



U.S.-Japan Relations: Still in the Eye of the Hurricane?

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U.S.-Japan relations this quarter were remarkably calm on the trade front, while important progress was made in bilateral security cooperation. Japan and the U.S. stood more-or-less in lock step on North Korea policy and reached important agreements on intelligence satellites and Theater Missile Defense (TMD). All three of these could have been irritants in the alliance, but turned-out on the positive side of the ledger. Some incremental progress was also made on the Okinawa base problem. Meanwhile, trade disputes on steel and macroeconomic policy fell to a low simmer while none of the leading U.S. presidential campaigns have focused on Japan as a trade problem. The Obuchi government's new three-way coalition with the Komeito and Liberal Party provides a much more stable political basis for addressing bilateral issues in the months ahead. The only frightening problem looming in the U.S.-Japan alliance is how to handle the July 2000 G-8 Summit in Okinawa. If there is no progress over the next quarter to resolve the Futenma base relocation problem, Obuchi and Clinton could face a disastrous reception when they meet in Nago, Okinawa in July. But Obuchi might even get lucky on that one too.

Dealing with North Korea

The problem of North Korean missiles drove a wedge in U.S.-Japan relations through much of last year because of Washington's tepid responses after the Taepodong II flew over Japanese airspace in August 1998. The review of North Korea policy by former Secretary of Defense William Perry began to narrow that gap last spring and summer, and with the Clinton Administration's announcement in mid-September that it will lift certain economic sanctions on Pyongyang in exchange for a North Korean missile testing moratorium, the U.S. and Japan finally seemed like real allies on the Korean front.

Tokyo was prepared to impose new sanctions on Pyongyang if there had been a test, and the solidarity of the U.S., Japan, and South Korea --demonstrated in trilateral summits on the wings of the APEC meeting in September-- was a powerful disincentive to launch for Pyongyang. The trilateral process also built deeper confidence in Tokyo that the United States was not forgetting about Japanese security when dealing with North Korea. When the administration announced its plans to lift sanctions, therefore, the Obuchi Government clapped loudly in Tokyo. But Japan will not move quite as quickly itself. The Japanese Diet still wants to be certain that Pyongyang's missile test moratorium will last before agreeing to a resumption of food aid and commercial charter flights to the North. Washington would like Tokyo to follow its engagement strategy, but Japan's "bad cop" act is not proving contentious in U.S.-Japan

relations. If anything, it strengthens Washington's hand in demanding a firmer North Korean commitment on the missile test moratorium.

The Intelligence Satellite and TMD

Another potential irritant that became a positive element in U.S.-Japan security relations this quarter was Japan's controversial intelligence satellite program. Japanese industry cannot build an intelligence satellite system within the budget and timeline mandated by the Government without technical help from the United States. Secretary of Defense Cohen promised last year to "cooperate" with Japan on the program, but MITI, the Prime Ministers Office, industry, and many in the Foreign Ministry were reluctant to become overly dependent on U.S. technology. In July, key officials in Tokyo and Washington were still pushing for a joint-development approach in which Japan would buy one satellite from the United States and produce the next three jointly (in a four satellite program). In the abstract, "joint development" sounds cooperative, but as the FSX case demonstrated in the late 1980s, joint development can also cause many more areas for bilateral friction: U.S. government agencies might resist technology transfer to Japan and Japanese industry might resist technology "flow back" to the United States. The whole project could have become highly explosive.

By September, however, U.S. and Japanese officials were pursuing a new approach, this time based on the commercial sale of certain components to Japan, conditioned on Japanese adherence to Presidential directives authorizing U.S. access to the satellite data and placing some restrictions on the satellites' use. This formula led to an exchange of notes between the U.S. and Japan at the end of September, to the visible relief of all concerned. What could have been a contentious combination of "technonationalism" and "intel-nationalism" was resolved in an agreement that pleased all parties. Japan's program will stay on schedule. Explosive issues of technology flow-back and black-boxing have been largely (though not completely) bypassed. And the United States and Japan will cooperate in the use of any data the program produces. Phew!

Meanwhile, the other major defense technology program between Japan and the United States moved forward as the two governments formally launched joint research cooperation on the Navy theater-wide system for missile defense on August 23. Plenty of budgetary, technical, and political hurdles remain, but the cooperative effort is well on track.

Okinawa and Bases

Things were generally quiet on the Okinawa front last quarter, as Governor Inamine focused on the prefecture's economic recovery. But that was not exactly good news, since Tokyo needed the Governor to begin the "nemawashi" (consensus-building) process for relocating the U.S. Marine Corps Air Station Futenma to a new heliport somewhere else on the island before President Clinton, Prime Minister Obuchi, and the rest of the G-8 delegates arrive for the July 21-23 summit. In fact, the Japanese Government's calculation has been that a basic decision had to be made by November on the new site so that the details could be put in place (and opposition overcome) well before July. So no news on Okinawa was hardly good news.

The Clinton Administration got into the act this quarter when Secretary of Defense Cohen told reporters and Japanese counterparts while in Japan at the end of July that he wanted solid progress on the heliport decision in the “near future.” The Japan Defense Agency and Foreign Ministry did not appreciate the U.S. pressure, but MOFA’s own frustration with Okinawa was already palpable by this point. Governor Inamine irritated the Japanese Government further with his insistence in late August that Tokyo provide substantial economic aid before he made a decision on the new site for the heliport. But Tokyo turned up the heat, and with unemployment at 8.7 percent on the island and no help from anywhere but the mainland, Inamine finally announced on September 1 that he had narrowed the choice of locations for the heliport down to two sites, Nago (near the Marine Corps’ Camp Schwab) or Tsukenjima island, just of the Southeast Coast.

