



**U.S.-Japan Relations:
Be careful what you wish for**

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In a show of political derring-do, Japanese Prime Minister Koizumi Junichiro called a snap election in August after facing resistance to economic reform from his own party. The prime minister read the public mood well: the ballot produced a landslide victory that permitted him to steamroll the opposition both within the Diet and within his party. In theory, Koizumi's new strength should help the alliance; his new mandate should cover security policies, too. In reality, voters were thinking less expansively, however. And in practical terms, the political landscape has been so transformed that adjusting to it will take time. Important decisions will not be made and patience will be at a premium.

Delays hit two important U.S. concerns: redeploying U.S. forces in Japan and lifting the ban on U.S. beef imports. Failure to resolve these issues is ratcheting up pressure in Washington and may even prompt a public falling out. Congressional hearings that evoke the Japan bashing of old may be a harbinger of things to come in the next quarter.

Landslides and quicksand

Prime Minister Koizumi took office four years ago promising to transform his Liberal Democratic Party (LDP) or destroy it. This quarter he finally made good on that pledge. After his cherished postal reform legislation was defeated in the Upper House on Aug. 8 – by rebels from his own party – Koizumi dissolved the Lower House and called a special election to get a mandate for reform. He got it – and then some. On Sept. 11, the LDP won 296 seats, an absolute majority in the 480-seat legislature, up from 212, and the second-highest figure in the party's 50-year history. With the 31 seats of coalition partner New Komeito, the government now has more than the two-thirds majority needed to overturn any veto by the Upper House.

A mandate is not a blank check. The election was fought over labels – specifically who deserved to be considered a reformer in Japan – and the prime minister has no peer when it comes to manipulating images and backing his opponents into a corner. Koizumi stayed on message and avoided any action that might detract from his theme. In particular, he stayed far from Yasukuni Shrine, even though many expected a visit on the Aug. 15 anniversary of the end of World War II to shore up support from his base. It should come as no surprise, then, that in polls after the ballot, most voters said they were endorsing postal reform only.

Even though foreign policy wasn't an election issue, the results will have an impact on Japan's relations with its neighbors. The governments in Beijing and Seoul should now be disabused of the notion that their protests against visits to Yasukuni are enough to sway the electorate. Neither can count on regime change in Tokyo and must reconcile themselves to this new domestic political reality in Japan.

The prime minister's mandate means that Japan is likely to stay the course on many policies important to the U.S.: Tokyo will continue the SDF presence in Iraq (at least until the U.S. draws down its own forces) and will stay on station in the Indian Ocean supporting operations in Afghanistan. The bad news is that the election kept politicians from making any progress building domestic political consensus on restructuring the U.S.-Japan alliance. The interim report on realignment due in September has been delayed until October at the earliest, and that deadline may only be reached by putting off the most contentious issue, moving Futenma Air Station.

The delay reflects another tendency: tough decisions will not be made as politicians throughout the country try to figure out how to assert their interests in the new political environment. Ironically, then, Koizumi's "mandate" – which should facilitate bilateral relations – means that Washington is going to have to cool its heels for a while. The U.S. must be patient as it tries to restructure its alliance with Japan.

Maehara to the rescue?

The biggest impact Koizumi's landslide win is likely to be felt by the opposition Democratic Party of Japan (DPJ). The party lost about a third of its seats in the ballot, plunging from 175 to 113. President Okada Katsuya resigned immediately after the results were in; in the ensuing party election, Maehara Seiji pipped two-time president Kan Naoto for the top slot.

Maehara is a young (43) conservative who served as DPJ shadow Cabinet minister for defense. He is a hawk: he advocates constitutional revision to permit Japan to exercise the right of collective self defense and join international efforts to enforce peace. In one TV appearance, Maehara said, "Japan will be protected by the United States in some cases, while Japan will protect the United States in others. It should depend on Japan's initiative how to exercise the right of collective self-defense." While his election is a clear attempt to match the prime minister's vigor, his views don't represent the entire party. He beat Kan by only two votes and many in the DPJ, a mix of former LDP members and former Socialists, are uncomfortable with Maehara's readiness to revise the constitution. In this, too, his predicament mirrors that of Koizumi, who is popular with voters but is viewed suspiciously (still) by many in his own party. As a result, Koizumi may both transform the LDP and destroy it as political dynamics sharpen divisions within all parties and produce new fault lines for political reorganization.

