

## U.S.-Japan Relations: How High is Up?

By Brad Glosserman  
Director of Research, Pacific Forum CSIS

It just doesn't get any better than this. The dream of Japan becoming "the UK of Asia" doesn't seem so absurd after a quarter in which London and Tokyo proved to be the U.S.'s most reliable allies. Those two governments backed the U.S. attack on Iraq despite considerable opposition at home. In a marked contrast to the past, the government of Prime Minister Koizumi Junichiro has provided the U.S. with vocal political support, active diplomatic support, and expanding logistical support for the campaigns in Afghanistan and Iraq. New realism in Japanese security thinking has propelled the alliance from one high note to another.

It takes some searching – and some cynicism – to find dark clouds on this ever-expanding horizon. The possibility of the war going wrong is one danger – but in that case, the U.S.-Japan alliance is likely to be the least of the concerns. More realistically, dealing with North Korea is likely to be troublesome. It has been relatively easy for Washington and Tokyo to stay in step when dealing with Pyongyang because policy has been immobilized. When the logjam breaks and serious diplomacy begins, the strains will reveal themselves. And, of course, there is the continuing stagnation in the Japanese economy. The last quarter has proven the poverty of the current government's economic thinking; as the fiscal year ended, the government resorted to old tricks to inflate the stock market. This situation cannot continue. The U.S. cannot bear the economic and military burdens of war alone; Japan will have to step up.

### **The Best Ever**

Any doubts about Prime Minister Koizumi's views of the importance of the U.S.-Japan alliance didn't survive the quarter. The two governments worked closely together throughout the run-up to war, consulting at almost every level of the bureaucracy. President George W. Bush and Koizumi talked on the telephone several times, and the prime minister repeatedly emphasized Japan's need to be "a responsible member of international society" and an ally of the U.S. Koizumi worked the phones ahead of the aborted UN vote on Iraq in mid-March. Even though the U.S. decision to forego a UN ballot was a repudiation of Japan's UN-centered diplomacy, Koizumi did not flinch. Speaking to the graduation ceremony of the National Defense Academy, Koizumi said "When the United States, an absolutely invaluable ally of our country, is sacrificing itself, it is natural for our country to back the move as much as possible." Speaking on the

phone to Bush just after the attack on Iraq commenced, Koizumi promised to work closely with the U.S. to help rebuild Iraq. According to the *Nikkei Weekly*, on March 24 Ambassador Howard Baker told the secretaries general of the three parties in the ruling coalition that the prime minister was one of the world's three active great leaders, joining Bush and British Prime Minister Tony Blair.

At the same time, U.S. diplomats such as Secretary of State Colin Powell, Deputy Secretary Richard Armitage and Assistant Secretary for East Asian and Pacific Affairs James Kelly have been equally engaged with their Japanese counterparts, coordinating policy on Iraq, North Korea, and the United Nations. In recognition of its efforts – and in a pointed contrast with the first Gulf War – Japan made the U.S. State Department list of countries supporting the U.S. in Iraq, even though the Japanese contribution would be restricted to reconstruction.

Japan's support was not merely diplomatic. Throughout the quarter, Tokyo stepped up logistical support for the coalition forces operating in Afghanistan. In early March, the Foreign Ministry announced that Maritime Self Defense Forces (MSDF) would provide refueling for Italian, Spanish, French, German, New Zealand, and Dutch warships participating in Operation Enduring Freedom, in addition to the U.S. and British vessels. This freed up U.S. logistics forces for support to Operation Iraqi Freedom.

At the onset of hostilities in Iraq, the Japan Defense Agency (JDA) ordered additional air surveillance by AWACS over the Sea of Japan and stepped up air and sea monitoring of North Korea. Similar U.S. flights are taking off from Kadena Air Force Base in Okinawa. The National Police Agency increased security at 174 U.S. military bases and facilities and at 162 embassies and facilities of countries supporting the United States. On another front, Japan has said that it will provide about \$104 million to Jordan and the Palestinian Authority to help them deal with the impact of war, and an additional \$5 million for international relief agencies, such as the Office of the UN High Commissioner for Refugees and the World Food Program. According to the *Nihon Keizai Shimbun*, Tokyo will send air force transports to the Middle East to deliver relief supplies as well as dispatch a medical support team to Syria. Japan has said that actions “to be considered in the light of future developments” include assistance to countries hurt economically by the war, measures for the disposal of weapons of mass destruction, minesweeping, and reconstruction and humanitarian assistance for Iraq.