Tsukenjima island itself is positive on receiving the Marine Corps facility and its dual-use capacity, but the local government with authority over the island is strongly opposed. Nago’s business community is also fairly positive on receiving the boost a major construction project would bring, but the Nago city government has been tied in knots and unable to indicate that it would accept the base. So there was some modest progress this quarter -- barely keeping up with the Japanese Government’s timetable for settling the Futenma relocation by the G-8 summit -- but hardly enough movement for the Obuchi Government to feel safe. The next stage will be to settle on one of the two proposed locations (the author’s guess is Nago), but if that step cannot be reported by the time of the next quarterly edition of “Comparative Connections,” then the Obuchi Government will have a difficult scenario to contend with.

Politics and the Defense Relationship

This quarter the Liberal Democratic Party and the opposition Democratic Party of Japan held elections for party leader. The results have some interesting long-term implications for U.S.-Japan security relations. On the LDP side Obuchi handily won. Interestingly, one challenger, Taku Yamazaki, ran on a platform that included a call for more “equal” security relations with the United States. Obuchi himself promised to relax restrictions on peacekeeping and to introduce new legislation strengthening Japan’s crisis management and national security structure (the so-called “yuji hosei”).

In the Democratic Party, Yukio Hatoyama won the party presidency away from Naoto Kan on September 26 on a platform that included reference to Constitutional revision and the eventual reduction of U.S. bases in Japan. Hatoyama had championed the DPJ’s internal policy paper on a “no base alliance” with the United States in 1997. That idea was squelched by old-time LDP bosses now in the party --men like former Prime Minister Tsutomu Hata. The DPJ’s new security policy, released on June 25, has a more “realistic” assessment of the need for close security ties to the United States and forward presence for the U.S. military in Asia. But Hatoyama’s election may gradually reintroduce the theme of base reduction, particularly if the Futenma relocation issue stalls before the G-8 summit. On the whole, both the DPJ and LDP remain pro- U.S.-Japan alliance, a nice contrast to the Cold War division in which the Socialists usually stood in opposition to the alliance. Still, the movement in the DPJ could make management of bilateral security relations a bit more complicated.

Economic Relations

The real trouble spot in the U.S.-Japan alliance is always trade. The outgoing Japanese ambassador to the United States, Kunio Saito, and the incoming ambassador, Shunji Yanai, both warned the press during their changing of the guard that there is a danger of new trade disputes with Washington. But so far almost all is quiet on the Western Front. Secretary of the Treasury Lawrence Summers rapped Japan on the knuckles during his confirmation process for not doing more to restructure the financial sector and for playing too much with the value of the yen, but there was no threat behind his criticism. U.S. officials continue pressing for deregulation in telecommunications as well, though no concrete threat emerged. Steel threatened for a while to become a political problem, but the initiation of Section 201 cases on steel dumping has taken that problem into the litigation process, and Japanese exports of steel (already down 5.6 percent in June) will continue to fall as companies hedge against an unfavorable outcome in court. The two governments issued a joint press release on the ongoing “Steel Dialogue” on September 24, which signaled that both governments are hard at work solving the problem – but the markets and the courts have already begun to do that, at least enough to keep the issue off the agenda of Congressional legislation and presidential campaign politics for the foreseeable future.

Finally, it is striking how little Japan is becoming a focus of U.S. presidential politics, now that they are heating up. Pat Buchanan’s “America First” aside, none of the candidates have attacked trade problems with Japan. In fact, senior advisors to George W. Bush (Richard Armitage, for example) have told the Japanese press that his Administration would place a higher emphasis on Japan than China. Meanwhile, Democratic contender Bill Bradley has a long Japan portfolio based on his annual retreats with Diet member Motoo Shiina and other parliamentarians in the late 1980s to discuss minute details of the U.S.-Japan relationship and plan joint legislative strategies. A Gore Administration also looks somewhat reassuring, particularly after the Vice President’s rumored candidate for Secretary of State, current UN Ambassador Richard Holbrooke, announced in New York that he strongly supports Japan’s permanent membership in the Security Council. The presidential campaign process seems eerily positive for U.S.-Japan relations.

But then again, stay tuned.

Chronology of U.S.-Japan Relations **July - September 1999**

July 6, 1999: Japanese Ambassador to the U.S. Kunihiko Saito says that a North Korean missile launch would have dire consequences for Japanese engagement efforts.

Aug, 1999: Japan’s overall trade deficit falls (revealed in September statistics).

Aug 23, 1999: ITC rules against seamless steel pipes; Japan looks at starting “Steel Dialogue” with U.S.

Aug 23, 1999: U.S. and Japan formally initiate joint research on TMD Navy Theater-Wide system technologies.

Sept 1, 1999: Governor Inamine chooses Nago and Tsukenjima as candidate sites for USMC offshore heliport.

Sept 8-9, 1999: U.S. and Japan clash at APEC over approach to next WTO round, but no great fireworks.

Sept 15, 1999: Tokyo responds positively to U.S. decision to ease sanctions on North Korea in exchange for a missile test moratorium.

Sept 20, 1999: Prime Minister Obuchi announces he will support legislation relaxing constraints on future Japanese peacekeeping operations.

Sept 21, 1999: Keizo Obuchi re-elected President of Liberal Democratic Party.

Sept 24, 1999: U.S.-Japan issue joint press statement on progress of "Steel Dialogue."

Sept 26, 1999: Yukio Hatoyama wins Democratic Party of Japan presidency.

Sept 29, 1999: U.S. and Japan exchange notes to establish cooperation on intelligence satellite.