



**U.S.-Japan Relations:
Unfinished Business**

**Brad Glosserman
Pacific Forum CSIS**

The U.S.-Japan alliance returned to earth this quarter. After a dizzying five-year run during which Japanese actions consistently exceeded U.S. expectations, old habits reasserted themselves in the first quarter of 2006. Unfinished business – base relocations and the reimposition of the Japanese ban on imports of U.S. beef – bedeviled both governments, while coordination on a range of other global issues proved equally frustrating. This is especially troubling as Japan becomes increasingly focused on the transition to the post-Koizumi era, which begins in September when the prime minister steps down. There is a real danger that alliance issues will fester as the Japanese gaze narrows to domestic concerns.

Interim, interrupted

It was hoped that the “interim” deal on the redeployment of U.S. forces in Japan agreed by the two governments at their October Security Consultative Committee meeting would provide a basis for a 21st century security alliance. (For details see, “The Alliance Transformed” in the last issue of *Comparative Connections*.) Developments have proven that no such deals should ever be considered done. The agreement was forged under the pressure of President George W. Bush’s then upcoming visit to Japan; there had to be a deal before he arrived. I argued last quarter that was dangerously reminiscent of the U.S.-Japan alliance of old; sadly, I got it right.

Since then, it has become apparent that, for the U.S., the deal was “interim” in name only. U.S. negotiators expected the final agreement, to be concluded by March 31, to look just like the October one. Japanese negotiators took interim to mean just that and have been trying to tweak the agreement. As early as Jan. 13, Foreign Minister Aso Taro was warning publicly that the deadline might not be met and indeed the gap between the two governments proved unbridgeable.

Discord was evident from the outset, as one Japanese community after another announced its reluctance to host U.S. forces relocated by the agreement. As always, opposition was fiercest in Okinawa, where plans to quickly move the U.S. Marine Air Station in Futenma to Nago got bogged down. In late January, Defense Secretary Donald Rumsfeld told visiting Japanese legislators from the ruling Liberal Democratic Party

(LDP), that the U.S. has “ been forced to wait endlessly. We will not wait ... We will have to implement the bilateral agreement no matter what.”

By March there were daily rumors that the Japanese government would try to amend the Nago project, prompting officials from Prime Minister Koizumi Junichiro on down to deny there would be any change. The prime minister minced no words. “We are going to try to gain consent for the existing government plan. ... I have no plans” to revise it. Japan Defense Agency Director General Nukaga Fukushima spoke from the same script, dismissing as “groundless” reports that Tokyo was prepared to modify the plans to build a new air strip. “Our stance remains absolutely unwavering.”

Okinawa is not the only bone of contention, however. The decision to redeploy from Atsugi to Iwakuni the fixed-wing aircraft from the U.S. aircraft carrier *USS Kitty Hawk* (nearly 60 in total) set off strong protests. On Feb. 7, Iwakuni Mayor Ihara Katsusuke announced that the city would hold a referendum on the move. In addition to irritating the central government in Tokyo, that decision irritated the Yamaguchi Prefecture governor as well as communities that have since merged with Iwakuni and which prefer negotiations with Tokyo to unilateral decisions. In the March 12 referendum, over 58 percent of voters turned out and made plain their opposition: 80 percent voted against the move. Prime Minister Koizumi promptly rejected the result, noting it had no legal standing. Meetings between Mayor Ihara and Tokyo officials continue to be a dialogue of the deaf.

Writing the check

The plan to relocate U.S. forces does not merely shuffle them around the Japanese islands. An integral part of the proposal shifts a substantial number of U.S. Marines from Okinawa to Guam. (That is “integral” in two senses: both as “key” and as “integrated” – the movement of troops and facilities is part of a single package and components cannot be selected *à la carte*. Some moves only make sense when combined with others. Japan’s seeming failure to appreciate this fact – and calling for the closure of some facilities without figuring out where they would go – has contributed to the differences between Washington and Tokyo.)

The U.S. is asking Japan to pay part of the cost of moving 8,000 Marines to Guam. The bill includes physically transporting troops and facilities as well as the construction of new facilities and infrastructure in Guam itself. The total cost is estimated at \$10 billion, and the U.S. went in high, asking Tokyo to shoulder about 75 percent of that amount. Deputy Under Secretary of Defense Richard Lawless was blunt: “The relocation is happening at Japan’s request, so it is only natural to ask Japan to foot 75 percent of the bill.”

