

**U.S.-Japan Relations:  
The Primacy of Politics**

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It has been a quiet quarter for the U.S.-Japan relationship. The dispatch of troops to Iraq notwithstanding, there have been no serious, specific bilateral problems for the two governments to address. While they have diverged on some multilateral questions, the goodwill accumulated over the last two years has bridged those differences.

In both countries, domestic politics dominated decisionmaking. Japan Prime Minister Koizumi Junichiro focused on re-election as Liberal Democratic Party (LDP) president; having won that campaign he now turns to the general election expected in early November. U.S. President George W. Bush has begun to concentrate on the 2004 campaign with U.S. voters increasingly concerned about their economic prospects. Fortunately for Japan, in this context, China looms larger in the American mind. Attention will now turn to the Oct. 17 summit between the two men. Both governments will do their best to ensure the meeting goes well. It should: U.S.-Japan relations are one of the few unquestioned successes for both administrations.

**Mr. Koizumi Wins Again**

To no one's surprise, Prime Minister Koizumi won a second term as LDP party president. In the Sept. 20 ballot, he claimed 399 of 657 votes – 60.7 percent of the votes cast, swamping his three challengers. His new term as party president runs until September 2006. The victory has important repercussions for Japanese party politics – at least the structure of power in the LDP. (For more on this, see “Koizumi's Reelection and Its Implications for U.S.-Japan Relations,” by Yuki Tatsumi, *PacNet* 40A.) For our purposes, the victory means that U.S.-Japan relations will continue on their current track. Key figures carried over into the new Cabinet: Defense Agency head Ishiba Shigeru maintains his old portfolio, as does Foreign Minister Kawaguchi Yoriko. Of equal importance – and to be discussed in more depth below – Takenaka Heizo continues to serve as economic czar.

The prime minister and his party will now turn their energies to the upcoming general election, which is anticipated to be held Nov. 9. The government will benefit from a spike in public approval ratings that followed the appointment of the new Cabinet: A *Yomiuri Shimbun* survey put its support rate at 63.4 percent (up from 57.7 percent three weeks

earlier, but still down from the 75 percent approval rating garnered by the first Koizumi Cabinet). Mr. Koizumi cannot assume that all will be smooth sailing, however: while 54.7 percent believe that the new government should focus on boosting growth, more people – 56 percent – doubt that the new Cabinet will do much for the economy. The prime minister and the LDP can take some solace: 38.5 percent of those surveyed preferred the LDP to govern, while 10.8 percent supported the party to be formed from the merger of Minshuto (Democratic Party of Japan) and Jiyuto (Liberal Party).

### **Backtracking on Iraq?**

While the election results promise a continuation of current Japanese policies toward the alliance, they have thrown a shadow over one facet of bilateral cooperation with the U.S. The prospect of casualties forced the prime minister to backtrack from his pledge to send Japanese forces to support nation-building in Iraq. No government wants to contest an election as it dispatches soldiers to a free-fire zone; in Japan the allergy is even more acute.

Tokyo's reluctance to dispatch forces has obliged U.S. officials to step up their "urgings" of Japan to take action as Washington tries to demonstrate international support for its policies there. The *Asahi Shimbun* reported that Mr. Bush has called Mr. Koizumi several times requesting forces, U.S. Ambassador Howard Baker has been similarly insistent, and Deputy Secretary of State Richard Armitage is said to regularly remind Japanese visitors of the need for Tokyo to put "boots on the ground." The *Asahi* says that Mr. Koizumi has decided to dispatch a small military and air force contingent to Iraq – no more than 100 army engineers and some C-130 military transports – although the actual announcement may not come until after the election. Tokyo decisionmakers are thought to worry that a failure to act promptly will force them to increase future financial contributions. The historic dispatch, the first deployment of Japanese troops overseas without UN authorization since World War II, was made possible by legislation that passed both houses of the Diet early in the quarter.