'A model alliance'

For the time being, however, the results look good for the bilateral alliance. In testimony before the Senate Foreign Relations Subcommittee on East Asia and Pacific Affairs at the end of September, Christopher Hill, assistant secretary of state for East Asian and Pacific affairs, called Japan "in many ways, a model for what we hope many countries around the world can and will

achieve.” Calling Japan “a vital partner” in the Six-Party Talks, he noted that “Japan is helping us to do the hard work that will create the necessary environment for the expansion of markets, the development of democracy, and the protection of human rights.” “Today, Japan stands with us from East Asia to Afghanistan.”

In his testimony, Hill highlighted the launch of the U.S.-Japan Strategic Development Alliance (SDA), which was announced at the Sept. 17 meeting of Secretary of State Condoleezza Rice and Foreign Minister Machimura Nobutaka at the UN in New York City. The first sub-Cabinet level meeting of the Japan-U.S. Strategic Development Cooperation Conference was held in Washington Sept. 30.

The Sept. 17 meeting was the most substantive encounter between leaders of the two countries; President Bush called Prime Minister Koizumi to congratulate him on his election win, but they had no time for face-to-face meetings with elections and hurricanes distracting both men. The Rice-Machimura agenda reflected the usual concerns. Both sides agreed to accelerate talks on the realignment of U.S. forces in Japan, Machimura reported Tokyo’s intention to extend the anti-terrorism special measures law, which is set to expire Nov. 1, and permit continuing activities of the Maritime Self Defense Forces in the Indian Ocean. He noted Japan “would like to continue to support Iraq’s nation building in the future ...” Rice responded by noting that the U.S. “highly appreciates” all those actions.

The two governments continued to work closely together on the Six-Party Talks. Washington and Tokyo appear to have the most intertwined approach to the negotiations, and consulted regularly throughout the quarter. The U.S., alone among the other parties to the talks, has backed Tokyo’s demand for an accounting of the Japanese abducted by North Korea. The Joint Statement released on Sept. 19 begins with the unanimous reaffirmation “that the goal of the Six-Party Talks is the verifiable denuclearization of the Korean Peninsula in a peaceful manner,” a position that the U.S. and Japan have advocated since the crisis began. Both countries also joined China and Russia in agreeing to provide energy assistance to the North. The Joint Declaration later acknowledges the “outstanding issues of concern” between Japan and North Korea, a bland reference to the abductions, among other things, and calls for the normalization of relations between Tokyo and Pyongyang.

The two governments even made progress on thorny military issues. They agreed on Sept. 15 to transfer artillery live-fire exercises at a training facility at Camp Hansen, Okinawa, to a new facility to be constructed at Japan’s expense farther from residents. And there were hints that even the Futenma issue might be nearing a resolution when it was reported that the mayor of Nago, where the air station has been proposed to be moved, had said that he could accept a reef-based facility in the shallows of waters off the Henoko area of his city instead of a sea-based facility. But, he added, “There has been no proposal from the government.” Nor is there likely to be one: the U.S. is opposed to the shallow-water option in its current form as the runway included in that facility is too short for many military needs. By the end of the quarter, however, talks on force realignment broke down over the Futenma issue after two days of intense discussion in Washington, prompting reports that Defense Secretary Rumsfeld would cancel a planned visit to Tokyo to reflect his displeasure at the lack of progress on the issue. In his testimony before the Senate Foreign Relations Committee (made after the talks had broken

down), Richard Lawless, deputy assistant secretary of defense for Asian and Pacific Affairs, echoed the standard line that Japan has made remarkable strides in its security policy in recent years, but also revealed U.S. frustrations by noting that “measured against Japan’s capabilities to contribute to international security, and measured against Japan’s global interests and the benefits Japan derives from peace and stability around the world, these changes remain quite modest.” He then alluded to the obstacles both governments face in modernizing the alliance – and in getting Japan ready to make the contributions that are more in line with its capabilities, interests, and those benefits.