Ambassador Baker summed up the official U.S. view in an interview with the *Yomiuri Shimbun* before the outbreak of hostilities. “Japan's staunch support for the U.S. position ... is perhaps a high point in the Japan-U.S. relationship in the last 50 years. ... With the possible exception of the United Kingdom, we have no better friend (than Japan) in the world.”

## **Koizumi's Gamble**

The prime minister appears to be taking a gamble. According to a March 31 *Asahi Shimbun* poll, 65 percent of Japanese do not support the U.S.-led war on Iraq, an increase of 6 percent from the previous week's poll. "Support" dropped from 31 percent to 27 percent. (Japanese polling is always a little suspect, but there is little dispute that many if not most Japanese oppose the war.) At the same time, public support for the Cabinet itself is about even, with 43 percent behind the government and 42 percent opposed. In the previous survey, disapproval topped approval for the first time in nine months.

Given these numbers, Koizumi's strong support for the U.S. position seems like a high-stakes move, especially since he has no strength apart from his standing with the public. The prime minister is calculating that a quick victory in Iraq coupled with support for regime change in Baghdad – induced by Saddam Hussein's contempt for the UN and the threat that the Iraqi leaders will use or sell weapons of mass destruction – will strengthen Koizumi's standing by showing him to be a principled and resolute leader.

## **The North Korea Factor**

There is another element in the prime minister's thinking, and this one does not reflect well on the alliance. Quite simply, it is the fear of abandonment. Many Japanese are increasingly concerned about the threat posed by North Korea and they worry that if Tokyo does not give the U.S. complete support in Iraq, the U.S. won't come to Japan's defense in the event of a crisis.

Pyongyang's willingness to climb the escalation ladder has set off alarms in Japan. Missile launches, the intercept of a U.S. reconnaissance aircraft, and the North's bellicose rhetoric have reminded many Japanese that they live in a dangerous neighborhood. A *Yomiuri Shimbun* poll indicates that 92 percent of Japanese are "very" or "slightly" anxious about North Korean missile launches. In a Cabinet Office survey, 75 percent of respondents identified the Korean Peninsula as the likeliest source of conflict involving Japan. Accordingly, the same survey showed that 73.4 percent said the Japan-U.S. Security Treaty is helpful for the nation's peace and security, and 72.1 percent think the current bilateral security arrangements should be maintained. Both figures are historic highs.

Nonetheless, the insecurity underlying this support for the alliance is troubling. U.S. officials have recognized Japanese fears and met them head-on. Secretary of Defense Donald Rumsfeld warned North Korea that the U.S. could successfully fight two wars at once and Lt. Gen. Thomas Waskow, commander of U.S. Forces Japan, hammered home the point, noting that the U.S. "commitment to Japan is absolutely a matter of record and the absolute commitment that we see is the extreme bedrock for security in the region." In remarks that were repeated in a *Yomiuri Shimbun* interview at the end of the quarter, Secretary Armitage told visiting Diet members that "if there is any attack on Japan, we consider it an attack on ourselves. That's what the alliance means..."

Both governments have tried to put flesh on the bones of that commitment. Washington and Tokyo have consulted regularly in bilateral and trilateral (Trilateral Coordination and Oversight Group) settings. In their statements, they remain committed to a diplomatic resolution of the North Korean situation and to a nonnuclear Korean Peninsula.

### **Japan's New Security Mindset**

It is impossible to miss the progress in Japanese security thinking. In addition to the speed with which Japan has responded to the changing international situation and the prime minister's stiff spine, Japan has engaged in an unprecedented public and spirited debate about the country's security needs and priorities.

Perhaps the most important discussion has focused on Japan's right to preemptively strike a country showing unmistakable signs of a readiness to attack Japan – read North Korea. In January, JDA head Ishiba Shigeru said that Japan could use military force in self-defense if there was evidence that North Korea was about to launch a missile against it. He later clarified that comment, noting that in the event of an attack Japan could only clean up, sending in the SDF to respond in a humanitarian capacity, and would have to rely on the U.S. to take action on the country's behalf.

