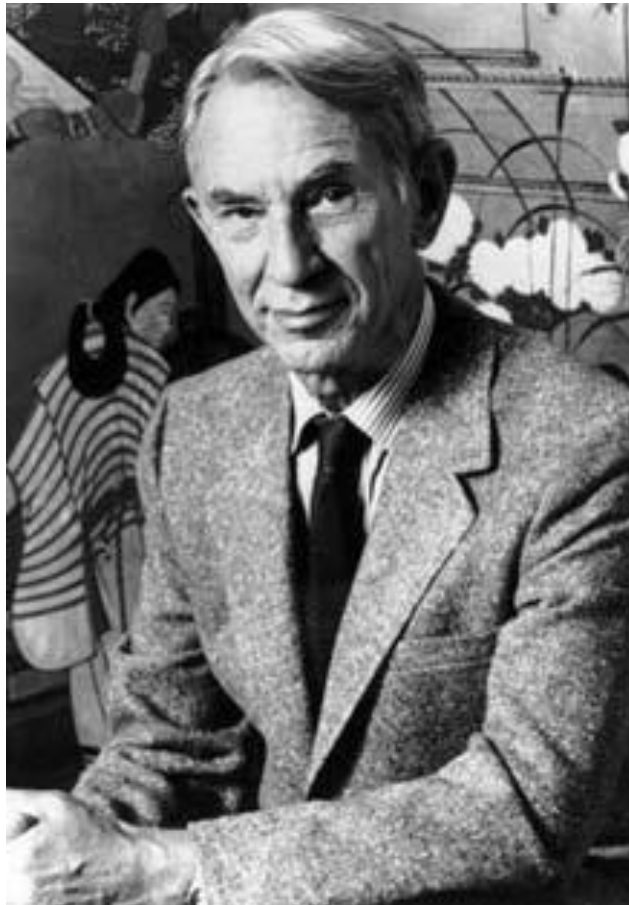


**The Edwin O. Reischauer Center
For East Asian Studies**



**The United States and Japan
in Global Context: 2016**

The Paul H. Nitze School of Advanced International Studies
The Johns Hopkins University
Washington, D.C



Edwin O. Reischauer
October 15, 1910 – September 1, 1990



Yearbook Class of 2016

From Left to Right: Pamela Kennedy, Jane Qiu, Connor Myers, Channa Yu, Christina Banoub, Professor William Brooks, Timothy White, Cheng Zhang, Kelly Isom, Yunping Chen, Xiaoheng Geng, Shuxian Luo, Kaleb Cope
(Absent: Kelli Garrett)

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The Year at the Reischauer Center

Every year at the Reischauer Center seems to make its own distinctive contribution to our history, and this proved to be true once again in 2015-2016. This year we have focused with particular intensity on the subject on energy.

The Reischauer Center was honored this past academic year to be chosen by the Japan Foundation’s Center for Global Partnership as one of four sites nationwide to conduct five-year programs for systematically strengthening Japan Studies research and curriculum development—the others being Harvard, Yale, and Stanford Universities. Our SAIS Reischauer Center elected to strengthen US-Japan policy research, by focusing on options for US-Japan cooperation in five sectors, beginning with energy. Supported by a \$180,000 CGP grant, we inaugurated a Spring Term, 2016 course at SAIS on “Japan’s Energy Future”, and organized two major energy-related conferences at SAIS: (1) the Howard Baker Forum on “Nuclear Power in an Energy and Environmentally Challenged World” (December 10, 2015); and (2) a CGP-sponsored conference on “US-Japan Energy Cooperation” (April 22, 2016).

The Center also sponsored several energy-related lectures, by Hans Mulder of Rijks University in the Netherlands; Hirokazu Saito of Mitsubishi Corporation; Professor Jae-sung Lee of Korea University; and the Reischauer Center’s Director, Professor Kent Calder, among others. These activities were supported by our unusually strong contingent this year of five Visiting Scholars specializing on energy questions, as well as numerous students and Reischauer Policy Research Fellows with energy interests.



Howard Baker Forum

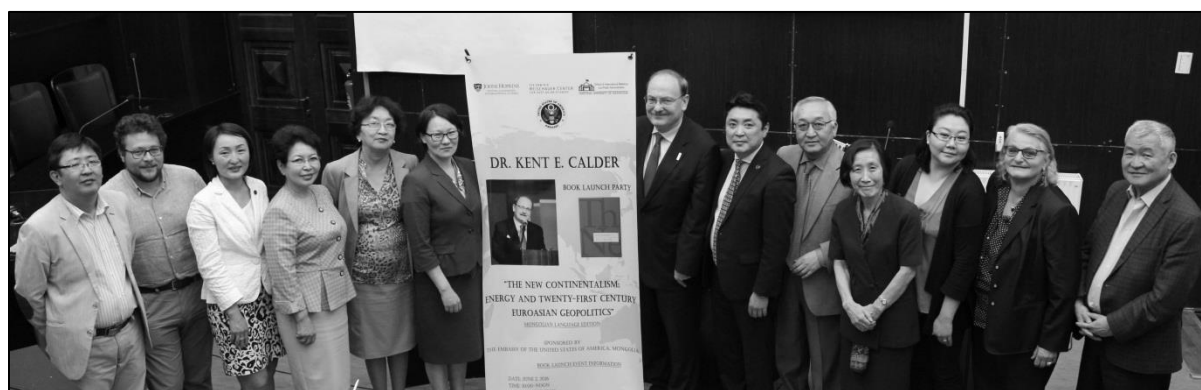
A second major research theme for 2015-2016, likewise generously supported by a CGP grant, was the comparative study of “idea industries” (think tanks, mass media, universities, and their respective policy-making linkages) in Japan, the United States, South Korea, and Canada. This project involved a conference on “A Changing Washington” at SAIS (October 7, 2015); and a parallel workshop on Canada’s idea industry in Vancouver, Canada (also

October, 2015), following an earlier conference at the Foreign Correspondents' Club of Japan (January, 2015); and field research in Korea. The project sponsored speakers such as Professor James McGann of the University of Pennsylvania, and produced a major Reischauer Center-sponsored publication, *The Idea Industries: Comparative Perspectives*, edited by Reischauer Center and Japan Studies Coordinator Michael Kotler.



“Changing Washington” Conference

The third major research theme for this year was “Eurasian Continentalism”. This was pursued at three significant conferences: two jointly sponsored in Mongolia by the Reischauer Center and the National University of Mongolia (July, 2015 and June, 2016); as well as a third in Washington, D.C. The two conferences held in Ulan Baatar were the first scholarly activities ever undertaken by SAIS in Mongolia; the second was also highlighted by the translation of Professor Kent Calder’s book, *The New Continentalism: Energy and Twenty-First-Century Eurasian Geopolitics*, into Mongolian, by a distinguished team headed by Khasbazar Bekhbat, former Mongolian Ambassador to the United States and Director of the Mongolian Diplomatic Academy. The publication reception, on June 2, 2016, was attended by several Reischauer Center researchers, including Professor Calder, and co-sponsored by the US Embassy in Mongolia.



Reception for “The New Continentalism”

Throughout the year, we of course never lost sight of the US-Japan relationship. A central activity in that regard, of course, was the *Yearbook of US-Japan Relations*, presented here. We held a retrospective on Ambassador to Japan Edwin O. Reischauer, by his longtime assistant, former SAIS Dean and Reischauer Center founder George Packard, in honor of Reischauer's 106th birthday (October 15, 2016). Two senior US policymakers—Ambassadors Kurt Tong and Sung Kim—spoke on aspects of US-Japan relations relating to Asia. And we were reminded again of the continuing role of the Reischauer Center in US-Japan cultural relations with the award of an Order of the Rising Sun with Silver Ribbon to Adjunct Lecturer Toshiko Calder—the sixth Imperial decoration received by a Reischauer Center faculty member since its founding in 1984.

Supporting the varied activities of the Reischauer Center throughout the past academic year has been an extraordinary group of researchers, to whom I am personally grateful. These include our eight Visiting Fellows; our large and outstanding corps of five Reischauer Policy Research Fellows; our small but distinguished faculty; our Japan Studies students; and our outstanding Coordinator, Michael Kotler. I am immensely grateful to all of them for making this past year one of the most productive in the Center's long history.

Thirty-two years have now passed since the Reischauer Center was founded. We have continued to stress our original priority: strengthening the US-Japan relationship in a global context, with a special emphasis on how the US and Japan relate to a rising Asia. It gratifies us particularly that through this work we are following in the steps of Edwin O. Reischauer himself, who believed throughout his life that stable relations within Asia, based on a healthy US-Japan relationship, were fundamental to peace and prosperity in the broader world.

Kent E. Calder
Director
Edwin O. Reischauer Center for East Asia Studies
Johns Hopkins School of Advanced International Studies

Reischauer Center Events 2015 - 2016

Reischauer Center Seminars:

<i>Date</i>	<i>Speaker</i>	<i>Title</i>
9/10/2015	Kent E. Calder Director, Reischauer Center for East Asian Studies	Japan, China, and the Post-Sanctions Persian Gulf: Implications for the United States and Global Affairs
9/17/2015	James G. McGann Director, Think Tanks and Civil Societies Program at the University of Pennsylvania	Comparative Think Tanks, Politics, and Public Policy
10/1/2015	Michael D. Swaine Senior Associate, Asia Program, Carnegie Endowment for International Peace	Averting a Deepening U.S.-China Rift over the South China Sea
10/7/2015	Conference supported by the Japan Foundation Center for Global Partnership (CGP)	The Washington Idea Industry in the Comparative Context
10/14/2015	Hans Mulder ABN AMRO Bank N.V.	Deepening Patterns of Europe-Eurasian Energy Integration
10/15/2015	George Packard President, United States-Japan Foundation and Former Dean of the Johns Hopkins SAIS	How Edwin Reischauer Might View East Asia Today
10/19/2015	Conference on Continentalism	Eurasia's Emerging Continentalism: Regional and Global Implications
10/22/2015	Ambassador Kurt Tong Principal Deputy Assistant Secretary, Bureau of Economic and Business Affairs, Department of State	Implications of the Trans-Pacific Partnership
11/5/2015	Ambassador Sung Kim Deputy Assistant Secretary of State for Korea and Japan, Special Representative for North Korea Policy, and Former Ambassador to the Republic of Korea	The United States-Japan-Korea Trilateral Relationship
11/10/2015	George Rose Advisor for Pacific Rim Operations, New York Yankees, and Advisor, Yomiuri Giants	JET Talks: The Past, Present, and Future of Baseball and the US-Japan Relationship

11/19/2015	Hirokazu Saito Deputy General Manager for Europe, CIS, Africa & The Middle East Team, Global Strategy and Business Development Department, Mitsubishi Corporation	Russia's Gas Industry and Potential Asia-Pacific Market: A Point of Transition
12/3/2015	John Lie C.K. Cho Professor at the University of California, Berkeley	The Dream of East Asia
12/10/2015	The Howard Baker Forum	The Washington Conference on Nuclear Power in an Energy and Environmentally Challenged World
1/13/2016	Ambassador Rust Deming Senior Advisor, Reischauer Center for East Asian Studies	The Evolving US-Japan Alliance in a Dynamic East Asia
4/7/2016	Jacopo Pepe Free University of Berlin	Reconnecting Eurasia beyond China: New players, challenges and opportunities for Japan and the Indo-Pacific space
4/14/2016	Takehiko Nakao President, Asian Development Bank	Asian Economic Outlook and the Roles of the Asian Development Bank
4/19/2016	Rt Hon Hugo Swire MP Member of Parliament, Minister of State, Foreign and Commonwealth Office	The United Kingdom's Security Role in Asia: A Town Hall Meeting with the SAIS Community
4/20/2016	Jae-Seung Lee Fulbright Visiting Scholar, Reischauer Center for East Asian Studies, and Professor, Division of International Studies, Korea University	The Conditions of Regional Cooperation in Northeast Asia: Implications from Early European Integration
4/22/2016	Conference supported by the Japan Foundation Center for Global Partnership (CGP)	US-Japan Energy Cooperation
5/5/2016	Thomas Berger Professor of International Relations, Fredrick S. Pardee School of Global Studies, Boston University	Troubled Waters: The Dynamics and Implications of Japan's Disputes over History and Territory
5/12/2016	Ambassador Kurt Tong Principal Deputy Assistant Secretary, Bureau of Economic and Business Affairs, Department of State	The East Asian Economies and the Asian Continent

Brown Bag Luncheon Series:

<i>Date</i>	<i>Speaker</i>	<i>Title</i>
9/3/2015	Reischauer Center Kick Off Luncheon	
10/14/2015	Eunjung Lim Lecturer, Korea Studies, Johns Hopkins SAIS	Multilateral Approach to Spent Fuel Disposal in Asia-Pacific?
2/26/2016	Naohisa Konita Visiting Scholar, Reischauer Center for East Asian Studies from the Japanese Ministry of Finance	The Traditional Multilateral Development Banks and The Newly-Established Bank
3/2/2016	Kosuzu Tatsumi Visiting Scholar, Reischauer Center for East Asian Studies from the Japanese Ministry of Defense	Increasing Importance and Potential of JSDF's Humanitarian Assistance and Disaster Relief Mission
3/11/2016	Ambassador Rust Deming Senior Advisor, Reischauer Center for East Asian Studies, and Former Principal Deputy Secretary for East Asian and Pacific Rim Affairs, Department of State	3/11 – The Great East Japan Earthquake: A Reflection on the Fifth Anniversary of 3/11
3/31/2016	Atsushi Yamakoshi Executive Director, Keidanren USA	Dialogue with Keidanren
4/1/2016	Yasuhiro Nakai Visiting Scholar, Reischauer Center for East Asian Studies from the Japanese Ministry of Economy, Trade and Infrastructure	The Role of the Fast Breeder Reactor in Japan
4/8/2016	Kazumasa Bando Visiting Scholar, Reischauer Center for East Asian Studies from the Sankei Shimbun	Comparing the Nuclear Power Plant Regulatory Agencies in Japan and the United States
4/21/2016	Yasuaki Kobayashi Visiting Scholar, Reischauer Center for East Asian Studies from the Yomiuri Shimbun	The Future of the U.S.-Japan Nuclear Agreement

Introduction

The 2016 yearbook on U.S.-Japan relations in global context is a compilation of original research papers by the students of Johns Hopkins University School of Advanced International Studies (SAIS) on important themes related to the year in question. And what a year has it been, not only for bilateral ties but also for Japan itself! We have seen, for example, another major earthquake, this time in Kyushu, a landslide win for the ruling Liberal Democratic Party (LDP) in the Upper House election, a reinterpretation of the Constitution to allow Japan the right to use the previously banned collective self-defense, a redefinition of Japan's roles and missions in the Alliance through a new set of defense guidelines, growing maritime tensions in the region with an increasingly aggressive China, increasingly provocative nuclear and missile activity from North Korea, Japanese citizens slaughtered by terrorists abroad, a major legal battle over U.S. basing between Tokyo and Okinawa, and a landmark visit by President Obama to Hiroshima.

And at this writing, Japan's political world has been shocked when Emperor Akihito, now 82, addressed the Japanese nation by video in early August to indicate that he would like to abdicate the throne due to his advanced age and declining health.

This issue of the yearbook, generally covering mid-2015 to mid-2016, delves into over a dozen major themes in a collection of insightful papers that SAIS students researched in Washington and Tokyo. The papers cover such topics as: 1) the impact of landmark security legislation passed by the administration of Prime Minister Shinzo Abe on the U.S.-Japan Alliance; 2) the worsening of the state of discord between Okinawa, which hosts the bulk of American bases in Japan, and Tokyo; 3) fixing Okinawa's stagnant economy, 4) Japan's growing strategic partnership with the Philippines in response to China's assertive moves in the region; 5) Japan's new proactive diplomacy toward Myanmar; 6) the uncertainty of Japan's longstanding energy-related policy approach to the Middle East, now complicated by Alliance pressures, terrorism, and growing regional instability; 7) Japan's attempts to respond to terrorism, home-grown and abroad; and 8) the Abe administration's attempt in 2015 to bring to closure the vexing historical issue that has been souring relations with Asian neighbors.

Papers also address: 9) changing patterns of Japanese direct investment in the U.S.; 10) Abe's economic policy approach, dubbed "Womenomics", to pressing gender issues; 11) the reasons why too many young Japanese are opting to stay at home rather than study abroad; and 12) cultivating the rich area of sports diplomacy as fertile ground for growing new cultural bonds between Japan and the United States.

President Obama's Historic Visit to Hiroshima

After the G7 Ise-Shima Summit closed on May 27, President Barack Obama made an historic visit to the Peace Memorial Park in Hiroshima City and offered flowers to the victims of the atomic bombing. In the first such visit by a sitting U.S. president, he gave a speech before the cenotaph, reiterating his determination to pursue "a world without nuclear weapons." Prime Minister Abe accompanied him on this visit.

Even more symbolic, President Obama met representatives of the *hibakusha* or atomic bomb victims for an exchange of words. He even hugged one of them to show his sincere feelings in honoring the victims. See the iconic photo of this meeting below.



Abe's Striking Popularity, Longevity Linked to Leadership

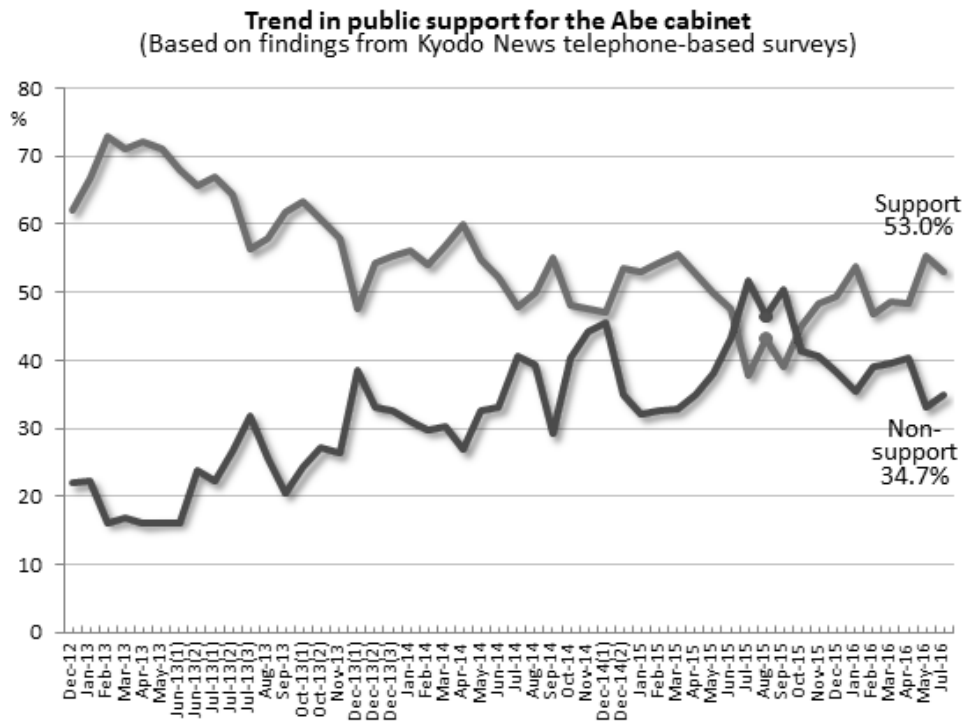
After a string of short-lived political administrations following the long period of stability under Prime Minister Junichiro Koizumi (2001-6) and including three years of failed administrations under the Democratic Party of Japan (DPJ), Shinzo Abe of the LDP returned to the prime minister's position for the second time in December 2012 following a landslide victory in the elections. Now, more than three years later, Abe remains in power with approval ratings having stabilized in the low 50 percent range, according to most polls. As the polls show, the public may not support all of his policies and may still feel that the economy he promised in 2013 to reboot has still not making a tangible difference in their lives, but they have been satisfied enough with his leadership, decisiveness, and, especially, management of the U.S.-Japan relationship.

Despite the public's skepticism about Abe's economic policies – dubbed “Abenomics” – people are generally willing to give him credit for his constant efforts to rescue an economy that has been in a slump for two decades. He has shown a strong willingness, too, to tackle such social issues as childcare and eldercare services and make efforts to narrow the still enormous gender gap. His international diplomacy, too, gets high marks from the public. One area of public wariness – drastic reform of Japan's national security policy, including a reinterpretation of the Constitution – has recently been overridden, if you will, by China's increasingly worrisome maritime actions in the East and South China seas, and by North Korea's escalating nuclear and missile programs that are seen in Japan as a direct and dangerous threat.

The results of the election also reflected the lowering of the voting age from 20 to 18, as flocks of young voters went to the polls for the first time. Significantly, one exit poll showed

40% of these young people voting for the Liberal Democratic Party (LDP), Prime Minister Abe’s party. The public’s consistent support of the LDP and the Abe Cabinet can also be explained by the increasing unpopularity of the opposition parties, especially the Democratic Party of Japan (DPJ) – now renamed the Democratic Party (DP). This can be seen in the low support ratings in the opinion polls and by the dismal results of it and other opposition parties in the July election.

Voters do not want to entrust the country’s security and economy to a fractious and fragmented opposition camp that lacks a strong, coherent policy agenda like Abe’s. They prefer to stick to the LDP and its coalition partner Komeito as the safe choice for the foreseeable future. As a result, Abe is now well into his second term as LDP head, which automatically makes him the prime minister, and there is even talk of changing party rules to allow him a third term after his current one ends in 2018.



Source: U.S. Embassy Japan

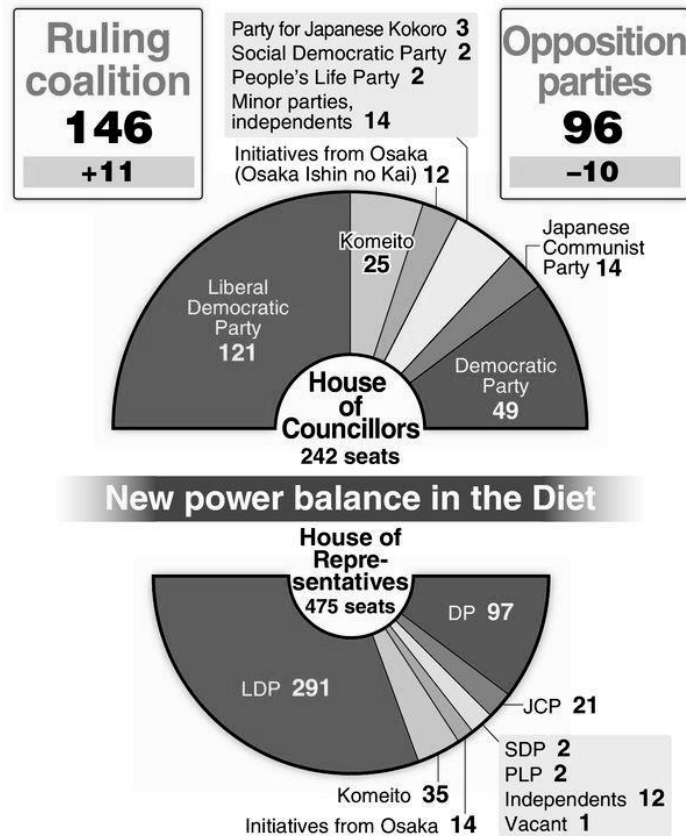
Outstanding Upper-House Win for the Liberal Democratic Party

Abe believes he now has a popular mandate to implement his policy agenda by the decisive victory in the House of Councillors’ election on July 10, 2016. The ruling LDP and Komeito jointly won 69 seats, adding 10 to the 59 they held before the announcement of the election and above the minimum 61 needed to secure a majority of the upper house seats contested this time. Half of the seats of the Upper House are up for election every three years.

After the final tally, the total number of seats won by the ruling coalition effectively rose to 70, with the addition of an LDP endorsed independent candidate who won a seat in the Kanagawa constituency. Combined with the 76 ruling camp seats that were not contested, the total number of upper house seats is now 146 out of 242. This makes the percentage of seats held by the ruling coalition rise to 60.3 percent, the highest ever achieved since the number of upper house seats contested in a single election changed to 121. It was also higher than the 57.4 percent gained by the two parties in the upper house election in 2004, when the popular Junichiro Koizumi was prime minister.

The LDP itself won 55 seats, up five from before the election, and higher than the 51 that the party won in an upper house election in 2010. This was the first time for the LDP to regain a majority in the Upper House in 27 years, adding Tatsuo Hirano, who served as minister of reconstruction under the government led by the Democratic Party of Japan. Now that he has joined the LDP, the party controls 122 seats of the 242-member Upper House.

The significance of this combination is unmistakable. The LDP, Komeito, and two other parties in favor of constitutional revision now account for 163 seats in the chamber, one more than the required two-thirds to initiate a constitutional amendment. A two-thirds majority of both the Lower House and Upper House is required to send a constitutional amendment to voters. Abe now has the capacity to try to fulfill his long-standing goal of constitutional reform.



* Plus-minus figures are comparisons with seat totals prior to Sunday's upper house election. LDP upper house figure includes one additional endorsement. Before election, one upper house seat was vacant.

Gender Gap

In the July 10 election, a record number of 28 women were elected to the Upper House. The number increased from 12 to 50 and accounts for 20% of the total. This may be good news domestically, but internationally, Japan still lags far behind other industrialized nations in female representation in politics. According to data released by the Inter-Parliamentary Union in June, Japan was ranked 155th out of 191 countries, as the percentage of women in the House of Representatives is only 9.5%.

Moreover, the number of female candidates in the recent election declined by nine from the 2013 race to 96, even though a record 28 (17 from electoral constituencies; 11 from proportional representation) won seats. This was an increase of six from three years ago and beat the previous record of 26 set in 2007. The percentage of women for those who won seats also hit a record high of 23.1%.

To promote female participation in politics, the government has set a goal of increasing the percentage of female candidates in Lower and Upper House elections to 30% respectively by 2020. This goal was endorsed in the fourth basic program for gender equality at a cabinet meeting in December last year.

It will be an uphill battle. In the recent Tokyo gubernatorial election, former LDP lawmaker Yuriko Koike, who was a popular news caster before coming into politics, easily won the race, becoming the first woman to ever hold that office. But she had to run as an independent because her party supported a male candidate and openly spurned her as a choice.

Apparently because of Koike's former ties with former Prime Minister Koizumi, now persona non grata in the LDP due to his anti-nuclear power stance, the Abe administration ignored her for cabinet or other posts, even though she had held two cabinet posts in the past. The voters, fed up with a string of scandal-ridden male governors, flocked to the polls to vote for Koike and her messages of honesty, reform, and change.

But having broken through the glass ceiling of Tokyo's male-dominated politics, Koike probably can now expect to be the target of derision and baseless criticism from male politicians holding misogynistic views. It would not be surprising to see scandalous accusations even show up in the tabloids. That type of backlash occurs in other societies as well. It is called "moral licensing," and it explains why when a member of an ethnic or minority group or a woman makes it to a top position, it does not mean that discrimination has ended in the majority society. Koike's breaking the glass ceiling to become governor of Tokyo may find the shards being flung at her. In effect, that part of society that grudgingly accepted a woman for the job may consciously or unconsciously return to their baser instincts and feel that they have the right now to lash out at the token woman who has been let into the exclusive inner sanctum of the society reserved for males (see the works of Malcolm Gladwell on this subject).

Still, even male dominated Japan is becoming aware that a sea change may be needed. Many are beginning to recognize that greater female representation in parliament as well as local government is expected to contribute to producing more effective policies in child-rearing and nursing care, as Koike has already promised. More women in the political system is also expected to give impetus to forceful policies to tackle the nation's declining population; speed up much needed changes in the traditionally male-dominated social system in which women are expected to leave careers to raise children, and create a social infrastructure in which it will be easier for dual-income households to have and raise children.

Prime Minister Abe has taken a proactive gender stance in his economic and social policies, but he, like many Japanese, has ruled out immigration as a quick-fix solution to Japan's demographic crisis. He is resigned to let the population shrink from the current 126 million to the goal of a "stable" 100 million by 2050. The unsolvable part of the problem is the hit the population will take when the aged baby-boomer generation peaks in 2040 and begins to die out. Yes, the demographic trend line could improve if more babies are born, but policies and slogans alone to reach an official fertility-rate goal of 1.8 from the current 1.4 are not enough if the life styles of young Japanese and their attitudes toward marriage and having families do not change drastically.

Prime Minister Abe, as part of "Abenomics," has promoted a set of policy measures dubbed "Womonomics," which would create a society in which "women can shine." **Connor Myers**, in his insightful paper on the gender gap in Japan and Abe's efforts to tackle that issue, gives the Prime Minister credit for his policy efforts, the first of their kind by a Japanese government, but he ultimately concludes that the policy, despite its flashy slogans, lacks teeth. The measures introduced are voluntary, lacking the levers and the forcefulness needed to change mindsets and social trends.

He also notes that the U.S. government is not unconcerned and through its various public diplomacy programs in Japan, it is trying to help promote gender equality. But the results, here too, in spurring Japan to narrow the gender gap are too marginal at this point to make a difference. Moreover, anything more from the U.S. side would be seen in Japan as interfering in domestic affairs. Ultimately, infusions of massive social capital, the shaping of new social attitudes, and the real empowerment of women in the society – going beyond tokenism – will have to come together to change the gloomy demographic future awaiting Japan.

Social infrastructure for urbanized families can be crucial in decisions to raise families: the country is woefully lacking in childcare facilities and trained staff. And ironically, a similar lack of nursing-care facilities and staff is forcing the elderly to be cared for at home by grown children, who may also have children to care for of their own. The situation has received much national attention, and the Abe administration is investing significant funds into filling the two gaps.

Abe eyes 'third term' as LDP president?

Prime Minister Abe has hinted about his interest in a "third term" as president of the LDP in a TV interview on July 10. Speaking in the context of his desire to amend the Constitution,

he said: “A bridge has been built [to enable the Diet to initiate a proposal for constitutional amendment].” He added, “My term [as LDP president] will end in two years, but constitutional amendment is the LDP’s goal and I would like to deal with this issue in a steady fashion.”

Speculation about his seeking a third term is already growing in the media and among those close to Abe. Some assume that Abe might choose to revise the party bylaws to remove the two-term limitation on the LDP presidency, rather than simply extending his term based on the victory in the July Upper House election. In that case, a regular presidential race would be held.

Abe may feel he needs more time in office to complete his strategy for constitutional amendment. His term as LDP president will end in July 2018, but it will be difficult to complete all the processes needed to amend the Constitution by that time. For example, there will have to be debates in the commissions on the Constitution in the lower and upper houses, consolidate opinions from all political parties, and have the Diet initiate a proposal for carrying out a national referendum all by July 2018. But with three more years as LDP president, the process could be completed and the Constitution amended.

Controversy over Security Legislation

For Abe, the most serious test of his leadership that he may believe he passed with flying colors was achieving the enactment of a controversial set of security legislation that sparked massive demonstrations around the Diet when the bills cleared the Upper House on Sept. 17, 2015. The opposition and segments of the media critical of the bills felt they were “rammed” through the Diet, but the Abe administration insisted otherwise. Now that the laws are on the books, and public’s anxiety over them has eased, the basic problem that remains is the question of what happens next.

The public, and indeed many specialists, as well, really do not know how they will be implemented and under what specific scenarios and situations. Indeed, in polls taken in late September 2015, between 70-80% of the public felt that the government’s explanations of the legislation were insufficient.

Public demonstrations continued even after the security bills passed the Diet last September. It is ironic that the day after North Korea exploded its fourth test nuclear bomb on January 6, 2016, creating an international uproar, thousands of demonstrators in Tokyo marched in protest against the security legislation that is designed to protect Japanese citizens from harm by strengthening the Alliance and its deterrence capabilities. Abe was accused of playing up the threat of China as justification for the new set of security laws, but given China’s increasingly assertive actions in both the South and East China seas, the Prime Minister seems to be right this time. But the nuclear test also reminded the populace that North Korea is still the biggest immediate threat to Japan’s safety as it pursues its nuclear and missile programs, despite tough international sanctions.

But the public's threat perception can sometimes be misguided. Based on media coverage of the security legislation, one might come to believe that Japan's efforts to enhance its roles and missions within the security arrangements with the U.S. – as seen in new defense cooperation guidelines issued in April 2015 – makes the country more vulnerable to attack instead of safer due to the stronger deterrence capabilities of the updated alliance.

Moreover, one could gather from the way segments of the media cover security affairs, there is no consensus as to what the SDF should or should not do in the defense of Japan, particularly in situations that place troops in harm's way. The public until now has expected the SDF to patrol Japan's seas and skies and tend to natural disasters, and they are willing to allow the SDF to carry out UN peacekeeping operations, as long as they are risk free. But (and here government explanations may be largely at fault), Abe has called the new security legislation, "the most drastic reform since World War II, while blaming the opposition for fear mongering by calling the legislation "war bills." This is confusing to the public.

Furthermore, regarding what the public fears about risky security legislation, the possibility of Japan actually helping its allies during a combat situation, even one that directly threatens Japan's vital security, does not seem fathomable to many Japanese. Due to the political and academic blowback to the bills, many Japanese accept the accusation by critics that the laws are unconstitutional and should be retracted. In other words, anything that breaks the status quo of Japan's traditional passivity in the U.S.-Japan security arrangements seems to get that kind of reaction. Moreover, a new mythology also is being created, based on the new legislation, including the charge that Japan now has a "war-making capability" and is likely now to follow America willingly or otherwise into one of its future wars. There are few "fact checkers" in the Japanese media to debunk such myths.

In her persuasively argued paper, **Kelly Isom** punctures some of the myths about the security legislation enacted by the Abe administration. She does so by examining the laws in the context of the postwar Yoshida Doctrine, which had kept Japan's contribution to the Alliance to the minimum necessary level. She also notes the current international security environment that is requiring Japan to ratchet up its roles and missions in the Alliance to a reasonable level. She finds little to support the alarmist view that Japan's is heading now in the wrong direction toward becoming a war-making power and much to conclude that the changes initiated by Prime Minister Abe are an extension of a long-standing logical trend toward Japan becoming a more "normal country" able to fulfill its own national security needs and expectations to a limited degree and those of its ally the U.S., without abandoning the basic principles of the Yoshida Doctrine.

New Security Legislation Affects PKO

Perhaps the clearest new duty for the Japan's Self-Defense Forces (SDF) under the new security legislation will involve overseas deployments for United Nations peacekeeping. SDF troops have reportedly started their training for overseas deployments that could conceivably put them in harm's way, for example, protecting UN staff under attack. It is anticipated that such peacekeeping troops will be sent to South Sudan later this year as replacements. The

GSDF troops to be dispatched to South Sudan will center on the No. 5 Infantry Regiment, which is currently stationed in Camp Aomori in northern Japan.

The situation in South Sudan has been deteriorating, with large battles taking place between rival forces. If it is decided, though, that the situation by the fall of 2016 is too unstable and risky, the government may not send the troops to South Sudan in the end.

Okinawa Basing Problem: Never-ending Story

This issue of the yearbook on U.S.-Japan relations features two papers on Okinawa, one probing into the politics of a long-standing U.S. military basing issue and the other asking pointed questions about why the true potential of the Okinawan economy is not being reached. First, **Kaleb Cope** traces back the political battle between Okinawa and the central government over the relocation of MCAS Futenma to another part of the prefecture that stretches back to a government-to-government agreement in 1996 and concludes that all parties – Okinawa, Tokyo, and Washington must share the blame. The outlook for an early and smooth resolution, as summarized below, continues to look grim.

