



**US-Japan Relations:
Meet the New Boss/Same as the Old Boss?**

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The Liberal Democratic Party won a Lower House election in a landslide and Abe Shinzo became prime minister for the second time amid public frustration with poor governance and anemic economic growth. The United States and Japan continued a pattern of regular consultations across a range of bilateral and regional issues with tensions between Japan and China over the Senkaku Islands and another North Korean missile launch topping the diplomatic agenda. The US military presence on Okinawa also featured with the deployment of the V-22 *Osprey* aircraft to Okinawa and the arrest of two US servicemen in the alleged rape of a Japanese woman. The year came to a close with Prime Minister Abe hoping for a visit to Washington early in 2013 to establish a rapport with President Obama and follow through on his election pledge to revitalize the US-Japan alliance.

The LDP “takes back” power

Prime Minister Noda Yoshihiko was easily re-elected by his peers as president of the ruling Democratic Party of Japan (DPJ) in September but quickly lost the confidence of the public after missteps that emboldened the opposition Liberal Democratic Party (LDP) and increased calls for a snap election. After taking a cautious approach to nuclear energy focused on improving safety standards and gradually reducing Japan’s dependence on nuclear power, Noda suddenly shifted gears in mid-September and announced plans for a “zero nuclear society” that would phase out nuclear power entirely by the 2030s, presumably to mollify anti-nuclear groups within the DPJ. But the announcement caused a considerable backlash from the business community and US officials also reacted coolly when briefed by Noda advisers in Washington, prompting the government to backtrack a few days later and call for further examination of Japan’s future energy mix. Though polls revealed public misgivings about nuclear energy, Noda’s flip-flopping was emblematic of poor policy coordination within the DPJ and played into the hands of the opposition that was arguing vehemently for an end to DPJ rule. Meanwhile, Abe Shinzo, who served as prime minister in 2006-2007, was elected president of the LDP to lead the charge and pressured Noda repeatedly to follow through on an agreement reached with opposition parties in the summer to call an election “soon” in exchange for passing his signature legislation authorizing a tax increase. Noda reshuffled his Cabinet in early October to improve his standing but was embarrassed by a scandal three weeks later when new Justice Minister Tanaka Keishu was forced to resign amid allegations of ties to organized crime. At that point Noda’s approval rating had plummeted as low as 18 percent, but as soon as he was able to secure passage of legislation authorizing the government to issue deficit-covering bonds (as well as other bills focused on electoral reform and social security), he somewhat surprisingly called Abe’s bluff and dissolved the Lower House for a snap election on Dec. 16.

The LDP put forth a policy platform under the theme “Take Back Japan” centered mainly on increased government spending and aggressive monetary easing to jumpstart the economy and bolstering Japan’s defense capabilities by strengthening the US-Japan alliance. The DPJ advocated for its agenda with a platform focused on “Resolve,” but Noda was put on the defensive from the start and struggled to repudiate Abe’s critiques of policy paralysis under the DPJ. Yet the LDP and DPJ did not monopolize the debate and the election campaign was noteworthy for the emergence of as many as 12 parties that contested seats. Ishihara Shintaro, who resigned as governor of Tokyo in October to form a new political party, joined forces with the Japan Restoration Party led by Osaka Mayor Hashimoto Toru, which started as a local political movement but took to the national stage in an attempt to create a “third force” in Japanese politics. Shiga Prefecture Gov. Kada Yukiko, a vocal critic of nuclear power, established the Tomorrow Party of Japan and formed an alliance with former DPJ kingmaker Ozawa Ichiro’s People’s Livelihood First Party to mobilize anti-nuclear sentiment (though organizational difficulties made for a poor showing on election day and the two parted ways after the election with Kada returning to local politics). In the end, the LDP won in a landslide by securing 294 seats and together with its coalition partner the Komei Party, which won 31 seats, secured a two-thirds majority that would enable the LDP to override the less powerful Upper House on most legislation. The DPJ won just 57 seats, slightly more than the fledgling JRP’s 54 seats. Exit polls showed that the election was largely a referendum on DPJ rule and the public had high expectations for economic revival. Abe was elected prime minister in a special session of the Diet on Dec. 26 and will have approximately six months to advance his policy agenda with the hope of securing a majority in the Upper House in an election scheduled for July 2013.

