 in their case when they were called the Government Code & Cypher School who actually did the work at Bletchley Park.

Now, I've studied the history and was keen to promote that when I was chief of this service because it tells you a lot about the modern day. And it's difficult for security reasons, as Sir Malcolm said, to talk too much about what goes on now; it is easier to talk about what's happened in the past and that gives you some facts. And if you want to avoid the James Bond trap, then you do actually need to have a reality check as to what really happens.

So, we got as much by history out into the public domain as we could. And it is very clear when you look at the history that more or less from the beginning, the British services sort of worked according to certain principles and were organized according to certain principles which are actually surprisingly the basis for effective intelligence work and they for that reason have continued to manifest themselves in the way they work, in the way they are organized today. I thought I would just illustrate that point by going through some of these essential characteristics. Because we can talk a lot about intelligence cooperation but there is not much point having intelligence cooperation if you don't have intelligence in the first place. You actually have to have the product, you have to have an effective collection capability and good intelligence, good secret intelligence which is what we are talking about. You don't get it from the newspapers, you simply don't. You have it from your own special controlled sources whether they are human sources, they are technical sources or whatever.

And you have to manage that, identify them, run them, manage the operations according to a whole lot of rules and regulations and good practice which can only be done within a professional context by a professional organization which understands the culture of good and intelligent work. And that was there or you can see it developing from the very beginning in 1909, in a very small scale to start with and has just continuously been there ever since in the work of the secret intelligence service in particular other than that developed in the Government Code & Cypher School and GCHQ and do so on.

So, from the very beginning, the emphasis in the British community has been on collection because you can do analysis but only if you have the stuff in the first place. Analysis comes separate and in the British community analysis is kept quite separate from collection. And indeed my former service doesn't do analysis, which is very unusual in the global intelligence experience. And that is done elsewhere. And at the top level analysis and assessment is overseen at the center of government by the cabinet office in the joint intelligence committee and the joint assessment staff drawing on special skills from around government, particularly from the Ministry of Defense, from the foreign office, from security service and so on, drawing on government-wide skills. But they're kept separate from the process of collection because otherwise you run the risk that collection gets contaminated by the assessment process or vice versa. It's quite a complicated thought.

From the very beginning, my first predecessor, I was the 14th Chief of the Intelligence Service; the first chief placed an absolutely obsessive value on secrecy that he was quite a strange person really. And he was super, super secret but of course he understood as Sir Malcolm has said that for intelligence work to be effective it has to be a secret, it just has to be. And if you work in that world, secrecy obviously with qualifications is a good thing. It's not a bad thing. So, you just have to learn to think differently. And in particular, operational secrets must be kept forever. So, the archives of my old service are closed from 1909 and I think they will never be opened. You can't say to somebody, work for me and I'll keep your secret for the next 30 years, after which it will be released to the national archive, you can't say that. It's got to be forever. We've got to understand that.

But of course it must be balanced in the public space by transparency, which is a complicated thing, Sir Malcolm referred to it, I'll say more about that in a second. You have to have the recognition that this kind of work is high-quality work and it needs high-quality people, and there are all sorts of interesting quotes which I'm going to go through now from leading members of the service back in the First World War that made that point in an Edwardian way, they made the point – you know, what people have to understand is that intelligence work is a profession for gentlemen, that was the way they put it at that time and is making the point that I'm making now.

Of course, it is also understood that you have to think about how you are organized, this is a very important point and I think highly relevant really to what I know of the situation in Japan. A particular model that is taken here in the UK is that you have three separate services, human resources, effectively intelligence collection, SIS, security service investigative skills based on good intelligence including collected by themselves, and then interception – communications, inception, whatever you call it now, done by GCHQ. But in order to do that work properly, you have to have different sorts of people with different sorts of skills. You can't just mix them all up together. But then, the right moment, they all have to work together. And a contrary to legend and its [.....] and so on, there is a long, long history in the British Intelligence Community of working closely together and I know that from masses of personal experience.

Another very important point is that services need to be independent of policy departments. They need to have their own independent, so they need to be sovereign in their leadership, answering of course to the elected government and responsible for national security. And that has been a feature more or less from the beginning, certainly from the First World War of my old service.

Finally, just to bring this out, is you have to recognize the importance of international partnerships which is obviously directly relevant to what we are talking about today and that going right through the history up until the Second World War, there were close intelligence relationships with a range of countries, probably most especially in the 1930s, another Bletchley Park actually with France and Poland, and then of course the Americans arrived on the scene and we arrived in the American 20th century and that's been a dominating feature of the postwar period.

And we get into a whole range of intelligence allies, what does that mean exactly an intelligence ally; obviously you have very close and trusting relationships with a wide range of countries. A way of illustrating, this not long before I left my previous job some 5 years ago I asked in a counterterrorism context for some statistics. Over the 5-year period that I've been in charge and looking at serious counterterrorism leads that we had received into real threats, how many had come from how many services around the world? And the figure I was given was that we could identify serious counterterrorism leads being passed to us by 60 foreign services. So not 60 countries, we might have 2 or 3 services in the same country, but from 60 foreign services which makes the fundamental point about the importance of international collaborations highly irrelevant of course as we speak now.

Now, I've talked about the importance of secrecy, I just say there that quite obviously that has changed and developed in recent years as the political atmosphere has changed. When I joined my old service in 1971, it didn't even exist and nobody talked about it and I worked for over 20 years for a service which didn't exist and had no legal foundation at all. Now that has changed massively since and particularly since the early 1990s and the intelligence and security committee is actually a key part of that.

As Sir Malcolm has said, there is a wide public consensus and support underpinning the work of the security and intelligence services in the United Kingdom. This is absolutely vital for its ability to do its job. But of course that won't continue if people aren't confident that not only is he doing his job effectively but is doing his job legally and with proper respect for the society's values. And that perception changes all the time. And that of course is the role of a really effective and independent oversight, a structure, committee as we now have which develops all the time and I've seen it develop a great deal over the last 15+ years, to allow that to happen. So, there is a balance between transparency, what to do, and secrecy. At the end of the day, for a professional the secrecy has to apply to operational secrets. That's what you need to keep a secret and broadly speaking what you do, how you do it, and all the rest of it, you can talk about that, you know, a great deal. Just go on to the SIS website and you'll see what I mean. And you also have to accept that none of this is set in stone, it adapts constantly.

You know, that is the sort of character and quality, if you like, of the intelligence community that we have now here in the United Kingdom and I don't think – you know, I'm obviously biased when I say this but I am not sure I am either completely biased or being wrong when I say and quite obviously it's highly respected and highly effective part of British society. And the British government is doing an absolutely vital job as again we have been reminded in the last few days.

Now, if I just move on very quickly, obviously that's fine and we have this one of the community, why is it necessary? And this of course goes into the nature of United



Kingdom's global interests and our abilities. Now, I could flood you with statistics here, but I am slightly reacting to one or two of the things that I heard in the previous session. You know, we talk a lot about Britain doesn't have the way that it used to have and this and that and the other, and it hasn't quite worked it out with Europe and it has got its particular sort of relationship dominated by the United States and so on. The fact is, okay, but the United Kingdom is, depending on how you calculate it, the fifth or sixth largest economy in the world. And so that's why I don't personally accept and never did accept this idea that we were a middle-sized power because I wonder what that made of the other 190 countries around the world.

And the point is, it is not just a big, big global power in terms of its economy, it's an unusually open one and dependent on open economy and open trade and open commerce and vulnerable therefore to what happens going on around the world. There are so many statistics that can bring that out just in terms of the position in global services, financial services, foreign direct investment, citizens around the world and so on. But the basic point is that we are open to and therefore vulnerable to what goes on globally, to national and regional instabilities, of course to global and extremist activity, terrorism, international organized crime, to interstate conflict, to great power assertiveness, and adventurism.

And those are the broad categories. And of course at the present moment if we break that down into specific issues that we have to worry about at the moment, I'll mention them straightaway, international terrorism because quite clearly that is powerfully at the top the agenda, but also more conventionally conflicts in central and Eastern Europe where we have particular issue of Russian assertiveness which we've talked about earlier on, and instability across Middle East and North Africa and the Gulf which of course is linked to the terrorism extremism, weapons proliferation, tension and potential for conflict in East Asia, which clearly is a big theme here, the East China Sea, North Korea, the South China Sea, and let's not forget the tension on potential conflict in South Asia too.

Now, against that background, where does all that leave and what does that mean for our relationship and intelligence relationship and how will someone like me look at the importance and the future of the intelligence relationship with Japan. Well, it is really quite striking when you list things like I've just done. We are liberal democracies with a shared interest in international stability obviously, respect for international law and global prosperity. It's probably difficult to find two countries with such a clear overlap of interests, even if we are on opposite sides of the world, which is one way of saying if you are a Russian you might feel that United Kingdom and Japan were threatening to encircle you, and I suppose that's one way of putting it, and I am not that's a quite credible concept. And still shared interest. Virtually, all of the issues listed are important for both of us and as the General will say, of course also we both work intimately with the United States, especially with United States security and intelligence community. So, for no other reason we are obliged to work closely together.

Now, as Japan develops and adapts its defense and security policy and its security and intelligence capability, we are certainly making progress in the relationship with each other. We are getting to know each other better and we are finding right mechanisms for collaboration between our respective agencies. That said, we have to on both sides be flexible and recognize that whatever are all the things we have in common with different backgrounds and histories from which we come. And every country has a different way of organizing its structure and the responsibilities of its security and intelligence services.

So, we've got to learn how best to encourage productive contact between our agencies, which are structured in a slightly different way, to encourage productive contact between

them across each other's systems and to make the very best of each other's strengths. And in that context, I'd say and there may be questions about it, there is still work to do. Thank you very much.

## **General Kenichiro Hokazono**

the 30th Chief of Staff, Japan Air Self Defence Force

Good afternoon ladies and gentlemen. I am Kenichiro Hokazono, former Chief of Staff Japan Air Self Defense Force. It is a great honor for me to have a chance to participate into this conference as a counterpart of Sir John Scarlett, former Chief of Secret Intelligence Service with a moderator, Sir Malcom Rifkind, former secretary of state for defence and foreign secretary. It's like a dream for former Japanese defence attache to Belgium between 1992 to 1995 for followed the movement of NATO and then UK sent secretary of state for defense, Sir Malcom Rifkind. I followed many press conferences and I know him very well but it is the first time to see each other. I will do my best to make this session as fruitful and stimulating as possible.

My presentation will start with history of Japan-UK Security Cooperation after the Anglo-Japan Alliance. Based on that, I will explore common strategic interests between Japan and the UK. Then, I will make proposals to the future of Japan-UK intelligence cooperation, based on the current Japan-UK strategic cooperation.

It was 1854, the year Anglo-Japanese Friendship Treaty was signed, when Japan-UK Security cooperation has started. From then on, Japan paid lots of effort to become a strong nation both economically and militarily with back-ups from Western countries.

In 1894, Japan fought the Sino-Japanese War, and 10 years later, Japan went into the Russo-Japanese War in 1904. After the Sino-Japanese War, Russia tried to expand its power toward China and Korean Peninsula. In order to counter against Russian movement, Japan formed an alliance with the UK. Under the Anglo-Japan Alliance, Japan gained a lot of supports from the UK both on strategy and intelligence. Strategically speaking, while the Russian Baltic Fleet departed the Baltic Sea, doubled the Cape of Good Hope and traversed the Indian Ocean to reach Japan, the UK helped Japan by pressuring on German coal companies not to supply any high-quality coals to the Baltic Fleet. Also, the UK has pressured on France and Germany to prevent the Baltic Fleet from getting into ports, which is essential for vessels' maintenance and crew members' rest. Thanks to those supports, the Baltic Fleet had a very difficult time to reach Japan and it gave Japanese navy an advantageous situation for the Battle of Tsushima. With regard to intelligence, 'the Anglo-Japan Military Entente' was signed just after conclusion of the Anglo-Japan Alliance. With the military entente, the UK and Japan agreed to conduct information exchanges, to decide common signals or secret codes, and to lay submarine cable. Also, Japan established an information collecting office in London to gain precious information about Russian military, which effectively helped Japanese military operation. The alliance with the UK led Japan to the victory on the Russo-Japanese War.

Japan and the UK share the win-win strategic interests from the following three points.

First, Japan and the UK, which are located at the east and the west edge of Eurasia Continent, geopolitically share the common interest to secure peace and stability of this continent. China is aggressively increasing its military power and is taking provocative actions in East China Sea, South China Sea and West Pacific. Russia is taking invasive behavior against Ukraine. Many armed conflicts still continue in the Middle East and South Western Asia. Japan and the UK should cooperate to bring peace and stability to this continent.

Second, the existence of the US—a common ally for both Japan and the UK. Since the end of the World War II, the Japan-US Alliance has been playing an extremely important role for defense of Japan as well as stability of Asia. In order to cope with both China and Russia, it is inevitably important that the Japan-US Alliance functions effectively. The US and the UK are allies in a framework of NATO. It means that Japan and the UK share the same strategic interests through our common ally—the United States of America.

Third, Japan and the UK share the history of success as allies. In 1902, Japan and the UK made the Anglo-Japan Alliance and fought Russo-Japanese War together, and finally won. This history of success built unshakable trust between Japan and UK. For Japanese citizens and government, the UK is one of the top states that are trustworthy to formulate strategic cooperative relationship. The mutual trust between Japan and the UK based on the history of success as allies will become a solid cornerstone to promote future Japan-UK strategic cooperation.

With the advent of Abe administration in December 2012, Japanese security policy made drastic progress. In December 2013, with enactment of the Act on the Protection of Specially Designated Secrets, Japan established a system to protect secret information received from other countries. Then, the National Security Strategy was adopted, the National Security Council was established, and the National Defense Program Guidelines were developed. In March 2014, by setting the Three Principles on Transfer of Defense Equipment and Technology, Japan opened its way to international joint development and production of defense equipment. In July, the cabinet endorsed to allow the right of collective-self-defense. These progresses were achieved by the strong leadership of Prime Minister Abe who won a landslide victory in the general election last December. Reflecting these recent developments in Japanese defense policy, Japan and the UK also forwarded the mechanism of security cooperation. In July 2013, we have signed the agreement concerning the transfer of arms and military technologies necessary to implement joint research, development and production of defense equipment and other related items, as well as, the agreement on the security of information. It became the basis of our cooperation in defense equipment and information exchanges. On the occasion of the Japan-UK Summit meeting in May 2014, it was decided to hold a Foreign and Defense ministerial meeting, to start negotiations on an Acquisition and Cross-Servicing Agreement, and to intensify a program of joint exercises between our two militaries. Concerning the information exchange, it was announced to develop a proposal for cooperation to 'establish a new mechanism to share information and analysis that supports the purposes of our cooperation'.

