

U.S.-Japan Relations: Staying the Course

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It's only fitting that the United States and Japan marked the 150th anniversary of the Treaty of Kanagawa this quarter as they celebrated "the best relations ever" between the two nations. Cynics will note that it's only downhill from here, so there is every reason to enjoy the blissful state of relations while we can. To the delight of alliance managers on both sides of the Pacific, both governments managed to stay the course. There were no surprises or shocks, despite concerns about the risks in Japan's deployment of Self-Defense Forces (SDF) to Iraq.

That historic event was part of a larger effort to strengthen the framework for intensified collaboration between Washington and Tokyo. That agenda continues to move forward. There were some bumps along the way, but they were minor. All in all, it was a very good quarter.

Remembering 'a good decent man'

This quarter witnessed the first anniversary of the start of the war on Iraq. In his March 19 speech commemorating that event, U.S. President George W. Bush mentioned Japan five times, closing with a reading from the diary of Japanese diplomat Oku Katsuhiko. Oku was, said Bush, "a good, decent man" who wrote, "the free people of Iraq are now making steady progress in reconstructing their country – while also fighting against the threat of terrorism. We must join hands with the Iraqi people in their effort to prevent Iraq from falling into the hands of terrorists ... This is also our fight to defend freedom."

Oku was part of Japan's diplomatic advance guard that was assessing conditions in Iraq prior to the SDF deployment. He, his colleague Mr. Inoue Masamori, and their Iraqi driver were murdered near Tikrit last November by unknown assailants. Despite some fears in Japan, the tragedy did not deter the deployment of Ground Self Defense Forces (GSDF) to Iraq this quarter. A 30-member advance reconnaissance team arrived Jan. 19, and the main body, an estimated 520 troops, was dispatched to the southern Iraqi city of Samawah in phases over a two-month period beginning in early February. There, they will engage in water-purification and medical-relief activities.

Japanese newspapers were divided over the move. In a March 19 editorial, the *Yomiuri Shimbun* argued “the only option for Japan is to support the United States.” True to form, the *Asahi Shimbun* countered that Prime Minister Koizumi Junichiro was merely following the U.S. lead, and that he should be using his supposed influence in Washington to push for more UN involvement. The *Mainichi Shimbun* echoed the *Asahi* position. Those divergent perspectives were reflected in Japanese public opinion. Opinion polls in January showed about 48 percent of respondents in an *Asahi* poll opposed the dispatch, down from 55 percent in December; 40 percent were in favor, up from 34 percent. A *Kyodo* survey showed 51.6 percent against vs. 42.8 percent in favor. Support continued its upward trend: by mid-March the numbers were roughly equal.

Attribute the shift in public opinion to relief that there have been no mishaps, as well as very positive media coverage. The SDF has proven good at PR. The troops have done their best to win friends on the ground. The image that has been conveyed back home is of Japan helping a shattered nation rebuild. Ranking U.S. officials from the president on down have applauded the Japanese deployment. The question hanging over the dispatch is how the public will respond if something goes wrong.

That is not merely an exercise in morbid speculation. The war anniversary came days after al-Qaeda linked terrorists detonated a series of bombs on Spanish commuter trains in Madrid, killing nearly 200 people; the perpetrators claimed that the Spanish government’s support for the U.S. in Iraq and in the war against terror made the country a legitimate target. In a letter from a group taking responsibility for the blasts, Japan was identified, along with several other U.S. allies, as a target for future attacks. There was a heavy security deployment in Japan following the blasts, with extra police deployed on the streets, underground, and around key facilities. That presence is a visible daily reminder of the price of Japan’s backing for the U.S. in Iraq and against terrorism.

In Iraq, thinking about North Korea

While Prime Minister Koizumi and several other officials have explained that the Iraq deployment is a natural consequence of Japan’s status as a leading nation and its interest in international peace and stability, a lot of folks in Japan consider support for the U.S. in Iraq to be a *quid pro quo* for U.S. support for Japan in dealing with North Korea. The latter reasoning is wrong, but the threat from North Korea is proof of the importance of the U.S.-Japan alliance for Japan’s national security as well as that of the region.

The two governments have continued their joint efforts to get North Korea to accept “complete, verifiable, irreversible dismantlement” of its nuclear weapons program. The Trilateral Coordination and Oversight Group (TCOG), which includes South Korea, is the primary vehicle for that cooperation, although there are bilateral meetings as well. TCOG convened prior to the second round of six-party talks on the North Korean nuclear crisis that was held in Beijing in late February. The U.S. has strongly backed Japan’s demand to put the abductee question on the negotiating agenda, despite Pyongyang’s objections and the apparent concern of China that the issue will distract from the main focus of the talks. Undeterred, Assistant Secretary of State James Kelly reportedly

mentioned the issue during his opening remarks to the meeting. As mentioned elsewhere in this volume, the talks were disappointing, even though they produced agreement to meet again and to create a working-level group to help facilitate the dialogue process.

