



**U.S.-Japan Relations:
Enter Abe Stage Right**

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The key theme for the third quarter of 2006 has been the transition of power from Koizumi Junichiro to Abe Shinzo. Abe has just taken the helm, but he already had command of policy making before becoming prime minister. It was North Korea's July test-launch of seven missiles that gave Abe a chance to display his leadership credentials, setting the stage for a continued strengthening of the U.S.-Japan alliance. Koizumi's Aug. 15 visit to the Yasukuni Shrine raised questions and criticism in some corners in Washington about how ideological an Abe government might become, but the Koizumi visit may also have bought Abe time to decide how to handle the complex mix of history and power relations with China.

Japan's diplomatic victory in the UN

The curtain of the third quarter went up with North Korean fireworks. Both the Japanese and U.S. governments worked well together at the United Nations Security Council (UNSC) to reach a unanimous resolution condemning North Korea and imposing virtual, if not actual, Chapter 7 sanctions.

Japan's push for a tough response from the UNSC and China's eventual cooperation both resulted from a growing sense that Pyongyang is moving up its own escalation ladder. Despite demands for self-restraint from many countries including China, North Korea launched seven missiles (two *Nodongs*, four *Scuds*, and a *Taepodong-2*) on July 5 (July 4 in the United States) that landed in the Sea of Japan. Japan reacted quickly by imposing unilateral economic sanctions, including a ban on port entry for the ferry *Mangyongbyon-92*, which, running between Wonson in North Korea and Niigata, provides the main direct link between Japan and North Korea. The government also refused to allow North Korean officials to enter Japan and introduced a ban on charter flights between Japan and North Korea. On the day after the missile launches, Japan's Prime Minister Koizumi and U.S. President George W. Bush discussed the issue over the telephone and Japan officially proposed a United Nations Security Council resolution calling for sanctions on North Korea in response to the missile tests.

Although China and Russia preferred a presidential statement that would make sanctions voluntary and drop language drafted by Japan (and backed by the U.S.) that invoked Chapter 7 of the UN charter to enable future military action against North Korea, Japan

stuck to its strong stance and pushed for a tough resolution. In the end, the explicit reference to Chapter 7 was removed, but the UNSC succeeded in adopting unanimously Resolution 1695, which condemned North Korea's missile launches and called on member states to take specific steps to stop North Korea's trade in weapons of mass destruction (WMD) related items.

The successful ratification of a UNSC resolution was not the result of a compromise between the Japan-U.S. tag team and the Sino-Russian coalition, nor a defeat of Japan's diplomacy as some media sources claimed, but rather the result of stubborn but persistent diplomacy by both the U.S. and Japan following the tone set by the June 29 Koizumi-Bush Summit.

U.S.-Japan missile defense cooperation: preparing for the next launch

One effect of the North Korean missile launches was to boost U.S.-Japan missile defense cooperation. In July, both governments announced that *Patriot PAC-3* missiles (interceptors against ballistic missiles) would be deployed to Kadena Airbase in Okinawa with initial operational capabilities expected to be achieved by the end of the year. In addition, Japan's Maritime Self-Defense Force (MSDF) decided to deploy its sixth *Aegis* ship equipped with a sea-based *Standard Missile-3* interceptor missile system at its Sasebo base in Nagasaki. In late August, the United States deployed the *USS Shiloh*, a missile defense-capable destroyer equipped with *Aegis* technology, to the U.S. naval base in Yokosuka. Yokosuka also accepted the deployment of the U.S. nuclear-powered carrier *George Washington*, which is scheduled to replace the conventionally powered *USS Kitty Hawk* in 2008. The U.S. also conducted a test of its missile defense system over the Pacific on Sept. 1, and succeeded in hitting a dummy long-range missile (although only five tests out of nine were successful).

The debate over Yasukuni in the U.S.

As expected, Prime Minister Koizumi made his annual visit to Yasukuni Shrine, which enshrines Japan's war dead including 14 Class-A war criminals, on Aug. 15, the anniversary of the end of World War II. It was the sixth visit during his tenure as prime minister but the first visit on the anniversary of Japan's surrender in World War II. Koizumi visited Yasukuni Shrine annually since becoming prime minister in April 2001 despite fierce opposition and pressure from China, South Korea, and groups within Japan. China and South Korea were critical of the visits, but less than might have been expected this time since Koizumi's latest visit came at the end of his tenure.