When we consider about future Japan-UK intelligence cooperation, there are 3 things to consider. First, what is the main objective? Second, which organization can be the counterparts? Third, how the relation with US and NATO should be?

In 21st century, security policies of each country are deeply interconnected. In that sense, the general objective of the Japan-UK intelligence cooperation is to make Japan-UK strategic cooperation function well to secure peace and stability of the world. At the same time, considering security interests for both Japan and UK, main objective should be to keep peace and stability in Eurasian Continent. There are so many destabilizing factors in this Continent like China, Russia, Middle East and South West Asia. The area of information to be covered for the intelligence cooperation should be wide spread from politics, military, technology to terrorists' information and flexible depending on the destabilizing factors.

Concerning the counterpart of intelligence cooperation, it should depend on the character of intelligence. For example, in the area of military intelligence, DI (Defense Intelligence) of Ministry of Defense and possibly GCHQ (Government Communications Headquarters) on UK side and DIH (Defense Intelligence Headquarters) of Ministry of Defense on Japanese side should be counterparts. In the area of political and general

information, Intelligence and Analysis Service of Ministry of Foreign Affairs or Cabinet Intelligence and Research Office on Japanese side should be counterparts of SIS (Secret Intelligence service) of Foreign and Commonwealth Office on UK side. In the area of terrorist information, Japanese counterparts of the UK's MI5 (Military Intelligence Section 5) should be PSIA (Public Security Intelligence Agency) or NPA (National Police Agency). When we compare the scale and capability to collect and analyze information of intelligence organizations of Japan and UK, Japanese side is far behind than those of the UK. So, in the meantime, there are more opportunities for Japan to learn and gain support from the UK in this intelligence cooperation. I think Japan should make sincere effort to develop the scale and capability of Japanese intelligence community and try to make equal contribution with the UK to make our intelligence cooperation more substantial and effective.

Now, I would like to talk about cooperative relation with US and NATO. Until now, Japan and the US are closely working on the intelligence cooperation as allies. As a counterpart of the US major military intelligence agencies, the DIH conducts military information exchanges on strategic information as well as tactical information. I think it is significantly meaningful to expand this bilateral framework of intelligence cooperation to trilateral intelligence cooperation among Japan, UK and the US.

In this context, I would like to refer to the possibility of Australia joining into the framework of trilateral intelligence cooperation among Japan, UK and US. Japan and Australia signed security of information agreement in May 2012. I think it is so meaningful and useful if we can establish the framework of intelligence cooperation among these 4 states.

Concerning Japan-NATO intelligence cooperation, the Agreement on the Security of Information and Material was concluded in June 2010. The organizational counterparts between Japan and NATO are DIH for Japan side and the Intelligence Division of International Military Staff for NATO side. From Japanese standpoint, it is important to liaise with Japan-UK intelligence cooperation and Japan-NATO intelligence cooperation in a coordinated manner. For its specific way of operation, I expect that Japan will respect the manner of the UK that is a member state of NATO.

These are all of my personal perspectives on Japan-UK intelligence cooperation. Now, I would like to conclude my speech by quoting the Right Honorable the Lord Palmerston, a great politician of the UK. He once said 'We have no eternal allies, and we have no perpetual enemies. Our interests are eternal and perpetual, and those interests it is our duty to follow'. However, it is also true that there is a bilateral relationship whose long-lasting relationship as allies is mutual interests for both states. I believe it is a mutual interest both for Japan and the UK to maintain our strategic cooperative relationship between two of us or including some appropriate states as long as possible to keep peace and stability of Eurasia continent and of the world.

The intelligence cooperation is the indispensable cornerstone to promote strategic cooperative relation between Japan and the UK. Once again, I would like to emphasize that it is a serious responsibility for Japan to develop the scale and capability of Japanese intelligence community to promote our substantial and effective cooperation.

## **【Keynote Speech】**

### **Itsunori Onodera**

the 12th Minister of Defence, Japan

Distinguished guests,

Ladies and gentlemen,

I am grateful for the Royal United Services Institute (RUSI) and the Sasakawa Peace Foundation for taking the trouble of organizing the second UK-Japan Security Conference here in London. I would like to express my sincere gratitude for you having me here.

First, I would like to express my sincere condolences to all the victims of the terrorism occurred in Paris, last week. Prime Minister Shinzo Abe conveyed his message to President Hollande that he cannot help but be immensely shocked and outraged. Vicious terrorism cannot be tolerated for any reason, and that he resolutely condemns it. Japan stands with France at this difficult time. As we can see in his message, Japan will firmly respond to vicious terrorism such as this time.

The previous UK-Japan Security Conference was held in Tokyo in 2013, which marked the four hundredth anniversary of Japan-British relations. As Minister of Defense, I attended the conference to offer a few words of congratulations. At the conference, I had the honor to speak with His Royal Highness the Duke of York, who had taken the trouble of coming all the way to the Far East.

Since that time, further progress has been made in security cooperation between Japan and the United Kingdom. Last May, Prime Minister Shinzo Abe visited the UK to meet with Prime Minister David Cameron. The two leaders released the UK-Japan Joint Statement: A Dynamic Strategic Partnership for the 21st Century. In the statement, they agreed to hold a Foreign and Defense ministerial meeting.

Mr. Gen Nakatani, who took office as Minister of Defense last year will visit the UK soon for the first Japan-UK "2+2" meeting. Additionally, I aspire to see further

cooperation between both our nations, to include our Armed Forces, which will contribute to the peace and security of the international community.

Prime Minister Abe himself has taken every opportunity to explain the security policy of his Administration to other countries. Prime Minister has travelled far and wide in the world, visiting more than 50 countries. Mr. Abe has shown his resolution to play a more proactive role in the region and the world under the banner of "Proactive Contribution to Peace" based on the principle of international cooperation.

Under this policy, the Abe Administration made a cabinet decision on the basic policies on the development of seamless security legislation last July.. The aims of the new policy are two-fold. The first aim is to resolutely secure the lives and peaceful livelihood of the Japanese people under any circumstances, amid the increasingly severe security environment surrounding Japan.

The second aim is to play a more proactive role for peace and stability in the international community, in a manner commensurate with Japan's national capabilities. For example, this means playing a greater role in the UN PKOs as well as providing logistics support for multinational international peace operations.

To fulfill these aims, the new basic policy clearly defines what the Self Defense Forces can do and how they can do it within the scope of self-defense permitted under the Constitution of Japan. Under this policy, the Government of Japan is now preparing for the development of seamless security legislation.

Why is such a new security policy necessary? It is necessary because, given the current security environment, Japan cannot secure its own peace by only itself; it can only do so if Japan proactively contributes to regional and global peace and stability.

Yet Japan's peaceful orientation remains unchanged; our nation remains committed to seeking not only its national interests but also the interests of the international community as a whole. Additionally, Japan will work with not only its ally, the US, but also the UK, Australia, India, and other important partners for greater contribution to world peace. This is what Prime Minister Abe calls "Proactive Contribution to Peace" based on the principle of international cooperation.

As I mentioned before, over the past two years, Prime Minister Abe has visited more than 50 nations, where he has explained Japan's security policy. For my part, I have explained the policy directly to the heads of states, defense ministers, and foreign ministers of more than 30 nations in the capacity of Defense Minister, the post I held until last September, and have gained understanding from many countries.

As an elected official responsible for Japan's security policy, I will continue to work for greater policy transparency and mutual understanding, trust, and cooperation between Japan and other countries, especially its neighbors.

Now let me move onto the long history of relations between Japan and the UK. The two nations have long been working together in security, notably maritime security, among other sectors.

This is a natural relationship; Japan and the UK are both island nations. When you consider the areas of our respective exclusive economic zones, Japan ranks sixth and the UK eighth in the world. Maritime trade is vital for both of our maritime nations. This is true from a geopolitical point of view as well. Equally essential are our various marine resources. "Naval power" plays an important role in safeguarding free trade and marine resources; this is why both our nations have a long history of global security cooperation in the area of the high seas.

Looking also at the history of Japan-UK relations, our bilateral relations date back

400 years to when English sailor William Adams arrived in Japan. He had participated in the Battle of the Spanish Armada, which is a series of naval battles in 1588 in which England defeated the Invincible Armada to gain sea supremacy. At the request of Shogun Tokugawa Ieyasu, Mr. Adams constructed a western shipyard, the first of its kind in Japan, and subsequently built sailing ships. For this, he was given the Japanese name Miura Anjin.

More recently, from the late 19th century onwards, the conflict of national interests of various powers was nowhere more intensive than in East Asia. These circumstances prompted Japan to forge an alliance with the UK to challenge a common threat – the Russian Empire's policy of southern expansion.

When the Russo-Japanese War broke out in 1904, the UK supported Japan, diplomatically, financially, technologically, strategically, and, most important of all, with intelligence. The Russian Baltic Fleet were unable to gain supplies at ports in British colonies on their way from the Baltic Sea to the Far East. Their movements were known to the Japanese Imperial Navy because of information provided by the UK.

With the UK's assistance,, the Japanese Combined Fleet, led by Admiral Heihachiro Togo, defeated the Baltic Fleet in the Sea of Japan. The eight capital ships in the Japanese fleet were British-made. The flagship *Mikasa*, in particular, was made by the British company Vickers using state-of-the-art technology. Back then, it was one of the strongest battleships in the world. If you go to the port of Yokosuka, you may see *Mikasa* in a good state of preservation.

When the World War I broke out in 1914, Japan sent a fleet to the Mediterranean Sea and the Indian Ocean at the request of the UK to escort sea convoys of the Allied Powers. For example, the Japanese Battle Cruiser *Ibuki* escorted an ANZAC convoy carrying Australian and New Zealand soldiers from Albany, Australia to the Suez Canal. Last November, the Albany Convoy Commemorative Event was held as part of the Anzac Centenary. Japan sent a Maritime Self-Defense Force destroyer to participate in the event.



In the summer of 2013, I had the opportunity to visit the Museum of Military History of Vienna. A curator there told me that during the World War I, an Australian U-boat torpedoed the Japanese Imperial Navy destroyer *Sakaki* in the Mediterranean Sea, killing 59 people on board, including the captain. *Sakaki* was escorting an allied convoy. The curator told me that the graves of the perished still exist in a British Navy cemetery on the island of Malta.

Security relations between Japan and the UK deteriorated following the termination of the 1923 Anglo-Japanese alliance. The end of the bilateral alliance and withdrawal from the League of Nations isolated Japan from the world, and its relations with the UK and other countries broke off. Subsequently, the eventual World War II put Japan-UK relations at their worst, when the Japanese military sank the British battleship *Prince of Wales* and occupied Singapore.

Indeed, security relations between Japan and the UK greatly influenced the fate of pre-war Japan.

After the World War II, Japan bitterly repented the evils of selfish pursuit of national interests and self-righteous isolationism that had driven itself to war. It re-embraced the principle of international cooperation which respects the United Nations and other international frameworks. Japan was reborn. Since this time, Japan has been known as a peace-loving nation.

Prime Minister Shinzo Abe has gained high public confidence as reflected by the results of Japan's December general election. As I said earlier, Prime Minister Abe makes it clear that Japan will play a more proactive role for world peace and prosperity under the banner "Proactive Contribution to Peace" based on the principle of international cooperation.

Realizing world peace and prosperity requires protecting global commons ; notably, the "freedom of the seas." This can be achieved by countries which share common values working together.

Once again, after an interval of 100 years, East Asia is a strategic region that greatly affects the security situation of the world. Tendencies towards military expansionism are heightening tension in the region. In the East and South China Sea, there have been frequent attempts to unilaterally change the status quo by force or coercion.

The deteriorating security situation has prompted Prime Minister Abe to make one thing clear – that Japan, an island nation for which secure use of the sea is essential, cannot condone any change to the maritime order with the use of force or coercion. This is because, as your late Prime Minister Margaret Thatcher put it, “the rule of international law must triumph over the exertion of force.” This is because the "rule of law" is the international principle that should be observed.

The "rule of law," democracy, and freedom are some of the many basic values that Japan and the United Kingdom share. Our two countries are important partners in addressing global challenges. In fact, you can see this example where Japan's SDF and the British Armed Forces are working together in many aspects in the field. Allow me to provide a few examples.

In the Western Indian Ocean, Japan and the UK continuously deploy naval vessels for the counter-piracy operations of Combined Task Force One Five One (CTF-151), a coalition of willing of which both our nations are members. Last year, I visited Djibouti, where Japan's counter-piracy unit is based. I saw multinational cooperation at work in securing maritime peace in the field. Japan will be able to make further contributions soon, after an SDF official assumes the post of Commander, CTF- 151.

Additionally, the Maritime Self-Defense Force has one of the largest minesweeping fleets in the world. Every year, the MSDF dispatches its minesweepers and personnel to the multilateral minesweeper training that is co-hosted by the UK and US in the Persian Gulf. Japan and 30 other countries take part in this practical joint training.

In 2013, Japan and the UK sent their task forces to the Philippines for relief operations after a powerful typhoon devastated the country. Liaison officers were exchanged between the Royal Navy helicopter carrier *Illustrious* and the MSDF helicopter destroyer *Ise* for close cooperation.

And also, Japan and the UK dispatched aircraft and vessels to search for the Malaysian Airlines airliner which went missing last year. Here, both our nations worked with other countries to make efficient search arrangements.

As Minister of Defense, I have visited more than 150 SDF bases across Japan. These visits have given me the impression that interaction with the British Armed Forces is helping the SDF enhance their capabilities in various fields.

