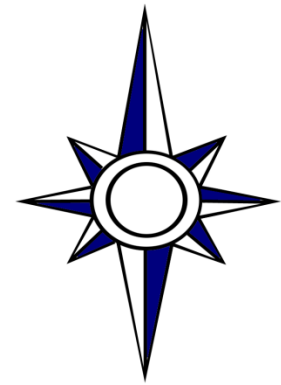


# Comparative Connections

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## US-Japan Relations: Big Steps, Big Surprises

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Prime Minister Abe continued to focus on the economy but also introduced diplomatic and defense strategies as his first year in office came to a close. The US and Japanese governments participated in TPP trade negotiations and bilateral talks but could not resolve differences on agricultural liberalization and market access for automobiles. A meeting of the bilateral Security Consultative Committee set forth priorities for defense cooperation, and China's announcement of its East China Sea ADIZ put bilateral coordination to the test. The governor of Okinawa approved a landfill permit for the Futenma Replacement Facility on Okinawa, establishing some momentum for the realignment of US forces there. Prime Minister Abe's visit to Yasukuni Shrine disappointed the Obama administration and sparked major debate in the US, but was not expected to upend bilateral diplomacy.

### Abe's policy agenda takes shape

After introducing the three "arrows" of "Abenomics" – fiscal stimulus, monetary easing, and an outline for a "growth strategy," or structural reform – earlier in the year, Prime Minister Abe Shinzo was greeted with revised growth numbers in September suggesting that real GDP growth totaled 3.8 percent in the second quarter and news from the Cabinet Office that business investment had turned positive for the first time since the fourth quarter of 2011. He then announced on Oct. 1 that economic conditions were sufficiently robust to proceed with an incremental increase in the consumption tax from 5 to 8 percent beginning in April 2014 per legislation passed last year to shore up public finances. To counter any potential economic headwinds the tax increase might produce, Abe vowed to introduce new stimulus measures including corporate tax cuts and reiterated his commitment to structural reform and deregulation as engines of growth. Japan's tough stance on agricultural liberalization in the context of the Trans-Pacific Partnership (TPP) trade negotiations (more below) and a decision by the government to restrict online sales of over-the-counter drugs prompted some analysts to warn of potential backsliding on reform, but Abe remained steadfast in declaring his commitment to press forward. The government passed a \$182 billion stimulus package in December with an estimated economic impact of 1 percent of real GDP and 250,000 jobs created.

Prime Minister Abe also outlined his vision for Japanese diplomacy in an address to the United Nations General Assembly in late September. His remarks covered a range of issues beginning with Japan's condemnation of the use of chemical weapons by the Assad regime in Syria and a pledge of support for refugees to developments in East Asia and the Middle East. Abe also devoted considerable attention to women's empowerment both domestically and in the context of Japan's development agenda. In an encore to the "Japan is back" theme that anchored his visit to

Washington back in February, Abe used this opportunity to speak more broadly of Japan's leadership role in the world as a "proactive contributor to peace," recognizing that leadership abroad depends on economic growth at home.

The Abe national security agenda also featured prominently with implications for the US-Japan alliance. The Diet approved legislation establishing Japan's first National Security Council to be housed in the Prime Minister's Office for the purpose of centralizing policy coordination and facilitating communication with the United States and other partners. This was followed by Japan's first National Security Strategy, which outlines priorities for strengthening Japan's own security, the US-Japan alliance, cooperation with other regional partners, and Japan's leadership globally. The Abe Cabinet also approved new National Defense Program Guidelines (NDPG), further developing plans for the defense of Japan's southwest islands outlined under the rubric of "dynamic defense" in the previous NDPG of December 2010; emphasizing the need to promote the integration of Japan's Self-Defense Forces ("building a dynamic joint defense force") and jointness and interoperability with US forces; and identifying priorities such as amphibious capabilities, intelligence, surveillance and reconnaissance (ISR), ballistic missile defense, and space and cyber defense. The document stopped short of declaring the need for indigenous strike capability to deter the North Korean missile threat, which appeared in earlier drafts, but did make vague reference to this issue as an item for future consideration in the context of strengthening deterrence. The NDPG was accompanied by a Midterm Defense Plan (MTDP) which outlines procurement priorities (primarily air and naval assets) and a 5 percent increase in defense spending over the next five years. Finally, the government strong-armed a bill through the Diet aimed at protecting classified information by stiffening penalties against civil servants for leaks. The bill sparked controversy and was decried in public protests as a retreat from transparency; one survey released in December shortly after it passed revealed 82 percent of the public wanted the law revised or abolished. The outcry over the secrecy law was attributed to a decline in Abe's public approval rating to below 50 percent in some polls but the Abe government held firm under the assumption that improved economic conditions would secure his political footing heading into 2014.

