# China's Military and the U.S.-Japan Alliance in 2030: A Strategic Net Assessment

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# **Key Findings: The Threat**

## The threat is not a war with China

Most likely potential challenge to the U.S.-Japan alliance is two-fold:

- Growing Chinese military capabilities could enable Beijing to exert adverse political influence or resolve disputes in its favor without resorting to a military attack
- 2. Increase in PLA presence near Japan and disputed territories could raise the risk of destabilizing incidents and crises

#### Key Findings: A Changing Military Dynamic

Absolute and possibly relative shifts in the military balance near Japan are likely

- The Northeast Asian security environment will likely witness major increases in Chinese military and para-military capabilities over the next 15-20 years:
  - Absolute Chinese gains are very likely, especially in missiles, naval, air, and C4ISR
  - Relative gains are also possible in a number of domains, including naval and air
- U.S. primacy likely to diminish, perhaps significantly
- Japan unlikely to take up the slack

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#### **Key Findings: A More Challenging Future**

U.S./allied efforts to retain primacy could prove unfeasible, provocative

- No easy alternatives (balance, collective) security) exist to U.S. primacy
- Fortunately, worst case outcomes (new Cold War, intense Sino-Japanese rivalry, U.S. withdrawal) are unlikely
- And skillful diplomacy could make a significant difference in outcomes
- But many uncertainties (economic and political trajectories, clashes over maritime disputes, crises in Korea, Taiwan) could influence trends

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#### **Analytical Framework - Individual Countries**

#### Independent Variables

- Economic and technological capacity
- Sociodemographic factors
- Geostrategic factors



#### Intervening Variables

- Domestic politics
- Leadership perceptions
- Bureaucratic competition



#### Dependent Variables

- Defense spending
- Military capabilities
- Foreign/defense strategy, policy, and behavior



- Security behavior of the other two countries in the triangle
- Fourth party dynamics (e.g. Korean Peninsula, cross-Strait relations, Middle East)
- Other "wild cards" such as global economic crises, energy shocks, & unforeseen accidents

#### **Analytical Framework - Trilateral Security Scenarios**

#### Independent Variables

- Military capabilities, defense spending, and foreign/defense strategies, policies, and behavior of:
  - o China
  - Japan
  - The United States



#### Dependent Variables

- Overall trilateral security relationship among China, Japan, & the U.S., including military, diplomatic, & strategic dimensions
- The state of the military competition among the three countries (particularly between China & the U.S.-Japan alliance)



- Fourth party dynamics (e.g. Korean Peninsula, cross-Strait relations, Middle East)
- Other "wild cards" such as global economic crises, energy shocks, & unforeseen accidents
- Diplomacy / CBMs / Crisis Avoidance Mechanisms

# **Analytical Framework**

Maritime

Air

Six domains of possible military competition

Ground

Space and Cyberspace

Nuclear

Command and Control



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## Individual Country Trajectories - China

		Cautious Rise	Assertive Strength	Cooperative Weakness	Aggressive Ultranationalism
ics	Probability	Likely	Likely	Possible	Possible
terist	Military capabilities	Mid	High	Low	High
Characteristics	Policy toward Japan and the alliance	Engage and hedge, emphasis on engage	Engage and hedge, emphasis on hedge	Relatively cooperative and benign	Highly nationalist and assertive
Determinants	Average annual GDP growth 2012-2030	4-5%	6-8% 3-4%		6-8%
	Defense spending as % of GDP	1-1.5%	1.5-2%	1%	> 2%
	Social unrest	Mid	Low	High	Mid - High
	Political dynamics	Regime focused on domestic stability	Increasingly confident leadership	Unstable regime focused on internal security	Unstable regime, emergence of ultranationalist leadership
	Public opinion	Dissatisfied with regime; somewhat nationalist	Nationalist	Highly dissatisfied with regime	Highly nationalist (precipitated by wild- card event)

