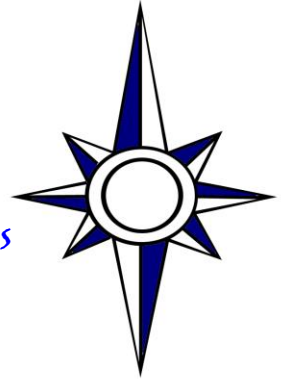


# *Comparative Connections*

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*U.S.-Japan Relations:*

## *Abe Shows the Right Stuff*

*Michael J. Green, Japan Chair, CSIS*

*Shinjiro Koizumi, CSIS*

The third quarter of 2006 began with North Korea's July 5 missile launches. This quarter, Pyongyang added another provocation with the Oct. 9 nuclear test. The prospect of another nuclear weapons state in Japan's neighborhood was bad news, but the test also created an opportunity for Japan and its neighbors to begin forging consensus on an approach to this new regional security challenge. While the nuclear test posed a significant threat to Tokyo and prompted discussions (normally considered taboo) of nuclearization as a means to strengthen Japan's deterrence, it also led the United States to reaffirm its commitment to defend Japan under the nuclear umbrella.

Prime Minister Abe Shinzo, in his first meeting with President George Bush as prime minister, demonstrated a strong commitment to the U.S.-Japan alliance and pledged to cooperate closely on North Korea and other regional security issues. He also pledged to move toward implementing an agreement on the realignment of U.S. forces in Japan, particularly on Okinawa where the new governor appears willing to work with the central government. It is unclear if implementation will go smoothly, but the dynamics of Japan's security environment, complicated by the North Korean nuclear test, could facilitate further progress in bilateral security cooperation. In the fourth quarter, Abe engaged in a series of security and diplomatic challenges that allowed him to show that he has the "right stuff" to be prime minister, despite his relative youth and inexperience. But a sudden sag in popularity at home in December and questions about his commitment to economic reform will be areas to watch in the new year.

### **First Bush-Abe summit**

The most important event in U.S.-Japan relations this quarter was probably the Nov. 17 inaugural summit between Prime Minister Abe and President Bush on the sidelines of the Asia-Pacific Economic Cooperation (APEC) meeting in Hanoi, Vietnam. The two leaders reaffirmed the regional and global importance of the U.S.-Japan alliance and saw eye-to-eye on further strengthening the bilateral relationship. With regard to North Korea, they confirmed the need for "concrete results at an early stage" and an acceleration of

missile defense cooperation. Bush also expressed his support for Japan's stance on the abduction issue.

Bush and Abe had several issues to discuss, but public attention focused more on the chemistry between them than on the substance of the summit. After the close personal relationship between Bush and Koizumi Junichiro, some expressed concern about a setback once Abe took office. The concerns were proven unfounded as Bush spoke warmly about his new counterpart after the meeting, stating: "I admire the prime minister's intellect, I'm very comfortable with his style, and I'm very confident we'll be able to work together for the common good." Abe surprised President Bush when he presented a picture of his grandfather, then-Prime Minister Kishi Nobusuke, Bush's grandfather, then-Sen. Prescott Bush, and then-President Eisenhower playing golf together. National Security Advisor to the President Steve Hadley called it "a poignant moment."

### **Showing the right stuff**

Abe's summit with President Bush was helped enormously by the new prime minister's pragmatic diplomatic outreach to China and South Korea at the beginning of his term. For the Bush administration, a strong U.S.-Japan alliance cannot exist in isolation and Washington depends on Japan having its own proactive strategy to keep its fighting weight up in the region. The Bush administration was not about to intervene in controversial issues such as the Yasukuni Shrine visits or the Takeshima/Dokdo territorial issues between Seoul and Tokyo, but the Bush administration was growing quietly impatient with Japan's seeming inability to recover momentum in Northeast Asia to keep up with Beijing's growing clout and influence in the region. Aware of Washington's concerns and keen to regain the strategic momentum in the region and broader political support at home, Abe visited Beijing on Oct. 8 and Seoul on Oct. 9. By doing so, he became the first prime minister since Hosokawa Morihiro in the early 1990s to select a country other than the U.S. for his first visit, but the visit was very much related to strengthening the U.S.-Japan alliance and brought positive statements from the State Department and even the White House, which rarely comments officially on the bilateral relations of other nations.