Japanese responded with disbelief, and countered with an offer of \$3 billion in direct payments and additional funds (as much as \$1.5 billion) in loans. Bilateral senior working-level talks at the end of March failed to yield a mutually acceptable number, although a \$5 billion compromise looks obvious. The *Asahi* reported that five Cabinet

ministers, including Aso and Defense Agency head Nukaga, held talks March 28 and confirmed that Japan would only be able to shoulder up to 50 percent. Chief Cabinet Secretary Abe Shinzo denied that any official target has been set. The U.S. reportedly sweetened the deal by offering to keep some Japanese troops and aircraft in Guam on a “permanent training basis,” but that proposal raises constitutional questions. Minister Aso told a Diet committee that while Japan is eager to pay its share of the relocation costs, paying for military facilities overseas is plainly difficult because of constitutional restrictions.

U.S. Ambassador to Japan Thomas Schieffer inserted himself into the process in a high-profile speech in Tokyo in mid-March, calling on Japan to shoulder more of the financial burden of the alliance as a way of becoming a more equal partner with the U.S. He specifically criticized Japan’s commitment to hold defense spending to 1 percent of GDP. “The U.S. spends close to 4 percent of its GDP on defense, or 10 times what Japan spends on defense. Japan keeps its defense spending in fact at about 1 percent of GDP, something that the American people find hard to understand.” He added, “The United States hopes Japan will recognize this disparity and move to reduce it.”

The awkwardness of discussing any such expenditures in Japan was greatly magnified by the arrest of three officials from the Defense Facilities Administration Agency (DFAA) in late January on charges of bid-rigging. The DFAA mediates between the central and local governments in Japan and the arrests effectively crippled a key player in the base relocation process. It also shelved plans to upgrade the Defense Agency to a full-fledged ministry and focused attention on how money is spent at exactly the wrong time.

On the bright side...

While the headlines have been unsettling, there has been some good news for the military side of the relationship. Leading politicians in Aomori agreed to host a mobile *X-band* radar at the Air Self-Defense Force’s Shariki base in the city of Tsugaru. The radar would be part of the missile defense shield that the two countries plan to build. In March, a Japanese-developed nosecone for the U.S.-designed missile interceptor was successfully tested.

Most important is the handling of a vicious crime by a U.S. serviceman. A U.S. sailor on the *Kitty Hawk* admitted to killing Sato Yoshie, a 56-year old Yokosuka woman. In the past such a crime would have triggered widespread demonstrations and calls to revise the Status of Forces Agreement that controls the handling of such cases. Instead, the two governments worked closely together to detain and question the suspect, who was arrested within days of his confession. Ranking U.S. officials, including Lt. Gen. Bruce Wright, head of U.S. Forces Japan, made condolence calls, and over 100 U.S. military personnel attended Sato’s funeral. This smooth and sensitive response is a marked contrast to past incidents and demonstrates how the two governments have learned to handle such crises and prevent them from getting out of control.

Beef, again

If the stall on the bases plan was dispiriting, then so too was the revival of the bilateral beef spat. Last December, Japan lifted a two-year ban on imports of U.S. beef, imposed when a U.S. cow was discovered to have bovine spongiform encephalopathy (BSE or “mad cow” disease). The ban suspended some \$3 billion in trade, which quickly got the attention of President Bush (from a big cattle producing state), Vice President Cheney (ditto), and other top officials and politicians. The Japanese decision to lift the ban was carefully choreographed yet it still managed to offend just about everyone. It wasn’t fast enough for many Americans, while it was too fast for Japanese, who saw the prime minister’s fingerprints on a move that they thought endangered Japanese beef consumers for the sake of appeasing his friend in the White House.

As if to confirm those fears, on Jan. 20 Japanese inspectors found a bovine body part thought to be susceptible to BSE in a shipment from the U.S. and promptly reimposed the ban. U.S. officials were properly mortified: Deputy Secretary of State Robert Zoellick, visiting Tokyo at the time for other reasons, told his hosts the mistake was unacceptable. Agriculture Secretary Mike Johanns dispatched inspectors to Japan and additional inspectors to facilities in the U.S. Prime Minister Koizumi told the U.S. to find out what happened and why and to take steps to ensure that it did not happen again. The two governments held director-level consultations to ascertain what happened and how to prevent it from reoccurring.