#### **Alternative Chinese Trajectories**

- "Cautious Rise" or "Assertive Strength": China is most likely to follow one of these two trajectories, both of which entail a continued "deter and embrace" approach toward Japan.
  - "Cautious Rise" would emphasize engagement; "Assertive Strength" would emphasize hedging.
  - Absolute levels of military capabilities & defense spending would increase in both of these trajectories, but especially in "Assertive Strength."
- "Cooperative Weakness": China could face severe domestic challenges, involving a major economic slowdown and significant unrest and turmoil.
  - This would likely lead the CCP to adopt cautious foreign policies designed to preserve a stable int'l environment, so Beijing could focus on internal security & economic growth.
  - It is unlikely there will be a complete breakdown of regime control or full-fledged democratization within the 2030 timeframe.
- "Aggressive Ultranationalism": It is unlikely that China will move toward a highly aggressive, ultranationalist approach to foreign policy.
  - Such a posture would require not only continued rapid economic growth, but also probably a
    destabilizing "wild card" event that could bring a highly nationalist leadership to power.

## Factors Shaping Chinese Trajectories (I)

- Economic Capacity: China's economic growth will most likely slow gradually in coming years as the economy gradually rebalances toward greater consumption.
  - However, investment & growth could remain quite robust in light of continued low capital stocks.
  - A hard landing is possible if the leadership can't implement adequate reforms, or if problems posed by bad local debt lead to more than one destabilizing debt crisis.
- Defense Budgets: As GDP growth slows, annual rate of growth in defense spending will decline somewhat from double-digit levels, but defense spending could still grow as a share of GDP.
  - Regardless of trajectory, PLA budgets are almost certain to grow in absolute terms.
- **Domestic Defense Industries:** Weaknesses in China's domestic defense industries and difficulties in foreign acquisition could impose some limits on PLA capabilities, especially in the air domain, but also in maritime C4ISR.
  - But shipbuilding & missile technology will continue to be strengths, alongside a growing UAV industry.

# Factors Shaping Chinese Trajectories (II)

- Leadership Dynamics: CCP regime is consensus-oriented and increasingly institutionalized. This makes the regime both risk-averse and inertia-prone.
  - As a result, drastic shifts toward more aggressive foreign policies, more offensive military doctrines, or significantly higher defense spending are unlikely.
  - However, the regime could be susceptible to commitment traps, it could be slow to respond effectively to crises, and it may be less capable of achieving diplomatic breakthroughs.
- Civil-Military Relations: The military is unlikely to become a major independent influence driving a more belligerent PRC foreign policy, because
  - 1. Civilian control of the military remains strong; and
  - 2. The military is not monolithic in its views.
  - However, poor coordination of local military and paramilitary actors could make crises more likely, particularly as China's presence near Japan increases.

# Factors Shaping Chinese Trajectories (III)

#### Social & Demographic Trends:

- Corruption, inequality, environmental pollution, and ethnic conflict pose serious challenges to regime legitimacy.
- However, the CCP has proven quite adept in responding to and co-opting these challenges.
- Despite long-term demographic challenges (including an aging population, shrinking labor force, and large gender imbalance), China's medium-term (i.e. out to 2030) demographic outlook will probably exert a minimal impact on economic growth.

#### Public Opinion:

- Chinese public opinion toward Japan tends to be driven by events in the bilateral Sino-Japanese relationship (and thus, at present, is highly negative).
- The Chinese public views the alliance as a threat, but at the same time, the public tends to favor efforts to promote cooperation with Japan & the U.S. alike.
- Chinese public opinion has had a growing influence on PRC decision-making in recent years, but there is debate over the extent and nature of that influence.

# Factors Shaping Chinese Trajectories (IV)

- Key external variables:
  - Japanese policy toward China and Japanese foreign & security policy in general
  - U.S. policy toward China and the broader Asia-Pacific
  - "Wild cards": Cross-Strait Relations, the situation on the Korean Peninsula, and destabilizing crises in the maritime realm (especially in the East China Sea)
    - Crises and incidents in the air and sea are both potential outcomes of trends and potential "triggers" for shifts or acceleration in preexisting trends