The second Abe Cabinet constituted a mixture of familiar faces and emerging leaders tasked with implementing a policy agenda in collaboration with LDP Secretary General Ishiba Shigeru, whom Abe defeated in a runoff in the LDP presidential race and reappointed to organize the party for the Upper House election. Abe called on former Prime Minister Aso Taro to serve as deputy prime minister and finance minister and appointed former Internal Affairs Minister Suga Yoshihide as chief Cabinet secretary. Former Minister of Economy, Trade and Industry (METI) Amari Akira was put in charge of economic revitalization, and former LDP Policy Research Council Chairman Motegi Toshimitsu was appointed METI. Ishihara Nobuteru, who performed well in the LDP presidential race, became environment minister and was put in charge of nuclear safety, and Hayashi Yoshimasa, also a candidate in the presidential race, took over at the Ministry of Agriculture, Forestry, and Fisheries. Kishida Fumio, who served as minister for Okinawa affairs in the previous Abe Cabinet, became foreign minister while former Senior Vice Minister for Foreign Affairs Onodera Itsunori took the helm at the Ministry of Defense.

Abe declared as his first foreign policy priority a desire to revitalize the alliance with the United States after what he perceived as three years of drift under DPJ rule. His emphasis on increased defense spending and exercising the right of collective self-defense augured well for bilateral security cooperation. Dialogue on energy policy, including nuclear safety, could also feature prominently, though the outlook on trade was less certain given the LDP’s opposition to entering the Trans-Pacific Partnership (TPP) trade negotiations if exemptions are prohibited (though some LDP leaders recognize that the US has never signed a free trade agreement without exemptions and might conclude that it is in Japan’s interest to shape the negotiations and join the US in

setting high standards for regional trade liberalization). Abe received a congratulatory phone call from President Obama shortly after the election and expressed interest in visiting Washington early in 2013.

Addressing multiple challenges

The fall season presented repeated opportunities for bilateral coordination on a broad range of bilateral and regional issues including a meeting between Prime Minister Noda and Secretary of State Hillary Clinton on the sidelines of the Asia-Pacific Economic Cooperation (APEC) Leader's Meeting in Vladivostok; visits to Japan by Defense Secretary Leon Panetta and Deputy Secretary of State William Burns; a discussion of financial issues between Treasury Secretary Timothy Geithner and Finance Minister Jijima Koriki during the World Bank/IMF meetings in Tokyo; two rounds of US-Japan-ROK consultations on North Korea and other issues, held in New York and Tokyo; the third session of the US-Japan-India Trilateral Dialogue held in Delhi; and a short meeting between President Obama and Prime Minister Noda during the East Asia Summit in Phnom Penh in November. But the issue that dominated the headlines and facilitated numerous consultations between Washington and Tokyo was an ongoing territorial dispute between China and Japan over the Senkaku Islands, which are uninhabited but located in a potentially resource-rich area of the East China Sea. Japan has administrative control over the islands but China has increasingly claimed them as its sovereign territory and pressed those claims with higher operational tempo at sea. Tensions with China helped propel the national security-oriented Abe to the top of the LDP before general elections. The Obama administration's public statements on the dispute have varied, prompting the Senate to issue language in the 2012 National Defense Authorization Act in late December reaffirming that any Chinese attempt to use coercion to alter Japan's administration control of the islands should not be accepted by the United States.

After Tokyo Gov. Ishihara Shintaro hinted at purchasing the Senkaku Islands this past spring from private Japanese owners, the Noda government decided on Sept. 11 to nationalize three of the islands, presumably to prevent any provocative actions that would upset the status quo. But the decision stoked anti-Japanese nationalism in China in the form of demonstrations and destruction of property owned by Japanese businesses, as well as increased probing activities by Chinese maritime surveillance vessels around the Senkaku islands and Chinese planes flying close to and in some cases intruding Japanese airspace. [See Jim Przystup's article on Japan-China relations in this issue for a full rundown of the activity.] The US does not take a position on the question of sovereignty but has determined that the Senkakus fall within the scope of Article V of the 1960 US-Japan Security Treaty, which obligates the US to defend Japan and all territories under its administrative control. US officials repeated this position on various occasions but in different ways. Secretary Panetta during his visit to Japan urged calm and restraint on all sides and noted that the US would stand by its treaty obligations, while Deputy Secretary of State Burns during his visit emphasized the importance of taking a calm and measured approach to the issue focusing on dialogue and diplomacy and avoiding coercion or intimidation or the use of non-peaceful means. Other US officials focused on the importance of diplomacy without mentioning US obligations under Article V. As China-Japan tensions mounted and each side tried to assert its position, a bipartisan group of former US officials including former Deputy Secretaries of State Richard Armitage and James Steinberg, former

