



**U.S.-Japan Relations:
Fukuda Takes the Helm**

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

The Liberal Democratic Party (LDP) was defeated in the July 29 Upper House election and lost its majority to a coalition led by the Democratic Party of Japan (DPJ). Abe Shinzo vowed to stay on as prime minister despite calls for his resignation, reshuffling his Cabinet in late August and then continuing diplomatic initiatives in meetings with President George W. Bush and others at the APEC summit in Sydney. However, presented with news from his doctors that his ulcer-related health problems were now chronic and facing intractable opposition from DPJ leader Ozawa Ichiro to an extension of the government's counterterrorism law in support of Operation Enduring Freedom, Abe suddenly resigned a week after the Sydney summit. The quarter came to a close with Fukuda Yasuo succeeding Abe and vowing to forge ahead with economic reforms and strong support in the war against terror. But Fukuda only has three months to win back public support as the Diet could deadlock during contentious budget negotiations early next year, forcing an election for the more powerful Lower House by the spring. Such a showdown seems likely, given Ozawa's pledge of a no-holds-barred fight to destroy the LDP.

Power shift in the Upper House

The LDP won only 37 of the 121 contested seats (half the total) in the Upper House election and lost 27 seats, consequently ceding its majority to a coalition led by the DPJ. The opposition took advantage of a debacle involving the pension system (the government admitted to having lost 50 million pension records), and a series of corruption scandals and gaffes by Cabinet members, all of which led to damaging questions about Abe's leadership among the press and public. The DPJ tried to portray Abe as being out of touch with the concerns of citizens and gained support not only in urban districts but also in the rural areas that had been typical strongholds of the LDP. Ozawa was masterful in running strong candidates and highlighting resonant themes in the rural LDP strongholds, but whether a victory against an inexperienced Abe in the less influential Upper House can be translated into longer-term support for the DPJ remains to be seen. A *Mainichi Shimbun* poll dated Sept. 14 showed that 43 percent of the public wants the DPJ to win the next general election while 39 percent stuck with the LDP. Another poll by *Yomiuri Shimbun* released Sept. 10 revealed a 29 percent public approval rating for the LDP and a 21 percent approval rating for the DPJ. Ozawa has urged his party to introduce numerous bills in the current Diet session to convince the public that

the DPJ is not merely an opposition party capable of criticizing the LDP but one that is fit to govern. Switching to a proactive offensive strategy has never been easy for the DPJ, which has always lacked internal cohesion over security and economic policies.

Exit polls conducted by *Yomiuri* and *Nippon Television* after the Upper House election revealed frustration with Abe's inattention to economic matters. When asked to rank their priorities, respondents listed the pension system first, followed by business conditions, income disparity between urban and rural areas, a general wealth gap, fraudulent accounting by politicians (recent scandals), and education. Some of the analysis, particularly in Western media, tended to stress public discomfort with Abe's nationalist agenda – a *New York Times* editorial Aug. 1 argued that voters were bothered by “the feeling that reviving military spirits was all Mr. Abe cared about” – but the economy appears to have trumped other concerns.

Abe stays; Ozawa attacks

The Upper House election had no direct Constitutional bearing on Abe's fate – the more powerful Lower House selects Japan's leader – but calls for Abe's resignation emerged as soon as the results became known. Abe defiantly refused to step down after a few key LDP leaders expressed support and instead vowed to continue pushing his agenda and implementing reforms. He reshuffled his Cabinet Aug. 27 and installed veterans in key posts to reassure the public of his competence. Polls showed they liked what they saw and Abe's approval rating increased to around 40 percent from a pre-election low of 29 percent. One thing Abe could not change, however, was the LDP's minority status in the Upper House, and Ozawa seized an opportunity to paint Abe into a corner by opposing legislation with potential foreign policy implications. It also appears that Abe's health problems may have sapped his readiness for a showdown that senior LDP politicians, including his predecessor Koizumi Junichiro, thought he could win.