Then, **Kelli Garrett** disputes the long-standing charge that the U.S. bases present on the island prefecture are the main drag on the economy. She points out that with sound planning and development – not pork-barrel for unneeded public works projects – and incentives to keep smart young people from leaving Okinawa for greener job pastures would be a good start for Okinawa to start building an independent or self-sustaining economy of its own, ranging from tourism to high-tech ventures.

The political standoff between Okinawa and the central government has worsened rapidly since base-hardliner Takeshi Onaga was elected governor of Okinawa in November 2014, replacing base-compromiser Hirokazu Nakaima. Over the last year or so, the issue of relocating MCAS Futenma to Henoko Point in northern Okinawa has degenerated into a legal battle between the prefecture and the central government that continues unabated at this writing in mid-2016.

Onaga, who used to be a local member of the LDP, gave all that up in 2012 when he joined the anti-base movement as then mayor of Naha City. When Governor Nakaima, after much consideration, agreed to the central government's reclamation plan at Henoko, the site of Futenma replacement facility, in return for the latest annual installment in Okinawa development funds from the national budget, the local media turned against him as having betrayed the trust of the prefectural residents who insisted that the replacement facility be built outside Okinawa. Onaga joined the movement and ran against Nakaima and won.

Since then, he has led a legal battle against the Henoko relocation of monumental proportion. But except for his no-compromise stand calling for a halt to the Henoko project, the governor has no apparent game plan to end the stalemate, and Futenma Air Station remains open.

Governor Onaga even took his case to the United Nations last September in order to court world opinion to support Okinawa's charge that base relocation violated Okinawan human rights. He delivered a speech at the UN Human Rights Council in Switzerland, a first for an Okinawan governor. In depicting Okinawans as the victims of discrimination due the relocation project going against public opinion that wanted the base moved outside the prefecture, Onaga hoped to sway international opinion to pressure Japan to change its tactic of forcing Okinawa to accept the current relocation plan. The effort, however, only served to make Tokyo to dig in its heels even deeper.

Only a week before, he announced that he would revoke a permit his predecessor Nakaima had given to the central government allowing landfill work to start at the Henoko site. The last time that Okinawa engaged in a legal battle over the U.S. bases with the central government was in 1995, shortly after the schoolgirl rape incident. Then Governor Masahide Ota refused to give permission to the U.S. military to use private land as before at certain military facilities. The central government, then under Prime Minister Ryutaro Hashimoto, filed a lawsuit against the governor. Ultimately, in 1996, the Supreme Court ruled in the State's favor. Based on that precedent, it seems highly unlikely that the legal steps Onaga has been taking can be successful in the end. In fact, on July 22, 2016, the central government has finally filed a lawsuit against Governor Onaga, which could turn into a replay of the Ota case two decades ago.

The basing issue in 2016 became even more volatile with the rape and murder of a 20-year old woman in Okinawa by a former U.S. Marine working as a civilian contractor at Kadena Air Base. Okinawans saw this as yet another horrible incident in the growing list of heinous crimes linked to the presence of the bases. The result was anger, outrage, and mass protests. Although the confessed perpetrator is in Japanese custody and will be tried properly under Japanese law, the incident inflicted severe damage to U.S.-Okinawan ties, already at a nadir over the nasty legal dispute between the prefecture and the central government.

The return of MCAS Futenma was promised also under the SACO and subsequent agreements between the U.S. and Japan. Currently, Futenma is home of the 1st Marine Aircraft Wing and outfitted with MV-22 Ospreys, F/A-18 Super Hornet fighter aircraft, AH-1W Super Cobra attack helicopters and AV-8B Harrier jump jets. The aircraft are scheduled for relocation to a new runway on the shore of Camp Schwab, a Marine facility in the remote northern part of Okinawa.

Futenma Air Station is not the only facility scheduled for return that Okinawan politics have blocked. For two decades, the U.S. military in Japan has tried to return 4,000 hectares (15.4 square miles) of land in Okinawa back to the Japanese government. The reversion would reduce the amount of land used by U.S. forces on Okinawa by 17%.

The area is a section of the Northern Training Area on Okinawa used for jungle warfare. The conditional land return is part of the 1996 Special Action Committee on Okinawa (SACO) report – as was Futenma. This would be the largest parcel of land returned to the Japanese government since Okinawa's reversion in 1972.

And that is not the end of the never-ending story: This partial return of land used by the U.S. military is only one portion of other long-stalled initiatives and agreements with Japan to consolidate U.S. bases and facilities on Okinawa. In a 2006 agreement, most facilities south of Kadena Air Base including Futenma would be returned to Japan, and up to 9,000 U.S. Marines would be moved out of Okinawa. Little has happened, though, due to the Henoko delay.

Local protesters have blocked the return of the Northern Training Area because it is contingent upon the bilaterally agreed upon relocation of six landing zones and associated access roads to the remaining portion of the Northern Training Area. The landing zones are required so U.S. forces can continue to train in order to meet their requirements under the Treaty of Mutual Cooperation and Security. The Japanese government recently resumed work at the site.

The Abe administration continues to take an unyielding position on the contentious base issue, and it has brought the dispute with Okinawa to the courts for the second time. However, the ruling parties have lost all six seats from Okinawa in both chambers – a crystal-clear barometer of the Okinawa people’s anti-base sentiment. The administration’s “carrot and stick” approach that links the base burden and financial aid has failed, as evidenced by the defeat of then minister for Okinawa Aiko Shimajiri in the last upper house election. Is there another path to a solution to the issue than forcing the Okinawa to accept a relocation it has rejected for two decades? At this stage, neither side has shown any willingness to compromise. And the U.S. has shown no signs of reviewing the plan for the relocation project. The legal battle will likely continue to the end in the courts.

In fact, there is a possibility that matters could become even worse. According to press reports, the Abe government began on August 3 a review of its longstanding policy of separating Okinawa economic development measures from U.S. military base issues. The policy of direct linkage between progress made in base policies, such as the construction of the new runways at Henoko, and economic measures will effectively be sanctioned. Specifically, the Kantei [Prime Minister's Official Residence] is thinking of slashing fiscal 2017 allocations for Okinawa, and the extension of tax breaks for Okinawa is expected to be evaluated strictly. It is believed that such a drastic tactic would not only put pressure on Governor Onaga to soften his opposition to the Henoko project, but also to drive a wedge between the Okinawa government and the business sector. If the reports are true, the government’s adoption of this linkage policy will mean a major shift in the economic development policy for Okinawa since its reversion to Japanese administration in 1972.

And when matters could not be worse, the daily Yomiuri on August 19 reported that the Abe administration, based on an anticipated long delay in the Henoko relocation project, has decided to go ahead with a planned major modernization of Futenma Air Station involving some 20 aging base facilities such as the hangars. The work will start in March 2017 and will cost an estimated several tens of billions of yen in government funding. Renewing the aging facilities may make them safer, but Okinawans are more likely to respond angrily, seeing the renovation as ensuring that the base will remain open permanently.

Abe's Lifelong Goal of Constitutional Reform

While the Japanese public in recent years has tended to go along with constitutional reform as a general concept, as seen in opinion surveys, there has been steady resistance to revising the war-renouncing Article 9. In *Mainichi Shimbun* polls over the years on constitutional revision, a high of 65% of the public agreed with the concept in 2006 and 2012, but the number has been dwindling since Prime Minister Abe came into office in December 2012. In the spring 2016 survey, only 46% of respondents said they favored constitutional revision, while only 27% approved of changing Article 9 and a majority of respondents, and 52%, were against it. In that context, it seems unlikely that the Abe administration – even with its decisive win in the July 2016 Upper House election – will be able to easily persuade the Japanese public to support amending the Constitution in any way, let alone Article 9. Not that the administration will not try, however.

Most of the Japanese public is concerned with the state of Japan's economy and their livelihoods, and not with such bold initiatives as making changes in the Constitution that might alter the very nature of Japan's postwar security posture.

Moreover, even Abe's own party, the LDP, is not unified on the issue of revising Article 9. On October 6, 2015, Foreign Minister Fumio Kishida told his faction in the party that such a move was not on its agenda. In rejecting Article 9 revision, Kishida, who significantly hails from Hiroshima, the center of the peace movement in Japan, stressed the faction's liberal roots, traced back to Hayato Ikeda in the early 1960s and Masayoshi Ohira in the late 1970s – both prime ministers known for their dovish positions.

For the time being, it would seem that the Abe Cabinet's reinterpretation of the Constitution in 2014 to allow Japan the right to exercise a limited use of collective self-defense in a carefully defined Alliance or PKO context is about the maximum that the Prime Minister will achieve during his tenure that ends in 2018. There is speculation about the party changing the rules to allow him a third term as party president and thus prime minister, but even so, the road to revising Article 9, without strong support from the public at large, will likely be difficult.

That does not mean Prime Minister Abe has given up on his lifelong goal. On August 3, 2016, he told the press that he still is eager to amend the Constitution by the end of his term as president of the ruling Liberal Democratic Party in September 2018. He said, "It's natural for me to wish to realize it during my term," but he then added, "That's not so easy. It's necessary to move on step by step in real politics." In theory, though, he could do it – though the public will not necessarily be behind such a radical move. In the House of Councillors election in July, lawmakers advocating constitutional amendments – not necessarily Article 9, though – now account for more than two-thirds of the Upper House seats. Such lawmakers already hold a two-third majority in the House of Representatives. Proposals to amend the Constitution need to be approved by a two-third majority in both Diet chambers before being put to a national referendum.

China's Maritime Assertiveness

Over the last year, there has hardly been a day when China's maritime moves in the East and South China seas have not made headlines in Japan. The China problem has become the top priority diplomatic and security challenge of the Abe administration. For a while it seemed that China was limiting its aggressive movements to the South China Sea series of territorial disputes between it and certain ASEAN countries like the Philippines and Vietnam. Everyone was waiting anxiously for the International Tribunal on the Law of the Sea issued a ruling in the case 'The Republic of Philippines v. The People's Republic of China' on whether there was a legal basis for China's claims within its self-proclaimed boundary, the 'Nine Dash Line', and where the various man-made islands claimed by China are valid for generating an exclusive economic zone.

An international tribunal ruled on July 12, 2015 that China's claims to historic and economic rights in most of the South China Sea have no legal basis.¹ This has been a severe setback to Beijing, which immediately rejected the finding and vowed to ignore it. It also could mean that China will intensify its efforts to establish its control by force. The tribunal at the Permanent Court of Arbitration in The Hague said China couldn't claim historic rights in all the waters within a "nine-dash" line used by Beijing to delineate its South China Sea claims. That was the most significant element of an unprecedented legal challenge to China's claims that was brought in 2013 by the Philippines, one of five governments whose claims in the South China Sea overlap with China's under the nine-dash line.

In another blow for Beijing, the tribunal decided that China wasn't entitled to an exclusive economic zone, or EEZ, extending up to 200 nautical miles from any outcrop in the Spratlys archipelago including the largest, Itu Aba, which is claimed by China but controlled by Taiwan.

National Defense: The White Paper for 2016

The latest Defense White Paper released in August 2016 shows even more Japanese government concern than the 2015 white paper over China's maritime assertiveness and militarization in disputed waters, not only in the East China Sea, where much of the activity is close to the Senkaku Islands, that China also claims, but also the South China Sea. In fiscal 2015 (the year ending March 31, 2016), Japan has scrambled SDF jets against Chinese aircraft approaching its airspace some 571 times, the highest figure in 15 years. In the South China Sea, where China has militarized man-made islands and claims most of that body of water, skirmishes with the Philippines over territorial disputes have prompted the U.S. and Japan to toughen their stances.

In that context, Japan under Abe has taken pains to put together a carefully thought out "strategic partnership" with the Philippines that **Shuxian Luo** has meticulously examined in her paper on Japan-Philippines relations (see summary below).

¹ PCA Case N° 2013-19, Accessed via: (<http://www.andrewerickson.com/wp-content/uploads/2016/07/PH-CN-20160712-Award.pdf>).

New Provocations in the East China Sea in August 2016

China, starting on August 5, 2015, suddenly launched a new provocation in the East China Sea designed apparently to test Japan's defense fortitude and the Alliance, as well as to try to extend its de facto hegemony closer and closer toward the Japanese archipelago. As spotted by the Japanese Coast Guard on August 5, China sent two of its coast guard vessels into Japanese territorial waters near the disputed Senkaku Islands, while seven more ships remained just outside. In addition, a flotilla of some 230 Chinese fishing boats accompanied the coast guard vessels. Japan immediately launched an official protest against the violation. Between August 5 and August 8 (at this writing), a total of 27 Chinese Coast Guard vessels have been following the fishing boats, with some official ships entering Japan's territorial waters.

When challenged at sea by Japan's Coast Guard vessels, the Chinese ships responded that they were in China's own waters and refused to leave. The Japanese see such acts as a de-facto occupation of Japanese waters. Analysts believe that China is doing such apparently to create a fait accompli that their ships may do as they please in their own claimed waters and reject the notion that there exists a territorial dispute over the Senkakus. It also would seem that the disputes in the South and East China seas have been definitely linked -- almost treated as one issue in tactical terms.

China's military activities in the East China Sea near the Senkakus are not limited to ship incursions. During the first six months of 2016, Japanese ASDF jet fighters scrambled a total of 397 times against approaching Chinese military jet fighters, setting a new record. One of the fighters even approached within 50 kilometers of Japan's territorial airspace near the isles.

China's Defense Ministry has angrily rejected accusations from Japan that the Chinese military is destabilizing the regional military balance by seeking to change the status-quo in the East and South China Seas, accusing Japan of seeking to deceive the international community and sow discord between China and its neighbors. A ministry statement issued on August 2 said that Japan's annual white paper was "full of lousy clichés, makes irresponsible remarks on China's normal and legal national defense and military development (and) hypes up the East and South China Sea issues." "The ultimate objective of Japan is to cook (up) excuses for adjusting by leaps and bounds its military and security policies and accelerating its arms expansion, even rewriting the pacifist constitution," the statement said, referring to Abe's security legislation passed last year.

Japan in the meantime has also protested to Beijing its recent installation of a radar outpost on one of China's oil rigs in the East China Sea. There is deep concern in Tokyo that this may be the start of China's attempt to use its many oil rigs for military purposes in those waters.

Some Japanese officials speculate that China is escalating its actions in the East China Sea as retaliation for the legal actions taken against its claims in the South China Sea and to pressure Japan not to take further actions that irritate China. Prof. Yoshihiko Yamada of Tokai University, an expert on marine policy and China's maritime advancement, said:

“Following the court of arbitration’s ruling on the South China Sea, China apparently aims to demonstrate its aggressive stance in the East China Sea to prevent criticism from erupting domestically that Beijing has become weak-kneed in its maritime advancement policy.” (Yomiuri Shimbun, Aug. 8, 2016)

Some analysts say that Japan is ultimately to blame for the recent escalation because it has been leading an international effort to “encircle” China in a bid to pressure China to accept the Hague Tribunal Ruling and that the recent incursions by Chinese government ships into Japan’s territorial waters may be a kind of retaliation for that policy. The analysts add that Beijing is also playing to a domestic audience, wanting to appear to act tough in the eyes of the Chinese people.

Worried about the surge in Chinese patrol ships in the waters near the Senkaku Islands, the U.S. government through a spokesperson in Washington weighed in on August 10, expressing its opposition to “any unilateral action that seeks to undermine Japan’s administration of the Senkaku Islands.” The spokesperson noted that the islands fall under Article 5 of the U.S.-Japan Security Treaty as a territory administered by Japan.

Abe Diplomacy: Reconciliation with China and South Korea?

It would be hard to see it from the continuing Chinese incursions into waters near the disputed Senkaku Islands, as well as the tensions over China’s aggressive stance and militarization of man-made islands in the South China Sea, but political relations between Japan and those two countries, starting at the summit level, have slowly been improving over the last year or so.

It will take a while, though, for popular opinion to return from historic negative highs to more normal levels of a decade or so ago. The latest Cabinet Office annual survey of foreign relations, released in March 2016, shows 83.2% of the Japanese public do not have close feelings toward China, up slightly from the year before. This is the highest level of negative feelings toward China since 1978, when relations with that country started to improve under the moderate policies of Deng Xiaoping. Only 14.8% of the Japanese public felt close to China in the 2016 survey. (In contrast, 84.4% said they had close feelings toward the United States in the same survey.) Moreover, 85.7% of the Japanese public said they did not regard Japan-China relations to be in good shape, another record high.

The survey also shows ill-will still prevalent toward South Korea among Japanese, with 64.7% of the public replying that they did not have close feelings toward that country. Though this was down 1.7% from the 2015 survey, the level of negative feelings toward the ROK has remained high.

Most of the ill-will between Japan and China stems from the territorial dispute in the East China Sea and China’s provocative moves in the waters near Japan. The history issue has taken a back seat in recent years, except of course when Prime Minister Abe visited Yasukuni Shrine in Dec. 2013. With South Korea, on the other hand, historical reconciliation,

in particular the issue of the comfort women or World War II military sex slaves, most of whom were Korean women, has poisoned relations for years.

Comfort-Women Issue: Brought to Closure?

The comfort women issue has been a pending problem between Japan and South Korea since the early 1990s. It was acknowledged in a bilateral agreement late last year that the issue would be resolved “finally and irreversibly.” Prime Minister Shinzo Abe insisted on having this phrase included during the negotiations, reportedly because he was concerned that otherwise South Korea might bring the matter up again and again.

So for Abe, 2015 became the year for bringing the comfort women issue to an official closure, although popular emotions, particularly in the ROK, remain volatile. In November last year, Prime Minister Abe and South Korean President Park Geun-hye held a bilateral summit meeting for the first time in about three years, and this meeting led to the two governments reaching an historic agreement on the comfort women issue in December that included an official apology and specific compensatory measures to the surviving victims. In fact, working level officials from both countries had been moving in that direction for months on that and other pending issues, that reached a climax in November with the bilateral summit meeting. The catalyst for the gradual thawing of official ties was not simply the strong desire by the two leaders to bring matters to closure. Pressure from the U.S. for the two countries to improve ties for security reasons and the increasingly unpredictable and dangerous moves of a nuclear trigger-happy Kim Jong-un in North Korea undoubtedly hastened decisions to repair bilateral ties.

On July 20, 2016, Japan’s Genron NPO and South Korea’s East Asia Institute announced the results of their joint public opinion poll conducted in June and July in the two countries. Some 50.9% of Japanese said that Japan-South Korea relations are currently “poor,” an improvement of 14.5 percentage points from the previous poll conducted in April and May 2015. The figure for Korean respondents was 62.3%, a drop of 16.0 points from last year.

It is thought that the official warming in the bilateral relationship starting with the November summit and culminating with the comfort-women deal was reflected in people’s assessment of bilateral ties. When asked if they welcomed the Japan-ROK agreement on the comfort women issue, however, 47.9% of Japanese respondents said they approved of it but only 28.1% of South Korean respondents said the same. It apparently will take time for Koreans to accept the significance of the landmark agreement.²

In her fascinating paper, **Cheng Zhang** explores the evolution of historical revisionism in Japan and efforts of Japanese governments since the 1980s to reach reconciliation. She argues that revisionism and reconciliation are two policy tools used at home and abroad by Japanese leaders to fulfill economic, political, and security interests. The emergence of historical revisionist views among conservatives in Japan dates to the 1960s, but the issue did not draw international attention until the early 1980s when it was discovered that officially vetted Japanese history textbooks contained passages considered offensive by South Korea

² For the detailed results of the survey: <http://www.genron-npo.net/world/archives/6313.html>.

and China. It took the personal efforts of Prime Minister Yasuhiro Nakasone to assuage Asian sentiments.

Reconciliation with Asian nations that suffered from Japan's colonial treatment or wartime aggression has been a challenging issue for conservative politics in Japan throughout the postwar period. For the current Abe administration, regional peace and stability and Japan's national security are top priorities, and the Prime Minister seems to have realized that only reconciliation that bring historical issues to closure will allow him to satisfy those priorities. Domestically, Abe's policy mix – Abenomics – to boost the economy involve more than short-term fiscal and monetary policy fixes, he also has introduced long-term structural reforms that are key to the country's economic future. But he also has to appeal to his support base among conservatives by making such gestures as his one-time-only Yasukuni visit. Without anchoring conservative support for his reform agenda, which includes radical changes in the heretofore protected agricultural sector, success cannot be guaranteed. He has also appointed to cabinet positions LDP lawmakers with well-known revisionist views.

North Korea Threat Brings Japan, U.S., South Korea Closer

The North Korean regime of Kim Jung Un started out 2016 with a bang, literally, by testing on January 6 its fourth nuclear weapon. This time, Pyongyang said the weapon was a hydrogen bomb, indicating that the country's nuclear weapons technology continues to advance. The Kim regime also claims it is miniaturizing its nuclear weaponry so that it can be mounted in the warhead of a missile capable of reaching Japan or even the United States. Following the latest nuclear bomb test, Prime Minister Abe called it a "grave threat" to Japan's security, and Japan, as a non-permanent member of the UN Security Council worked with other members on a statement denouncing the DPRK. Japan's new National Security Council was put to work collecting and analyzing intelligence almost as if in a contingency mode.

North Korea also has resumed its series of provocative missile test launches headed in Japan's direction. The latest missile launch on Aug. 3, 2016, flew 1,000 kilometers to land in waters 250 kilometers west of the Oga Peninsula in Japan's Akita Prefecture. This was the first time that a North Korean missile warhead has fallen into Japan's EEZ, prompting Prime Minister Abe to call it a "grave threat to Japan's security."

The launch coincidentally came at a time when Abe in a post-election cabinet reshuffle appointed as his new defense minister a hawkish lawmaker, Tomomi Inada, who takes a radical revisionist view of Japan's wartime history. She also wants to revise the Constitution, including removing that part of the war-renouncing Article 9 that states: "Land, sea and naval forces, as well as other war potential, will never be maintained." It is a puzzle as to why Abe appointed someone with no apparent defense background to manage the nation's security affairs at a time of escalating maritime tensions with China and an increasingly reckless North Korea.

Shaken by the latest missile launch, Tokyo is planning to keep an order issued by the defense minister to intercept and destroy incoming ballistic missiles launched by North Korea permanently in effect, according to reports. The government felt it necessary to be on constant alert, since North Korea has been repeatedly launching ballistic missiles from mobile launch-pads, making it difficult to detect signs of a possible impending launch.

By putting the order permanently in effect, Aegis destroyers dispatched to the Sea of Japan can be prepared for contingencies and will be able to intercept incoming missiles with SM-3 interceptors. Patriot Advanced Capability-3 (PAC-3) surface-to-air guided missile units will also be made ready for rapid deployment at places such as the Defense Ministry in the Ichigaya district of Tokyo.

Since the Kim Jong Un regime came into power in late 2011, it has fired at least 30 ballistic missiles. The medium-range Rodong, the Musudan of the same category with a range of from 2,500 kilometers to 4,000 kilometers and the short-range Scud with a range of 500 kilometers, have been launched successively. Because they are launched from mobile launch-pads, in many cases, the Japanese government was unable to issue an interception order based on signs of an imminent launch.

Abe's strategic partnerships in the region

The diplomacy of Prime Minister Abe since early 2013 has been driven not only by traditional economic interests, there also has been an overt strategic and proactive component that has been driven by Abe's strong desire to counter Chinese influence in Asia as well as other parts of the world. The rivalry of Japan and China has played out across the globe, aimed at countering China's economic and political influence. In Asia, Abe has moved expeditiously and vigorously to strengthen defense cooperation ties with Japan's ally, the United States, build strategic partnerships with such regional actors as Australia, India and certain ASEAN countries as the Philippines, Vietnam, Indonesia and, recently, Myanmar.

After years of relations soured by historical issues and a territorial dispute, Japan under Abe moved deliberately in 2015 to repair ties with South Korea, centered on summitry diplomacy with President Park Geun-hye and a final high-level resolution of the wartime sexual slavery (comfort women) issue. Moreover, Japan has finally broken the taboo of weapons exports to friendly or strategically important countries, and in its proactive diplomacy, may have begun to quietly develop the early framework for regional security architecture.

During 2015, for example, Japan's strategic partnership with the Philippines was given a boost by commitments made during the visit to Tokyo of President Benigno Aquino III. Ties between the two countries had long been close, largely the legacy of the Fukuda Doctrine (Prime Minister Takeo Fukuda) of 1977 that ushered in a period of summitry diplomacy and massive economic assistance. In recent years, however, China's advances in the region in recent years drove the security interests of Japan and the Philippines closer, as seen in a 2011 defense agreement.

The U.S., seriously concerned about China's maritime advancement, has dispatched destroyers to the South China Sea, and the two countries have engaged in a diplomatic war of words over U.S. naval activity in waters near China's land reclamation at the seven reefs in the area. Japan was informally invited by the U.S. Navy to join patrols in the South China Sea, but so far has refrained from deploying the MSDF there out of legal concerns, as well as the reality that it lacks the resources to cover both the East China and the South China seas. Providing defense equipment to the Philippines represents the limit of what Japan at this point is willing or able to do. Some in Japan are concerned already that its security involvement in the South China Sea, even to the current limited extent, could result in China taking provocative actions in retaliation against the Senkakus. Indeed, the recent early August escalation of Chinese intrusions into Japanese waters near the isles seems to bear that out.

China claims almost the entire South China Sea where about \$5 trillion worth of trade passes every year. Brunei, Malaysia, the Philippines, Taiwan and Vietnam also have claims on the sea believed to have rich deposits of oil and gas. China says it has "indisputable sovereignty" over the area it claims and has refused to recognize a UN Law of the Sea court ruling handed down this summer in a case brought by the Philippines. Japan urged China to adhere to the ruling, saying it was binding, prompting a warning from China not to interfere.

Prime Minister Abe's proactive diplomacy in South East Asia has placed it squarely at odds with a recalcitrant China. The Abe administration's increasingly bold efforts to build the defense capacities of the Philippines and other countries affected by China's maritime assertiveness have exacerbated the situation.

Since Abe came into office in December 2012, his government has lifted a long-standing ban on arms exports that allows it to send select equipment to friendly countries, while skirting the no-war restrictions of Article 9 of the Constitution. For starters, Tokyo decided to lend TC-90 training airplanes to the Philippines navy. The aircraft will be used for observation and surveillance of the Spratly Islands, the subject of the territorial dispute between Manila and Beijing. The Philippines originally wanted P-3C patrol aircraft, but Japan insisted on only lending the TC-90 planes, which have neither weaponry nor radar.

On the defense transfer agenda, since the initial lending arrangement, Japan has shown increasing willingness to transfer other equipment, such as ten 44-metre (144-ft) mid-sized coast guard ships, worth 8.8 billion pesos (\$188.52 million), already delivered.

In addition, the government revealed on August 12, 2016, that Japan is ready to move to the next stage of its defense equipment deal with the Philippines. The two governments reportedly have begun talks to provide the Philippines with two large coast guard ships to help Manila patrol the disputed area of the South China Sea. The new deal was discussed in a meeting between Philippine President Rodrigo Duterte and Foreign Minister Fumio Kishida on August 11 in southern Davao City.

Shuxian Luo in her paper assesses Japan's evolving role in the South China Sea, focusing mainly on its relations with the Philippines, but it also examines broader regional

developments since 2009 that have compelled Japan to react with what might be called a sea-change in its usual even-handed policy approaches to ASEAN countries and other regional actors. The third part analyzes Japan's policy tools and their potential constraints. In the conclusion, the paper assesses the implications of Japan's deeper involvement in the South China Sea disputes, and it provides an outlook for Japan's future role in East Asian maritime security within the framework of the alliance with the U.S.

Luo expertly examines that theme against the backdrop of maritime territorial disputes in the South China Sea and the recent application of updated U.S.-Japan security ties to that region. She argues persuasively that although Japan will not join the U.S. Navy in patrolling or other engaging China directly in the region, it is helping countries like the Philippines to build capacity to defend its territories in disputed waters.

Japan, India Strengthen Security Ties

Japan's strategic partnership with India has also been strengthened significantly under Prime Minister Abe, who has met with Prime Minister Narendra Modi six times already since 2013. In addition, a trilateral security dialogue at senior official levels has been continuing since 2011, centered on ensuring maritime security at a time of China's growing assertiveness at sea. In addition, since most of Japan's shipping from the Middle East passes through the Indian Ocean, where China is also seeking to extend its maritime influence, Japan in October 2015 joined India and the U.S. in the Malabar naval exercises, the MSDF sending a destroyer to the Bay of Bengal. In June 2016, the MSDF took part again in the trilateral exercises. This was the fifth for Japan to participate, the locale moving each time to one of the three partners.

In a meeting of defense ministers in mid-July, Japan and India agreed to further strengthen maritime security ties, again focusing on China's military assertiveness in Asian waters. Minister of Defense Gen Nakatani met with counterpart Manohar Parrikar at the Indian defense ministry in New Delhi to discuss the aftermath of the Hague Tribunal ruling rejecting China's maritime claims in the South China Sea and what kind of maritime strategy to use in dealing with China's increased military activities in the Indian Ocean.

Myanmar: Fledgling Strategic Partner for Japan

One of Prime Minister Shinzo Abe's early trips overseas soon after taking office was to Myanmar in late May 2013. It was a groundbreaking visit, for no Japanese leader had visited that country since 1977, when Takeo Fukuda was prime minister and Myanmar was then called Burma. Abe's visit followed that of Aung San Suu Kyi, leader of Myanmar's largest opposition party, the National League for Democracy, who spent a week in Japan during mid-April.

Abe's purpose in going to Myanmar was ostensibly to deepen bilateral economic relations by promising significant official development assistance to help improve the country's infrastructure. But his other goal was part of a proactive diplomacy to counter China's strong influence in that country. In essence, Abe intends to enhance ties with

Myanmar and other Asian countries as part of a broader strategy of encircling China with countries friendly to Japan. One could argue that Abe's ultimate goal may be to form the beginnings of a strategic partnership with Myanmar on par perhaps with those already being cultivated with other countries like India, the Philippines, and Vietnam.

In her paper, **Xiaoheng Geng** traces Japan's historical ties with Myanmar until the Abe administration and examines the motivation behind Japan's keen interest in maintaining links with that country even during the decades when the country as Burma was under a military junta that suppressed democracy.

The paper is richly detailed and is a must read for those unfamiliar with Japan's deep ties with that country that are now resurfacing with Myanmar's reentry into the international community of fledgling democracies. Japan after the military junta took over in 1988 was forced to reevaluate its then burgeoning postwar relationship with then Burma. Pressured by the West, it suspended its yen loans—a major part of its official development aid (ODA)—to Burma, due to the political turmoil and the violent imposition of military rule under the new junta in that Southeast Asian country. The suspension lasted for more than a decade, until 2012, when a series of political and economic reforms was initiated by the Thein Sein administration, ushering in a period of democratization and the release of Aung San Suu Kyi from years of house arrest.

Prior to its suspension, Japan's ODA was provided mostly out of strong sentimentality towards Burma fostered during and after World War II, as well as the fact that Burma was a recipient of convenience under the Cold War system. However, when economic assistance was finally resumed in 2012, Myanmar manifested new strategic importance to Japan, in terms of both private-sector investment and Japan's regional power in Asia vis-à-vis China. Japan's sentimentality to Myanmar and the consensus between the LDP and DPJ on assisting Naypyidaw in its reform agenda laid the foundation for the fast-track decision of ODA resumption. But the motivation of the Abe administration, however, goes beyond nostalgia. Japan is approaching this so-called "last frontier" of the Asian market with both rational and strategic calculations.

Under Prime Minister Abe, Japan and Myanmar are now eyeing the possibility of building defense ties. In June, Defense Minister Gen Nakatani visited Myanmar to discuss potential assistance to that country's military during meetings with the country's leaders. Nakatani met with the head of Myanmar's military Senior General Min Aung Hlaing, his counterpart Lt. Gen. Sein Win, and democracy icon Aung San Suu Kyi who assumed the position of State Counselor following historic elections that swept the opposition National League of Democracy (NLD) into power.

Nakatani discussed the possibility of support by Japan's Self-Defense Forces for capacity-building for Myanmar's military, part of Tokyo's efforts to boost its assistance to Naypyidaw across a range of areas. Ahead of his visit, Nakatani told the press: "While there have been few meetings or exchange programs between Japan and Myanmar in the field of security, the forthcoming visit is intended to strengthen the relationship between the two

countries and promote defense exchanges through meetings and exchanges of opinions with relevant officials.”

According to press reports, during the meetings, the two sides discussed such aspects of bilateral cooperation as naval ties, humanitarian assistance and disaster relief, exchange programs, and other related training. From that meeting alone, the beginnings of another one of Japan’s strategic partnerships lined up against China seems to be in the works.

Japan’s Middle-East Policy Mix of Mercantile Realism and National Security

In their joint paper on Japan’s Middle East policy, **Yunping Chen** and **Jane Qiu** examine Japan’s Middle East policy from the perspective of what analysts call “mercantile realism” – a combination of Japan’s melding of its traditional economic and energy security interests in that region and its alliance obligations to the United States that have taken on an increasingly global aspect. Japan has fine-tuned its soft-power tools, such as economic assistance, to make its presence known throughout the Middle East.

For example, during the first two years of his administration, Prime Minister Abe pledged close to \$5 billion in non-military assistance to Middle East countries. For Japan, stability in that region is paramount to its interests, particularly since most of its oil and a significant amount of its gas supplies are imported from energy-resource rich countries in that region.

It has not been without cost. During a landmark visit to the Middle East in January 2015, with stops in Egypt, Jordan and Israel, Prime Minister Abe pledged additional economic aid to the region that ISIS took as meaning that Japan was underwriting the war against it. ISIS demanded a huge ransom for two Japanese citizens who had been taken hostage, and when Abe refused to pay, the terrorists murdered them.

Abe nevertheless continued his journey and with his final stop, Palestine, pledged \$100 million to the Palestinians for nation building efforts. Japan remains the top donor to the Palestinian Authority.

Changing Policy toward Iran

Until the nuclear deal between Iran and the U.S. plus several other countries, Japan’s relations with Iran had been put on hold. Since 2006, Japan fully supported the four United Nations sanctions to prevent Iran from developing nuclear weapons, and since 2012, Japan complied with U.S. sanctions that penalize countries buying Iran’s oil and gas. It also has its own sanctions on Iran’s banks and bans investment in new energy projects.

Since the nuclear deal last July, the United States, European countries and China have been increasingly strengthening ties with Iran in a race to tap into its business potential. Iran, a country with a population of around 80 million, has rich oil and natural gas reserves. Japan was quick to join the pack.

First, in early February 2006, Japan and Iran signed a bilateral investment pact in a move aimed at helping Japanese firms do business in the oil-rich country amid intensifying foreign competition for market access there. The pact came after Japan lifted sanctions on Iran over its nuclear program in January, following confirmation by a U.N. atomic energy inspectors that Tehran had complied with measures promised under a landmark agreement it had struck with six major powers in July 2015. With the lifting of sanctions, Japanese firms could now pursue new investments in the areas of oil and gas.

