Kan Naoto resigned as prime minister on Aug. 26 after promising to step aside almost three months earlier amid dissension within his ruling Democratic Party of Japan (DPJ) and dwindling public support after a clumsy response to the tragedies of March 11. He was succeeded by Finance Minister Noda Yoshihiko, who prevailed in the DPJ presidential race despite little evidence of support in the polls, but strong backing within the party. The US and Japan convened the first Security Consultative Committee or “2+2” in four years to outline common strategic objectives and strengthen alliance cooperation in a regional and global setting. The two governments also consulted on the margins of international events to discuss cooperation on various issues. Vice President Joseph Biden visited Japan in late August to reiterate US support for the recovery effort and met victims of the disaster in Tohoku. Public opinion polls in Japan and the United States revealed a solid foundation of support for the US-Japan alliance.

Kan quits, eventually

The Diet passed a $50 billion supplementary budget on May 2 including resources to support recovery from the March 11 disasters but that did little to quell public frustration with the Kan government’s response, which was widely criticized for a lack of coordination and transparency. In a seemingly calculated effort to boost his popularity by capitalizing on public concerns about safety since the nuclear accident at the Fukushima Daiichi plant, Kan made a series of announcements signaling a shift away from nuclear power. First he declared on May 6 that operations at the Hamaoka nuclear power plant southwest of Tokyo would be suspended due to the potential for a catastrophic natural disaster akin to that which struck the northeast coast of Japan on March 11. Several days later Kan confirmed that the government would revise an energy strategy unveiled in 2010 that called for 14 additional nuclear reactors to be built by 2030 to boost the share of nuclear power in electricity supply to 50 percent. On May 25, Kan addressed the Organization for Economic Cooperation and Development (OECD) in Paris and unveiled a plan for Japan to obtain 20 percent of its energy needs from renewable sources by the 2020s. And on July 13 Kan revealed his desire for Japan to end its reliance on nuclear power altogether. These initiatives seemed to resonate with the public in opinion surveys published over the summer, but failed to improve his standing overall as attempts to unseat Kan exacerbated the political gridlock during his tenure.

On May 26, in an interview with the Wall Street Journal, former DPJ president Ozawa Ichiro – who together with Kan and his predecessor Hatoyama Yukio founded the party in 1998 – called on Kan to resign for responding slowly to the March 11 disasters and failing to implement policies in response. Opposition parties led by the Liberal Democratic Party (LDP) then
submitted a no-confidence motion in the Diet on June 1 and both Hatoyama and Ozawa threatened to encourage their supporters in the DPJ to support it. (Kan was less attached to the social welfare spending initiatives outlined in the 2009 DPJ election manifesto and earned the ire of his party’s co-founders with periodic references to tax increases as a means of restoring fiscal health.) Kan survived a no-confidence vote on June 2 only after a vague promise to resign once progress had been made in containing the nuclear crisis at the Fukushima Daiichi plant and implementing reconstruction plans. (Hatoyama ended up voting against the motion but Ozawa abstained.) Yet that did not prove satisfactory to many politicians and a week later Deputy Chief Cabinet Secretary Sengoku Yoshito stated that Kan had no choice but to resign, fueling speculation regarding the timing of Kan’s departure and potential candidates to succeed him. As the nation marked the three-month anniversary of the March 11 disasters, politicians appeared more focused on the drama in Nagatacho than on strategies to engineer a recovery, an unfortunate yet accurate depiction of the dynamics under Kan’s rule. On June 20, the Diet did manage to pass a basic law outlining guidelines for reconstruction policy including the creation of a new reconstruction agency, and shortly thereafter legislators approved a DPJ proposal to extend the Diet session until the end of August to pass other recovery-related legislation.