Koizumi's visit also prompted more criticism in the U.S. than on past occasions. On Aug. 17, two days after Koizumi's Yasukuni visit, John Ikenberry of Princeton University published an article in the *Washington Post* titled "Japan's History Problem." Ikenberry criticized Koizumi's visits to Yasukuni as "the most visible manifestation of Japan's history problem" and argued that the next leader should stop visiting Yasukuni Shrine and pursue "historical reconciliation" with China and South Korea. He also cited the normalization between Germany and France as a successful example of reconciliation

and urged Japan to follow the German model. On Sept. 14 the U.S. House International Relations Committee held a hearing titled “Japan’s Relations with Its Neighboring Countries: Back to the Future?” In opening statements, Chairman Henry Hyde (R-IL), a veteran of the Pacific War, called for a review of the Yushukan War Museum, which is infamous for its revisionist views concerning the war. Ranking Democratic Member Tom Lantos (D-CA), the only Holocaust survivor in the U.S. Congress, criticized the Yasukuni visits by saying that visiting the shrine is akin to “laying a wreath at the graves of Heinrich Himmler, Rudolph Hess, and Herman Göring in Germany.” The other eight members who appeared before the committee did not mention Yasukuni or the history issue explicitly in their opening statements. All the members praised Japan’s contribution in Iraq and called for Japan to become a permanent member of the UN Security Council. For its part, the Bush administration refrained from criticizing or even commenting on the Yasukuni visit. State Department spokesman Sean McCormick set the tone by praising Japan’s role in the world and noting that he had no comment on the history issue or Yasukuni, because “it’s up to Japanese politicians and prime ministers to make those decisions for themselves.”

Within Japan opinions were divided about the Koizumi visit to Yasukuni. A public opinion poll conducted by *Yomiuri Shimbun* right after Koizumi’s last visit showed that 43 percent of respondents supported visits by future prime ministers and 39 percent did not. The conservative *Yomiuri Shimbun* ran long articles around the time of the visit detailing Japan’s road to war and naming the names of those officers and politicians who bore responsibility. Conservatives who support the Yasukuni visits also pressed the shrine to review its history museum, given the criticism of the revisionist presentations of some events.

The most fascinating and counterintuitive dimension of Koizumi’s visit was the effect it has had on his successor, Abe Shinzo. Rather than boxing Abe in, Koizumi chose to visit on Aug. 15 – the most sensitive of all days on the calendar for China and South Korea – precisely because that would give Abe maximum flexibility to determine when and where he would make his own decision on worshipping at Yasukuni. Since Prime Minister Nakasone Yasuhiro’s Yasukuni visit on Aug. 15, 1985, all leaders before Koizumi avoided visiting Yasukuni on that day out of consideration for Japan’s neighbors. If Abe visits Yasukuni on Aug. 15, it is certain that China and South Korea will close the door to talks. But, the calculation is that if Abe chooses another date, it provides an opportunity for China and South Korea to say that Abe’s visit is not as bad as that of Koizumi, and they can convince their people to keep the door open to Japan. Moreover, Abe made his own quiet visit to the shrine in April, which now leaves him months to work on relations with China and South Korea before deciding when, how or whether to visit the shrine as prime minister.

A Sept. 27 editorial in *The New York Times* titled “Abe’s Asian Challenge” argued Abe should “not continue Mr. Koizumi’s provocative practice of visiting Yasukuni Shrine,” but the Bush administration is not telling Abe how to handle this sensitive matter, just as the president did not tell Koizumi what to do. Instead, the administration is letting Abe take the lead in trying to set a new tone in Japan’s relations with Korea and China. Abe

would be the first prime minister since Hosokawa Morihiro not to visit the U.S. before China or Korea, but as with Nakasone's decision to go to Korea first, Washington does not mind.

LDP presidential election

The most important event of the third quarter was the power transition in Japan. The Liberal Democratic Party (LDP) presidential election took place Sept. 20. Former Chief Cabinet Secretary Fukuda Yasuo, who had been regarded as one of the top contenders, announced in late July that he would not seek the party presidency. As a result the lineup of candidates included Chief Cabinet Secretary Abe Shinzo, Foreign Minister Aso Taro, and Finance Minister Tanigaki Sadakazu. All served in the Koizumi administration, but their differences in policy emerged during the race.

Abe was always a front-runner in the post-Koizumi race. According to a public poll conducted by *Sankei* and *Fuji News Network (FNN)* released on Aug. 22, 68.1 percent of LDP supporters supported Abe. Abe's popularity stems from his fresh image as a young leader (he is 52 years old and the youngest and first prime minister born after WWII), and his hawkish stance on North Korea. Fukuda's absence from the race also contributed to Abe's popularity, but it was North Korea's missile launches that provided Abe with an optimal opportunity to demonstrate his leadership credentials.