Japan's relations with Iraq also reflect its policy of mercantile realism. Joining the U.S.-led "war on terror" following 9-11, Japan under Prime Minister Junichiro Koizumi (2001-2006) not only expressed its support for the Iraq war, he authorized through legislation the dispatch of Self-Defense Forces to serve in Iraq for humanitarian and reconstruction duties. Japan also sent Maritime Self-Defense Force ships to the Indian Ocean for refueling missions.

Following the war, Japan has become a top donor of official development assistance to Iraq, pledging \$5 billion at an international donors' conference held in Madrid in 2003. The package comprised \$1.5 billion in grant aid and up to \$3.5 billion in ODA loans. Japan made good its international pledge made in 2003 by signing an Exchange of Notes for four ODA loan projects in May 2012. About \$1.67 billion in grant aid also has been obligated and disbursed in the fields of health, water and sanitation, and public security – all designed to immediately assist the recovery of living standards of the Iraqi people. ODA loans are being used for port facilities, bridges, roads, oil facilities, and gas power plants. Japan also agreed to reduce the Government of Iraq's debt totaling \$6.7 billion.

Until 2016, there has been no direct investment by Japanese firms in Iraq's economy, but that will soon change. Japan and Iraq have agreed to enhance economic ties by boosting Japanese investment in the Iraqi energy sector. The agreement was reached during a February visit to Japan by Iraqi oil minister Abdel Abdul Mahdi. Baghdad is hoping to invite further investment in Iraq by Japanese companies, hit hard now by the drop in oil prices.

For Tokyo, Iraq is not only important because of its abundant oil reserves that are essential to Japan's energy security strategy. Japan last year increased its oil imports from Iraq by 39% compared with 2014 to around 55,450 barrels per day.

In broader terms, Japan's goals in its approaches to Iraq recognize its regional and global responsibilities of supporting Iraq's social and political stability, economic reconstruction, and eradication of terrorist strongholds.

Japan's ODA loans helped fund the refurbishment of two of Iraq's most important refineries, Baiji and Bashrah, as well as the construction of a new oil export facility. Rising oil output at Iraq's Gharraf field, in which Japanese upstream firm Japex has a 30pc stake, has also added to Japan's long-term energy security by helping the country boost its overseas equity oil and gas output. The Japanese government has an overall target to meet more than 40% of the country's oil and gas needs in 2030 from Japanese firms' equity output, compared with 24.7% in fiscal 2014.

Japan Encounters Terrorism with Soft Power Response

With the G7 Ise-Shima Summit, now successfully completed, and the Olympics, coming up in 2020, the Japanese government has been placing enormous efforts on enhancing security measures to deal with cases of “homegrown terrorism” that might occur, starting with the International Terrorism Intelligence-Gathering Unit that was established in Dec. 2015. The unit is charged with gathering information on foreign terrorism in preparation the upcoming international events in Japan, culminating with the Olympics. It also has heightened monitoring and surveillance activities to prevent homegrown terrorism and strengthened efforts to defend against cyberattacks.

The new International Terrorism Intelligence-Gathering Unit includes specialists seconded from the Ministry of Foreign Affairs, the Ministry of Defense, and the National Police Agency. In gathering and analyzing intelligence on international terrorists, the unit will cooperate with Japanese missions abroad. The unit’s mission is to consolidate and funnel information to the Prime Minister’s Office (Kantei).

The government is currently more concerned about homegrown terrorism than the threat of terrorism, from abroad. According to the National Public Safety Commission, authorities have identified individuals suspected of being influenced by the Islamic State extremist group and continue to monitor them. In addition, legislation in 2016 expanded the range of individuals subject to wiretapping by investigative agencies and border-control measures were tightened to prevent terrorists from slipping through immigration inspections.

Last December, the government announced new countermeasures against cyberterrorism. By 2020, the government plans to register over 30,000 cyber experts under a new national certification system for skilled technicians. The government will administer the first test as early as 2017. The certification will be valid for three years and will need to be renewed thereafter. The government is hoping to train “white hat hackers” (hackers for justice) and help the private sector hire such experts, while also utilizing their expertise for the government’s cyber defense.

So far, the G7 Ise-Shima Summit was successfully defended against terrorist attacks by the team of experts. Just a month prior to the G7 Summit on May 26-27, Japanese police learned of a plan for a terrorist attack by an extremist group. In February, the Metropolitan Police Department (MPD) Public Security Bureau conducted simultaneous raids of an extremist group’s hideouts in Tokyo and adjacent prefectures. As a result, the police seized a large amount of what appeared to be components for making projectile bombs, as well as falsified license plates, copies of resident certificates, and credit cards under different names. The extremist group in question was the “Anti-Mainstream Faction of Revolutionary Workers’ Council” (“Kakurokyo Han-Shuryuha” in Japanese).” The police searched the strongholds of the “Revolutionary Army” (“Kakumeigun” in Japanese), Kakurokyo’s underground unit in charge of terrorist attacks.

Before the raids, the Revolutionary Army had declared in its publication, “We will blow the summit to pieces.” As a result of the raids and police analysis, the group was contained and the G7 summit was held uneventfully.

In another move, the National Police Agency (NPA) in April established a new unit within the Security Bureau called the “Internet OSINT Center” that will automatically gather information on terrorism found on the Internet. Amidst escalating concerns about terrorism in Japan, the NPA decided to launch the new unit before the G7 Ise-Shima Summit) in May. OSINT is an acronym of Open Source INTelligence. Nowadays, information related to terrorist organizations such as ISIS is often posted on the Internet. OSINT will detect suspicious movements in their earlier stages by gathering and analyzing posts or messages by organizations or individuals.

Channa Yu in her paper on the terrorism threat and Japan seeks to examine the efficacy of Japan’s domestic and international counterterrorism mechanisms and explore areas of possible increased cooperation with the United States to fight terrorism. She initially delves into Japan’s historical experience with domestic and international terrorism, and highlights pivotal moments affecting Japanese threat perception at the time and the government’s response. She then examines Japan’s counterterrorism policies and mechanisms to implement them, focusing on the role of the National Police Agency and other relevant public security agencies. In her research, she detected some inadequacies in Japan’s counterterrorism capabilities and current efforts to correct them. Her paper then shifts to the Japanese government’s long-term policy approach to tackle what it perceives as the root causes of international terrorism, particularly through efforts to utilize Official Development Assistance (ODA) programs to tackle social and economic conditions that spawn terrorist activities across the developing world. The Middle East is strongly featured in this program.

While noteworthy as a soft-power stratagem, Japan’s longstanding response to international terrorism and its threat to the international order has been limited to “checkbook diplomacy,” mainly through ODA programs, at what the government believes are the social and economic causes. It does not have a policy to tackle the scourge directly. Even when Japanese citizens have been targeted and killed by terrorists abroad, the government has stiffened its internal policing, as seen at the G7 Summit this year in Japan. It is unlikely that Japan will set off in the foreseeable future to assist any U.S.-led initiative to attack ISIS or other groups in their strongholds. In fact, on Jan. 26, Prime Minister Abe ruled out the possibility of Japan participating in a military campaign against the militant Islamic State (ISIS) group, indicating the country would limit itself to humanitarian support. “The government has absolutely no thoughts of taking part in a military campaign or providing logistical support. And this decision will remain unchanged for the foreseeable future,” Abe said. Abe made the comments in response to questions from an opposition leader during a plenary session of the House of Representatives.

Through its ODA program, Japan has also provided refugee relief, Abe pledging, for example, at the UN General Assembly on Sept. 29, 2015, to triple financial assistance for refugees to \$810 million. Abe said that the aid would aim at “changing the base that leads to the creation of refugees” though economic support, public health, and medical care. He did

not pledge, though, to accept more refugees into Japan. In fact, during 2015, Japan only accepted 11 refugees even though some 5,000 were screened. Abe intimated that Japan did not intend to accept refugees to any significant amount until it got its own demographic house in order: in other words, Japan was not going to use immigrants or refugees to fill in the labor-shortage gap created by a shrinking population.

The government's reticence to accept refugees prompted former UN Human Rights Commission head Sadako Ogata to level strong criticism at Prime Minister Abe. She said she had assumed that aggressively accepting more refugees was part of Abe's "proactive pacifism." She now saw that initiative as a mere "slogan." She complained that in the 15 years since she had stepped down as UNHCR, "nothing much has changed." Of 60 Syrians who recently applied for refugee status in Japan, only five were allowed safe entry. She complained that the nation remained unwilling to make "sacrifices" for the good of the international community (Asahi, Sept, 24, 2015).

Abenomics: Success, Failure, Work in Progress?

At this writing, the question of whether Prime Minister Abe's series of economic policies, dubbed "Abenomics", have been successful in general or abject failures has become a national political debate. Economists, too, are split in their evaluations. What most agree on is the need for long-term structural reforms in the economy that will make Japan strong domestically and internationally. So far, those reforms are still inchoate, and a large part of the process is dependent on the successful launching of the Trans-Pacific Partnership (TPP) agreement, which is now bogged down in the presidential campaign politics in the U.S. and has yet to be presented to the Diet for ratification in Japan.

The Japanese people, though, are still waiting for Abenomics to make a big difference in their daily economic lives. Signs of social stress are everywhere. For example, the Ministry of Health, Labor and Welfare (MHLW) on July 12, 2016, released the results of its 2015 Comprehensive Survey of Living Conditions, which was conducted from June to July 2015. Some 60.3% of households self-assessed their living conditions to be "difficult." Although this is a 2.1 percentage point decrease from the previous year, when a historic high was set, the figure remains elevated. The survey reveals that living conditions are difficult particularly for households raising children.

In the survey, some 27.4% of pollees reported their living conditions to be "very difficult" while 32.9% said they were "somewhat difficult." Together, this exceeds 60%. In the first half of the 1990s, 30%–49% of respondents said their living conditions were "difficult," but the percentage has gradually risen since then. The percentage exceeded 60% for the first time in 2011 when it hit 61.5%. The figure has remained high ever since.

The percentage of elderly households reporting that their living conditions are either "very difficult" or "somewhat difficult" is 58.0% (previous survey: 58.8%), which is lower than the overall figure. The percentage of households with children reporting the same was above the overall figure at 63.5% (previous survey: 67.4%). Although the figure is declining from the peak of 69.4% set in 2011, it remains higher than the overall number. Average

income per household rose 2.5% from the previous year to 5,419,000 yen, which was an increase for the first time in three years. However, some 61.2% of households were below the average with about 40% of households reporting income between 1 million and 4 million yen. Some 6.4% of households had incomes under 1 million.

Elderly households numbered 12,714,000, or 25.2% of all households, which is a new record. Households with children where the mother works outside the home made up 68.1% of all households, which is also a historic high.

Japan's super-aging society is placing a great strain on medical and care-giving sources, and there simply are not enough nursing homes and trained staff to handle the demand. In addition, the labor market is now being flooded with young women who need but cannot find affordable or available childcare services for their kids. The Abe government has allocated funds and set up programs to address the two crises, but in the meantime, families in Japan facing one or both of these problems – a young mother with kids having to take care of an aging parent, or a middle-aged male having to quit his job to stay home to tend to a wife with dementia – are rapidly growing in number. Some cases have even led to tragedies.

This why in the latest record 96.72 trillion yen (\$852 billion) budget for fiscal 2016 starting Friday, significant funding has been allocated for welfare measures to tackle the issues of Japan's rapidly aging society and lagging childcare system. "We will put a brake on the declining birth rate amid an aging population and create a society where everyone can live a meaningful life," Abe said, vowing to enhance social welfare.

On July 11, Prime Minister Abe told the press that his next steps would include reform of labor practices, such as the rectification of long working hours. Some 20% of workers in Japan work for more than 49 hours per week, a much higher figure compared to just over 10% in Europe. Easing excessively long working hours and supporting a balance between work, childcare, and nursing care will help women to participate in the labor force, and this is also expected to prevent workers from resigning to take up nursing care duties. The government will encourage businesses to take active steps to rectify long working hours. It will also work on legal amendments to reduce long working hours for young people.

Balancing Energy Needs with Global-Climate Change Commitment

Until 2011, Japan depended on nuclear energy for 29% of its electricity supply, but with the Fukushima nuclear-power plant disaster, all that was to change. Three of the plant's six nuclear reactors went into meltdown after it was hit by a tsunami triggered by an earthquake. Following this, almost all of Japan's nuclear reactors were either shut down or suspended. In a stroke, Japan had lost almost 30% of its electricity supply. It will take decades for the Fukushima reactors to be fully decommissioned. Meanwhile, a new regulatory commission was created and upon rigid inspection and approval, nuclear power plants that clear the strict threshold will be restarted. The goal in the new energy mix plan is to reach 20-22% reliance on nuclear energy by 2030.

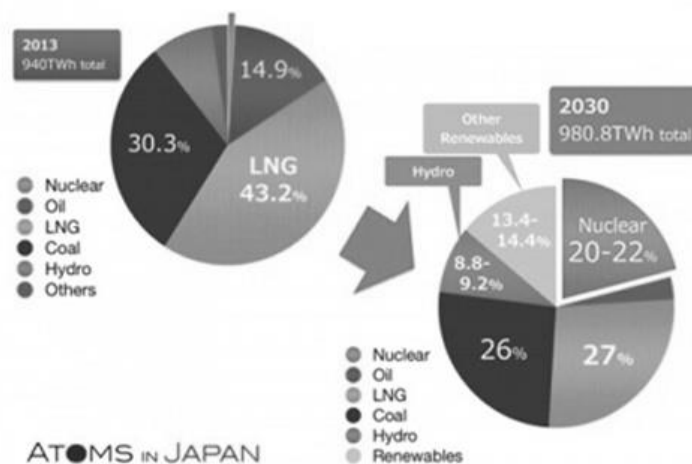
To fill the gap in the meantime, Japan has had no choice but to rely on fossil fuels, preferably clean natural gas but in reality coal is still being used in many thermal power plants. The result is that following 2011, greenhouse gas emissions have begun to rise. By 2013, Japan's rate was 10.8% higher than they were in 1990. Japan as a result remains the world's fifth largest producer of greenhouse gases.

However, following the international COP-21 agreement in Paris of December 2015, Prime Minister Abe pledged to cut emissions from 2013 levels by 26% by 2030. He realized the dilemma of balancing energy needs for growing the economy with climate change obligations when he said on December 2013: "We'll achieve (the goal) without sacrificing economic growth." The tools at his government's disposals included the development of energy-efficient, environmentally-friendly technologies, and upgrading and extending the life by 20 years those nuclear plants that had reached the normal termination date of 40 years.

Then, in March 2016, the Japanese government added a long-term plan that would achieve an 80% reduction in greenhouse gas emissions by 2050. The short-term goal for 2030 will be kept in place. In order to reach this goal, the plan includes the introduction of more renewable energy, as well as a shift of all households in Japan to more efficient LED (light-emitting diodes) by 2030.

On the sensitive issue of coal-fired power plants, the worst emitters of CO2 gas, the Ministry of Economy, Trade and Industry (METI) will set standards for power-generation efficiency and encourage inefficient facilities to be shut down. And by fiscal 2030, the new energy mix plan is to bring the ratio of renewables and nuclear power combined to 44%. However, the ratio of coal in the energy mix will still be high at 26% (see fig. 1 below).

Fig.1 Japan's Energy Mix in 2013 and 2030



As of mid-August, based on tough, new regulations, Japan has restarted five nuclear reactors, the latest operated by Shikoku Electric Power Company in western Japan. The government's goal by 2030 is to have 20-22% of electricity be supplied by nuclear power, an essential element in meeting Japan's commitment to lower greenhouse gas emissions.

The No. 3 reactor at Shikoku Electric Power Co.'s Ikata nuclear plant in Ehime Prefecture was restarted Aug. 12, becoming the fifth reactor to be brought online under the stricter safety standards introduced in the aftermath of the 2011 Fukushima nuclear disaster.

The move followed the restart of the No. 1 and No. 2 reactors at Kyushu Electric Power Co.'s Sendai nuclear plant in Kagoshima Prefecture and the No. 3 and No. 4 reactors at Kansai Electric Power Co.'s Takahama plant in Fukui Prefecture. However, the two reactors at the Takahama plant have remained offline since March after the Otsu District Court ordered the operator to shut them down.

The No. 3 unit at the Ikata plant is now the only operating reactor in Japan that burns mixed oxide, or MOX, fuel, composed of plutonium blended with uranium.

New M&A Pattern of Overseas Investment Not Helping Create Jobs at Home

Japan's shrinking domestic market due a rapidly aging society in which fewer babies are being born has resulted in a major shift in the investment strategies of major companies to target overseas markets, with the favored pattern being mergers and acquisitions. The chart below shows some of the notable transactions in recent years.

The case study chosen by **Pamela Kennedy** in her well-documented paper is the pharmaceutical industry, which represents the new pattern of Japanese foreign direct investment (FDI) shifting from green field ventures, like the auto industry, to mergers and acquisitions of existing foreign companies for profit and their technologies. The moves may richen the coffers of Japanese companies, but they do little to create jobs in Japan or strengthen the trade flows.

Major acquisitions of overseas or foreign-affiliated companies by Japanese firms

Rank	Japanese firm	Overseas firm acquired	Value	Year
1	SoftBank Group Corp.	ARM Holdings PLC (Britain)	¥3.30 trillion	2016
2	Japan Tobacco Inc.	Gallaher Group PLC (Britain, tobacco)	¥2.25 trillion	2006
3	SoftBank Corp.	Vodafone K.K., Japanese unit of Vodafone Group PLC (Britain, communication)	¥1.92 trillion	2006
4	SoftBank Corp	Sprint Nextel Corp. (U.S., communication)	¥1.81 trillion	2012
5	Suntory Holdings Ltd.	Beam Inc. (U.S., beverage)	¥1.68 trillion	2014
6	Takeda Pharmaceutical Co.	Nycomed (Switzerland, pharmaceutical)	¥1.11 trillion	2011
7	Tokio Marine Holdings, Inc.	HCC Insurance Holdings, Inc. (U.S., insurance)	¥941.3 billion	2015
8	Takeda Pharmaceutical Co.	Millennium Pharmaceuticals, Inc. (U.S., pharmaceutical)	¥899.8 billion	2008
9	Matsushita Electric Industrial Co.	MCA Inc. (U.S., entertainment)	¥780.0 billion	1990
10	Japan Post Holdings Co.	Toll Holdings Ltd. (Australia, logistics)	¥761.8 billion	2015

* Based on data provided by Recof Corp., an M&A consulting company. Acquisition values are based on foreign exchange rates at the time. Company names are at the time. Years refer to the time acquisitions were announced.

Why are Japanese young people avoiding foreign study?

At Johns Hopkins University's School of Advanced International Studies (SAIS) in recent years, there has been a noticeable increase in students from China and South Korea, but one would be hard pressed to find students from Japan on the campus. The statistics are startling and show that SAIS is no anomaly. There has been a precipitous drop in young Japanese who come to study in U.S. colleges and universities.

The reasons why young Japanese choose to study at home rather than abroad are complex, as **Christina Banoub** shows in her well-researched and argued paper. Certainly there are such factors as the high cost of an overseas education, a lack of good job possibilities later at home and decreasing language skills among young people in Japan, but there also is increasing evidence pointing to changes in the psychological stay-at-home mindset of young people in Japan that go beyond just a lack of interest in overseas travel let alone studying abroad. There may be something deeper going on in the very fabric of society at the early stages of life.

Banoub argues that a broader cultural and social phenomena is at work stifling today's young Japanese students desire to go abroad. Her paper first examines why the drastic decline in exchange students at the university level affects the U.S.-Japan relationship, as well as each country specifically. She statistically analyzes the current level of educational exchanges and prevailing trends. Her paper then delves into the various reasons Japanese students choose not to study in the U.S. (or anywhere else), as well as how each government and many academic institutions are attempting to reverse the trend. She ties up the paper by showing how these institutional efforts are being hindered by the way the culturally prevalent risk-averse attitude links to the other stumbling blocks hindering Japanese university students from going abroad.

A survey by the Japan Productivity Center (reported in the Mainichi, July 8, 2016) of New Recruits' Attitude toward Work gives a hint of the greater problem among young people in Japan. When asked what post they would like to be promoted to in their career, a record-low 10.8% said "president." Since 1969, JPC has taken this annual survey of young people who participate in its new recruit training. Survey responses were received from 1,286 new recruits this spring. The full breakdown of the responses to the question about what post they aspire to in their career was as follows: "I don't want to have an official position + Anything is fine," 20.0%; "supervisor, subsection chief, or section chief," 18.6%; "specialist," 17.8%; "department manager," 17.4%; "director," 15.4%; and "president," 10.8%. The JPC concluded, "It seems that more and more new recruits do not want to take on important responsibilities."

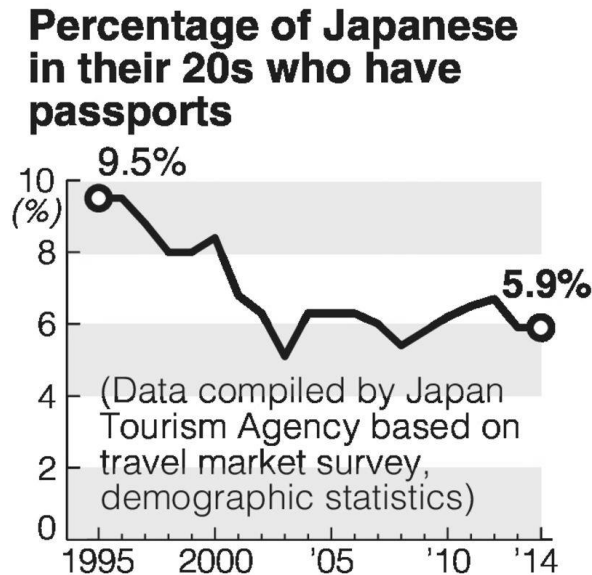
When asked about their attitude toward work, 58.3% said "I am fine working as hard as others," a record high, while 34.2% said "I am fine working harder than others." This spread of 24.1 percentage points exceeds the past record of 23.6 points, which was set in fiscal year 1991, during the bubble economy period.

Aware of such trends, Japan has initiated a number of short to long term measures to encourage foreign travel or study by young people. One unique incentive recently introduced is paying them to purchase passports.

Narita International Airport Corp. and the Japan Association of Travel Agents (JATA) launched a campaign in July in which up to 500 people aged 18 to 22 will be given ¥10,000 in cash to help them obtain a passport. Some conditions are attached, including that the recipients use Narita Airport. The campaign is aimed at encouraging young Japanese people, who are said to be inward-looking, to travel overseas. According to the Japan Tourism Agency, the number of outbound Japanese travelers aged 20 to 24 in 2014 was 1.2 million, a significant decline from 2.02 million in 1996. The percentage of Japanese in their 20s who had passports in 2014 was 5.9 percent, sharply down from 9.5 percent in both 1995 and 1996. These figures underscore the decline in young Japanese people traveling abroad.

According to an agency survey in 2015 on students in middle school through university, the most common reasons for not wanting to travel abroad were feeling scared, poor safety overseas and the inability to make themselves understood in foreign languages.

In a tourism action plan devised by the government in March this year, the government has asked related industries to make efforts so more young Japanese will be encouraged to travel abroad.



Source: Yomiuri Shimbun, July 15, 2016

Sports Diplomacy: New Baseline for Cultural Exchanges?

The Olympics is undoubtedly the most important example of the use of sports for advancing international diplomacy, and Japan is now engaged intensely in that quadrennial event competing with the other countries of the world and racking up gold, silver, and bronze medals. The Olympics brings out the best in Japan as a healthy expression of nationalism, patriotism, and sportsmanship.

Sports diplomacy exists also on a regional basis and bilateral basis, and here, too, Japan has been able to extend such cultural exchanges covering many types of sports activities and extending to many regions and countries across the globe. In his paper on sports diplomacy, **Timothy White** writes about the sports bonds that have built between Japan and the United States, ranging from baseball to sumo and beyond. It is a fascinating read on a subject that indeed merits more academic attention.

Indeed, if there is a sport that has brought Japan and the U.S. closer and closer together over the years, it is baseball. And today, the symbol of Japan's successful sports diplomacy has to be Ichiro Suzuki, who recently became the 30th player to join Major League Baseball's 3,000 hit club on August 7, driving a ball to the right field for a stand-up triple. Play was stopped briefly as fans delivered a standing ovation, and Ichiro's Miami Marlin teammates swarmed out into the field to give the smiling veteran congratulatory hugs. Ichiro has been an icon in the history of American baseball and a hero to generations of kids and adults for 16 years already.

Acknowledgements

For the authors of the papers in this yearbook, the research trip to Tokyo in mid-semester is often much more valuable for gathering unique information and insights into their topics than combing the libraries and Internet resources at home. Our special thanks to Dr. Kent Calder, Director of the Reischauer Center, for helping to set up this trip with his invaluable advice and guidance and incredible access in Tokyo. Our deep appreciation goes out to the Japan Foundation's Center for Global Partnership (CGP) for sponsoring this year's trip.

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It is impossible to thank all of the individuals from government, academic, think-tank, business and political circles who made themselves available for meetings and interviews in DC and Tokyo. We again thank the U.S. Embassy in Tokyo for another outstanding briefing on U.S.-Japan relations, and to the Japan Institute for International Affairs (JIIA) for setting up numerous meetings with experts that matched the research topics of our authors. Our special thanks again this year to Mr. Robert Dujarric, director of the Institute of

Contemporary Asian Studies at Temple University Japan for arranging briefings on hot-button topics related to the students' research. We sincerely appreciate the intense energy briefings led by Dr. Tsutomu Toichi, senior adviser for research at the Institute of Energy Economics of Japan.

As the cultural highlight of the trip to Tokyo, the authors experienced the traditional art of the making and taking of tea at the Urasenke School of Tea Ceremony's most distinguished institute in Tokyo, Horaian, located in the Roppongi area. After the ceremony, the students were given the chance to whisk up their own bowl of tea, with various levels of success.

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Is the Yoshida Doctrine Still Alive?

Implications of Security Policy Change under Prime Minister Abe

Introduction

The Yoshida Doctrine, named after Prime Minister Shigeru Yoshida, forms the basis of Japan's postwar security policy and its relationship with the United States. The Doctrine's three tenets – limited armament, reliance on the U.S. for security, and emphasis on economic recovery – enabled Japan to experience an “economic miracle” following the war that propelled it to the top tier of advanced countries. This unofficial policy, which kept Japan's defense spending low, also served as the bedrock for the security balance between Japan and its Asian neighbors. The end of the Cold War and the post-Cold War confusion that followed ushered in a host of new threats both militarily and economically.

The virtual baptism by fire that Japan experienced in the post-Cold War world and the worrisome changing security environment in East Asia forced Japan to rethink and revise its defense strategy centered on the alliance with the U.S. This shift in posture accelerated under the administration of Prime Minister Shinzo Abe over the last three to four years, marked by landmark security legislation and accompanying changes to the existing defense establishment.

The U.S.-Japan security relationship, based on the 1960 bilateral security treaty and its various updates (see: guidelines), plays an integral role in Japan's security strategy while providing important access to East Asia for the U.S. The Yoshida Doctrine furthers that access by allowing a sizeable U.S. military presence in Japan and joint U.S.-Japan efforts in defense operations without raising alarms within the region. Japan's neighbors know that the peace-seeking Constitution renounces war and prohibits Japan from mobilizing a military force. Although Japan has undertaken incremental steps in rearmament (initially at the behest of the US), these actions do not allude to a future militarized nation. Rather, these current security changes are the logical next steps in ensuring that Japan continues to exercise its minimalist approach to national security. Resistance emerges because what was once unofficial is being institutionalized, casting the limelight on Japan. These changes also force the Japanese public to confront the cognitive dissonance that has plagued them since the end of World War II (WWII): how to rectify a postwar national identity rooted in the pacifist Constitution with the current regional and international security situation.

This paper examines the response of the administration of Prime Minister Shinzo Abe to the increasingly tense regional environment and international threats. It specifically analyzes the controversial set of security legislation passed by the Diet in 2015 and what those new laws mean for the U.S.-Japan Alliance. It argues that the new measures, though denounced by opposition parties and feared by much of the public as giving Japan a war capability, are much less than meets the eye. The laws in effect are extensions of a series of legal changes going back two decades and are comparatively unremarkable. These policy shifts will then be examined in the context of the alliance and what the road ahead looks like during this election year, under changing demographics, and with rising threats in the region. Finally, concluding remarks will assess the current health of the Yoshida Doctrine and whether it can

endure in the twenty-first century as an integral part of Japan's alliance relationship with the U.S.

The U.S.-Japan Alliance: Background

During the occupation of Japan by Allied forces after WWII, Supreme Commander for the Allied Powers (SCAP) General Douglas MacArthur oversaw the enormous effort of rebuilding and democratizing Japan, starting with a complete rewriting of Japan's Meiji Constitution. MacArthur's staff included in this new constitution a bicameral legislature, a symbolic role for the Emperor, and "peace clauses" (Article 9), which renounce war and make a standing army impossible. Amendments to the Constitution need two-thirds approval from both houses of the Diet prior to public ratification via a national referendum. The Diet approved the constitution in November 1946, a little more than a year after Japan's defeat in WWII, and went into effect in May 1947. Since then, the Constitution has yet to be amended.

During the Occupation period that ended in 1952, Prime Minister Shigeru Yoshida focused on recovering the economy and bringing political stability to Japan. Yoshida believed that even at the nadir of Japan's history, the country could at least be proud of its recovery accomplishments. To achieve this end, Yoshida considered two options in 1947:



Figure 1: Signing of the U.S.-Japan Security Treaty 1951

unarmed neutrality or accepting a collective security arrangement from the United Nations (UN). Yoshida subsequently ruled out both as unfeasible (particularly the second) when it became apparent that the UN Security Council would be controlled by the veto power of the Soviet Union.

Yoshida initially resisted the notion of entering into any security agreement with the U.S., refusing pressure to rearm. He preferred that Japan put all of its efforts into rebuilding its economic base. He desired to see the U.S.-dominated occupation end quickly so Japan could

again be independent. Nevertheless, with the Cold War intensifying and the Korean War breaking out, Yoshida's realist perspective led him to conclude that the best national security solution was to negotiate a bilateral alliance with the U.S., keeping the U.S. military presence in the increasingly dangerous East Asian region. In the Diet, opinions fell on an incredibly divided spectrum. The left – Japan Socialist Party – wanted unarmed neutrality (no arms at all), while the forces on the right – precursors of the Liberal Democratic Party formed in 1955– wanted Japan to bend to the U.S. wishes and form some kind of defense force despite the apparent contradiction to Article 9.

On September 8, 1951, Prime Minister Yoshida signed the San Francisco Treaty and the first security treaty between the United States and Japan. The former established peace between Japan and the Allied powers while the latter unofficially institutionalized the tenet that later would be called the Yoshida Doctrine: limited armament, reliance on the U.S. for national security, and an emphasis on economic recovery. In conjunction with Article 9, the Yoshida Doctrine set a precedent that affected numerous areas of Japan's defense policy including what later in the 1970s would be a de facto limit on defense spending set at one percent of gross domestic product. Japan also agreed to create a small police force that later would evolve into the Self-Defense Forces (SDF), but from the start, there was a strong resistance to any changes in the "purely defensive mission" of the force Yoshida agreed to form.

In 1954, the US and Japan signed the Mutual Defense Assistance Agreement, which obliged Japan to "strengthen its defense capabilities" (Umeda). In 1960, the US and Japan signed the Treaty of Mutual Cooperation and Security, a revision of the 1954 agreement and an update to the original 1951 bilateral security treaty signed in San Francisco.

With the peace Constitution centered on Article 9 and the security guarantee encoded by the bilateral treaty, Japan was able to devote almost all of its efforts and resources to recovery, thus leading to the "economic miracle" during the Cold War. Today, Japan ranks third in terms of nominal gross domestic product (GDP) and remains a powerful economic force in international trade, as seen recently in the lengthy negotiations between the U.S. and Japan to the Trans-Pacific Partnership (TPP) free trade agreement. At the same time, the "1955 system" emerged during which the Liberal Democratic Party (LDP) was formed and stayed in power for almost half a century from 1955-1993 (beginning in 1994 the LDP remained in power as a part of a coalition with the exception of 2009-2012). For most of the time, the Japan Socialist Party functioned as the main opposition party, occasionally effective in blocking legislation.

Following Yoshida, most prime ministers (with a few notable exceptions like Yasuhiro Nakasone and Junichiro Koizumi) were weak and loath to make changes in the security arrangements with the U.S. As a result, even with the overseas dispatches of the SDF under Koizumi in the early 2000s to Iraq and to the Indian Ocean, the Yoshida Doctrine continued to define the limits of Japan's security posture

Still, despite the Yoshida Doctrine's invisible guiding hand, the alliance between Japan and the U.S. has continued to evolve and redefine itself in order to maintain its relevance in the post-Cold War world. It has done so through defense agreements and defense cooperation guidelines to further clarify the roles and missions of each other in certain contingencies. The first Guidelines for Defense Cooperation were signed in 1978 during the Cold War. These were revised in 1997 and again in 2015, serving as the "framework for bilateral defense cooperation" (Chanlett-Avery and Rinehart). The latest iteration greatly expands the role of Japan in the alliance, leading some critics to question whether the new guidelines, in addition to other recent security legislative changes pushed through by the Abe Administration, challenge the spirit of the Yoshida Doctrine. In contrast, supporters cite the need for improved guidelines that can address twenty-first century challenges with appropriate and

timely responses. Has the era of the Abe Doctrine begun? Is Japan becoming a “normal” country able to project a military option in its security policy? Is the Yoshida Doctrine now dead, supplanted by Abe’s “proactive contributor to peace” campaign?

Security Legislative Changes: Significant Departure from the Yoshida Doctrine?

Until recently, the framework established in early postwar Japan placed both legal and informal constraints on defense policy. Prime Minister Abe, however, has successfully overcome such limitations by introducing new security measures that enhance Japan’s passive role in the alliance and allow SDF dispatches abroad for non-combat operations. The table below categorizes these policy changes, which aim to centralize policymaking under the Prime Minister’s Office (Kantei), particularly the recently established National Security Council (NSC), in order to address the growing number of global and domestic threats that require timely action. The Abe government is painfully aware that response failures by earlier administrations to past crises underscored the need for a strengthened command center involving the Prime Minister, his cabinet, and his staff that could respond effectively to domestic or international emergencies.³

It is Prime Minister Abe’s aim to reform Japan’s security measures and mechanisms to the level of a “normal” country, thus elevating Japan to a “tier one nation” among the industrialized democracies. At the same time, this normalization would put the alliance with the U.S. on more even footing, particularly with the introduction of a limited use of collective self-defense (previously banned for constitutional reasons). Despite the argument from the opposition camp in the Diet that this shift is unconstitutional and represents a “remilitarization” of Japan, the security changes represent a logical progression of Japanese security policy that builds on earlier legislation such as those enacted by Prime Minister Koizumi during the Iraq war.

Creation of the National Security Council

Prime Minister Abe’s first significant security action was creating a National Security Council (NSC) in the mold of the US version. The mission for the NSC included a focus on “mid- to long-term strategic packages such as a national security strategy” (Rebuild Japan Initiative Foundation) and better management of crises and grey-zone conflicts. The latter represented the aforementioned desire for increased centralized decision making in the Executive office, which has been a slowly evolving process since the days of Prime Minister Nakasone (1982-1987). Typically, Japanese prime ministers have tended to be consensus managers, even when making even crucial national security policy decisions; but the bitter experience of the first Gulf War (in which they government was unable to respond quickly or effectively) generated the view in the ruling LDP that reforms were necessary to empower the Kantei under the Prime Minister.

