



U.S.-Japan Relations:

Distracted Governments Make Some Positive Progress

*Michael J. Green, CSIS/Georgetown University
Nicholas Szechenyi, CSIS*

Prime Minister Fukuda Yasuo outlined his foreign policy agenda in an address to the Diet, highlighting – as did his predecessors Abe Shinzo and Koizumi Junichiro – the U.S.-Japan alliance and international cooperation as the foundations of Japanese diplomacy. But legislation authorizing Japan’s naval refueling mission in the Indian Ocean became a political football in a divided legislature and expired on Nov. 1, forcing Fukuda to draft a new bill and extend the Diet session twice in an attempt to continue Japan’s support for the war on terror. Fukuda noted the importance of the bill during a November summit with President Bush in Washington that also covered other issues including the Six-Party Talks and concerns in Japan about a perceived shift in the U.S. position on Japanese citizens abducted by North Korea. Other developments such as a new agreement on host nation support for U.S. forces in Japan and a successful sea-based missile defense test demonstrated forward trajectory for alliance cooperation. Yet the quarter ended with other issues unresolved, namely Japan’s suspension of Indian Ocean refueling operations and Pyongyang’s failure to come clean on its nuclear programs.

Deadlock in Japanese domestic politics

The issue at the heart of the domestic political debate last quarter was the fate of the Antiterrorism Special Measures Law (SML), first passed in 2001, which enabled Maritime Self-Defense Force (MSDF) vessels to participate in refueling operations in the Indian Ocean in support of Operation Enduring Freedom (OEF). Fukuda’s ruling Liberal Democratic Party (LDP) tried to extend the law but the opposition led by Ozawa Ichiro, head of the Democratic Party of Japan (DPJ), took advantage of its majority in the Upper House to stall and essentially kill the bill. The legislation expired Nov. 1 and the government was forced to order MSDF ships home.

On Nov. 13 the LDP passed new legislation, the Replenishment Support Special Measures Bill, in the Lower House that would narrow the MSDF mission somewhat by allowing refueling strictly for vessels involved in maritime patrols. The LDP extended the Diet session until mid-January in an effort to pass the bill but the DPJ did not compromise, guaranteeing a dramatic showdown immediately after the New Year’s holiday. Fukuda appears set to use the ruling coalition’s two thirds supermajority in the Lower House to override the DPJ’s opposition in the Upper House, but it will not be a cost-free move for him. While public support for the deployment is higher than it was

late last year, the use of the supermajority is not popular with the public. Moreover, the entire Japanese political leadership became consumed with the SML this quarter, leaving very little bandwidth for legislative progress on other critical issues.

While Ozawa appeared determined to cause a legislative train wreck to bring down the LDP, the public (and his own party) were stunned to learn that he had secretly met with Fukuda on Oct. 30 to explore modalities for compromise on the legislative agenda. The two met again on Nov. 2 and word leaked that the notion of a grand coalition of the LDP and DPJ was broached. Ozawa discussed the idea with DPJ leaders but they summarily rejected it, prompting Ozawa to shock the nation by calling a press conference on Nov. 4 and announcing his intention to resign as DPJ leader. He said he supported the coalition concept because the DPJ would struggle to win a majority in the next Lower House election and was too inexperienced to run the government on its own, a damaging statement from a politician who had spent most of the year repeating his party's vow to dethrone the LDP. He was convinced that his party had lost confidence in him by rejecting so vehemently a proposal he supported and therefore decided to quit. The DPJ leadership scrambled to engineer a response and soon asked Ozawa to reconsider, which he did in another press conference on Nov 6. This bizarre chain of events left the DPJ appearing weak but the political landscape remained unchanged. Fukuda also faced other political difficulties that further complicated his efforts.