In the China-Japan summit Abe and Chinese President Hu Jintao agreed to work together to prevent North Korea from further developing its nuclear programs and build a "strategic relationship of mutual benefit." It was notable that the two leaders reached several agreements even after an 18-month freeze on bilateral summits stemming from Koizumi's annual visits to Yasukuni Shrine, which China considers the core problem in the China-Japan relationship because class-A war criminals are enshrined there. They agreed to accelerate talks on disputes over natural resource exploration in the East China Sea, launch a joint study on history by year's end, and "enhance mutual trust in the area of security through Japan-China security dialogue and defense exchange."

On Oct. 9, Abe flew to Seoul from Beijing to visit President Roh Moo-hyun. This summit meeting, held shortly after Pyongyang's announcement of the nuclear test, shifted the

tone of Japan-Korea relations away from history issues and the Takeshima/Dokdo dispute and refocused both nations' publics on the common challenge posed by the North Korean nuclear threat. The reforging of some common purpose between Seoul and Tokyo was also well received in Washington, and particularly the Abe-Roh joint statement that North Korea's effort to be accepted as a nuclear-weapons state "can never be tolerated and should be met with a decisive stance" and called the North Korean nuclear test "a grave threat" to regional stability and international peace. The two leaders also agreed to launch joint research on history and strive to build the bilateral relationship with an eye toward the future.

### **A special medal for Kim Jong-il?**

Much of the momentum behind Abe's proactive diplomacy and firm stand with the U.S. was created by North Korean provocative and dangerous behavior. Abe propelled himself to the top ranks of Japanese politics by taking a hard but realist stand on Pyongyang and he came into office mentally and politically prepared to meet the North Korean challenge. It might be argued that North Korean provocations allowed Abe to brandish his nationalist credentials by being a more effective national security leader, obviating the need to demonstrate his nationalism on more sensitive issues such as Yasukuni.

Whatever the political logic, Abe was primed to deal with a North Korea crisis and Pyongyang was quick to present one for the new prime minister. On Oct. 9, Pyongyang announced it had successfully conducted a nuclear test and the Abe administration leapt into action. Shortly after the test, Japan's Minister of Foreign Affairs Aso Taro held a telephone conference with Secretary of State Condoleezza Rice and South Korean Minister of Foreign Affairs Ban Ki-moon, and the three shared the view that the North's nuclear test spreads "a new nuclear threat, not only to Northeast Asia but also to the entire international community." On Oct. 11, Tokyo announced it would impose unilateral sanctions that would ban port calls of all North Korean ships, imports of goods from North Korea, and entry of North Koreans into Japan except for special circumstances. U.S. State Department Spokesman Sean McCormack released a press statement supporting Japan's action as a clear message to North Korea that "its reckless behavior will only further increase its economic and political isolation." Japan also pushed hard for a tough UN Security Council resolution and on Oct. 14, the Security Council succeeded in unanimously adopting Resolution 1718 condemning and sanctioning North Korea for its nuclear test. The resolution includes bans on North Korean trade in materials linked to its weapons of mass destruction program, ballistic missiles, high-end conventional weapons, and luxury goods. Although the press reported that the U.S. and Japanese governments were disappointed at the exclusion of language obligating members to inspect North Korean-registered cargo, the two governments in fact achieved the target they aimed for by demonstrating solidarity against the threat posed by North Korea. So effective was Abe's demonstration of his national security prowess, that Japanese officials began quipping that Kim Jong-il should receive a special medal from Abe.

## **Debate over Japan's nuclear option**

Of course, the North Korean nuclear test was not a laughing matter. The development forced U.S. officials and alliance managers in Japan to focus on the credibility of the U.S. extended nuclear deterrent. President Bush reaffirmed the U.S. nuclear umbrella in his televised speech two days after the test and stated the U.S. would “increase defense cooperation with” its “allies, including cooperation on ballistic missile defense to protect against North Korean aggression.” Secretary of State Rice then traveled to Japan on Oct. 18 for consultations with Prime Minister Abe, Chief Cabinet Secretary Shiozaki Yasuhisa and Foreign Minister Aso. In Tokyo, Rice became the first U.S. secretary of state in many decades to publicly threaten the full range of potential U.S. retaliatory options should Japan come under threat from North Korean weapons.