After all these experiences, there still remains much room for improvement in Japan-UK security cooperation. For example, the two countries have yet to conclude an Acquisition and Cross-Servicing Agreement. An ACSA could expand the scope of bilateral cooperation to include supply activities for vessels sailing ocean and other operations. In fact, thanks to the existing ACSA between Japan and Australia, in 2013 our two countries were able to exchange supplies and services between their vessels for the first time, in their disaster relief operations in the Philippines.

Progress has been made in defense equipment technology cooperation. In 2013, UK Secretary of State for Defence Philip Hammond and I gave blessing to the agreement regarding joint development of defense equipment. Under the agreement, joint research project on chemical and biological protection technology is already underway. Recently joint research project has recently been launched on the feasibility of new air-to-air missiles (AAMs).

Maritime patrol aircraft (MPA) are vital for sea surveillance, which is essential for

maritime security. Recently, Kawasaki Heavy Industries of Japan has developed an advanced MPA called P-1. I had the opportunity to experience the new aircraft first hand. It was fast and, at the same time, highly maneuverable at low altitude. An outstanding aircraft indeed. Japan and the UK may be able to cooperate in the area of aircraft, including the operation of the MPA and the F-35.

Additionally, advanced British defense equipment deserves close attention. In 2013, I was invited to board the UK destroyer *Daring* when it arrived in Tokyo with Admiral Sir George Zambellas. I was deeply impressed with its advanced stealth enhancing design as well as its outstanding air defense capabilities. It will likely have considerable design impact for future SDF vessels.

These examples demonstrate the many ways Japan and the UK are excellent partners whom can learn much from each other. And the scope of bilateral security cooperation is not limited to the sea; it can be expanded to include the Middle East and Africa as well as East Asia and Europe. It can also be extended to such sectors as information, outer space, and cyberspace.

Moreover, Japan-UK security cooperation can be expanded to include our mutual ally, the US. Such trilateral cooperation will make it easier to protect the freedom of the world's high seas, including the Pacific, Atlantic, and Indian Oceans, thereby maintaining world peace, stability, and prosperity.

In this context, the holding of the UK-Japan Security Conference today in London is quite significant for world peace. Going forward, I hope to work with all of you to help deepen security cooperation between Japan and the United Kingdom. And as a former Minister of Defense, I will continue to be part of the effort to deepen our bilateral security cooperation.

Thank you very much for your attention.

## **【Session 3 : Cyber Security】**

### **Daiki Fukumori**

Senior Security Analyst, Cyber Defence Institute

Thank you. As introduced, I am working for Cyber Defense Institute, which is a private company located in front of Tokyo station. We have approximately 30 employees. What I do is simply a hacking which means I am a hacker. I guess when you hear a word 'Hacker'; first stereotype you come across would look like this. Today, I dress nice; wearing suits, but I usually work like this, it's almost the same as what you think of "Hacker". Now, what the hackers do? Of course our job is hacking. I do hacking by clients' request including local and global companies as well as government.

Don't get me wrong, but I hack their own servers, websites and applications by their requests. My clients will then get my hacking report, and they will be able to get to know where the problems are as well as how they can fix them. We sign contract, we issue an invoice and receipt, and we pay tax as normal business.

In addition to hacking a server, one of my primary missions as a hacker, is to analyze malware. These are some examples of malware that has been made in Japan, UK, China, Russia, Germany and more... As you may know, bad guys from all over the world are creating malware and attacking Internet users or websites every single day.

How can we stop cyber crime? I have been thinking about what I could do to help stopping the cyber crime, and one day luckily...

Interpol invited me, and now I am working for Interpol as the world's first researcher from private sector. This is the building I am working now in Singapore. Before getting started, please keep in mind that my talk today represents my own opinion not my employers nor Interpol.

This malware infects an ATM and then criminals are able to withdraw cash from the infected ATM almost unlimitedly. Most malware is made for money. As cyber crime to steal money is happening everyday everywhere, we have to arrest criminals somehow. A cyber-criminal group has hierarchy structure like this. They have no border between the countries, and there are lots of layers of criminals with various roles, such as bosses to money mule.

Each of them has no acquaintance at all, and they have different nationalities. This is a typical feature of cyber crime. Generally speaking, as a big boss is crazy like a fox, we have to trace crime from money mule to reach out to the big boss. Obviously, we need to understand their languages including slung, and getting familiar with their habits and cultural background, otherwise it's impossible to clarify the whole picture of cyber crime.

I think it's essential for us to work together to fight against the cyber crime; that UK represents Europe to be a contact point of EU, and Japan represents Asia to be a contact point of APAC. Providing leaderships in each geographic area and share tasks in each respective realms of expertise to fight against the cyber crime. This is 1st suggestion from me.

Now, How do British and Japanese government try to handle cyber security? I have summarized the timeline of cyber security history of both countries. Around in 1999, both countries started from establishing a guiding principle; to become 'the most secure country in the world'. I assume they both knew that there would be big opportunity and

possibility of future Internet as a market place. Sooner or later commerce comes on stream on Internet, and who would wanna miss the future business opportunities?

Before long, Internet became infrastructure of our life. Internet is not just a place of e-commerce, but also infrastructure of living. After a short time, cyber security got to be recognized as an infrastructure to secure living of their citizens at the same moment.

Interestingly, these historical events occurred in UK were also taken place in Japan after 2 years. It's good for Japanese government to watch and learn current UK circumstances for future strategic operation and political implementation.

Let's spot cyber security strategy UK and Japanese government enact.

Left side is British one and right side is Japanese one. They both use the same colors; blue and white, well it seems like UK and Japan must have a chemistry. I can tell you that both countries are getting along well.

Anyway, let's see the contents in details:

In British cyber security strategy,

- Making the UK one of the most secure places in the world
- Making the UK more resilient to cyber attack
- Helping shape an open, vibrant and stable cyberspace
- Building the UK's cyber security knowledge, skills and capability

Hmm... Excellent strategy.

Now, look at the Japanese's one. I was amazed that it was almost the same as UK's one. I mean some items represent exactly the same context, and I found exactly the same terminologies are used in some part. I cannot help but wonder that it was created by copy-and-paste. What close countries! There is no reason not to work together!

To sum up their strategies, capacity building and information sharing are essential to create resilient and vibrant cyber space.

Firstly when it comes to 'Information Sharing', I'm afraid if I should say this, but it wouldn't work. The reason I think is that there is nearly no information shared from federal government to private sector, regardless of what they say in their guidelines and official documents that 'information sharing is very important'.

Information sharing must be bi-direction in mutual basis, however it's always one direction, and obviously it wouldn't last long. So, what should we do then? If you need information, you should come to on-site and say, "Hey give me that information here and now".

I strongly suggest establishing staff exchange program between UK and Japan at government level and law enforcement level. It will definitely help developing better and proficient communication infrastructure for efficient information exchange. Next, How can we achieve 'Capacity Building'? We have nothing but practical exercise. We should experience real and latest hacking attack and defense as much as we can in prompt manner. In both of countries' Cyber Security Strategies, I can see that they already have been doing practical exercise.

'Cyber Security Challenge' in UK, and SECCON in Japan. In this exercise, we defend and attack at the same time. The best way to learn effective defense is to know crafted attacking methods, and vice versa.

The topnotch practical exercise in the world is DEFCON CTF, which is held in Las Vegas every summer. As I was qualified for the final of DEFCON CTF several times over past

years, let me show you why the practical exercise is necessary. This movie represents visualization of how the final is played.

There are a huge number of things we could learn from such a practical exercise like this. I have never been to real battlefield, but got practical advice from US ex-army that I have found out that the final is similar to real battlefield. Nobody on the earth has experienced actual cyber war. Once it happens, there must be a series of unexpected incidents that could easily cause panics. When it comes to chaotic situation like this. It's important to spot who is reliable in such situation. To become capable to take the appropriate measures against those unexpected occurrence is the primary purpose of this exercise, I believe.

As far as I know, there is no British team which was qualified to DEFCON CTF. I would like to recommend the champions of UK Cyber Security Challenge to participate in DEFCON CTF, and someday in near future, it'd be great if I could play DEFCON CTF against British team. By the way, I have heard that London Olympic cyber security team repeated an exercise 5 times, and truly hope that London Olympic cyber security team would share their knowledge and experience to bring Japanese Olympic cyber security team to even higher level.

Let me show you some more malware, other than money motive but made by nation states. Some of you may have heard of Stuxnet. It was made by NSA to attack Iranian nuclear facilities. This incident was then respected as the president Obama's achievement to appeal at the upcoming re-election.

Next one is so-called Bundes-trojan. As German Law Enforcement already acknowledged, they bought this malware for 2 million Euros and its purpose was to monitor suspects.

Last one is British malware; so-called Regin was made for attacking Belgian ISP. How come British government needed to attack Belgian ISP? Apparently they wanted to gain control over mobile phone communication. How was the result of the attack? They are proudly appealing the success by using word-art "SUCCESS" in their slides. I know how they excuse. They would say it's to save their citizen from the threat of terrorism.

It sounds like acceptable reason. Most of you may consider that balance between security and privacy is difficult. That's true. That's a complicated problem. This, however, is not a simple privacy problem. Because they violate victim country's law, they are attacking other country.

Even though there is a good cause, it's absolutely an illegal activity for mistreated countries. It may be no exaggeration to say that the United States and the United Kingdom are playing a principal role to lead the world. If they violate a law, what do other countries think? Some countries may follow US and UK after all. As a matter of fact, many countries such as Germany, Russia, Tunisia, Egypt, and Iran have created malware. As far as I know, Japan has not created malware yet, though it's very likely that they have created malware. US and UK have to create more sophisticated malware to stay competitive among other countries.

When will this competition be over? And what is lying ahead? This is literally cyber arms battle.

Even though arms race gets bigger and bigger everywhere, we shouldn't become pessimistic, because we, as a mankind already know the action we are supposed to take to stay away from cyber warfare. We have already learned from history. It's simple just put our effort for disarmament. As most of country are heading to arms race, I know it's very difficult to take such decision. But some of us have to rise at the forefront to start

embracing arms control. It's possible for UK and Japan to be the first country. How do we start disarmament?

We have too many things we have to do when starting disarmament, for example technology evolution, worldwide cooperation, international legislation and so on. What's essential is that we have to do them according to the law. "According to the law" This is my final suggestion.

I am not saying to the criminals, I am saying to the governments.

In conclusion, my suggestion for UK and Japan to prevent cyber war is to achieve these 4 approaches. This may be just a starting point, but to be honest, these 4 approaches lead to this concept:

CBM, Confidence-Building Measures. This is originally military or political concept. As you are probably more familiar with this terminology than me, in a nutshell, CBMs are to build confidential relationship intended to avoid conflict. Transparency and cooperation are essential to trust each other and to be trusted each other. Historically, this concept was emerged after Cuban Crisis.

Some of you may recognize this red phone, this red phone was placed as a hot line between the United States and the Union of Soviet based on CBM concept to prevent a war. I truly hope my suggestions today would lead us to build confidence and become capable to work like this red phone in cyberspace.

Thank you for your kind attention.

## **Adrian Nish**

Associate Fellow, RUSI

Thank you very much Bruce. I have a real dilemma about whether or not to switch on my laptop sitting in between Daiki and Bruce at the front here but I am going to take a risk. So, yes, thank you very much for giving the invitation to speak. As an aside, I am an associate fellow at RUSI and specializing in cyber security. My day job is actually I am a head of a cyber-threat intelligence team at BAE Systems, the UK's largest defense company. So we get very good insight into attacks both on UK networks and networks of many organizations that we defend around the world.

So, today, I am going to give a brief presentation on cyber security, some of the challenges in the domain, some of the examples that we have seen recently that we can't bring to life a bit. I will close with more so on opportunities that we have, to kind of address some of these challenges, particularly around international engagements, that's my topic for this session, and a strong strategic relationship between Japan and the UK.

So, you probably are all familiar with cyber. I don't believe cyber needs much of the introduction anymore. But it is worth reflecting on just how much it actually impacts our daily lives. So, it is transforming people's social lives quite dramatically, 17% of the world's population have a Facebook account. In the US, apparently last year, one-third of people who got married actually met online. It is transforming pleasure and banking as well as you can see and transforming business. So, Amazon, one of the largest retailers now in the world has grown dramatically fivefold in recent years. But the one I love is Twitter. Twitter is valued at \$25 billion US and that is 1-1/2 times what BAE Systems, the company I work for, is valued. And BAE Systems makes a lot of stuff. They make tanks, they make fighter jets, they make aircraft carriers. They make nuclear powered submarines. What does Twitter make?



**Male Participant**

Conflict.

**Adrian Nish**

They have a website. There is a company that has a website and they are valued hugely. But we do use Twitter. I use Twitter every day. Actually, it is one of my sources of cyber intelligence. Anybody have any idea of where this photograph was taken? I will give you a hint. It is inside the London office of a Japanese company.

**Male Participant**

Sony.

**Adrian Nish**

Sony, yes. So, this picture was taken inside Sony. Somebody was in the lift and there is just this picture, thought it was amusing and put it on Twitter straightaway. And not something Sony probably wanted people knowing about. This naturally commit the end of what was the large attack probably conducted by the North Koreans or at least North Korean Government has some responsibility for it. US government has come out quite strongly pointing the finger at North Korea. They have even introduced sanctions against North Korea. So, very serious stuff, very serious attack that became an example of some of the issues we face in cyber security today.

Twitter has also found a good use in uprising as it has been used to, for example, in the Arab Spring to organize riots on the streets and it is also a target in itself and I will come on to another example later of that.

Why is cyber so hard to secure? Why is it different to some of the other domains? One of the key things that is different in cyber is anonymity. Anonymity is built by default on this to a lot of things in cyber and this means that the risks for people are low. So, the risks for attackers are low and the risk for individuals. You can make a remark on twitter anonymously, you can abuse a celebrity and get away with it and this is quite different to how we behave normally in a physical space.

Also, the internet is borderless, so there are jurisdictional issues. Even if we identify who is behind the cyber-attack, we can't necessarily arrest them. They might be operating from a relative safe haven for example. By its nature, everything is virtual. So, you can fake things. You can make something look like a legitimate email coming from somebody that you know and you can trick somebody into clicking on an attachment or putting out passwords to allow access.