For the record, Mr. Armitage has said that he applauds the prime minister's decision "to stand on the ground as a player rather than staying in the stands as a spectator," and remains "certain" Japan will make a "generous" offer to support Iraqi reconstruction. Even if reports of U.S. pressure are exaggerated, there is a widespread perception in Japan that this is so.

According to the *Nihon Keizai Shimbun*, Ambassador Baker asked Foreign Minister Kawaguchi for \$1 billion. Then-Chief Cabinet Secretary Fukuda Yasuo responded saying Japan is ready to bear "a due share" to help rebuild Iraq, but did not specify an amount. Expect a figure to be revealed during President Bush's Oct. 17 visit to Tokyo.

## **Oil and Atoms in Iran**

Mssrs. Bush and Koizumi are likely to spend a bit of time during that meeting discussing the Middle East. In addition to Iraq, Iran is an issue of concern. The discovery by the International Atomic Energy Agency (IAEA) of traces of enriched uranium in Iranian centrifuges supported allegations that the country has a clandestine nuclear weapons program. Washington has long warned that Tehran has nursed nuclear ambitions and the IAEA reports provide independent confirmation of those fears.

The news poses an acute dilemma for Japan. Tokyo has been looking to Iran to diversify its energy suppliers. In particular, Japan had hoped to win exclusive rights to develop the Azadegan oil field, thought to contain some 26 billion barrels of reserves. But a consortium of Japanese firms failed to reach agreement on a deal with Tehran by a June 30 deadline, and Iran has announced that it will seek bids from other firms.

The primary obstacle to a deal – the largest supply of oil that Japan has ever had access to – is U.S. concern over the prospect of financing Iran's nuclear program. Japan had maintained that the two issues were separate, but Nakagawa Shoichi, the new minister of economy, trade and industry, announced at his inaugural press conference that "Iran's nuclear issue is not a matter that Japan can overlook," and that the government would deal with it "in its totality taking into consideration all these aspects." He emphasized that "We will not pursue the project at all costs just because an oil field is expected to be discovered."

Mr. Nakagawa denied that U.S. pressure had influenced Japanese policy. That is hard to credit, given consistent reports of U.S. displeasure at Tokyo's apparent readiness to go ahead with the deal only a month before. Nonetheless, nuclear nonproliferation has been a centerpiece of Japanese foreign policy and to dismiss the importance of antinuclear sentiment out of hand – in this or any other issue – would be a mistake.

## **Eye to Eye over North Korea**

When it comes to the third member of the terror trifecta – North Korea – there was no daylight between Washington and Tokyo. The two governments worked closely with Seoul to coordinate positions ahead of the six-party talks that were held in Beijing during Aug. 27-29. The U.S. was Japan's strongest supporter before and during the talks, arguing that Tokyo deserved a seat at the table and standing behind Tokyo's demand for the release of the families of the five Japanese kidnapped by North Korean agents and who are still being held in the North. For its part, Tokyo has resolutely backed the U.S. demand for the "complete, verifiable and irreversible" elimination of North Korea's nuclear weapons program. The two governments showed the strongest solidarity among all the nations participating in the talks. The bilateral consultation and coordination has continued after the first round of talks.

Japan showed its displeasure – and gladdened the hearts of nonproliferation hawks in Washington – by stepping up inspections of the *Mangyongbong-92*, the North Korean ferry that operates between the two countries and is thought to be a conduit for the supply of money and technology to North Korea. North Korea protested the moves, calling them harassment and temporarily suspended the visits. They have since resumed.

Japan has also been a supporter of the U.S.-led Proliferation Security Initiative (PSI), currently an 11-nation “coalition of the willing,” that is designed to thwart the proliferation of weapons of mass destruction (WMD). During the quarter, Japan participated in a four-nation maritime exercise to intercept and board vessels suspected of smuggling WMD. The Coral Sea drill included the U.S., France, and Australia, along with observers from the other seven PSI members, and used 800 personnel, ships, and aircraft.