#### Individual Country Trajectories - Japan (I)

		Hard Hedge	Soft Hedge
	Probability	Most likely	Likely
ics	Military capabilities	Mid	Low
Characteristics	Policy toward China	Cooperative engagement	Cooperative engagement
Chara	Policy toward the alliance	Dependent; more integrated; active technical and planning consultations, but resource-constrained strategies and operations	Dependent; integration deferred; active but politically self- constrained consultations
	Average annual GDP growth, 2012- 2030	0.6-0.8%	0.6-0.8%
S	Economic integration with China	High	High
ant	Defense spending as % of GDP	1%	< 1%
Determinants	Political dynamics	More stable government, higher capacity for reform and defense effectiveness	Weak and unstable governments, incrementalism and erratic behavior
	Public opinion	Wary of China	Subdued

#### Individual Country Trajectories - Japan (II)

		Competition	Accommodation	Independence
	Probability	Possible	Very unlikely	Most unlikely
ics	Military capabilities	High	Low	High (Nuclear)
Characteristics	Policy toward China	Competitive engagement	Strategic accommodation	Strategic independence
	Policy toward the alliance	Integration and rationalized efforts replace dependence	Dependent; integration deferred; place-holder consultations	Essentially independent; Japan self-reliant; alliance in name only; technical consultations might continue
	Average annual GDP growth, 2012-2030	0.6-0.8%	0.6-0.8% < 0.6%*	0.6-0.8% < 0.6%*
10	Economic integration with China	Mid	High	Mid
nants	Defense spending as % of GDP	1.2-1.3%	< 1%	> 1.3%
Determinants	Political dynamics	Political realignment and electoral mandate for constitutional revision and robust defense	Political realignment and electoral mandate for military restraint and regional cooperation	Political realignment and nationalist mandate for nuclear weapons
	Public opinion	Concerned about China, nationalist	Strongly pacifist, friendly toward China, wary of alliance	Much less pacifist, highly nationalist

# Individual Country Trajectories - U.S.

		Strength	Faltering	Withdrawal
	Probability	Most Likely	Likely	Unlikely
	Military capabilities	Mid-High	Low-Mid	Very Low
Characteristics	Policy toward China	Variant A: Cooperative engagement and hedging, emphasis on hedge Variant B (as a result of "wild card"): Containment	Variant A: Cooperative engagement and hedging, emphasis on engage Variant B: Limited accommodation	Withdrawal combined with cooperative accommodation
Chara	Policy toward the alliance	Pressure on Japan to boost defense capabilities, significantly enhance interoperability	Incremental strengthening of alliance, improvements in interoperability	Major reduction of military presence in Japan, but Mutual Security Treaty and skeleton of alliance maintained
	Average annual GDP growth, 2012-2030	2.5-3%	2-2.3%	1-2%
ants	Defense spending as % of GDP	4.5-5.5%	3.5-4.5%	≤ 3%
Determinants	Political dynamics	Less domestic discord, resources directed toward bolstering Asian presence	Domestic discord, but a general bipartisan consensus on need to maintain presence in Asia	Persistent gridlock, preoccupation with domestic problems
	Public opinion	Heightened perception of Chinese threat	Ambivalent; not a policy constraint	More inward-looking

#### 3 Goals of U.S. Policy toward the Alliance

- 1. Reduce fears in Tokyo of either *entrapment* or *abandonment* by the United States
- 2. Facilitate the peaceful handling of Sino-Japanese territorial disputes and encourage the development of a more cooperative overall Sino-Japanese relationship
- 3. Maximize the likelihood that Tokyo will acquire the policies and capabilities needed to defend U.S. & allied interests in the face of a likely more assertive, capable China

#### Factors Shaping U.S. Trajectories

- Washington's ability to achieve these 3 goals will depend on various factors:
  - The state of the U.S. economic & technological base, and its capacity to sustain sufficient levels of defense spending and deployments
  - Washington's political and diplomatic relations with both Tokyo and Beijing
  - Japanese and Chinese domestic political & economic developments
  - Developments on the Korean Peninsula and in Cross-Strait Relations
- On balance, the U.S. is likely to recover and maintain a position of strength economically and militarily, despite some growing limitations.
- A major withdrawal or hollowing out of the U.S. presence in the Western Pacific is highly unlikely.