Can security be automated, so can be hired and somebody creates the capability to conduct an attack, it is very easy for them to then scale that, reap greater rewards and so on. Infrastructure is weak as well. And there is a big problem with abandoned websites, abandoned servers. And these become homes for attackers. They can launch attacks from those abandoned websites on unsuspected targets. And again, this is different in physical space. If you are in a town, we can see that there is an abandoned building; but in cyberspace much more difficult to spot abandoned servers and this is again a security issue.

Last point is kind of complacency, people thought they fixed this 10 years ago. A lot of companies that we speak to, they think right, this is cyber problem, well we have got antivirus, we have got firewalls, problem solved. It is a bit more difficult than that now. Unfortunately, a lot of organizations recently are waking up to this and thinking they need to come to a new approach about how they tackle cyber.

So, all this would not be a major problem though if it weren't for the actual actors, the bad guys in cyberspace who are conducting attacks. Broadly speaking, they fall into three different categories: criminals who are motivated by making profit, same as in the physical space. And these are the majority of what we see in cyber. Day to day, most attacks that we see are criminal based attacks. And this has really developed quite a lot in recent years. So, there has been an industrialization of cyber-criminal activity. It is a specialization in things like writing malware, in creating exploits, in distributing malware and also money laundering, so taking the money out and cashing it out.

Next category is the cyber activist. These are people who leverage cyber space to draw attention to some particular cause. It could be a personal thing they have or it could be a geopolitical issue that they are attached to. But they hack websites, they steal people's logins to Twitter and so on and they post messages, whatever that particular cause is. They get further attention to that. And we have seen this recently with examples like the Syrian Electronic Army. So, this is a group that are aligned to the government of Syria and they hacked western media just to promote the message of the Syrian Government essentially.

And they have been quite successful. They have got into The New York Times, The Financial Times, even the BBC.

And then the final category are the cyber spies. These are the people who are perhaps full-time professionals working inside maybe intelligence agencies or even private investigations. The key point with these guys is that they are hired by somebody else to go after something. So they have a specific mission, a specific target. And these are often very difficult to defend against, so they use bespoke tools, things they have time to write themselves, deploy once it gets to target and then write another tool for the next target, so very, very difficult to fight against.

So, I am going to give a few examples of these attacks with these different types of threat actors. And the first one I have. This is a cyber-criminal campaign and this is one that we actually investigated in BAE Systems. This was the graphic that we used to kind of describe it that basically what this operation that we worked on, it was about disrupting the activity. So, we knew probably we weren't going to be able to arrest the criminals behind it but by working together with others in the community we were able to take down several of the key components of that attacker's criminal content.

So if I just walk through the diagram, at the top there in the middle is the criminal group and these are people who write malware like Daiki showed earlier, the actual kingpins behind it, the people who are organizing it, people who recruit what we call money mules. So these are individuals who will be used by the criminals to cash out the money and transfer it. And this is effectively money laundering. There is also the malware that they create and this particular malware was quite sophisticated. This was able to evade all of the antivirus engines. They then have infrastructure that they use, so websites, some of them compromised legitimate websites, some of them servers that they have helped their friends with hosting. And they have a pool of victims as well. So, there is the actual banking users who get the malware on to their machines. There are the owners of compromised websites. The money mules are also victims to some extent and the financial industry who ends up picking up the bill for this activity.

On the end site then there is another set. This is the collaborative set, so the ones who are trying to handle the problem. So, on the top left there you have the law enforcement community who are chasing down the criminals and they are working closely with the banks to get their intelligence. You also have some agencies who are working with the victims and these are computer emergency response teams, people who help victims of cyber-attacks and they are often government agencies.

And then the security community, so the antivirus industry, ourselves and other security companies who are able to tackle the malware and tackle the infrastructure. Infrastructure is often owned by industry. That is why they are best place and able to actually do something about it. So, thankfully this by cooperating in all of those groups and coordinating we were able to do a takedown at the same time. And this disrupted the criminals so much that we actually haven't seen any activity from them since a successful operation, even though we didn't manage to arrest anybody there were a lot of chip and chaps and decided that cyber-crimes stuff was too difficult.

The next example is actually relatively recent. I changed my slides at about 10 o'clock last night because this is from yesterday. So, this is the Twitter account of the US Central Command, so one of the main military commands in the United States. And somebody probably lost their password for the Twitter account. The attackers managed to get that and this attack group is aligned to ISIS and other movements in the Middle East and they call themselves the Cyber Caliphate. They are a relatively new operation; they have only been in the scene about a month. This is quite a significant attack that they have managed or a victim that they managed to get. The technique for these attacks is not particularly sophisticated. It is relatively easy to do it but this is clearly very embarrassing for the US Military.

So, in cyber espionage space I wanted to use this example. So, this was the story from November on a set of attacks called the Dark Hotel campaign. And this was actually published by Kaspersky, but you can popular already tell there is a bit of a Japanese theme here with the pagoda and the mountains. This particular attack, the way it was working was an attacker has compromised the Wi-Fi networks of a series of luxury hotels and they were using these Wi-Fi networks to install malware on to the machines of executives who were visiting those hotels so they could see when the executives were logging into the Wi-Fi and they would simply pop up a message saying you need to install or update your shockwave flash. And this install button made you think it is really installing the legitimate bit. No. This is actually installing the malware. So, it is a very simple trick. Once the attackers have access to the Wi-Fi networks, they can trick somebody into installing the malware on to the machine. And the malware gives the attackers remote access to that machine but also when that executive connects back into their forward network, they have access to the full business network.

And interestingly, with this particular attack, when Kaspersky did the stats on who was the most targeted, there was quite a strong preference for Japan in the attacks. So I don't have to rely on my training in stats to tell you that is probably statistically significant, and they were very interested in Japan.

So, this is clearly quite a new type of attack. It is serious both in terms of the targets they are going after but also the fact they managed to get access to hotel networks to be able to do this. The report doesn't really go into attribution. It is not Kaspersky's style in general to do that. But it does seem to suggest the activity originates from another East Asian country and not one of the usual suspects either interestingly. But it is a great example of the evolving threat to businesses and to Japan in particular.

Okay, so attribution is a little bit difficult in cyber and this has come up in the recent Sony case quite a lot. There has been a lot of criticism of the US Government for the way they handle, pointing the finger at North Korea but not producing much evidence to back that up. Naturally, they have a lot of classified sources for this.

There has been others in the security community who have come out with various contradictory pieces of information. And the challenge is a little bit like the blind man and the elephant. Some people have different information, different observations.

But by not putting them all together, we are not quite able to see the big picture; hopefully I would imagine that the US Government should be able to do that already. But a good example of this would be IP address. So, people often think if the IP address is geographically in that country, well that country must be responsible for that attack. But the fact is that it is too easy to use proxies in cyberspace, so you can proxy your attack by another country very simply.

But something we can do with IP address is we can track them. So, we can track how that IP address is being used to attack people. So you might see one week it is being used to attack a UK defense company for example. We might see the next week it is being used to attack a Tibetan dissident, and then the following week it is used to attack a Japanese company. Now, just that IP address on its own is not much information but by tracking all of these different attacks and who they are going after, it tells us a bit more about the attacker. So, this is kind of where the art of cyber intelligence comes in and why attribution is important.

So, finally just the points on opportunities, I think echoing a little what Daiki said in the previous session. So, as I mentioned earlier, there are lot of challenges in cyberspace at the moment. Some of these have technological solutions, so defending against automated attacks with automated defenses. Some of these are policy solutions like forcing more regulations on ISPs and hosting providers to improve security of websites, allow you to have more abandoned websites that can be used to attack us.

But some of the challenges were also social and cultural, so improving user awareness and finding the balance between security and privacy.

Governments have an opportunity to lead by example; for example, investing more in R&D and skills. Again, like Daiki said, sponsoring some of these cyber security challenges for people to get involved in. And also best policy and practice is practice exchange and permitting relationships between some of these communities that share information and some industry bodies as well.

I think as Daiki echoed, there are challenges around how governments use cyberspace. So, we need to careful that governments don't abuse cyber for their own ends. There are countries with many different views of what is world order at the moment and naturally these are arriving at different norms in cyberspace. Certainly, there are differences between how Russia, China, and the West view how cyber should be governed. These issues don't exist in a bubble either. So, often they are tied into other geopolitical issues at the moment. I think we are arriving at some sort of universal norms like you should not attack a nuclear power plant, you shouldn't attack a hospital, these are things everybody can agree on. Certainly cyber crime, everybody can agree that cyber crime is just a cost and we can cooperate there.

On the point again, so cooperation and collaboration in cyber crime is an opportunity. It is a big challenge for law enforcement at the moment, but again they can become more intelligent for that and use them to tackle both cybercrime and tradition organized crime even more. Law enforcement don't own the problem, a lot of this is within the industry as well. We have access to hosting; we have access to systems that can defend against cyber attacks. So, industry and law enforcement need to cooperate as with the slide I showed previously.

Finally, securing cyberspace is a bit like hitting a moving target at the moment. Cyber is constantly evolving. So, we need to be mindful that being agile is very important. What worked 10 years ago, for example, against viruses, and firewalls were built to defend against doesn't really challenge us much anymore. We have got different issues now that we face and so we need to be constantly evolving to keep up with this. But I

am optimistic; we can win the battle for cyberspace and win the war. So, thank you very much for your time and I will be happy to take questions during the question and answer session.

## **【Session 4 : Industrial Co-operation】**

### **Masakazu Yoshida**

Director-General, Ministry of Defense of Japan

Thank you very much. My name is Yoshida. I am very happy to be here because first RUSI Dialogue 2013, I was also there. First of all, I want to make a follow-up or progress report from there. First of all, December 2013, Abe administration firstly formulated the National Security Council and issued the National Security Strategy as many speakers have told that "Proactive Contribution to Peace" is the main theme of this strategy.

Prime Minister Abe thought that equipment cooperation and technology cooperation is one of the tools to realize this "Proactive Contribution to Peace." Then April 2014, cabinet decided new principle, "Three Principles of Transfer of Defense Equipment and Technology." As Minister Onodera said, if such transfer contributes to the Japan's National Security, Japanese government could allow such transfer under new principle permit and transfer which contributes Japan's security and some important member of the UK key eye after the third-party transfer issues include such issues, now Japan based on the international rule, very similar rule to the UK, I think, could transfer such technologies with power plant companies.

Then last year June, we JMOD, Center of the Strategy of Defense Production and Technological Base, under the Ministry of Onodera and this strategy clearly puts the international joint development and production of all the option, all acquisition on defense equipment. And we are waiting with policy change rapidly and further enhance such policy changes we plan to set up a new agency Acquisition, Technology and Logistics agency coming this October.

I want to summarize the cooperation with United Kingdom. As Mr. Onodera mentioned, July 2013, this government-to-government framework agreement and this is the first case except US. And based on this agreement, we already are developing the two projects; one is Chemical and Biological Protection Technology started in July 2013. Another is, last November regarding the feasibility study of Joint New Air-to-Air Missile. And to promote such cooperation, last July we set up the government-to-government cooperation steering panel at the Director-General level.

And opposite to defense industry cooperation, we have limited experience but based upon such experience I want to find maybe three approaches could be suitable to enhance our bilateral relations, one of the upgrading existing cooperative relationships.

This is a famous story in Japan, and Rolls-Royce has a good relation with Kawasaki Heavy Industry regarding the shift engine. And last October 2013, KHI exporting spare parts to the spare engine to UK based on the license of Rolls-Royce. This is one of the examples of upgrading existing cooperation.

Second is competitive mutual strength and this case is first CV protection and Japan has the strength in the material in the textile and I do not elaborate that in detail, but Toyobo

has a good experience in the commercial areas applying the so-called dual-use or civil technology, we can enhance the cooperation relationship.

This is the second cooperative project. We know Meteor is a very good sophisticated missile, especially its feature is the active engine, and we think that if we combine the Japanese radiofrequency seeker, this Meteor improve its capability suited for the F35 fighter airplane.

Anyway, Japan has a strong strengthening of material and devices. This is one of the cutting-edge devices value united technology, this is Fujitsu and Mitsubishi Electric has competitiveness in the world market. We are now discussing with the cooperation between UK industries regarding the key components.

Lastly, in tackling with the common significant challenges, Minister Onodera mentioned about P1 MPA, Japanese MPA. As Onodera mentioned that UK and Japan faces the same security concern and Japanese maritime patrol aircraft P-1 started as important equipment for the current surrounding such security environment.

I want to little bit elaborate the characteristics of the P-1. This P-1 is dedicatedly, specifically designed for maritime patrol purpose and successor of the P-3C and outstanding capability of P-1 is flight performance. P-1 has large wings, large wings mean that this P-1 can fly slowly and very low altitude, and that means close surveillance could be easy.

This P-1 has four turboprop engines and that means it can fly faster and higher than P-3C. This P-1 has a large cockpit windshield and the double windows. You can see the slide, this is a large cockpit windshield and double window is the background. That means I already said that specifically designed for maritime patrol purpose, that another aircraft cannot have such features.

This makes it look a bit more efficiently and P-1 also has Tri-Service Radars and magnetic anomaly detectors and this includes the submarine detection capabilities.

Finally, I want to summarize how to enhance the industrial level cooperation. I think that there are three ways. One is political leadership. As I said, Japanese industry is not so familiar with the international market and the defense equipment dialogues with European counterpart. So it is important to have political leadership or political commitment to push the private sector forward. And today's RUSI's dialogue, former minister Onodera was here and President and Vice Parliamentary Minister Sato is here and next week we have our first "2+2 dialogue" in London. At that moment of the political push the private sector, and private sector can feel more easy to discuss about the cooperation between UK counterpart.

Second one is D2D dialogue, as I said, equipment cooperation could be admitted in the case of such project contribute to the Japanese security. But in private sector usually it is very difficult to judge this project could contribute Japanese security or not. So, Japanese government should guide or should give advice to the private sector and we already set up Japan-UK cooperation steering panel and through this panel we communicate with the private sector and we can make a good atmosphere for the cooperation.