As in the bases dispute, the Tokyo government was discredited as well. During Diet testimony, Minister for Agriculture, Forestry and Fisheries Nakagawa Shoichi confessed that Japan had not sent inspectors to check all U.S. beef processors before resuming imports as promised. He apologized but did not resign. Plainly, Japanese officials had fallen down on the job and were under pressure to restore their damaged credibility with the public. Negotiations with the U.S. have been tough and U.S. calls to resume imports have fallen on deaf ears.

By mid-March, Ambassador Schieffer was warning that a failure to settle the row could get serious. Complaining that the U.S. is at a loss on what to do, he admitted that “If it is not resolved in the near future, I am greatly concerned that the U.S. Congress might lose its patience, leading to a trade war.”

The press continued when Secretary of State Condoleezza Rice met Foreign Minister Aso in Australia. She complained that Japan was overreacting and urged Tokyo to lift the ban. Aso countered that the discovery of questionable beef products cast doubt on the U.S. system of assuring beef quality and that the Japanese public had to be confident that its food was safe. (Ironically, at the very time the two sides were debating the safety of U.S. beef, an expert panel of the Health, Labor and Welfare Ministry concluded that Japan had its first case of BSE in a beef cow. The previous 22 were all dairy cows.)

By the end of the quarter, beef experts from both governments were saying that they had a shared perception of the problem and were working to prevent its reoccurrence.

Iran intrudes on the bilateral agenda

Notable this quarter was the intrusion of third parties onto the bilateral relationship. Iran's refusal to end speculation about its nuclear intentions put Tehran on the U.S.-Japan agenda. Despite Japan's strong support for the global nonproliferation regime, Tokyo has continued to engage Iran, primarily to secure access to its petroleum resources, but also to maintain a channel of communication to the government in Tehran and hopefully maintain some influence with it. Both pillars of that strategy came under attack this quarter as international frustration with Iran's behavior mounted and the UN Security Council took up the issue.

After years of tough negotiations, in 2004, a Japanese company obtained the rights to develop the Azadegan oil field in southwestern Iran. This \$2 billion deal was intended to guarantee a supply of oil for an economy that imports 90 percent of its oil from the Middle East; Iran is the number three oil exporter to Japan. The Ministry of Economy, Trade and Industry helped broker the deal and retains an interest in it. As late as February, METI Minister Nikai Toshihiro was enthusiastic about the project and planned to continue its development.

But as concerns about Tehran's nuclear program mounted, Japan's readiness to provide the regime with hard currency came under fire. Throughout the quarter, there were media reports that Japan was under increasing pressure from the U.S. to end the investment; the names of those applying the pressure included Deputy Secretary of State Zoellick and Under Secretary of State for Arms Control and International Security Robert Joseph. In an interview with the *Nihon Keizai Shimbun*, U.S. UN Ambassador John Bolton came out and asked Japan "not to be pressed into a dilemma on the nuclear proliferation issue by Iran, which is using oil resources as its shield." In an earlier interview, Bolton made the choices clear: "We can understand Japan's energy problem, but in view of Japan's longstanding [commitment] to international nuclear nonproliferation, it is far more important for Japan to work together to prevent Iran from possessing nuclear weapons."

Japan has tried to communicate its concern – and that of the international community – to Tehran, but that effort, like all others, has fallen on deaf ears. If there is no solution to this problem – as is likely – then Tokyo will be forced to make uncomfortable choices between energy security, nonproliferation policy, and the U.S. desire to isolate Iran.

Indian irritations

Iran isn't the only country whose nuclear policies caused trouble for U.S.-Japan relations. President George W. Bush's decision to strike a deal with India that will provide nuclear technology to India also caused friction. This time, however, the positions are reversed. Tokyo is less inclined to support an agreement that sacrifices nuclear principle for pragmatism. Both the right and left flanks of the Japanese media agreed that it dealt a blow to the Nuclear Non-Proliferation Treaty (NPT) framework. Foreign Minister Aso told a House of Councilors committee that he was troubled by the deal. "I am most concerned about the (NPT regime) being turned into an empty shell." At the trilateral

U.S.-Japan-Australia meeting in March (discussed in more detail below), Aso had less reservations. In the statement released after the session, the three foreign ministers welcomed India's decision to place its civilian nuclear facilities and programs under International Atomic Energy Agency safeguards, calling it "a positive step toward expansion of the reach of international non-proliferation regime."