Two scandals Fukuda could do without

Fukuda had to weather two scandals that coincided with the SML debate. The first surrounded an allegation made by a pacifist group that some fuel provided by MSDF vessels in 2003 was diverted for U.S. missions in Iraq, which would have constituted a violation of the SML. The U.S. categorically denied the allegation but it was revealed that Japan's Defense Ministry misreported the amount of fuel provided during the period in question. Further, the ministry acknowledged on Oct. 30 that on two occasions the MSDF engaged in fueling operations in the Persian Gulf but that the fuel was strictly for OEF missions. Opponents of the SML legislation seized on this story to criticize Fukuda, who at that time served as chief Cabinet secretary under Koizumi. The government appeared at the end of the quarter to have made it through this problem, but only after extracting mountains of documents from the U.S. Navy.

The second scandal involves former Vice Defense Minister Moriya Takemasa and allegations that he violated the Self-Defense Force (SDF) ethics code by accepting gifts from a defense contractor and giving preferential treatment to that same firm for no-bid contracts. Reports surfaced in mid-October that Miyazaki Motonobu, a former executive director of Yamada Corp., had damaged the company's finances through fraudulent accounting, prompting a probe into his relationships with bureaucrats and politicians including Moriya. Prosecutors began a criminal investigation and Moriya was forced to testify before the Diet on Oct. 29 where he denied the allegations but acknowledged a friendship with Miyazaki. The two were later arrested along with a counterpart of Miyazaki's, creating a public relations dilemma for the Fukuda government precisely when the debate over SDF missions such as OEF was most intense.

Division on the abductee issue

Fukuda also faced a serious political challenge with respect to the nuclear negotiations with North Korea. His predecessor, Shinzo Abe, rose to power because of a hard-line stance regarding the fate of Japanese citizens who had been abducted by North Korea in the 1970s and '80s. While Fukuda is known to be more pro-engagement with respect to North Korea, he nevertheless could not ignore strong public opinion on the issue even in the wake of Abe's resignation as prime minister. Fukuda stuck with the condition that Pyongyang would have to be more forthright about the fate of the abductees before Tokyo could consider aid to the regime as part of any denuclearization agreement. After it was reported that the U.S. and the DPRK reached an agreement Oct. 3 that Washington would lift the DPRK from the official U.S. State Sponsors of Terrorism List, the Japanese government and public cried foul. The 2003 U.S. State Department report on terrorism had stated that this would only happen after "progress" was made with respect to Japanese abductees. While "progress" was never officially defined by the U.S., it was quite clear that nothing was happening between Japan and the DPRK that could be considered forward movement.

The gravity of this issue became clear when *Fox News* reported on Oct. 24 that U.S. Ambassador to Japan Thomas Schieffer had sent President Bush a cable warning that the relationship with Japan could be seriously damaged if the U.S. removed North Korea from the state sponsors of terrorism list without action by the DPRK on the abductee issue. A story in the *Washington Post* on Oct. 26 noted that Schieffer requested clarification of the president's position on the abductees and expressed frustration at having been cut out of the six-party process. The details of the cable were leaked a few weeks prior to a scheduled summit between Fukuda and Bush, ensuring the inclusion of the abductee issue in an already lengthy agenda.

Reassurance at the Bush-Fukuda summit

The two leaders met at the White House on Nov. 16 and engaged in a wide-ranging discussion covering Iraq, Afghanistan, Burma, Iran, realignment of U.S. forces in Japan, bilateral economic issues including beef, international trade negotiations, and climate change. But the issue of greatest import to the bilateral relationship and the health of the alliance was the abductee issue. To the great relief of the Japanese participants, Bush reiterated his support for the abductees publicly during a joint press conference, stating, "We will not forget the Japanese abductees, nor their families." However, it was not clear how that statement would impact U.S. policy if North Korea made a complete and correct declaration of its nuclear programs.

A statement released after the meeting emphasized bilateral coordination in addressing energy security, clean development, and climate change through existing frameworks such as the Asia-Pacific Partnership on Clean Development and Climate (APP) and the UN Framework Convention on Climate Change meetings, later held in December in Bali. Fukuda also introduced an initiative to strengthen exchanges between the U.S. and Japan,

citing the need to cement a foundation for the future of the relationship. As part of that initiative, he held a roundtable in Washington with experts from CSIS, SAIS, Georgetown, AEI and other think tanks, universities, and civil society groups.