National Security Adviser Stephen Hadley, and former Assistant Secretary of Defense Joseph Nye, visited Beijing and Tokyo with the endorsement of the State Department to discuss this issue and reiterate US policy. On Nov. 29 the US Senate approved an amendment to the National Defense Authorization Act for Fiscal Year 2013 stating US policy on the Senkakus and emphasizing US opposition to any efforts to coerce, threaten to use force, or use force to resolve territorial issues.

The US and Japanese governments also addressed bilateral security issues and the Panetta trip in particular highlighted key themes such as ongoing dialogue on roles, missions, and capabilities that could ultimately result in a review of the bilateral defense guidelines. They discussed cooperation on ballistic missile defense and intelligence, surveillance and reconnaissance, the realignment of US troops on Okinawa, and the deployment of the *V-22 Osprey* aircraft. (The two governments agreed on safety measures for the *Osprey* in mid-September and the aircraft was deployed to Okinawa in October.) Tensions over the US military presence on Okinawa resurfaced on Oct. 16 when Okinawa prefectural police arrested two US servicemen in the alleged rape of a Japanese woman. US Ambassador to Japan John Roos said the US government would cooperate with the investigation of the two sailors and Lt. Gen. Salvatore Angelella, commander of US forces in Japan, apologized and instituted a curfew for uniformed personnel. The alleged attack was reminiscent of the 1995 rape of a 12-year-old school girl by US servicemen stationed on Okinawa that led to the creation of the bilateral Special Action Committee on Okinawa (SACO). The SACO process produced an agreement to reduce the US military footprint on Okinawa with the relocation of Marine Corps Air Station Futenma as a central element of the overall realignment plan, which has yet to be fully implemented.

Developments in North Korea also garnered significant attention and two US-Japan-ROK consultations were held to address the issue, first in September between Secretary of State Clinton and counterparts Gamba Koichiro and Kim Sung-hwan during the UN General Assembly meetings in New York, and again in mid-October in Tokyo at the working level among diplomats from the three countries. That coordination took on particular urgency in December when North Korea announced a launch window for what was widely believed to be a ballistic missile test. North Korea launched a long-range *Unha-3* rocket on Dec. 12, deploying a satellite into a low-earth orbit. Japan requested a meeting of the UN Security Council, which issued a statement condemning the launch and referencing ongoing consultations on a response. The failure of that body to issue a swift response suggested an even greater need for coordination among the United States and its allies on the North Korean missile and nuclear threat in the weeks and months ahead.

Next steps

Both Prime Minister Abe and President Obama can be expected to focus on their domestic agendas to jumpstart their respective terms in office. Abe will likely prioritize fiscal stimulus and develop a budget while keeping a close eye on the Bank of Japan and its approach to monetary easing. President Obama will have opportunities to outline the agenda for his second term in his inauguration and State of the Union addresses. The two leaders could meet in Washington to reaffirm the importance of the US-Japan alliance and discuss security cooperation, economic ties, and an array of regional and global issues that currently animate the

relationship. However, Abe's public statement after a congratulatory call from Obama in December that there could be a summit meeting in Washington early in 2013 was reportedly rebuffed by the White House in meetings with Japanese Foreign Ministry officials, leading to uncertainty when the two leaders might actually meet.

Chronology of US-Japan Relations September – December 2012

Sept. 8, 2012: Osaka Mayor Hashimoto Toru announces his intention to form a national political party, Japan Restoration Party (JRP), with an eye toward the next Lower House election.