Near the end of the quarter, the U.S. informed Japan of plans to deploy an Aegis-equipped destroyer to the Japan Sea later in the year. While the move could be interpreted as a sign of growing concern about North Korean intentions, the decision was greeted in Japan as an indication of the U.S. commitment to Japanese security. Alliance solidarity was also advanced when Deputy Secretary of State Richard Armitage reiterated that any attack on Japan or its administrative territories – meaning the disputed Senkaku/Diaoyu Islands, in particular – would be seen as an attack on the U.S. Given the ongoing tussle over those rocky outcrops – see James Przystup’s contribution (Japan-China Relations) in this volume for more details – those were welcome words.

Focusing on the big picture

All the quarter’s security-related developments highlight increasing coordination and cooperation between the U.S. and Japan. They have simultaneously underscored the need for yet more changes in the legal framework for Japan’s national defense and anticipated more radical changes that lie ahead. In March, the Japanese Cabinet approved seven bills to prepare for war-related contingencies that are designed to supplement the legislation passed by the Diet late last year. The new package includes measures to facilitate U.S.-Japan military cooperation in the event of emergencies. In addition, the two governments are preparing amendments to previous treaties, including the Acquisition and Cross-Servicing Agreement (ACSA), to expand cooperation. At present, Japan has to write a new agreement each time it dispatches forces, detailing the particulars of its cooperation. The new ACSA would be an ongoing agreement that covers a range of contingencies. Proponents of the change applaud the move, saying it makes the alliance more flexible and durable; critics charge it is too flexible and risks turning the U.S.-Japan alliance into a “NATO-like partnership” that sidesteps constitutional constraints and civilian control.

Missile defense (MD) has also returned to the political agenda. Actually, it was always there, but recent developments have forced it to the fore. The North Korean question, in addition to production and procurement schedules, has obliged Japanese decision makers to refocus on the issue. The U.S. decision to deploy an Aegis-equipped destroyer in the Sea of Japan is a reminder of the reality of the North Korean threat. Last year’s decision by the Tokyo government to deploy limited MD systems in Japan will require the two militaries to integrate planning, development, and systems design in unprecedented ways. The mechanics and physics of a response to a ballistic missile attack will force decision making to devolve to field commanders; existing Japanese law requires the prime minister to convene a Security Council meeting, which is followed by a Cabinet meeting to approve the launch of interceptors. The most optimistic estimate of that process is that it takes 30 minutes: a missile from North Korea only takes 8 minutes to hit its target. Something has to give. Similarly, the need to respond quickly to an attack makes the constitutional debate over the legality of shooting down missiles that might only be flying over Japan irrelevant. Controversy is also swirling around plans for the two countries to

share radar data. Politicians debated all these issues this quarter, as well as the growing need to reform the limits on the export of arms – if Japan is to participate, as anticipated, in the production of critical MD components.

Japan Defense Agency officials are preparing internal reforms to facilitate cooperation with the U.S. There is talk of centralizing the SDF command authority by establishing a new Joint Chiefs of Staff, based on the U.S. model, which will serve as a single point of contact to coordinate military plans with the U.S. In addition, there are reports that the services will establish three specialized joint SDF task forces – for international contributions, counterterrorism, and missile defense – in the first force structure revision since the SDF's formation in 1954.

A few clouds spotted this sunny horizon. Reports that Secretary of Defense Donald Rumsfeld decided to abandon plans to move the Futenma Air Station to Nago City in northern Okinawa and instead relocate it in Kadena Air Base ruffled feathers in Japan. While the move might have appealed to peace and environmental activists, the seemingly arbitrary fashion in which it was announced – the product of a helicopter flight that opened the secretary's eyes to the danger of continuing operation of the air station – made a mockery of Japanese claims that it was being consulted on alliance matters. It also scared Okinawans who look to the relocation to provide political cover for a healthy infusion of funds from Tokyo. The reports were denied by U.S. and Japanese government sources. In testimony to the House Armed Services Committee at the end of the quarter, commander of the U.S. forces in the Pacific Adm. Thomas Fargo said the U.S. remains committed to the Special Action Committee Okinawa (SACO) process. A second “hiccup” occurred when Japan reportedly turned down a U.S. request to move the U.S. Army/Corps HQ from Washington State to Kanagawa Prefecture.