For Abe, this reaffirmation from the U.S. was welcome and led to Abe's own official reconfirmation on Oct. 15 of Japan's intention to maintain its Three Nonnuclear Principles. However, Liberal Democratic Party Policy Research Chairman Nakagawa Shoichi reignited the debate when he stated on Oct. 16 that possession of nuclear weapons was not unconstitutional and could serve as a deterrent. Nakagawa agreed that Japan's three principles of not possessing, not producing, and not allowing the introduction of nuclear weapons into Japan should be maintained, but his push for discussing consideration of nuclear weapons received worldwide attention. Later, Foreign Minister Aso also stated at a Diet committee meeting that “it is important to discuss the issue” of nuclear weapons.

In many respects these politicians' efforts to smash another political taboo and assert Japan's right to discuss and debate whatever it chooses was a matter of freedom of speech and not proliferation strategy. Nevertheless, the debate caught the attention of commentators and pundits in the U.S. On Oct. 10, David Frum, a speechwriter for President Bush from 2001 to 2002, published an editorial in *The New York Times* encouraging Japan to renounce the Nuclear Nonproliferation Treaty (NPT) and pursue its own nuclear deterrent as one of four suggested policy options for the U.S. in response to North Korea's nuclear test. *Washington Post* columnist Charles Krauthammer also addressed Japan's nuclear option in a piece published Oct. 20, suggesting that “the Japan card,” or a discussion of the nuclear option, could lead China to exert more pressure on North Korea to dismantle its nuclear programs.

The nuclear debate may cool off with resumption of the Six-Party Talks, but continued provocative behavior on the part of the North Koreans will nevertheless keep Japan's nuclear option in the news for some time. It will also compel both Tokyo and Washington to continue fine-tuning and reinforcing the nuclear umbrella, missile defense, and coordination on the North Korean challenge.

## **Elections in Okinawa**

One of the most important challenges for the Abe administration is to smoothly implement the May 2006 agreement on the realignment of U.S. forces in Japan. This requires the central government to work closely with local governments, especially in Okinawa where 75 percent of U.S. bases in Japan are concentrated. Reducing Okinawa's security burden is fundamental to sustaining the U.S.-Japan alliance.

The Abe administration breathed a sigh of relief on Nov. 19 when the LDP-backed candidate, Nakaima Horikazu, won the Okinawa gubernatorial election. Nakaima appears willing to accept the base relocation plan reached by Washington and Tokyo in consideration of the stimulus U.S. bases provide for the local economy and the need for a strong alliance to deal with North Korea. However, Nakaima also signaled to Tokyo that he expected a downpayment from the central government in the form of transferring some portion of U.S. helicopters from Futenma to the new facility, even before construction is completed. The election result gives Tokyo a partner it can work with in Okinawa, but the politics of the base issue are proving no less complex.

## **Abe stresses democratic principles and partnerships**

This quarter the Abe government also added rhetorical momentum to Japan's promotion of democracy, governance, and the rule of law and substance to Japan's partnerships with democratic nations in Asia. On Nov. 30, Foreign Minister Aso delivered a speech in Tokyo entitled "Arc of Freedom and Prosperity: Japan's Expanding Diplomatic Horizons." In the speech, he spoke of an arc of democracy "that line(s) the outer rim of the Eurasian continent," and cited the promotion of democratic values as a new axis of Japanese diplomacy in addition to strengthening the U.S.-Japan alliance and improving Japan's relations with its neighbors. This reflects an agreement by Abe and Bush in November to further strengthen the bilateral alliance based on shared universal values, and also builds on the joint statement issued after Bush's meeting with Koizumi in June 2006 and dates back to Koizumi's January 2002 proposal for a new regionalism in Asia based on the promotion of market economics and democratic values.