### **Off the Fence with Missile Defense**

The North Korean threat also galvanized Japanese thinking about missile defense. North Korea’s bluster and fiery rhetoric and a missile flight time of less than nine minutes have escalated Japanese fears and sense of vulnerability. After several years of hemming and hawing, Prime Minister Koizumi has finally decided to go ahead and deploy a missile defense system to protect Japanese cities in the case of attack. The government’s plan envisions a multilayer-shield consisting of *Aegis*-equipped destroyers deployed at sea and advanced Patriot missile batteries on land. The proposal would cost about \$1 billion a year over four years, and will require significant legislation, perhaps even a constitutional amendment. The *Asahi Shimbun* also reports that the Defense Agency wants to link Japanese fighters to a U.S. satellite-guided bombing system to facilitate the use of precision-guided munitions and has requested some \$110 million to do so. U.S. missile defense advocates took heart from Japan’s decision, and touted it as proof that fears that U.S. deployment would alienate friends and divide alliances were exaggerated.

### **Never Too Soon to Start Campaigning**

Prime Minister Koizumi wasn’t the only leader obliged to factor electoral considerations into foreign policy thinking this quarter. Mr. Bush is being forced to look ahead to next year’s campaign. Since the conventional wisdom is that voters vote their pocketbooks – although Iraq may assume real salience in the 2004 ballot – that means increasing attention to economic issues.

Even though the recession is officially over, U.S. voters are not happy. And with good reason: if current trends continue, Mr. Bush will be remembered for presiding over the greatest loss of jobs – 2.7 million – since the Great Depression. The losses are especially high – and likely to be permanent – in the manufacturing sector, giving rise to claims of unfair competition and in particular, currency manipulation to retain competitiveness.

China is the biggest target, given its \$103 billion trade surplus and the “made in China” label attached to most consumer goods sold in the U.S. And indeed, according to Japan’s

Ministry of Finance's August statistics, that country's surplus with the U.S. narrowed for an eighth straight month, to ¥474.7 billion, the lowest level since August 1996. Exports to the U.S. fell 7.8 percent and imports dropped 10.2 percent.

The question is whether it is possible to complain about China's currency being artificially undervalued at its current peg to the dollar and ignore Japan's unprecedented intervention in foreign exchange markets to halt or slow the rise in the value of the yen. The answer seems to be "yes." The U.S., primarily in the person of Treasury Secretary John Snow, continues to applaud Japan's progress in reform and says nothing about the apparent inconsistency of its position. Japan does not appear ready to help resolve the dilemma.

While Japan signed the G-7 statement issued on Sept. 20 that called for market determination of exchange rates, it has not hesitated to intervene to protect the value of its own currency. By one estimate, Japan has spent more than ¥13 trillion (\$117.6 billion) this year – more than the GDP of Ireland – in a fruitless attempt to keep the yen from escalating in value. It continues to rise, hitting three-year highs this quarter.

There are two explanations for Japanese action. The first, and most obvious, is the desire to improve the competitiveness of its exports. The second rationale is novel: The Bank of Japan is hoping that higher import prices will help inflate the economy. With interest rates already at zero, traditional monetary tools are useless. Its ability to print endless amounts of yen to buy dollars allows it to compensate for that. Richard Jerram, chief economist at ING Barings in Tokyo, has put it quite nicely: "With interest rates at zero, Japan can simply create as much yen as is needed to satisfy world demand. So if the foreign exchange market has developed a sweet tooth for yen, the BOJ has a chocolate factory with infinite capacity to meet that demand."

The G-7 statement has had no impact on Japanese behavior. After taking his place in the new Cabinet as finance minister, Tanigaki Sadakazu said the government would continue to intervene. He even said that the language of the statement – that "foreign exchange rates reflect economic fundamentals" – justified Japanese action.