The opposition's main target in the Upper House was extension of the Antiterrorism Special Measures Law (SML), first passed in 2001, which enables Maritime Self-Defense Force vessels to participate in refueling operations in the Indian Ocean in support of Operation Enduring Freedom and stands as symbol of Japan's readiness to “show the flag” in the war on terror. The legislation is set to expire Nov. 1 and while the Lower House can override any Upper House vote by passing legislation a second time with a two-thirds majority, the Upper House can delay a vote on any legislation forwarded by the Lower House for up to 60 days. Ozawa's stance would essentially kill the bill absent a major compromise.

U.S. Ambassador to Japan Thomas Schieffer encouraged Ozawa to support the legislation during a meeting at DPJ headquarters on Aug. 8, but to no avail. Ozawa publicly criticized Operation Enduring Freedom before the assembled media, declaring “the U.S. started this war unilaterally without waiting for a consensus to be built in the international community,” confusing Afghanistan with Iraq. While Ozawa was criticized within the DPJ and internationally for putting Japan's reputation at risk, he stood firm in the knowledge that the crisis could undo the LDP.

Abe was forced to make the case for the bill in the Diet and then tried to revive his standing by using the APEC summit in Australia to showcase his strengths in other areas of international diplomacy.

Bush-Abe at APEC

Abe continued his push for close ties with “like-minded” nations by elevating the U.S.-Japan-Australia Trilateral Security Dialogue to the leaders’ level in a meeting with Bush and Prime Minister John Howard in Sydney. Abe and Bush also met separately to discuss the Six-Party Talks, Iran, energy security, climate change, and the situation in Iraq. Bush used a photo opportunity after the meeting to praise Japan’s role in the war on terror, and Abe, in turn, promised to ensure Japan’s continued participation in the Indian Ocean refueling operations. Abe went one step further in a separate session with the Japanese press, stating that he would step down if the extension of the SML did not pass. Given the intractability of Ozawa, this was an early indication that Abe might not tough it out as originally thought.

Fukuda replaces Abe

Political observers saw that Abe’s new Cabinet helped his standing and expected that a strong address to the Diet on Sept. 10 might help him sustain public support through to next year’s G-8 Summit in Hokkaido. In his Diet speech, Abe made a strong case for extending the SML, but actions by the LDP Diet affairs managers on the ground indicated that the government had little confidence that the measure would overcome Upper House opposition in time to pass this year. Two days later, an exhausted Abe appeared at a hastily arranged news conference to announce his resignation, stating that “the people need a leader whom they can support and trust.” Ozawa immediately criticized the decision, noting that Abe was scheduled to answer questions in the Diet that day, and repeated his steadfast opposition to the SML. Abe was hospitalized Sept. 13 and diagnosed with abdominal pain caused by stress.

The LDP quickly settled on Sept. 23 as the election date for party president. Aso Taro, foreign minister under both Koizumi and Abe (and moved temporarily to the powerful LDP secretary general position in the Aug. 27 Cabinet reshuffle) was initially thought by many to be the logical successor to Abe, given that his popularity had always been next highest. But Abe’s former boss as chief Cabinet secretary under Koizumi, the mild-mannered Fukuda Yasuo, quickly emerged as the party’s choice to re-establish public trust in the government.

Fukuda won the LDP presidential election Sept. 26 and immediately set the tone: Koizumi’s reforms and strong alliance with the U.S. would continue, including a push for the SML, but the subtext was that Fukuda would be less ideological and more inclusive. Fukuda took office on Sept. 26, retaining 13 of 19 Cabinet members from Abe’s late-August reshuffle. Machimura Nobutaka, foreign minister in Abe’s second Cabinet and in previous administrations, was named LDP secretary general. Komura Masahiko, also former foreign minister and defense minister in the second Abe Cabinet, was named

foreign minister. Ishiba Shigeru, a former director general of the then-Japan Defense Agency, was named defense minister. All three are veterans tasked with handling the opposition and, especially in Ishiba's case, ushering the SML through the Diet. They are also well known in Washington. Fukuda himself enjoys a strong reputation among those who remember him as the man who pulled together Japan's response to the Sept. 11 terrorist attacks for Koizumi. Fukuda's proven competence and pledge to work on the growing income gap and the pension crisis resonated with the public and his new Cabinet received a 57 percent public approval rating according to a *Yomiuri* poll on Sept. 27.