Third point is promote global understanding of Japanese industry and Japanese equipment. Two years ago, Vice Minister Sato was the first attendant and Fujitsu was the first company to attend the DSEI in UK. And this year, Japanese government planned to set up the government booth and I hope many Japanese companies including Fujitsu and other companies also set up some attractive and charming booth in the DSEI,

and disseminating more useful information on the UK counterpart. That is my short presentation. Thank you very much.

## **Michael Keegan**

Chief Executive Officer, UK and Ireland, Fujitsu Ltd

Thank you very much Professor Taniguchi for your kind introduction, and it's a great pleasure to follow previous speaker. I wanted to talk about Fujitsu's perspective on the industrial cooperation between the UK and Japan. I think probably the best way to summarizing that is to say that, Fujitsu I think uniquely almost as a company to [unclear] the essence of Japanese-British collaboration, think of the roots of the modern Fujitsu after Fujitsu bought the British technology company ICL nearly 20 years ago, with its heritage of providing technology services to UK armed forces and the UK Ministry of Defense.

So, I wanted to talk about that. But in order to do so, I thought it would be helpful to tell you a little bit about Fujitsu itself as a business.

We are a \$54 billion turnover company that was founded in 1935, headquartered in Tokyo and quoted on the Tokyo Stock Market. But our presence here through our ICL heritage and through the business that we have built in the intervening years has taken Fujitsu in this market to a \$1.8 billion turnover business, employing 14,000 people in the United Kingdom and the islands of Ireland.

That part of our business interacts with the Fujitsu global organization as you can see represented here, and which really comprises three main capabilities in our business: our global delivery centers, which I'll tell you a little bit more about, where we get work done at the most cost-effective rates; our integration services capability in terms of our solution on software, on middleware and on networks; and then our service platform or product capability where Fujitsu provides a full range of IT hardware platforms and service to which we will [unclear] client computing devices.

As you can see from this slide, Fujitsu's world-class delivery capability sees it being able to operate in many, many markets around the world that has global delivery centers that are specialized in these locations together with its very significant presence in the UK market and a lot of presence in the Japanese market.

But I wanted to spend the balance of my time here really talking about that intersection between Fujitsu and defense, because I think we have some great insights from being a Japanese-British company that we can offer. Today, we have in Fujitsu 3800 staff working in 36 countries providing solutions to the defense and national security organizations. That business represents to us in an economic turn revenue of about £1.2 billion per annum. And indeed in the UK, not only do we provide services to the Ministry of Defense and we have a lot of security cleared people, but we actually have 98 campaign medals that we have collected from serving in recent conflict theaters in the UK.

If you take our business globally in the defense sector, it's about \$1.2 billion. If we were a defense contractor in the top 100, we would rank number 75 in the list. So although we are a full service global IT company, our defense vertical is very important to us and very scaled. And it really focuses on three main geographies where we have very significant presence, and those are Japan where our defense systems unit as Yoshida-san has said, has an over 40-year relationship with the Japanese self-defense force, in the UK and Ireland where we have a 50-year relationship with the Ministry of Defense and other agencies of government who tend to live in the west. And in

Australia, we have a 30-year relationship with the Australian Defense Force and security organizations.

And so, having these longstanding relationships and this big capability in these individual marketplaces, we took the decision in November 2011 to form a global defense unit for our business, which is led by my colleague, Tim Gibson who is in the audience, from the UK and Ireland team.

Now, we chose a UK and Ireland team in the global company to lead the defense business, really due to our market to position in the European markets because the UK is the second largest defense market in Europe, and also because we thought that that is a great place to be in order to manage our business ambitions to penetrate the US defense market, but also in terms of the time zone positioning to Asia and to our parent company in Japan.

And since the formation of our global defense business, we have made an acquisition in the US which I am going to talk a little bit more about in a moment, and through the "Five Eyes" agreements we have and with NATO countries, we've made a great deal of progress in providing solutions that we have developed in the United Kingdom and Australia to serve in other countries. And I think that this working together in my business on a global basis in the defense and national security vertical gives us a really solid foundation for the opportunities for UK to Japan business and indeed Japan to UK business that I think we will see coming out with a new political landscape that we will see develop in terms of Japanese-British relationships.

So, as a result of global defense unit and our global defense offerings portfolio is expanding, the UK's latest secure working environment solution which was initially developed for our Ministry of Defense is now being promoted globally and we've had strong traction both in the US Department of Defense and with the Australian Defense Force among with a number of other NATO countries who are making inquiries about it.

This follows the successful delivery of our ongoing support for UK on the ship computing solutions implemented not only in the Royal Navy but now in the Dutch Royal Navy and the Portuguese Navy.

And for a Japanese perspective, in Fujitsu Japan, we are looking at enhancing a laser-based training solution which is implemented with the Japanese self-brand defense force and indeed we are having interesting discussions with the UK army and a number of police forces and two other major countries on this particular solution.

And as Yoshida-san has already mentioned, we have got a new array of gallium nitrate chips which are being used to enhance future research and development with our radar electronic warfare aircrafts.

So, we do as a business have a number of great examples both UK and Japanese solutions which we are expanding and bringing to other markets around the world. And indeed not only are we limited to Japan, United Kingdom, Australia which you can see from this slide, but we have a number of other defense businesses that are running where we are actually reusing a lot of the solutions that we are developing together in this way.

Last year, we completed the acquisition of GlobeRanger in the United States to started building capability there. GlobeRanger is a leading RFID Edgeware solution provided in the software space and that enables us to provide very secure goods tracking and transit visibility, particularly for components in very secure capability for military which need to have their problems checked and to be able to see exactly where they are in the solution.



So, this gives Fujitsu now a bit of a footprint in the United States and we have a number of customers including the US Department of Defense and we are enabling with this solution 650,000 US Department of Defense transactions a day.

So what are the actions required for a successful relationship between the UK and Japan? And I have really got three things to say here from a people perspective. And we've certainly got innovative people and they are great for collaboration, but in order to make sure the collaboration works in practice, we need to agree between the United Kingdom and Japan a common security clearance regime that everybody will be able to subscribe to.

On information, we need to provide information to each other but we need to agree protocols on how information is used, how information is best secured. On technology, we need to collaborate, but we will potentially get inhibitions from sacred cows where individual countries and organizations want to protect certain things in particular.

So if I could just finish off by saying, I think and Fujitsu thinks that there is a lot of significant potential mutual benefit from cooperation in this market sector, and it's the right thing to do to invest in this collaboration. Increased collaboration will bring with it a sharing of information insight between the UK and Japan and that will reduce the cost of research and development for both countries at an industry level and at a government level. Such collaboration will also give the ability to leverage common solutions and that will reduce the time to market and potentially help us act in a more agile way to make the world a safer place. That ultimately is the goal of all of us in this room today. Thank you very much.

## **Professor Trevor Taylor**

Professorial Research Fellow, in Defence Management, RUSI

We are on a strict 10-minute schedule here in order to allow time for questions and discussions. So, what I am going to jump to is essentially what I have called a force-field analysis to try to look at some of the pressures for and against or possible pressures against the future collaboration and taking up really where Michael has left off.

I think the starting point that we all recognize is that the gate is now open, the door is open because Japanese regulations have changed, and Japanese law and policy have changed. So the door is open. The issue is, is anybody going to walk through it, so how many people want to extent will walk through it.

We've heard already significant amount about Japanese and UK similarities, island states, trade dependence, history of effective cooperation a long time ago, but as we have seen, still remember in Japan, so those are very positive. Probably Japan and the UK reached the point where in terms of defense acquisition, certainly we are familiar with Churchill's observation that democracy is a terrible system, it is just better than any of the alternatives. And in terms of the acquisition of defense equipment, natural developments are horribly expensive. Buying from somebody else has all kinds of negative implications and the third possibility is collaborating to develop something yourself.

All of those have got the disadvantages, we fear from one to the other because we see them [.....]. Probably we've all reached a stage where we see that it maybe work reasonably, collaboration among countries of a similar size and technological capability is the least unappealing choice.

So, those are all positive things that we could point to. What I would caution and that I think in the UK the state of mind at the minute is that there is a preference for collaboration only if it's going to work smoothly and quickly and well; the notion that collaborative projects are terribly slow, badly managed and so on. Indeed there is a great awareness of this. There is a preference for collaboration with a relatively small number of partners and where there commits certain confidence that decision-making is not going to be terribly slow. SO, the UK is I think wary about getting into collaboration unless we are on the right side.

Another problem that we have to recognize is that although we may be able to identify something, and the air-to-air missile and the maritime patrol issue are two, but there isn't really a mechanism for the UK and Japan to explore how their future requirements are going to be common. Basically, the circulatory requirements is extremely interesting but I know have anyone deny that if you were looking at a new infantry vehicle and you had 100 soldiers in the room and you locked them away with the same information package, they will come out with the requirement for a new military vehicle.

If you divide them into two groups of 50 and go involve the information, and lock them away in the room, they will come out with two different requirements for a military vehicle because they will make different judgments. So if UK and Japan are separately articulating their requirements, the chances of getting common requirements are reduced, so we don't have a mechanism yet for talking about shared requirements.

The next point I want is that Japan has relatively little experience and I don't know or maybe does not have so much understanding of collaboration. In my 10 minutes we've got an opportunity this afternoon to take these things further. But there are a lots of details about a collaborative project which have to be settled, and some of those are extremely sometimes testing including export issues in terms of which you can withdraw and so on. So, obviously the UK has done a lot of collaborative projects, it knows this agenda pretty well, I don't yet know if Japan understands the type of things that have to be addressed.

When I talked about the management arrangements, I just put this as the – I can see right here this smiley that this is the management arrangements for that the setup for the Eurofighter and basically they are ponderous – in my 10 minutes, I am not allowed to talk about it.

The next item in my force-field as it were is that the company's concern – when you look at European companies, they know each other well, they are by and large significantly multinational businesses. We have Thales, Rolls Royce is a British company, we have [.....] also British Aerospace. These have got long dealings with Airbus and so on. Japanese companies yet don't have the personal links with the exception of Fujitsu. Fujitsu is extremely interesting case in the whole of Eurasia. The personal contacts are not yet there that make collaborative projects work easier.

And you talk to anybody who has worked in the aerospace business and they will tell you that the Tornado was actually developed with rather different arrangements than Typhoon in the sense that when Tornado was being developed, people were relatively new to it, everything was done by letter, everything was done in writing. Because people knew each other by the time they got to Typhoon, at least some of the business could be done by telephone, by word of mouth. It is quicker.

Now, those kind of personal contacts are not yet there and we can add to that I think as a very significant difference that as I understand the Japanese acquisition system and the Japanese defense industry is built on the basis that the government has worked in partnership with these large enterprises in Japan with which there is, if you like, how can

I put it that, common sense would be Japanese and common sense with Japanese purpose.

Defense companies in Britain are used to a much more competitive and demanding environment as far as cost is concerned and meeting these two different cultures is going to be something which will take effort. None of these things are insuperable as long as people go into it with their eyes open.

The last two points that I'd like to make on this is two elements that I think that how will the United States responds to this, how will the United States respond to the prospect of significantly increased collaboration between Japan and the United Kingdom on defense equipment? We could say, well, we don't know. We don't know. But my guess would be simply on the basis as an expression in American politics is the economy student. When we are talking about things that are not world crises, they are matters of economic interest, generally speaking, I expect to come out of the US government that which favors US industry.

And this does not particularly favor US industry. So, I would estimate that if this kind of collaboration goes ahead, then there will have to be a readiness to talk through and a readiness to deal with the United States.

The other issue is China and Japan, Chinese-Japanese relations, UK involvement with Chinese-Japanese relations. How will people in the United Kingdom react if they feel that broader UK trade with Japan is going to be disruptive by defense association. So UK will be trade and China is affected by defense association with Japan; again, an issue that has to be addressed. I don't think it's unmanageable but it's certainly a question that people should be aware of.

So, I think as we look forward at the prospects, I can see these different pressures, these issues that have to be addressed obviously in many ways and I think it will come out this afternoon. And technologically and in many ways politically UK and Japan have got real potential to become extensive collaborative partners if indeed that's the way Japan wants to go. But we need – anybody will tell – a defensive strategy means not just a sense of where you want to be but a sense of how you are going to get there and that involves identifying the obstacles and having some sense about how they are going to be overcome.

The small steps which we've heard about initially make sense in terms of the issue with Meteor-improvement of Meteor. But incidentally, that's going to raise issues about how the UK and Japan collaborate with the United States on the F-35 because this missile is going to have to be integrated on to the aircraft, that might prove problematic. So, maybe we need a flagship project before too long of a collaborative nature which we should recognize will be a learning experience for both of us. I can't say what that project would be but that would be a helpful thing. And with that I conclude my part.

## **【Session 5 : Trilateral Co-operation】**

### **Masafumi Ishii**

Ambassador to the Kingdom of Belgium, concurrently Representative of the Government of Japan to NATO

Thank you. Good afternoon, and the worst thing you can do is to put you in the last session, particularly after lunch, so I am not in a particularly lucky position. But this

time I am lucky because I am the first speaker in the last session. So, my task is to give you the overall perspective to lead you to understand the necessity and rationale for having three trilateral cooperation and then actual with the two experts we will talk about more details on the ground type of cooperation items. And I will try to do it in a way as the first speaker Rory, a member of the parliament in the first session mentioned, frank and critical way.

And I am a bit surprised to hear how less – I mean, we haven't spent too much time on talking about China. In my mind, China is the big elephant in the room. So, I will try to talk a little bit about China and then shortly be followed by Peter. And basically my starting point is that without the trilateral cooperation, security force will likely [...]. There is some reason for that.

Now, before explaining the rationale for having trilateral, I have to give you the sort of overall framework of thinking on the part of Japanese. Number one will be the most difficult diplomatic challenge for Japan has been and will continue to be China. Number two, China is too big to contain, as we discussed, and what Japan has been doing in the past 2000 years is to just shake hand with China smiling, establishing mutual beneficial and prosperous relations and will continue to do so. So, I think stable and prosperous China is the best China for us, easiest to deal with, can get the best benefit out of it. So, we have no intention to bring about confrontation or conflicts or whatever. That is what you should bear in mind.