Alliance initiatives and missile defense on target

The summit agenda exemplified the global nature of the U.S.-Japan alliance, as did various developments in bilateral and multilateral cooperation this quarter. For example, in mid-October Japan hosted *Pacific Shield 07*, a three-day maritime exercise under the rubric of the Proliferation Security Initiative (PSI) that included the U.S., Australia, Britain, France, New Zealand, and Singapore. Japan and the U.S. also worked closely during the UN climate change talks in Bali to exclude specific benchmarks for emissions reductions from a new global framework for addressing climate change while encouraging developing countries such as China and India to play a more active role. On the bilateral front, the two governments reached an agreement in December on a new three-year Special Measures Agreement regarding Japan's contributions toward costs associated with stationing U.S. forces in Japan, or "host nation support." On Dec. 17, the U.S. Missile Defense Agency and Japan's MSDF announced the successful completion of a joint Aegis Ballistic Missile Defense (BMD) intercept flight test near Hawaii, signaling continued progress on a strategic and budgetary priority for the alliance. The U.S.-Japan Sub-Cabinet Economic Dialogue was held in December in Tokyo and yielded a potential breakthrough in efforts to further expand access to the Japanese beef market for U.S. exporters. Pundits in both countries had been predicting disaster on a number of these initiatives – particularly with respect to the host nation support agreement, but these successes proved the pundits wrong and demonstrated that the two governments can make progress on key priorities despite political turmoil in Japan and the reality that the presidential campaign will take center stage in the U.S.

Looking Ahead

The opposition-led DPJ could not derail Fukuda's policy agenda and force a general election. Fukuda has survived even with the emergence of new scandals and continued policy paralysis in the Diet, though a showdown over the new SML could embolden the opposition and increase the likelihood of a call for a snap election. That move may prove too risky for the DPJ given the fiasco that followed the discussions over a grand coalition, making a continuation of the status quo (i.e., a divided legislature and little enthusiasm for compromise) a likely prospect.

Japan's extended absence from refueling operations in the Indian Ocean was an embarrassment, but if the SML passes in January, the ships could be back on station by February. In the meantime, the Fukuda government will showcase Japan's global leadership role in other areas as it prepares to host large summits such as the Tokyo International Conference on African Development (TICAD) in May 2008 and the G-8 Summit in July. North Korea's failure to meet a Dec. 31 deadline to provide a complete declaration of its nuclear programs will prolong the six-party negotiations and require close coordination among diplomats in Washington and Tokyo. The two governments

will persevere on key economic and defense issues during a new year that will begin with political distractions in both capitals.

Chronology of U.S.-Japan Relations October-December 2007

Oct. 1, 2007: Prime Minister Fukuda Yasuo addresses the Diet in his first policy speech and says he will focus on friendly ties with Asian neighbors while keeping the country active in international peacekeeping efforts, calling his policy “peacemaking diplomacy.” Fukuda also renews his commitment to continue Japan's naval mission supporting Operation Enduring Freedom and promises to keep friendly ties with the U.S.

Oct. 9, 2007: The Japanese government decides to extend sanctions against North Korea – first imposed after North Korea's nuclear test in October 2006 – for another six months, stating that Pyongyang has yet to take concrete steps to disable its nuclear programs.

Oct. 10, 2007: During a question and answer session in the Lower House of the Diet, PM Fukuda repeatedly rejects allegations – made in a report released Sept. 20 by the pacifist group Peace Depot – that some fuel provided for U.S. vessels by the Maritime Self-Defense Forces (MSDF) in 2003 was used for the war in Iraq. This followed a U.S. Defense Department statement declaring the allegations “misplaced.”