That same poll revealed 47 percent public support for the extension of the SML, a slight increase from earlier surveys, signaling a possible split on this issue. Fukuda pledged in his opening Diet address to press for passage of the SML and to compromise with the DPJ if necessary to do so. Ozawa's public stance has not changed, but within the DPJ, pro-defense members like Maehara Seiji and Nagashima Akihisa steadily expanded support for a compromise with the government that would allow Japan to "show the flag" in the war on terror. Still, Ozawa's position in the DPJ remained strong, given his performance for the party in the Upper House election, and a showdown over the SML and other economic issues still seems likely as the Diet calendar is dominated by budget issues next year. By the end of September, political analysts in Tokyo were predicting a spring election to settle the fight once and for all.

Looking ahead

Abe's resignation introduced turmoil into an already tense political environment in Tokyo, and Fukuda has the unenviable task of getting a key piece of legislation passed while facing an unrelenting opposition and a public that is frustrated with political leadership and concerned about bread and butter economic issues. Ozawa and the DPJ will make Fukuda's life difficult and work to strengthen their own public image looking toward a desired transition from opposition to majority. The DPJ has never successfully made that transition in the past, but Ozawa thinks this is its chance.

The next quarter could feature a visit to Washington by Fukuda to either celebrate the extension of the SML or reassure his counterparts that Japan will sustain its global leadership role in other ways. The alliance will be tested as the two governments begin to negotiate a renewal of the host nation support agreement that covers billions of dollars of costs for U.S. forces in Japan. Fukuda has pledged to be more flexible on negotiations with North Korea, but prospects for movement on phase two of the Feb. 13 Six-Party Talks agreement mean that Washington may move toward lifting terrorist-related sanctions on North Korea that Tokyo had wanted in place until the Japan-DPRK abductee issue is resolved. Fukuda will have to manage Japanese public opinion on that issue while keeping his pledge to Washington that he will be more flexible. On the economic front, there are fears the LDP might return to the old pump-priming, but Fukuda has been clear that he will not make the budget situation worse. He has even advanced the unpopular idea of raising the consumption tax again to offset declining revenue from income tax caused by Japan's changing demographics. Movement on that front is sure to draw fire from the DPJ. Fukuda will also have to coordinate other complex issues with

the U.S., including Burma, where neither U.S. sanctions nor engagement by Tokyo has engendered change. Bilateral coordination on a new international approach combining carrots and sticks could begin to take shape and send a strong signal about the positive role of the alliance in Asia. The two governments could also address Iran as it refuses to halt uranium enrichment and attempts to weaken the solidarity of the international community.

Chronology of U.S.-Japan Relations July-September 2007

July 2, 2007: Public opinion polls show weak support for Prime Minister Abe Shinzo's Cabinet. A poll by the *Asahi Shimbun* indicates an approval rating of 28 percent with a disapproval rating of 48 percent. A *Mainichi Shimbun* poll shows a disapproval rating of 52 percent, a record high, with an approval rating of 32 percent.

July 2-3, 2007: The Senior Officials' Meeting of the Trilateral Strategic Dialogue among Japan, the U.S., and Australia, and the Senior Officials' Meeting of the Japan-U.S. Strategic Dialogue are held July 2 and 3, respectively, in Washington, D.C., Undersecretary of State for Political Affairs Nicholas Burns and Deputy Minister for Foreign Affairs Yabunaka Mitoji attend both meetings.

July 3, 2007: Defense Minister Kyuma Fumio resigns after saying the U.S. atomic bombings during World War II "brought the war to its end" and were something that "could not be helped." Koike Yuriko, special adviser to the prime minister on national security affairs, succeeds Kyuma as DM.

July 29, 2007: The Liberal Democratic Party (LDP) suffers a crushing defeat in the House of Councilors (Upper House) election, losing its majority to a coalition led by the opposition Democratic Party of Japan (DPJ). PM Abe vows not to step down.

July 30, 2007: U.S. House of Representatives passes H.Res. 121. The resolution urged Japan to "formally acknowledge, apologize, and accept historical responsibility in a clear and unequivocal manner for its Imperial Armed Force's coercion of young women into sexual slavery, known to the world as 'comfort women,' during its colonial and wartime occupation of Asia and the Pacific Islands from the 1930s through the duration of World War II."