Legal briefs, briefly

Legal issues also colored alliance relations. Agreement between the two countries to revise the status of forces agreement (SOFA) and permit a U.S. representative to witness the interrogation of U.S. military personnel accused of serious crimes helped smooth a wrinkle and provided tangible proof the two governments could resolve thorny issues. Civilian legal issues weren't quite as easily settled. Two years ago, the U.S. requested that Japan extradite scientist Okamoto Takashi to stand trial on charges he stole genetic material samples while working at the Cleveland Clinic Foundation. In late March, the Tokyo High Court turned down the request, the first time a Japanese court refused a U.S. extradition request.

Dealing with Tehran

Japan's readiness to do business with Iran has raised some eyebrows. Japan imported \$50 billion of crude oil last year, more than four-fifths of which came from the Middle East; Iran was its third-largest supplier. Eager to secure oil supplies and worried about its sinking national petroleum company, Tokyo has been negotiating for years with Tehran to win access to Iran's oil reserves. In February, a \$2.8 billion bid gave a Japanese

consortium the right to develop the Azadegan field. Some in the U.S. are troubled by Japan's readiness to do business with a charter member of "the axis of evil." U.S. spokesmen called the deal "deeply disturbing." U.S. concern was amplified by reports that Iran is cheating on its commitments to the International Atomic Energy Agency and is secretly developing nuclear weapons. Tokyo's apparent willingness to turn a blind eye to Tehran's games makes shoring up the Nuclear Nonproliferation Treaty even more difficult, and harms Japan's credibility as an advocate for nuclear nonproliferation and disarmament.

The whole episode is a bit odd. There are questions about the commercial viability of the project: Japan has had difficulty finding partners to develop the oil field and eventually, the Japan Bank for International Cooperation and the country's four largest commercial lenders agreed to loan \$1.2 billion to Iran's national oil company, Japan's main partner in the deal. After their initial response, U.S. officials have expressed "understanding" and even Under Secretary of State John Bolton reportedly told the Japanese the deal would not damage bilateral relations.

Batter up!

This quarter marked the beginning of baseball season, in this writer's mind one of the most important contributors to the healthy state of U.S.-Japan relations. Early in the year, Seattle Mariners relief pitcher Sasaki Kazuhiro decided not to return for the last year of his contract and would instead remain in Japan to be with his family. Yankee fans are no doubt relieved. Their season began in Japan as the Bronx bombers traveled to Tokyo for a few preseason games against Japanese teams and their season opener against the Tampa Bay Devil Rays. The Yankee visit was a marketing spectacular for Major League Baseball, which played up the homecoming of "Godzilla," former Yoimuri Giants slugger Matsui Hideki. Matsui obliged with monstrous home runs from the clean-up slot. Unfortunately, the Yanks lost the opener, but recovered to win the second game in a convincing 12-1 rout. Only 160 plus games to go ...

Intervention interregnum?

For many Japan watchers, the big news this quarter has been the growing sense that the economy has finally turned the corner. Takenaka Heizo, the minister for economics and financial services, believes the economy expanded by nearly 3 percent in the fiscal year that ended March 30, substantially ahead of the government's 2 percent forecast. Economists figure that the economy grew a fifth straight quarter from January to March, with export demand, business investment, and consumer demand all climbing. The Bank of Japan's quarterly "tankan" survey showed that more Japanese firms felt they were doing better in March than at any time in nearly seven years.

The recovery has reportedly allowed the Bank of Japan to ease off its massive intervention in currency markets, a King Canute-like effort to halt the climb in the value of the yen. Japan sold more than ¥15 trillion (\$144 billion) during the first three months of 2004, following the record ¥20 trillion spent in 2003. Those attempts to keep the yen

from becoming too strong and damaging exports earned Tokyo mostly subtle criticism in the U.S. – although Federal Reserve Chairman Alan Greenspan fired a warning shot in early March – but there were concerns in Japan that the complaints might get louder as the U.S. campaign intensified and the search for a scapegoat for American economic ills got stronger. At the end of the quarter, there were reports that the Bank of Japan was going to ease off to avoid giving the U.S. a target. Japanese government officials denied any change in policy.