On Sept. 20, Abe was elected president of the LDP in a landslide victory (he received just under 70 percent of the vote) and was designated prime minister by both houses of Parliament on Sept. 26. Just a day after the nomination, he held a telephone conference with President Bush and they reaffirmed the continuing strength of the U.S.-Japan alliance and agreed to have a meeting in Hanoi in November on the occasion of the Asia-Pacific Economic Cooperation (APEC) summit. Abe also received congratulatory calls as he stepped down from his post as chief Cabinet secretary from his counterpart in the White House, Stephen Hadley.

In his first policy speech on Sept. 29, Abe presented his vision for Japan by using his favorite phrase, "a beautiful country." He then described "the beautiful country" as possessing four attributes: 1) it values culture, tradition, history, and nature; 2) is underpinned by a free society that respects discipline and has dignity; 3) continues to possess the vitality to grow toward the future; and 4) and is trusted, respected, and loved in the world, and which demonstrates leadership. He also shared his views on key issues such as economic policy, education reform, and a "shift to proactive diplomacy," clearly signaling his plan to study the possibility of interpreting the constitution as allowing Japan to exercise the right of collective self-defense. Abe is an advocate of an even more robust alliance with the U.S., but this does not mean that the U.S.-Japan alliance is his only concern. He will work to mend Japan's ties with China and South Korea and is also poised to strengthen strategic links with Australia and India, rounding out Japan's strategic partnerships in a way that compliments and balances the strong emphasis on the U.S.-Japan alliance while simultaneously strengthening that alliance.

Abe's strategy

Abe has initiated efforts to centralize the policymaking process in the Prime Minister's Office (Kantei), following his predecessor's initiatives. He moved quickly to begin establishing a Japanese version of the U.S. National Security Council (NSC) to streamline decision-making. As an advisor in charge of national security, Abe handpicked the telegenic Yuriko Koike, a former minister for the environment under Koizumi famous for introducing "cool biz" (casual business attire during the summer months) and for volunteering as the first "assassin" to defeat an opponent of postal privatization in the September 2005 elections. Abe decided to send her immediately to the United States to meet with National Security Advisor Stephen Hadley and other officials. There will still be many issues to work out in establishing a Japanese NSC, namely how such a body would interact with other government agencies, but there is no doubt that Abe intends to keep pushing for further institutionalization of the Prime Minister's Office.

Iran and Myanmar

If there was any divergence between the United States and Japan in this quarter, it was on policy toward Iran and Myanmar. Concerning the Iranian nuclear issue, Japan has been reluctant to talk about sanctions because of its oil interests there. Japan has rights to develop Iran's Azadegan oilfield, which is believed to be the largest oilfield in the Middle East, but development has been pending due to safety concerns about landmines in the area and Iran's nuclear program. Japan is dependent upon Iran for roughly 15 percent of its oil imports.

Despite substantial economic interests in Iran, Japan has signaled a possible shift in its stance. First, imports from Iran quietly decreased this quarter. In addition, on Sept. 16, the *Yomiuri Shimbun* reported that two Japanese major banks decided to refrain voluntarily from business transactions with an Iranian bank prohibited by the United States from making both direct and indirect deals with American financial institutions. On Sept. 26, Japan's UN Ambassador Oshima Kenzo noted in a speech to the General Assembly Japan's desire to resolve the Iranian nuclear issue through "diplomatic negotiations." But, he also stated that "Japan strongly urges Iran to comply fully with Resolution 1696 by promptly suspending all enrichment-related activities, and to return to the negotiation process." Foreign Minister Aso Taro also signaled a shift during an interview with *Reuters* in June when he said "it is not constructive to talk about sanctions now, before they reply, but it is very much an option. Japan would not fail to join if everyone took concerted action." Japan's Foreign Ministry was unhappy with its exclusion from talks between the P-5 plus one (Britain, China, France, Russia, the U.S., and Germany) and Iran, but has managed to step up coordination with the U.S. and the other P-5 members through other forums.

There has been a steady convergence of U.S. and Japanese approaches to Myanmar, following an obvious divergence in the last quarter. In contrast to UN Ambassador Oshima's statement in May that no further steps should be considered by the Security

Council with regard to Myanmar because the UNSC only addresses threats to international security, Foreign Minister Aso agreed with Secretary of State Condoleezza Rice during a meeting in Russia in late June that the international community *should* put stronger pressure on Myanmar to stimulate the country's democratization. On Sept. 15, Japan joined with the United States, Britain, and France in voting to place the Myanmar issue on the Security Council agenda. The shift in policy happened in part because of ASEAN's own toughening stance on Myanmar, but also because the Koizumi and Abe administrations' emphasis on democracy and rule of law as part of Japan's foreign policy identity created an awkwardness on the Myanmar question.