Aug. 1, 2007: Minister of Agriculture, Forestry and Fisheries Akagi Norihiko resigns amid pressure for contributing to the LDP's defeat in the Upper House election. Akagi was under fire for questionable accounting practices and had assumed the post on June 1 after his predecessor, suspected of misusing public funds, committed suicide.

Aug. 2-3, 2007: Deputy Secretary of State Negroponte visits Japan and meets Chief Cabinet Secretary Yasuhisa Shiozaki, DM Koike, Vice FM Shotaro Yachi, Vice DM Takemasa Moriya, and Kyoko Nakayama, the PM advisor on the abductee issue.

Aug. 8, 2007: In a meeting with U.S. Ambassador to Japan Thomas Schieffer, DPJ President Ozawa refuses to support the extension of legislation allowing Japan to conduct refueling operations in the Indian Ocean in support of Operation Enduring Freedom, declaring that the “U.S. started this war unilaterally without waiting for a consensus to be built in the international community.”

Aug. 8-10, 2007: DM Koike visits Washington, D.C. and meets Secretary of State Condoleezza Rice and Secretary of Defense Robert Gates.

Aug. 27, 2007: PM Abe reshuffles his Cabinet, names Aso Taro LDP secretary general, Machimura Nobutaka foreign minister, and Komura Masahiko defense minister.

Aug. 29, 2007: Two public opinion polls show a sharp increase in the Abe government’s approval rating. The *Yomiuri Shimbun* indicates a 44.2 percent approval rating and a drop in the disapproval rating to 36.1 percent. *The Nikkei Shimbun* shows an approval rating of 41 percent and a disapproval rating of 40 percent.

Sept. 3, 2007: Endo Takehiko, the newly appointed minister of agriculture, forestry and fisheries, resigns a mere week after his appointment amid revelations that a farmers’ mutual aid association he headed had illegally received government subsidies.

Sept. 4-9, 2007: Japan joins India, Australia, Singapore, and the U.S. in the *Malabar 07-02* naval exercise in the Bay of Bengal.

Sept. 5, 2007: The U.S. House of Representatives passes H.R. 508 “recognizing the strong security alliance between the Government of Japan and the United States and expressing appreciation to Japan for its role in enhancing stability in the Asia-Pacific region and its efforts in the global war against terrorism.”

Sept. 5, 2007: Environment Minister Kamoshita Ichiro acknowledges misreported political funds but denies any illicit intent.

Sept. 5-6, 2007: The Working Group on the normalization of Japan-DPRK relations, one of five established under the auspices of the Six-Party Talks, convenes in Ulaanbaatar, Mongolia. The Japanese delegation is led by Ambassador Mine Yoshiki.

Sept. 8, 2007: PM Abe and President Bush meet on the sidelines of the APEC summit in Sydney, Australia. Bush stresses the importance of Japan’s refueling mission in the Indian Ocean in support of Operation Enduring Freedom.

Sept. 8, 2007: Abe, Bush, and Australian PM John Howard hold a trilateral meeting on the sidelines of the APEC summit, agreeing to step up cooperation to address regional and global concerns such as the war against terrorism, global warming, and North Korea. The three leaders also discuss relations with China and India.

Sept. 9, 2007: During a press conference in Sydney, PM Abe says he is ready to resign if the Parliament fails to extend Japan's refueling mission in the Indian Ocean.

Sept. 10, 2007: PM Abe opens an extraordinary Diet session with a policy speech in which he calls for opposition support to extend the law for Japan's refueling mission, set to expire on Nov. 1.

Sept. 12, 2007: PM Abe resigns, saying that "the people need a leader whom they can support and trust." He reveals that he has instructed party leaders to choose his successor but does not announce a date for his departure from office.

Sept. 13, 2007: PM Abe is hospitalized and diagnosed with abdominal problems caused by stress and fatigue. The LDP decides to choose a new leader on Sept. 23. DPJ President Ozawa criticizes Abe for his abrupt resignation and repeats his party's opposition to the bill that would extend Japan's refueling mission in the Indian Ocean.