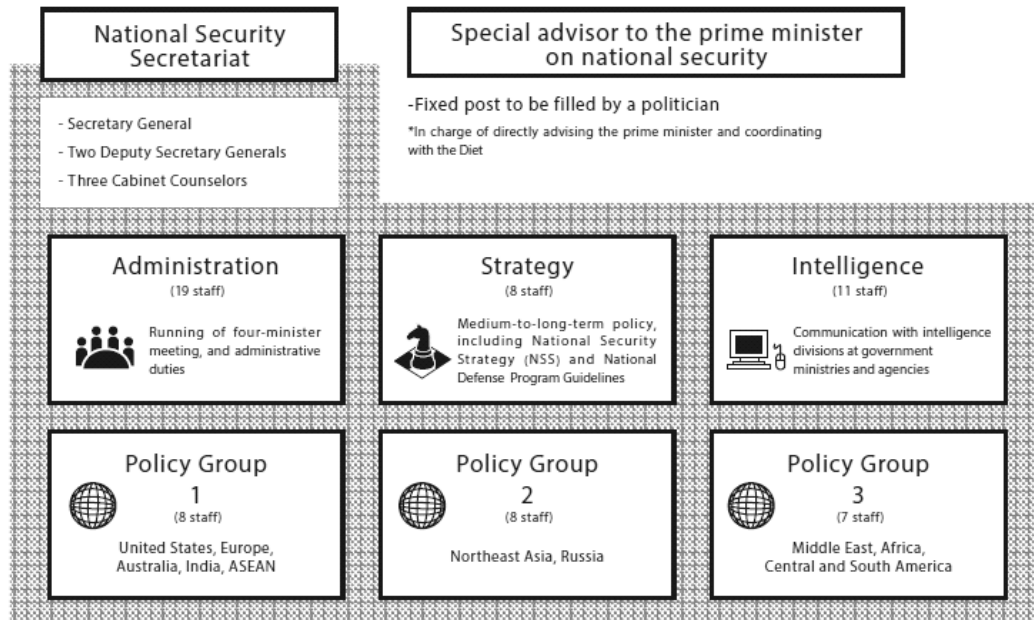
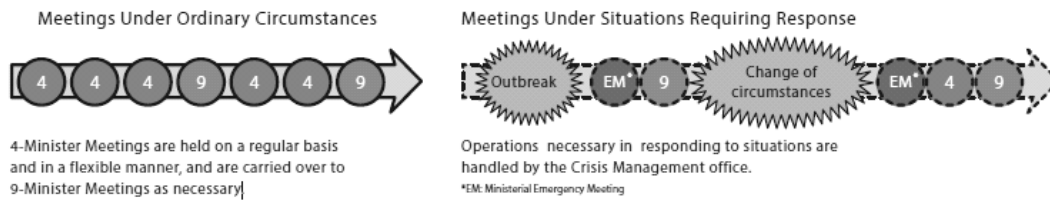
The new NSC holds the potential to “offer a powerful tool to streamline and improve the efficiency of Japan’s national security strategies. It is an institutional change that could help

³ Such as the 1990-91 Gulf War, the 1995 Kobe Earthquake, the 1995 sarin gas attacks in the Tokyo subway, and to a certain extent, the Fukushima nuclear plant accident in 2011.

to revitalize Japanese national power from within” (Rebuild Japan Initiative Foundation). The NSC enables a systematic, coordinated response among relevant ministries and the Cabinet that increases diplomatic flexibility and execution of security measures. For example, the NSC proved itself useful in 2014 by coordinating among the Ministry of Defense (MOD), the Ministry of Foreign Affairs (MOFA), and other involved agencies to ensure the adoption of “a resolution that allows the SDF to take action in support of an ally that has come under enemy attack” (Umeda).

Figure 2: Organization of the National Security Council

Four-Minister Meeting	Nine-Minister Meeting	Ministerial Emergency Meeting
<ul style="list-style-type: none"> - Prime Minister - Chief Cabinet Secretary - Foreign Minister - Defense Minister 	<p>When needed</p> <ul style="list-style-type: none"> - Prime Minister - Deputy Prime Minister - Chief Cabinet Secretary - Foreign Minister - Defense Minister - 5 other relevant ministers 	<p>At times of emergency</p> <ul style="list-style-type: none"> - Prime Minister - Chief Cabinet Secretary - Other Ministers to be designated



As with each of the security measures Abe implemented, the creation of the NSC did not go unnoticed. Critics claimed that the creation of a NSC violated the war-renouncing section of Article 9 in Japan's Constitution. Yet for Abe, the NSC was just the first step in a grander strategy that included regularization of overseas dispatches of the SDF as introduced by Prime Minister Koizumi. The Abe administration then embarked on its next important security change: passage of the Act on the Protection of Specially Designated Secrets.

Passage of State Secrets Law: 12/13/2013



Figure 3: Political Cartoon from *The Japan Times*

Within the international community, Japan held the reputation of “spy haven,” a dubious distinction that the Abe government acknowledged during a press conference prior to the passage of the Act on the Protection of Specially Designated Secrets, most commonly referred to as the State Secrets Protection Law. By better protecting state secrets, the Abe administration hoped this new law would encourage increased intelligence sharing between Japan and the U.S. The legislation addressed longstanding U.S. concerns that the Japanese government was unable to effectively control classified information from being leaked or stolen. Penalty for violating the law carries a ten year sentence for civilians accused of leaks and five years for those abetting the leaks. The

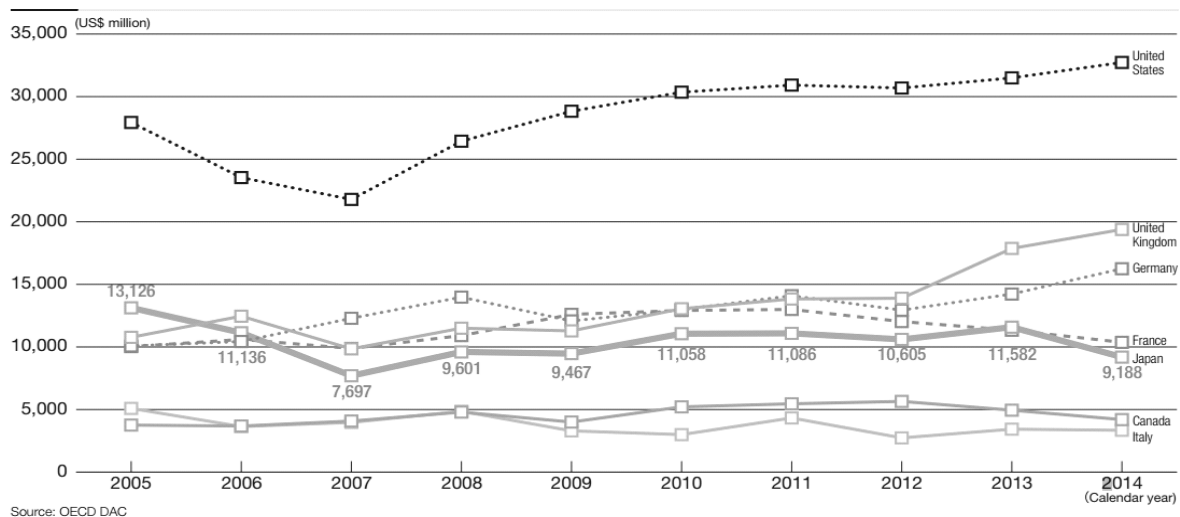
government can also keep certain sensitive information classified for up to sixty years, namely, that “regarding defense, diplomacy, counterterrorism, and counterespionage” (Craft). By the end of 2014, 382 cases were declared subject to the law (*Japan Today*).

Public backlash was immediate. The public overwhelmingly feared the law with 80 percent of respondents to a Kyodo News Service poll calling for the scrapping or rewriting it. A protest rally gathered 10,000 demonstrators in front of the Diet building. Numerous groups spoke out against the move, including Reporters without Borders and the Japanese Federation of Bar Associations, both of which are especially concerned “about government mismanagement that helped trigger the Fukushima nuclear accident” (Craft). The press worried their civil liberties were at risk and that access to what should be open information would be denied. The press values its ability to hold the government accountable and many journalist believed that the law directly undermined this function. Japan's ranking in the Press Freedom index fell drastically from 17th out of 180 ranked countries in 2010 to 59th in 2014 and even further in 2016 to 72nd place.

During an interview in Tokyo, *Mainichi Shimbun* correspondent Toshimitsu Kishi expressed similar concerns, but ironically, since the law went into effect, there has yet to be any indication it has interfered with the freedoms the press and others enjoy in Japan.

From the US perspective, this law and the creation of the Japanese-style NSC were welcome developments. In one of Ambassador Caroline Kennedy’s first public statements, she expressed US support for the “evolution of Japan’s security policies, as they create a new national security strategy, establish a National Security Council, and take steps to protect national security secrets.” Just as the Abe Administration had envisioned, the State Secrets Law was understood to work hand-in-hand with the NSC in order to improve intelligence sharing with the U.S.

Japan’s First National Security Strategy: 12/17/2013



Within the same month, the Abe Administration released Japan’s first National Security Strategy (NSS), as well as the Defense Ministry’s National Defense Program Guidelines (NDPG). The NSS, which contains Abe’s catchphrase “proactive contributor to peace,” effectively outlines a new and comprehensive approach to national security issues, while addressing the twenty-first century international security environment, shifts in regional power, and the complex issue of grey zone threats. The new strategy demonstrates how Japan is shifting from its traditional “reactive state” posture to one that is more proactive in tackling international security issues. The new agenda includes increased international security cooperation and the blending of “military, security and political initiatives together in expanding effective Japanese alliance relationships” (Laird). An important part of the NSS was the creation of an Advisory Panel on Collective Self-Defense. This blue-ribbon panel was tasked to consider “whether the government should reinterpret Japan’s constitutional ban on engaging in collective self-defense activities. (This is a right that all states maintain through the United Nations Charter but that Japan has placed a moratorium on since the end of World War II)” (Miller).

Finally, the strategy advocates such “soft power” approaches as increased official development assistance (ODA) in line with Japan’s national interests. The graph above charts Japan’s ODA disbursements, which actually fell in 2014 (though that has nothing to do with the issuance of the NSS). Moreover, the NSS stressed that the SDF should assume the new

role of promoting “proactive pacifism,” advocating the need for Japan to start proactively contributing to world peace.

Until Abe, Japan has long been criticized for lacking a national security strategy. Moreover, a national debate developed after the Cold War ended about what Japan should do to contribute more proactively to the international community, aware that other nations were accusing it of “free-riding” and exercising “checkbook diplomacy.”⁴ The last in a series of so-called “Armitage Reports”, written in 2012 by former senior U.S. official Richard Armitage and selected experts on Japan, questioned Japan’s ability to maintain its status as a “tier-one” nation. The NSS addresses these shortcomings by officially declaring Japan’s intentions to regain that status thereby enabling it to “be more strategic in implementing its contributions” (Fukushima). Two months later, Prime Minister Abe declared “Japan is back” during a speech in Washington, DC.⁵

Abe Cabinet Adopts New Arms Export Guidelines: 04/01/2014



Figure 5: Illustration by Andrew Lee, *The Japan Times*

In April 2014, the Abe government eased the Three Principles on Transfer of Defense Equipment and Technology, as well as their implementation guidelines. Until then, the export of arms and ammunition was essentially banned, a policy course designed to satisfy the nation’s constitutional commitment to peace. In relaxing the ban, Japanese defense companies like Mitsubishi Heavy

Industries and Kawasaki Heavy Industries were now allowed to “export to any country as long as the exports do not violate concluded treaties, international agreements, and obligations under the United Nations Security Council (UNSC) resolutions and as long as export destinations are not embroiled in conflict” (Valero). As one observer noted, the new framework operates like a “negative list,” whereby if an item is not listed, it can be exported (Harner). The new law does not require a public announcement from the Cabinet for export deals, as previously mandated, and gives authority to the NSC to preside over decision making for potential export deals.

⁴ Japan was accused of “checkbook diplomacy” during the 1990-91 Gulf War because they only contributed financial assistance.

⁵ The policy initiative of course does not mean Japan was to be transformed from a reactive to a proactive state overnight. The NSS is merely a first step. Instead, it institutionalizes the incremental process that was already underway – even during the three years (2009-2012) when the DPJ was in power. Even though China and South Korea reacted negatively to the new strategy, relations with those two countries in 2013 were already sour.

This export easing legislation created a stir in Japan and abroad, with critics calling it a precursor for Japan's "remilitarization." Yet much of the media failed to mention that Japan has made exceptions to the export ban for decades, such as to Israel in 2013 when it exported F-35 parts and to the US in 2004 when Japan agreed to the joint production of missile shield systems. (The U.S. as an ally actually has been exempt from this ban for decades, beginning in 1983 under Prime Minister Nakasone). Critics also failed to point out that the export ban's easing will help resolve Japan's interoperability problem. For example, the ban prevented Japanese contractors from joining cross-border projects that are increasingly common for advanced weapons systems, such as the F-35 Joint Strike Fighter.

In addition, in October 2015 Japan established the Acquisition, Technology & Logistics Agency (ATLA) to assist in internal MOD coordination on defense research, development and procurement. The agency is small by comparison to its foreign counterparts, but ATLA receives one third of MOD's budget, a significant allocation by Japanese standards. Coupled with the increased budget in 2014 to the Defense Ministry's main weapons research facility, the Technical Research and Development Institute, Japan appears serious about revamping its defense industry sector.⁶

Critics immediately attacked the easing of the ban as a violation of Japan's pacifist principle. They noted that arms now could potentially be exported to countries on the brink of or likely to engage in conflict. They also argued that export decisions were now at the discretion of a few senior officials, a centralization of power that supplanted the usual consensus process. Critics also pointed out that the supposed boost to the domestic defense industry might never happen because Japan would now have to open its defense procurement market to foreign competition, which would "bring an influx of far superior technologies." And as usual, the Japanese public was not in favor of the new policy, with 66 percent of respondents to a Kyodo News survey in March 2014 saying they opposed the relaxation.

For the U.S.-Japan security relationship, however, the lifting of the export ban was hailed by the defense establishments in both countries. For starters, joint R&D efforts could strengthen military cooperation and lead to further exchanges of people, technology, and information. This cooperation also applied to other friendly countries for mutual benefit. For example, Australia initially engaged in talks with Japan to purchase diesel submarines, but ultimately chose France for the contract. Nevertheless, its consideration of Japan indicates that the Japanese defense industry can help build new defense ties with quasi-allies like Australia and will likely establish itself as a reliable supplier of defense equipment and technology. In the future, the defense sector has the potential to achieve economies of scale and develop a competitive and technological advantage internationally.

⁶ Budget increased to ¥166 billion, a 55 percent annual budget increase over 2013.

Prime Minister Abe's most significant and controversial security accomplishment was the reinterpretation of Article 9 of Japan's Constitution to allow a limited use of collective self-defense. Since Article 9 specifically renounces war and Japan's ability to maintain a standing army for the purpose of making war, many constitutional legal scholars believed this reinterpretation to be illegal (some have even mounted a political movement that is playing



Figure 6: Protesters hold signs and shout slogans during a rally against Prime Minister Shinzo Abe's bid to change defense policy in Tokyo. *Wall Street Journal*

out in the Upper House election campaign in the summer of 2016). The reinterpretation breaks with the longstanding decision of the Cabinet Legislation Bureau (CLB), Japan's agency for interpreting laws and the Constitution, which maintained that any change to allow collective self-defense would have to be through the process of amending the Constitution.

Prime Minister Abe would have liked to pursue constitutional reform to amend Article 9, but he realized soon after entering office that public sentiment and the cumbersome process (Article 96) required for amendment would make such a process difficult. He instead decided to opt for reinterpretation, paving the way by selecting a political appointee to head the CLB. This position traditionally was reserved for an official already working in the CLB as insurance against the possibility that the CLB's legal interpretations would become politicized. Abe's appointee, career diplomat Ichiro Komatsu, was known for publically disagreeing with the CLB's consistent position that exercising the right of collective self-defense violated Article 9. He was quite willing to change the CLB's stance and follow the prime minister's policy. While CLB clearance is not legally necessary for a Cabinet reinterpretation of the Constitution, the bureau has long been considered a quasi-constitutional court with a *de facto* monopoly on interpreting the constitution.

With that hurdle cleared, the CLB removed its objection to a Cabinet reinterpretation and on July 1, 2014, the Cabinet bypassed the Diet and ignored public opinion to reinterpret the Constitution. Shortly thereafter, the LDP-Komeito-controlled Diet approved the reinterpretation on September 18, 2014 after intense debate and physical attempts by some legislators to block a vote.

The reinterpretation and the implementing security legislation that followed set off a wave of public rancor that has yet to abate. This reinterpretation allows Japan to engage in collective self-defense (CSD), violating a spirit of pacifism and a tradition of dependence on

Japan's peace-seeking constitution that is deeply engrained in the Japanese postwar psyche. The war-renouncing Article 9 has become a source of pride and identity for the Japanese people, as one interviewed senior Japanese official explained. Hence, the repercussions throughout society continue to reverberate. Some critics in the liberal camp, such as the well-known international security expert and former ambassador Ukeru Magosaki, speculate that Abe's decision was the result of U.S. pressure on Japan to remove the CSD ban, increase defense spending, and enhance Japan's role in the alliance. While it is true that the U.S., particularly since the Bush administration, has nudged Japan to opt for CSD, there has not been any overt pressure to do so. Instead, it seems clear that the LDP and now the Abe administration have been heading in that direction on their own for some time now.

The LDP and other supporters of the reinterpretation have pointed out that under Article 51 of the UN Charter, no nation can be denied the right to inherent self-defense, including collective self-defense. Japan's early decision under the CLB to deny Japan that right based on the interpretation of Article 9 was in the end a political decision, not a legal one. The consensus within the government following the 2014 reinterpretation was to accept the change as appropriate for the times and Japan's international position. In short, for many officials, the reinterpretation was "no big deal" (off the record interview with Japanese official). While critics argue that the reinterpretation will lead to Japan being entrapped in a future American war, supporters rebut such fear of entrapment as unwarranted since the use of CSD is limited and can only be applied when three strict conditions are met:

- When an armed attack against a foreign country that is in a close relationship with Japan occurs and as a result threatens Japan's survival and poses a clear danger to fundamentally overturn people's right to life, liberty, and pursuit of happiness
- When there is no other appropriate means available to repel the attack and ensure Japan's survival and protect its people
- If Japan limits the use of force to the minimum extent necessary (Chanlett-Avery and Rinehart)

Prior to the reinterpretation, dispatches of the SDF were limited to rear support activities in non-combat missions overseas, as seen during the Koizumi administration (2001-2006). These former special measures laws allowed operations of limited duration. For instance, under the Koizumi administration's Anti-Terrorism Special Measures Law and Special Measures for Humanitarian and Reconstruction Assistance in Iraq, Japan deployed troops overseas to support the U.S.-led "coalition of the willing" after the terrorist attacks in the U.S. on September 11, 2001. But the laws had a number of restrictions, such as consent from both relevant governments before sending the SDF and limitation in role for the SDF as noncombatants and/or humanitarian assistance once deployed. For example, the Maritime SDF sent refueling ships to the Indian Ocean to service U.S. and other naval ships during Operation Iraqi Freedom (OIF) and Operation Enduring Freedom (OEF).

While this legislation was a step in the right direction, it was not enough. Since 2006, Japan has yet to dispatch another SDF unit (except for United Nations peacekeeping operations (PKO) under the PKO Law). In defense of his reinterpretation, Prime Minister

Abe used a hypothetical contingency in an area near Japan to explain that Tokyo must defend U.S. forces during its combat operations aimed at protecting Japan or else risk critically damaging the alliance. Abe also sought to reassure the public by declaring that the SDF would never be sent abroad for missions even if they were UN-sanctioned security operations.⁷

Do these five major security changes mean that Japan’s national security policy no longer aligns itself with the Yoshida Doctrine? During a 1946 House of Representatives session, a House member asked Prime Minister Yoshida if Japan must abandon all self-defense under Article 9 of the draft constitution. Yoshida replied, “The provision of the draft regarding renouncing war does not directly deny the right of self-defense, but as a result of denial of all war potential and the right of belligerency of the state under article 9, paragraph 2, [Japan]

renounces even war based on the right of self-defense and the right of belligerency.” Sayuri Umeda, an expert on international law at the U.S. Congressional Research Service clarified: “As seen in Yoshida’s statement during the Diet session discussing the new constitution, the government understood that all war potential was denied in paragraph 2 of article 9, although paragraph 1 of article 9 did not deny the Japanese the right to self-defense.” Eventually that strict interpretation of paragraph 2 was eased to allow the existence of the SDF for the defense of Japan. Technically, the SDF is not an armed force or national army but an extension of the National Police Reserve established by Yoshida in 1950. The LDP, therefore, hopes to amend Article 9 to state that Japan has the right to maintain an army.

The Yoshida Doctrine’s three tenets of limited armament, reliance on the U.S. for security, and focus on economic growth, assumes a significantly different form under the Constitutional reinterpretation. Limited armament now includes robust defense forces (see Figure 7). Reliance on the U.S. for Japan’s security no longer holds as true since Japan has increasingly picked up more responsibility for the defense of the homeland as well as

Japan Self-Defense Forces (SDF) 2015 defense budget: 5.05 trillion yen (\$42 billion)	U.S. Forces Japan (USFJ)
Maritime Self-Defense Forces (MSDF) 45,500 sailors 47 surface combatants (6 Aegis BMD-equipped) including 2 helicopter carriers 18 submarines, 166 maritime patrol aircraft	U.S. Navy 19,600 sailors ashore and afloat 1 aircraft carrier, 2 cruisers and 8 destroyers (8 Aegis-equipped), 70 aircraft, 3 amphibious transport ships, 1 command ship, 2 mine countermeasures ships
Air Self-Defense Forces (ASDF) 47,100 airmen 552 combat capable aircraft: 201 F-15J fighters, 17 AEW&C aircraft, 66 transport aircraft; 17 PAC-3 BMD units	U.S. Air Force 12,400 airmen 1 fighter wing at Misawa AB with 18 F-16C/D 1 fighter wing at Kadena AB 24 F-15C/D, 2 AEW&C aircraft 1 airlift wing, total of 14 transport aircraft; 1 special ops group; 8 SAR helicopters
Ground Self-Defense Forces (GSDF) 151,050 soldiers 1 tank division, 3 armored infantry divisions, 5 light infantry divisions, 1 airborne brigade, 1 helicopter brigade, 3 artillery brigades, 2 air defense brigades, 1 special ops unit	U.S. Army 2,300 soldiers 1 special forces group, 1 aviation battalion, 1 air defense regiment Forward operational headquarters
SDF Amphibious Assets GSDF is building up an Amphibious Rapid Deployment Brigade of 3,000 personnel 3 landing ships (LST), 20 landing craft	U.S. Marine Corps 15,700 marines 1 Marine division, 12 F/A-18D aircraft, 24 MV-22 transport aircraft, 12 refueling aircraft
Reserve 54,200 soldiers, 1,100 sailors, 800 airmen	U.S. Strategic Command 2 AN/TPY-2 X-band radars

Source: *The Military Balance 2015*, (London, UK: International Institute for Strategic Studies, 2015), and Seth Robson, “Boost in Aircraft, Personnel Part of Pacific Pivot for Yokota,” *Stars and Stripes*, January 19, 2016.
Notes: The totals for the USFJ column account for U.S. forces stationed in Japan. The U.S. military is capable of rapidly augmenting these forces with reinforcements from elsewhere in the region, and around the world.

Figure 7: Military Forces in Japan (figures are approximate)

⁷ The notable exception to this statement is if Japan is directly threatened.

improved its roles and missions in the alliance. This evolution in part reflects strong U.S. expectations, but also mirrors a national awareness in Japan that global security (not just regional dynamics) are inextricably intertwined with its own security.



Figure 8: (L-R) Japanese Defense Minister Nakatani, Japanese Foreign Minister Kishida, US Secretary of State John Kerry and Secretary of Defense Ashton Carter pose for a picture after meetings in New York on April 27, 2015.

Update of U.S.-Japan Defense Guidelines: 04/27/2015

After the groundbreaking decision to reinterpret Article 9 of the Constitution, the Abe administration entered into negotiations with the U.S. government to prepare a new set of defense cooperation guidelines to reflect this reinterpretation. These defense cooperation guidelines outlined the military roles and missions of both parties in the alliance. Abe unveiled the new guidelines in April 2015 during a visit to the U.S.

While the previous 1997 guidelines outlined regional security responsibilities, the 2015 guidelines “recognize[d] the ‘global nature’ of the alliance and outline[d] measures to allow U.S. forces and the SDF to ‘seamlessly’ plan, train and operate together” (Sasakawa Peace Foundation USA). The guidelines address the complex nature of twenty-first century security challenges, such as cyber defense, ballistic missiles, maritime security, and the defense of air space. They also address the deficiencies in the 1997 guidelines, particularly the geographical limitations on SDF activity to provide “rear area support” to US forces only in “areas surrounding Japan” (Liff). The new scope of the alliance allows the SDF to participate in CSD with the U.S. around the globe, a change justified because of the shifting nature of today’s threats and their ability to geographically undefinable (Umeda).

Other important features of the 2015 Guidelines include better coordination between the U.S. and Japan on technology acquisition, maintenance, and weapons development; a partner capacity building program with other nations in the region; increased intelligence, surveillance, and reconnaissance (ISR) sharing; and, importantly, an Alliance Coordination Mechanism, which will bring together U.S. and Japanese counterparts in responding quickly and effectively to developing contingencies.

The controversy set off by the guidelines and the implementing security legislation was monumental. Critics claimed that the changes represented yet another move by the Abe

Cabinet to circumvent the democratic process, i.e., the Diet, and ignore the Constitution. They charged the government with treating the guidelines as if they superseded the Constitution or the bilateral security treaty. The removal of “geographical limits on the scope of the alliance” (Walker and Azuma) also raised old concerns over potential entrapment scenarios. Yet, across the Pacific, Washington praised this new set of guidelines for its clarification of roles, missions, and capabilities shared by the two armed forces.

Passage of Security Bills: 09/19/2015

The Abe administration’s set of legislation to enable the defense guidelines and expand the SDF’s role in international peacekeeping was passed by the Diet in September 2015 after a tumultuous session and enormous protest demonstrations outside the Diet building. As seen in the photo to the right, legislators physically brawled over the package of bills, denying their constitutionality.



The LDP and its coalition partner Komeito were accused of ramming the bills through the Diet and defying the public will.

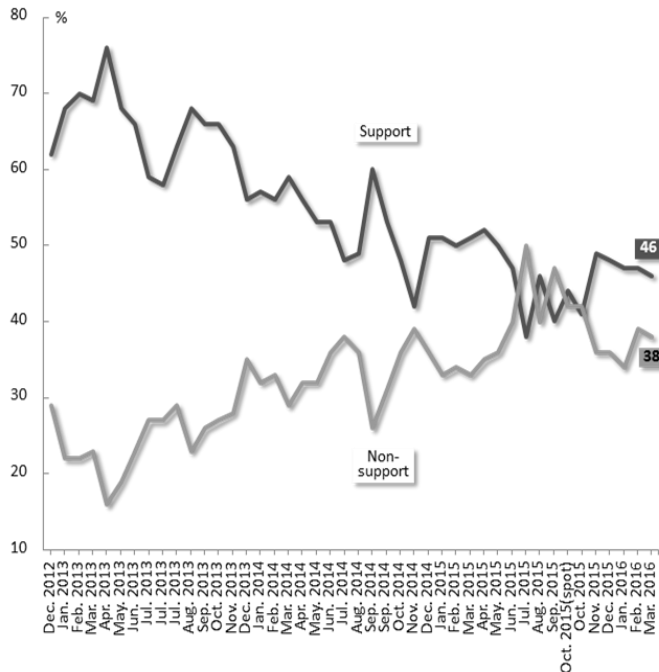
Figure 9: Lawmakers surrounded the committee chairman as the vote was passed

The security bills revised ten existing laws and created a new one in order to expand the scope of the activities of the SDF. The first bill revised the current Law on a Situation in the Areas Surrounding Japan that restricted the SDF to supporting the U.S. only in areas close to Japan, such as a contingency on the Korean Peninsula. It was renamed as the Armed Attack Situations Response Law. This revision greatly increased the capabilities of the SDF, allowing them to provide logistical support to militaries of other countries engaged in military operations (even when such actions are not directly linked to Japan’s security) and to come to the aid of an ally under attack. The second bill allowed the SDF to support militaries of other countries as needed; for example, minesweeping in a war in the Middle East. This new legislation also lifted the requirement for a new, specific law each time Japan participated in an operation, like refueling support for U.S.-led operations in the Indian Ocean during OEF/OIF.

The Self-Defense Forces Law was also amended to allow the SDF to engage in rescue missions for Japanese nationals overseas. The SDF could now use “weapons to protect the weapons and other equipment of the units of the U.S. Forces, armed forces of other countries and similar organizations that are, in cooperation with the SDF, currently engaged in activities that contribute to the defense of Japan” (Japanese Ministry of Defense). Only one new law was actually created – the International Peace Cooperation Act. This law supplanted the old Peacekeeping Operations (PKO) law but maintained the five former preconditions for use of SDF in PKOs; however, the new law enabled the SDF to more broadly use weapons

for self-defense. For example, SDF troops can now use weapons while engaged in overseas support missions to protect themselves, troops of other countries working with them, and any civilians under their supervision. The law also allowed the SDF to provide logistical support (with Diet approval) to countries engaged in UN-sponsored operations.

Figure 10: Trend in Public Support for the Abe Cabinet



The summer of 2015 was a time of great political turmoil as the set of security bills were passionately debated and challenged in the Diet. The controversial legislation faced intense scrutiny from a skeptical press and set off nationwide protests that included thousands of young people who believed the bills were unconstitutional and threatened the country’s postwar pacifist identity. Ignored in these protests was the reality that Japan’s peace and tranquility were largely due to the existence of the U.S.’ forward deployed military presence as well as the U.S.’ extended deterrence (nuclear umbrella). China’s maritime advancements and aggressive posture in the East and South China seas did chanting the peace mantra because for

not seem to matter to the protestors many of them, the security measures were leading to war. They ignored the fact that such changes enhanced the deterrence capabilities of the alliance and instead chose to believe that peace could be had for the asking.

Part of the general public’s wariness, as seen in the opinion polls, stemmed from the confusion surrounding the laws themselves, both in their content and their actual meaning (for example, what does “minimum force necessary” encapsulate in this era of technological warfare?). The other complicating factor concerned Japan’s postwar identity. In Japan, patriotism, or love of country, equated to militarism despite Abe’s efforts to convince the public to think otherwise.

This public perception likely fueled Abe’s attempt to rebrand his diplomatic and security affair reforms under the slogan “proactive contributions to peace.” The approach seemed to be effective, as seen in the recovery of his cabinet’s approval ratings after the September 2015 dip (when the new security bills were passed). Figure 10 relates this dynamic well, reflecting the sharp decline in approval around July 2014, the time of Article 9’s reinterpretation, and the uptick in non-supporters around September 2015, the time of the security bills’ passage.

The bills of course have their strengths and their weaknesses. In terms of their weak points, one well-informed U.S. military source expressed concern about the unclear rules of engagement (ROEs) and the lag in training for the SDF in line with the new measures. On PKO, the source felt that Japan is not ready for increased PKO activity that might put troops in harm's way. One reason stems from Japan's lack of a military tribunal, a liability should the SDF troops have to use armed force while deployed (the SDF is still governed by the same laws as the police force).

The new security measures, however, have many strong points. First, the changes usher in a robust planning and training regime between Japan and its allies, a major component of deterrence. Second, everything in the laws is purely defensive. For example, Japan can only exercise the use of CSD if it or its close ally has been attacked. Importantly, civilian control is carefully maintained, with the Diet approving dispatches. Third, the new measures allow the alliance, not just Japan, to respond to so-called "gray zone" incidents. For instance, the U.S. could come to Japan's aid for an incident just short of an armed attack, which for Japan means an incident over the Senkaku Islands⁸. Fourth, the SDF has no geographical limitations in its activities like before where involvement was limited to "situations in areas surrounding Japan." Finally, Japan's security options include building security ties with countries other than the U.S., such as Australia. In total, the SDF can now more freely participate in collective security efforts by providing rear support anywhere in the world.

What's the big deal?

As seen in the above analysis, Prime Minister Abe simply codified what was already in piecemeal practice by various Japanese government agencies and increased the efficiency and transparency (in most areas) of Japan's national security strategy. At the same time, budgetary, constitutional, normative, and political constraints on Japan's military activities, particularly overseas, remain. As A. Sasaki noted in 2015:



Figure 11: Political Cartoon from *The New York Times*

Those who claim to discern seminal changes or even a shift in direction [of Japan's national security policy] fail to take into account the process of transformation and adjustment that Tokyo has been undergoing since as early as the end of the Cold War. Abe's reforms are the logical consequence and result of Japan's gradual realignment of its security policy, a process long underway. Even the controversial reinterpretation of the "peace clause" (Article 9) of the Constitution merely formalizes what is in fact already practiced.

⁸ The Senkaku Islands fall under the U.S.-Japan Security Treaty as a territory administered by Japan.

That view seems to be the consensus among noted scholars following Japan's security affairs. Jennifer Lind of Dartmouth College and Harvard University explains that the fear of Japan breaking with its pacifist tradition has been excessive:

Such pronouncements [...] exaggerate both the extent of Japan's previous pacifism and the magnitude of the changes. The legislation permitting engagement in collective security activities is indeed a significant moment in Japan's 70-year evolution in national security. But it does not mark Year Zero of a new era in which Japan is becoming increasingly militarist. Japan's reforms represent continuity, rather than change, in a pattern in which Japan relies upon the United States for its security, but contributes more to the alliance when its security environment worsens. From Washington's standpoint, Japan's greater activism and burden-sharing within the alliance is welcome news.

Or simply follow the dollars. Japan's defense budget has been nominally decreasing since 2002, and has maintained at or below one percent of Japan's GDP, a self-imposed rule to demonstrate the nation's commitment to peace (Stockholm International Peace Research Institute). Only in 2013 did the defense budget increase, and even then it remained at or below one percent of GDP.

Under Prime Minister Abe, the trend changed. His cabinet last December approved a record 5.05 trillion yen (\$41.4 billion) defense budget for fiscal year 2016/2017. This marked the fourth consecutive increase in defense spending under Abe. Much of the spending increase resulted from growing tensions with China in the East China Sea, particularly centered on the Senkaku Islands, which China also claims. Still, such increases in defense spending are not remarkable when compared to the military expenditures as a percentage of GDP of other regional countries. During the 2004-2013 period, "Japan's defense budget dropped by 5% while China's budget grew by 270%, South Korea's spending by 45%, and Taiwan's expenditure by 14%" (Chanlett-Avery and Rinehart).