Undeterred by forces within and outside his party determined to remove him from office, Kan announced on June 27 that his resignation was conditional upon three pieces of legislation passing the Diet: a second supplementary budget; legislation authorizing the issuance of bonds to finance the recovery; and a renewable energy bill. But his approval rating averaged just upward of 20 percent at the time and two subsequent developments further weakened his standing with the public. The first involved Matsumoto Ryu, whom Kan appointed minister for reconstruction soon after the basic law passed but resigned after one week on the job for several gaffes uttered during meetings with local officials in the Tohoku region. (Matsumoto reportedly confessed to being ignorant of local geography; suggested that only locales that presented plans would receive government assistance; and berated the governor of Miyagi prefecture for keeping him waiting for a meeting.) The second and more serious fiasco stemmed from a lack of policy coordination within the government regarding the resumption of operations at nuclear power plants. In early July, officials in Genkai in Saga prefecture announced a decision to allow the local nuclear power plant to restart after Trade Minister Kaieda Banri assured them the plant was safe. But days later, the Kan government announced that it was considering stress tests for all nuclear power plants as a safety measure, embarrassing Kaieda and prompting some analysts to question whether the government had a coherent energy strategy. Both episodes damaged Kan’s reputation and helped cement his lame duck status in the eyes of the public. By mid-July, his approval rating was 15 percent and 70 percent of the public wanted him to resign by the end of August, according to a survey by Asahi Shimbun.

The first of Kan’s three conditions for his resignation, a second supplementary budget totaling $25 billion, passed the Diet on July 25 and DPJ Secretary General Okada Katsuya led several rounds of negotiations with the opposition LDP and Komeito (Clean Government Party) that eventually resulted in an agreement to review the 2009 DPJ election manifesto to pave the way for the recovery bond legislation and several compromises that sealed the renewable energy bill. Both passed on Aug. 26 and Kan resigned, setting the stage for a DPJ presidential race featuring former Foreign Minister Maehara Seiji, Finance Minister Noda Yoshihiko, Trade Minister Kaieda Banri, former Transportation Minister Mabuchi Sumio, and Agriculture Minister Kano...
Michihiko. The election, scheduled for Aug. 29 and limited to DPJ Diet members, was a battle between power bases in the DPJ with Maehara, the most popular figure in the polls, expected to face off against Kaieda, who was endorsed by Ozawa Ichiro. None of the candidates cleared the 50 percent threshold to win in the first round but Kaieda was the top vote getter, followed surprisingly by Noda, who did not really register in polls due allegedly to his low profile and support for tax increases and was expected to lose after Maehara entered the race (they court similar bases within the party). But Noda prevailed in a runoff by a comfortable margin, perhaps an indication that Ozawa’s influence in the party had waned since he was indicted earlier in the year because of an alleged funding scandal.

Noda vowed to unify the DPJ and at this writing moved to form a Cabinet reflective of the various power centers within the ruling party. He also expressed a willingness to work with the opposition but faces an uphill battle as the LDP will likely continue a pattern of obstruction to force a general election. Priorities would likely include containing the nuclear crisis at Fukushima, implementing reconstruction efforts and charting a path for economic growth. The Aug. 24 downgrade of Japan’s sovereign debt rating by Moody’s Investors Service brought into stark relief concerns about Japan’s public debt, which Noda had addressed repeatedly as finance minister under Kan and would likely bring to the fore again as prime minister. The appreciation of the yen prompted Noda to oversee an intervention in currency markets on Aug. 4 to protect Japanese exports. Much like his US counterpart, Noda might find the balance between growth and fiscal discipline one of his greatest policy challenges.

Bilateral engagement

Japan and the United States sustained a pattern of consistent dialogue beginning with a meeting between President Barack Obama and Prime Minister Kan during the G8 summit in Deauville, France, on May 26. Obama pledged continued US support for Japan’s recovery from the March 11 disasters and they discussed bilateral security issues and cooperation on Afghanistan, Pakistan and the Middle East. Kan also briefed Obama on the postponement of Japan’s decision, in light of 3-11, regarding entry into negotiations over the Trans-Pacific Partnership trade liberalization initiative, which was originally due in June. Defense Secretary Robert Gates and Defense Minister Kitazawa Toshimi reaffirmed a commitment to the existing relocation plan for Marine Corps Air Station Futenma on Okinawa during a meeting on the margins of the Shangri-La Dialogue in Singapore on June 3. This set the stage for comprehensive consultations in Washington on the strategic trajectory of the alliance.