Security Council reform

The decision to put the Iran situation on the UN Security Council (UNSC) agenda linked that issue with another longstanding Japanese complaint – its desire for a permanent seat on the Security Council. The initial bid to win a seat, made in conjunction with Brazil, Germany, and India, was derailed last year when it encountered stiff opposition from just about everyone – the U.S. included.

The U.S. backs Japan's bid – and a statement to that effect is boilerplate on any declaration issued when officials from the two countries meet – but only Japan's and it is not prepared to put the UNSC at the top of its list of UN reforms. As Ambassador Bolton explained at the beginning of the quarter, "ideal reform would be to expand the [UNSC] membership to 16 with only Japan joining." Bolton noted that "Discussions are continuing to find a way to achieve what Japan desires and what we desire at the same time. For now, we cannot find any idea that meets not only Japan's wishes but also satisfies us." That lukewarm support has irritated some in Tokyo: at the annual U.S.-Japan Security Seminar that Pacific Forum CSIS hosts, some Japanese participants called Japan's bid "an alliance issue."

The U.S. stand reportedly pushed Japan to abandon the G-4 strategy and to work more closely with Washington on the issue. The problem is that UNSC reform ranks low among U.S. priorities, and Japanese frustrations are mounting. By the end of the quarter, it was reported that Tokyo had given up its reform proposals, and was pressing instead to get other countries to contribute more to the UN, to lighten Japan's load. That is certain to be unpopular and make Japan's bid even harder.

Six parties, not talking

Even though the Six-Party Talks on the North Korean nuclear issue did not resume, U.S. and Japanese officials consulted throughout the quarter, and repeatedly called on Pyongyang to return to the negotiating table. After Tokyo and Pyongyang resumed their bilateral discussions in December, Japan Senior Vice Foreign Minister Shiozaki Yasuhisa assured senior U.S. officials at the start of the quarter that Japan would not normalize ties with North Korea unless the abduction, missile testing, nuclear, and other issues were comprehensively resolved. After publication of the Bush administration's new *National Security Strategy*, which identified North Korea as one of seven "despotic" governments in the world, Chief Cabinet Secretary Abe noted that Tokyo and Washington would "continue to try to resolve problems (with North Korea) basically with the posture of dialogue and pressure." Abe told reporters he had conferred with U.S. National Security

Adviser Stephen Hadley on the phone prior to release of the document and the two governments agreed on how to handle Pyongyang.

That agreement was evident in their response to Pyongyang's complaints about the imposition of financial sanctions against North Korean companies and banks for money laundering and engaging in the proliferation of weapons of mass destruction. Assistant Secretary of State for East Asian and Pacific Affairs Christopher Hill briefed Japanese officials in January on U.S. actions and the basis for them. At a subsequent press conference, Foreign Ministry Spokesman Taniguchi Tomohiko dismissed the North Korean complaints saying "it is not really allowed for North Korea to continue to use this sort of excuse only to delay the reopening of the Six-Party Talks." Taniguchi went on to cite unconfirmed rumors that the Japanese ¥10,000 note is among those being counterfeited. He concluded by noting that the Ministry of Finance was working with that the U.S. to make sure North Korean counterfeits were not circulating in Japan and that the ministry was closely monitoring financial transactions between Japan and North Korea.

Making history down under

In mid-March, Secretary Rice traveled to Sydney, Australia to meet with Minister Aso and their Australian Counterpart Alexander Downer for historic minister-level trilateral talks. The three countries had held subCabinet-level discussions and decided last May to upgrade them to the secretary-minister level. The issues that the three discussed and the clear convergence of interests made plain the wisdom of the move.

In their joint statement, the three urged North Korea to "immediately and unconditionally" return to the Six-Party Talks. They expressed "grave concern" about Iran's nuclear program, and called on Tehran to promptly suspend its uranium enrichment activities. They also agreed on the need for concerted action by the UNSC to achieve that result. The three welcomed the U.S.-India nuclear agreement, under which Delhi will place its civilian nuclear facilities and programs under IAEA safeguards, calling it "a positive step toward expansion of the reach of international non-proliferation regime." The three supported Japan's bid for a permanent seat on the UNSC, as well as UN reform more generally.