Sept. 8, 2012: Prime Minister (PM) Noda Yoshihiko meets Secretary of State Hillary Clinton on the margins of the APEC forum in Vladivostok to discuss a range of bilateral and regional issues.

Sept. 11, 2012: Japanese government nationalizes three of the Senkaku Islands by purchasing them from a private owner.

Sept. 11, 2012: Sasae Kenichiro is appointed Japanese ambassador to the US to succeed Fujisaki Ichiro.

Sept. 11, 2012: Seven Diet members resign from their respective parties to join the JRP.

Sept. 14, 2012: PM Noda announces a plan for Japan to phase out nuclear power by the 2030s.

Sept. 16-17, 2012: Defense Secretary Leon Panetta visits Japan to discuss alliance matters with Defense Minister Morimoto Satoshi and Foreign Minister Gamba Koichiro.

Sept. 19, 2012: Bank of Japan expands an asset purchase program from ¥70 trillion to ¥80 trillion to support monetary easing.

Sept. 19, 2012: Noda government backs off a pledge to phase out nuclear power by the 2030s in favor of further consultations on the issue.

Sept. 19, 2012: US and Japan agree on safety measures for the deployment of the *V-22 Osprey* aircraft to Japan.

Sept. 19, 2012: Japan formally launches a new Nuclear Regulation Authority charged with setting new safety standards and disaster response guidelines.

Sept. 20, 2012: Assistant Secretary of State for East Asian and Pacific Affairs Kurt Campbell testifies before the Senate Foreign Relations Committee Subcommittee on East Asian and Pacific Affairs regarding maritime territorial disputes and sovereignty issues in Asia.

Sept. 21, 2012: PM Noda is reelected as leader of the ruling Democratic Party of Japan (DPJ).

Sept. 26, 2012: PM Noda addresses the United Nations General Assembly in New York.

Sept. 26, 2012: Former PM Abe Shinzo is elected president of the opposition Liberal Democratic Party (LDP).

Sept. 28, 2012: Secretary of State Clinton meets Foreign Minister Gemba and ROK Foreign Minister Kim Sung-hwan on the margins of the UN General Assembly in New York.

Sept. 28, 2012: Public opinion survey by *Nikkei Shimbun* indicates 35 percent of respondents would vote for the LDP in the next election, compared to 14 percent for the DPJ and 12 percent for the JRP.

Oct. 1, 2012: PM Noda reshuffles his Cabinet.

Oct. 2, 2012: *Kyodo News* survey posts a 29 percent approval rating for the Noda Cabinet. The DPJ approval rating is 12 percent compared to 39 percent for the LDP.

Oct. 5, 2012: Bank of Japan leaves interest rates and the size of its asset purchase program unchanged and issues a statement indicating that the economy is leveling off.

Oct. 9-14, 2012: Japan hosts annual meetings of International Monetary Fund and World Bank.

Oct. 11-12, 2012: Treasury Secretary Timothy Geithner meets PM Noda and Finance Minister Jojima Koriki to address a range of economic issues including the strength of the yen and Noda's efforts to pass legislation authorizing deficit-covering bonds.

Oct. 12, 2012: International Monetary Fund issues its growth forecast for the Asia-Pacific region and encourages the Bank of Japan to further ease monetary policy to combat deflation.

Oct. 14-15, 2012: Deputy Secretary of State William Burns visits Tokyo and meets Foreign Minister Gemba, Defense Minister Morimoto, and other officials.

Oct. 16, 2012: Okinawa prefectural police arrest two US servicemen in the alleged rape of a Japanese woman.

Oct. 16, 2012: Special Representative for North Korea Policy Glyn Davies meets Sugiyama Shinsuke, director general of the Asian and Oceanian Affairs Bureau of the Ministry of Foreign Affairs, in Tokyo to discuss North Korea.

Oct. 17, 2012: ROK Special Representative for Korean Peninsula Peace and Security Issues Lim Sung-nam joins Sugiyama and Davies in Tokyo for a trilateral meeting on North Korea.

Oct. 17, 2012: LDP President Abe Shinzo visits the Yasukuni Shrine in Tokyo.

