

## JAPAN CHAIR PLATFORM

November 9, 2010

**Green Shoots in the U.S.-Japan Alliance**

Michael J. Green and Nicholas Szechenyi

What a difference a year makes. Last fall at this time, the Obama administration was scrambling to make sense of the Hatoyama government's half-baked promise to counterbalance the United States in Asia and his vacillating pledges to both the American president and Okinawan anti-base activists to "trust" him on Futenma. Five months into the job as Hatoyama's replacement, Prime Minister Naoto Kan is already as bruised and battered as the four short-termers who preceded him, but there is finally a sense that pragmatism has prevailed in the Democratic Party of Japan (DPJ). In fact, managers of the U.S.-Japan security relationship are finding themselves able to explore policy initiatives under the DPJ that might have been difficult even to table in the final beleaguered years of Liberal Democratic Party (LDP) governments. Prime Minister Kan faces bumpy political and economic terrain ahead, but there is positive momentum in the security discourse in Japan that President Obama should encourage when he goes to Yokohama this week.

**An "Active" Foreign Policy**

Kan's rhetoric alone is a notable improvement over his predecessor, and it appears that his government intends to follow up on the pledge he made in his October 1 address to the Diet that Japan will not react passively to regional and global challenges and should "develop an active foreign policy" to secure peace and prosperity. Some seeds of this strategy have already taken shape with respect to security policy. The Kan government dispatched Self-Defense Force (SDF) officers to observe U.S.-Republic of Korea (ROK) military exercises in July to demonstrate solidarity with Seoul in the wake of the March *Cheonan* incident, and trilateral coordination on security matters will continue apace. The Kan government's decisions to dispatch SDF helicopters to support flood relief efforts in Pakistan and extend a Maritime Self-Defense Force (MSDF) antipiracy operation in the Gulf of Aden for a year also indicated a readiness to sustain SDF roles beyond the region.

But it was the "Senkaku Shock" that has really focused the Kan government's attention on the need for a proactive security policy. Kan has taken a domestic political hit for his abrupt and poorly explained decision to return the Chinese fishing captain arrested by Japan's coast guard, once Tokyo came under escalated pressure from Beijing in the form of a rare earth metal embargo and the arrest of four Japanese workers in China on charges of espionage. (One poll showed a 10-point drop in his approval the week after the decision.) However, the hit to Kan's domestic popularity from the decision was not matched by damage to Japan's diplomatic position with the rest of Asia or the United States. In Korea, most newspapers editorialized in favor of Japan's position in the confrontation with China, and senior U.S. officials have expressed relief and satisfaction with the smooth coordination between Tokyo and Washington during and after the incident. Kan and Obama agreed to intensify U.S.-Japan consultations on maritime issues in the western Pacific during a meeting on the margins of the UN General Assembly in New York in September, which will likely lead to a revitalized bilateral dialogue on how to improve the effectiveness and coordination of U.S. and Japanese roles, missions, and capabilities in dealing with the growing Chinese maritime challenge. Foreign Minister Seiji Maehara also raised the prospect of enhancing defense industrial cooperation by stating that Japan should relax the three arms export principles in an interview with the *Washington Post* last month. The DPJ's Study Council on Foreign Relations and National Security subsequently agreed to advocate relaxing the ban on arms exports and reportedly will try to reach a consensus within the party before the release of the National Defense Program Guidelines due in December. Judging from discussions with politicians and officials involved in the effort, there is at least a 50/50 chance that this institutional pillar of postwar Japanese pacifism will be revised in order to enhance Japanese security needs. We should know in a few weeks' time.

Even if Kan's own political headwinds get in the way of increased activism on security policy, there are strong

tailwinds building within the DPJ itself. Former parliamentary vice minister for defense Akihisa Nagashima and former parliamentary vice minister for foreign affairs Shuji Kira, both of the DPJ, issued a comprehensive report in late September outlining a post-*Cheonan* regional security strategy for Japan, that called for closer strategic ties with like-minded states and U.S. allies across the Asia-Pacific region. That is the kind of smart foreign policy strategy that could get no hearing a year ago, but now holds attraction to a DPJ government shaken by unexpected Chinese hubris. Exhibit A was Kan's successful summit meeting with Prime Minister Manmohan Singh of India in Tokyo on October 25, where the two leaders agreed to explore cooperation on rare earth metal extraction and decided to steadily expand security and defense cooperation, including maritime security and joint exercises.

Even on the perennial headaches in U.S.-Japan relations—the relocation of Marine Corps Air Station (MCAS) Futenma and host-nation support—there is a welcome new realism. Kan has repeated his commitment to proceed with the agreement of May 28, 2010, regarding the relocation of MCAS Futenma and vowed to explain the situation to the Okinawan people while working to reduce the burden of hosting U.S. military personnel. Technical work on the agreement continues while all eyes turn to the November 28 gubernatorial election in Okinawa. Kan and Obama could face an almost insurmountable challenge to implementing the original agreement on Futenma, but at least they will face it together. (One can only imagine how such an outcome might have played with Hatoyama and Ozawa still at the helm.) Host-nation support for U.S. bases in Japan could also have erupted as a major bilateral irritant under Kan, but it now appears likely that Japan will continue with current support levels. Again, one could imagine the demagoguing that some sidelined DPJ politicians might have employed had China not rattled Tokyo's confidence and Kan not reimposed some strategic priorities in Japan's foreign policy.