Gates and Kitazawa, together with Secretary of State Hillary Clinton and Foreign Minister Matsumoto Takeaki, convened a bilateral Security Consultative Committee (“2+2”) meeting on June 21, the first in four years and the first since the DPJ assumed power in 2009. The committee released a joint statement updating common strategic objectives from 2005 and 2007 and outlining ways to enhance bilateral defense cooperation. Three additional documents were also released focused on bilateral cooperation in response to 3-11, an agreement reached at the end of last year on host nation support, and progress on the realignment of US forces in Japan. This meeting was significant in that the two governments were not able to pen a joint vision statement for the alliance last year to commemorate the 50th anniversary of the bilateral security
treaty but could now build on successful cooperation in the aftermath of 3-11 to develop a framework for alliance cooperation into the future.

The joint statement on common strategic objectives detailed the need for the alliance to address various regional and global challenges and meet them by modernizing forces, enhancing alliance interoperability, and promoting cooperation in developing new technologies. China was encouraged to play a constructive role in regional stability and prosperity, adhere to international norms of behavior, and improve transparency with respect to its military modernization. Among the numerous objectives documented, trilateral security and defense cooperation with South Korea and Australia, as well as trilateral dialogue with India, and outreach to the Association of Southeast Asian Nations (ASEAN) featured prominently, as did cooperation on nonproliferation, the safety and security of the maritime domain, and the protection of and access to space and cyberspace. (The document referenced bilateral strategic dialogues on space security, cybersecurity issues, and extended deterrence.) The joint statement also noted progress in ballistic missile defense cooperation and that Japan would allow the transfer of the SM-3 Block IIA to third parties requested by the US in cases where the transfer supports the national security of Japan and/or contributes to international peace and stability, and when the third party has sufficient policies to prevent the further transfer of the SM-3 Block IIA (an exception to Japan’s three principles banning the export of arms).

The statement on realignment reiterated the commitment of the two governments to implement the relocation plan for Futenma as described in a joint statement of May 28, 2010. It was acknowledged that the target date of 2014 for completion of the project would not be met, but that both sides would strive to conclude the effort at the earliest possible date. This contrasted sharply with the views of some members of Congress who had begun to question both the feasibility and cost of the plan. On May 11, Senators James Webb (D-VA), Carl Levin (D-MI), and John McCain (R-AZ) issued a joint statement calling for the reexamination of the overall US military basing plans in East Asia, including the relocation of MCAS Futenma. They encouraged the exploration of alternatives including the integration of functions at Futenma with Kadena Air Base. At the end of June, the US Senate Appropriations Committee then excluded funding covering the transfer of US Marines from Okinawa to Guam from a spending bill for fiscal year 2012, citing concerns about Japan’s ability to implement the Futenma relocation plan to which the Guam transfer is linked. Prime Minister Kan and Defense Minister Kitazawa both met with Okinawa Gov. Nakaima Hirokazu to stress the merits to the relocation plan and repeat the desire of the central government to implement it. But the politics of Futenma remain complicated in Okinawa and now appear increasingly so in Washington, which suggests that Futenma relocation could remain on the bilateral agenda for some time.

Secretary of State Clinton and Foreign Minister Matsumoto subsequently met on the margins of the ASEAN Regional Forum (ARF) in Bali, Indonesia, on July 25 to discuss Japan’s recovery from the March 11 disasters, bilateral security cooperation, and plans for the Asia-Pacific Economic Cooperation (APEC) forum to be hosted by the United States in Hawaii this November. Clinton and Matsumoto then joined South Korean Foreign Minister Kim Sung-hwan for a trilateral ministerial in which the three, building on a previous meeting in Washington last December, agreed to consult closely on policy toward North Korea, including efforts to prevent proliferation and respond to Pyongyang’s uranium enrichment program. They also aimed to
coordinate efforts to support the ARF and the East Asia Summit, scheduled for October, and to cooperate on global issues such as nonproliferation, human rights, and development cooperation. They also agreed to explore the establishment of a trilateral secretariat to facilitate this strategically vital forum in support of regional security and prosperity.