Number three, but you can't shake hands and smile with China by engaging, by being nasty to China, only being nasty to China. We have to be nice to China, and I think you have to have your backup, try not to create battle.

So, how could we do that? How have we been doing? Based on the alliance with the United States as backbone of Japanese security force. And with that in your backup, we shake hand and smile, but bottom-line we don't want to be told by China what to do. That is why we need the United States behind us. So, now the last point is that I think this basic framework will continue to be valued at least for 15-20 years, but now that the relative strength or relative supremacy of the United States is definitely in decline because United States has been caught up by China Rising. So, that means if you want to maintain the same amount of deterrence by maintaining alliance with the United States, you should be able to do more. Japan and other likeminded countries have to be able to do more and that is where the trilateral comes in.

We used to use the hub and spoke model. I will show you the hub and spoke model in describing the security infrastructure in Asia. I don't think there is anybody talking about hub and spoke nowadays. Instead, we are talking about network or trilateral. Rather than having US-Japan, US-Australia, you create a missing link; I mean you connect the missing link between Japan and Australia. That makes the interoperability more solid and vocal perhaps. So, that is the additional value we seek by creating trilateral.

And I think finally I would argue that we can do the same with perhaps some of the European countries and UK should be most top of the list.

Now, based on this slide. In the sort of overall global picture there aren't so many pillars for stability. I think there is obviously USA, Europe; sometimes Europe can be a very destabilizing factor in history, and Japan and other Asian democracies. And if you look at the triangle, USA and Europe has created NATO, Japan and United States have created alliances, and there is a missing link between Europe and Japan and I do believe by establishing the link between Japan and Europe we can bring about that trust; as easy as that.

Now, before talking what we can do in the trilateral Japan-US-UK context, you need to understand where that fits in in the overall trilateral or networking vision we have in Japan. In East Asia, we have discussed a lot about Australia, and Australia has been the pivot for Japan Security cooperation in East side of Asia. And in South Asia I think India has been the pivot. Everybody knows that India is a very difficult organ to deal with – universe to deal with. I am not saying that we can ally with India. India will not be allies with anybody if you think that. What we have been trying to do is to bring India closer to your side on a case-by-case basis, which is reasonable perspective or objective we can achieve.

So in East Asia, Japan-US-Australia plays a most important trilateral network. In South Asia, Japan-US-India, we have done every other year navy to navy exercise on Japan-US-Australia and Japan with India, sometimes to be joined by Australia and UK and sometimes France. So, defense cooperation, security cooperation...

Now Eurasia, that is where our trilateral fits in; Japan-US-UK and maybe Japan-US and France. These two countries have the most capabilities and intention or willingness to get involved in what is going on in Asia; not so many other countries in Europe I am afraid. But if you want to engage Europe as a whole, there is an institution like NATO. So if you talk to France, if you talk to UK, sharing your perspective with these countries and then you bring these issues up in the context of NATO; by that you can involve and engage other countries in NATO. That is part of my job description.

And go back to East Asia and South Asia, I think people don't, I mean, I-D-D, the first layer of trilateral is not enough to sustain the actual operation, day-to-day operation in the vast area where we need a security assurance starting from sea lane implication, starting from Japan going through East China Sea, South China Sea, Malacca Strait, Indian Ocean and going through the Arabian Gulf. We need sort of next layer of trilateral cooperation where I put three countries for each region. And I know this is on the record, so that is why I am trying to not to write the name of the country. But you can guess it. It is in alphabetical order. In East Asia, IPV, I am sure you can understand: Indonesia, the Philippines, Vietnam, so easy. And these are the countries which we have supplied coastguard ships, we have expanded defense cooperation, we have expanded capacity building in defense area cooperation. So, these countries are situated in a very strategic way in order to sustain the rotational presence of the United States.

Now, moving on to South Asia, who are BMS, not BAV so BMS. It is in alphabetical order. It is not in the order of the importance. Bangladesh, Myanmar, Sri Lanka, as easy as that. I am sure you will realize three countries were the destination of the Prime Minister's visit last year, probably just a coincidence, intended coincidence I think.

So these countries are the countries where if we extend a substantial cooperation, they may work as infrastructure supporting the rotational presence or the rotational joint patrol operation of that of the United States but Japan. And maybe as I have done in the later stage, joined by the British and French. Eurasia and I have already explained NATO is a second layer of cooperation.

Now, last but not least, what can we do? Three areas I would argue. One, address common security challenges, I don't call it problems, challenges. As I said, we have to deal with China, we have to deal with China happily and possible, we have to deal with Russia in the same way, and that is the only out, that is the only way. But Russia is a common issue. Obviously, I do not have to explain that in detail. We simply cannot accept the unilateral change of the status quo by force. That is written in the basic, very basic international recommendation. If we accept that, the same thing may happen in

my country, that is why we are a solid partner in terms of the sanction regime enforcement.

At the same time, I would argue that if you step back and look around, as I mentioned in the beginning what is the most difficult challenge for Japan? China. So, we are in a mindset in order to shake hands with China and smile happily with China, coexisting with China, we are in a mindset to using every other tool so to speak to make it happen. And Russia is perhaps a part of it.

I am not saying we are going to start negotiation for normalizing our relation with Russia now as we are in this conference it is in the fridge. I mean as long as the Crimea-Ukraine situation is as such, we have no intention to. But I want to make sure you to understand is that there is a perspective in Japanese, in the mind of Japanese government. We want to grab the chance you can say, in the future.

China, obviously China is a common challenge I hope and in order to make a clearer understanding for you, this is my favorite chart. This is not my creation. This is the creation of the, once again, US State Department of Defense that shows the range of Chinese ballistic missiles starting from the center of the site where [...] basically they have [...].

Now, look at the green line. Green circle covers every country in Europe including Japan to the landline but does it cover continental United States? Not really. It does cover Alaska, meaning you are closer to Chinese military, Chinese civilian side than the United States. I am not asking you to get in confrontation with China. That is not my intention as I mentioned at the outset, but I just want you to realize very well and keep this map in mind all the time in talking about China and talking about your relation with China and because I believe this is one of the – it's not the only important, it's one of the important elements you need to bear in mind.

Now, moving on to the second item, that is, promote common security interest, I think we have discussed a lot already about it. Freedom and safety of navigation is a definite common interest of ours. We should be able to do everything we can to maintain that and I am sure two gentlemen will discuss it in more detail. I just want to tell you that we have already done two anti-piracy joint exercise with NATO operation off the coast of Somalia last year, will continue to do so. And somebody has mentioned, Japanese commander is commanding CTF-151 in the area.

So, in my mind in the near future I hope you will see the Japanese commander commanding the NATO Ocean Shield Operation off the coast elsewhere, because there is no difference. If you are the commander of CTF-151, why not command NATO?

Minesweeping operation, this is a little bit more touchy issue. I am involved in the change of Interpretation of Constitution and I don't have enough time to explain to you precisely about what happened. Basically, there is at least a theoretical possibility for the Japanese self-defense force minesweeping fleet to be involved in a minesweeping operation even while the combat operation is not ending. That is the new element.

In the past, we could clear mines only after the combat operation is over, truce is declared and you are there to clear debris, rubbish. But even if there was a chance for involvement in a combat operation you couldn't do that. That was the situation in the country. Now that we have changed the Interpretation of Constitution, as long as the incident directly affects the bare survival of Japan, we should be able to be here for clearing mines even while combat operation is on, and that means we may become part of the exchange of use of force. So, I think even before changing the Interpretation of Constitution, Japanese Navy has been to every international joint exercise for clearing

mines to be exercising together with the British forces and US forces stationed in Bahrain. And now I believe UK is coming back to Bahrain, great news.

So after change of interpretation, at least theoretically there is a better chance for the Japanese minesweeping fleet to be stationed in or floating in the gulf for longer sustainable period of time rather than joining in a short training.

So, that brings me to the third possible area for cooperation, that is Indian Ocean. My plea to the UK friend is, don't be shy, don't hide away inside the Persian Gulf, come out to the Indian Ocean, at least you can do something in the western half of the Indian Ocean where you can be part of the joint training to be joined by Japanese and Indian and American fleet, maybe Australian sometimes.

So, I think you have one of the few European countries who have this capability and curiosity and interest in doing so. So, that is another huge area for trilateral cooperation. And we have discussed a lot about the joint development of a weapon systems, we have discussed cyber, although it is not written here, cyber is a potential area of cooperation. It makes sense.

Now, last area – I will finish in 5 minutes – realized indirect link of interest. That is important as a trilateral part, anti-terrorism operation that is there, fragile state is the area where we need more efforts on part of European countries I should say. At this moment, Japanese self-defense force is part of the peacekeeping operation in South Sudan. We are doing it because it's a nice gesture in international cooperation but there is also reason for that. Because we still believe that even a country like Japan can make a difference in such a country like South Sudan, although it is a very difficult country, situation is getting more and more difficult day by day. But we still believe that South Sudan has a potential to become a really influential and strong country in Africa. If we are ready to do something in the form of peacekeeping operation, stabilizing operation, or by giving ODA we can still make difference. I think there is still a fair chance.

Why are we doing that? Because, if we leave the situation as it is, not only in South Sudan but also in some other countries where we have a fragile weak government, as they are now without doing anything, Vietnam calling the United States to get involved. We don't want to see that. That means only best asset can be spared for Asia. So, if there is anything we can do, Japan can make a difference so that US will not be involved, we will do it.

And I do hope European countries, some of the able European countries like UK can share the same mindset. I was a bit shocked when Rory said that the involvement in the stabilizing operation sounded vain. He said there is no way to solve the fragile situation. But the fact that there is no solution doesn't mean that we don't have to be involved. So, I think that we do admire what French did in Mali. You know what they did, right? They didn't just move in. They just did all the preparation work which took all the money and they prepositioned the air force. They talked to every influential member of the African countries, they talked to the neighbors, they talked to P5, and then I think they did a great job. And I am sure British Force has done a very good job too and we admire also what you are doing for.

But we just want to see more of the British forces doing some stabilizing operation rather than asking AU forces, training them and so on and so forth. You got to be involved in some of the critical countries. Otherwise, you end up asking the other partner, the United States to continue and I think that is a very strong feeling from Japan.

In the last item that shows the existence of the indirect link of the interest is defense budget. I am stationed in Brussels. There was a historical agreement among NATO heads of states in Wales talking about at least stopping the decrease of the international budget and then here we are, Belgian government decreased international budget. So to put it in a diplomatic way, we haven't hidden a surprise when we talk to my British and Belgian Government.

Why do we care regular defense budget in Europe? I think it is fair to say that around the year 2013 – at least as late as 2013, if the present trend continues, the level of defense spending of the United States and China will be more or less the same then. I am not arguing that China and Chinese military forces as strong as American forces. I am not saying that, but the level of military spending of China and the United States will be more or less the same around 2030, even before. And more crucially, by then if the present trend continues, Japanese defense budget will be about one-eighth or one-tenth of the Chinese or American defense budget. It is difficult to assume that either Chinese Government or the American Government to be ready to listen seriously to the opinion of the allies, faithful allies if that ally is spending only one-tenth of the defense budget.

So, I think it is my strictly personal observation but I see the time come not soon but in the mid to long term when we need to start serious efforts for increasing our defense budget. By the way, our defense budget has increased in the past 3 years very gradually. We hit the bottom which is not good news but we are not talking about it. But in order to be seriously listened to, I think we do need to bring about the substantial increase somehow of the Japanese defense spending. So, from that viewpoint, if Crimea and Ukraine are not enough for the European countries to rethink its defense posture, and has become more ready to spend more, what else? That is the argument I have been using in a very, very diplomatic way in talking to NATO colleagues and various Belgium colleagues.

So, that is another area where I definitely think in indirect link to common interest. So, I think if you form a trilateral cooperation and talk about these issues more seriously and intensely, I would argue every one of us will be benefited from it. Thank you very much.

## **Dr Alessio Patalano**

Lecturer in War Studies, King's College London

Thank you, Chairman. Ladies and gentlemen, good afternoon. I would like to express my gratitude to the organizers of this event for giving the opportunity to talk about a topic I am particularly fond of, not least because it builds on the dialogue that was originally discussed at a conference organized at King's College London in 2009 and held quite significantly on the 27th of May, which for those of you who know a little bit of history I bring to admit my guilt about that, it is the battle of the Tsushima which is a very important day in Anglo-Japanese relations, also known in Japan as Nihonkai Kaisen.

The proceedings of that conference became a book that was published in 2012 titled 'Maritime Strategy and National Security in Japan and UK,' and the book was the first to argue that looking beyond the first alliance of 1902, usually when we talk about Anglo-Japanese relations we tend to look at it through the fondness of the past, all the good old days that we had a bit of a draft option then, nothing else really and except for bit of a conciliation.

So, today, the argument was that Japan and UK have more reasons to cooperate in security than ever before, and this was for two core reasons. First, the Japanese and British economies rest on open markets and liberal economies. Second, maritime



geography enabled them to be staging platform from where political action can be taken to prevent or limit international crises from affecting the core national and broader economic interests. The contributors to the book argued that Japanese and British agreed that the age of security ties were best served if resting on the need for a similar approach to defense policy. One informed by a maritime strategy seeking to maximize the benefits of geography, limit disruption to the global economic interests, and keep the costs of defense under control.

Today, I would argue that this idea is now only still very valid but indeed it should be a core principle underscoring trilateral cooperation too here intended – and one of the options that were laid out by the gentleman at the beginning as US, UK, and Japan. Yet, it seems the values about the trilateral cooperation as I just defined it, I think it would be only appropriate to start by paraphrasing a senior political figure by none of the three countries. As Chinese foreign ministry recently pointed out, there is one fact of world politics and that is that there are big countries and small countries. While they are thinking about trilateral cooperation, I think there is another fact that ought to be pointed out, there is a big country and two medium countries or small medium sized or middle power as they used to be known in the literature. And that is one of the facts that will be on the background of my talk.