Despite observers arguing that Abe is steering Japan sharply to the right, such a trend can be found only in small segments of the population, media, and ruling LDP (where Abe and his supporters now dominate). Most of the Japanese public remains middle-of-the road or moderately pacifist in their views with opinion polls showing consistent wariness toward Abe's security policy agenda. Nevertheless, this fact does not imply that the public is alarmed, and instead, polls show that Abe's approval ratings recovered, as if the public forgot their outrage and their protests that marked the passage of the security legislation in September 2015. Regardless, it is unlikely that Abe has the political capital necessary to amend Article 9 of the Constitution, one of his lifelong goals and one that some see as the finishing touches to securing his grandfather's legacy.⁹

⁹ Abe's grandfather, Prime Minister Nobusuke Kishi, also wanted to rewrite the Constitution.

The Road Ahead: Projections for the U.S.-Japan Alliance

Security Legislation: Effects on the Alliance

How will the U.S.-Japan security arrangements change now that Prime Minister Abe has implemented the security policy changes? According to some experts interviewed in Tokyo for this paper, nothing of importance will happen soon. The reinterpretation to allow use of CSD, while symbolically significant, still precludes Japan from implementing collective security *unless* the operations meet a set of strict guidelines and receive Diet approval. These same interlocutors also expressed concern that the U.S. might “misunderstand” the limitations of the recent legislation, noting that the U.S. has focused mainly on correcting the asymmetries in the alliance. However, it seems unlikely that the alliance managers in the U.S. government and military are that naïve. Washington, including its think-tank security experts, are aware of the actual limitations on Japan’s involvement in overseas operations, whether they are U.S. or UN led military engagements. Moreover, the U.S. no longer looks at the growth rate of the defense budget as a yardstick; it is the contents of the budget in terms of equipment to carry out roles and missions, for example, that count. In fact, to continue linking Japan’s defense performance to an arbitrary figure, like one percent of GDP, no longer makes sense. When the economy grew fast, one percent of GDP was a hard target to reach, but for the slow-growing economy that is likely to continue, such a number could be reached fairly easy.

What will happen in the future to Host Nation Support (HNS), “or the so-called ‘sympathy budget’” (Ross), provided to the United States to defray the costs of stationing American forces in Japan? Japan provides HNS funding through special measures agreements (SMA) and the Facilities Improvement Program (FIP). Despite indication from the Abe government that they planned to cut HNS funding in fiscal 2016, the U.S. ultimately convinced Japan to commit to an amount near the current spending level. If Japan wants to rectify the imbalance in the alliance and assume a greater role, spending priorities need to reflect that decision. The current high-level of HNS funding proves that despite Japan’s efforts to upgrade its role in the alliance, Washington continues to expect Tokyo to share the bulk of the cost of keeping U.S. troops in Japan. In recent years the U.S. defense budget has taken a hit due to sequestration cuts in 2013 and growing concerns over its size. Despite the U.S.’ “rebalance to Asia,” Japan is rightfully shoring up its own defensive posture, anticipating it will have to assume more of the burden as fiscal constraints and the political atmosphere in the U.S. make funding the rebalance more complicated.

What are the domestic challenges that the Abe administration is facing in fully implementing the security changes? As one op-ed writer for *The Japan Times* noted, “Resistance to related domestic security issues due to passage of the bills, namely the Okinawan base and nuclear power plant issues, as well as economic and demographic issues, will hinder the growth of Japan’s security footprint” (Le). Ironically, what once prevented Japan from fully developing its defense potential to match U.S. expectations (Yoshida Line of Japan prioritizing its economic growth and minimizing its defense capabilities) now enables it (Abe’s Doctrine of accepting, even welcoming, U.S. requests for increasing burden sharing). There is also a mercantile aspect of the Abe transformation. For instance, the

removal of the arms export ban is expected to revitalize the domestic defense industry. The effect on the overall economy might be negligible, but the enhanced cooperation on technological development should further strengthen the alliance and enhance the strategic vision for the region.

At this juncture, the SDF has yet to develop sufficient capabilities to meet the roles and missions outlined in the new security scheme legislated by the Abe government. For example, in 2014 alone, the Air Self-Defense Forces (ASDF) ran 340 sorties, an increase of 225 sorties over 2013. With tensions rising in the East China Sea over the Senkaku Islands and Chinese naval intrusions as well as concerns over China's runaway military budget, Japanese forces would most likely have no recourse but to focus on defending the homeland rather than accepting requests for dispatch missions abroad. Additionally, should Japan decide to engage in collective security, the repercussions of putting the lives of the SDF in harm's way would undoubtedly be felt strongly at home and abroad. Finally, depending on the circumstances, Japan may find its forces up against those of terrorists. Japan has already been targeted by the Islamic State for its alleged support of ISIS enemies, as seen in the beheading of two Japanese citizens in Syria in 2015.

Washington's praise for the upgrading of the alliance has been unqualified. But some critics in the U.S. charge that Tokyo has introduced the new security policies as a scheme to assure U.S. involvement in the case of an armed conflict with China over the Senkaku Islands or within the waters of the East China Sea. While true that Washington prefers a diplomatic solution to the Senkaku question, it is not true that the U.S. alliance managers fear entrapment by Japan in an unwanted war with China. First, U.S. and Japanese forces have been jointly training for gray zone threats. Second, the SDF is developing its own amphibious attack unit that would supplant the U.S. Marines in such a contingency. The U.S.-Japan Alliance helps to deter a conflict from breaking out and mitigates the chance of escalation

China accuses Japan of jeopardizing Pacific peace with its new "military" laws, claiming that these measures represent an effort to contain China. This oversimplification ignores the fact that China and Japan have one of the strongest economic relationships and one in which the two nations are committed to "mutually assured production" (Miller). The National Security Strategy actually emphasizes the importance of stability between China and Japan and promotes "establishing a framework [with China] to avert or prevent [an] unexpected situation" (Miller). Regardless, China's perception also matters, and Chinese leadership is cautious of Prime Minister Abe because of his revisionist historical views and questionable actions (i.e. his visit to Yasukuni Shrine in December 2013). If Abe wants to create a "mutually beneficial strategic relationship" with China, as stated during bilateral summit meetings, he will need to assuage Chinese concerns about "encirclement" moves.

2016 Summer Elections: What Awaits After?

Until the July 10 election for the House of Councilors concludes, Prime Minister Abe will be campaigning as if security issues do not exist and will instead focus on the economy. According to a Sankei poll in March 2016, over 80% of respondents did not have a "tangible

sense of economic recovery under the Abe cabinet” and over 70% of each major party’s supporters said either “the consumption tax hike should be postponed” or “the consumption tax rate should not be raised.” He therefore postponed hiking the consumption tax to ten percent until 2019. Abe takes such polls seriously, and even the LDP expectations for the Upper House election results have been modest. Another element that could affect the election is the lowered voting age, now set at eighteen. The effect and allegiance of this new but significant voting bloc remains to be seen.

In the election, the LDP and its Komeito coalition partner pick up enough seats not only to win the Upper House, but also to reach the two-thirds majority needed to speed up the constitutional reform agenda. Even insiders in the LDP were surprised that Abe now has the strength to introduce any amendments. In the above poll, 41.5% of respondents were for and 46.8% were against using an Upper House win as a springboard for revising the Constitution.

The future of the alliance also depends upon the outcome of the U.S. presidential election this fall. The presumed nominees Donald Trump and Hillary Clinton have drastically different foreign policy approaches to Japan and East Asia. Will the rebalance to Asia still take priority with a new Administration? Only time will tell.

Conclusion: A New Yoshida Line?

None of Abe’s security reforms – the creation of a National Security Council, the passing of the State Secrets Law, the announcement of the first National Security Strategy, the easing of the arms export ban, the reinterpretation of Article 9 of the Constitution, the updating of the U.S.-Japan Defense Cooperation Guidelines, the passage of the eleven security bills, the renewed commitment to resolve the U.S. basing issue in Okinawa (discussed in another paper in this yearbook), and Abe’s intent to amend the Constitution during his tenure as Prime Minister – rejects Japan’s longstanding postwar policy mix of lightly arming the military and focusing on economic growth; also known as the Yoshida Doctrine.

Arguably, this policy line has been bent in a slightly different direction; more regionally and globally than before and more proactive in its policy approaches. But the reforms do not stray from the basic Yoshida line’s commitment to a minimal defense establishment, no military option in Japan’s diplomacy, and continued reliance on the United States for regional deterrence. The reforms by themselves offer little to counter the direct threat from North Korea nor can they add much to reverse the military advancement of China in the East and South China seas. Furthermore, the changes have not resulted in a serious spike in Japan’s defense budget even though new equipment for the defense of the homeland (F-35s and Ospreys) are coming online and despite Japan continuing to maintain the U.S. base presence by paying approximately \$2 billion annually in host-nation support.

While the security changes can be seen as incremental moves by Japan to becoming a “normal” country, the pace has been constrained by political realities, including the coalition partner Komeito’s tendency to act as a brake on Abe’s ambitious security agenda (the party is now opposed to amending the Constitution) and by the wariness of the public about Japan

becoming a country that “can go to war.” Abe and the LDP’s ambition for a constitutional amendment may be out of reach for the foreseeable future.

The July Upper House election did not give the LDP the two-thirds sole majority needed in order to pass a constitutional amendment. The coalition has such a majority but is not unified on the pace or contents of constitutional revision. But this normalization path does not negate the Yoshida Doctrine. Although experts disagree, with some claiming the Yoshida Doctrine is dead, others stating it is alive and well, and others qualifying their answer with “it depends,” this author sees the security reforms of the Abe era as logical next steps in a decades-long progress towards Japan enhancing its security role in the alliance to make it more equitable and increasing its contributions to the international community through the United Nations. It seems unlikely that Yoshida, as a realist, would disagree. Indeed, Prime Minister Yoshida was not so much against rearmament as for prioritizing economic recovery. He was not averse to using Article 9 as a foil against U.S. pressure for Japan to rearm in order to devote the country’s resources to the economic recovery.

Two lingering questions remain: How long will the Yoshida Doctrine survive in the twenty-first century? What does it mean for the U.S.-Japan Alliance if it is put to rest? To the first question, if we define the doctrine more broadly as “not doing anything *not* in Japan’s national interest,” which was a sine qua non for Yoshida, then yes, the doctrine can endure. The challenges of Japan’s security environment are complex and require money, men, and materiel; Japan alone does not have such resources to address its national security threats. Reliance on the U.S. for overall security, particularly in the region, will continue. To the second question, while the existence of the Yoshida Doctrine is not necessary for the alliance, it will prove useful for Japan to maintain its spirit. Since the end of WWII, the U.S.-Japan security relationship has served as a cornerstone of “peace and stability in Asia and increasingly around the globe” (Walker and Azuma).

Having a strong ally (like the US) or a strategically located and peaceful ally (like Japan) enables each nation to leverage the other’s strengths: resources in the case of the former and access in the case of the latter. A truly radical departure then from the doctrine – such as Japan taking over the regional role now handled by the U.S. – would seriously undermine Japan’s peace-seeking international reputation and diminish the importance of the alliance, particularly as a regional deterrent force.

No man is an island, even a chain of islands. With important events this year like the G7 Summit at Ise-Shima, President Obama’s historic visit to Hiroshima, and the lead-up events to the 2020 Tokyo Summer Olympics, Japan’s role in the regional and global arena is growing. Thanks to the efforts of the Abe administration, Japan assumes these new responsibilities with a deepened alliance that strengthens the bilateral security arrangements into a seamless web while also enhancing Japan’s global prestige. And in so doing, the undercurrent that is the legacy of the Yoshida Doctrine continues to flow quietly despite the changes in security policy introduced by Prime Minister Abe.

Kelly Isom

Images

Figure 1: Signing of U.S.-Japan Security Treaty 1951. Japan Society. Retrieved from: http://aboutjapan.japansociety.org/signing_usjapan_securitytreaty.

Figure 2: The Government of Japan. (2014). Retrieved from: http://www.japan.go.jp/tomodachi/2014/spring-summer2014/japans_roactive_contribution_to_peace.html

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Figure 9: Scuffles as Japan security bill approved by committee. (2015, September 17). *BBC News*. Retrieved from: <http://www.bbc.com/news/world-asia-34275968>

Figure 10: Nikkei Inc./TV Tokyo public opinion poll (from press translations).

Figure 11: Heng. (2013, December 12). Japan's 'Proactive Pacifism.' *The New York Times*. Retrieved from: <http://www.nytimes.com/2013/12/20/opinion/japans-proactive-pacifism.html>

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Confluence of Two Seas Japan's New Strategic Relationship with the Philippines

Introduction

Since its inception in 1951, the alliance between Japan and the United States has remained a cornerstone upon which Japan has developed its security and foreign policies. The continuation of that security relationship is widely regarded as the foundation for the security architecture and stability in East Asia during the Cold War.¹⁰ The end of the Cold War, the rise of China as both an economic and military power, surging nationalism in Asia, and smoldering sovereignty contests in the East and South China seas in the first decade of the 21st century have all put pressure on Tokyo and Washington to reassess their security interests and to adjust the alliance strategy accordingly.

Like the United States, Japan has a stake in maintaining maritime stability and freedom of navigation in Asia-Pacific waters. Resource poor Japan relies on sea lanes of communication (SLOCs) not only for seaborne trade but also for the importation of most of its natural resources, including more than 90 percent of its energy supplies.¹¹ The SLOCs through the maritime choke-points of Southeast Asia and the South China Sea linking the Indian and Pacific oceans are therefore viewed as Japan's energy lifelines. For Japan, the safety of those shipping lanes has been, and will continue to be, of vital national-security interest.

Beyond its concerns over sea-lane security, Japan, while not a claimant in the current sovereignty dispute in the South China Sea, increasingly sees an inextricable link between it and its dispute with China in the East China Sea in terms of "how to address a powerful and assertive China."¹² If China succeeds in intimidating the other small disputant



¹⁰ See, for example, Thomas J. Christensen, "China, the US-Japan Alliance, and the Security Dilemma in East Asia," in G. John Ikenberry and Michael Mastanduno, eds., *International Relations Theory and the Asia-Pacific* (New York: Columbia University Press, 2003), pp. 25-56. Also Robert S. Ross, "The Geography of the Peace: East Asia in the Twenty-First Century," *International Security*, Vol. 23, No. 4 (Spring 1999), pp. 81-118; Wu Xinbo, "The End of the Silver Lining: A Chinese View of the U.S.-Japan Alliance," *The Washington Quarterly* (Winter 2005-06), pp. 119-130.

¹¹ Ian Storey, "Japan's Evolving Security Concerns in Maritime Southeast Asia: from Safety of Navigation to 'Lake Beijing'" in Takashi Shiraishi and Takaaki Kojima, ed., *ASEAN-Japan Relations* (Singapore: Institute of Southeast Asian Studies, 2014), 115.

¹² Tokotaka Shoji, "The South China Sea: A View from Japan," *NIDS Journal of Defense and Security*, 15, Dec. 2014, 127-141.

countries with its “salami-slicing” strategy and in consolidating its territorial claims to the South China Sea as a *fait accompli*, it can apply the same strategy to the Senkaku Islands (Diaoyu) territorial dispute with Japan in the East China Sea.

In this broad geostrategic context, Tokyo has been more vocal in expressing its concerns, especially with the return of Shinzo Abe as the Prime Minister in December 2012. Immediately after starting his second time in office (the first being 2006-2007), Abe sent a strong signal to Beijing by criticizing China’s attempts to transform the South China Sea into “Lake Beijing.”¹³ In a speech that was given in his diplomatic debut trip to Southeast Asia in January 2013, Abe articulated the five new principles for Japanese diplomacy, one of which is to ensure “the seas...are governed by laws and rules, not by might.”¹⁴

Southeast Asian disputant countries, especially the Philippines—another U.S. treaty ally in Asia—have explicitly welcomed the U.S. policy under President Obama of “pivoting” or “rebalancing” to Asia, as well as greater Japanese participation in South China Sea security affairs. The past five years have witnessed a reinvigoration of Manila’s security ties with both Washington and Tokyo that has led to frequent summit meetings and other high-level exchanges, transfers of American and Japanese maritime defense equipment to the Philippines, and bilateral and trilateral military exercises and training. The Philippines signed the Enhanced Defense Cooperation Agreement (EDCA) with the United States, and potentially could conclude a “visiting forces agreement” with Japan, which respectively would grant American and Japanese naval forces greater access to Philippine military facilities.

This study examines Japan’s evolving role in the South China Sea disputes against the backdrop of the U.S.-Japan alliance and Japan’s relations with the Philippines, as well as with other ASEAN members, and it also evaluates the policy tools at Japan’s disposal. The first section reviews Japan’s traditional approach toward the Philippines and South China Sea affairs. The second part focuses on developments in the South China Sea since 2009 and the tandem change in Japan’s policies toward the region. The third part analyzes Japan’s policy tools and their potential constraints. In the conclusion, the paper assesses the implications of Japan’s deeper involvement in the South China Sea disputes, and it provides an outlook for Japan’s future role in East Asian maritime security within the framework of the alliance with the U.S.

This paper draws on a series of interviews and seminars in Tokyo and Washington in March and April of 2016 with relevant policy practitioners and analysts.

Japan as an Economic Partner: Postwar Reconciliation and the Fukuda Doctrine

While Filipinos fought side by side with American troops during World War II and posed the greatest resistance in Southeast Asia to the Japanese invasion, wartime memory has not presented a major constraint to postwar reconciliation and normalization of Philippine-Japanese ties. This has not been the case for Japan’s postwar relations with neighboring

¹³ Shinzo Abe, “Asia’s Democratic Security Diamond,” Project Syndicate, Dec. 27, 2012

¹⁴ “The Bounty of the Open Seas: Five New Principles for Japanese Diplomacy,” Jan. 18, 2013.

countries China and South Korea, however. As a gesture of goodwill and magnanimity toward the Japanese, the Philippine President Elpidio Quirino, whose wife and three children were killed during the war, announced his decision to pardon and release 52 convicted Japanese war criminals in 1953. In response, the Japanese Diet quickly passed a resolution expressing deep gratitude towards the Philippines.¹⁵

In the first two decades following the end of the war, Japan's relations with the Philippines, as well as with the rest of Southeast Asia, developed in the foreign policy framework set forth by the Yoshida Doctrine, which emphasized Japan's development of regional economic ties, while relying on the U.S. for its security. Since the 1960s, Japan has remained the Philippines' largest source of official development assistance (ODA), top trading partner, and source of foreign investments. The Philippines ranks as the fourth largest recipient of Japanese ODA, next to Indonesia, China and India in cumulative terms.¹⁶

Throughout this period, Japan's political and security ties with this region remained limited. The U.S.-Japan Security Treaty, revised in 1960, defines Japan's obligation to the alliance in maintaining "peace and stability of the Far East" as "the provision of bases and facilities for the US military on Japanese territories."¹⁷ In February 1960, the Japanese government defined the "Far East" to include the areas north of the Philippines and in the vicinity of Japan as well as areas under the jurisdiction of the Republic of Korea and the Republic of China.¹⁸

Japan's nearly single-minded focus on developing economic relations with Southeast Asia, however, created ambivalence in this region that erupted into mass anti-Japanese protests during Prime Minister Kakuei Tanakai's visit to the Philippines, Thailand, Singapore, Malaysia and Indonesia in 1974.¹⁹ The diplomatic debacle brought home to Japanese policy-makers the imperative of moving Japan's diplomacy with Southeast Asia beyond mere economic relations. Japan's 1974 Diplomatic Bluebook noted:

"Criticism of Japan has increased in various Southeast Asian countries in recent years against its sharply increased enormous economic presence, the business methods of Japanese enterprises and also the behavior of Japanese residents in those countries."²⁰

In addition, as U.S. forces withdrew from Vietnam after that war, Japan was encouraged by its American ally to play a greater role in the region.²¹

¹⁵ "Diplomatic relations between the Philippines and Japan," Official Gazette of the Republic of the Philippines.

¹⁶ The cumulative amount of Japan ODA to the Philippines totaling US\$20.560 billion (1967-2008). "Japan's ODA to the Philippines," Embassy of Japan in the Philippines, July 2010.

¹⁷ Sheila A. Smith, "The Evolution of Military Cooperation in the US-Japan Alliance," in Michael J. Green and Patrick M. Cronin, eds., *The US-Japan Alliance: Past, Present and Future* (New York: Council on Foreign Relations Press, 1999), p. 69.

¹⁸ Frank C. Langdon, *Japan's Foreign Policy* (Vancouver, Canada: University of British Columbia Press, 1973), 41.

¹⁹ In the protests in Jakarta, eleven persons were killed. Emilio de Miguel, "Japan and Southeast Asia: from the Fukuda Doctrine to Abe's Five Principles," UNISCI Discussion Papers, No. 32 (May 2013).

²⁰ Quoted by Lam Peng Er, "The Fukuda Doctrine: Origins, Ideas, and Praxis," in Lam Peng Er, ed., *Japan's Relations with Southeast Asia: the Fukuda Doctrine and Beyond* (New York, NY: Routledge, 2013), 11.

²¹ *Ibid.*, 12.

The turning point came in 1977 when Prime Minister Takeo Fukuda articulated the blueprint of Japan's policy toward Southeast Asia during his visit to Manila. Dubbed the Fukuda Doctrine, the policy architecture consists of three principles: Japan's commitment to contribute to world peace and prosperity, and the rejection of the role of becoming a military power; Japan's pledge to consolidate its relations with Southeast Asia on the basis of mutual confidence and "heart-to-heart" trust; and Japan's intention to contribute to the building of peace and prosperity in Southeast Asia as an equal partner.²² The Fukuda Doctrine, alongside ODA, reaffirmed Japan's pacifist approach toward international politics and has since remained the pillar of Japan's relations with Southeast Asia, fostering "the increasing Southeast Asian perception that the Japanese had played a constructive role in their region since the war. Through their aid, investment, and trade, the Japanese played a very big part in the economic development of the region."²³ In tandem with Japan's growing economic influence in this region, there is a Southeast Asian expectation that "given Japanese weight in the region and the American pressure, some Japanese security role will be inevitable."²⁴

Throughout the Cold War period, South China Sea disputes barely stood out as a pressing issue on Japan's cooperation agenda with the Philippines or Southeast Asia at large. Since the 1980s, Japan has defined its SLOCs defense responsibility up to a radius of 1,000 nautical miles from its coast.²⁵ Tokyo did not react with strong opposition or concerns to China's seizure of the Paracels in 1974 or of a few islands in the Spratlys in 1988, both from Vietnam. Indeed, Japan at the time viewed China's behavior in the context of the Cold War and Sino-Soviet rivalry, as some Southeast Asian analysts believe. Aligned with the U.S., China, and ASEAN, Japan opposed the Soviet-Vietnamese alliance and North Vietnam's invasion of Cambodia. Precisely because of this backdrop, Tokyo did not perceive China's behavior in the South China Sea either as linked to the East China Sea disputes or as a sign of growing Chinese assertiveness in territorial disputes.²⁶

Following the end of the Cold War, American military withdrawal from bases in the Philippines and China's promulgation of its Territorial Waters Law in 1992 that incorporated the Spratlys, Diaoyu/Senkaku, and other disputed islands, Japan began to perceive the relevancy of the South China Sea disputes to the Sino-Japanese territorial disputes in the East China Sea, and the need to play a part in the South China Sea disputes.²⁷ After China seized Mischief Reef from the Philippines in 1995, Manila requested that Tokyo "persuade" Beijing to act with restraint. In a series of subsequent high-level exchanges, the Japanese senior

²² For a full text of PM Fukuda's speech, see "Speech By Prime Minister Takeo Fukuda at Manila (Fukuda Doctrine Speech)" at <http://www.ioc.u-tokyo.ac.jp/~worldjpn/documents/texts/docs/19770818.S1E.html>

²³ Lee Poh Ping, "Comment on Japan's Security Policy in East Asia," *Asian Economic Policy Review*, Vol.2 (2007), 223.

²⁴ *Ibid.*, 224.

²⁵ Christopher W. Hughes, *Japan's Security Agenda: Military, Economic and Environmental Dimensions* (Boulder, Colorado: Lyme Rienner Publishers, Inc., 2004), 147.

²⁶ Lam Peng Er, "Japan and the Spratly Dispute: Aspirations and Limitations," *Asian Survey*, Vol.36, No. 10 (Oct. 1996), 995-1010.

²⁷ *Ibid.*

officials invariably called on their Chinese counterparts to peacefully resolve the South China Sea problem.²⁸

However, it appears that throughout the 1990s Japan viewed the linkage between the South and East China seas a lower priority than the goal of “pursuing a more active role in international affairs commensurate with its status as an economic powerhouse” and “securing a sea route for its trade and energy supply.”²⁹ Tokyo, therefore, was reluctant to play a concrete role in South China Sea issues and maintained an ambivalent approach. When asked by the Diet about Japan’s official position on the South China Sea after the Mischief Reef incident, then Foreign Minister Yohei Kono, while acknowledging the importance of the South China Sea to Japan as the link between the Indian Ocean and Northeast Asia, did not propose any concrete role for Japan. When asked whether Japan would cut its ODA if China were to advance further into the South China Sea, he declined to answer the question “by dismissing it as speculative and hypothetical.”³⁰ Also, Japan avoided putting the territorial disputes on the 1995 APEC summit agenda in Osaka, notwithstanding its efforts of bringing Philippines President Fidel Ramos and Chinese President Jiang Zemin to a sideline meeting during the summit.³¹

Nor was the South China Sea a major concern of the 1997 U.S.-Japan Defense Cooperation Guidelines, which included a highly ambiguous clause about U.S.-Japan bilateral cooperation in “situations in areas surrounding Japan.” The concept of situational contingency, rather than having the South China Sea as the major target, was more a response to the 1995-1996 Taiwan Strait crisis, and thus aimed at deterring Chinese military actions against Taiwan through the traditional combination of strategic ambiguity (not saying what the U.S. and Japan would do if China attacked Taiwan) and tactical clarity (knowing that the U.S. and Japanese have the capability to act if required by events).³²

Throughout the 1990s, the overall priority of Japan’s diplomacy toward Southeast Asia was to address human security problems and in the maritime domain, to engage Malacca Strait states (Indonesia, Singapore, and Malaysia) in anti-piracy efforts such as the Regional Cooperation Agreement on Combating Piracy and Armed Robbery against Ships in Asia (ReCAAP). Following the 9/11 terrorist attacks in America, as a key component to support the U.S.-led global war on terrorism, Japan sought to address transnational terrorism by promoting local socioeconomic development in the region. In the Philippines specifically, Japan has been heavily involved in the peace building process and poverty reduction in Muslim Mindanao and Sulu Archipelago.³³

²⁸ Ibid.

²⁹ Shoji, “The South China Sea.”

³⁰ Lam, “Japan and the Spratly Dispute.”

³¹ Shoji, “The South China Sea,” AP Archive, “Japan: Osaka: APEC Summit: Spratly Islands,” Nov. 11, 1995.

³² Patrick M. Cronin and Michael J. Green, “Conclusion: From Reaffirmation to Redefinition — An Agenda for the Future,” in Michael J. Green and Patrick M. Cronin, eds., *The US-Japan Alliance*, p.317

³³ David Adam Stott, “Japan plays peacemaker in the Philippines,” *Asia Times*, Jun 23, 2006; “Japan-Philippine Joint Statement: Partnership between Close Neighbors for Comprehensive Cooperation,” MOFA, Dec.9, 2006.

Entering the 21st Century: Turbulence in the South and East China Seas

Tensions in the South China Sea have been rising steadily since 2009. Disputant countries moved to strengthen their positions through the submission of claims for extending the continental shelf to the United Nations Commission on the Limits on the Continental Shelf and through national maritime legislation. In response, China has been stepping up its naval modernization and increasing its military presence in the disputed regions.

Specifically, tensions between the Philippines and China have been growing since 2010, when President Benigno Aquino III succeeded Gloria Macapagal Arroyo, who was perceived as “more receptive to Chinese economic incentive and more willing to compromise Philippine claims” than Aquino.³⁴ China viewed the Aquino government’s tough approach to the South China Sea as provocative and responded with the accelerated deployment of military and paramilitary forces to the region. This action-reaction dynamic culminated in a standoff between Chinese and Philippine vessels in Reed Bank in March 2011, which set off a series of incidents between the two nations.

The 2012 Sino-Philippine Scarborough Shoal standoff has since sent the Philippine-China relationship into a tailspin. The standoff began in April when a Philippine naval frigate boarded several Chinese fishing boats anchored in the lagoon of Scarborough Shoal to investigate illegal fishing activities in adjacent waters. A three-month standoff ensued, involving a large number of maritime law enforcement and naval vessels from both sides. The U.S. attempted to broker a deal between the two disputants through diplomatic channels. Both sides agreed to withdraw vessels simultaneously, and did so in June. But Chinese vessels soon returned and blocked the entrance to the shoal. This standoff was perceived in the Philippines as a turning point for the country to switch its strategy “from seeking solutions with China to seeking solutions against China.”³⁵

For the Philippines, there appears to be underlying unease in the U.S.-Philippine alliance over the issue of securing a firm U.S. security commitment in the event of conflict in the South China Sea. This unease seemed to give Manila a strong incentive to involve other

³⁴ According to International Crisis Group, when Benigno Aquino III became president in June 2010, there was mutual hope to maintain a good ties between Manila and Beijing. To prepare an early Beijing visit, Aquino declined to send a Philippine representative to the 2010 Nobel Peace Prize ceremony for Chinese dissident Liu Xiaobo, and decided to deport fourteen Taiwanese suspected of international fraud to China, despite Taiwan’s protest. The intention of Aquino was to visit China in 2011 and to make 2012 and 2013 years of friendly exchanges. However, relations rapidly worsened as growing incidents between Chinese vessels and Philippine ships led Aquino to declare “we must let the world know that we are ready to protect what is ours.” International Crisis Group, *Stirring up the South China Sea (II): Regional Responses* (Asia Report No. 229), Jul. 24, 2012, 6-7; *Stirring up the South China Sea (III): A Fleeting Opportunity for Calm* (Asia Report No. 267), May 5, 2015, 14.

³⁵ A Filipino expert anonymously quoted by International Crisis Group, *Stirring up the South China Sea (III)*, 15-16.

external powers in the South China Sea.³⁶ Unlike the Senkaku Islands that are implicitly covered under the U.S.-Japan Security Treaty, Washington has consistently avoided making a similar commitment to the defense of the Philippines' claimed areas in the South China Sea. A Southeast Asia expert specifically cited the trust problem between Washington and Manila as the major reason that prevents Washington from making such a commitment. According to a knowledgeable source:

“The military-to-military cooperation between the U.S. and Japan is so close that it’s almost inconceivable for Americans that a local Japanese military person would do crazy things and drag the US into a war with China. But the U.S. has a trust problem with the Philippines. We worried that crazy things done by local Philippine military person could drag America into a war”³⁷

The U.S. trust problem, combined with America’s inaction in response to the outcome of the Scarborough Shoal standoff, makes it all the more imperative for Manila to seek additional security partners, Japan in particular.

In tandem with the downward spiral development in the South China Sea, Sino-Japanese tensions in the East China Sea have also been building steadily since the late 2000s, with bilateral disputes over the sovereignty of the Senkakus and offshore gas drilling in the disputed region (though there was agreement between China and Japan in 2008 to jointly develop some gas fields). Tensions quickly ratcheted after Tokyo announced its plan to “nationalize” the Senkakus in September 2012. In response, China increased its military and paramilitary presence in the region. In late 2013, China declared an Air Defense Identification Zone (ADIZ) in the East China Sea, a move strongly criticized by Tokyo as an attempt to “unilaterally change the status quo in the East China Sea.”³⁸ The U.S. also reacted strongly.

It is against this backdrop that Japan increasingly sees a strong link between the South China Sea and the East China Sea in terms of how to cope with a more powerful and assertive China in the maritime domain, in addition to the economic-oriented rationale of securing SLOCs for trade and energy transport. In its 2011 *China Security Report*, the National Institute for Defense Studies (NIDS), the core policy arm of Japan’s Ministry of Defense, specifically noted:

³⁶ Rentato Cruz de Castro, “Future challenges in the US-Philippines Alliance,” *Asia Pacific Bulletin* 168, Jun. 26, 2012.

³⁷ Interviews with Southeast Asia experts, Washington, Mar., 2016. That the Philippines coast guard have a tendency to fire easily is clearly demonstrated in the fatal shot of a Taiwan fishermen by the Philippine coastguard in May 2013 in waters off the northern Philippines that Taiwan also claims as part of its EEZ. The Philippines' National Bureau of Investigation found 108 spent shells from bullets fired during the incident, with 45 bullet holes on the Taiwanese fishing vessel. A video record of the incident disproved coastguard officials' original accounts that their men only fired back in self-defense. Based its findings, the NBI recommended homicide charges be filed against eight coastguards involved in the incident. FOX News, “Video shows Philippine shooting of fleeing Taiwan boat,” Aug. 13, 2013. The Philippine coastguard also fatally shot one Taiwanese and one Chinese fishermen in 2006 and 2000, respectively. See, “Philippines admits to shooting at Taiwan boat,” *Inquirer*, May 10, 2013; Jaime Laude, “Chinese boat skipper killed in Palawan clash,” *Philstar*, May 28, 2000.

³⁸ Ministry of Foreign Affairs of Japan, “Statement by the Minister for Foreign Affairs on the announcement on the ‘East China Sea Air Defense Identification Zone’ by the Ministry of National Defense of the People’s Republic of China,” Nov. 24, 2013.

“Being in dispute with China over the EEZ and the boundary of the continental shelf in the East China Sea, Japan inevitably has to pay attention to China’s action in the South China Sea...For China, just like the South China Sea, the East China Sea is an important route for its advance into the oceans, and if China’s military power improves in relative terms in the East China Sea as well, it is likely that China will adopt a similar assertive attitude towards this water area as shown in the South China Sea. Therefore, more attention should be paid to the PLA’s actions in the waters surrounding Japan, such as the East China Sea and the western Pacific, as well as those in the South China Sea”³⁹

Growing U.S. interest in maritime security in the Asia-Pacific also influences Japan as America’s key ally in East Asia. The U.S. takes no position on the sovereignty issue per se but has a stake in maintaining stability in East Asia, safeguarding freedom of navigation and peaceful settlement of disputes. Since 2009 when the U.S. Navy vessel *Impeccable* was confronted by Chinese maritime law enforcement vessels while navigating within the China-claimed EEZ, Washington has been voicing grave concerns about the situation in the South China Sea. Secretary of State Hillary Clinton pointed to it as a major issue at the 2010 ASEAN Regional Forum (ARF) in Hanoi, by stating that freedom of navigation in the South China Sea was a “national interest” of the U.S.⁴⁰ In the 2012 U.S.-Japan Security Consultative Committee (SCC) meeting, as part of the alliance’s “new initiatives to promote regional peace and stability,” Japan agreed to make “strategic use” of its ODA, such as “providing coastal states with patrol boats.”⁴¹

The Obama administration’s 2012 “rebalancing” to Asia mandates a strong US presence in Northeast Asia and the reinvigoration of U.S. security partnerships in Southeast Asia. As some Japanese analysts have noted, the rebalancing strategy gives a major thrust for Japan “to become more involved in the South China Sea.” The U.S., “facing a severe constraint in its defense budget, is asking for Japan’s cooperation, both financially and strategically.”⁴² Japan’s use of ODA for capacities building assistance in Southeast Asia, viewed in this context, is directly “related to supporting the U.S. strategy of rebalancing.”⁴³

In the 2015 Guidelines for US-Japan Defense Cooperation, the issue of maritime security has been placed at top of the alliance agenda. While “the term of art ‘Situation in Areas Surrounding Japan’ that appeared as a key element of the 1997 Guideline...is no longer Guideline lexicon,” the new Guidelines highlighted “maritime security and the protection of freedom of navigation without geographical restrictions” as a core.⁴⁴ In addition to affirming close bilateral cooperation to safeguard SLOCs on a bilateral base, the two countries also underscored “proactive cooperation with partners...in capacity building activities with the

³⁹ National Institute for Defense Studies, *NIDS China Security Report 2011*, Feb. 2012, 26.