What to watch

The last quarter of 2006 will be a challenging one for Prime Minister Abe. In terms of domestic politics, Lower House by-elections are scheduled for Oct. 22 and the result could have an impact on his ability to dictate the policy debate. On the diplomatic front, Abe will have his first meeting with President Bush on the sidelines of the APEC forum in Hanoi this November. Abe will have to decide how to handle implementation of the U.S.-Japan 2+2 agreement on Okinawa in the wake of that prefecture's closely fought gubernatorial election in November (where the opposition candidate strongly opposes the agreement on bases). It has also been reported that summits between Abe and the Chinese and Korean leaders may take place even before the meeting with Bush in order to highlight Abe's determination to restore deteriorated relations. Then, the second East Asia Summit scheduled for December in the Philippines presents another opportunity for Abe to advance his diplomatic agenda. Every action Abe takes will gather much attention from Japan's neighbors and its most important ally, the U.S. Abe's performance as deputy and then chief Cabinet secretary was highly regarded in Washington, but his first steps as prime minister will determine whether he will be seen as a pragmatic and strategic leader or – as his critics charge – a young and inexperienced nationalist.

Chronology of U.S.-Japan Relations July-September 2006

July 5, 2006: North Korea fires seven missiles, including its long range *Taepodong-2*. The missile launch coincides with the Fourth of July in the U.S.

July 5, 2006: Japan presents a proposal for a UNSC resolution condemning the missile test, urging North Korea to return immediately to talks on its nuclear program, and threatening sanctions if it did not move to irreversibly dismantle its nuclear program.

July 5, 2006: *Yomiuri Shimbun* reports that Tokyo decided to impose economic sanctions on North Korea in response to its missile launches.

July 6, 2006: PM Koizumi Junichiro discusses the North Korean missile issue with President Bush over the telephone and they agreed on the need for a strong and unified response at the UN.

July 7, 2006: Japan, together with the U.S., the UK, and several other countries, officially proposes a UNSC resolution that would impose sanctions on North Korea in response to its missile launches. However, China and Russia insist upon adopting a much weaker statement.

July 10, 2006: *Mainichi Shimbun* reports that Japanese Defense Agency Chief Nukaga Fukushima, in response to North Korea's missile launches, said the Self-Defense Forces (SDF) should have the capability to attack foreign countries' missile bases. In addition, *Kyodo News* reports Chief Cabinet Secretary Shinzo Abe said that Japan must study and debate building the capability for counterattack against foreign bases in the event of a missile attack upon Japan.

July 11-15, 2006: During his trip to the Middle East, Prime Minister Koizumi sets forth his proposal to create a "Corridor of Peace and Prosperity" and conduct four-party consultations with Israel, Palestine, and Jordan.

July 14, 2006: Bank of Japan decides to lift the zero interest rate policy.

July 15, 2006: The UNSC unanimously adopts Resolution 1695, which condemns North Korea's missile launches. The resolution deleted mention of Chapter 7 of the UN Charter, which China had strongly opposed because it would lead to sanctions or military action.

July 15-17, 2006: G-8 Summit held in St. Petersburg, Russia. Prime Minister Koizumi and Indian counterpart Manmohan Singh meet on the sidelines of the summit.

July 17, 2006: The 10th Ground Self Defense Force contingent ends humanitarian and reconstruction assistance and completed its withdrawal from Iraq.

July 19, 2006: The government of Japan decides to expand the Air Self-Defense Force's airlift mission between Kuwait and Iraq.

July 20, 2006: Ministry of Foreign Affairs reports that the U.S. government would deploy *Patriot PAC-3* missiles to Kadena Airbase. The relocation of personnel and equipment begins August 2006 and the initial operational capability is expected to be achieved by the end of the year. Washington formally notified Tokyo of its decision on the morning of July 19.

July 21, 2006: Fukuda Yasuo, former chief Cabinet secretary, announces that he will not run in the LDP presidential election.

July 24, 2006: According to a public opinion poll conducted by *Mainichi Shimbun*, 70 percent of respondents support harsher sanctions on North Korea.

July 24, 2006: The Doha Development Agenda negotiations suspended because gaps between key players remain too wide. WTO Director General Pascal Lamy does not suggest how long the talks would be suspended.