Even that disappointment was balanced to some degree by Japanese participation in a Proliferation Security Initiative (PSI) drill in the South China Sea, the first held in Southeast Asia and the first time the SDF sent armed personnel to take part in PSI exercises overseas; Japan has joined other exercises, but never deployed a combat unit. Exercise Deep Saber, held in mid-August, was hosted by Singapore, and involved 12 other nations, with 2,000 naval, coast guard and other service members, 10 vessels and six aircraft. The MSDF contingent included 340 armed personnel, the 5,200-ton destroyer *Shirane*, two P-3C antisubmarine patrol aircraft and two helicopters. The Japan Coast Guard dispatched about 90 personnel and the patrol vessel *Shikishima*. It is an indication of how far Japan has come in recent years in the evolution of its security policy that there was virtually no coverage of – and no protest against – this historic step.

Back to bashing

It is quite odd, then, that the quarter closed with a bout of Japan bashing that echoed long gone days. The House Ways and Means Committee on Sept. 28 held a hearing on Japan that practically oozed malevolence. Chairman Bill Thomas (R. Calif.) opened the proceedings decrying the Japanese “wall of complex protectionist practices and regulatory systems.” The list of complaining witnesses included members of the automobile, beef, medical devices, and insurance sectors, and their message was familiar: Japan denies them “full, fair and equal access to Japanese markets.”

Topping the list of grievances was the continuing closure of the Japanese market to U.S. beef imports. The discovery of bovine spongiform encephalopathy (BSE or mad cow disease) in the U.S. forced Japan to close its doors to U.S. beef, depriving producers of a \$1.4 billion market in 2003. Tough negotiations between the two governments produced what U.S. officials and industry executives thought was a deal, and for a while it looked like new regulations and inspection procedures would be put in place to permit the resumption of imports earlier this year. A second case of mad cow disease in the U.S. forced Japan to reconsider. At a Sept. 26 meeting of the Food Safety Commission, the Cabinet Office entity that is responsible for handling the matter, members couldn’t agree on the reliability of U.S. testing procedures. As a result, they couldn’t agree on recommendations that would allow Japan to lift the ban; it is anticipated that the report will now be filed in the next quarter and the ban lifted before the year is out.

That is not soon enough for many in the U.S. In her testimony, A. Ellen Terpstra, administrator of the USDA’s Foreign Agricultural Service, said “The Japanese assure us they are working through the process to reopen their market to safe U.S. beef. As time quickly passes, those

assurances ring hollow ...” U.S. Trade Representative for Japan Wendy Cutler echoed that sentiment, noting “frustration over the glacial speed with which Japan has been moving to reopen its market to U.S. beef. We have repeatedly and consistently engaged Japan at all levels on this issue.”

House Ways and Means Committee members called for sanctions. While some would dismiss that as business as usual for Congress, there are reports that top levels of the administration are increasingly irritated with Japan. President Bush and Secretary Rice have raised the issue in their meetings and conversations and expressed their own frustrations. One long-time Japan hand calls the beef ban “a cancer on the U.S.-Japan trade relationship,” and expects a public display of presidential pique – by Bush – if the problem isn’t cleared up by the November APEC summit. For his part, Prime Minister Koizumi has maintained that “it is important to give priority to the safety of food. We should not make a political decision.”

That is a little hard to swallow. The prime minister is a political creature: every move he makes has political nuances and implications. It is hard to believe that a man who has made his relationship with President Bush, and Japan’s alliance with the U.S., the cornerstone of his foreign policy can afford to take such a laissez faire attitude – especially when he knows the importance the U.S. administration attaches to the issue.

There was one other trade-related oddity this quarter that could, in this context, sow the seeds of future discord. In September, Japan imposed retaliatory tariffs on U.S. steel products. The 15 percent tariffs, the first such action against a Japanese trade partner, was taken after the World Trade Organization ruled that the Byrd Amendment violated world trade rules. The Bush administration has called for the repeal of the U.S. law – which is designed to aid domestic producers against foreign competition – but the Japanese move is only likely to further anger Congress. (Tokyo is not alone in taking this step; both Canada and the European Union have also announced retaliatory measures.)

Turning up the heat

The next quarter promises to be a critical period for the U.S.-Japan relationship. Resolution of key security and economic issues was put off during the third quarter as the country prepared to go to the polls. Prime Minister Koizumi now has his mandate, and the U.S. will expect him to use it. The prime minister’s primary concern is likely to be domestic politics, however. Officially, his term in office only lasts until next September. (Only a party rule restricts his tenure, but Koizumi has repeated at every opportunity his intention to step down.) He has clearly indicated that he is concerned with his legacy and two issues he has emphasized are postal reform and normalizing relations with North Korea. Pushing through military realignment – a U.S. priority – is a distraction, in terms of both time and political capital. The next quarter will test the resilience and durability of “the best relations ever.”