Oct. 10, 2007: A *Yomiuri Shimbun* poll shows the approval rating for the Fukuda Cabinet at 59 percent with a disapproval rating of 26.7 percent.

Oct. 13-15, 2007: Japan hosts *Pacific Shield 07*, a three-day maritime exercise under the rubric of the Proliferation Security Initiative (PSI). Australia, Britain, France, New Zealand, Singapore and the U.S. participate.

Oct. 14-15, 2007: Japanese and North Korean officials hold an informal meeting in China to advance the Japan-DPRK working group for normalization established in the Feb. 13 agreement of the Six-Party Talks.

Oct. 16, 2007: An *Asahi Shimbun* poll shows the Japanese public to be divided over extending Japan's refueling operations in the Indian Ocean in support of Operation Enduring Freedom, with 44 percent of respondents opposed and 39 percent in favor.

Oct. 18, 2007: Fukuda's Cabinet adopts a new antiterrorism bill allowing the MSDF to continue its refueling activities in the Indian Ocean. The government immediately submits the bill to the Lower House.

Oct. 18, 2007: Reports surface that Miyazaki Motonobu, a former executive director of defense contractor Yamada Corp., had damaged the company's finances through fraudulent accounting, prompting a probe into his relationships with bureaucrats and politicians including former Vice Defense Minister Moriya Takemasa.

Oct. 23, 2007: The Diet begins deliberating a bill to extend the MSDF refueling mission in the Indian Ocean.

Oct. 24, 2007: *Fox News* reports that U.S. Ambassador to Japan Thomas Schieffer sent a cable to President Bush expressing concern that the relationship with Japan could be damaged if the U.S. removes North Korea from the State Sponsors of Terrorism List.

Oct. 29, 2007: Former Vice Defense Minister Moriya testifies before the Diet as a sworn witness to explain his ties with Yamada Corp.

Oct. 29, 2007: A *Kyodo News* poll reveals that 42 percent of the public prefers a coalition government led by the opposition Democratic Party of Japan (DPJ) while 40 percent prefers to stick with the ruling Liberal Democratic Party (LDP.)

Oct. 29, 2007: A *Mainichi Shimbun* poll shows that 66 percent of the Japanese public favors pressure over dialogue with respect to North Korea.

Oct. 30, 2007: Ministry of Defense acknowledges that on two occasions the MSDF engaged in fueling operations in the Persian Gulf rather than the Indian Ocean but that the fuel was strictly for OEF missions.

Nov. 1, 2007: The Japanese government orders MSDF vessels stationed in the Indian Ocean to return home after the Special Measures Law sanctioning refueling operations as part of Operation Enduring Freedom expires.

Nov. 2, 2007: PM Fukuda and DPJ leader Ozawa meet to discuss modalities for cooperation on the legislative agenda and reportedly discuss a ruling coalition.

Nov. 4, 2007: Ozawa announces his intention to step down as president of the DPJ after the party rejects the grand coalition proposal. He recants two days later after party leaders beg him to stay on.

Nov. 8, 2007: Former Yamada Corp. executive director Miyazaki is arrested.

Nov 9, 2007: U.S. Defense Secretary Robert Gates visits Japan to meet PM Fukuda, Defense Minister Ishiba Shigeru, and other senior officials. Ishiba notes during a joint press conference that he and Gates discussed the importance of studying the deterrent effect of the U.S.-Japan alliance, including the nuclear umbrella.

Nov. 10, 2007: In a speech at Sophia University, Secretary Gates calls on Japan to maintain its global leadership role.

Nov. 12, 2007: PM Fukuda suggests during an interview with the *Financial Times* that a Lower House election could be postponed until after the July 2008 G-8 summit in Hokkaido.

Nov. 13, 2007: The Lower House of the Diet approves a bill to resume refueling operations in the Indian Ocean in support of Operation Enduring Freedom.

Nov. 15-17, 2007: PM Fukuda visits Washington, his first overseas visit since assuming office, to meet with President Bush. The two leaders cover various topics including the six-party talks, the issue of Japanese citizens abducted by North Korea, Iraq, Afghanistan, Iran, the realignment of U.S. forces in Japan, trade, and climate change.