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## Regional Scenarios - Overview

- I. ERODING BALANCE: Most likely
- II. LIMITED CONFLICT: Likely
- III. MITIGATED THREAT: Possible
- IV. ASIAN COLD WAR: Unlikely
- V. SINO-CENTRIC ASIA: Very unlikely
- VI. INTENSE SINO-JAPANESE RIVALRY: Most unlikely

# Regional Scenarios - Eroding Balance

Degree of stability		Somewhat unstable	
Military balance favors		Alliance (narrowly)	
	China	Cautious Rise or	
Trajectories		Assertive Strength	
Hujectories	U.S.	Strength (engagement Variant A)	
	Japan	Soft Hedge	
	China	Mid-High	
Military capabilities	U.S.	Mid-High	
	Japan	Low-Mid	
Strategy, policies, and	China	Engage and hedge	
behavior	U.S.	Engage and hedge, emphasis on hedge	
	Japan	Engage and hedge	

#### Military Competitions - Eroding Balance

Maritime	Allied submarines will be able to maintain area denial vis-à-vis Chinese ships but antiaccess defenses could hamper their effectiveness
Martine	<ul> <li>Allied carrier groups will retain competitive advantage but might not be able to fully or reliably disrupt the "kill chain" of an antiship ballistic missile system</li> </ul>
Air	Fifth-generation aircraft and possibility of next-generation bombers or unmanned combat drones will help the allies to maintain an edge in the air domain
7	But considerable financial costs and technical challenges will impose limits
Ground	Despite efforts to harden bases and disperse forces, allied forces may be vulnerable to damaging and possibly crippling saturation attacks on forward bases in Japan
Space &	China will likely possess the capabilities necessary to threaten allied satellites in geosynchronous orbit
Cyberspace	<ul> <li>Allied forces may be paralyzed at the outset of a crisis but will recover and bring highly sophisticated capabilities to bear on China's networks in a more protracted conflict</li> </ul>
Nuclear	U.S. nuclear triad will continue to maintain significant margins of superiority but China would reinforce ability to target continental U.S. while improving second-strike capabilities
Command & Control	Allied forces may establish a partially integrated system to counter Chinese antiaccess campaigns but China may also achieve real-time networks for joint A2/AD missions

## Regional Scenarios - Limited Conflict

Degree of stability		Very unstable
Military balance favors		Uncertain
	China	Assertive Strength
Trajectories	U.S.	Faltering (engagement Variant A)
	Japan	Hard Hedge
	China	High
Military capabilities	U.S.	Low-Mid
	Japan	Low-Mid
Strategy, policies, and	China	Engage and hedge, emphasis on hedge
behavior	U.S.	Engage and hedge
	Japan	Engage and hedge, emphasis on hedge

#### Military Competitions - Limited Conflict

Maritime	<ul> <li>Allied ships within the first island chain will face significantly increased risk of damage from ASBMs and ASCMs</li> <li>Allied naval assets based in Japan may confront a small numerical shortfall against an increased number of PLAN surface ships and submarines</li> </ul>
Air	<ul> <li>Allied combat aircraft will maintain overall advantage but may face much greater ballistic and cruise missile threats</li> <li>Bases may also limit the operating range and sortie rate of aircraft in conflict</li> </ul>
Ground	Forward bases and other strategic land assets would likely confront increased vulnerability to missile and air attacks
Space & Cyberspace	<ul> <li>Allies will maintain an edge but may be more vulnerable to antispace systems and space warfare</li> <li>Military networks will be vulnerable to paralyzing attacks at the outset of a crisis but will retain overall edge in offensive capabilities</li> </ul>
Nuclear	The Sino-alliance nuclear balance will remain stable but China will attempt to increasingly secure retaliatory capabilities
Command & Control	Allies may become more vulnerable to Chinese "blinding" attacks though the allies will continue to integrate C4ISR across the military service

## Regional Scenarios - Mitigated Threat

Degree of stability		Somewhat stable
Military balance favors		Alliance
	China	Cooperative Weakness
Trajectories	U.S.	Faltering (accommodation Variant B)
	Japan	Soft Hedge
	China	Low
Military capabilities	U.S.	Mid
	Japan	Low
Strategy, policies, and	China	Engage and hedge, cautious and internally focused
behavior	U.S.	Engage and hedge, emphasis on engage
	Japan	Engage and hedge, emphasis on engage