Sept. 14, 2007: Former Chief Cabinet Secretary Fukuda Yasuo and LDP Secretary General Aso Taro announce their candidacies for the presidency of the LDP.

Sept. 15, 2007: In a poll by the *Asahi Shimbun*, 70 percent of those surveyed say Abe's resignation is "irresponsible." The survey also finds that 50 percent of the respondents think a general election should be held "soon."

Sept. 22, 2007: Secretary Rice and FM Machimura meet on the fringes of the UN General Assembly in New York. Rice reassures Machimura that the U.S. will not sacrifice U.S.-Japan for ties with North Korea and expresses hope for Japan's continued role in the Afghan mission. Machimura says Japan's stance on North Korea will be unchanged under the new administration and signals Tokyo's determination to continue the refueling mission.

Sept. 23, 2007: Fukuda defeats Aso in the LDP presidential race. During a General Council meeting where each Diet member has one vote and each of the party's 47 prefectural chapters has three votes, Fukuda garners a total of 330 votes (254 from LDP Diet members and 76 from the prefectural chapters) while Aso receives 197 votes (132 from LDP Diet members and 65 from LDP prefectural chapters).

Sept. 24, 2007: In an interview with *Reuters*, Secretary of State Rice hints that North Korea could be dropped from the State Sponsors of Terrorism list before fully accounting for the Japanese citizens it abducted in the 1970s and 1980s.

Sept. 25, 2007: PM Abe officially resigns after being released temporarily from hospital. His Cabinet also resigns en masse.

Sept. 25, 2007: President Bush addresses the UN General Assembly and announces a tightening of sanctions against the regime in Burma. The Treasury Department releases details two days later.

Sept. 25, 2007: Fukuda officially takes office as prime minister, pledging to restore public faith in the government and continue Japan's refueling mission. His Cabinet lineup includes: Machimura Nobutaka, former foreign minister, as chief Cabinet secretary; Komura Masahiko, former defense and foreign minister, as foreign minister; and Ishiba Shigeru, former director general of then-Japan Defense Agency, as defense minister.

Sept. 26, 2007: President Bush calls PM Fukuda to congratulate him on his election and to express hope for Japan's continued role in the refueling mission. Bush also discusses the Six-Party Talks and repeats his commitment to address the issue of Japanese abductees. Fukuda says that his top legislative priority is the extension of the refueling mission and thanks Bush for supporting Japan's bid for the permanent seat in the UN Security Council. Bush invites Fukuda to visit the U.S. "at an early date."

Sept. 26, 2007: *Kyodo News* releases a poll showing the approval rating for the Fukuda Cabinet at 57.8 percent with a disapproval rating of 25.6 percent. The poll shows the Japanese public to be divided on the extension of the refueling mission as 49.6 percent agreed to the extension and 39.5 percent disagreed.

Sept. 26-30, 2007: FM Komura visits the U.S. to address the UN General Assembly and attend a conference on climate change hosted by Secretary Rice in Washington. Komura also meets separately with Rice and discusses the Six-Party Talks, Iran, Japan's support for Operation Enduring Freedom, climate change, and the situation in Burma.

Sept. 27, 2007: Nagai Kenji, a Japanese journalist for *APF News*, is killed in Burma when soldiers fired automatic weapons into a crowd of demonstrators.

Sept. 27-30, 2007: The Second Session of the Sixth Round of the Six-Party Talks is held in Beijing after an eight-day delay.

Sept. 28, 2007: PM Fukuda rules out immediate sanctions on Burma, saying that Japan "won't immediately impose sanctions and should rather think about how this situation can be resolved," but "is keeping a close eye on the issue."

Sept. 28, 2007: FM Komura addresses the UN General Assembly. He calls the death of the Japanese journalist Nagai Kenji "extremely regrettable" and urges the Burmese government to "solve the current situation through dialogue." Komura makes a formal complaint to Burmese Foreign Minister Nyan Win during a meeting in New York.

Sept. 29, 2007: PM Fukuda sends Deputy FM Mitoji Yabunaka to Burma to protest Nagai's killing.