Concluding another season of high-level bilateral diplomacy, Vice President Joseph Biden visited Japan in August at the conclusion of a trip that also took him to China and Mongolia. Biden met Prime Minister Kan in Tokyo on Aug. 23 to discuss rebuilding efforts after 3-11 and then traveled to Sendai in Miyagi Prefecture to survey damage from the tsunami, deliver an address at Sendai Airport (cleared for relief operations just days after the tsunami with the assistance of the US military) to reiterate US support for the recovery and the importance of the bilateral alliance, and meet with survivors living in temporary housing facilities. Biden also addressed US troops at Yokota Air Base on Aug. 24 to thank them for their support of disaster relief efforts under the rubric of Operation Tomodachi (Japanese for friend). His trip was well received and played positively in the US and Japanese press.

Public opinion

The success of Operation Tomodachi and the convening of the 2+2 enhanced the potential to further strengthen alliance cooperation. And, recent public opinion surveys indicate both countries continue to recognize the importance of the relationship. A survey by the Pew Research Center’s Global Attitudes Project released on June 1 showed 85 percent of the Japanese public has a favorable opinion of the US. The Ministry of Foreign Affairs released the results of a poll on the image of Japan in the US on June 9 showing that 84 percent of the US public and 90 percent of opinion leaders consider Japan a dependable ally.

The stretch run

Economic policy and divided government will consume both leaders at home over the coming months. Prime Minister Noda will likely face a heated debate over fiscal policy while trying to pass the third and largest supplementary budget in support of reconstruction in a divided Diet. President Obama will attempt to advance legislation aimed at job creation in the face of Republican resistance in the House of Representatives. The two will have multiple opportunities to discuss their similar circumstances and develop a rapport, first in September during the United Nations General Assembly in New York City. Both will also likely participate in the East Asia Summit in Indonesia in October, followed by the APEC forum in Hawaii in November.

Chronology of US-Japan Relations
May – August 2011

May 1, 2011: Japan’s Ministry of Defense announces that the US military has mostly concluded earthquake relief efforts under the rubric of Operation Tomodachi but will continue to airlift personnel and supplies as needed.

May 6, 2011: Prime Minister (PM) Kan Naoto orders the suspension of operations at the Hamaoka nuclear power plant southwest of Tokyo.

May 7, 2011: Defense Minister Kitazawa Toshimi visits Okinawa to discuss the relocation of US Marine Corps Air Station Futenma with Gov. Nakaima Hirokazu.

May 10, 2011: PM Kan states Japan will abandon a plan announced last year to build 14 nuclear reactors by 2030 and boost the share of nuclear power in electricity supply to 50 percent.

May 11, 2011: US Senators Carl Levin (D-MI), John McCain (R-AZ), and Jim Webb (D-VA) release a statement calling for the reexamination of US military basing plans in East Asia, including the relocation of MCAS Futenma on Okinawa.

May 13, 2011: Okinawa Gov. Nakaima states that a proposal to integrate functions of MCAS Futenma at Kadena Air Base is a “starting point” to resolve the relocation issue, but cites noise pollution reduction measures as a prerequisite for such discussions.

May 16, 2011: A poll by Mainichi Shimbun shows 66 percent of the public approves of PM Kan’s decision to shut down the Hamaoka nuclear power plant, but his approval rating is 27 percent. Half of respondents want Kan to oversee the initial phase of reconstruction from the March 11 disasters and one-quarter state he should resign as soon as possible.

May 17, 2011: Japan announces it is postponing a decision over whether to enter negotiations over a multilateral trade liberalization initiative known as the Trans-Pacific Partnership.

May 22, 2011: Assistant Secretary of State for East Asian and Pacific Affairs Kurt Campbell meets officials from the Ministries of Defense and Foreign Affairs in Tokyo to discuss US support for Japan’s recovery efforts, bilateral security issues, and preparations for international events including the ASEAN Regional Forum and the APEC Leaders Meeting.

May 25, 2011: Prime Minister Kan addresses the Organization for Economic Cooperation and Development (OECD) in Paris and announces a plan for Japan to obtain 20 percent of its energy needs from renewable sources by the 2020s.

May 25, 2011: US Government Accountability Office (GAO) issues a report on costs associated with realigning US force posture in Asia and asks the Department of Defense to provide more detailed cost information and analysis of alternative proposals to better assess affordability.

May 26, 2011: President Obama meets Prime Minister Kan on the margins of the G8 Summit in Deauville, France, and reiterates US support for Japan’s recovery from the 3.11 triple disasters.