### **The bilateral agenda**

The economic pillar of the US-Japan relationship continued to garner significant attention as both governments participated in a series of TPP trade negotiations and bilateral talks in parallel. Japan's desire to exempt five sensitive agricultural products – rice, wheat, beef and pork, dairy, and sugar – from tariff reductions proved particularly contentious in the TPP context and ongoing disagreements over market access issues for US automobiles animated the bilateral discussions. The failure of the 12 TPP countries to reach an agreement by the end of the year raised questions about the timeline for concluding negotiations, though the parties noted in a joint statement in December that "significant" progress had been made and that talks would continue next year. Also uncertain were the prospects for congressional approval of Trade Promotion Authority (TPA), which would subject any final agreement on TPP to a simple up-or-down vote and hence strengthen the US position in the negotiations. The politics of trade in Tokyo and Washington appeared to complicate bilateral economic dialogue, but the two sides were expected to press on given the economic and strategic significance of Japan's participation in TPP for establishing rules and norms for trans-Pacific economic integration.

The two governments also made great strides in bilateral security cooperation, convening a meeting of the Security Consultative Committee (SCC) or “2+2” in Tokyo in October. Secretary of State John Kerry, Secretary of Defense Chuck Hagel, Foreign Minister Kishida Fumio, and Defense Minister Onodera Itsunori issued a joint statement reaffirming the importance of the alliance and announced that the two governments would review the Guidelines for US-Japan Defense Cooperation, last updated in 1997, to reflect changes in the regional and global security environment. The statement also listed several priorities for cooperation including ballistic missile defense, space and cyber defense, joint ISR activities, dialogue on extended deterrence, joint training and exercises, the realignment of US forces on Okinawa, and trilateral and multilateral security cooperation. The four officials also signed a protocol amending the 2009 Guam International Agreement, offering additional details regarding the realignment of US forces from Okinawa to Guam.

Secretary Kerry and Minister Kishida then met with their Australian counterpart, Julie Bishop, to convene the Trilateral Security Dialogue (TSD) on the margins of the Asia Pacific Economic Cooperation (APEC) summit in Bali. The three governments issued a joint statement addressing the situation in Syria, North Korea’s nuclear and missile programs, opposition to any unilateral or coercive actions that could change the status quo in the East China Sea and the importance of freedom of navigation in the South China Sea, clear responses to increased Chinese assertiveness in the maritime domain. The US and Japanese governments also conducted a fifth round of trilateral dialogue with India in Tokyo in November as well as a US-Japan-ROK consultation on North Korea in Washington.

## **ADIZ**

China’s Nov. 23 declaration of its East China Sea Air Defense Identification Zone (ADIZ) elicited formal protests from the Abe government and statements of concern from Secretary of State Kerry and Defense Secretary Hagel reiterating steadfast US support for allies and partners in the region, and in Hagel’s case, reaffirming US policy that Article V of the US-Japan Security Treaty applies to the Senkaku Islands. The US military then flew two *B-52* bombers into China’s ADIZ to demonstrate freedom of navigation in international airspace and signal opposition to Chinese attempts at coercion. If the ADIZ announcement was designed to test the vitality of the US-Japan alliance, the consistent responses from Washington and Tokyo, firm but restrained, suggested China would fail to detect and exploit any differences between the allies. But in what appeared to be a gap in bilateral coordination, the Abe government urged Japanese commercial airlines not to file flight plans with Beijing in advance of entering the ADIZ, while the State Department issued a statement encouraging US commercial airlines to comply with Beijing’s request though noting that this did not indicate acceptance of China’s requirements for operating in the ADIZ. Vice President Joe Biden visited Japan shortly thereafter and reaffirmed the need to coordinate further on the ADIZ in a meeting with Prime Minister Abe. Biden reiterated US concerns about China’s attempt to unilaterally change the status quo in the East China Sea during a joint press conference with Abe and stressed the need for crisis management mechanisms between Japan and China to reduce the risk of escalation. Abe and Biden also discussed bilateral cooperation on global issues and issued a fact sheet on humanitarian assistance and disaster relief, development assistance, and global security including a