Oct. 19, 2012: US military imposes a curfew on uniformed personnel in Japan after two sailors were arrested for allegedly raping a Japanese woman on Okinawa.

Oct. 19, 2012: US and Japan issue a joint statement at the conclusion of a policy coordination dialogue on the Internet economy.

Oct. 21, 2012: *Asahi Shimbun* poll reveals an 18 percent approval rating for the Noda Cabinet; 49 percent of respondents believe a general election should be held before the end of the year.

Oct. 22-23, 2012: Bipartisan group of former US national security officials visits Tokyo and Beijing to discuss tensions over the Senkakus.

Oct. 23, 2012: Justice Minister Tanaka Keishu resigns three weeks after his appointment amid allegations of links to organized crime.

Oct. 25, 2012: Ishihara Shintaro announces his intention to resign as governor of Tokyo and form a new political party for the next Lower House election.

Oct. 25-26, 2012: Assistant Secretary of State Campbell meets Vice Foreign Minister Kawai Chikao and other senior officials in Tokyo to discuss a range of bilateral and regional issues.

Oct. 26, 2012: Noda Cabinet approves a \$5.3 billion economic stimulus package.

Oct. 29, 2012: Noda government convenes an extraordinary session of the Diet to try to pass pending legislation including a bill to allow the government to issue deficit-covering bonds.

Oct. 29, 2012: Assistant Secretary of State for South and Central Asian Affairs Robert Blake visits New Delhi for the third round of the US-Japan-India Trilateral Consultations.

Oct. 30, 2012: Bank of Japan expands its asset purchase program from ¥80 trillion to ¥91 trillion and issues a statement with the government emphasizing a commitment to combat deflation.

Oct. 31, 2012: LDP President Abe calls on PM Noda to dissolve the Lower House of the Diet and call a general election by the end of year.

Nov. 5, 2012: US military and Japan Self Defense Forces begin biennial exercises near Okinawa.

Nov. 6, 2012: Prosecutors on Okinawa indict two US sailors on charges of assaulting and raping a Japanese woman the morning of Oct. 16.

Nov. 12, 2012: Japanese government announces that gross domestic product shrank 3.5 percent on an annualized basis in the third quarter of 2012.

Nov. 13, 2012: Ishihara Shintaro officially launches his new political party, The Sunrise Party, for a run in the next Lower House election.

Nov. 14, 2012: During a debate in the Diet with LDP President Abe, PM Noda declares his intention to dissolve the Lower House on Nov. 16 and call a snap election.

Nov. 14, 2012: PM Noda congratulates President Barack Obama on his reelection in a telephone call and the two leaders pledge to further strengthen the US-Japan alliance.

Nov. 16, 2012: Diet passes legislation authorizing the government to issue deficit-covering bonds through fiscal year 2015.

Nov. 16, 2012: PM Noda dissolves the Lower House of the Diet and calls for Dec. 16 election.

Nov. 17, 2012: Ishihara Shintaro of the Sunrise Party and Osaka Mayor Hashimoto Toru of the JRP agree to merge their parties and establish a “third force” for the Lower House election.

Nov. 19, 2012: Former DPJ President Ozawa Ichiro is formally acquitted of charges that he was involved in falsifying political fund reports.

Nov. 19, 2012: *Mainichi Shimbun* survey finds 41 percent of the respondents support Japan joining the Trans-Pacific Partnership (TPP) trade negotiations, 18 percent opposed, and 35 percent undecided.

Nov. 20, 2012: President Obama and PM Noda discuss the TPP trade negotiations and other issues on the sidelines of the East Asia Summit in Phnom Penh.

Nov. 26, 2012: *Yomiuri Shimbun* survey finds 25 percent of respondents inclined to vote for the LDP in the proportional representation portion of the ballot in the next election. The JRP comes in second at 14 percent, followed by the DPJ at 10 percent.

Nov. 27, 2012: Kada Yukiko, governor of Shiga Prefecture, establishes a new political party, the Tomorrow Party of Japan, and forms an alliance with Ozawa Ichiro’s People’s Livelihood First Party to compete in the Lower House election.

Nov. 29, 2012: US Senate approves an amendment to the National Defense Authorization Act for Fiscal Year 2013 noting that the US takes no position on the ultimate sovereignty of the Senkaku Islands but that it acknowledges the administration of Japan over them; reaffirming the US commitment to the defense of territories under the administration of Japan.