Chronology of U.S.-Japan Relations July – September 2005¹

July 1, 2005: Ministry of Agriculture, Forestry and Fisheries says it will ease apple quarantine rules as early as August to comply with recent WTO ruling.

July 1, 2005: Health, Labor and Welfare Ministry revises a bylaw to ease Japan's blanket testing of cows for mad cow disease starting Aug. 1.

July 1, 2005: Ambassador Thomas Schieffer tells Defense Agency head Ohno Yoshinori that it is possible to reduce U.S. forces in Japan while maintaining deterrent capabilities.

July 5, 2005: Okinawa Gov. Inamine Keiichi meets with head of U.S. forces to protest alleged molestation of a 10-year-old girl by a U.S. airman.

July 10, 2005: Secretary of State Condoleezza Rice emphasizes the planned resumption of six-way talks on North Korea's nuclear programs was a result of diplomatic efforts by all involved, but fails to mention Japan by name.

July 12, 2005: Secretary Rice meets PM Koizumi Junichiro; they agree to achieve specific results on North Korea's nuclear programs during Six-Party Talks. They also discuss terrorism, UN reform, and realignment of U.S. forces in Japan.

July 12, 2005: FM Machimura Nobutaka meets Secretary Rice; they agree to compile interim report on realignment of U.S. forces in Japan around Sept., to ensure that there is concrete progress in upcoming Six-Party Talks, and they discuss U.S. beef imports and Japanese abduction issues.

July 13, 2005: Farm Minister Shimamura Yoshinobu and Agriculture Secretary Mike Johanns meet to discuss lifting Japan's import ban on U.S. beef.

July 19, 2005: Japan and U.S. agree on licensed production of ground-based *Patriot Advanced Capability 3* (PAC-3) interceptor missiles in Japan as part of the missile defense system.

July 19, 2005: 10,000 people protest U.S. Army exercises using live ammunition in the town of Kin, Okinawa Prefecture.

July 26-Aug. 7, 2005: First phase of the fourth round of Six-Party Talks are held in Beijing; six countries reiterate the goal of the talks is denuclearization of the Korean Peninsula through peaceful means and agree to produce a common document. The talks then enter a three-week recess.

July 26, 2005: Space shuttle Discovery lifts off from Kennedy Space Center in Florida, carrying seven astronauts, including Japan's Noguchi Soichi.

¹ Compiled by Claire Bai, 2005 Vasey Fellow, Pacific Forum CSIS.

July 28, 2005: FM Machimura visits Washington to hold talks with Secretary Rice, but fails to get Rice's support for G-4 UN reform proposal.

July 30, 2005: U.S. military helicopter based at Atsugi makes emergency landing near a crowded beach in Fujisawa, Kanagawa Prefecture, due to engine troubles shortly before noon; crewmembers were safe and no injuries were reported among people at the beach.

Aug. 1, 2005: Japan's Ministry of Economy, Trade and Industry says Japan will slap 15 percent levies on U.S. steel imports starting Sept. 1 in retaliation for protection measures.

Aug. 3, 2005: The U.S. and China agree to work together to oppose a plan to expand the UN Security Council put forward by Japan, India, Germany and Brazil.

Aug. 8, 2005: PM Koizumi dissolves House of Representatives and calls general election for Sept. 11 after House of Councilors voted down government-sponsored postal privatization bills.

Aug. 9, 2005: Japan Defense Agency chief Ohno says Sept. 11 general election will force delay in compiling interim report with the U.S. on realigning U.S. forces in Japan.

Aug. 10, 2005: Okinawa International University launches balloon to protest U.S. Marine Corps helicopter crash in August 2004, which damaged the walls of its main building.

Aug. 12, 2005: Cabinet approves Japanese government's plan to impose a 15 percent tariff on 15 U.S. ball bearing and steel products from Sept. 1, in response to a U.S. antidumping law. It is Japan's first such measure against any trading partner.

Aug. 12, 2005: The *USS Kitty Hawk* carrier battle group, along with marines and air assets, begin *JASEX* exercise in Japanese waters, the highest-level joint exercise held outside the U.S. to improve cooperation and interoperability and simulate operations that include the entire spectrum of warfare.