⁴⁰ Mark Landler, “Offering to aid talks, U.S. challenges China on disputed islands”, *The New York Times*, Jul. 23, 2010.

⁴¹ Joint State of the Security Consultative Committee, Apr. 26, 2012, US Department of State.

⁴² Shoji, “The South China Sea.”

⁴³ Ibid.

⁴⁴ Robin “Sak” Sakoda, “The 2015 US-Japan Defense Guidelines: End of a New Beginning,” Apr. 30, 2015, Asia Maritime Transparency Initiative, CSIS; Tetsuo Kotani, “The Maritime Security Implications of the New US-Japan Guidelines,” Apr. 30, 2015, Asia Maritime Transparency Initiative, CSIS.

objective of strengthening the capability of partners to respond to dynamic security challenges.”⁴⁵

While Japan seeks to enhance its ties with ASEAN and address the South China Sea problem in a multilateral setting, the lack of cohesiveness between ASEAN countries has posed an inherent constraint for the organization to pursue a strong and unitary negotiating posture versus China.⁴⁶ The July 2012 ASEAN Foreign Ministers’ Meeting (AMM) serves as a clear example in this regard. Chaired by pro-China Cambodia, the conference rejected the proposals to include a reference to Chinese action in the South China Sea in the final joint communique, which was requested by maritime ASEAN countries. For the first time in the 45-year history of this organization, no final Chairman’s Statement or joint communique was issued.⁴⁷ Moreover, Japan’s multilateral diplomacy is also considered to be substantially constrained by “its position as a ‘backseat player’ due to being a non-claimant in the South China Sea and its lack of influence over regional security compared to the US and China.”⁴⁸

In this context, Tokyo becomes more receptive to the calls by some vocal claimants in the South China Sea, especially Manila (as well as Hanoi), that Japan should seek to play a greater role in checking China’s assertiveness by strengthening bilateral security cooperation with regional partners. During Aquino’s visit to Japan in September 2011, he and Japanese Prime Minister Yoshihiko Noda issued a joint statement in Tokyo, affirming the vitality of the South China Sea as “it connects the world and the Asia Pacific, and that peace and stability therein is of common interest to the international community.”⁴⁹ In 2012, on the heels of the Scarborough Shoal standoff, the Noda administration pledged to provide ten coast guard vessels to Manila to assist building the Philippines’ maritime capabilities.

Japanese-Filipino cooperation in maritime security has tremendously accelerated since Prime Minister Shinzo Abe inaugurated his second time in office in late 2012. In 2013, Abe met Aquino in Tokyo. Both leaders concurred on the concerns about ADIZ in the East China Sea and the potential extension of the ADIZ into the South China Sea. Abe approved a \$184-million soft loan as part of Japan’s ODA to finance the Philippines’ acquisition of the ten vessels pledged by Japan. In 2014, the Abe administration announced a revision of “Three Principles on Transfer of Defense Equipment and Technology,” significantly relaxing Japan’s self-imposed ban since the 1960s on overseas transfer of defense equipment and technology. In the same year, the Abe administration announced a revision of the ODA Charter, for the first time allowing Japan to provide assistance to noncombat activities of recipient countries’ armed forces, such as training military personnel for disaster relief and offering vessels for policing of sea lanes.⁵⁰ These two legal changes, though not specifically

⁴⁵ The Guidelines for US-Japan Defense Cooperation, Apr. 27, 2015, Ministry of Defense.

⁴⁶ Interview with Japanese experts, Mar. 2016, Tokyo.

⁴⁷ Donald E. Weatherbee, *International Relations in Southeast Asia: the Struggle for Autonomy* (Lanham, MD: Rowman&Littlefield, 2015), 177-178.

⁴⁸ Shoji, “The South China Sea.”

⁴⁹ Rento Cruz de Castro, “The Impact of Strategic Balance in East Asia on a Small Power’s Defense Policy,” in Murray Hiebert, Phuong Nguyen and Gregory B. Poling, *Examining the South China Sea: Papers from the Fifth Annual CSIS South China Sea Conference* CSIS, Sept. 2015.

⁵⁰ Adam P. Liff, “Japan’s Defense Policy: Abe the Evolutionary,” *The Washington Quarterly*, summer 2015, 38:2, 79-99; “Dangerous turn in ODA,” editorial, *Japan Times*, Jun. 12, 2014.

related to Japan's relations with the Philippines or policies on the South China Sea issue, effectively furnished Tokyo's available policy tools to deepen its security ties with Manila and play a greater role in the South China Sea disputes.

In June 2015, Aquino and Abe signed a joint declaration in Tokyo on strengthening the Japanese-Filipino strategic partnership, committing an expansion of Japan's assistance to the Philippines in capacity building and maritime domain awareness capabilities enhancement.⁵¹ During the same trip, Aquino announced the forthcoming negotiation with Tokyo on a "visiting forces agreement" that would allow the JSDF access to the Philippines' military bases—a critical logistical support if Japan was to participate in joint patrol in the South China Sea, as encouraged by the U.S. This quickly-boosted strategic partnership led to the signing of a bilateral defense accord in March 2016 as Tokyo's official commitment to supply defense equipment to Manila, the first defense agreement Japan has signed with an Asian country. Prior to this, only two countries, the U.S. and Australia, had defense pacts with Japan.⁵²

Japan's Policy Tools and Potential Constraints

Japan's current policy toward the South China Sea issue is closely linked to its territorial disputes with China in the East China Sea. Within the framework of its alliance with the U.S., Japan has been incrementally relaxing various legal and institutional limits, and has come up with its own plate of policy tools to address the South China Sea disputes. However, these policy tools do not come without potential constraints or controversies.

Defense Equipment Transfers

Since 2014, Japan has taken several key steps, including revisions of its weapon export ban, ODA Charter, and the Japan-Philippine defense accord, to pave the way for defense equipment transfers to the Philippines. Up to the present, Japan has announced the transfer of ten 40-meter coastguard vessels and five TP-90 training aircraft to the Philippines. However, as noted by a Japanese defense expert, there is a great gap between what regional partners expect to acquire from Japan, and what Japan can transfer. The Philippines explicitly voiced their interest in acquiring P-3Cs, a type of sophisticated Lockheed Martin designed patrol aircraft, which are soon to be retired from the JMSDF and have a longer patrol range and anti-submarine capabilities. But Japan decided to provide five TP-90s instead, which are not equipped with radar or optical sensors and are only for visual monitoring on the sea. It is a similar case with vessel transfers. Manila, as well as Hanoi, expressed its interest in Japan's high-end, large-size destroyers in the first place, but Japan instead chose to provide small-size coastguard vessels through the Japanese Coast Guard.⁵³

⁵¹ "Japan-Philippines Joint Declaration: A Strengthened Strategic Partnership for Advancing the Shared Principles and Goals of Peace, Security, and Growth in the Region and Beyond," MOFA, Jun. 4, 2015; "Action Plan for Strengthening the Strategic Partnership (Annex of the Joint Declaration)," MOFA, Jun. 4, 2015.

⁵² "PH, Japan ink defense cooperation accord," Julie M. Aurelio, *Inquirer*, Mar. 1, 2016.

⁵³ Interview with Japanese experts, Mar. 2016, Washington.

While this gap may well reflect Japan's cautious approach and the continuing controversy in the country that defense equipment transfers might fuel the conflict and antagonize China,⁵⁴ it is also a result of the hurdles that Japan faces when seeking to make "proactive contributions to peace" in the South China Sea through arms transfer. According to a Japanese defense expert, "Japan has been preoccupied with the East China Sea and North Korea, and deployed much military resources to that region. We are currently facing a shortage of high-end equipment to meet the export demand."⁵⁵ Some analysts echo this view by further pointing to the disconnect between Japan's defense industry and the international market. Said one expert: "Japan's defense industry is still not accustomed to international markets. We do not have the resources to meet the [international] demand."⁵⁶ This hurdle may reside in the structural deficiency of Japan's defense industry. Until the lift of the ban on weapons exports, Japanese defense manufacturers' only client had been the Japanese government. This is viewed by some defense industry analysts as having resulted in the absence of market discipline in Japan's defense industry to achieve necessary efficiency for the export market.⁵⁷

Another critical constraint comes from the Philippines' side. According to a Japanese government source, "Japan can only donate basic, second-hand defense equipment as a way of capacity building *aid*. For more advanced defense equipment, it would require contracting process and be conducted just like regular arms sales business."⁵⁸ But the cost of acquiring high-end defense equipment could well be prohibitive for an impoverished country like the Philippines, which has a minimal defense budget of 115.8 billion pesos (\$2.5 billion) for the year of 2016, as compared to China's proposed defense spending of 954 billion yuan (\$147 billion).⁵⁹ Even with foreign aid to fund the procurement of defense equipment, maintenance cost is another financial obstacle preventing the Philippines from rushing to make such procurement. As Ambassador John Maisto, President of the US-Philippines Society, correctly points out, "The Philippines has its aspiration and the reality. Hardware without accompanying maintenance would be a waste of money."⁶⁰

Manila's procurement of stronger maritime and air capabilities seems to also be constrained by the country's persistent domestic security challenges. In July 2015, the Philippine Department of National Defense (DND) decided to put off its procurement plan of a shore-based missile system (SBMS), which is to be deployed to the Palawan Island in response to China's growing naval presence in the South China Sea. Instead, the DND prioritized the purchase of weapons and protective equipment for the Philippine Army's (PA) counter-insurgency operations.⁶¹ In addition, the Philippines' lack of experience and techniques necessary to operate an advanced defense platform such as the P-3C also concerns

⁵⁴ Celine Pajon, "Japan and the South China Sea" Forging Strategic Partnerships in a Divided Region," The Institute Français des Relations Internationales (IFRI), Jan. 2013.

⁵⁵ Interview with Japanese experts, Mar. 2016, Washington.

⁵⁶ Interview with Japanese experts, Mar. 2016, Tokyo.

⁵⁷ Mina Pollmann, "The Trouble with Japan's Defense Exports," *The Diplomat*, Oct. 2, 2015.

⁵⁸ Emphasis added. Interview with Japanese experts, government officials, Mar. 2016, Tokyo, Washington.

⁵⁹ "Philippines weighs investing in submarine fleet amid South China Sea row," *Japan Times*, Mar. 30, 2016.

⁶⁰ Interview with Amb. John Maisto, Washington DC, Apr. 27, 2016.

⁶¹ *The Military Balance 2016*, 212, vol.116, issue 1, 2016, International Institute for Strategic; Renato Cruz de Castro, "Is the Philippines' Military Modernization Dead in the Water?" *The Diplomat*, Jul. 28, 2015.

the Japanese government. Given these constraints, Japan's future supplies of defense equipment to the Philippines are likely to concentrate on basic, low-tech and inexpensive types.⁶²

Another highly sensitive issue that concerns Japan is that controversies could arise in the event that transferred defense equipment is used by the Philippines and other recipient countries for challenging other states on territorial issues. Japan has made defense equipment transfers to the Philippines, Vietnam and Indonesia, “but we do not expect recipient countries would use these equipment to confront China, and agreed to provide aircraft solely for training purposes,” one security expert confided.⁶³ That said, there is no actual guarantee that the equipment would not be involved in a standoff or confrontation at sea even if only accidentally. Acknowledging such a risk inevitably exists, a Japanese security expert said that in the event that the equipment became used in confrontation, Japan, though unable to retrieve the transferred equipment, would suspend the ODA funding for equipment transfers to involved recipient countries. “Japan does not want to further fuel to the disputes or provoke China,” the expert said.⁶⁴ Furthermore, Japanese vessels being involved in a clash may alternate the public opinion in Japan that is supportive for capacity building programs to help narrow the gap between China and Southeast Asian countries. The same expert noted: “If the public sees the transferred equipment as fueling the conflict, they could speak against it.”⁶⁵

Japan's caution on defense equipment transfer notwithstanding, Tokyo would likely find it difficult to deflect Manila's request for more advanced equipment if China keeps pushing in the South China Sea. President Aquino recently voiced his intention of building the Philippines' first submarine fleet to boost the country's position in the South China Sea.⁶⁶ While citing the same constraints — lack of training and operation experience; exorbitant procurement and maintenance costs — as the major challenges for Japan to transfer submarines to the Philippines, Japanese analysts admit that submarines could be on the plate. A Japanese analyst pointed out, “If China deploys SSBNs or announcing an ADIZ [in the South China Sea], Japan may need to upgrade the types of logistics service and defense equipment, including submarines, to the Philippines.”⁶⁷

Joint Patrols and Exercises

The idea that Japan should participate in joint patrols in the South China Sea is not new. In the mid-1990s, some Japanese analysts proposed a more direct strategic role for Japan in the South China Sea by cooperating with ASEAN countries in joint maritime policing activities. But such proposals were at the time viewed as not politically viable, given the lack of support from the Japanese public and its other neighboring countries. Nor was the idea

⁶² Interview with Japanese defense experts, Mar. 2016, Washington.

⁶³ Interview with Japanese defense experts, Mar. 2016, Washington.

⁶⁴ Interview with Japanese defense experts, Mar. 2016, Washington.

⁶⁵ Interview with Japanese defense experts, Mar. 2016, Washington.

⁶⁶ “Philippines weighs investing in submarine fleet amid South China Sea row,” *Japan Times*, Mar. 30, 2016.

⁶⁷ Interview with Japanese defense experts, Mar. 2016, Washington.

considered technically feasible, given Japan's "lack of aircraft carriers, independent air cover, target acquisition and sufficient anti-submarine capabilities."⁶⁸

The prospect of joint patrols was brought onto the U.S.-Japan alliance agenda in 2015, around the time when Prime Minister Abe made his visit to Washington in April and the new US-Japan Defense Guidelines were unveiled.⁶⁹ Japan, currently possessing sophisticated surveillance capability, has responded cautiously but positively to America's call for joint patrols.⁷⁰ A recent Kyodo News opinion poll shows that a majority of the Japanese public support the deployment of the SDF to the South China Sea.⁷¹

Japan's peacetime presence in the South China Sea has been growing. The Japanese Maritime Self-Defense Force's vessels and aircraft increasingly make more port calls and goodwill visits to the Philippines, and hold joint patrols and exercises with the Armed Forces of the Philippines (AFP).⁷² The prospective conclusion of a Japanese-Philippine visiting force agreement would further "allow the JSDF access to Philippine military bases, including to refuel its ships and planes and to hold joint exercises with the AFP...the JSDF can conduct joint patrols with the US counterparts for longer period of time and over a larger area of the South China Sea."⁷³ A strong U.S.-Japan alliance posture in maritime Asia-Pacific is widely perceived as a powerful mechanism to counter what is perceived as China's "gray zone" coercion—behavior that "neither undermines economic cooperation nor triggers military confrontation."⁷⁴

Routinized joint patrols, however, have yet to occur. This entails two major hurdles that Japan faces in the short run, according to a Japanese security expert. First, it appears that no consensus has yet been reached within the Japanese government on whether or not Japan should participate in joint patrols. As explained by the expert, "We need a push from the outside." Aside from this, Japan also lacks the necessary capability to perform routinized patrols in both the East and South China Seas. Having invested a substantial portion of its coast guard resources in patrolling the East China Sea, Japan would have a problem of overstressing its capability if it simultaneously conducts routinized patrols the South China

⁶⁸ Lam, "Japan and the Spratly Dispute."

⁶⁹ Nobuhiro Kubo, Tim Kelly and David Brunnstrom, "Japan considering joint US air patrols in South China Sea-sources," Reuters, Apr. 29, 2015.

⁷⁰ Nobuhiro Kubo, Tim Kelly and David Brunnstrom, "Japan considering joint US air patrols in South China Sea," Reuters, Apr. 29, 2015; Japan's Top Military Officer: Joint US-Japanese Patrols in South China Sea a Possibility," *The Diplomat*, Jun. 26, 2015.

⁷¹ The poll reports that 52.7 percent of the respondents supported deploying the JSDF to the South China Sea, while 39.9 percent were against the deployment. Press Conference by the Defense Minister Nakatani, MOD, Dec. 1, 2015.

⁷² In June 2015, Japan and the Philippines flew patrol planes and carried out a search and rescue drill near disputed waters in the South China Sea. Two JMSDF minesweeper ships docked in Manila Bay for a three-day goodwill visit to the Philippines in September 2015. In April 2016, Two JMFDF destroyers and a Japanese submarine made a port call at Subic Bay.

⁷³ Renato Cruz de Castro, "Philippines and Japan Strengthening a Twenty-First Century Security Partnership," AMTI-CSIS, Dec., 17, 2015.

⁷⁴ "The US-Japan Alliance to 2030: Power and Principle — Report of the Commission on the Future of the Alliance" CSIS and Sasakawa Peace Foundation, 2013, 14-15.

Sea. “Japan’s capacity and assets in the South China Sea is weak, and this presents a big challenge to Japanese decision makers,” said the expert.⁷⁵

While some Japanese analysts argue that Japan should manage to partake in joint patrols on a regular basis because international participation would make the freedom of navigation operations more legitimate,⁷⁶ others have voiced concerns that routinized patrols would raise the risk of accidental conflict between the Japanese and Chinese forces. As one MOD official noted,

“[Neither Japan nor the United States is] willing to take steps that could increase the risk of escalation and substantial military-to-military standoffs. If Japan’s naval aircraft were to patrol over the South China Sea regularly, we would likely see an increase in ‘near-misses’ between military aircraft of the People’s Liberation Army and Japan’s Self-Defense Forces and possibly accidental conflict [occur in this region].”⁷⁷

“Strategic Use” of ODA

The concept of “strategically using” ODA is a new, important component of U.S.-Japan alliance engagement in Southeast Asia. For Japan especially, ODA has become a significant policy tool in forging a regional network of soft-balancing in order to deal with an increasingly assertive China. Aside from traditional socioeconomic development programs, ODA funds have gradually been used to finance programs coping with non-traditional security challenges such as terrorism and piracy. Classified as maritime law enforcement and maritime domain awareness building assistance, these programs are now eligible for Japanese aid, enabling Japan to leverage its well-established ODA mechanism to contribute to the alliance and regional security without challenging the non-military core principle of the ODA program.

The non-military nature of the Japanese ODA, however, poses an inherent constraint on the types of recipient institutions and defense equipment that are eligible for ODA funding. Institutional constraints have been well illustrated in Japan’s provision of patrol vessels to Vietnam. When Japan agreed in 2012 to provide patrol vessels as part of ODA to Vietnam, the proposed recipient agency, the Vietnamese Marine Police, was a military force under the administration of Vietnam’s Ministry of National Defense, and therefore ineligible for receiving patrol vessels funded by ODA. In 2013, Hanoi took steps to remove its Marine Police from direct administration of the Vietnamese military, and reincarnated it as the country’s coastguard to make it eligible for receiving these vessels.⁷⁸

⁷⁵ Interview with Japanese experts, Mar. 2016, Tokyo.

⁷⁶ Interview with Japanese experts, Mar. 2016, Tokyo.

⁷⁷ Hiroshi Waguri, “South China Sea Civilian Air Patrol Capability and the US-Japan Alliance,” AMTI-CSIS, Jul. 29, 2015.

⁷⁸ Scott Cheney-Peters, “Japan to Provide Vietnam Patrol Boats Next Year,” Jun.2, 2014, USNI News; Tomotaka Shoji, “Japan’s Security Cooperation with ASEAN: Pursuit of a Status as a ‘Relevant’ Partner,” *NIDS Journal of Defense and Security*, 16, Dec.2015, 97-111.

Japan did not face such difficulty when providing vessels to the Philippines, as the country already has a coastguard force. However, even under the revised ODA Charter, neither the Vietnam People's Navy nor the AFP is eligible for receiving capacity building assistance. But mere capacity building for coastguard forces of the recipient countries can by no means provide these countries a necessary level of maritime defense capabilities in the face of China's military prowess.

The non-military orientation of ODA, combined with the longstanding difficulty in international politics to make a clear-cut categorization of weapons as "defensive" or "offensive," may in future pose additional constraints on the types of defense equipment that are eligible for financing under ODA, despite Japan's relaxed arms exports policy and the Japan-Philippines defense accord. It appears unlikely that Japan would consider establishing an alternative program to finance recipient countries' capacity building programs, at least in the near future. As Dr. Tomohiko Taniguchi, national security adviser to Prime Minister Abe, acknowledged at a seminar with SAIS students, there has not been much discussion in Japan on the prospect of having a different source other than the ODA for funding capacity building for regional partners.⁷⁹

Even though Southeast Asian countries remain among the top recipients of Japanese ODA,⁸⁰ the total ODA budget has been shrinking for years, largely due to Japan's persistent economic stagnation. Concerns have been voiced by Japan's domestic audience that the use of ODA for capacity building assistance could "result in cuts to Japanese aid for civilian programs, such as efforts to eradicate poverty in developing nations."⁸¹ In the Philippines case, as one of the largest recipients of Japanese and American foreign assistance in Southeast Asia, a majority of the aid has been channeled into poverty reduction and development programs in the restive Mindanao and Sulu areas as a means to address the root cause of terrorism in the region.

Whether and to what extent the strategic use of ODA would divert resources from traditional economic development programs remains to be seen. In addition, the Japanese public also expressed the worry that changes to ODA policy could "damage the diplomatic assets that Japan has built through its traditional aid program that focused on economic development and the improvement of people's welfare."⁸²

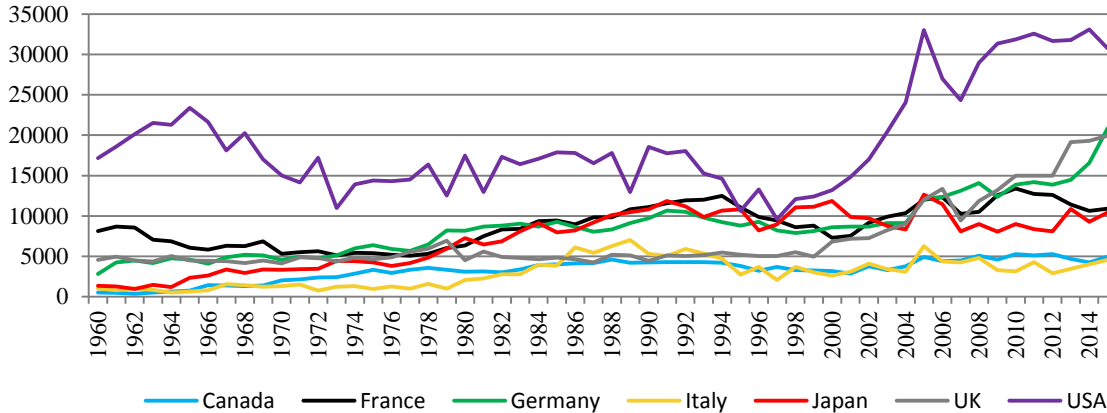
⁷⁹ Dr. Tomohiko Taniguchi, meeting with SAIS US-Japan class, Mar. 22, 2016, Washington.

⁸⁰ Ministry of Foreign Affairs of Japan, Top 30 Recipients of Japan's Bilateral ODA by Type in 2013, *Japan's Official Development Assistance White Paper 2014*.

⁸¹ "Dangerous turn in ODA," editorial, *Japan Times*, Jun. 12, 2014.

⁸² *Ibid.*

Trends of Net ODA from G7 Countries (million US dollars, 1960-2015)



Source: OECD database (accessed April, 20, 2016)

Conclusion

Japan’s current approach to the South China Sea disputes is closely linked to its posture on the East China Sea. But today’s South China Sea is more unstable than the East China Sea, and poses a greater risk of clash and escalation. Compared to situations in the East China Sea, where “the military balance is still favorable for Japan and the U.S., and thus China needs to act more cautiously,” the South China Sea is, according to a Japanese analyst, “less favorable to the alliance due to less U.S. military assets and weaker disputant parties in that region,” and therefore “the ‘gray zone’ [coercion] problem is darker...than the East China Sea.”⁸³ This concern is echoed by a Chinese security expert: “Now the East China Sea is relative stable. The cockpit is in the South China Sea.”⁸⁴ Moreover, the crisis management mechanism in the South China Sea, if any, is far weaker than in the East China Sea, where China and Japan have been continuously negotiating establishment of a Maritime and Air Communication Mechanism.⁸⁵

China undoubtedly has the upper hand in the South China Sea, both militarily and economically, *vis-à-vis* other claimant countries. A robust presence of the U.S.-Japan alliance in this region is necessary to prevent the power equilibrium from continuing to tip in China’s favor. But it must be managed in an extremely cautious fashion, as it is not inconceivable that a local conflict in the South China Sea could, as a result of misperception, miscalculation and mismanagement, escalate into a devastating collision between the U.S.-Japan alliance and China. As cautioned by a Japanese analyst:

⁸³ Interview with Japanese analysts, Tokyo, Mar. 2016.

⁸⁴ Personal conversation with Chinese scholars, Washington, Apr., 2016.

⁸⁵ Since 2008, working-level officials from both countries have held five rounds of consultations regarding the establishment of a Maritime and Air Communication Mechanism between Japanese and Chinese defense authorities. The two sides have agreed to hold regular meetings, set up a hot-line, and establish a mechanism to allow for direct communication between vessels and aircraft. Press Conference by the Defense Minister Nakatani, Japan Ministry of Defense, Dec. 15, 2015.

“Under the new security bills that became effective in March 2016, Japan can provide logistical assistance to the U.S. in a contingency, and theoretically, also to the Philippines if it is determined that Japan’s national security is threatened. But this needs be approved by the Diet, which may act more cautiously than the government. [But] in the event of escalation in the South China Sea, if the US and China mismanage their interactions, it would first impact Japan and the US forces based in Japan. China now has better precision strike capability. Japan and U.S. bases in Japan are vulnerable to China’s missiles. China may strike U.S. bases. In that case, Kadena would be the first targeted, which then constitutes an attack on Japan’s homeland and the Self-Defense Force would be allowed to carry out self-defense actions...That is the worst case scenario.”⁸⁶

Such a scenario looms even larger, as the situation in the South China Sea continues to deteriorate. Analysts in both Tokyo and Washington warned that if “China continues to push hard in the South China Sea” and “ASEAN continues to divide,” the U.S. and Japan would increasingly find it difficult to keep the Philippines at arm’s length.⁸⁷

Japan, while seeking to be a “proactive contributor to peace” in Southeast Asia within the framework of the revamped alliance, does not want to be pushed to choose sides between China and the US, or be dragged into a conflict in the South China Sea. In a similar vein, most ASEAN countries do not want to be pushed to choose sides between the U.S.-Japan alliance and China, or see the region be turned into an arena of great power rivalry. Tokyo, therefore, has carefully crafted and cautiously implemented its policies when pursuing its own approach to address this issue. Currently, Japan supports the U.S. stabilizing the situation in the South China Sea by boosting Japan’s peacetime presence in this region, and by providing regional partners with capacity building assistance. But in either case, “Japan’s gesture is meant to send a political signal.”⁸⁸ China has been watching Japan’s growing role in the South China Sea with deep suspicion. The Sino-Japanese relationship has improved but is still “fragile,” as recently warned by Chinese Premier Li Keqiang.⁸⁹ Moreover, given the inherent constraints in Japan’s major policy tools discussed in great detail in this paper, it is neither sufficient nor feasible to solely focus its efforts on the military front.

As the Philippines’ largest trading partner and ODA donor, and one of the top trading partners and ODA donors to the whole Southeast Asian region, Japan possesses a unique asset to help reduce the vulnerability of the Philippines as well as other claimant countries to Chinese economic coercion.⁹⁰ Such economic vulnerability is well demonstrated in the Scarborough Shoal Standoff. As the dispute escalated, China imposed a restriction on Philippine fruit imports including bananas, canceled tours to the Philippines, and limited

⁸⁶ Interview with Japanese analysts, Tokyo, Mar. 2016.

⁸⁷ Interview with Japanese and American analysts, Tokyo, Washington, Mar. 2016.

⁸⁸ Celine Pajon, “Japan’s ‘Smart’ Strategic Engagement in Southeast Asia,” *The Asan Forum*, Dec. 6, 2013.

⁸⁹ “Chinese premier says China-Japan relations improving but ‘still fragile,’” *Japan Times*, Mar. 16, 2016.

⁹⁰ Japan was the Philippines’ top trading partner in 2014, accounting for a total trade worth \$19.154 billion or 15.0 percent of the country’s total trade. Philippine Statistics Authority, “Foreign Trade Statistics of the Philippines: 2014,” Jul. 1, 2015. At the regional level, Japan is ASEAN’s second largest trading partner in 2014, China and the US being first and third, respectively, ASEAN, “Top ten ASEAN trade partner countries/regions, 2014” Dec. 21, 2015.

consumer electronics imports, dealing a severe blow to the Philippines' export economy.⁹¹ A robust economic partnership between the U.S.-Japan alliance and the Philippines through both bilateral and multilateral arrangements, such as the Trans-Pacific Partnership (TPP), can serve as a counter-measure of Chinese economic coercion by "providing the Philippines with greater trade diversification."⁹² This will also move the U.S. rebalancing to Asia toward a multilayer strategy, as opposed to the one so far primarily dwelling on the security and military dimension.

The Philippines' presidential elections that have just finished in May 2016 may potentially serve as another critical aspect where Japan and the U.S. can invest their future efforts to stabilize the situation in the South China Sea. Relations with China will be the top priority on the new president's agenda, as a prominent Filipino scholar noted.⁹³ Rodrigo Duterte, the president-elect of the Philippines, has consistently reiterated the significance of having robust economic relations with China, and has reportedly articulated his openness to summit with Chinese leadership to address the disputes and conduct joint development with China in the disputed areas.⁹⁴ In fact, compared to other presidential candidates, Duterte is seen as the person most likely to make a reconciliation with China,⁹⁵ largely due to his "political anti-fragility that makes him less vulnerable to accusations of corruption, being pro-China, or becoming an 'Arroyo 2.0.'"⁹⁶ Beijing appears to have seen this change of leadership as a good opportunity to patch up relations with Manila. Duterte, as an analysis published on the state-run *Global Times* on Philippines' election results, harbors "different political views from the outgoing president Benigno Aquino, and how the China-Philippines relationship will develop after the election is worth exploring...China has to be prepared for

⁹¹ Agriculture makes up one-fifth of the Philippine economy and employs one-third of the population. Bananas are its second-largest agricultural export. Nearly half of all Philippines' banana exports are now shipped to China. Consumer electronics make up 61 percent of all Philippine exports to China. James Reilly, "China's Unilateral Sanctions," *Washington Quarterly*, Autumn 2012, Vol. 35 Issue 4, p121-133; Andrew Higgins, "In Philippines, Banana Growers Feel Effect of South China Sea Dispute," *Washington Post*, Jun. 10, 2012.

⁹² Interview with former US senior diplomat, Washington, Apr., 2016.

⁹³ Dr. Patricio Abinales' discussion on the May Philippine elections at SAIS, Apr. 20, 2016, Washington.

⁹⁴ Neil Jerome Morales, "Philippines' Duterte calls for summit to solve South China Sea spat," Reuters, May 9, 2016; Richard Javad, "How Elections could Change Manilas South China Sea Policy (or Not)," AMTI-CSIS, Apr. 1, 2016.

⁹⁵ Personal conversation with former US government senior diplomat, May, 2016, Washington.

⁹⁶ The Arroyo government's conciliatory South China Sea policy has been widely perceived in the Philippines as closely linked to Arroyo's corruption scandal. During her 2004 state visit to Beijing, China and the Philippines signed the Agreement for Joint Marine Seismic Undertaking (JMSU) to collaborate on seismic surveillance in the South China Sea. According to the International Crisis Group, this agreement did not directly mention sovereignty or publicize the detailed location of the area. In 2008, when the agreement was to be renewed, media articles revealed details of the JMSU, including its location, accusing the Arroyo government had "made breathtaking concessions in agreeing to the area for study", and "about one-sixth of the entire area, closest to the Philippine coastline, is outside the claims by China and Vietnam." Meanwhile, Arroyo and her husband were accused of corruption in a \$329 million telecommunications deal with a Chinese company, and JMSU revelations further energized her critics. Opposition lawmakers filed resolutions seeking probes into whether the administration had compromised sovereignty and sold out national territory for an \$8 billion loan package. The JMSU expired in 2008 without renewal. Some urged impeachment. International Crisis Group, *Stirring up the South China Sea (III): Oil in Troubled Water* (Asia Report No. 275), Jan. 26, 2016, 18-20.

the negotiations with Duterte after the election...The two states should be prepared for direct communications to settle the disputes, and lead the bilateral relationship to a new level.”⁹⁷

The U.S. and Japan can take steps to encourage a resumption of high-level dialogue and confidence-rebuilding measures between Beijing and Manila. In fact, as mayor of Davao who helped the city secure millions of yen in aid for infrastructure projects, Duterte’s ties to Japan “could play an outsized role in his decision-making.”⁹⁸ Furthermore, the Sino-Japanese high-level consultation on maritime affairs and negotiation on the Maritime and Air Communication Mechanism could well serve as a model for China and the Philippines to begin similar talks on a crisis management mechanism in the South China Sea.

While the alliance remains the overarching security guarantor for stability and peace in the South China Sea, Washington and Tokyo also need to highlight the diversity of the alliance’s role in this region to address ASEAN’s concerns that the alliance is “using China as a basis for their increased engagement with Southeast Asia” or “approach[ing] Southeast Asia as a subset of their China policy.”⁹⁹ Given the still daunting domestic challenges in the Philippines, such as high poverty and unemployment rates, separatism and terrorism, the alliance has maintained, and should continue to maintain and further expand if feasible, close cooperation with the Philippines to mitigate internal security threats through measures of poverty reduction and peacemaking. An improved internal environment will, in turn, enable the Philippines to better cope with external security issues.

Meanwhile, the alliance should convey a clear message to Beijing: 1) what Japan and other regional players have been doing and will do are much up to what China has been doing and will do; and 2) a Chinese overreaction to Japan’s South China Sea policies, be that diplomatically or militarily, will not be constructive to the conflict management and resolution in the South China Sea. The message should tell China that it is not in its interests to allow a negative spillover to the East China Sea and the broader Sino-Japanese relationship, which has seen a gradual thaw since late 2014.

Shuxian Luo

⁹⁷ Chen Qinghong, “Duterte ma have limited room for change on maritime disputes,” *Global Times*, May 10, 2016.

⁹⁸ Jesse Johnson, “Duterte’s South China Sea stance could shake up security ties with Japan, US,” *Japan Times*, May 10, 2016.