#### Military Competitions - Mitigated Threat

Maritime	<ul> <li>Beijing may field a reasonably credible ballistic-missile-centered weapons systems, but it will likely prove to be more porous and less resilient</li> <li>Allied submarines will still be able to operate virtually unfettered within the first island chain, despite some threats from China's conventionally powered submarines</li> </ul>
Air	Allied fifth-generation fighters will continue to a enjoy a greater margin of superiority but will also continue to be dependent upon vulnerable regional bases and carriers
Ground	Allied forward bases in Japan (and in Guam) will be vulnerable to attacks by theater missiles
Space &	China may posses direct-ascent ASAT capabilities, ground-based lasers, and jamming technologies but allied networks will also have improved defensive measures
Cyberspace	<ul> <li>China may be able to paralyze some U.S. systems or even infiltrate logistics networks but the allies will maintain a strong ability to leverage their offensive capabilities to damage Chinese systems</li> </ul>
Nuclear	U.S. will continue to maintain a favorable position vis-à-vis China and extend deterrence
Command & Control	Allies will maintain superiority but the PLA may potentially be able to execute integrated campaigns at the outset of a crisis

#### Regional Scenarios - Asian Cold War

Degree of stability		Very unstable	
Military balance favors		Alliance (narrowly)	
	China	Aggressive Ultranationalism	
Trajectories	U.S.	Strength (containment Variant B)	
	Japan	Competition	
	China	High	
Military capabilities	U.S.	High	
	Japan	High	
	China	Aggressive	
Strategy, policies, and behavior	U.S.	Containment, strengthened alliance	
	Japan	Normal military power	

#### Military Competitions - Asian Cold War

Maritime	<ul> <li>Recapitalized budgets will allow allied forces to increase the proportion of submarines and exploit key deficiencies in Chinese ASW capabilities</li> <li>China may posses several functioning carrier groups capable of operations beyond the first island chain, challenging the operational utility of allied antisurface warfare</li> </ul>
Air	<ul> <li>Constitutional revision will allow the JASDF to mount a defensive campaign over Japanese airspace and to have increased interoperability with USAF in combating PLAAF incursions</li> <li>PLAAF may have significantly improved next-generation fighters and aerial-refueling capabilities</li> </ul>
<ul> <li>Allied forces will be able to extend an integrated BMD umbrella over ports and greater number of interceptors</li> <li>Allied forces may have a harder time preventing China from targeting fixed local</li> </ul>	
Space & Cyberspace	<ul> <li>Both parties will likely abandon reservations about the weaponization of space and pursue ASAT</li> <li>Allied networks will continue to be vulnerable to paralyzing attacks but will also be more likely to use offensive capabilities to target nodes in China's internet infrastructure</li> </ul>
Nuclear	There may be heightened mistrust and mutually reinforcing competition that erodes stability
Command & Control	Doctrinal and technological improvements will allow allies to operate with greater speed and coordination to disrupt Chinese A2/AD, despite PLA's improved training and interoperability

## Regional Scenarios - Sino-Centric Asia

Degree of stability		Medium-term stability but long-term uncertainty
Military balance favors		PRC
Trajectories	China	Cautious Rise or Cooperative Weakness
	U.S.	Gradual Withdrawal
	Japan	Accommodation
Military capabilities	China	Low-Mid
	U.S.	Low
	Japan	Low
Strategy, policies, and behavior	China	Benign
	U.S.	Withdrawal or hollowing out
	Japan	Strategic accommodation

#### Military Competitions - Sino-Centric Asia

Maritime	<ul> <li>JMSDF's surface fleet would be disadvantaged vis-à-vis Chinese antiaccess capabilities</li> <li>PLA's Second Artillery will be able to sustain area denial against the JMSDF</li> </ul>
Air	The JMSDF may face numerical shortfalls and may be unable to access the Chinese Mainland as a result of China's costal SAM batteries
Ground	Japanese BMD systems will remain operational, but less likely to extend coverage to ports and bases
Space & Cyberspace	<ul> <li>China could enjoy direct-ascent ASAT capabilities and threaten allied satellites in LEO</li> <li>Most competition in the cyberspace will consist of commercial and security-related espionage by actors with plausible deniability</li> </ul>
Nuclear	Interactions will remain essentially stable as U.Sbacked deterrence would persist
Command & Control	Japan, and to a lesser degree China, may reduce efforts to streamline command and control