Aug. 15-19, 2005: Japan participates in *Exercise Deep Saber 2005*, a PSI exercise hosted by Singapore that involved 12 other nations, with 2,000 naval, coast guard and other service members, 10 vessels and six aircraft.

Aug. 19, 2005: U.S. livestock industry group opposes the government's plan to ease a four-year import ban on Japanese beef because of mad cow disease and urges Japan to lift its ban on U.S. beef simultaneously with the proposed step.

Aug. 24, 2005: Head of research panel under Japan's Food Safety Commission says he will present in September a draft report on terms for removing Japan's ban on beef imports from Canada and the U.S.

Aug. 24, 2005: Kadena Mayor Miyagi Tokujitsu files protest with U.S. Kadena Air Base in Okinawa Prefecture after clouds of smoke and sulfuric gas drift over neighborhoods following explosions that were part of a military drill.

Aug. 25, 2005: The ratio of Americans who see Japan as a dependable partner rises to record high, report Foreign Ministry polls conducted in 2004 and 2005.

Aug. 25, 2005: Japan and U.S. chief delegates to the six-nation nuclear talks confirm that it is important that North Korea abandon all nuclear programs.

Aug. 29, 2005: A governmental nuclear research and development institute begins work to ship soil containing uranium ore from Yurihama, Tottori Prefecture, to the U.S. for disposal, but the work was suspended almost immediately due to an accident.

Aug. 29, 2005: U.S. *Aegis* guided-missile destroyer *Curtis Wilbur*, deployed in the Sea of Japan to guard against North Korean ballistic missiles, arrives at Niigata port.

Sept. 1, 2005: As a countermeasure against the Byrd Amendment, which violates WTO rules, Japan levies a uniform 15 percent additional tariff on 15 products, including ball bearings and steel products, the first time Japan invokes retaliatory tariffs.

Sept. 1, 2005: PM Koizumi offers condolences to U.S. after Hurricane Katrina.

Sept. 2, 2005: FM Machimura places phone call to Secretary Rice and conveys sympathies over the loss of life and damage inflicted by Katrina; he says Japan is prepared to contribute funding and emergency material support.

Sept. 2, 2005: U.S. Embassy in Japan expresses appreciation for the donation of \$200,000 through the American Red Cross and Japanese offer of tents, blankets and power generators amounting to \$300,000 in the aftermath of Katrina.

Sept. 6, 2005: Japan agrees to release 7.3 million barrels from oil reserves in a concerted action by the International Energy Agency to help stabilize the world oil market in the wake of Katrina.

Sept. 11, 2005: PM Koizumi's Liberal Democratic Party wins majority of seats (296 of 480) in the Lower House and coalition partner New Komeito wins 31 seats.

Sept. 13, 2005: In phone call, President Bush congratulates Koizumi on his election victory and Koizumi expresses condolences for the victims of Hurricane Katrina and says Japan is ready to extend support.

Sept. 15, 2005: Chief Cabinet Secretary Hiroyuki Hosoda says the government will submit a bill in the upcoming Diet session to extend offshore refueling assistance to the U.S.-led antiterrorism campaign in Afghanistan.

Sept. 15, 2005: Japan-U.S. Joint Committee agrees to transfer artillery live-fire exercises at a training facility in Range 4 at Camp Hansen in Okinawa to a new facility to be constructed at Japan's expense further from local residents. The government aims to relocate the exercises to the new facility at an early date.

Sept. 17, 2005: Secretary Rice and FM Machimura meet in NYC at UN and announce creation of U.S.-Japan Strategic Development Alliance and a set of common development principles governing its operations.

Sept. 22, 2005: Fukuoka High Court upholds ruling rejecting a demand by Okinawa residents that a former U.S. Marine Futenma Air Station commander stop nighttime and early morning flights and compensate them for damage from noise.

Sept. 26, 2005: U.S. and Japanese defense officials begin senior working-level talks on realignment of U.S. forces in Japan. They break up after two days without agreement.

Sept. 28, 2005: House Ways and Means Committee holds hearings on Japan.

Sept. 29, 2005: Senate Foreign Relations Committee holds hearings on U.S. relations with Japan. In testimony, Assistant Secretary of State Christopher Hill calls the U.S.-Japan alliance “a model” for other countries. Richard Lawless, deputy assistant secretary of defense for Asian and Pacific Affairs, applauds Japan’s progress in security policy but calls the changes “quite modest” in relation to its ability to contribute to international security and its global interests.