No less important to international security has been Japan's September 3 announcement of sanctions against Iran and Inpex Corporation's withdrawal from the Azadegan oil field project. Rather than fighting to the end to defend residual mercantilist positions in Iran, the Kan government has actually led the international community in the stand against nuclear proliferation and arguably set a standard that encouraged South Korea, Singapore, and Malaysia to follow suit. (The European Union moved before Japan on sanctions in principle, but without the concrete example of implementing measures that Tokyo established for other governments to follow.) When Iran came up in Obama's first press conference with Hatoyama last year, the Japanese prime minister noted only Japan's "special relationship with Iran"—an unhelpful message to Tehran that has now been fully remedied.

On the economic front, Kan was burned when he took head-on the need to increase the consumption tax before the Upper House election on July 11. He has since been more modest, given his government's weaker position in the Diet. However, on foreign economic policy Kan has signaled a new readiness to pursue economic partnership agreements (EPAs) and free trade agreements (FTAs) and announced that Japan would look into participating in negotiations over the Trans-Pacific Partnership to realize a free trade area in the Asia-Pacific region, although the DPJ is divided on the issue. The economic relationship with India took a step forward when Kan and Singh announced the successful conclusion of a Comprehensive Economic Partnership Agreement (CEPA) during the recent summit. Kan and Foreign Minister Maehara also have stressed the importance of economic diplomacy with the United States, perhaps a prelude to a more robust economic dialogue to supplant mostly informal consultations on the margins of multilateral gatherings. Kan also will host the Asia-Pacific Economic Cooperation (APEC) summit in Yokohama and can help shape an agenda for regional economic integration and economic development to hand off to President Obama in preparation for next year's APEC summit in Hawaii.

### **Significant Challenges**

One should not be under any illusions about the numerous challenges that could impact Kan's ability to deliver the "true-to-its-word Cabinet" he championed in his Diet address. Central among the concerns is the degree to which he can implement a real growth strategy. Kan fumbled his first attempt at tax reform but continues to emphasize fiscal consolidation while pursuing a mix of fiscal and monetary policy to stimulate the economy. Less defined is Kan's prescription for long-term growth, outlined in his Diet address, and a growth strategy unveiled in June. A poll published July 13 (just after the Upper House election) by Kyodo News found that the top three issues of concern for the public were economic conditions, taxes, and pensions. Kan faces the unenviable challenge of balancing the need to shore up public finances against the pressure to pursue economic stimulus and will be judged primarily on his stewardship of the economy.

The fundamental variable in all of this is political turmoil in Japan. Kan survived a challenge from Ichiro Ozawa in the September DPJ presidential race, but he leads a minority government after a poor showing in the Upper House election and has yet to lure other parties into a ruling coalition. Kan also lacks a two-thirds majority in the Lower House, which

is necessary to pass bills related to the budget for the next fiscal year. Moreover, the opposition led by the LDP feels emboldened and has begun to hammer Kan on the budget and his handling of the Senkaku incident during Diet deliberations. The LDP also is demanding that Ichiro Ozawa, recently indicted under the cloud of a funding scandal, be summoned to the Diet for questioning, which would anger Ozawa loyalists in the Diet and further complicate Kan's efforts at passing his legislative agenda. It is by no means smooth sailing for Kan, and the worst-case scenario predicts the dissolution of the Diet by spring if he falters.

### **Green Shoots**

Naoto Kan is still trying to establish his footing as prime minister, and his premiership may yet be swept away like his four predecessors' in the larger tsunami of political realignment in Japan. Still, the contrast with his immediate predecessor could not be more striking. The philosophy of *yuai* and utopian visions of an East Asian Community no longer drive the diplomatic agenda, and the government refrains from employing empty rhetoric about an "equal alliance" with the United States. Recent initiatives reflect a proactive approach to policymaking, but Kan is never divorced from the reality that political instability could render this trend short-lived. There is no clear crystal ball about the timeline for political realignment in Japan, and the policymaking process could become messy. But after one year of drift, there are elements of strategic thinking in Tokyo that are green shoots for the U.S.-Japan alliance and Japanese foreign policy writ large. With the G-20 and APEC summits looming, the timing could not be more propitious.

*Michael J. Green is senior adviser and Japan Chair at the Center for Strategic and International Studies (CSIS) and an associate professor at Georgetown University. Nicholas Szechenyi is deputy director and fellow in the Office of the Japan Chair at CSIS.*

*The Japan Chair invites other essays for the Platform. Please contact Eri Hirano at (202) 775-3144 or by e-mail at [ehirano@csis.org](mailto:ehirano@csis.org).*

---

***Japan Chair Platform* is published by the Office of the Japan Chair at the Center for Strategic and International Studies (CSIS), a private, tax-exempt institution focusing on international public policy issues. Its research is nonpartisan and nonproprietary. CSIS does not take specific policy positions. Accordingly, all views, positions, and conclusions expressed in this publication should be understood to be solely those of the author(s).**

**© 2010 by the Center for Strategic and International Studies. All rights reserved.**