commitment to Syria, Middle East Peace, and maritime security. The ADIZ announcement highlighted the importance of constant coordination on regional security cooperation to prevent Beijing from concluding it can drive a wedge between Japan and the US as it attempts to defend its sovereignty claims.

### **Futenma relocation**

On Dec. 27, Okinawa Gov. Nakaima Hirokazu announced the approval of a landfill permit that would pave the way for the construction of the Futenma Replacement Facility (FRF) at Henoko and the closure of Marine Corps Air Station Futenma, located in the heavily populated area of Ginowan in central Okinawa. The decision came 17 years after the bilateral Special Action Committee on Okinawa (SACO) first agreed to relocate Futenma and contravened longstanding local opposition to the plan and a preference that the new facility be constructed outside Okinawa prefecture. This positive news coincided with the approval by the US Congress of the 2014 National Defense Authorization Act, signed by President Obama on Dec. 26, repealing the prohibition of funding for the relocation of US Marines from Okinawa to Guam that had been in place since 2012, indicating sufficient progress has been made in the bilateral planning process to satisfy congressional concerns about cost and implementation. While further hurdles lie ahead for FRF, these positive developments served to facilitate the realignment process and allow the two governments to focus more attention on joint training and regional capacity building initiatives in line with their respective defense strategies.

### **Yasukuni**

Prime Minister Abe's Dec. 26 visit to the Yasukuni Shrine, where Japan's war dead including 14 Class-A war criminals are memorialized, prompted a statement from the US Embassy in Tokyo expressing disappointment with "an action that will exacerbate tensions with Japan's neighbors" and hopes that Japan will find constructive ways to address sensitive history issues and improve relations with South Korea and China. The visit temporarily diverted the attention of the international community away from Abe's economic and diplomatic agenda and revived a narrative of resurgent nationalism and revisionism under his rule that was prevalent when he returned to power a year ago. Though disappointed in Abe's decision to visit the shrine, the Obama administration has an interest in preventing history from becoming the defining narrative for the US-Japan alliance. Abe has delivered on important issues such as defense strategy, TPP, and Okinawa, which should enable the two governments to move on and focus on the future of the relationship. Of course, much will depend on how Tokyo handles Yasukuni and other sensitive history issues in the months ahead.

### **Public opinion**

In December, *Yomiuri Shimbun* and *Gallup* issued a joint public opinion survey on foreign policy issues revealing interesting observations on US-Japan relations and the rise of China. Eighty-seven percent of Japanese surveyed felt Japan-China relations are not good and 78 percent considered China a military threat, compared to 62 percent in the United States. (The survey was taken shortly after China declared the ADIZ.) Fifty-five percent of Americans think China will become more important politically for the US compared with only 40 percent who

chose Japan. In contrast, 65 percent say Japan can be trusted compared to 32 percent who say the same about China. Respondents in the US and Japan expressed great confidence in their militaries (91 and 78 percent, respectively) and the US military and Japan Self-Defense Forces are the most trusted institutions in both countries. Perhaps reflecting the challenges in advocating trade liberalization, only 35 percent of Americans and 33 percent of Japanese thought TPP would be good or somewhat good for their country. One troublesome dimension of US-Japan relations is the state of Japan-Korea ties. A record 72 percent of Japanese respondents said they did not trust South Korea compared with only 41 percent of Americans who felt that way. Tension between Tokyo and Seoul could encourage China to attempt to drive a wedge between Washington's closest allies.

### **The new year**

The Obama administration will seek to obtain Trade Promotion Authority from Congress while trying to sustain momentum in the TPP negotiations. Meanwhile, the agriculture lobby in Japan could pressure the Abe government to continue insisting on exemptions for sensitive products and weaken the prospects for TPP as an engine of domestic economic reform. Japan will debate whether to exercise the right of collective self-defense with clear implications for the review of the bilateral defense guidelines and defense cooperation writ large. The two governments will continue to keep a close eye on North Korea and Chinese activities in the East China Sea. Bilateral agenda-setting should continue apace with an eye toward a presidential visit to Japan in the spring.