July 25, 2006: Some 280 Japanese Ground Self-Defense Force (GSDF) personnel return to Japan upon completing Iraq mission.

July 27, 2006: Finance Minister Tanigaki Sadakazu declares candidacy for the LDP election to choose a successor to party President Junichiro Koizumi.

July 27, 2006: The resumption of U.S. beef exports to Japan is officially announced.

July 28, 2006: Minister for Foreign Affairs Aso Taro and Secretary of State Condoleezza Rice meet in Kuala Lumpur, Malaysia for the ASEAN Regional Forum (ARF) ministerial and other meetings. They reaffirm their commitment to coordinate consideration of financial measures against North Korea based on UNSC Resolution 1695.

Aug. 1, 2006: *The Defense of Japan* 2006 White Paper is adopted by the cabinet.

Aug. 3, 2006: FM Aso makes surprise visit to Baghdad, Iraq, and holds talks with Hoshiyar Mahmud Zebari, minister of foreign affairs, and then PM Nuri al-Maliki.

Aug. 4, 2006: Chief Cabinet Secretary Abe Shinzo's visit to Yasukuni Shrine in April 2006 revealed.

Aug. 8, 2006: *Asahi Shimbun* reveals FM Aso's plan to reform Yasukuni Shrine. Aso called on the Shinto shrine to voluntarily disband as a religious entity and become a secular, state-run national memorial.

Aug. 15, 2006: PM Koizumi visits Yasukuni Shrine. This visit is his sixth and first on the anniversary of the end of World War II.

Aug. 16, 2006: *Yomiuri Shimbun* conducts a poll on Koizumi's Yasukuni visit: 53 percent of respondents (including those generally favorable) support the visit, and 39 percent did not.

Aug. 16, 2006: *Nikkei* reports that the governor of Kanagawa prefecture stated that the prefectural government would tolerate the deployment of a U.S. nuclear-powered carrier to Yokosuka, where a U.S. Navy base is located.

Aug. 21, 2006: FM Taro announces candidacy for the LDP presidential election.

Aug. 25, 2006: The government of Japan decides to extend a special anti-terrorism law, set to expire in November 2006, that has allowed Japan's Self Defense Force to support refueling operations in the Indian Ocean.

Aug. 29, 2006: *Mainichi* reports that *USS Shiloh*, an *Aegis*-equipped cruiser with an advanced missile defense system, docked in Yokosuka, Japan, as concerns lingered over North Korea's missile program.

Aug. 29, 2006: Ministry of Foreign Affairs releases results of the 2006 Image of Japan Study, which showed that 91 percent of U.S. opinion leaders and 69 percent of the general public considered Japan a dependable ally. The positive evaluation marks the highest level ever measured by the study.

Sept. 1, 2006: Chief Cabinet Secretary Abe declares candidacy for the LDP presidential election.

Sept. 8, 2006: LDP presidential election is announced with three candidates: Chief Cabinet Secretary Abe, FM Aso, and Finance Minister Tanigaki Sadakazu.

Sept. 12, 2006: Ozawa Ichiro, president of the Democratic Party of Japan, Japan's largest opposition party, is reelected without a contest.

Sept. 19, 2006: The Japanese government bans withdrawal and overseas remittances from accounts held in Japan by organizations and individuals suspected of being linked to North Korea's development of weapons of mass destruction.

Sept. 20, 2006: Chief Cabinet Secretary Abe wins a convincing victory in the ruling Liberal Democratic Party (LDP) presidential election to replace PM Koizumi. Of the 703 votes cast, Abe captured 464, Aso 136, and Tanigaki 102.

Sept. 23, 2006: *Nikkei* reports Japan and the United States decided to jointly develop a nuclear reactor that makes plutonium extraction difficult, part of the Global Nuclear Energy Partnership framework proposed by President Bush.

Sept. 26, 2006: President of the LDP Abe Shinzo is elected prime minister by both houses of Parliament.

Sept. 27, 2006: Abe and President Bush hold first telephone conference and agree to meet in November on the occasion of APEC in Hanoi.

Sept. 29, 2006: Abe delivers his first policy speech in the Diet and announces his plan to study the possibility of exercising the right of collective self defense; set up a Japanese version of the United States National Security Council (NSC); strengthen the U.S.-Japan alliance; and mend Japan's ties with China and South Korea.

Sept. 29, 2006: *Asahi Shimbun* survey showed that 63 percent of voters support Abe administration. It was the third highest rating for a new administration in postwar Japan.