### **The Urgency of Real Reform**

Unfortunately for Mr. Tanigaki, by that standard, the strengthening yen might just be accurate. In its monthly assessment of the nation's economy, the BOJ in August upgraded its evaluation of Japan, crediting expanding exports. The unemployment rate in August fell to 5.1 percent, a two-year low. More significant, data released in September showed the Japanese economy grew a blistering 3.9 percent in the second quarter (on an annualized basis), the fastest growth in two and a half years, making Japan the best performer in the G-7.

While Tokyo's support for U.S. foreign policy has made criticism of its economic policies off limits, a recovering Japan might be called upon to shoulder more international economic burdens, especially if the U.S. continues to founder. That is in line

with Japanese notions of burden sharing, but Tokyo's behavior this quarter didn't show a readiness to step up. In addition to flouting the G-7 agreement, there have been criticisms of Japanese contributions to the world trade negotiations that were held in Cancun, Mexico in September. Quite simply, Japan appeared more concerned with protecting its agricultural sector than working to reach a trade deal. While that is neither new nor unique behavior, it does raise questions about Tokyo's readiness to play a "leadership role" on international economic issues, its natural area of competence. If trade becomes an electoral issue, Tokyo could find itself the target of unwanted attention, albeit in a new way.

There is another reason why Tokyo might be slow to pick up the burden: its "recovery" might not be real. The jobless figures are open to question because much of the fall in unemployment can be attributed to a shrinking labor force. The surge in second quarter growth is primarily the result of strong capital spending, which increased over 20 percent, but the volume is exaggerated because the price of capital goods has dropped dramatically. In other words, the Japanese economy remains fragile, the "recovery" potentially a phantom.

### **Mr. Koizumi Stays the Course**

Yet the U.S.-Japan alliance, and the international economy, cannot afford another several years of Japanese stagnation – and certainly not if the U.S. remains in the doldrums and Europe succumbs to its version of "the Japanese disease." This underscores the importance of a renewed commitment to reform on the part of the Japanese government.

To his credit, Mr. Koizumi appears to understand what is expected of him. Upon announcing his new Cabinet, the prime minister said that its members were picked to help forward his "commitment to reform. ... It is a reform Cabinet, and we will not make a policy shift." Indeed, "it is time for us to pursue structural reform even more aggressively."

The problem is that there are good reasons to be skeptical about its members' ability to deliver. The new METI minister, Mr. Nakagawa, has raised doubts about his commitment to weeding out weak and noncompetitive companies, arguing that "when companies are engaged in activities that have value, we should be able to keep them." Shortly after taking his portfolio, Public Management Minister Aso Taro expressed doubts about proceeding with the prime minister's plan to privatize the postal service. Mr. Koizumi countered by giving that assignment to Minister of Economy and Financial Services Takenaka Heizo.

Mr. Takenaka is probably the most controversial figure in the Cabinet. Many LDP members wanted him removed when Mr. Koizumi shuffled posts, but the prime minister remains committed to him, perhaps because he serves as a convenient lightning rod – and his replacement would have signaled quite plainly Mr. Koizumi's retreat from a reform agenda. When asked about the reappointment, Mr. Koizumi said, "I believe that the

direction of his economic policy is correct.” Mr. Takenaka’s continued presence was intended to demonstrate that the prime minister has “no intention of altering my reform path.”

Yet the Koizumi government’s journey down that path has been a winding one, Mr. Takenaka’s guidance less than inspiring. While there are signs that (some) companies are restructuring, there is little indication of a genuine political commitment to reform. Banks are still pressured to support marginal and failing businesses. When they don’t, the government steps in. Privatization of semigovernmental entities is proceeding fitfully at best. The bureaucracy continues to facilitate the restructuring of industry and businesses. The foreign exchange interventions reveal a reluctance to let market forces do their work.