And this is no trivial fact either because one of the things we have been sort of proving around over the past 2 days is that the three countries are all maritime powers. They are all featuring vital democracies showing a fundamental interest for free trade and capital markets, but the means at their disposal to ensure the stability of the international or that allows them to thrive in the geographic reach vary a lot. In this respect, I suggest that the balance between functional cooperation in issues that we seek to address and the geography of cooperation where we wish and can address them are key issues to be discussed for practical cooperation to yield maximum effect. And that is what I am going to be talking about for the rest of my talk.

So, where to start? Always the strategy that underscores national security, we cannot talk about cooperation if we don't identify a common agenda. A common agenda is based on what are our national security priorities. What is the big question here? What are the structural problems of the international system that affect the security interests of the US, UK, and Japan. As yesterday's discussion suggested, there are two different types of issues that undermine the stability of the international organ, the first part of issues are just national in nature and they are all too well known as they have been at the heart of security debate since 9/11. Here, I refer to terrorism, political radicalization, piracy, and violent acts at sea, humanitarian crises and natural disasters.

The second set of issues tend to be more region focused and traditional, maybe it is a territorial event, nuclear, and combating terrorists. The trend seems to be one whereby the first set of issues, and they are very likely to happen indeed which are from one process to another, and they have been occurring more frequently in the past years than ever before.

Think about humanitarian crises currently unfolding in Syria and how that gauges the broader problems of instability in the [.....]. Think about also natural disasters like the Typhoon Hainan in the Philippines in 2013. That is not an exception. Major natural disasters are on the rise in the Asia Pacific more than any other place in the world and they are more destructive than ever before.

The second set of issues on the other hand is always present, is always hovering on the back, the [.....] Russia, China, boom, but all of surrounding all of countries, or territorial defense has been more the exception than the rule. And it is Eastern Europe with the Russian actions in Ukraine and Crimea are one example of the same set of issues.

Maritime territorial claims in the East and South China Sea are one example of this kind of issue in Asia.

These last two examples that I mentioned, Eastern Ukraine, Eastern Europe and South and East China Sea which were mentioned in one of the keynote speeches yesterday, are however very different in nature for two crucial reasons. Yes, the use of force, as the ambassador just reminded us, to change a territorial status quo is of course a similarity, the events in Ukraine and tensions in the China Seas share. But that is where the similarity ends, in the China Sea, the East and the South, what is at risk is not just a change of status quo, after all, my land, your land, whatever. So, it is just about that.

The fundamental challenge is to the international order and we change and that sort of fuel our economic wellbeing. And especially in the South China Sea, changes in the status quo by force or coercion might have a crucial impact on free trade and the circulation of international shipping. I think Professor Dutton too will speak about this issue in greater depth but suffice to say here that there have been so many interpretations of UNCLOS suggested by the actions of countries like China which is just one of many, in that basic have impact on international system and is on a different scale when compared to other states in Europe.

Furthermore, the inherent inability of permanently militarize the maritime realm, combined with the centrality of the China Seas as a whole to regional and international economic dynamics and created a situation by which behavior at sea is becoming overtly assertive and aggressive. In other words, the China Seas' military tension is becoming the rule rather than the exception, and again this is an exceptional rule set by second set of issues which usually stay in the background and don't materialize very much. The Japanese actually have a definition for that. They call that situation 'in the gray areas' in the official lingo. That is because it is not a war which is black, nor peace which is white, but that is constantly tension and activity both military and paramilitary on the surface of these spaces in disguise over these spaces and under their surface.

So, in terms of this picture that the key question is what is the balance between these two sets of issues when it comes to the three countries? From what I can see, in the US and Japan that balance clearly feature a prioritization of the conventional set of issues precisely because of the wider repercussions they can potentially have on international border and the geographic proximity to Japan and US. US is rebalancing to the Pacific within that with 60% of all its maritime capabilities shifting towards that part of the world by 2020.

Japan in circumstance, is already fielding a fleet that is twice the size of the Royal Navy and a submarine fleet that increased more boats than France and the UK can put at sea. And also maritime air patrol component that is maximized ASW 80 times larger than that of the UK, that is simply because of the JMSDF's patrols and UK doesn't have any. It is just 80 to zero.

However, as natural disasters are the single most destructive security challenge in East Asia and they are on the rise with Japan and the US have been sort of standing by and sort of building up their capabilities to face just conventional challenges. Indeed, those capabilities are being forced also to be employed and used in this time of transnational issues. The typhoon in the Philippines is one example. Initiative partnership, the Pacific Partnership which is a regular activity that provides medical assistance across Southeast Asia is another. Reactive and preventive expeditionary diplomacy won't work, I would call it.

Japan and the US are also committed to transnational issues affecting international trade, hereby force my thoughts goes to contribution to the antipiracy mission in the Gulf of

England and at least for a medium country like Japan this is no small contribution. A small base in Djibouti from where he operates two P-3Cs plus two destroyers with the relative helicopter capabilities and a fleet of refuelling assets. In 2015, as we heard the Japanese also volunteered to take command of CTF-151.

What about the UK in this means? Well, 15 years of war in Afghanistan and Iraq had been extremely passive on strategic thinking, capabilities, and budget for a medium country like the UK. In this respect, the country is coming out from a very difficult period and as the kinetic track record of a big country like the US without its military and budgetary depth. And its ambition is responsibilities and profile of a medium country like Japan, or without the current capability base.

Furthermore, we have done some prioritization of the items of the security agenda, transnational threats like terrorism, we were reminded yesterday, especially as the Middle East and North African regions implode and fuel the proliferation of political radicalization are at the moment at the very high priority and certainly will more than conventional security threats. Recent Russian actions have only partly altered their equation and it remains to be seen the extent to which the next SDSR will incorporate the balance between the two sets of challenges.

What is required in this respect is that they produce much greater awareness of the potential or the significance of event in maritime East Asia to another country like the UK with global economic interests.

Indeed if this were to happen, UK has a significant contribution to make to trilateral cooperation. Now, that starts the uplifting comments and the experience over the last two decades have left the UK with some a specialized study and an expertise in combining close structures, joint operation as well as the ability to maximize the limited capabilities to maximum effect, especially in expeditionary capacity. This is something that should be treasured from my fellow medium country like Japan. UK with all sorts of bases, we heard Bahrain but also Indian Ocean, at least United States, an agreement for training activities with countries like Brunei and Singapore. Small realities that are essential to maximize the strategic projectability of a medium-sized country. Again, this is invaluable as an experience but also as a reality for a partner like Japan but also with the United States who are actually attested by the base in Diego Garcia.

And this respect was worth noting that recently some steps have already been taken. A Royal Navy Officer has opened a new position as a liaison to the JMSDF and the 7th Fleet in Yokosuka, while the Embassy in Tokyo has gained a new deputy to the DA. Similarly, crucial NATO's maritime command is based in London and UK retained a primary role in NATO's maritime projection—strategic and operation level.

I find that it is essential to cooperate transnational as well as conventional challenges to international maritime order and I am very grateful to the ambassador for the fact that he talked about that and so I don't have to go into detail...

It is interesting in this respect that Japan NATO has been mentioned and is growing under the leadership of Prime Minister Abe. But what is even more important is that it is clearly growing 'wet'. NATO Japan held the first two exercises this past year and there is a clear sign of the significance of that dimension for the overall strategic partnership.

Last but not by any means least, UK capabilities are currently being rejuvenated. With a carrier to end the service in 2 years, sometimes soonish and new surface platforms are procured through aging frigates and destroyers, the key description to all is to provide

herself why all these assets matter to the country's national security, something that not merely scratches the surface these days.

This worldwide bold politicians by the way capable of arguing the country out of the narrow focus of countering terrorism as [...] international security. So, what are my conclusions strong recommendation for trilateral cooperation then?

The first point is to make issues central to the reservation of the international maritime order that under these American, British and Japanese economic wellbeing should be the common priority in a trilateral cooperation. This inspiration requires discussion as to what extent three countries can address the transnational and conventional challenges and endangering the freedom of navigation and international shipping and trade either together or in a complementary fashion. The functional focus of trilateral cooperation should be on how to announce the joint uses of expeditionary and intelligence and surveillance reconnaissance capabilities, the key enablers for better awareness and deployability in the present world.

Joint command and control functions should also be explored as a matter of trilateral cooperation, showing experience as well as building up the basic structure for uses in operation. One key ambition here should be to establish not only liaison offices but to create a better position in better command structures of the militaries of the three countries. Perhaps most of them could be while really taken by UK and Japan by upscaling the Japanese DA office here in London with Japanese government upscaling the DA office with a double-hatted liaison to the UK and NATO Northwood command, small but a start.

The first Japanese female officer sent to Brussels to NATO as a gender officer is one other example. So, we already have something happening. Discussions are also taking place about providing access to bases in order to reduce the pressure that especially Japan-UK constantly have on deployability in a variety of fields and maximize the the availability of these actions.

Similarly in doing so, regular visits of deployment, regular deployments and joint exercises should sort of add to the mix. These steps would ensure all maritime strategy is all about an operational flexibility capable of allowing the legal option to intervene in security crises whether transnational, disaster, and national evacuation etcetera or conventional, an act of deterrence on military crisis.

This type of action would bring a unique advantage. It would create preventive effects prepositioning forces for the trilateral cooperation to produce if necessary reactive effects as well. Or what happened in Philippines that we all are proud of, is a kind of class that I was bugging around with my students, British ships together with the Japanese HMS

Daring yes, okay, I am fine. You know, when the euphoria is gone, you realize that what happens in the Philippines was actually the problem of coincidence. The ships were ready to go and planned to go to Japan and we are trying to minimize that. This should be just happening by accident.

Here is the point to make that a regular eventuality or an option but this had a discussion about and this leads to the question of the geographical scope of the trilateral cooperation. This is tricky, given that the global nature of the national interest of the three countries, yet as I said, except for the US I think in the UK and Japan capabilities have the limits, and if one could do all by himself we wouldn't be having the discussion about trilateral cooperation to begin with.

So, what about geography? The answer is that a discussion should take place about informal areas of primary responsibility whereby the other partners of the trilateral cooperation counterbalance the limits of daily material resources, we could clear political support. One issue we all have preliminarily agreed upon.

And this suspected value that theaters like Indian and the Arctic Ocean is because of their centrality, current and protection to trade are within the grasp of the three countries via the military and political bridge reach.

The East and South China Seas are to Japan what the Med and Baltic are to the UK, and that's where they have their own respective home advantage. These theaters however are not of common concern, they are the rules, challenges to them and territorial maritime boundaries are the same. It doesn't matter whether you unleash the Mediterranean in the Baltic or in the East China Sea. The uses of the maritime realm are global, so the use of connections to.

Therefore, reciprocal political support and the willingness to offer material support should be a prerequisite of any geographical approach to cooperation, offering support with basis of regular components in these different areas would be the application of this idea. Now, is this the beginning of an alliance of the maritime powers that I am suggesting? Am I reaching the stage where I am suggesting something that fits more the sci-fi movie than the current reality? Maybe. The answer is in the political willingness to hold the discussions I mentioned above, whether and in what ways the political willingness to do so is in place, that is another talk, one that I am sure will continue to be debated long after this session is concluded. Thank you very much.

## **Professor Peter Dutton**

Professor of Strategic Studies and Director of the China Maritime Studies Institute, US Naval War College

Thank you very much. So, I am really gratified to see how many of you have decided to stay for the last session of the workshop and the last speaker of the last session. Thank you very much for doing that.

I should tell you first, I work as a professor of strategic studies at the Naval War College which is the picture there at the top actually. And I am also a professor of law at New York University. And so what you will hear today is a little combination of the relationship between international law and strategic studies. What you are hearing are my personal views. I am employed by the federal government of the United States but I am not here to represent anyone's views other than my own. And what you hear therefore is not the American point of view but an American point of view. And the real question that I think helps tie together what we have been talking about over the last 2 days is what is there to worry about. What drives this discussion about trilateral cooperation? And so I will focus on some aspects about what there is to worry about. And what I will be focusing on, since it is my area of research, is China's challenge, the way that China in its pursuit of, in many ways, legitimate interests is presenting a challenge to the maritime order and what that means for all of us as we cooperate together to address that.

I will see if – I am technologically incapable here I guess. So, the American strategy since the end of the Second World War has been to be present in Asia and our presence in Asia is simply about – we will build on this slowly as I make my points. The American presence in Asia is to prevent the region from becoming dominated by a single power. That is the key. It is based on what is called – the American Strategy is based on what

is called an exterior strategy by which the maritime powers work together with the American leadership because American power is the strongest to control the comments, to make sure that the global comment is open, to project how we are forward in relationship to the Eurasian continent and to maintain a series of alliances, partnerships, and friendships to perpetuate an open regional power structure on the Eurasian continent.

What is critical in terms of American objectives are to protect flow and to protect the flow. Flow of what? Flow of commerce certainly, the flow of resources and energy, the flow of finance, the flow of information, the flow of people, the flow of governments to interact with each other. So, the American idea of an open global system is to protect the concept of flow and the maritime domain, maritime congress is critical to that.

The second, I guess that follows on that, is the American objective is to maintain an open liberal maritime order. So, the US has been pursuing this strategy in East Asia for the purpose of maintaining this open maritime liberal order and has been pursuing it since the end of World War II. But in no time since the end of World War II has there been a more significant challenge to those two issues than today because there is a competing model of regional order that is beginning to emerge in Asia.

China has what is, as I said, some very significant and legitimate security interests, but they pursue them in a very fundamentally different way. I mentioned American Security approach is exterior; that is to project our outward in order to maintain an open comment.

China has a fundamentally different approach to security which is essentially based on what is known as an interior security strategy which is a sort of expanding zones of control and of course in the realm of course is the area of Chinese sovereignty. This area in blue is the first area in which China is beginning to project its power and the next, the second and third – these are not meant to be specific, it is just meant to be a general concept. The idea of expanding reins of control. You saw in Ambassador Ishii's very really good presentation this idea that the range of missiles so is a very similar kind of concept. And what we see in this is capacity – this is the key, capacity to disrupt flow and to concentrate power in ways that could disrupt the maritime order. And what is, of course, of significant concern are the farther of those larger reins, we the United States and Europe have lived and Japan as well have lived under the challenge of countries, certainly in Soviet Union with the missile capacity to attack us, and we've managed that through political means. But it is the reins that are closer to East Asia that, of course, cause us more concern because of their capacity to interrupt maritime flow in that region.