Trilateral consultations make a lot of sense. The three countries have a wide range of overlapping interests, from engaging China and encouraging it to become a "responsible stakeholder" to closely coordinating in Iraq, where each has troops on the ground. Australia is providing protection for the 600 Ground Self-Defense Forces personnel that have been deployed in Samawah in southern Iraq since early 2004. Close consultation is especially important as the three governments contemplate redeployments and eventual withdrawal of their forces. Consistent with their shared concerns, the three ministers agreed to enhance the exchange of information and strategic assessments on major international and regional security issues and for regular trilateral consultations between their ambassadors in charge of counterterrorism.

While in Sydney, Dr. Rice and Minister Aso held a bilateral meeting of their own. That agenda mirrored that of the trilateral, and included many of the topics outlined here.

Stuck in the middle

There is another “trilateral” of vital importance to Asia’s future: the Japan-China-U.S. relationship. Unfortunately, the tensions between Tokyo and Beijing have made any cooperation and policy coordination among the three a virtual impossibility. (For a depressing recitation of the problems, see Jim Przystup’s chapters on Japan-China relations in *Comparative Connections*.) Japan’s treatment of “history,” particularly in the form of the prime minister’s visits to Yasukuni Shrine, is the biggest bone of contention. The U.S. has stayed out of those disputes, except as its alliance obligations dictate – for example, in responding (rhetorically, at least) to Chinese violations of Japanese territorial waters around disputed territories in the East China Sea.

There are many reasons for the U.S. failure to intervene, but the most important is President Bush’s relationship with Koizumi, which has insulated the prime minister from all official U.S. criticism. The president prizes loyalty and Koizumi’s support for the president since Sept. 11 has made him a very special friend. Yet, the tensions between Tokyo and Beijing have an undeniable impact on U.S. interests: there are suspicions throughout the region that the U.S. has encouraged or “enabled” Japan to get tough with China, and that the rift between Japan and China is somehow in the U.S. interest. Nothing could be further from the truth: the marginalization or isolation of Japan in Asia minimizes the influence of a key U.S. ally.

Thus, Deputy Secretary Zoellick expressed concern about deteriorating relations between Tokyo and Beijing to three top members of the ruling Liberal Democratic Party in late January. “We want Japan to become an even more positive global partner of the United States, and we also want Japan to prevent the history issue from becoming a minus,” Zoellick was quoted as saying. Expect less U.S. reticence in dealing with this issue in the future – especially when Koizumi relinquishes his post. His successor will not enjoy his immunity from criticism.

Domestic concerns

The search for a successor will oblige Japanese politics to turn inward in the months to come. That domestic focus could not be worse timed. The two governments must deal with the many challenges outlined above and Tokyo cannot afford to be distracted or less committed to their resolution. Resolving these issues will require sustained input from and the use of political capital by the highest levels of government. Failure could reverse many of the striking gains of the last four years, undo significant parts of the Koizumi legacy, and plunge the U.S.-Japan alliance into crisis.

Fortunately, the prime minister is scheduled to make a last trip to the U.S. this summer before relinquishing power. That could provide the prod for last-minute deal-making. That would look suspiciously like the U.S.-Japan alliance of old, and isn’t consistent with

the new and improved relationship both governments have touted in recent years. It would stem the immediate pressures on the alliance, however. And whoever is seen as dealing with these issues could find themselves advantaged in the contest to succeed Mr. Koizumi. That too is a depressingly familiar rationale for action, raising questions about just how durable this “new alliance” really is.

Chronology of U.S.-Japan Relations January-March 2006*

Jan. 3, 2006: GSDF advance team departs for a U.S. Marine Corps base in California for joint amphibious landing drills. More than 100 Japanese soldiers will participate.

Jan. 4, 2006: Prime Minister Koizumi Junichiro states in his first press conference of the New Year that Japan should give top priority to its relationship with the U.S., whose troops it relies on to help maintain national security.

Jan. 5, 2006: U.S. serviceman from the aircraft carrier *USS Kitty Hawk* admits killing Sato Yoshie, a 56-year-old Japanese woman in Yokosuka, Kanagawa Prefecture.

Jan. 6, 2006: Japanese police question U.S. sailor held in confinement at the U.S. naval base over the Yokosuka murder. Rear Adm. James Kelly, commander U.S. Naval Forces Japan, apologizes for the death of Sato Yoshie.