Apart from the limitations on Japan's defense that have become glaringly apparent, the debate has also underscored the absurdities of the prevailing interpretation of the peace constitution. At a recent track-two meeting, one Japanese participant noted that the current interpretation allows Japan to attack a missile while it was on the pad, but not once it was in the air. Equally absurd, Japan could launch a preemptive strike, but could not send minesweepers to assist the U.S.

Constitutional issues appear to be receding as Japan appears more ready to participate in a missile defense (MD) program. In February, a JDA spokesperson said that the two countries agreed to begin missile defense tests in the spring of 2004. A day later, Ishiba said that Japan would request ¥20 billion in FY2004 and 2005 for MD.

Finally, on March 28, the country launched the first two of four spy satellites that are intended to end Japan's reliance on U.S. intelligence. The photos won't be as good as those available from the U.S., Japan won't have the analysts to study them (training takes years), and the program is apparently driven as much by industrial needs as those of national security. Those caveats notwithstanding, the decision to proceed is a landmark for Japan.

Reluctant or not, the new realistic mindset is applauded by fans of the alliance on both sides of the Pacific. It holds out hope for a rejuvenated partnership, one that is alert to real dangers and is prepared to respond to them.

## **But No Nukes ...**

Realism has its limits, however. This quarter was also punctuated by various calls for Japan to explore the nuclear option. Sen. John McCain called on the U.S. to “remove its objections to Japan developing nuclear weapons,” and the Cato Institute, a libertarian Washington-based think tank, said the U.S. should encourage both Tokyo and Seoul to go nuclear. Vice President Richard Cheney also speculated that North Korea’s nuclear threat would force Japan to respond in kind.

Japanese officials were quick to rebuff those suggestions. Chief Cabinet Secretary Fukuda Yasuo dismissed the Cheney comment. Japanese Ambassador to the U.S. Kato Ryozo bluntly said “There is no possibility of nuclear armament by Japan.” During the quarter, the JDA revealed that a 1995 study of the possibility of Japan developing such weapons concluded that the option would not promote Japan’s security. (It should be pointed out that the premise of some of the U.S. comments – that the U.S. is holding Japan back – is false. Japan could develop those weapons if it chose to do so; the JDA study confirms that the decision to abstain is the right one.)

## **Godzilla and Other Monsters**

The bilateral alliance got another boost from Matsui Hideki, the former Yomiuri Giants slugger now playing for the New York Yankees. In his major league debut in Toronto, “Godzilla” hit an RBI single off the first pitch from Blue Jays right-hander Roy Halladay. Matsui is the first real Japanese power-hitter to make the transition to the majors, and he is under intense scrutiny. About 100 Japanese reporters covered his first outing and the entire scrum has been following his every move since he started spring training in Florida. He is likely to find major league pitching easier to battle than the press.

Godzilla wasn’t the only mythical creature figuring in bilateral relations. Gods, monsters, and witches were the main characters in “Spirited Away,” the film by Director Miyazaki Hayao that won this year’s Academy Award for Best Animated Feature Film. The Oscar was the most recent in a long list of awards given to the movie, which tells how a young girl struggles to cope with the loss of everything that is familiar to her and rediscovers immutable values that transcend the fashions of contemporary life.

## **The Thinking Remains the Same**

Immutable values dominated economic policy-making this quarter, posing a sharp contrast with the progress on the security front. Indeed, there are good reasons to think that Koizumi’s position on security matters reflects the bankruptcy of his economic policies. Having come to office promising “reform without sanctuary,” the consensus view is that the government has run out of steam, and is bereft of new ideas and tactics. According to this line of thought, the prime minister has cast his lot with the U.S. because that is the only card he has left to play. While that misses some of the motivations behind his thinking on security policy, it is a sadly accurate portrait of economic policy-making.

The economy continues to slog along. The biggest development in the quarter was the stock market slide, a plunge that followed the march to war against Iraq and concerns about its impact on the U.S. economy and the dollar. On March 31, the end of the fiscal year, the Nikkei 225 dropped 307 points to close at 7,973, the lowest close for a fiscal year since 1982. Over the course of the year, market capitalization fell 27.6 percent, and shares in the Tokyo Stock Exchange's first section shed nearly \$590 billion in value.