## **Chronology of US-Japan relations September – December 2013**

**Sept. 3, 2014:** President Barack Obama and Prime Minister Abe Shinzo agree in a telephone conversation to work closely to improve the situation in Syria.

**Sept. 5, 2013:** Obama and Abe discuss security issues including Syria and North Korea, the Trans-Pacific Partnership (TPP) trade negotiations, and other issues in a meeting on the margins of the G20 summit in St. Petersburg, Russia.

**Sept. 5, 2013:** State Department releases fact sheet on economic and strategic imperatives of TPP.

**Sept. 7, 2013:** International Olympic Committee selects Tokyo to host the 2020 Olympic Games.

**Sept. 7-9, 2013:** Assistant Secretary of State for East Asian and Pacific Affairs Daniel Russel meets officials in Tokyo to discuss a range of bilateral, regional, and global issues.

**Sept. 9, 2013:** Cabinet Office of Japan revises estimates for second quarter real GDP growth upward from 2.6 to 3.8 percent and reports that business investment turned positive for the first time since the fourth quarter of 2011.

**Sept. 10, 2013:** Assistant Secretary of State for International Narcotics and Law Enforcement Affairs William Brownfield meets officials in Tokyo to discuss bilateral and international cooperation on rule of law issues.

**Sept. 11, 2013:** Komeito leader Yamaguchi Natsuo meets Deputy Secretary of State William Burns and other US officials regarding the US-Japan alliance and regional issues.

**Sept. 15, 2013:** *Kyodo News* survey finds 46.8 percent of the public favors an increase in the consumption tax while 50 percent disapprove.

**Sept. 18-21, 2013:** Chief negotiators for the 12 TPP countries convene in Washington, DC.

**Sept. 19, 2013:** *Yomiuri Shimbun* survey posts a 67 approval rating for the Abe Cabinet.

**Sept. 25, 2013:** Prime Minister Abe discusses his economic policies at the New York Stock Exchange and outlines his vision for Japan as a “proactive contributor to peace” in a separate address to the Hudson Institute in New York City.

**Sept. 26, 2013:** Abe addresses the United Nations General Assembly to outline his diplomatic agenda across a range of issue areas including women’s empowerment.

**Sept. 26, 2013:** US and Japanese governments reach an agreement on trade in organic foods, noting that beginning in January 2014 foods certified as organic in Japan or the US can be sold as organic in either country.

**Sept. 30-Oct. 1, 2013:** US and Japanese negotiators meet in Tokyo for the second round of bilateral trade negotiations taking place in parallel to TPP negotiations.

**Oct. 1, 2013:** Prime Minister Abe announces a decision to increase the consumption tax from 5 to 8 percent beginning in April 2014.

**Oct. 3, 2013:** Secretary of State John Kerry, Foreign Minister Kishida Fumio, Secretary of Defense Chuck Hagel, and Defense Minister Onodera Itsunori convene in Tokyo for a Security Consultative Committee (SCC) or “2+2” meeting and issue a joint statement outlining priorities for the US-Japan alliance. They also sign a protocol amending the 2009 Guam International Agreement regarding the realignment of US forces in Japan.

**Oct. 3, 2013:** Kerry and Hagel pay their respects at Chidorigafuchi, a cemetery in Tokyo for the remains of unidentified Japanese who died overseas during World War II.

**Oct. 4, 2013:** Kerry, Kishida, and Australian Foreign Minister Julie Bishop convene for a ministerial of the US-Japan-Australia Trilateral Strategic Dialogue on the margins of the Asia Pacific Economic Cooperation (APEC) summit in Bali, Indonesia.

**Oct. 4, 2013:** Deputy Secretary of State William Burns discusses the US-Japan relationship in an address to the US-Japan Council in Washington, DC.

**Oct. 16, 2013:** US Senate approves the nomination of Caroline Kennedy as ambassador to Japan.

**Oct. 18, 2013:** *Jiji Press* poll yields a 55.8 percent approval rating for the Abe Cabinet. Forty-seven percent of respondents approve of Prime Minister Abe visiting the Yasukuni Shrine.