Nov. 30, 2012: Noda Cabinet approves another stimulus package of approximately \$10 billion.

Nov. 30, 2012: Japanese government gives \$5 million to the US government as a gesture of goodwill with respect to tsunami debris from the March 11, 2011 disaster.

Dec. 1, 2012: North Korea announces its intention to launch an “Earth observation satellite” between Dec. 10 and 22.

Dec. 3, 2012: Japan’s Self Defense Forces begin preparations to deploy *Patriot Advanced Capability-3* missile interceptors to Okinawa in preparation for North Korea’s missile launch.

Dec. 3, 2012: *Yomiuri Shimbun* survey finds 19 percent of voters likely to vote for the LDP in the proportional representation portion of the Lower House election, with the DPJ and JRP tied at 13 percent.

Dec. 7, 2012: In the event North Korea follows through on its rocket launch, Defense Minister Morimoto orders the Self-Defense Forces to intercept it should it threaten Japanese territory.

Dec. 4, 2012: Official campaigning begins for Japan's Lower House election.

Dec. 10, 2012: *Jiji Press* survey indicates 32 percent of the public favors eliminating nuclear power from Japan's energy mix, while 54 percent suggest Japan should reduce its reliance on nuclear power but not eliminate it completely.

Dec. 11, 2012: *Mainichi Shimbun* survey projects the LDP and its coalition partner, the Komeito, could win over 300 seats in the Lower Election, with the DPJ falling from 308 to under 80. The JRP is projected to secure as many as 50 seats.

Dec. 12, 2012: North Korea launches a long-range *Unha-3* rocket and claims to have put a satellite into orbit.

Dec. 13, 2012: *Kyodo News* survey finds 22 percent of the public likely to vote for the LDP in the proportional representation portion of the Lower House election, with 11 percent support for the DPJ and 10 percent for the JRP.

Dec. 15, 2012: Nuclear Regulatory Commission Chairman Allison Macfarlane attends the Fukushima Ministerial Conference on nuclear safety.

Dec. 16, 2012: LDP returns to power with a landslide victory in the Lower House election, winning 294 seats and, together with the Komeito's 31 seats, securing a two-thirds majority in the chamber. The DPJ wins 57 seats and the JRP 54.

Dec. 17, 2012: Public opinion survey conducted jointly by *Asahi Shimbun* and the University of Tokyo shows 89 percent of newly elected lawmakers in the Lower House support revising Japan's constitution, and 79 percent favor revising the government interpretation of the constitution to exercise the right of collective self-defense.

Dec. 18, 2012: President Obama calls LDP President Abe to congratulate him on the results of the Lower House election.

Dec. 18, 2012: Defense Secretary Panetta announces plans for the first overseas deployment of the *F-35* Joint Strike Fighter to Iwakuni in 2017.

Dec. 19, 2012: According to a *Yomiuri Shimbun* survey, 58 percent of the public views the LDP election victory favorably. When asked about the reason for the landslide, 55 percent cited disappointment with the DPJ and 29 percent said the LDP is better than the other parties.

Dec. 20, 2012: Bank of Japan expands its asset purchase program by ¥10 trillion to ¥101 trillion.

Dec. 20-21, 2012: US House of Representatives and the Senate pass the conference report for the National Defense Authorization Act for fiscal year 2013, which includes \$26 billion for the transfer of US Marines from Okinawa to Guam.

Dec. 26, 2012: Abe Shinzo is elected prime minister in a special session of the Diet.

Dec. 27, 2012: *Kyodo News* survey posts a 62 percent approval rating for the Abe Cabinet.

Dec. 28, 2012: *Yomiuri Shimbun* survey indicates a 65 percent approval rating for the Abe Cabinet. When asked to choose among nine issues, with multiple answers allowed, 93 percent of respondents said recovery from the March 11 disasters and economic growth should be a top priority of the new government, followed by 81 percent who selected diplomacy and national security. 56 percent favored social security and tax reform. The LDP approval rating stood at 38 percent, with the DPJ and JRP tied at 8 percent.