May 30, 2011: Prime Minister Kan posts a 28 percent approval rating in a Nikkei Shimbun poll. Seventy four percent of respondents disapproved of the government’s response to the nuclear
crisis but 49 percent said Kan should step down after the crisis is stabilized. The LDP approval rating exceeds that of the DPJ by a margin of 35 to 26 percent.

**May 31, 2011:** Moody’s places Japan’s sovereign debt rating on review for a possible downgrade, citing concerns that government plans to reduce debt may prove insufficient given the costs of the March 11 disasters.

**June 1, 2011:** A survey by the Pew Research Center’s Global Attitudes Project shows 85 percent of the Japanese public has a favorable opinion of the United States.

**June 1, 2011:** In a preliminary report on the Fukushima nuclear crisis, the International Atomic Energy Agency (IAEA) states Japan underestimated the risks of a tsunami at the Fukushima Daiichi power plant and did not install adequate backup systems.

**June 2, 2011:** Prime Minister Kan survives a no-confidence vote after promising to resign once progress is made in containing the nuclear crisis in Fukushima and recovering from the March 11 earthquake and tsunami. The ruling DPJ expels two party members who supported the motion.

**June 3, 2011:** Defense Minister Kitazawa and Defense Secretary Robert Gates meet on the sidelines of the Shangri-La Dialogue in Singapore and issue a joint statement reiterating support for the existing plan to relocate MCAS Futenma on Okinawa.

**June 8, 2011:** The International Monetary Fund says Japan’s economy will shrink 0.7 percent in 2011 due to the March 11 disasters but also projects 2.9 percent growth for 2012.

**June 9, 2011:** Ministry of Foreign Affairs releases results of a poll on the image of Japan in the US: 84 percent of the US public and 90 percent of opinion leaders consider Japan a dependable ally.

**June 11, 2011:** Deputy Chief Cabinet Secretary Sengoku Yoshito states during an appearance on a television program that Prime Minister Kan has no other choice but to step down.

**June 11, 2011:** Demonstrations against nuclear power take place throughout Japan to mark the three-month anniversary of the accident at the Fukushima Daiichi nuclear power plant.

**June 13, 2011:** Defense Minister Kitazawa visits Okinawa and informs Gov. Nakaima that the central government has, in accordance with a bilateral agreement with Washington, decided to proceed with a V-shaped runway at a proposed replacement facility for MCAS Futenma in the Henoko district of the city of Nago.

**June 14, 2011:** Bank of Japan introduces plan to extend up to ¥500 billion (approximately $6.2 billion) to financial institutions at an interest rate of 0.1 percent to boost lending to small businesses.

**June 21, 2011:** Security Consultative Committee (SCC) or “2+2” convenes in Washington DC and issues a joint statement reaffirming common strategic objectives for the alliance.
June 24, 2011: Diet enacts a basic law on post-March 11 reconstruction.

June 25, 2011: Kan government’s Reconstruction Design Council submits a report recommending temporary tax increases and the issuance of government-backed recovery bonds to finance the recovery from the March 11 earthquake and tsunami.

June 27, 2011: PM Kan reshuffles Cabinet and appoints Matsumoto Ryu as reconstruction minister and Hosono Goshi as minister in charge of the nuclear crisis at the Fukushima Daichi power plant.

June 27, 2011: PM Kan declares as conditions for his resignation the passage of a second supplementary budget to support reconstruction, a bill authorizing the issuance of recovery bonds, and a renewable energy bill.

June 27, 2011: PM Kan meets Okinawa Gov. Nakaima in Tokyo and states that calling for the relocation of MCAS Futenma outside Okinawa could further delay negotiations over relocation.

June 27, 2011: A Nikkei Shimbun poll finds 69 percent of the public opposes the restart of nuclear reactors currently shut down for maintenance, and 47 percent support reducing the number of nuclear power plants in Japan.

June 30, 2011: US Senate Appropriations Committee excludes funding covering the relocation of US Marines from Okinawa to Guam from a spending bill for fiscal year 2012, citing concerns about the Japanese government’s ability to implement the relocation plan.

July 4, 2011: According to a Yomiuri Shimbun poll, 72 percent of the public thinks Kan should resign as prime minister by the end of August. His approval rating was 24 percent with a disapproval rating of 63 percent. The approval rating for the DPJ and LDP was 19 percent.