That free fall is bad news for banks, which hold shares as assets. Declining share prices mean the banks will have to report huge losses – some ¥4 trillion – on their holdings and adjust lending accordingly. Some companies will have loans called in that they cannot repay.

The prospect of a new wave of bankruptcies is troubling, but some might say even more disturbing has been Japan's response. The old guard called for the traditional dollops of fiscal stimulus and abandoning – and even rolling back – reform. The Koizumi government and the Bank of Japan (BOJ) have abandoned all pretence of reform and resorted to old pricekeeping operations. The BOJ announced on March 20 it had purchased \$7.3 billion in shares since the beginning of the year; that amount was more than double the net investment of all other nonfinancial companies and institutional foreign investors in the market during that period.

The BOJ intervention signaled that its new leadership, under Gov. Fukui Toshihiko, is unlikely to embrace new policies to jumpstart the economy. Although Prime Minister Koizumi had said that he was looking for a “dedicated deflation fighter” to head the BOJ, in the end he took the conventional path and chose Fukui, an establishment figure with 44 years at the bank. The new governor is a member of the old order with close ties to the Finance Ministry. While he is unlikely to adopt the inflation targeting that some see as the solution to Japan's ills, he is not one to push for radical structural change either. In short, the muddling through will continue, and the decade-plus long economic slump will persist.

### **The Calm Before the Storm?**

Tokyo's readiness to jump into the markets is, if nothing else, confirmation that Japan will not be the weak link in the global economy – as government officials and bureaucrats have long insisted. Unfortunately, that isn't going to serve as an acceptable benchmark for much longer. Reconstruction and rehabilitation of Iraq – and Afghanistan – are going to be slow and expensive processes. Japan has indicated that it wants to play a key role in both efforts. It will have to, given the increasing economic constraints on U.S. foreign policy courtesy of the tax cut, the war bill, and the excesses of the 1990s. Yet Japan's options are even more constricted, since it relies on exports and an undervalued yen to drive the economy. Both are threatened as the U.S. falters.

The much-touted coordination between Washington and Tokyo is likely to be strained when both governments turn their attention to North Korea. Given the Bush administration's feelings about the regime in Pyongyang and its predilection for muscle-

flexing, Japanese fears and the sense of vulnerability will probably increase when the three governments – don't forget Seoul – try to craft a solution to that crisis. When that happens, we will see how much goodwill was created by these halcyon days of the U.S.-Japan alliance. Enjoy it while it lasts ...

## **Chronology of U.S.-Japan Relations<sup>1</sup>** **January - March 2003**

**Jan. 5, 2003:** Ariz. Sen. John McCain insists that the U.S. should allow Japan to develop nuclear weapons.

**Jan. 6, 2003:** Japan's Aegis-equipped destroyer *Kirishima* arrives on station in Indian Ocean to back up U.S. forces under the antiterror law.

**Jan. 7, 2003:** Japanese Agriculture, Forestry and Fisheries Minister Oshima arrives in U.S. for meetings with USTR Robert Zoellick, Agriculture Secretary Veneman, and Deputy Secretary of State Armitage. Oshima tells reporters that "a considerable gap" exists between the two countries.

**Jan. 14, 2003:** PM Koizumi visits Yasukuni Shrine.

**Jan. 15, 2003:** California State Court of Appeals rules that the state constitution allows a private lawsuit brought against private Japanese companies by former Korean World War II POWs to proceed, despite State Department protests.

**Jan. 18, 2003:** Thousands march in Tokyo to protest war against Iraq.

**Jan. 19, 2003:** Assistant Secretary Kelly meets FM Kawaguchi and Chief Cabinet Secretary Fukuda in Tokyo to discuss North Korea's nuclear weapons program.

**Jan. 21, 2003:** California federal court dismisses 28 lawsuits against a Japanese company by former U.S. POWs taken prisoner by Japan during World War II.

**Jan. 24, 2003:** JDA head Ishiba tells Diet that Japan could launch a preemptive strike against North Korea if Pyongyang begins preparations for a missile attack.