Jan. 6, 2006: Chief Cabinet Secretary Abe Shinzo says Japan will not join Brazil, Germany, and India in resubmitting a resolution to expand the UN Security Council because it is pursuing cooperation with the U.S.

Jan. 5-6, 2006: Japanese Senior Vice FM Shiozaki Yasuhisa meets Assistant Secretary of State Christopher Hill, Undersecretary of State Nicholas Burns, State Department Counselor Philip Zelikow, and White House Deputy National Security Adviser Jack Crouch to brief them on Japan’s talks with North Korea last month.

Jan. 9, 2006: Japanese police arrest and send U.S. sailor William Reese to prosecutors on suspicion of robbing and killing a Japanese woman in Yokosuka.

Jan. 9, 2006: Japan’s SDF and the U.S. Marine Corps conduct exercise simulating the recapture of an island. Specialists think the exercise is directed at the Senkaku Islands.

Jan. 11, 2006: Sasae Kenichiro, director general of MOFA’s Asian and Oceanian Affairs Bureau, meets Assistant Secretary Hill in Tokyo; they agree to continue to work for an early resumption of the Six-Party Talks.

* Compiled by Claire Bai, 2005 Vasey Fellow, Pacific Forum CSIS.

Jan. 11, 2006: Finance Minister Tanigaki Sadakazu visits U.S. and meets Treasury Secretary John Snow, Reserve Board Chairman Alan Greenspan, Vice President Dick Cheney, and Defense Secretary Donald Rumsfeld. They discuss their countries' economies and global economic issues such as high oil prices and China's economy and currency reforms.

Jan. 11, 2006: Wake is held in Yokosuka for Sato Yoshie. About 100 U.S. military personnel attend, including *USS Kitty Hawk* Commander McNamee, the suspect's commanding officer.

Jan. 11, 2006: Lt. Gen. Wright, commander of U.S. Forces Japan, calls at JDA, meets Administrative Deputy DG Takemasa Moriya and offers apologies for Sato's murder.

Jan. 13, 2006: FM Aso indicates in a news conference it is uncertain whether the U.S. and Japan can agree on a final plan on the realignment of the U.S. military presence in Japan by March.

Jan. 17, 2006: Nukaga Fukushima, JDA head, meets Secretary Rumsfeld for talks.

Jan. 17, 2006: A U.S. *F-15* jet fighter crashes near Ikejima Island in eastern Okinawa; the pilot ejects safely. Nishi Masanori, chief of the Naha Defense Facilities Administration Bureau, requests that the U.S. suspend training of *F-15s* until they find the cause of the crash. He calls for security checks on all planes at the Kadena base.

Jan. 18, 2006: After meeting Secretary Rumsfeld in Washington, JDA head Nukaga says he urged compromises to permit the two countries to conclude their agreement on relocated U.S. forces in Japan.

Jan. 19-25, 2006: Deputy Secretary of State Robert Zoellick travels to Japan and China to discuss security and trade issues, including Iran's disputed nuclear program.

Jan. 20, 2006: Japan halts U.S. beef imports after discovering a bovine body part thought susceptible to mad cow disease in a U.S. beef shipment. Agriculture Secretary Mike Johanns sends inspectors to Japan and extra inspectors to plants that sell meat to Japan.

Jan. 20, 2006: Japan appoints Saiki Akitaka, chief negotiator for Japan-North Korea governmental talks, as envoy extraordinary and minister plenipotentiary to the U.S.

Jan. 22, 2006: Shimabukuro Yoshikazu, thought more flexible than other candidates on a plan to relocate a U.S. military airport, wins mayoral election in Nago, Okinawa.

Jan. 22, 2006: Deputy Secretary Zoellick tells Japanese Agriculture Minister Nakagawa Shoichi that beef shipped to Japan that resulted in a new ban on U.S. imports was an unacceptable mistake.

Jan. 23, 2006: PM Koizumi tells Secretary Zoellick that Washington should act promptly to find out why spinal columns banned under a bilateral agreement were contained in a beef shipment to Japan and take measures to prevent any recurrence.

Jan. 23, 2006: FM Aso and Secretary Zoellick sign agreement in which Tokyo pledges \$1.2 billion annually to aid U.S. plans to change military redeployments in Japan. The deal includes funding support for two years instead of the normal five.