July 5, 2011: Reconstruction Minister Matsumoto Ryu resigns due to gaffes in meetings with local government officials during a visit to the Tohoku region.

July 9, 2011: The US, Japan, and Australia hold a joint naval exercise in the South China Sea.

July 12, 2011: Bank of Japan revises its growth forecast for fiscal year 2011 to 0.4 percent from 0.6 percent, but retains an outlook of 2.9 percent growth for fiscal year 2012.

July 12, 2011: A survey by Asahi Shimbun reveals a 15 percent approval rating for the Kan Cabinet. Seventy percent of respondents said PM Kan should resign by the end of August.

July 13, 2011: PM Kan outlines an energy policy vision and suggests Japan should end its reliance on nuclear power.

July 22, 2011: DPJ Secretary General Okada Katsuya admits that the DPJ cannot deliver on pledges made in the party’s 2009 election manifesto.
July 23, 2011: Secretary of State Clinton and Foreign Minister Matsumoto meet on the margins of the ARF in Bali and address Japan’s recovery from the March 11 disasters, bilateral security cooperation, and the APEC forum to be hosted by the US in November 2011.


July 25, 2011: Kyodo News poll finds 70 percent of the public agrees or somewhat agrees with PM Kan’s suggestion that Japan shift away from nuclear energy but Kan’s approval rating is 17 percent.


July 29, 2011: Kan government announces basic guidelines for post-March 11 reconstruction.

Aug. 2, 2011: Kan Cabinet approves the annual defense white paper, which makes specific reference to Chinese maritime activities in the East and South China Seas.

Aug. 4, 2011: Japan intervenes in currency markets and spends an unreleased amount to stem the value of the yen. The Bank of Japan announces an expansion of its asset purchasing program from ¥40 trillion to ¥50 trillion.

Aug. 4, 2011: Prime Minister Kan dismisses three Ministry of Economy, Trade and Industry (METI) officials in charge of nuclear energy policy.

Aug. 8, 2011: Kan Cabinet posts an 18 percent approval rating and a disapproval rating of 72 percent in a Yomiuri Shimbun poll; 67 percent of respondents support Kan’s call for reduced dependence on nuclear energy. The LDP approval rating exceeds that of the DPJ by a margin of 20 to 17 percent.

Aug. 9, 2011: DPJ Secretary General Okada announces an agreement with the opposition LDP and Komeito (Clean Government Party) to review pledges in the 2009 DPJ election manifesto such as eliminating highway tolls, offering free tuition for high school students, and assistance to farmers, in order to pass legislation authorizing the issuance of special government bonds to fund the recovery from the March 11 disasters.

Aug. 15, 2011: Cabinet Office reports real GDP in Japan shrank at an annualized rate of 1.3 percent in the second quarter of 2011, the third straight quarterly decline but less than the 3.6 percent drop in the first quarter of the year.
Aug. 21, 2011: Kan Cabinet’s approval rating is 15 percent with a disapproval rating of 70 percent in a poll by Kyodo News. Former Foreign Minister Maehara Seiji tops the list of potential successors to Kan with 24 percent support, followed by Chief Cabinet Secretary Edano Yukio with 11 percent and DPJ Secretary General Okada Katsuya with 10.9 percent.

Aug. 23, 2011: Vice President Joseph Biden meets PM Kan in Tokyo and visits the city of Sendai to offer support to survivors of the March 11 disasters.

Aug. 24, 2011: Moody’s Investors Service downgrades Japan’s sovereign debt rating to Aa3, citing high government debt, weak growth and political uncertainty.

Aug. 24, 2011: Japan announces measures to stem the rise of the yen including the creation of a $100 billion credit facility to encourage overseas investment.

Aug. 26, 2011: The Diet passes legislation authorizing the issuance of bonds to fund the recovery from the March 11 disasters and also clears a renewable energy bill.


Aug. 29, 2011: Noda Yoshihiko is elected DPJ president, defeating Kaieda Banri in a runoff.

August 30, 2011: The Diet elects Noda as prime minister.

Aug. 30, 2011: President Obama issues a statement congratulating Noda on his election as prime minister.