Often, this is referred to as anti-access, area-denial, A2/AD type of capabilities. That is not the Chinese way of creating it but it is certainly an American way, and I think our partners would look at it the same way. And so what we see initially is the Chinese realm of sovereignty in the red, expanding outward. The Chinese talk about expanding sovereignty sometimes or at least jurisdictional authority out into the darker blue, and then expanding strategic space into other regions as well and then expanding their ability to reach out into a larger global system of great lightest couple colored blue.

So, what I am trying to picture is not how necessarily China would depict its defense approach but how I observe the impact of Chinese defense approach. And it has some very specific implications in East Asia in particular. So, in East Asia what we see for instance in the East China Sea, you see here two particular Chinese plans. The Chinese claim over the East China Sea has a number of different aspects to it. China, of course, claims an exclusive economic zone but has not delineated an exclusive economic zone

anywhere in its coastline except in the Gulf of Tonkin with Vietnam. So, a very lengthy coastline but no delineated exclusive economic zone.

So, China has however – on the left, you see, this is actually taken from China's submission to the United Nations Commission on the limits of the continental shelf in which we see China claiming the continental shelf somewhere up to very near the Ryukyu Islands, and little of the Okinawa trough based on continental shelf law. The problem with that is it is really not a normative approach. Yes, there is law that talks about continental shelf authority but what is very clear since the development of UNCLOS has been the idea that where opposing coastlines are less than 400 miles apart as these are, then exclusive economic zone law applies, at least at a start for negotiation. So, China has made a very maximal claim that really is not a particularly normative claim in the East China Sea over the resources.

Second, of course was the air defense identification zone which is on the right, and I had occasion to testify before the United States joint session on the House Armed Services and Foreign Affairs Committees on this particular topic. And I want to make a clear point that air defense identification zones are legitimate and normative things for countries to have. United States has one, Japan has one. I don't know for sure but I suppose Britain has one. And so there are measures that are legitimate to take in air defense identification zones. But really what they are, air defense identification zones are not zones of jurisdictional authority, what they are, are zones where the coastal state puts the rest of the international community on notice that the coastal state has a security interest that it will pursue its legal methods – already existing legal methods to enforce. That is all it is; it is a zone of notification, not an international law.

Unfortunately, when China announced its national security interest in the air defense identification zone in the East China Sea, it promulgated some rules and regulation for international behavior there that were rather jurisdictional in nature, claiming the right to organize and to demand activities from aircraft that were going to be flying in that zone. So, that was a cause of concern. So, a cause of concern in both the seabed and water jurisdiction claims and the air space jurisdictional claims by China that are non-normative in nature.

So, the limits that China imposes on or claims to impose on frequent navigation in the exclusive economic zone, that is a concern; an expansive continental shelf claim that is not particularly normative, that is a concern; an air defense identification zone, not normative, that is a concern. And then of course there is the question of the islands and the sovereignty over the islands called Senkaku by the Japanese and Diaoyudao by the Chinese. So, there is a dispute. So, yes, I have said the word dispute. I know the Japanese government's position is that there is no dispute and that no dispute disease seems to be catching in East Asia. So, the Chinese say the same thing about the Paracel Islands and the Vietnamese also claim and the Japanese dispute the South Korean control over the Takeshima or Dokdo Islands and the South Koreans says there is no dispute. But in fact at least in practical terms there is a dispute.

So, this question of sovereignty over the islands is one that China seeks to assert a claim over, and it is perfectly acceptable in international society to assert a claim over a territory. The question is whether a country asserts a claim, it is how it pursues it. And so the question about the Senkaku and Diaoyudao dispute is that China is getting to pursue more coercive approaches to its claims rather than to accept international or institutional dispute resolution crises. So, that is a concern.

Moving to the South China Sea, of course as probably we all know, there is a nine-dash line which the Chinese have claimed based on history rather than the United Nations Convention on the Law of the Sea which many countries including China and Japan are

party to. I regret that my own country is not but my own country is a very strong supporter of the norms and laws and rules promulgated by UNCLOS. We accept them as customary international law. And so then the nine-dash line that China claims based on history rather than rules of law as propagated in the United Nations Convention on the Law of the Sea which is a geography-based approach to maritime jurisdiction. So, again, an American point of view is that this is a non-normative claim and the Chinese claim UNCLOS-plus. UNCLOS plus, their history gets to allow them to claim the jurisdictional reach of the nine-dash line. But the fundamental problem with that is that the whole purpose of the movement and development of International Law of the Sea in the 20th century was to overcome the global patchwork of historic claims and to bring some agreed-upon order to the process by making maritime jurisdictional lines for territorial seas and under buried resources.

That is the whole purpose of the evolution over a whole century of International Law was to overcome this global patchwork, but now China seems to be attempting to reintroduce with its UNCLOS-plus approach. So, what we are seeing in the nine-dash line is the Chinese attempt to articulate broad jurisdictional powers over fisheries for instance and that you to exercise and implement that jurisdictional authority throughout the nine-dash line. I have been personally told by members of the Chinese government that the Chinese laws, the Ghana fishing regulations for instance do in fact apply throughout the entire nine-dash line.

So, this is a broad unilateral enforcement line that certainly infringes and violates, as you can see, rather closely to the coastline of other countries that certainly object and have long fishing practices in the regions off their coastlines and of course reasonable claims to an exclusive economic zone off their coastlines as well. Of course, it is complicated by the island disputes in the region but that is another similar matter which is begging for institutional dispute resolution that will come and talk about that in a minute.

So, what we are seeing is coercive enforcement actions and also coercive attempts to disrupt hydrocarbon development by the other coastal states. So, the Chinese have disrupted the exploratory activities of the Vietnamese and the Philippines actually have a joint with UK venture with Forum Energy off Reed Bank which is off Palawan. The coastline of Palawan there was undertaken and disrupted by the Chinese in 2011-2012 timeframe.

So, we see again – rather than normative claims and institutional dispute resolution processes we see non-normative excessive claims and more coercive across the state behavior that is significantly of concern. So, more sensitively this one in particular, this is the island of Palawan as you can see there off the Philippines. I just raised this one particular international or two that are related here. One of them has to do with Scarborough Shoal which is a large shoal off the – so Scarborough Shoal is actually located out in this area and here off Luzon. It is about a 30-kilometer long shore with only a couple of rocks above water at high tide. Those rocks can be the claim of sovereignty, those rocks that China disputes Philippines claim to sovereignty. So, there is a sovereignty dispute there as well. The rest of the shoal though is non-delineated. It is either the Philippine continental shelf or something else based on whoever has sovereignty over the rocks. But the key point is sovereignty is not determined over those rocks and therefore the water space around it is not determined. So, there are mutual claims, Philippine claims and Chinese claims. One of the essences of the Philippine arbitration is that in these areas of non-delineated water where both countries have reasonable claims, can one country, China, interfere with the legitimate fishing activities of other claimants while there is no delineation or determination of that claim. I think that particular question is a good one and I think that the Philippine arbitration will and should go forward to at least answer that if nothing else.



So, what are seeing here, this is, by the way, Scarborough Shoal, it looks small but it is really about 30 kilometers across. And you can see that there is only one opening at the bottom right hand corner there, and that opening had been accessible to both Philippines and Chinese fishermen until the dispute occurred in early 2012 resulting in an agreement both sides to withdraw. The Philippines withdrew, the Chinese did not. In fact they control the opening now. Right, so this is one of the major reasons why the Philippines has initiated arbitration in the South China Sea.

So, there is tremendous amount of literature. I encourage you. This is very good book by the way. Professor Stefan Talmon and Jia Bing Bing. Jia Bing Bing is at Tsinghua University in China. And this now, this is very good not because I think it is well articulated law, I actually don't agree with it, but it is well articulated advocacy using the law, and to understand the Chinese position I think the advocacy is well packaged. As long as one understands that it is a package of advocacy, I think it is a good reading on the Philippine arbitration.

So, there is another problem that we are seeing evolve in the South China Sea as well. And frankly, this one is of even more concern than - I should mention - sorry before I launch on to this I guess I do need a background on, which is to mention that the Philippines have initiated arbitration and the Chinese have refused to participate. So, it is an example of the initiation of arbitration. And even if the Chinese side believes that the arbitral panel should not have jurisdiction, there is a specific responsibility under the United Nations Convention on the Law of Sea to participate in the mandatory dispute resolution process is that this is important. So, China has chosen not to participate. It is not alone. There are other examples where countries have chosen not to participate in arbitration. However, it is not helpful to international dispute resolution in the midst of many other coercive activities. So, where institutional options for maritime dispute resolution are offered but not taken, and coercive measures are undertaken, that is a cause for concern.

So, moving to the next area, this is one of the Spratly Islands and I am pretty sure - I am not positive but I am pretty sure this one might be a Philippine Island. But the point is in the South China Sea, the Declaration on the Conduct of the parties of the South China Sea, the 2002 declaration of conduct was to include in some rather aspirational statements including for instance not to change the circumstances. And parties have either ignored it or interpreted that literally, and it is means all parties, and so there is a fair amount of building up in militarization, especially by Vietnam and China. Philippines has done so as well.

There is increased militarization of these islands disputes in the South China Sea, the Spratly Islands in particular, by all sides, but in this case the sea is beginning to be very active and I would say toward the higher end of militarization. And here is the key. This is a different kind of militarization because what the Chinese, have unlike the Philippines and Vietnam, is the capacity to disrupt flow in this very critical and important region of the world. So, as the Chinese are pursuing their interests and they are expanding some of the reefs that they control on creating islands that are in some cases multiple kilometers in size, and at least in one case larger than Diego Garcia I am told actually. One of the islands is actually quite large. The ability to then station military forces on these islands which seems to be one of the key reasons that the Chinese are actually building now. It is not just simply for research stations or fisheries support or something like that or reef coast guard, but also for militarization of the islands. So, this is a very significant concern because it expands the capacity to disrupt the flow.

So, these are the five islands in the South China Sea that China is building up. These are in the Spratly Islands. There is also others here, Paracel and Woody Island in particular, so [...] Paracel the Chinese look out. These are the ones of most concern

because they push forward the potential for anti-access area-denial capabilities in that region.

So, a couple of more points to make, HY-981, I am sure 981 is a drilling rig that has caused some concern. I would say largely this has been an example of a strategic communication. So, a technological capacity that China is able to develop and build on its own, which is really quite an accomplishment, not every country has this capacity. So China is understandably proud of that capacity and it has been used as very much a sort of strategic communication that has been on every single cover of the SEANO magazine that has been published over the last few years. That's obviously on the website as well. So, it is very much a strategic communication. But what we also have observed is that it was used in the South China Sea as a sort of a coercive mechanism against [...] as well.

Remember, I mentioned that Vietnam and China both dispute the Paracel islands, that is in the red circle there. And Paracel Islands are a group of small, relatively small islands, actually two groups: the Amphitrite and the Crescent group of islands. The Triton Island in the very southwest is where that particular drilling rig was located. It is actually to the southwest of the southwestern most island. Now, let us pause for a moment here. So, if you are Vietnam and you are observing this particular oil rig and its location, it has been the sort of major projection of Chinese power, it is a strategic communication. You get it, you have heard the message. It is a demonstration of prowess and power. And it is brought by – it is actually moved down by barges and placed within the area that you dispute with China. And not only within that area but within that area as close as it can be to the Vietnamese coastline without being so far away from the Paracel Island as to be completely divorced from the Paracel Islands, right. So what are you, Vietnam, supposed to take from us? Remember, it is a non-delineated area. It is inside the nine-dash line as China claims it, but it is inside an area that Vietnam claims also not only by virtue of Paracel but by virtue of their coastline. Well, there is a third factor as well. And that is, it was done in the midst of ongoing negotiations between Vietnam and China about the extension. Now there is only one place where the exclusive economic zone of China has been delineated and that is off the coast of Vietnam and on Gulf of Tonkin. So, the Chinese and the Vietnamese have been in the midst of talks to perhaps extend that line a little bit further if it is possible so. And boom, this oil rig shows up. What are you, Vietnam, supposed to take away from that? We are just supposed to take away is – at least the Vietnamese take away that this is another example of Chinese power to require them to do as the Chinese want not only in the context of the negotiation but in the context of the nine-dash line as well.

So, what should be more normative, disputes over non-delineated, non-sovereign water space, should they be resolved by coercion and displays of power, or would that be turning our back and having a disruptive effect on the maritime order?

So, there is one more point I would like to make and then I will stop. I am already getting the signal. So, east-west flow, remember I said that the most important things for the United States is east-west flow. There are a number of countries along the continent that already have some law that gives them the propensity to assert more control over the exclusive economic zone than maritime countries are comfortable with. So, you bought out the exclusive economic zones of those countries, you can see for instance that claims to control the military activities in the exclusive economic zone, those same military activities that protect east-west flow are implicated, especially given China's broad claims over the South China Sea. That capacity, the building up of capacity plus building up of a normative architecture is what is of concern. So, is it important to keep East Asia an open maritime system? If so, why?

So to me that answer is quite obvious, and it has to do with maritime countries relying on open label maritime order for our own wellbeing, our security and our economic wealth.

So, the problem that we have is that Chinese beginning to assert their power into the South China Sea is that it begins to change the nature of that water space into something more like a global strait a Gibraltar, a Hormuz or something similar to that. It begins to change the nature of that water if the Chinese power has the capacity to close that water space. So, can the liberal maritime order survive a continental challenge? If so, if that is the case what is required to overcome that continentals challenge? I am not here advocating conflict. That is not the point at all, but the point is working together to support each other, to support the liberal maritime order in the face of an extension of continental challenge into that. And the goal working together should be to bring China into that order as a responsible stakeholder and partner in the current order rather than as an outsider to that order continually challenging it either through excessive claims or coercive behavior in ways that undermines the stability of the maritime order of East Asia. So, thank you for your patience with my longwinded explanation of our concerns.

【END】