**Jan. 25, 2003:** PM Koizumi and President Bush talk on the phone and agree to work closely to resolve issues surrounding Iraq and North Korea. They emphasize the need for a peaceful resolution of the North Korean issue.

**Jan. 28, 2003:** PM Koizumi vows to make annual pilgrimages to Yasukuni Shrine as long as he is in office.

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<sup>1</sup> Chronology compiled by Vasey Fellow Hamada Kazuko.

**Jan. 30, 2003:** The last of the nine families who lost kin in the Feb. 9, 2001, collision between the *Ehime Maru* and a U.S. submarine reaches a settlement with the U.S. Navy.

**Feb. 4, 2003:** N.C. Rep. Howard Coble says that Japanese Americans were interned for their safety during World War II, generating anger among Japanese Americans and Arab Americans.

**Feb. 4, 2003:** Maritime Self-Defense Force (MSDF) landing ship *Shimokita* leaves to offer rear-area support for U.S.-led antiterror efforts in Afghanistan.

**Feb. 5, 2003:** Secretary Armitage dispels speculation that Japan could develop nuclear weapons in a Senate hearing, emphasizing the importance of close U.S.-Japan ties to prevent Tokyo from going nuclear.

**Feb. 6, 2003:** PM Koizumi states at a Diet session that Japan must respond as “a responsible member of international society” and an ally of the United States if Iraq will not implement UN Security Council Resolution 1441.

**Feb. 10, 2003:** About 450 people attend memorial services in Honolulu on Feb. 9 and in Japan on Feb. 10 to mark the second anniversary of the Feb. 9, 2001 *Ehime Maru* accident.

**Feb. 10, 2003:** Vice Foreign Minister Takeuchi meets Secretary Armitage, saying that any U.S. led military action against Iraq should be backed by a UN resolution.

**Feb. 12, 2003:** Fourteen governors of prefectures hosting U.S. military bases call on the LDP to revise the Japan-U.S. Status of Forces Agreement.

**Feb. 13, 2003:** JDA head Ishiba says that Japan will use military force in self-defense if Tokyo finds evidence that North Korea is about to attack Japan with a ballistic missile, adding that the loading of fuel is enough to justify use of force. He also stresses the need for parliamentary approval of “crisis legislation” to broaden Japan’s ability to act militarily.

**Feb. 17, 2003:** Defense Agency spokesman says Japan and the U.S. have agreed to begin ballistic missile defense (MD) tests off Hawaii in the spring of 2004.

**Feb. 18, 2003:** JDA head Ishiba states that Japan plans to ask for ¥20 billion for MD tests during both FY 2004 and FY 2005.

**Feb. 20, 2003:** JDA spokesman reveals that the agency conducted a study on the development of nuclear weapons in 1995, and concluded that nuclear weapons options were not worth pursuing.



**Feb. 22, 2003:** Powell visits Tokyo for talks with PM Koizumi and FM Kawaguchi on plans for North Korea and Iraq.

**Feb. 24, 2003:** PM Koizumi nominates Fukui Toshihiko, former Bank of Japan deputy governor, as governor of the BOJ.

**Feb. 24, 2003:** U.S. and Japan hold working-level meeting of Security Consultative Committee in Tokyo.

**Feb. 26, 2003:** Secretary Armitage tells visiting members of the Democratic Party of Japan that a North Korean missile attack on Japan would trigger immediate U.S. “countermeasures.”

**Feb. 26, 2003:** Tokyo notifies Washington that it will not support the military expenses of Iraqi war, but it will shoulder the burden of Iraqi reconstruction after Saddam Hussein is ousted.

**Feb. 27, 2003:** U.S. announces plans to review the defense of Japan, including strengthening of interoperability with the SDF along with the assumption of Japan’s deployment of MD.

**March 3, 2003:** JDA head Ishiba tells Diet that the SDF cannot protect Japanese people from North Korean ballistic missiles and can only minimize the damage.

**March 4, 2003:** Richard Lugar, chairman of the Senate Foreign Relations Committee, offers support to family members of Japanese abductees in seeking help with the North Korean abduction issue after meeting them in the U.S.