None of these questions will be raised Oct. 17 when Mr. Bush and Mr. Koizumi meet. Instead, they will focus on issues much closer to home – how best to deal with North Korea – and applaud the strength of their partnership. Each man will also have one eye on the electoral calendar and if they are honest with each other, they will admit that events in Iraq may hold both of their fates hostage.

### **Chronology of U.S.-Japan Relations July-September 2003**

**July 2, 2003:** Mitoji Yabunaka, head of Foreign Ministry’s Asian and Oceanian Affairs Bureau, meets with U.S. and South Korean counterparts in Washington to discuss a U.S. proposal on a UN Security Council statement on the North Korean nuclear issue.

**July 2, 2003:** Deputy Secretary of State Richard Armitage expresses U.S. concerns about Japan’s oil development plan in Iran to visiting Deputy Cabinet Secretary Yachi Shotaro.

**July 2-3, 2003:** Japan and U.S. hold Status of Forces Agreement (SOFA) negotiations in Tokyo and TCOG discussions (with ROK) in Hawaii.

**July 3, 2003:** Diet lower house committee on Okinawa adopts resolution calling for a revision of SOFA and other measures to prevent crimes by U.S. forces.

**July 3, 2003:** *Asahi Shimbun* reports that JDA will withdraw an *Aegis* missile destroyer from the Indian Ocean to keep an eye on North Korea.

**July 4, 2003:** Richard Lawless, deputy assistant secretary of defense for East Asia and the Pacific, states Japan should make contributions that match its national strength in supporting Iraq’s postwar reconstruction.

**July 4, 2003:** Japan announces that it will suspend official development assistance (ODA) unless the Burmese junta releases Aung San Suu Kyi.

**July 4, 2003:** House of Representatives passes SDF Iraq dispatch bill.

**July 4, 2003:** Kobayashi Takeru wins for a third time the annual *Nathan's Famous Hot Dog Eating Contest* in Coney Island, NY eating 44 ½ hot dogs in 12 minutes.

**July 8, 2003:** Japanese prosecutors indict U.S. Marine Lance Cpl. Jose Torres on rape charges.

**July 10, 2003:** Chief Cabinet Secretary Fukuda announces Japan will implement a permanent law enabling SDF support as well as international contributions by officials and citizens to allied forces.

**July 11, 2003:** Japan sends two Air Self-Defense Force C-130 transport aircraft carrying 41 Self-Defense Force members to Jordan as part of a UN humanitarian effort to help Iraq. Japan has dispatched C-130 transport planes 29 times since 1992 for PKO.

**July 11, 2003:** JDA introduces a “layered missile defense system,” combining the ground-based PAC-3 and a sea-based SM3 into four *Aegis* destroyers and one Air Defense Missile Group with a budget of ¥200 billion over the next two years.

**July 11, 2003:** U.S. and Japan hold a working-level meeting in Washington, D.C. on SOFA.

**July 13, 2003:** Matsui Hideki, Suzuki Ichiro, and Hasegawa Shigetoshi named as members of American League All-Star team.

**July 14-15:** KEDO begins working-level talks in New York to discuss suspension of nuclear reactor power project by U.S., Japan, ROK, and the EU.

**July 15, 2003:** U.S., Japan, and South Korea agree that the UN Security Council should adopt a resolution denouncing North Korea's nuclear weapons development if multilateral talks are rejected.

**July 15, 2003:** U.S. Deputy Assistant Secretary of Defense Donald Keyser meets with Deputy Chief Cabinet Secretary Shinzo Abe and FM Asia Bureau Chief Yabunaka in separate working-level meetings in Tokyo. They agree to enforce stronger measures related to North Korea's illegal drugs trafficking, missiles trade, and money counterfeiting.

**July 15, 2003:** WTO rules that Japan's quarantine restrictions on U.S. apple imports violate WTO rules.

**July 16, 2003:** *Yomiuri Shimbun* poll indicates that 31 percent are in favor of the dispatch of SDF to Iraq, while 43 are opposed and 24 percent undecided.