Central to this vision of partnership among democratic nations has been Abe's focus on India. Abe welcomed Indian Prime Minister Manmohan Singh to Tokyo Dec. 13 to 16 and the two leaders each welcomed the other playing a larger role in Asia. Abe did not publicly endorse the U.S.-India civil nuclear agreement, but sent strong signals that his government would support the plan in spite of Japan's traditional stance on the NPT. In his enthusiasm, Abe also pushed for an expansion of the U.S.-Japan-Australia Trilateral Security Dialogue to include India as a fourth partner. Delhi's enthusiasm for participation increased after Beijing demanded India not join, but the U.S. and Australian partners convinced the Abe government to stick to a threesome for the time being. Nevertheless, the Abe government can be expected to continue pushing for greater partnerships with India in Asia based on common values and strategic interests and as a useful complement to Japan's heavy strategic reliance on the U.S.-Japan alliance.

## **Economic cooperation**

This quarter saw increased bilateral cooperation not only in the security area, but also in trade. In November, President Bush proposed a region-wide Free Trade Area of the Asia-Pacific (FTAAP) at the APEC summit meeting in Hanoi. The idea received a great deal of attention because of the uncertain future of the World Trade Organization (WTO) talks after the collapse of the Doha round negotiations in July. The FTAAP proposal forced the Japanese government to take a stand on trans-Pacific trade at a time when the Ministry of Economy and Trade (METI) had been peddling an ASEAN Plus Six (Japan, Korea, India, Australia, China, and New Zealand) trade liberalization scheme. METI has also been prioritizing an Economic Partnership Agreement (EPA)/FTA policy within the region rather than across the Pacific. Since Japan concluded its first EPA with Singapore in 2002, it has accelerated its EPA/FTA diplomacy especially in East Asia (Japan-Malaysia EPA took effect in July 2006, and Japan-Philippines EPA was signed in September 2006). Ultimately, Tokyo could not ignore the FTAAP and endorsed the Bush proposal at APEC and then again at the Japan-U.S. Subcabinet Economic Dialogue, which took place in early December in Tokyo. At the “Subcab” the two governments also agreed to work to revitalize global trade liberalization and to pursue closer working-level consultations on energy security, protection of intellectual property, and simultaneous pursuit of anti-terrorism measures and smooth trade. Privately, METI officials argued that they need a trans-Pacific anchor for trade liberalization, but see the FTAAP following from the narrower ASEAN Plus Six and bilateral EPA/FTA policies Tokyo is currently pursuing.

## **Six-Party Talks resumed**

At the end of October, three weeks after North Korea announced its nuclear test, the U.S., China, and the DPRK held an unofficial meeting in Beijing and reached an agreement that the Six-Party Talks should be resumed. Tokyo welcomed the resumption, but many Foreign Ministry officials worried that distracted by Iraq, the U.S. might be too eager for a deal and might compromise on core issues of importance to Japan, such as the abductee issue or missiles. Ultimately, North Korea proved intransigent in the talks when they resumed on Dec. 18, demanding an *a priori* end to financial sanctions before discussing denuclearization. Even more troubling, Pyongyang appeared determined to use the talks not for negotiations, but to establish its own status as an equal negotiating partner as a nuclear weapons state.

## **The way forward**

Security policy and diplomacy dominated this quarter and this trend may continue into 2007 depending on the outcome of the Six-Party Talks. At the bilateral level, U.S.-Japan coordination on security issues will continue with a “2+2” meeting expected in January 2007 involving the U.S. state and defense secretaries and the Japanese foreign minister and the Defense Agency chief (the Defense Agency will become a ministry Jan. 9, 2007 as a result of the passage of bills creating a Ministry of Defense). The meeting will serve as an important opportunity for two new actors – Secretary of Defense Gates and Defense Agency Chief (soon to be Minister of Defense) Kyuma Fumio – to reaffirm ongoing

bilateral cooperation on missile defense and the realignment of U.S. forces in Japan. President Bush's State of the Union speech will likely reiterate this theme as a key component of U.S. strategy, though observers will pay close attention to how the Democrat-led Congress will address developments in East Asia. Japan's new diplomatic initiative suggests increased strategic convergence with the U.S. on international as well as regional diplomacy. Look for this to be on display during Abe's visit to NATO in January, perhaps a fresh example of the U.S.-Japan alliance as a global alliance.