**March 11, 2003:** PM Koizumi and FM Kawaguchi begin contacting six representatives of nonpermanent members of the UNSC by phone to win support for the British-U.S.-sponsored resolution.

**March 11, 2003:** The Nikkei average sinks to 20-year low, hitting 7,800-level.

**March 11, 2003:** Cabinet agrees to expand MSDF refueling operations in the Arabian Sea to other coalition warships as part of its logistic support for the military operation in Afghanistan.

**March 11, 2003:** Lt. Gen. Thomas Waskow, commander U.S. Forces Japan, confirms that U.S. protection in the event of a North Korean crisis is independent of Japan’s contribution to an attack on Iraq and any decision regarding the Iraq campaign is up to the Japanese government.

**March 12, 2003:** *Nihon Keizai Shimbun* reports that Tokyo will airlift relief materials and offer medical services to Syria as a part of UN PKO.

**March 15, 2003:** More than 20,000 people in Japan march to protest war against Iraq.

**March 17, 2003:** PM Koizumi gives total support to a U.S. announcement to take military action against Iraq unless Saddam Hussein surrenders within 48 hours.

**March 17, 2003:** Cabinet Secretary Fukuda rebuffs Vice President Cheney's March 16 comment that North Korea could force Japan to develop nuclear weapons.

**March 19, 2003:** The U.S. State Department publishes a list of 30 countries supporting the U.S. in the war against Iraq; Japan is identified as a contributor for "postwar" reconstruction, but not for military action.

**March 19, 2003:** Ambassador Baker acknowledges in an interview with *The Yomiuri Shimbun* and *The Daily Yomiuri* that Japan's unwavering support for the U.S. is a "high point" in the 50-year Japan-U.S. relationship.

**March 20, 2003:** Concerned about possible North Korean provocation, Tokyo orders increased air surveillance over the Sea of Japan, letting the ASDF AWACS join similar U.S. flights.

**March 21, 2003:** President Bush thanks PM Koizumi for publicly supporting U.S. action on Iraq in a telephone conversation and both leaders agree to collaborate in reconstructing Iraq with help from the international community.

**March 21, 2003:** The government agrees to strengthen security at 650 key facilities, including U.S. bases, embassies, and nuclear power plants.

**March 21, 2003:** FM Kawaguchi announces that Japan will contribute \$5.03 million to UNHCR, UNICEF, and the World Food Program.

**March 23, 2003:** At a graduation ceremony at the National Defense Academy, PM Koizumi emphasizes that the Japan-U.S. alliance is "invaluable" for Japan.

**March 23, 2003:** FM Kawaguchi announces that Japan will provide \$104.2 million to Jordan and the Palestinian Authority in grants and food aid respectively.

**March 23, 2003:** President of the Democratic Party of Japan Kan Naoto suggests that Japan should consider introducing MD.

**March 23, 2003:** Miyazaki Hayao, director of "Spirited Away," wins Oscar for Best Animated Feature Film.

**March 24, 2003:** Ambassador Baker states in his meeting with the secretaries general of the three ruling parties that in addition to Bush and British Prime Minister Tony Blair, PM Koizumi is one of the world's great leaders.

**March 24, 2003:** A *Yomiuri Shimbun* poll finds that 92 percent of respondents fear “very much” or “slightly” a North Korean missile attack.

**March 27, 2003:** During a Diet debate JDA head Ishiba says that Japan might need to acquire weapons capable of a preemptive attack on North Korea.

**March 28, 2003:** Japan’s first two of four spy satellites are launched from Tanegashima Space Center.

**March 28, 2003:** PM Koizumi denies in a Diet hearing that Tokyo intends to possess offensive weapons.

**March 30, 2003:** According to the *Sankei Shimbun*, a Cabinet Office survey finds that 75 percent of respondents fear Japan’s involvement in a conflict caused by North Korea and more than 70 percent rely on the Japan-U.S. Security Treaty and its bilateral security arrangements to protect Japan.

**March 31, 2003:** *Asahi Shimbun*’s telephone survey finds that 65 percent of respondents oppose the U.S.-led war against Iraq.

**March 31, 2003:** Matsui Hideki, “Godzilla,” makes major league debut with an RBI single on the first pitch, sending the New York Yankees on the way to victory in their season-opener.