⁹⁹ Satu P. Limaye and Tsutomu Kikuchi, *US-Japan Relations and Southeast Asia: Meeting Regional Demands*, East-West Center and the Sasakawa Peace Foundation, 2016, 16-17.

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Japan's Policy Toward the Middle East Under the Abe Administration

The foreign policy and diplomatic activities of Prime Minister Shinzo Abe since 2013 include a more active involvement by Japan in the Middle East. But Abe's proactive policy nonetheless remains under long-standing constraints -- a dual dependency -- that requires Japan to cautiously balance the sometimes conflicting demands of oil-exporting countries and that of the United States. Such imperatives that inhibit a truly active political involvement in the region have long been inextricably linked to Japan's domestic policies and strategies for national security and economic growth. For the Middle East, Japan has two traditional policy tools, the use of official development assistance (ODA) and private investment. Over the years, the use of ODA and foreign investment in the region has been successful in building good will and profitable relations.

With dropping oil prices, increasing variety of alternative energy supplies and a projected decline in future demand, Japan's dependence on the Middle East for its energy is likely to decrease over the long run. As a consequence, Japan is more likely than ever to line up its Middle-East diplomacy with those of the U.S., as seen already in its carefully calibrated posture toward Iran, as well as its increasingly smooth and friendly ties with both Israel and the Palestinian Authority. It has also carefully stayed on the sidelines as the U.S. and European Union (EU) deal with such failed states with terrorist sanctuaries as Syria. As long as U.S. relations with the Middle East remain on the current trajectory, Japan's diplomacy and ties in the region are unlikely to change. Moreover, as its soft-power tools, particularly ODA, increasingly reflect Japan's national interests, economic relations between Japan and Middle East countries will follow the path of a mercantile realism. In other words, Japan will continue to pursue its interests by a combination of lining up its policies with its ally, the U.S., and exercising economic influence in the region.

I. Continuing Mercantile Realism in Japanese Foreign Policy towards the Middle East

Japan's Middle East diplomacy has long been based on mercantile realism. The term was first picked up by scholars Eric Heginbotham and Richard J. Samuels who argued that a military security option was not likely to ever be the predominant focus of Japan's grand strategy to enhance its competitive state power in the world. Instead, Japan would focus its foreign policy on satisfying its economic interests. When Japan perceived its economic interests were threatened, it would turn first to its ally the U.S. for military security.¹⁰⁰ During the Cold War period, Japan's foreign policy was perceived as opportunistic and spineless -- Japan as the "free-rider" on the U.S.' military power. The words of Naohiro Amaya, a vice minister of the then Ministry of International Trade and Industry (MITI) from 1979 to 1981 provide a vivid description of Japan's mentality toward foreign affairs as well as a familiar image in the international community: "For a merchant to prosper in a samurai (warriors) society, it is necessary to have superb information-gathering ability, planning ability, intuition, diplomatic skill, and at times the ability to be a sycophant."¹⁰¹ This image,

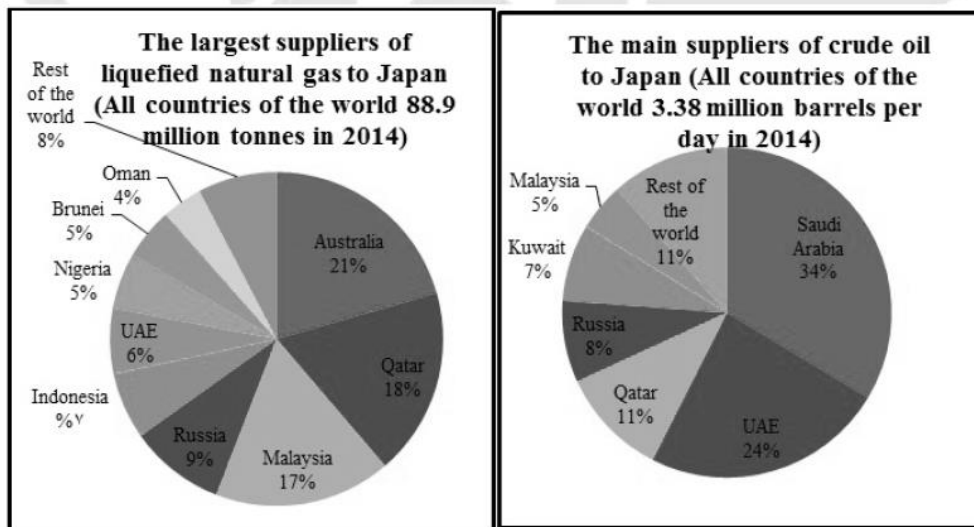
¹⁰⁰ Eric Heginbotham and Richard J. Samuels. "Mercantile Realism and Japanese Foreign Policy", *International Security* 22, no. 4 (Spring 1998), p.203

¹⁰¹ Eric Heginbotham and Richard J. Samuels. "Mercantile Realism and Japanese Foreign Policy", *International Security* 22, no. 4 (Spring 1998),p.201

however, has long ago faded into history as Japan became a major player in the post-Cold War international community.

But the geopolitical challenge of the Middle East to Japan’s foreign policy remains a major challenge. Japan’s economic interest in the Middle East is predominantly defined by energy security, and the commercial maritime route leading from the region to Japan are critical to its economic interests. Japan has been and still remains heavily dependent on oil and gas resources from this region. With the rapid development of Japan’s economy after World War II, there was an increasing demand for oil in Japan. In the year 1970, 85.9% of Japan’s oil came from the Middle East.¹⁰² The oil embargo by Arab states during the first oil crisis in 1973 was a huge shock to Japan, not only because oil imports to Japan stopped, but also because Japan was totally unprepared, left with oil reserves to last for only four days and virtually no alternate supplier elsewhere in the world. The consequences were that Japan’s GDP growth plummeted to minus 7 percent, and industrial production fell 20 percent.¹⁰³ The result of the crisis forced Japan to realize the enormous geopolitical significance of this region in economic and strategic terms. At present, Japan has large stockpiles of oil and gas for emergencies, but it remains dependent on the Middle East for 80 percent of crude oil and 30 percent of natural gas imports.

Japan’s major crude oil and gas suppliers



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Before the first oil crisis, when King Faisal of Saudi Arabia visited to Japan in 1972, he warned Japan that its continued support for the U.S. would lead to its suffering “undesirable results,” and he proclaimed that “Japan’s future lies with the Arabs and not with the

¹⁰² 1973 Japan’s Diplomatic Blue Book, p. 767

¹⁰³ 钮松, 王九思, “冷战时期日本的中东政策及其困境”, 《日本研究》, 2011年第4期, p.82

(Niu Song, Wang Jiushi, “Japan’s Middle East Policy and Dilemma During the Cold War Period”, *Japan Studies*, 2011, 4

¹⁰⁴ Jamal Abdullah, Naser al-Tamimi, “Japanese–Gulf Relations: What’s next after Energy?”, Al Jazeera Center for Studies Reports, 2015.11 <http://studies.aljazeera.net/en/reports/2015/11/20151113125543544667.html>

West.”¹⁰⁵ A startled Japan was being asked to make a choice between lining up with the Arab states or the U.S. For a while in the 1970s, it tried to have it both ways, but the effort failed.

Essentially, Japan’s foreign policy towards the Middle East has long been caught on the horns of this dilemma, a structure of dual dependency. On the one hand, Japan has depended on the U.S. for global security, while on the other hand, it has not been able to escape from its heavy dependence of the volatile Middle East for vital energy supplies. As a result, this dual dependency has obliged the “merchant” nation Japan to walk a policy tight-rope between the sometimes conflicting demands of the U.S. and Europe, and those of the Arab states. The first Gulf War in 1990, for example, was a major test for Japan’s diplomacy. It wanted to join the U.S.-led multinational force and provide tangible support to Kuwait that had been invaded by Iraq. It ended up by resorting to “checkbook diplomacy” – providing a total of \$13 billion to help underwrite the U.S.-led effort – for which it did not even win praise from Kuwait after the conflict ended.

Over the years, Japan has sought to carry out a relatively even-handed diplomacy toward the region by reaffirming that its positions are not necessarily linked to those of the West, seen in the region as unilaterally imposing its own values and democratic institutions with a resulting backlash. But in reality, Japan’s record has been to follow the U.S.’s lead, sometimes reluctantly as was the case of Iran, when the pressure from the U.S. became too strong to resist. This can be seen, for example, in the early 2000s, when the administration of Prime Minister Junichiro Koizumi reluctantly abandoned an oil-field development project in Iran, which was then under severe sanctions from the West over its secret nuclear weapons program.

Aside from the dilemma of Japan’s dual dependency, a secondary factor further limiting Japan’s active role in the region has been domestic opinion, which is split between elitist views favoring enhanced security ties and the public which eschews any policy that would put Japanese in harm’s way in the region. In the Arab-Israeli conflict, Japan thus has stayed out of the fray by building good political and economic relations with as many parties as possible, including Israel. It has also become a major donor of economic assistance to the Palestinian Authority for nation-building efforts. The split in opinion in Japan has served to enhance its economic approach and constrained its political involvement in the region. Under the administration of Prime Minister Shinzo Abe, the clash over security policy and Japan’s more pro-active role, symbolized by a new set of security legislation that allows Japan to use its right of collective self-defense, has Middle East ramifications. During the run-up to Diet passage of the controversial laws, the Abe administration even talked about sending mine-sweepers into the Strait of Hormuz should there be international conflict.¹⁰⁶

¹⁰⁵ Yaacov Cohen, Japanese-Israeli Relations, the United States, and Oil, “*Jewish Political Studies Review*”, Vol. 17, No. ½ (Spring 2005), p.138

¹⁰⁶ Yukiko Miyagi, Presentation at the Brookings Institution: “*Japan’s Middle East Security Policy: patterns since the millennium and implications for the coming period*”, 2016.2
<http://www.brookings.edu/~media/events/2016/02/17-middle-east-challenges-japan/miyagi-japans-me-security-policy-for-brookings-final-pdf.pdf>

The pushback from the Japanese public was significant. At this juncture, Japan provides economic aid to countries fighting against ISIS, but potential for further multilateral security cooperation in the region, such as direct involvement in anti-terrorist operations or political involvement in rebuilding Afghanistan through a pacification process apart from Japan's robust ODA program there, is not in the cards. Despite the Abe administration's new security legislation, the Japanese public has deep doubts about dispatching Self-Defense Forces abroad in expanded peacekeeping missions that might put the troops in harm's way. According to Yukiko Miyagi, the Abe government, constrained by public opinion, may not be able to fully implement the new dispatch legislation. In sending the SDF overseas, it might have to use the model created by Prime Minister Koizumi during the Iraq war, such as providing only logistical or humanitarian support in relatively safe areas.¹⁰⁷

Reasons for Japan's Active Engagement with the Middle East under Abe

According to the Foreign Ministry's Diplomatic Bluebook for 2015, Japan in recent years has aimed to build a multi-layered relationship with the region, as articulated under the diplomatic concept *Comprehensive Partnership towards Stability and Prosperity*. Prime Minister Abe since coming into office in December 2012 has visited the region 5 times, as of early 2015. His motivation reportedly is part of a larger rivalry with China, which has been active in the Middle East. International relations experts have made speculations that Japan's active involvement in the Middle East reveals Abe's intention to catch up with China, which in its drive to become a global power has been increasingly active economically in the region. Yoshiie Yoda of Waseda University argues that Abe's strategy of containing China includes his policy approach to the Middle East and his frequent visits¹⁰⁸.

During our class research trip to Japan, we asked Japanese experts whether China indeed has stimulated the Abe administration's more active political involvement in the Middle East. They disagreed with the view, as articulated above by Yoda, that Japan's increasing involvement in the region is aimed at countering China's growing power in the Middle East. Researchers at the Japan Institute of International Affairs (JIIA) think that the Japanese government does not see China as having a grand strategic plan in the Middle East other than purely pursuing its own economic interests. If the Middle East is a potential huge market for Japanese goods and technology, then China is the rival, aggressively competing to corner the same market.

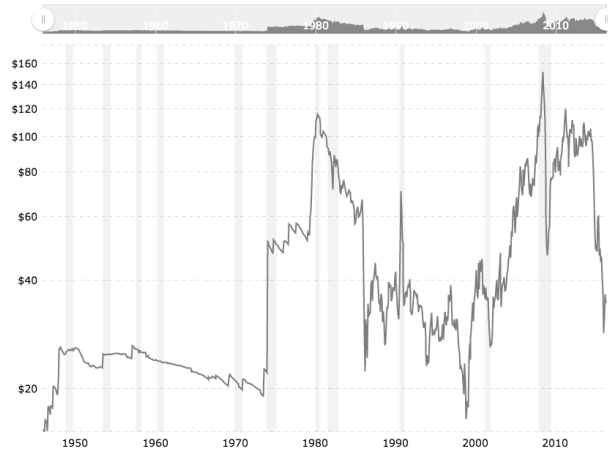
Both countries have their relative advantages, China able to build infrastructure much cheaper than Japan, and Japan in comparison able to provide world-class high technology in its infrastructure development. For example, due to its international reputation, Japan beat out China in nuclear power plant deals in Iran and Turkey. It also has nuclear cooperation agreements with Jordan and the United Arab Emirates. It is reasonable to expect that similar business agreements are likely to be the hallmark of the economic policies being promoted by Prime Minister Abe. The irony of Japan's nuclear plant export strategy is that

¹⁰⁷ The Brookings Institution, the Transcript of *Mounting Challenges in the Middle East for Japan and the United States*, 2016.2.17, p.18

¹⁰⁸ China Daily, "Abe's new frontiers: Africa, Middle East"
http://www.chinadailyasia.com/news/2014-01/10/content_15111299.html

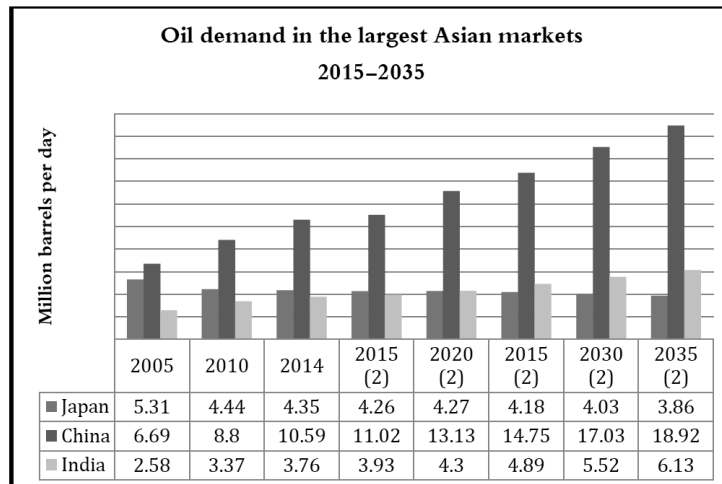
domestically, there will be no more construction of new nuclear power plants after the catastrophic accident at Tokyo Electric Power Co.'s Fukushima No.1 nuclear power plant. Japanese companies thus have an urgent need to export their nuclear technology since the domestic market is finished.

If China is not a major factor, what then are the driving forces that are shaping Japan's foreign policy toward the Middle East? There are two reasons to explain Prime Minister Abe's proactive diplomacy in the region. First, the prospective of oil prices continuing to decline (as shown in the chart below), as more energy alternatives become available (the shale gas revolution and the U.S. gas and oil supply glut), coupled with an expected decrease in future demand for oil will further weaken Japan's dependency on the Middle East for energy resources. This game-changer offers Japan a freer hand in crafting its diplomacy toward the Arab states, compared to the past.



Crude Oil Prices - 70 Year Historical Chart ¹⁰⁹

Figure 2: Oil consumption drops in Japan and rises in China and India



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¹⁰⁹ Macrotrends, Crude Oil Prices - 70 Year Historical Chart, Interactive chart of historical monthly West Texas Intermediate (WTI or NYMEX) crude oil prices per barrel back to 1946
<http://www.macrotrends.net/1369/crude-oil-price-history-chart>

Second, Japan's mercantile realism principle continues to influence its ties in the Middle East. By focusing on building infrastructure in the region and enhancing trading opportunities, Prime Minister Abe is able to help boost the domestic economy. Our assumption is that Japan will keep its business-focused approach to the region and avoid risky political or security-related involvement, particularly in those parts of the Middle East in turmoil. Japanese experts generally agree that Abe's agenda in the region does not include risky multilateral cooperation with the U.S. and other like-minded countries.

The following two cases illustrate how Japan deals with the Arab-Israeli conflict, and Japan's mercantilist friendship with Iran.

The Arab-Israeli Conflict

In the 1970s following the first oil crisis and into the 1980s, Japan's deep dependence on Middle East oil shaped its diplomacy in the region. Tokyo kept a certain distance from Israel in order to balance its relationships with Arab oil-producing states. Before the oil crisis of 1973, Japan was generally neutral on the Arab-Israeli conflict. But the conflict still obliged Japan to frequently dispatch emissaries and delegations to the Middle East to apologize, explain, and try to assuage both sides. The Japanese government was particularly rattled by the acts of home-grown terrorists – the Japan Red Army – that culminated in a shocking attack at Ben Gurion Airport in which 26 people were killed and 70 people were wounded. Tokyo sent a delegation to apologize and offered financial compensation to the victims' families after the attack. But due to the Arab protests against this apology, the Japanese Foreign Ministry sent a delegation to these countries to explain the meaning and motives of the apology.¹¹¹

Caving in to Arab pressure, Japan in the mid-1970s started to practice a voluntary boycott of Israel that went far beyond what Arab boycott rules required. Japan even refused to export finished products such as automobiles to Israel. It is worth mentioning that the boycott involved cooperation among the government, Japanese companies and the media. However, as Japan began to practice energy conservation and consume less oil and gas, it began to import less from the Middle East. Japan also began to diversify its sources of energy to other parts of the world. Such a change in its energy security strategy gave Japan a freer diplomatic hand in the Middle East, and it cautiously and gradually start to improve relations with Israel by the mid-1980s.¹¹²

Japan's relations now in the region are even-handed. It supports the Peace Process of Israel and the Palestinians, namely, a two-state solution whereby Israel and a future independent Palestinian state coexist and prosper together. Tokyo has been calling on Israel to refrain from any unilateral acts that do not contribute to the resumption of peace talks.

¹¹⁰ Jamal Abdullah, Naser al-Tamimi, "Japanese-Gulf Relations: What's next after Energy?", Al Jazeera Center for Studies Reports, 2015.11

¹¹¹ Yaacov Cohen, Japanese-Israeli Relations, the United States, and Oil, "*Jewish Political Studies Review*", Vol. 17, No. ½ (Spring 2005), p.137

¹¹² Yaacov Cohen, Japanese-Israeli Relations, the United States, and Oil, "*Jewish Political Studies Review*", Vol. 17, No. ½ (Spring 2005), p.143

Japan has become the number one donor of foreign aid to the Palestinian Authority, extending assistance based on three policy themes: political approaches to both Israel and the Palestinians; significant economic assistance for Palestinian nation-building efforts, and encouraging confidence building measures between the two sides. As of March 2016, Japan has provided \$1.7 billion since the first commitment of aid in 1993¹¹³ based on “peace building through promoting economic and social self-reliance.” Since 2009, Japan has launched two policy measures: the “Corridor for Peace and Prosperity” initiative and the Conference on Cooperation among East Asian Countries for Palestinian Development (CEAPAD). The latter aims at supporting the development of Palestinian institutions and human resources through a program of East Asian countries sharing experiences with Palestinian counterparts via training, study trips, and the provision of scholarships to young people. The latest CEAPAD meeting of senior officials took place in January 2016, with Japan (as the host), Palestinian Authority (co-host), Brunei, Indonesia, Israel, Korea, Malaysia, Singapore, Thailand, and Vietnam attending. In addition, the Islamic Development Bank, UN Relief and Works Agency for Palestine Refugees in the Near East (UNRWA), and the World Bank participated in the meeting.

For the past year or two, with the plunge in oil prices, Japan has been able to obtain a comparatively freer hand diplomatically in dealing with Arab oil-producing states. This bolder approach to the Middle East complements the efforts of the Abe administration to expand its security ties with the U.S. and other countries. In addition, Prime Minister Abe’s economic policies include efforts to boost exports of infrastructure and technology to countries in the Middle East and other regions. Abe’s policy reach now extends to enhancing ties with Israel. He is the first Japanese premier in almost a decade to visit Israel in January 2015. Earlier in a breakthrough May 2014 summit between Israeli Prime Minister Benjamin Netanyahu and Prime Minister decided to build a new comprehensive partnership. Netanyahu told Abe:

"We share a commitment to take this traditional friendship and bring it into the technological age. We think there is opportunity in economy and trade, in science and technology, in energy and agriculture, in security and counter-terrorism and of course, in the pursuit of peace and stability in our region and throughout the world."

During his visit to Israel in January 2015, Prime Minister Abe and Prime Minister Netanyahu pledged a series of measures to enhance ties, including a ground-breaking defense cooperation, especially in weapons manufacturing programs, enhanced cyber security and promoting trade with Israel.

Traditional Friendship with Iran

For some reason, Japan has maintained friendly ties with Iran, centered on meeting its energy demands, even when Iran was being ostracized by the West. Until sanctions were imposed about a decade ago, Iran was Japan’s 3rd largest oil exporter after UAE and Saudi

¹¹³ Ministry of Foreign Affairs of Japan, “*Japan’s Assistance to the Palestinians*”
<http://www.mofa.go.jp/files/000042388.pdf>

Arabia. But Iran's secret nuclear program resulted in a barrage of international sanctions, Japan fell in line with the international community and cut its investment ties and reduced its oil dependency on that country. Iran's market share of oil exports to Japan has dropped over the past decade from a peak of 16 percent in 2003 to 5 percent in 2015¹¹⁴, and Japan curtailed most of its business with the country. Nevertheless, it would be a mistake to conclude that Japan's propensity for closer relations with Iran reflects a policy rift with the U.S. Japan has had deep concerns about Iran's nuclear weapons program, as well as its longstanding military cooperation with North Korea, and as such, has taken precedent over other interests, mostly economic, that tended to overlook Iran's anti-Israel and anti-West postures.

After the Iranian Revolution in the late 1970s, the Japanese government officially recognized Iran's new government and continued its joint projects with that country, including the infamous Iran-Japan Petrochemical Company (IJPC), which was supported by the Japanese government as a national project. During the Iran-Iraq War, the IJPC plant was bombarded on as many as twenty occasions and was never completed. Japan finally pulled out of the IJPC project at a settlement of 130 billion yen to the National Petrochemical Company in 1989. Later in 1993, Japan granted a credit of 38 billion yen to Iran for constructing the fourth Kārun Dam. But due to legal moves by the U.S. -- the D'Amato Act passed in 1996 -- Japan avoided economic cooperation with Iran for fear of U.S. sanctions. Still, in 1999, Japan, unwilling to give up the project, provided an additional credit of 7.5 billion yen to Iran.

Then, in October 2000, Iran offered Japan the primary development rights for the Azadegan oil field, the output of which was to eventually cover 6.3% of Japan's oil imports. Japan, in cementing the deal, promised to pay Iran \$30 billion in advance for a three-year supply of petroleum imports. In 2004, three Japanese companies and the NIOC concluded a contract of \$2 billion to develop jointly the Azadegan oil field. The timing could not have been worse, since the U.S. was then leading an international effort to impose tough financial sanctions on Iran for its secret nuclear program. Washington urged Tokyo to withdraw from the project, which meant losing its 75 percent share of the project. But facing constant pressure from U.S., INPEX, Japan's major oil explorer and developer, finally quit the Azadegan project altogether in 2010. Ironically, China, which was outside of the U.S.-led sanctions regime, took it over. Moreover, still dodging U.S. sanctions, Japan significantly reduced the volume of its crude oil imports from Iran.

Since then, Japan has lined up its Iran policy to match those of the U.S. and other Western countries. During the four years of U.S.-led negotiations with Iran to stop its nuclear weapons development program, Japan actively encouraged high-level Iranian politicians and officials, including President Rouhani, to resolve the nuclear issue diplomatically. But once the Joint Comprehensive Plan of Action (JCPOA) was finally concluded in 2015, Japan was quick to rebuild its historically friendly relationship with Iran, starting with the signing of a bilateral investment treaty with that country on February 5, 2016. Ironically, since Teheran was unhappy with China's development of the Azadegan oil field project, Iranian officials have let Japan know that it is welcome to rejoin the project if it wishes. As of mid-2016,

¹¹⁴ Jonathan Berkshire Miller, "Japan's Strategic Ties with Iran", Al Jazeera Center for Studies Reports, 2016.2 <http://studies.aljazeera.net/en/reports/2016/02/201621864717335576.html>

Prime Minister Abe has informed the Iranian government that he wishes to visit the country this year, a first trip by a Japanese leader in 38 years. The visit is likely to occur in August.

Despite Tokyo's eagerness to renew economic ties with Iran, Japanese companies remain cautious about returning to Iran, due to the risk factor (the nuclear deal could collapse) and bitter experiences in the past. For example, in 2014, the Bank of Tokyo-Mitsubishi UFJ agreed to pay an additional \$315 million in penalties and to sanction some employees in order to resolve allegations it misled New York regulators about bank transactions that violated U.S. economic sanctions against several countries, including Iran, Sudan and Myanmar. The penalty came on top of a \$250 million fine the bank paid in 2013 to New York's Superintendent of Financial Services. The bank agreed to pay \$8.6 million penalties to the U.S. Treasury Department in 2012.

II. Domestic Policy Changes in Japan

Since Abe's second ascension as Prime Minister in 2012, he has visited the Middle East five times. When he visited Saudi Arabia, UAE and Turkey in 2013, he became the first Japanese Prime Minister to have visited the region in almost six years. Such an increase in engagement may seem to signal a change in Japan's diplomacy towards the Middle East region; however, when one looks at the whole picture of where Abe has been visiting, his visits to the Middle East represent no more than part of his "diplomacy that takes a panoramic view of the world map" (*chikyuuji wo fukan suru gaiko*) initiative. Within 20 months of becoming Prime Minister, Abe visited 49 countries—almost a quarter of the world.

In sum, despite Prime Minister Abe's proactive foreign policy that has turned him into a globe trotter, Japan's diplomacy toward the Middle East has remained relatively unchanged due to the constraints of the dual dependency on both the region and on the US. The bitter experience of two Japanese nationals having been targeted and murdered by ISIS, while Abe was in the middle of his January 2015 Middle East trip, has made Tokyo even more careful and cautious in promoting security-tinged measures in the region.

What then is driving Abe's diplomacy in the Middle East? Arguably, Japan's more active engagement with the Middle East is linked to changes in its domestic policies. The Abe administration has prioritized two national security and economic growth as key to Japan's interests, and these are reflected in the recently issued National Security Strategy and the policies to revitalize the economy dubbed Abenomics. Still, despite Abe's bold moves to introduce proactive new policies, implementation remains a major challenge. This is why Japan's traditional soft-power tools, especially ODA, remain at the center of Abe's global diplomacy, including the Middle East. Let us turn next to a careful examination of how ODA serves Japan's national interests, past and present.

Japan's Soft-Power Tool of Preference: Official Development Assistance

A Brief History of Japan's ODA

Japan's use of Official Development Aid (ODA) is a success story at large, but as a policy tool, it has a long and complicated history of having to balance between serving Japan's narrow interests and adjusting policy and programs to satisfy international [OECD] expectations. It is clear, however, that in recent decades, Japan's ODA policy and programs have evolved to meet both domestic and international demands.

Japan was first integrated into the "Western donor system" when it joined the OECD Development Assistance Group for its first meeting in March 1960. Like other major aid donors at the time, Japan mainly provided tied aid, aimed at furthering the trading interest of domestic firms.¹¹⁵ In the early days of providing aid, Japan's ODA policy was strongly anchored in the philosophy of "self-help"—a view that emphasized recipient countries develop a market economy by focusing on infrastructure development and capacity building. As an aid donor, Japan had a preference for loans over grants, projects over programs, and economic infrastructure over basic services. Lacking an official guideline, Japan's ODA was characterized by its close relationship with the private sector and a strong geographical focus on Asia.¹¹⁶

Since the 1970s, Japan has used its ODA toward the Middle East to help secure a stable supply of oil and gas imports, through so-called resource diplomacy. Aid provided to the poorer Arab countries was intended to promote Japan's relations with the richer oil-producing countries in the region.¹¹⁷ During this period, Japan was frequently accused of being an aid giant without an aid philosophy, its policy essentially driven by commercial interests without giving concern to humanitarian and strategic purposes. Likewise, Japan was persistently demanded by its OECD DAC peers to increase the concessionality of aid, direct a larger share to poorer countries beyond the rapidly developing countries of East and Southeast Asia, and to undertake more directly poverty-focused activities.

The 1992 ODA Charter

Japan's ODA consists of grant aid, yen loans with favorable terms, and technical assistance. During the 1990s, however, Japan provided mainly loans rather than grants.¹¹⁸ Consequently, Japan faced much international criticism for its "preference for loans, debt-

¹¹⁵ Manning, Richard. "OECD-DAC and Japan: Its Past, Present, and Future." In *Japan's Development Assistance: Foreign Aid and the Post-2015 Agenda*, 276-92. 1st ed. Palsgrave Macmillan UK, 2016.

¹¹⁶ *Ibid.*

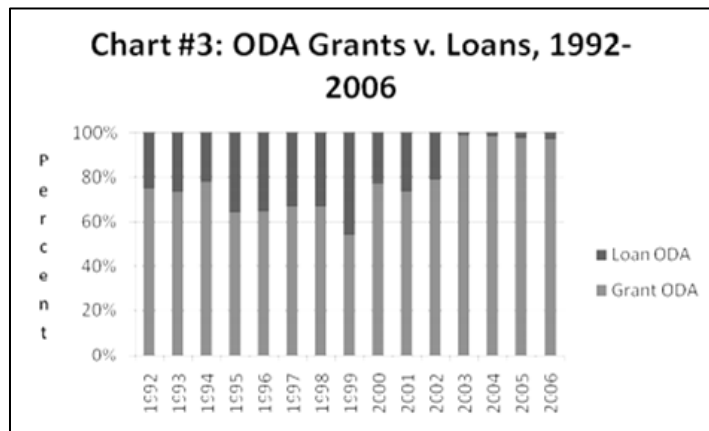
¹¹⁷ Gaens, Bart. "Securitizing Aid: The Nexus between Japan's Development Cooperation and Security Policy." The Finnish Institute of International Affairs. March 26, 2015. Accessed March 20, 2016. http://www.fiia.fi/en/publication/500/securitizing_aid/.

¹¹⁸ Mera, Koichi, "Official Development Assistance of Japan: Criticism and Suggestions." September 2001. Accessed July 31, 2015. http://www.glocom.org/opinions/essays/200109_mera_official/

servicing and development projects that ultimately benefit Japanese corporations and Japanese national interest”¹¹⁹.

Japan’s ODA was also criticized for its focus on economic infrastructure – “bricks and mortar” – rather than social and human resources development. Japan was then out of step with the global trend of providing development aid turned for humanitarian and human security purposes – basic human needs. Critics said that Japan’s self-serving features of ODA made it difficult for recipient countries to gain technical knowledge because Japan only left behind hard infrastructure without providing corresponding software. Japan responded that its aid was on a request-only basis and that its projects were what the aid recipient had desired.

In response to such allegations, Japan wrote its first ODA Charter in 1992 as an attempt to clarify its goals and aspirations. Against the backdrop of the end of the Cold War and the turmoil caused by the first Gulf War, the 1992 ODA Charter struck a new tone, moving away from Japan’s usual low-key, condition-free approach towards a greater scrutiny of the host government’s trends in military



expenditures, development and production of weapons of mass destruction, and trade in military arms. Moreover, greater attention was given to whether the aid recipient was engaged in democratization and respected basic human rights and personal freedom.¹²⁰

For the next decade, Japan’s ODA continued to evolve with a stronger focus on such global issues as "environmental disruption", namely, providing assistance to help refugees, combat such diseases as AIDS, counter narcotics abuse, and deal with drought and desertification.¹²¹ With these substantive changes, Japan’s ODA for economic infrastructure and the manufacturing sector fell, and aid for social infrastructure and non-project aid increased.¹²² Japan has risen to become the second most liberal DAC member in terms of untied loans, though its share of loans as a percentage of total aid was still far greater than grants.

¹¹⁹ Yoshida, Yuki. "Japan's Official Development Assistance (ODA): Altruism or Mercantilism?" E-International Relations Students. July 27, 2013. Accessed May 13, 2016. <http://www.e-ir.info/2013/07/27/japans-official-development-assistance-oda-altruism-or-mercantilism/>.

¹²⁰ Manning, Richard. "OECD-DAC and Japan: Its Past, Present, and Future."

¹²¹ Ibid.

¹²² Ibid.

The 2003 ODA Charter

Following the 9/11 terrorist attacks in the U.S. and the subsequent U.S.-led “war on terror,” global security became the new buzzword in Japan’s foreign aid lexicon. In 2003, Japan revised its ODA Charter as a response to the changing international security environment. The new guidelines notably signaled a return to emphasizing Japan’s national interest by linking the humanitarian goals of ODA to Japan’s own security and prosperity. This revision marked the first time the Charter used the concepts of human security and fairness. At the same time, the government sought to encourage the Japanese public’s support and engagement for such ODA. With the untying of most of Japan’s aid, the government was losing its support for ODA policy and programs from the business sector. To counter that trend, it had to replace this support by capturing broad public interest and support of the new ODA policy.¹²³

The 2015 New Development Cooperation Charter

In February 2010, when the Democratic Party of Japan (DPJ) was in power under then Prime Minister Yukio Hatoyama, the Foreign Ministry issued a report ordered by Minister Katsuya Minister Okada that comprehensively reviewed Japan's ODA in February 2010.¹²⁴ The report, published in June, recommended intra-government discussions to revise the ODA Charter. The DPJ’s internal problems, and the massive earthquake in northern Japan in March 2011, put the revision process on hold. Finally, it was restarted under the Liberal Democratic Party (LDP) administration of Prime Minister Shinzo Abe, who came into office in December 2012. The formal review of the ODA Charter commenced in March 2014, and in February 2015, the Abe Cabinet approved the new "Development Cooperation Charter". Subsequently, the Foreign Ministry set up a panel of eight members, the “Experts Committee for ODA Charter Review,” which included an NGO representative, academics, representatives of industrial circles, and an ODA journalist.¹²⁵

While the new charter retained some traditional policy objectives, such as economic development and protecting the natural environment, and promoting human rights, it also set a new policy direction, revealing that the ODA program would now be directed more explicitly toward “security” and defense” to serve Japan’s national interests. Most notably, the new charter has expanded its scope to include support for foreign armed forces in non-combat operations such as disaster relief, infrastructure building, and coast guard activities.

These changes are aligned with Prime Minister Shinzo Abe’s policy of “proactive pacifism,” and echo the principle of “strategic use of ODA” under the National Security Strategy that Abe’s cabinet approved in 2013. The charter’s strategic nature can be seen in such phrases as Japan will “thoroughly assess the strategic importance” of the recipient nation. In a bold departure from the traditional official stance, the charter now emphasizes

¹²³ Mitsuya Araki, “Who will Cheer for ODA?: Thoughts on the ODA Support Base for the Future” (In Japanese. OECD translation of title), *International Development Journal*, February 2003, 6-7.