**Oct. 21-23, 2013:** US and Japanese negotiators meet in Washington for the third round of bilateral trade talks conducted in parallel with the TPP negotiations.

**Oct. 28, 2013:** Abe Cabinet approval rating stands at 60 percent according to a *Kyodo News* survey. Fifty percent of the Japanese public opposes a bill to stiffen penalties for leaking classified information.

**Nov. 7, 2013:** Special Representative for North Korea Policy Glyn Davies, Special Representative for Korean Peninsula Peace and Security Affairs Cho Tae-yong, and Ministry of Foreign Affairs Director General for Asian and Oceanian Affairs Junichi Ihara meet in Washington, DC for a trilateral dialogue on North Korea.

**Nov. 24-25, 2013:** Special Representative for North Korea Policy Davies visits Tokyo for consultations on North Korea policy.

**Nov. 18, 2013:** US Ambassador to Japan Caroline Kennedy presents her credentials to Emperor Akihito in Tokyo.

**Nov. 19-24, 2013:** Chief negotiators for the 12 TPP countries meet in Salt Lake City, Utah, to address outstanding issues.

**Nov. 23, 2013:** Defense Secretary Hagel and Secretary of State Kerry each issue statements expressing concern about China's announcement of an East China Sea Air Defense Identification Zone (ADIZ).

**Nov. 26, 2013:** Japanese government asks Japanese commercial airlines not to submit flight plans to Chinese authorities as requested by China when it announced an East China Sea ADIZ.

**Nov. 26, 2013:** US sends two *B-52* bombers into China's ADIZ to demonstrate freedom of navigation in international airspace.

**Nov. 27, 2013:** Japanese Diet approves legislation establishing a National Security Council in the Prime Minister's Office.

**Nov. 27, 2013:** Defense Secretary Hagel and Defense Minister Onodera discuss the situation in the East China Sea during a telephone call.

**Nov. 29, 2013:** State Department states that the US government generally expects commercial airlines operating internationally to operate consistent with Notices to Airmen (NOTAMs), but that this expectation does not indicate US government acceptance of China's requirements for operating in the East China Sea ADIZ.

**Dec. 1, 2013:** *Asahi Shimbun* survey indicates a 49 percent approval rating for the Abe Cabinet.

**Dec. 3, 2013:** Vice President Joe Biden meets Prime Minister Abe in Tokyo and reaffirms bilateral coordination on China's ADIZ. Abe and Biden also issue a joint statement outlining other initiatives on the bilateral agenda.

**Dec. 5, 2013:** Japanese government announces a \$182 billion economic stimulus package.

**Dec. 6, 2013:** Legislation stiffening penalties for leaks of classified information passes the Diet.

**Dec. 9, 2013:** *Kyodo News* survey finds 82 percent of the Japanese public wants the new secrecy of information law revised or abolished.

**Dec. 10, 2013:** Ministers and heads of delegation for the 12 TPP countries finish a four-day ministerial in Singapore and announce "substantial progress" towards an agreement with a pledge to continue discussions in January 2014.

**Dec. 15, 2013:** *Yomiuri Shimbun* and *Gallup* publish an annual survey of US and Japanese views on US-Japan relations and other issues.

**Dec. 17, 2013:** Abe Cabinet approves the country's first National Security Strategy as well as new National Defense Program Guidelines and Midterm Defense Plan.

**Dec. 20, 2013:** 2014 National Defense Authorization Act (NDAA) including the repeal that prohibits funding for the realignment of US Marines from Okinawa to Guam clears the Senate.

**Dec. 25, 2013:** US and Japan announce bilateral consultations toward a framework regarding environmental stewardship of US military facilities and areas in Japan.

**Dec. 26, 2013:** Prime Minister Abe visits Yasukuni Shrine in Tokyo. US Embassy in Tokyo issues a statement expressing disappointment and urging Japan and its neighbors to deal with sensitive issues of the past in constructive ways and improve relations.

**Dec. 26, 2013:** President Obama signs the 2014 NDAA bill.

**Dec. 27, 2013:** Okinawa Gov. Nakaima Hirokazu approves a landfill permit for the Futenma Replacement Facility at Henoko.