**July 17, 2003:** U.S. Central Command asks Japan to send and base its Self-Defense Forces (SDF) in “trouble spot” Balad, Iraq. Chief Cabinet Secretary Yasuo Fukuda states that it would be “difficult” due to security concerns.



**July 24, 2003:** Trial begins for U.S. Marine Lance Cpl. Torres in Okinawa.

**July 24, 2003:** Deputy Assistant Secretary of Defense Lawless and Japanese officials meet in Honolulu to review criminal procedures for U.S. military personnel accused of crimes in Japan.

**July 24, 2003:** A Gallup poll commissioned by Japan's Foreign Ministry reveals that 67 percent of Americans and 91 percent of opinion leaders regard Japan as a "dependable ally and friend."

**July 25, 2003:** Bill allowing dispatch of SDF to Iraq passes with 136 votes in favor, 102 votes against despite a no-confidence motion against PM Koizumi in the Lower House.

**July 27, 2003:** Japanese journalist Kazutaka Soto is assaulted and detained by U.S. soldiers after taking pictures in Baghdad of a U.S. military raid.

**July 30, 2003:** Japan and U.S. hold working-level talks in Washington concerning SOFA revisions; Japan proposes that U.S.-selected interpreters be present during interrogations of accused military personnel conducted by the Japanese police.

**July 31-Aug. 1, 2003:** Japan and the U.S. officials fail to reach agreement by Aug. 2 deadline concerning criminal procedures for U.S. military personnel accused of crimes in Japan.

**Aug. 1, 2003:** Japan raises its tariff on beef imports from 38.5 to 50 percent despite U.S. and Australian protests.

**Aug. 1, 2003:** Under Secretary of State John Bolton meets with Japanese officials in Tokyo as the last leg of his Northeast Asia trip to discuss North Korea's nuclear issue.

**Aug. 5-10, 2003:** Economic Minister Takenaka Heizo meets with Federal Reserve Board Chairman Alan Greenspan, U.S. Treasury Secretary John Snow, and other U.S. economic officials during a five-day trip in the U.S.

**Aug. 5, 2003:** Japan's 2003 White Defense Paper is released. It emphasizes North Korea's nuclear issue, peacekeeping operations, and supporting U.S.-led military coalitions.

**Aug. 6, 2003:** Hiroshima Mayor Tadatoshi Akiba remarks that the U.S. "worships nuclear weapons as God," during the 58<sup>th</sup> annual Peace Declaration; Chief Cabinet Secretary Fukuda states that Japan would not pursue such weapons itself.

**Aug. 20, 2003:** Japan cancels an official fact-finding mission and announces delays in the deployment of SDF until 2004 after the bombing of the UN Headquarters in Baghdad.

**Aug. 22, 2003:** Japanese FM Kawaguchi Yoriko speaks with Secretary Colin Powell via telephone and assures Japan's continued support to rebuild Iraq.

**Aug. 23, 2003:** JDA announces plans to upgrade all four of its *Aegis*-equipped destroyers over four years to equip SDF with U.S.-made missile defense systems and to install the Patriot Advanced Capability-3 (PAC-3) antimissile system for its Air SDF.

**Aug. 26, 2003:** Mitoji Yabunaka, director general of Japan's FM's Asian and Oceanian Affairs Bureau, ROK Deputy FM Lee Soo Hyuck, and Assistant Secretary of State James Kelly meet at the ROK embassy in Beijing to discuss the six-party talks.

**Aug. 30, 2003:** Deputy Secretary of State Armitage asks Japan's envoy for Middle Eastern Affairs Arima Tatsuo that SDF be sent to Iraq at an early date and not to "walk away" from the task of reconstruction.