Nov. 27, 2007: Former Vice Defense Minister Moriya and his wife are arrested in connection with a bribery scandal.

Nov. 28, 2007: The opposition-controlled Upper House of the Diet approves by a vote of 133 to 103 the DPJ-sponsored bill to halt the Air Self Defense Force's mission in Iraq.

Nov. 29, 2007: Prosecutors raid the Ministry of Defense in search of evidence related to the Moriya bribery scandal.

Dec. 1, 2007: President Bush writes a letter to North Korean leader Kim Jong-il urging his government to fully disclose its nuclear programs. Bush also sends similar letters to the other nations involved in the six-party talks on North Korea's nuclear program, reiterating his desire to resolve the nuclear standoff.

Dec. 4-5, 2007: Senior officials from Japan, Australia, and the U.S. meet in Canberra to discuss regional security issues.

Dec. 5, 2007: A Japanese parliamentary committee, the Lower House Special Committee on the Abductions Problem, adopts a resolution urging Washington to keep North Korea on the State Sponsors of Terrorism List.

December 6-7, 2007: The U.S.-Japan Sub-Cabinet Economic Dialogue is held in Tokyo.

December 7, 2007: *Kyodo News* reports that Japan will consider easing restrictions on U.S. beef imports.

Dec. 7, 2007: U.S. Assistant Secretary of State for East Asian and Pacific Affairs Christopher Hill meets with the Ministry of Foreign Affairs Director-General for Asian and Oceania Affairs Sasae Kenichiro in Japan to discuss Hill's Dec. 4 visit to Pyongyang.

Dec. 8, 2007: A survey conducted by the *Yomiuri Shimbun* and Gallup Inc. reveals that 76 percent of U.S. respondents (combining those who agree "somewhat" and "largely") think the U.S. should not remove North Korea from the State Sponsors of Terrorism List before the abduction issue is resolved.

Dec. 12, 2007: The U.S. and Japan successfully conclude negotiations for a new three-year Special Measures Agreement detailing Japan's contributions to costs associated with stationing U.S. forces in Japan.

Dec. 13, 2007: Police arrest MSDF Lt. Cmdr. Matsuuchi Sumitaka for allegedly leaking classified data on the *Aegis* radar system.

Dec. 15, 2007: The UN Conference on Climate Change in Bali concludes with an agreement on a new framework, the "Bali roadmap," to address the issue. The U.S. succeeded in excluding specific targets for emissions reductions with support from Japan and Canada.

Dec. 15, 2007: The Diet approves a ruling coalition proposal to extend the extraordinary session through Jan. 15 to pass a new bill that would allow refueling operations in the Indian Ocean to resume.

Dec. 17, 2007: A *Kyodo News* poll shows a decline in the approval rating for PM Fukuda's Cabinet to 35 percent, due in large part to the government's failure to fully resolve a scandal over lost pension records.

Dec. 17, 2007: *Yomiuri Shimbun* reports the Ministry of Defense has decided to abandon the planned introduction of its next mainstay fighter aircraft (*F-X*) during the current midterm defense buildup plan, for fiscal years 2005-2009, because the U.S. will not allow the export of *F-22* stealth fighters.

Dec. 17, 2007: The U.S. Missile Defense Agency and Japan's MSDF announce successful intercept flight test of a joint *Aegis* Ballistic Missile Defense (BMD) near Hawaii. This is the first time a U.S. ally ship successfully destroyed a ballistic missile target using the sea-based midcourse engagement capability provided by *Aegis* BMD.

Dec. 24, 2007: The Fukuda government abandons a plan initiated by former Prime Minister Shinzo Abe to create a U.S.-style National Security Council.

Dec. 31, 2007: North Korea fails to meet a deadline for providing a complete declaration of its nuclear programs. The U.S. and Japan issue statements expressing disappointment.