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#### Regional Scenarios - Sino-Japanese Rivalry

Degree of stability		Extremely unstable
Military balance favors		PRC (narrowly)
Trajectories	China	Aggressive Ultranationalism
	U.S.	Precipitate Withdrawal
	Japan	Independence
Military capabilities	China	Variable (likely High)
	U.S.	Very Low
	Japan	High
Strategy, policies, and behavior	China	Aggressive
	U.S.	Drastic withdrawal or hollowing out
	Japan	Strategic independence
		(nuclearization)

#### Military Competitions - Sino-Japanese Rivalry

Maritime	Japan may be able to resist Chinese area denial but would face a highly constrained operating environment
Air	JASDF could potentially prevent PLAAF superiority in areas near the home islands but would be unable to penetrate China's dense perimeter of land- and ship-based SAM batteries
Ground	Japan may not be able to keep pace with China's expanding stockpile of medium-range ballistic missiles and land-attack cruise missiles
Space & Cyberspace	<ul> <li>Japan may have access to U.S. surveillance and reconnaissance in MEO and GEO that are less vulnerable to Chinese ASAT capabilities</li> <li>Overall reduction in allied information sharing and cooperation could reduce the allies' ability to defend their networks</li> </ul>
Nuclear	Japan could potentially perceive an independent nuclear capability and consequently destabilize competition between China and Japan
Command & Control	Allied interoperability will be severely degraded as the PLA gains in conducting integrated antiaccess campaigns

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#### Allied Responses - Robust Forward Presence

Possible Doctrines /	Variant A: Air-Sea Battle (deep strikes)
Operational Concepts	Variant B: Offshore Control (naval blockade)
Political/Diplomatic Strategy	Engage & hedge, strong emphasis on hedge; integration with Japan and other regional allies
Force Posture	Variant A: TACAIR and naval assets forward-deployed OR naval assets rear-deployed with emphasis on long-range deep strike  Variant B: Naval assets deployed at first island chain
Emphasized Weapons Systems	Variant A: Long-range, deep-strike aircraft and missiles, integrated C4ISR, cyber- and space-based offense & defense Variant B: Submarine and surface naval platforms, integrated C4ISR
Affordability	Low (?)
Political/Bureaucratic	Variant A: Medium
Feasibility	<b>Variant B:</b> Low
Deterrence Capacity	Medium-High
Alliance Integration	Medium-High
Sino-Alliance Tension	Variant A: High-Very High  Variant B: Medium-High

#### Allied Responses - Conditional Offense/Defense

Possible Doctrines / Operational Concepts	Primacy without deep strikes or blockade	
Political/Diplomatic Strategy	Engage & hedge	
Force Posture	TACAIR forward-deployed; dispersed basing; large naval assets rear-deployed in early stages of conflict	
Emphasized Weapons Systems	BMD and base hardening, TACAIR, integrated ISR, cyber- based offense & defense	
Affordability	Low-Medium	
Political/Bureaucratic Feasibility	High	
Deterrence Capacity	Low-Medium	
Alliance Integration	Medium	
Sino-Alliance Tension	Medium	

#### Allied Responses - Defensive Balancing

Possible Doctrines / Operational Concepts	Mutual Denial Strategy
Political/Diplomatic Strategy	Engage & hedge, emphasis on engage, with limited accommodation of China
Force Posture	Submarines forward-deployed; large naval surface assets rear-deployed; TACAIR rear-deployed
Emphasized Weapons Systems	Submarines, long-range drones, long-range missiles, enhanced cyber and integrated ISR, ASW and mine countermeasures
Affordability	Medium
Political/Bureaucratic Feasibility	Low
Deterrence Capacity	Low-Medium
Alliance Integration	Low-Medium
Sino-Alliance Tension	Low

#### No More Business as Usual?

- Less U.S. capacity to dominate all military domains
- More Chinese capacity / willingness to mount challenges in many domains
- Many uncertainties regarding Chinese elite views, domestic nationalism, and crisis behavior
- Resulting unstable dynamic requires rethinking of U.S./Japanese political and defense strategies toward China