Beef over beef

Finally, there was no resolution of the U.S.-Japan beef dispute. Japan stopped all beef imports from the U.S. after the U.S. reported its first case of bovine spongiform encephalopathy (BSE), or mad cow disease, last December. Since Japan was the U.S.'s number one beef export market, the decision hurt. According to a survey released by the Ministry of Agriculture, Forestry and Fisheries (MAFF) the BSE outbreak resulted in a 16 percent drop in the volume of U.S. beef imported during fiscal 2003. The loss has forced “*gyudon*” restaurants to end some of their most popular dishes – a real loss for *salarymen* looking for inexpensive lunches after 12 years of recession. Japan has demanded that the U.S. test all slaughter cattle for BSE, but the U.S. refuses, claiming there is no scientific basis for the move. Washington countered with an offer to increase BSE testing by 10 times – from 40,000 cows to 466,000 – but Tokyo, sensitive to its consumer lobby – has said this won't do. Japan wants the U.S. to implement the same measures it does, and the U.S. has threatened a World Trade Organization complaint if Japan doesn't compromise. Expect the issue to surface when Vice President Richard Cheney visits Japan in mid-April.

All eyes forward

The challenge now is to ensure that the alliance continues to consolidate and prepare for the future. Iraq is the biggest wild card. Japan will hold Upper House elections in July and if terrorists do watch the electoral calendar, then Tokyo must be nervous. Even if there are no explicit attacks on Japan or its forces, the continued deterioration of the situation there is likely to prompt increasing soul-searching in Japan about the wisdom of following the U.S. lead. North Korea is another possible trouble spot, but Pyongyang is likely to avoid saber rattling in the run-up to the U.S. vote. Signs that the North might be ready to make a deal on the abductees – see Victor Cha's analysis this quarter in Japan-Korea Relations – could anticipate an attempt to drive a wedge between Tokyo and Washington. There is little chance that the current governments in both capitals would allow that to happen, but a tragedy in Iraq combined with skillful diplomacy by the North, and perceived intransigence in Washington could undermine public support for the alliance. That is a lot of “ifs.” It's better to enjoy “the best relations ever” while remaining mindful of the possibility that things could turn sour.

Chronology of U.S.-Japan Relations January-March 2004

Jan. 5, 2004: Vice Minister of Agriculture Watanabe Yoshiaki states that U.S. action hasn't quieted concerns in Japan about the safety of American beef. Two-thirds of Japan's beef imports, more than 226,000 tons, came from the U.S. last year.

Jan. 9, 2004: JDA Chief Ishiba Shigeru orders advance reconnaissance team from the GSDF to leave for Iraq – the first of about 600 soldiers that Japan plans to send to southern Iraq for reconstruction efforts.

Jan. 13, 2004: JDA head Ishiba states that Japan should review its 36-year-old export ban so that it can participate in joint weapons development projects with the U.S. and other countries, as well as lifting the ban on arms sales to other countries.

Jan. 19, 2004: 30 members of GSDF advance team arrive in southern Iraq; PM Koizumi states that “Japan's development and prosperity depends on world peace and stability,” during Parliament's opening session.

Jan. 20, 2004: Seattle Mariners' right-hander Sasaki Kazuhiro decides to forfeit the last year of his contract and return to Japan to remain with his family.

Jan. 21-22, 2004: U.S., Japanese, and South Korean officials convene in Washington, D.C. to discuss six-party talks on North Korea.

Jan. 22, 2004: Japan's first main air SDF contingent of 110 personnel, leaves for Iraq.

Jan. 23, 2004: U.S. and Japanese officials discuss safety measures on mad cow disease; U.S. rebuts Japan's demands for comprehensive testing of every animal slaughtered; Koizumi tells the Diet he will demand such testing before U.S. beef imports can resume.

Jan. 25, 2004: Movie “Lost in Translation” wins three Golden Globe awards: best comedy film; best screenplay; and best comedy actor for Bill Murray in Los Angeles.

Jan. 26, 2004: USDA official David Hegwood says that Japan's demand for testing all U.S. beef for mad cow disease is scientifically unjustifiable and expensive.

Feb. 2, 2004: Deputy Secretary of State Richard Armitage praises Koizumi for “remarkable vision” in increasing Japan's strategic role. Armitage also reiterated any attack on Japan or administrative territories under Japanese control would be seen as an attack on the U.S. “Administrative territories” includes disputed Senkaku/Diaoyu Islands.

Feb. 5, 2004: U.S., Japan, and Australia hold fifth round of Trilateral Security Dialogue, focusing on regional and global security issues.

Feb. 8, 2004: Japan suspends import of all U.S. poultry after U.S. agriculture officials confirm outbreak of avian flu in Delaware.

Feb. 10, 2004: USTR Robert Zoellick holds talks with FM Kawaguchi and Economy, Trade and Industry Minister Nakagawa on trade and Japan's ban on U.S. beef imports.