Jan. 23, 2006: Secretary Zoellick expresses concerns to LDP leaders on deteriorating relations between Tokyo and Beijing. “We want Japan to become an even more positive global partner of the United States, and we also want Japan to prevent the history issue from becoming a minus.”

Jan. 23, 2006: Ministry of Agriculture, Forestry and Fisheries confirms Japan’s 23rd case of mad cow disease. The cow, a 64-month-old Holstein in Hokkaido Prefecture, is already dead.

Jan. 24-26, 2006: Japan and the U.S. hold senior working-level talks in Honolulu to discuss U.S. military realignment in Japan.

Jan. 24, 2006: Japan and the U.S. hold a bureau director-level meeting in Tokyo between Japanese foreign, farm, and health ministry officials and a delegation from the U.S. agriculture department. They agree to continue efforts to prevent more bad beef being shipped to Japan.

Jan. 25, 2006: Amb. Saiki meets Daniel Glaser, deputy assistant secretary for terrorist financing and financial crimes at the Treasury Department. They agree to continue close cooperation in addressing North Korea’s alleged counterfeiting and other illicit activities.

Jan. 27, 2006: Prosecutors indict William Reese for the murder-robbery of Sato Yoshie.

Jan. 30, 2006: Agriculture, Forestry and Fisheries Minister Nakagawa apologizes to House of Representatives Budget Committee for the government’s failure to send officials to check U.S. beef processors prior to resuming U.S. beef imports.

Jan. 30, 2006: Japan’s Financial Services Agency and the U.S. Securities and Exchange Commission agree on a framework for regular high-level dialogue. The two agencies exchange views on such issues as accounting and audit standards and corporate governance.

Jan. 31, 2006: Prosecutors arrest three officials of the Defense Facilities Administration Agency (DFAA) on suspicion of bid-rigging projects ordered by the agency. The DFAA acted as intermediary between the central and local governments for the U.S. force realignment plan.

Jan. 31, 2006: Secretary Rumsfeld holds talks in Washington with Liberal Democratic Party (LDP) Acting Secretary General Aisawa Ichiro, former JDA Director General Ishiba Shigeru, and others. Rumsfeld calls for the swift relocation of U.S. Marine Corps Futenma Air Station to the coast of Camp Schwab in Nago.

Jan. 31, 2006: *Asahi Shimbun* reports that U.S. Ambassador to the UN John Bolton said “ideal reform [of the UNSC] would be to expand the membership to 16 with only Japan joining.” In his view, the U.S. would not support Japan’s proposed expansion of membership to 21.

Feb. 7, 2006: Iwakuni Mayor Ihara Katsusuke announces a local referendum on the redeployment of U.S. carrier-borne aircraft to Iwakuni.

Feb. 8, 2006: *Asahi Shimbun* reports that the U.S. will ask Japan to contribute \$6 billion to relocate as many as 8,000 Marines to Guam from their current facility in Japan. The relocation is scheduled for completion by 2012, but there are currently no facilities in Guam to receive the personnel and only \$100 million budgeted for the task.

Feb. 9, 2006: *USS Blue Ridge* calls at Muroran from its home port at Yokosuka, despite a request from local authorities to postpone the visit. Welcoming events were held back for the visit, and city officials declined invitations to an on-board reception.

Feb. 10, 2006: JDA DG Nukaga says in a Japan-U.S. defense meeting that the two countries need to accelerate talks and resolve various issues on the realignment of U.S. forces in Japan to meet the March goal of finalizing a bilateral agreement. U.S. Deputy Undersecretary of Defense Lawless expresses concerns about any delay.

Feb. 13, 2006: PM Koizumi says he will shelve plans to give Japan its first full-fledged Defense Ministry since World War II after a military bid-rigging scandal.

Feb. 13, 2006: U.S. Ambassador Thomas Schieffer says the U.S. is ready to consider alternative ideas on the realignment of its forces in Japan, the first time that a senior U.S. government official indicates U.S. readiness to consider changes to the bilateral accord.

Feb. 20-March 3, 2006: U.S. and Japanese personnel begin joint drills in Takashima, Shiga Prefecture.

Feb. 21, 2006: Secretary of Agriculture Johanns announces that Japan ended a decades-old ban on imports of fresh potatoes from the U.S. U.S. potato shipments will be allowed to enter the Japanese market on a conditional basis between February and June, and the potatoes will be used for potato chips. Japan imposed import restrictions on potato imports from the U.S. in 1950 because of concerns about potato wart disease and cyst nematode, a parasitic insect.