But the course of U.S.-Japan relations may not be set by security challenges alone in 2007. Abe faces a tough Upper House election in the summer and to prepare he has allowed LDP Secretary General Nakagawa Hidenao to bring back into the LDP a dozen defectors who had opposed Koizumi's postal privatization and reform agenda. The public immediately expressed its dismay with a 20 percentage point drop in support from Abe from the low 70s to the low 50s. Investors are also nervously watching the resignation in December of the chair of Abe's Tax Research Commission and a re-emergence of political rhetoric emphasizing "growth" (read pump-priming) reminiscent of the pre-Koizumi LDP. Abe draws his strength from popular support like Koizumi did, but where Koizumi ran against the old LDP, Abe has come to rely on its structures to prevail in a tough series of elections. Managing this tough political and economic balancing act will test Abe in the New Year and shape the contours of the U.S.-Japan alliance in ways that could be no less important than North Korean actions.

## **Chronology of U.S.-Japan Relations October-December 2006**

**Oct. 3, 2006:** *Korean Central Broadcasting Station* (North Korea) warns that the DPRK would conduct a nuclear test.

**Oct. 3, 2006:** Special Advisor to the Prime Minister Koike Yuriko visits the U.S. to meet National Security Advisor Stephen Hadley on the North Korean nuclear test; they agree that it would be "unacceptable" and confirm close bilateral cooperation on this issue.

**Oct. 9, 2006:** The DPRK announces that it conducted a nuclear test.

**Oct. 9, 2006:** President George Bush and Prime Minister Abe Shinzo have a telephone conference about the North Korean nuclear test. They recognize it as a serious threat to international peace and stability and to the global nonproliferation regime.

**Oct. 10, 2006:** PM Abe holds telephone conferences with counterparts in the U.S., South Korea, China, and Russia, and confirms the strong position against the DPRK.

**Oct. 10, 2006:** Japan decides to impose unilateral additional sanctions against the DPRK as soon as it confirmed the nuclear test.

**Oct. 11, 2006:** State Department Spokesman Sean McCormack states the U.S. supported Japan's decision to impose additional sanctions on the DPRK.

**Oct. 14, 2006:** UN Security Council unanimously approves Resolution 1718, requesting all member countries to impose sanctions on the DPRK under Chapter 7 of the UN Charter.

**Oct. 15, 2006:** LDP Policy Research Council Chairman Nakagawa Shoichi calls for discussion on whether Japan should possess nuclear weapons on *Asahi TV*. PM Abe confirms Japan should maintain the Three NonNuclear Principles.

**Oct. 18, 2006:** U.S. Secretary of State Condoleezza Rice visits Japan, meets Chief Cabinet Secretary Shiozaki Yasuhisa, Foreign Minister Aso Taro, and PM Abe (Oct. 19) and confirms U.S. nuclear umbrella.

**Oct. 19, 2006:** Secretary Rice, FM Aso, and ROK FM Ban Ki-Moon meet in Seoul, and confirm trilateral cooperation on North Korean issues.

**Oct. 22, 2006:** LDP wins two seats in by-elections in Kanagawa and Osaka.

**Oct. 27, 2006:** Chief Cabinet Secretary Shiozaki states it was highly probable that the DPRK conducted a nuclear test.

**Oct. 31, 2006:** The U.S., China, and the DPRK hold unofficial meeting in Beijing and agree that the Six-Party Talks should resume. The DPRK announces its return to the Six-Party Talks.

**Nov. 6, 2006:** U.S. State Under Secretary for Political Affairs Nicholas Burns and Under Secretary for Arms Control and International Security Robert Joseph visit Japan and meet FM Aso, Chief Cabinet Secretary Shiozaki, and PM Assistant Koike to discuss North Korea, Iran, and APEC.

**Nov. 7, 2006:** In U.S. mid-term elections, the Democratic Party regains a majority in the House of Representatives and the Senate.