Feb. 13, 2004: *Mainichi* reports the U.S. has dropped demands to return land occupied by the U.S. Marine Corps Futenma Air Station in exchange for an alternate facility, instead it will integrate into Kadena.

Feb. 18, 2004: Japan wins right to develop Iran's Azadegan oilfield for an estimated \$2.8 billion. U.S. calls the deal "deeply disconcerting."

Feb. 18, 2004: Under Secretary of State John Bolton meets counterpart Amano Yukiya to discuss WMD nonproliferation and arms control policy. He reassures Japan its agreement to develop Azadegan oilfield will not damage U.S.-Japan relations.

Feb. 19, 2004: JDA Director Ishiba denies change in plans to build a heliport in Nago, Okinawa to replace Futenma Air Station.

Feb. 25, 2004: Six-party talks on North Korea open in Beijing. In his address, James Kelly, U.S. assistant secretary of state for Asian and Pacific affairs, makes an unequivocal reference to the abduction issue.

Feb. 27, 2004: U.S. and Japan sign deal to amend the Acquisition and Cross-Servicing Agreement, increasing share of military supplies and services in event of attack on Japan. For the first time the arrangement allows Japan to supply U.S. forces with ammunition.

March 1, 2004: U.S. requests Japan consider relocation of U.S. Army/Corps HQ from Washington State to Kanagawa.

March 2, 2004: U.S. Federal Reserve Chairman Greenspan singles out Japan for criticism over dollar intervention and high accumulation of dollar reserves.

March 9, 2004: Japanese Cabinet submits seven military emergency bills to the Diet, supplementing legislation passed last year. The bills include procedures to increase SDF and U.S. military cooperation and facility usage.

March 11, 2004: Armitage states the U.S. position on Futenma Air Station in Okinawa has not changed and the U.S. fully intends to comply with the SACO agreement.

March 16, 2004: USTR chief agriculture negotiator threatens Japan with WTO action if Japan does not back down from requiring the U.S. to test all cattle for BSE before resuming U.S. beef imports.

March 16, 2004: *Asahi* poll reveals support for Koizumi Cabinet up to 49 percent from last month's 44 percent; those who did not support the government fell from 37 percent to 32 percent. Support for SDF deployment to Iraq is split with 42 percent for and 41 percent against, a sharp drop from the 48 percent against in February.

March 18, 2004: Defense Secretary Donald Rumsfeld calls the SDF deployment to Iraq a "great step" in talks with Japan's Adm. Ishikawa Toru, chairman of Joint Staff Council.

March 18, 2004: London-based Arab newspaper publishes statement from alleged al-Qaeda affiliate claiming responsibility for Madrid bomb attacks, indicating the group is planning strikes against other U.S. allies, including Japan.

March 19, 2004 Marking the first anniversary of the invasion of Iraq, President Bush closes with remarks remembering diplomat Oku Katsuhiko, who was killed in Iraq last November. Bush calls Japan a key ally in the war on terrorism and a member of the PSI.

March 19, 2004: Agreement is reached in principle between the U.S. and Japan on updating Status of Forces Agreement (SOFA). Deal will allow a U.S. representative to witness Japanese interrogation of U.S. military personnel accused of serious crimes.

March 20, 2004: U.S. report identifies Japan's measures to combat trafficking of women as worst of any industrialized country.

March 23, 2004: *Reuters* reports U.S. Navy will deploy an *Aegis*-class destroyer in the Sea of Japan by September 2004 to protect U.S. and its allies.

March 25, 2004: First treaty signed between the U.S. and Japan, the Treaty of Kanagawa, goes on display at the National Archives in Washington, DC, as part of the annual Cherry Blossom Festival and the 150th anniversary of the signing.

March 29, 2004: *Yomiuri* reports Japanese plan to rewrite policy to share radar data collected from FPS-XX early warning radars, expected to go online in 2007, with U.S.

March 29, 2004: Tokyo High Court turns down U.S. request to extradite a researcher on industrial espionage charges, marking Japan's first rejection of an extradition request from American authorities.

March 30, 2004: Yankees and Devil Rays open baseball season in Tokyo. Matsui Hideki hits a two-run homer propelling the Yankees to a 12-1 win in the second game.

March 31, 2004: Tokyo pledges an additional \$400 million for Afghanistan reconstruction over the next two years.

March 31, 2004: In Congressional testimony, commander of U.S. forces Pacific, Adm. Thomas Fargo said U.S. remains committed to the Special Action Committee Okinawa (SACO) process.