Feb. 27, 2006: U.S. asks Japan to consider transferring senior ground troop officers to Basra in southern Iraq to join a reconstruction project after Japanese troops withdraw from Samawah.

March 7-11, 2006: Japan and the U.S. hold senior working-level talks in Honolulu to discuss plans for U.S. military realignment in Japan.

March 9, 2006: Japan and the U.S. successfully conduct a joint missile interceptor test. The primary purpose of the test is to check a Japanese developed nosecone for the U.S. designed *SM-3* missile.

March 10, 2006: Agriculture Minister Nakagawa visits the U.S. and meets Secretary of Agriculture Johanns. Johanns asks Japan to resume imports of beef at an early date.

March 12, 2006: Voters in Iwakuni overwhelmingly reject a plan to bring more planes and troops to a nearby U.S. Marine base.

March 13, 2006: *Japan Times* reports that the U.S. has agreed to return three facilities in Okinawa to Japan: the Makiminato Service Area in Urasoe, Naha military port, and Camp Kuwae (Camp Lester) in Chatan. The U.S. has also agreed to return part of Camp Zukeran (Camp Foster).

March 14-18, 2006: Vice FM Yachi Shotaro visits the U.S. to hold talks with top officials and discuss issues such as the planned realignment of the U.S. forces in Japan, ban on U.S. beef, Iraq situation, Iran nuclear crisis, and UN reforms.

March 15, 2006: U.S. increases its estimate to relocate 8,000 Marines from Okinawa to Guam to \$10 billion and expects Tokyo to shoulder 75 percent of the cost. JDA rejects the proposal, noting that the budget is too “vague” to win Diet approval.

March 16, 2006: U.S. proposes providing facilities on Guam for SDF to keep troops and an aircraft squadron there on a “full-time” basis for training.

March 17, 2006: PM Koizumi denies media report that Tokyo will revise the Japan-U.S. plan to build a new U.S. military airfield in Okinawa.

March 17, 2006: After meeting Noriyuki Shikata, director of the Status of Forces Agreement Division, Iwakuni Mayor Ihara urges Tokyo to withdraw the planned relocation of U.S. carrier-borne aircraft to his city.

March 17, 2006: Ambassador Schieffer warns Japan that their row over Japan’s ban on U.S. beef imports could set off a trade war. He also says that he expects Japan to reduce the disparity in defense spending between the two countries.

March 18, 2006: U.S., Japan, and Australia hold security talks in Australia. Beijing's military and economic rise is the focus of the trilateral meeting. They share "grave concerns" about Iran's nuclear program and the UN Security Council must act to deter Tehran from producing an atomic bomb. In a joint statement, they say the DPRK should return immediately and without conditions to the Six-Party Talks.

March 22, 2006: *Asahi Shimbun* reports that Japan will propose a loan plan in lieu of payment for the estimated \$10 billion cost of relocating Marines from Okinawa to Guam. Japanese lenders would finance construction and would be repaid with revenues generated from housing built in Guam.

March 22, 2006: *Kyodo* reports that JDA DG Nukaga and Nago Mayor Shimabukuro Yoshikazu hold talks but fail to agree on plan to relocate U.S. air station.

March 23, 2006: *Kyodo* reports that the Yokohama District Court rejected the Zushi Municipal Government's lawsuit filed in September 2004 against over the state-approved construction of a U.S. military housing complex in Kanagawa Prefecture.

March 27, 2006: *BBC News* reports that Japan's military has been placed under a new unified command in the hope that the joint command office will smooth cooperation with U.S. forces in the Pacific.

March 26, 2006: JDA chief Nukaga and Nago Mayor Shimabukuro meet again in Tokyo to narrow differences over a plan to relocate a U.S. Marine Corps air station.

March 28-29, 2006: Japan and the U.S. begin technical meeting in Tokyo to discuss a U.S. call to lift Japan's reinstated import ban on American beef.

March 28, 2006: Japan and the U.S. postpone meeting at which they aimed to finalize a package on U.S. military realignment in Japan.

March 28, 2006: Homeland Security Secretary Michael Chertoff calls on Japan to implement a system to screen U.S.-bound shipping containers to guard against "dirty bombs" and other potential terrorist attacks.