**Sept. 1-2, 2003:** Treasury Secretary Snow meets with Japanese Finance Minister Shiokawa Masajuro and PM Koizumi in Tokyo to discuss Japan's economy and the Chinese *yuan*'s peg to the dollar.

**Sept. 2, 2003:** Deputy Chief Cabinet Secretary Abe states that a nonaggression treaty between the U.S. and North Korea would nullify the U.S.-Japan Mutual Security Treaty.

**Sept. 4-5, 2003:** Deputy Secretary of State Armitage holds talks with Japan's Vice FM Takeuchi Yukio in Washington, D.C. to discuss Iraq and North Korea.

**Sept. 9, 2003:** U.S. Marine Corps Brig. Gen. Timothy Larsen states that Japan should not consider becoming a nuclear power even though the current North Korean nuclear crisis is causing instability in Northeast Asia.

**Sept. 10, 2003:** An online Harris poll states that 32 percent of Americans regard Japan as "a close ally" in the Iraqi war – an increase from 28 percent of the previous year.

**Sept. 12, 2003:** Marine Torres is found guilty of violent rape and sentenced to 3 ½ years in prison in Naha District Court, Okinawa, Japan.

**Sept. 12, 2003:** Under Secretary of State Bolton meets with family representatives of Japanese abducted by North Korea in Washington, D.C.

**Sept. 12-14, 2003:** The U.S., Japan, Australia, and France send ships to the Coral Sea as part of "Pacific Protector" multilateral naval exercise; 7 other nations are observers.

**Sept. 14, 2003:** *Tokyo Shimbun* quotes a U.S. DOD official saying "Why don't you shape up?" expressing frustrations regarding Japan's delay in sending the SDF to Iraq.

**Sept. 17, 2003:** FM Kawaguchi announces that a U.S. Navy air wing will be transferred from Yokohama to Misawa city, Aomori Prefecture in October.

**Sept. 19, 2003:** President Bush and PM Koizumi affirm that both nations will cooperate to reconstruct Iraq; Japan prepares \$1 billion in financial aid for 2004 in response to U.S. request.

**Sept. 20, 2003:** PM Koizumi wins re-election as LDP president with 399 votes (60 percent) of the 657 votes cast, he says that he will continue with economic reform.

**Sept. 20, 2003:** Suzuki Ichiro becomes the third player in MLB history and the first in 56 years to record 200 hits in each of his first three seasons for the Seattle Mariners.

**Sept. 21, 2003:** PM Koizumi appoints Abe Shinzo secretary general, No. 2 in the party.

**Sept. 23, 2003:** A *Yomiuri Shimbun* poll shows, 63.4 percent of respondents approve the new Cabinet, although about 56 percent doubt it would be able to help the economy.

**Sept. 23, 2003:** FM Kawaguchi and Secretary of State Powell meet at the UN and agree to continue cooperation on North Korean nuclear issue.

**Sept. 25, 2003:** The U.S., Japan, the E.U., and the United Arab Emirates announce an international trust fund for postwar reconstruction in Iraq, which will be managed by the World Bank and the United Nations Development Programme.

**Sept. 26, 2003:** U.S. Ambassador to Japan Howard Baker says the U.S. expects Japan's SDF to be a part of Iraqi reconstruction effort. Deputy Secretary of State Armitage says he is "certain" Japan will contribute "generous" financial support; PM Koizumi states he will carefully consider the situation in Iraq before sending SDF.

**Sept. 26, 2003:** Japan's investigation team arrives in Iraq to assess the security situation for the sending of its SDF.

**Sept. 28, 2003:** Secretary General Abe states on a TV *Asahi* program that Japan's SDF should join a multinational force in Iraq if under a U.S.-proposed UN resolution.

**Sept. 29-30, 2003:** James Kelly, Japanese Consul General Yabunaka Mitoji, and ROK Deputy Foreign Minister Lee Soo-hyuk meet in Tokyo to discuss the North Korean nuclear situation.