**Nov. 8, 2006:** U.S. Defense Secretary Donald Rumsfeld resigns and former CIA Director Robert Gates is nominated as the new defense secretary.

**Nov. 9-15, 2006:** U.S. Navy and Japanese Maritime Self-Defense Forces hold annual joint naval exercises, assuming case in which the JMSDF is attacked on the Sea of Japan.

**Nov. 12-13, 2006:** The 43<sup>rd</sup> Japan-U.S. Business Conference held in Tokyo. Presidents of Keidanren Mitarai Fujio and of Keizai-Douyukai Kitashiro Kakutaro make remarks supporting the establishment of the U.S.-Japan EPA.



**Nov. 14, 2006:** The U.S., Japan, the ROK, and EU report on implementation of sanctions requested by UNSCR 1718.

**Nov. 15, 2006:** Chief delegates for the Six-Party Talks from the U.S., Japan and South Korea meet in Hanoi to discuss North Korean nuclear issues.

**Nov. 16, 2006:** Secretary Rice and FM Aso meet in Hanoi and confirm ties between the U.S. and Japan on North Korean nuclear issues.

**Nov. 17, 2006:** Japanese National Police Agency confirms the 17<sup>th</sup> abductee by North Korea to be Ms. Matsumoto Kyoko.

**Nov. 18-19, 2006:** APEC Leaders Meeting is held in Hanoi. President Bush and PM Abe meet for the first time since Abe took office, reaffirm the U.S.-Japan Alliance and close cooperation on the DPRK. U.S.-Japan-ROK meeting also held, and three leaders agree that close trilateral cooperation is important to deal with the North Korean nuclear issue.

**Nov. 19, 2006:** Gubernatorial election in Okinawa held. Nakaima Hirokazu, a ruling coalition-backed former vice governor, defeats opposition-backed Itokazu Keiko who placed priority on the resolution of base issues.

**Nov. 20, 2006:** Secretary Shiozaki implies in a press conference a reexamination of Fukuda's Statement on missile defense, which prohibits the use of the MD system for the defense of another country.

**Dec. 4, 2006:** Japan-U.S. Foreign and Defense Deputy-Ministerial Talks held in Tokyo. Agreement is reached on construction plan for Futenma Air Base's replacement facility.

**Dec. 6-7, 2006:** Japan-U.S. Vice-Ministerial Talks on Economic Issues held in Tokyo, presided over by Deputy Foreign Minister Yabunaka Mitoji and Deputy National Security Advisor for International Security Affairs David McCormick. They agree on close cooperation in energy security and protection of intellectual property.

**Dec. 7, 2006:** Memorial of the 1941 Pearl Harbor attack held in Honolulu. Former Japanese military pilots who were involved in the attack also participate in the ceremony.

**Dec. 8, 2006:** Philippine government announces postponement of the East Asia Summit and other meetings planned for Dec. 11-13. It proposes to reschedule for January 2007.

**Dec. 8, 2006:** Japan's Foreign Ministry issues *2006 Image of Japan Study in the U.S.*, according to which, 91 percent of U.S. opinion leaders and 69 percent of the general public say Japan is a dependable ally. The percentage of those who mention China as the most important Asian partner of the U.S. has been increasing (43 percent among opinion leaders and 33 percent among general public in 2006) while those who cite Japan as the most important Asian partner of the U.S. has been leading the list since 1995 (47 percent among opinion leaders and 45 percent among general public in 2006).

**Dec. 11, 2006:** Chinese Foreign Ministry announces resumption of Six-Party Talks.

**Dec. 15, 2006:** Education Reform Bill passes Diet. The Diet passes a bill to upgrade the Defense Agency to a ministry; the Ministry of Defense will be established Jan. 9.

**Dec. 18, 2006:** Six-Party Talks begin in Beijing. North Korea demands an end to sanctions imposed on it before it dismantles its nuclear program, while the U.S. refuses to lift sanctions before North Korea takes a concrete action toward disarmament.

**Dec. 20, 2006:** The *Chosun Ilbo* reports the U.S. and North Korea agree to extend Six-Party Talks on Pyongyang's nuclear disarmament until Friday, Dec. 22.