¹²⁴ Ohashi, Masaaki. "NGOs and Japan's ODA: Critical Views and Advocacy." In *Japan’s Development Assistance: Foreign Aid and the Post-2015 Agenda*, 327-43. 1st ed. Palsgrave Macmillan UK, 2016.

¹²⁵ *Ibid.*

that Japan's assistance is now in line with national interests, and meant to benefit its own national security and economy. In fact, at the first meeting of the Experts Committee, participants were told that the charter had to be consistent with, if not subordinate to, the National Security Strategy, as well as the Japan Revitalization Strategy, as revised by the Abe Cabinet in 2014.¹²⁶ Official development cooperation now serves two main purposes—enhancing national security and helping Japanese businesses enter foreign markets.

*Securitization of Aid?*¹²⁷

Rooted in Abe's political agenda, the new charter appears to add an international-geopolitical aspect to Japan's ODA, which up until now had been affected primarily by the vagaries of domestic politics. With the use of aid for strategic purposes now firmly embedded in Japan's overall security policy, Japan seems to have begun what might be called a "securitization" of its aid.¹²⁸ As mentioned above, one of the most significant aspects of the new charter is that it partially allows assistance to foreign armed forces, albeit for non-military purposes only. This was prohibited under the old ODA charter and represents an ambiguous aspect in the OECD DAC principles. By definition, OECD-DAC states that "no military equipment or services are reportable as ODA. Anti-terrorism activities are also excluded. However, the cost of using donors' armed forces to deliver humanitarian aid is eligible." In practice, what could and couldn't be counted as ODA has always been less clear. Japan's new ODA charter revision signals that Japan is now willing to step into the "gray zone."

Under the guidance of the National Security Council (NSC), which was established in 2013, it is Japan's explicit goal to integrate ODA more into foreign and defense policies in a way that brings together the "three Ds" of development, diplomacy and defense. Furthermore, in 2014, Japan revised its self-imposed restrictions on the joint development and export of weapons and military technology, with new guidelines permitting such in specific cases. Arguably, the 2015 ISIS Hostage Crisis—a highly publicized incident that took the lives of two Japanese citizens—gave momentum to the Abe administration's priority in shifting towards a more proactive Japanese involvement in international security affairs.

Japan depends on the Middle East for close to 90% of its crude oil imports, and the core sea trading routes linking Japan and Europe pass through this region. As such, the Middle East is critical to Japan's economy and energy security. It is in Japan's interest not only to establish good relations with Middle Eastern countries, but also ensure stability in the region. Yet, since the Arab Spring, the region has experienced nothing but major political upheaval. Japan believes that the achievement of peace and stability in Afghanistan and Iraq, as well as the whole Middle East, are issues related to peace and security of the overall international community.

¹²⁶ Ibid.

¹²⁷ Gaens, Bart. "Securitizing Aid: The Nexus between Japan's Development Cooperation and Security Policy."

¹²⁸ Ibid.

ODA on the Ground

The Abe administration views the strategic use of ODA as the best way to help the reconstruction efforts of Arab-Spring affected Middle East countries, which have been beset with enormous socio-economic problems as they struggle to introduce democratic reforms. In short, ODA is seen as a critical to the peace and stability in the region¹²⁹ Current ODA efforts are also in line with the basic principles of the new charter from the standpoint of human security and peace building. As such, much of the changes in the recent ODA charter reflect the domestic policy agenda driven by the Abe administration. However, when one looks at development assistance on the ground, the projects and activities by the Japan International Cooperation Agency (JICA)—Japan’s main aid-implementing agency—continue to maintain a focus on humanitarian assistance and disaster relief. Policy changes apparently have yet to filter down to the field or mission level.

JICA’s Annual Report defines the main issues in Middle East as “instability due to civil conflicts and extremist violence” and “youth unemployment and economic disparity.” Key strategies for the region were listed as “promoting human security and peace building,” “contributing to environmental issues beyond national borders,” and “promoting quality growth.”¹³⁰ One of JICA’s major efforts currently is supporting countries in the region that are experiencing huge refugee inflows. In Jordan, for example, JICA has been providing development policy loans to reduce Jordan’s financial burden, water supply and wastewater development aid, and disability assistance. Japan has been providing various supports with the aim of supporting both Syrian refugees and Jordanian citizens in the Zaatari refugee camp and other host communities. Japan has implemented humanitarian assistance of approximately \$95 million that it pledged previously, and it has also decided to provide approximately \$120 million in ODA loans to Jordan.

Furthermore, at the UN General Assembly in September 2013, Japan pledged to provide an additional \$60 million in humanitarian assistance.¹³¹ Similarly, JICA has prepared ODA loans for the Local Authorities Infrastructure Improvement Fund to Turkey, which by far has accepted the highest number of Syrian refugees as of 2016. The loans aim to fund infrastructure development, including water supply and wastewater, and waste management, as part of Japan’s efforts to alleviate the burden of local governments.

JICA’s activities in the Middle East are also focused on peace building and post-conflict reconstruction. Armed clashes between the Palestinians and Israel since July 2014 resulted in extensive destruction. In response, JICA has delivered supplies to people in the affected regions. The agency also has been providing support in for restoring electricity and water supplies as part of Gaza’s reconstruction, as well as conducting surveys for providing support for the formulation of future reconstruction plans. The “Corridor for Peace and Prosperity”

¹²⁹ Japan Ministry of Foreign Affairs (MOFA). "Japan's Official Development Assistance White Paper 2014." December 22, 2015. Accessed March 20, 2016.

http://www.mofa.go.jp/policy/oda/white/2013/pdfs/020203_4.pdf.

¹³⁰ JICA. "JICA Annual Report 2015." Japan International Cooperation Agency (JICA). Accessed March 25, 2016. http://www.jica.go.jp/english/publications/reports/annual/2015/c8h0vm00009q82bm-att/2015_all.pdf.

¹³¹ Japan MOFA. "Japan's Official Development Assistance White Paper 2014."

Initiative represents Japan's mid-to-long-term effort to support the coexistence and co-prosperity of the Israelis and the Palestinians by engaging Jordan for economic and social development in Jericho and the Jordan Valley. As a flagship project of this initiative, the four sides are working towards the establishment of the Jericho Agricultural Industrial Park (JAIP), which is expected to lead to the development of a Palestinian private sector. The developer was selected in June 2012, and, as of January 2016, 33 tenants signed the agreement to operate in the industrial park. Two factories are in operation as of February 2016.¹³²

Engaging More Players

From Aid to Cooperation

Japan has clearly expanded its overseas development activities not only in terms of scope, but also in terms of the variety of players and actors. The Development Cooperation Charter states:

In the international community today, a huge amount of private funding flows to the developing countries, and various actors including the private sector, local governments, and non-governmental organizations (NGOs) are involved in global activities. These actors play important roles in dealing with development challenges and promoting sustainable growth in developing countries. Under these circumstances, Japan needs to address such development challenges not only through ODA but also by mobilizing various other resources¹³³.

While there may be a gap between policy and actual implementation in terms of development assistance, the Japanese government has been successful in incorporating the private sector into its agenda, which can in part be attributed to a desire by Japanese companies to develop new foreign markets.

Engaging the Private Sector

The expanded purpose of the new Development Cooperation Charter indicates the Japanese government's intent to engage the private sector in partnerships that advance national interests. In March 2012, the Japanese government revised the Framework for Supporting Japanese Small and Medium-sized Enterprises (SMEs) in Overseas Business. JICA has since initiated programs for supporting overseas expansion of SMEs, and has supported those companies with ODA. As of March 2015, JICA received an aggregated total of 1300 proposals from SMEs and selected 270 of them. The new charter explicitly regards development cooperation as a catalyst for private-led growth, which in turn is expected to "lead to robust growth of the Japanese economy."¹³⁴ This factor is also reflected in the shift

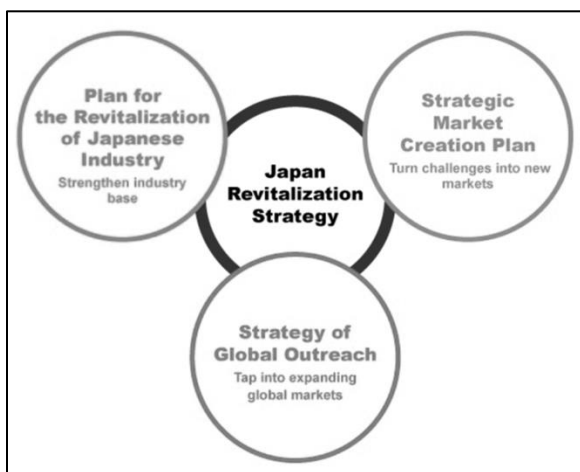
¹³² JICA. "JICA Annual Report 2015."

¹³³ "Cabinet Decision on the Development Cooperation Charter." Japan Ministry of Foreign Affairs (MOFA). February 10, 2015. Accessed April 13, 2016. <http://www.mofa.go.jp/files/000067701.pdf>.

¹³⁴ JICA. "JICA Annual Report 2015."

from the term “Development Assistance” to “Development Cooperation.” In addition to oil, the Middle East is an attractive market for infrastructure businesses. Development cooperation is, in other words, a tool that Japan can use to lay the groundwork and bridge the differences in business culture and customs between Japan and the Middle East.

One example is the project conducted by JICA in building the Greater Cairo Metro Line No.4 Phase 1 Project in Egypt. In this project, implemented by JICA, the aim is to develop a mass transit system 17 km in length in the Cairo Metropolitan area. However, Egypt notably applied for the Special Terms for Economic Partnership (STEP), which is essentially a tied loan in which a Japanese company must serve as the general contractor and 30% or more of the materials and equipment used in the project must come from Japan. STEP projects are designed to incur orders from Japanese companies, thereby spurring domestic demand and job creation. In that scheme, the loan not only supports economic growth in developing countries but also helps vitalize the Japanese economy.¹³⁵ The STEP project in Egypt, thus, created a breakthrough for Japanese companies to enter the market for constructing underground transit systems.



The idea of spurring the domestic economy by using ODA to help seed the ground for Japanese firms to enter foreign markets is one that aligns very much with Prime Minister Abe’s 2013 Revitalization Strategy. The strategy not only advocates the strengthening of Japanese industries and increasing competitiveness domestically, but also calls for “global outreach,” which is designed to encourage Japanese businesses to tap into expanding global markets with the help of public-private partnerships.

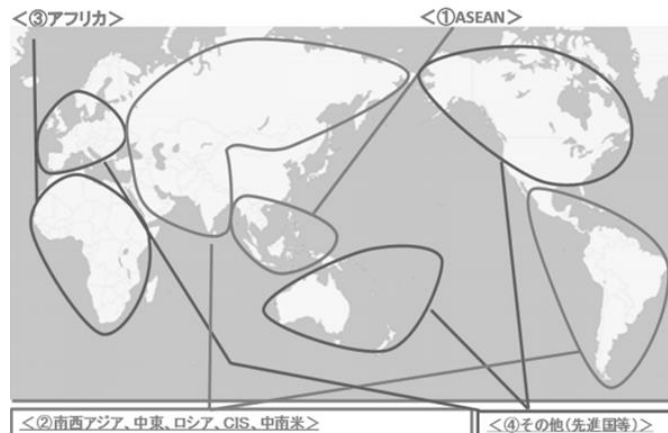
In fact, top officials are involved in proactively promoting Japanese infrastructure through so-called “top salesmanship”, in effort to increase the competitiveness of Japanese companies in the global market. According to the Ministry of Economy, Trade and Industry (METI), the total number of top salesmanship pitches done by the Prime Minister and senior Japanese officials totaled 67 in 2013 and 23 as of May 2014¹³⁶. Furthermore, top salesmanship is often accompanied by business delegations—between April 2013 and July 2014, a total of 1,245 business-related people, who represented 445 companies, accompanied Prime Minister Abe on his visits to foreign countries.

¹³⁵ "Making ODA Loans More Effective | Japan's ODA White Paper 2013 | Ministry of Foreign Affairs of Japan." Japan Ministry of Foreign Affairs (MOFA). Accessed April 16, 2016. <http://www.mofa.go.jp/policy/oda/white/2013/html/topics/topics02.html>.

¹³⁶ "インフラシステム海外展開の取り組みとその展望 (*infura Sisutemu Kaigai Tenkai No Torikumi to Sono Tenbou*)." Japan, Ministry of Infrastructure, Land, Transport and Tourism. September 25, 2014. Accessed March 14, 2016. http://www.jacic.or.jp/movie/jsseminar/pdf/movie20140925_shichijou.pdf.

Since Abe's second ascension as Prime Minister, he has visited the Middle East region five times, each time pledging a commitment to help them fight terrorism, assist the peace process of the region and bring in Japanese companies for development projects. Prime Minister Abe's visit to multiple Middle East countries in January 2015, was also accompanied by business delegations. Abe's talks with his counterparts in those countries resulted in various commitments and pledges to lead national projects with the participation of Japanese companies. In Egypt, a Joint Meeting of the Japan-Egypt Business Committee agreed that Japanese companies will join the Suez Canal Development Project. In Jordan, signing ceremonies were held in connection with two solar power generation projects that Japanese companies are involved with. In Israel, the economic mission that accompanied Prime Minister Abe also met with Prime Minister Netanyahu, and then held a business forum that agreed to cooperation on the economic front.

Public-Private Partnerships: Going Back to Economic Infrastructure?



Source: Infrastructure Export Strategy, Japanese Cabinet (Middle East is listed as second in priority, together with Southwest Asia, Russia, Central Asia and Latin America)

Prime Minister Abe ushered in a renewed focus on development aid for economic infrastructure construction he and his Cabinet established the Ministerial Meeting on Strategy relating to Infrastructure Export and Economic Cooperation (経協インフラ戦略会議) on March 13, 2013. Unlike efforts in the past, this time Japan is notably open and proactive in promoting Japanese businesses as partners for development projects. Indeed, infrastructure export has significant potential in the revitalization of Japan's stagnant economy, as Prime Minister Abe stated himself in his opening address at the first Ministerial Meeting on Strategy relating to Infrastructure Export and Economic Cooperation, The Prime Minister stated that "supporting the overseas business of Japanese companies and pushing forward the

export of the most advanced infrastructure system are an important pillar for the growth strategy, which is one of the 'three prongs'¹³⁷.

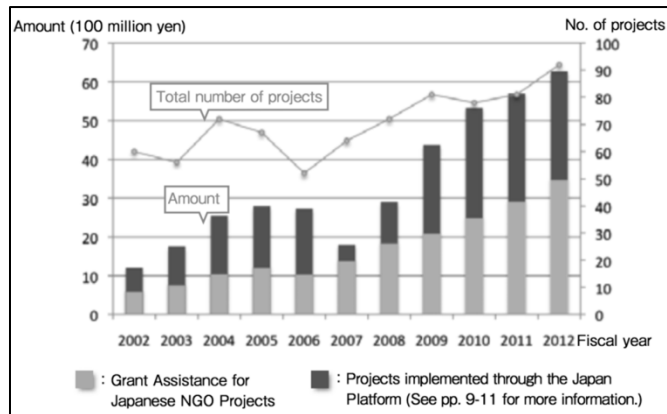
It is important to note, however, that the aim of infrastructure export strategy is not restricted to economic interests, but also reflects other national interests in the diplomatic and security spheres. Although subtle, Japan's infrastructure export strategy also satisfies national security interests. Aside from the traditional definitions of national security as "maintain[ing] sovereignty and independence" and "defend[ing] territorial integrity", the new national security strategy (NSS) states that other national security interests also include "ensur[ing] safety of life, person, and properties of its nationals," "ensur[ing] survival while maintaining peace and security grounded on freedom and democracy," and "achiev[ing] prosperity through economic development"¹³⁸. The broader definition of Japan's national security interests stresses that Japan's security is inextricably tied with the prosperity of the rest of the world, especially that of its neighboring countries, and implies that development cooperation with other countries also fulfills to Japan's security interests. Likewise, Prime Minister Abe's opening address at the Ministerial Meeting echoed the definitions of national security in the NSS: "I believe that the following three points are important when considering economic cooperation and the export of infrastructure:

1. to take in the growth of emerging economies, mainly in Asia, and link it with the revitalization of the Japanese economy,
2. to provide Japan's superior technology to the world and enrich people's living, and
3. to ensure as the government the safety of Japanese nationals working at overseas sites with top priority.

Japan must aim for achieving growth and prosperity together with the world, through these kinds of cooperation."¹³⁹

The Role of NGOs

Since 2002, the Japanese government has increasingly supported and collaborated with the NGO community, evidenced by its growing funding assistance to NGOs in developing countries and regions. In Japanese fiscal year 2012, a total of approximately 3.5 billion yen in funding assistance was provided for 92 projects in 32 countries and 1 region conducted



Source: MOFA, "International Cooperation and NGOs."

¹³⁷ Prime Minister of Japan and His Cabinet. "The Ministerial Meeting on Strategy Relating Infrastructure Export and Economic Cooperation." March 13, 2013. Accessed May 13, 2016. http://japan.kantei.go.jp/96_abe/actions/201303/13kki_kaigi_e.html.

¹³⁸ "National Security Strategy." Cabinet Secretary. December 17, 2013. Accessed March 20, 2016. <http://www.cas.go.jp/jp/siryou/131217anzenhoshou/nss-e.pdf>.

¹³⁹ Prime Minister of Japan and His Cabinet. "The Ministerial Meeting on Strategy Relating Infrastructure Export and Economic Cooperation."

by 45 organizations.¹⁴⁰ The history of government-NGO engagement pales in comparison, however, to the ties between the government and the private sector.

The Japan Platform (JPF), which was established in the early 2000s, is a consortium of NGOs, representatives of the business community and the Japanese government to respond to emergency humanitarian crises, such as refugee outflows, or natural disasters in more effective and rapid manner than any one party could do on its own. The Ministry of Foreign Affairs (MOFA) appropriates funds in advance for this purpose. The Standing Committee (comprised of representatives of the NGOs, the business community, the central government and experts), under the mandate of the Board of Directors of the JPF, makes the decisions regarding the implementation of emergency humanitarian aid. However, engagement with NGOs has been rather one-sided, with much support on the ground level but minimal engagement when it comes to the policy level.

Japanese NGOs have long attempted to play a role in Japan's ODA policy-making. As early as the late 1980s, NGOs have been advocating the need for a new ministry specializing in ODA for effective and professional ODA management, and the enactment of the fundamental law of ODA (ODA law), stipulating the basic ideology of Japanese foreign aid and enabling the Japanese Diet as well as the active involvement of parliamentarians in ODA processes. Their efforts, however, have been obstructed and restrained by its small community size and a lack of political influence. Hence, while a partnership between MOFA and NGOs exists on three levels—funding assistance, creation of an enabling environment for NGOs, and dialogue—aside from grant assistance, NGO efforts to influence the ODA policy through dialogue has been relatively unsuccessful.

To be fair, NGOs views on Japanese ODA has not always been unified. A number of severe critiques of Japanese ODA and its projects that were published throughout the 1990s in Japan exposed a clash between two groups—those who advocated the public interest of ODA recipients and those who supported personal or traditional small-community interests. In other words, opinion was split between those NGOs arguing that ODA projects were destructive to local impoverished people and indigenous people, or damaging for the local environment, and those advocating ODA-funded infrastructure construction that provided energy, water, transportation and employment opportunities.¹⁴¹ Nevertheless, NGOs have remained powerless—caught between “turf wars” between ministries that sought to control ODA in the earlier days, and simply kept out of the loop or allowed only limited space to express opinions at the table when ODA charters are being revised. As Masaaki Ohashi has noted, when the first “Expert Committee for the ODA Charter Review” convened, a number of NGOs had to hurriedly organize an informal network to monitor the discussions and invite as well as prepare opinion papers for the Committee.¹⁴² Only one person at the table represented the NGO community, and the review process allowed very limited discussion time for each participant.

¹⁴⁰ “International Cooperation and NGOs.” Japan Ministry of Foreign Affairs (MOFA). Accessed May 10, 2016. <http://www.mofa.go.jp/files/000024755.pdf>.

¹⁴¹ Ohashi, Masaaki. “NGOs and Japan's ODA: Critical Views and Advocacy.”

¹⁴² Ibid.

Japanese NGOs are not necessarily opposed to current ODA activities abroad. For instance, regarding the new changes in the ODA charter, Japanese NGOs seem to generally agree with the need to engage the business sector in development efforts. In an interview with a representative of the Japan NGO Center for International Cooperation (JANIC)¹⁴³, the officer explained, “Businesses can use their technical know-how to solve development challenges as well as provide private funding.” However, the interview also revealed that NGOs in Japan hold a different perspective regarding security that is opposed to use of ODA for military purposes and prioritizes “the economic growth of developing countries as well as short-term benefits for Japanese private companies”.¹⁴⁴

Still, a disconnect between policy level and grass-root level seems to exist in the engagement between NGOs and the Japanese government, due in part to NGOs’ consistent resonance with the 1990s global advocacy and international development frameworks. In September 2014, Japanese NGOs published a document entitled, “Japanese NGOs’ 10 Recommendations for Revision of Japan’s ODA Charter,” which suggested that the primary objective of ODA should be poverty alleviation through suitable and equitable development of developing countries, and that the principle of non-militarism should be maintained in the revised ODA Charter so that ODA and military activities are clearly separated. During the interview, the NGO representative elaborated on the importance of maintaining a non-military stance:

“Thanks to non-militarism, Japanese ODA has been seen as neutral (impartial). This has helped allow Japan deploy assistance, and this is an advantage that must not be lost. So far, Japan has not taken sides in conflicts, and therefore has been excluded from being targeted by terrorists for the most part. ...Once SDF is deployed under “proactive contribution to peace,” even if it may not be the SDF’s intention to create conflict, a defensive move may be considered aggressive, raising the risk of being attacked by the other party in the conflict.”

When asked about the NGO’s perception of the “strategic use of ODA,” the representative agreed that some strategic use was necessary. However, there appears to be a difference in the interpretation of the word “strategic” between NGOs and the Japanese government. While the government stresses the use of ODA strategically to complement national security and interests, the representative explained that the NGOs’ understanding of “strategic” meant using ODA with a long-term vision for development and capacity building. “Japanese aid is provided in an ad hoc way...there is a lack of consistency,” he explained. Foreign aid is decided in the cabinet, but allocation discussions are not transparent and there is no monitoring by people. Although the Diet has the ability to question the use of ODA, there is no systemized or regulated way of monitoring how ODA is used. Echoing one of the 10 recommendations that indicated the need for the enactment of an International Development Cooperation Act and the establishment of a Ministry of International Development Cooperation, the NGO representative wanted to see a more holistic way for ODA

¹⁴³ JANIC is one of the largest network of Japanese NGOs in Japan, representing 109 NGOs in the Tokyo area.

¹⁴⁴ Ohashi, Masaaki. "NGOs and Japan's ODA: Critical Views and Advocacy."

to contribute to the well-being of the recipients, one that is reinforced through a legal system and overseen by an agency like USAID in the U.S.

The representative's words echo the first organized ODA advocacy by NGOs in 1986—Reconsider Aid! Citizen's League (REAL)—which had strongly emphasized the need for drastic change of the governance system for Japan's ODA. REAL also proposed the creation of a new ministry specializing in ODA for effective and professional aid management, and the enactment of the fundamental law of ODA (ODA law), stipulating the basic ideology of Japanese foreign aid and enabling the Japanese Diet as well as the active involvement of parliamentarians in ODA processes. As such, the view of NGOs has remained almost unchanged for the past four decades.

In the Middle East, Japan CCP is the only NGO at this time involved in a Japanese ODA project. The NGO has been training agronomists and farmers in the Gaza Strip to promote sustainable agriculture among the Palestinians.

III. Conclusion

Under the Abe Administration, Japan has become more actively involved in the Middle East. However, this does not represent so much a renewed interest in the region, but rather it is a reflection of changes in Japan's domestic policies and new strategies for enhancing national security and economic growth. The Japanese government under the leadership of the Prime Minister Abe is creating a synergy of domestic and international interests where development assistance, economic growth and national security are all linked together. Still, these changes have yet to filter down significantly from the policy level, and activities on the ground have yet to catch up to policy directives, creating the risk of disconnection between the two levels. As the Japanese government seeks to engage more actors and players in the grand strategy, including NGOs, Japan will need to pay more attention to the differences in opinion so as to prevent further disconnection.

Although ODA remains a powerful soft-power tool for Japan's diplomacy, its application in the Middle East region reflects a foreign policy constrained by a dual dependence: energy needs and security ties to the U.S. Moreover, the legacy of Japan's mercantile realism towards the Middle East has produced an aloofness or lack of interest in studying and knowing more about the region. There are not many Middle East studies experts in Japan, and very few staff at Ministry of Defense who are able to speak Arabic. In addition, the focus of Middle East studies is predominantly pure academic in terms of history, culture and language, and thus there is a shortage of policy studies. This has constrained Japan's ability in collecting intelligence in the region and made Japan totally reliant on U.S. for information. Ms. Mari Nukii, a researcher at JIIA, suggests that the Middle East for Japan ranks fifth or sixth in foreign-policy importance behind America, China, Korea, Southeast Asia and India, and even Europe. And this lack of interest further reinforces a bent in Japan's foreign policy that focuses overly on the economic benefits and energy security.

Ms. Yukiko Miyagi predicts that Japan's diplomacy towards the Middle East will remain under the influence of the U.S. and not tilted toward Arab states. This is because Japan over

the long run will become increasingly less dependent on the Middle East for its energy needs and more dependent on the U.S. for its international security needs. At the same time, as long as the LDP is in power in Japan, the desire of political elites to steer Japan toward become a “normal” country with aspirations to become a great power, it is likely that increased involvement in Middle East politics and security affairs will supplement if not replace the long-held mercantile realism.¹⁴⁵ Indeed, the transition may have begun during the administration of Prime Minister Junichiro Koizumi (2001-2006), whose response to 9/11 and the “war on terror” placed Japan squarely and inseparably in the U.S. camp by embarking on a security policy with a global outreach, including of course the Middle East.

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¹⁴⁵ Yukiko Miyagi, Presentation at the Brookings Institution: “*Japan’s Middle East Security Policy: patterns since the millennium and implications for the coming period*”, 2016.2
<http://www.brookings.edu/~media/events/2016/02/17-middle-east-challenges-japan/miyagi-japans-me-security-policy-for-brookings-final-pdf.pdf>

Japan's Response to Terrorist Incidents at Home and Abroad: Strengthening intelligence gathering capabilities and domestic security measures

Introduction

In early 2015, Japan directly confronted the threat of international terrorism with the brutal murder of two of its citizens in Syria by the Islamic State (IS). This incident revealed that Japan was not immune to the threat of global terrorism and also re-exposed glaring inadequacies in its crisis management and intelligence gathering capabilities abroad. These were previously exposed during the 2013 Algeria hostage crisis in which 10 Japanese nationals were killed by terrorists. While these incidents were neither the first nor the final time Japan experienced terrorism, home-grown or abroad, the timing of the recent crisis was notable since it broke as Prime Minister Shinzo Abe was visiting the Middle East. Moreover, Japan was then beginning to bolster its domestic security in anticipation of such high-profile events as the G7 Ise-Shima Summit in May 2016 (successfully completed) and the Summer Tokyo Olympics in 2020.

This paper seeks to examine the efficacy of Japan's domestic and international counterterrorism mechanisms and to explore areas of possible increased cooperation with the United States to fight terrorism. The first part will delve into Japan's historical experience with domestic and international terrorism, and highlight pivotal moments affecting Japanese threat perception at the time and the government's response. The second part will examine Japan's counterterrorism policies and the current structure of mechanisms to implement them, focusing on the role of the National Police Agency and other relevant public security agencies. The third part will highlight recognized inadequacies in Japan's counterterrorism capabilities and current efforts to correct them. The fourth part shifts to the Japanese government's long-term policy approach to tackle what it perceives as the root causes of international terrorism, particularly through efforts to utilize Official Development Assistance (ODA) programs to tackle social and economic conditions that spawn terrorist activities across the developing world. The Middle East is included in this program. Lastly, this paper explores Japan's efforts to counter the newly growing threat of cyber-terrorism and examine the potential for increased cooperation with the U.S. in this area.

Japan's historical experience with domestic and international terrorism

Domestic Terrorism in Japan

Japan is no stranger to home-grown terrorism. The country experienced three brief but violent waves of terrorism soon after it opened to the West in the mid-19th century. The first wave was in the late 19th century and early 20th century, with the appearance of anarchists using terrorism as their tactic to wreak havoc in the country. The most notorious Japanese anarchist was Shusui Kotoku (1871-1911), who was executed for treason in a plot to assassinate the Japanese Emperor Meiji in 1911.¹⁴⁶

¹⁴⁶ Dr. Masaki Mizobuchi, Skype interview, February 18, 2016

The second wave was in the 1960s and 1970s, in which left-wing terrorist groups attempted to assassinate leaders, hijack planes, and occupy a Japanese embassy abroad. Notable events include the Yodo-go Hijacking Incident in March 1970, in which nine members of the Japanese Communist League-Red Army Faction hijacked Japan Airlines Flight 351 (Yodo-go).¹⁴⁷ Another terrorist incident was the Lod Airport Massacre near Tel Aviv in March 1972, in which three members of the Japanese Red Army (Nihon Sekigun), recruited by the Popular Front for the Liberation of Palestine (PFLP), killed 26 people and injured 80 in a shooting rampage.

The third and more recent wave of terrorism was in the 1980s and 1990s, which involved religious terrorism and the use of suicidal bombing tactics. In particular, the notorious Tokyo subway sarin attacks on March 1995 are still recalled vividly by many Japanese citizens.¹⁴⁸ In this attack, individuals from the religious cult Aum Shinrikyo released poisonous sarin gas on several lines of the Tokyo subway, killing 13 people and injuring over 6,000 people. This was the most serious domestic attack in Japan since WWII, and served as the first act of terrorism caused by a domestic religious group.¹⁴⁹

The impact of the sarin gas attacks was significant, as it revealed the country's vulnerability to home-grown terrorism, but it also sharpened Japan's sensitivity to the possibility of similar attacks by potentially subversive groups. A relevant Japanese government official noted:

“There was no concept of “terrorism” in Japan when [the sarin attacks] occurred, although it definitely was a terrorist attack. So [the Japanese people] just regarded it as a horrible act of mass slaughter caused by a religious cult named Aum. They began to have a strong feeling of rejection against these kind of groups.”¹⁵⁰

This shift in perception helped sharpened Japan's overall sensitivity to domestic terrorist attacks, and led to heightened vigilance by local residents' associations (*Jichikai* (自治会)).¹⁵¹ The National Police Agency (NPA) and Public Security Intelligence Agency (PSIA) began to strengthen cooperation with the *Jichikai* in various areas. A Japanese official explained:

“The *Jichikai* began to pay much more attention as to whether there were strange groups or people in their own local area. And if there were, they became to react sharply against them. I think the attitude of local residents' associations towards suspicious people will be very important to prevent [future] terror attacks.”¹⁵²

¹⁴⁷ BBC World Service Witness. “The Yodogo Hijacking.” April 1, 2016. Accessed April 18, 2016.

<http://www.bbc.co.uk/programmes/p03nzs4>

¹⁴⁸ History Channel website. “This Day in History: 1995 Nerve gas attack on Tokyo subway.” March 20, 2016. Accessed April 18, 2016. <http://www.history.com/this-day-in-history/nerve-gas-attack-on-tokyo-subway>

¹⁴⁹ Ibid.

¹⁵⁰ Japanese security official (the official wishes to remain anonymous), email interview, April 19, 2016 - April 25, 2016.

¹⁵¹ Ibid.

¹⁵² Ibid.

International terrorist attacks against Japanese citizens

While Japan has never experienced a terrorist attack by a foreigner on its soil, it has faced several international terrorist incidents against its citizens abroad. Since the terrorist attacks on the U.S. on September 11, 2001, in which 24 Japanese nationals were killed when the World Trade Center was destroyed, terrorist threats against Japanese citizens abroad have become an unwanted and unsought reality that Tokyo must deal with.

In January 2013, al-Qaeda-linked terrorists took 37 expatriates hostage at the Tigantourine gas facility near In Amenas, Algeria. Among the foreigners held captive were a number of Japanese employed by the JGC Corp, a Japanese company that provided engineering services at the site. At the end of the crisis, 10 Japanese nationals were killed—the heaviest confirmed loss of life of all the foreign countries involved.¹⁵³

Then, in January 2015, two Japanese citizens, Kenji Goto and Haruna Yukawa, were taken hostage by the notorious terrorist group Islamic State (IS) in Syria. This incident was particularly controversial because Prime Minister Shinzo Abe was then visiting the Middle East. He had just taken the stage earlier in Egypt to pledge \$200 million in humanitarian support for countries fighting against IS.¹⁵⁴ The pledge was seen by IS as a Japanese vow to help those countries fight it. Abe refused to pay a ransom to IS, as it demanded, and despite the best efforts of the Japanese government to negotiate some kind of deal to free the hostages, all efforts failed and the two hostages were beheaded by IS, the gory videos released on the Internet.¹⁵⁵

Just a few months later, in March 2015, radical Islamists took Japanese tourists hostage in Tunisia's Bardo National Museum. The Japanese government later confirmed that three of their citizens were killed, and that three others were injured. Abe responded to the Tunisia attack by telling the media: "Whatever reasons there might be, terrorism is never tolerable. We strongly condemn [the attack]. We will make every effort in the fight against terrorism while deepening cooperation with the international community."¹⁵⁶

Later that year, in October 2015, a 66-year old Japanese farmer, Kunio Hoshi, was killed by IS gunmen in Bangladesh, who later claimed responsibility for his death on Twitter.¹⁵⁷ Most recently, in March 2016, a hostage video emerged online showing missing Japanese

¹⁵³ BBC News Africa. "Algeria hostage crisis: What we know." January 21, 2013. Accessed April 18, 2016. <http://www.bbc.com/news/world-africa-21087732>

¹⁵⁴ Washington Post. "Islamic State demands \$200 million ransom for two Japanese hostages." January 20, 2015. Accessed April 17, 2016. https://www.washingtonpost.com/world/asia_pacific/islamic-state-demands-200-million-ransom-for-two-japanese-hostages/2015/01/20/e8ddd20d-ad1b-4db5-bcc6-5d4ae5976c2c_story.html

¹⁵⁵ BBC News. "Japan outraged at IS 'beheading' of hostage Kenji Goto." February 1, 2015. Accessed April 16, 2016. <http://www.bbc.com/news/world-middle-east-31075769>

¹⁵⁶ The Diplomat. "3 Japanese Dead in Tunisia Attack." March 20, 2015. Accessed April 15, 2016. <http://thediplomat.com/2015/03/3-japanese-dead-in-tunisia-attack/>

¹⁵⁷ Washington Post. "Islamic State claims responsibility for killing Japanese man in Bangladesh." October 3, 2015. Accessed April 10, 2016. https://www.washingtonpost.com/world/islamic-state-claims-it-killed-japanese-man-in-bangladesh/2015/10/03/411dc982-6a0e-11e5-8325-a42b5a459b1e_story.html

journalist Junpei Yasuda.¹⁵⁸ Allegedly, the Nusra Front, an affiliate of Al Qaeda that has taken a number of foreigners, holds Yasuda captive. Yasuda delivered an emotional message to his family but revealed little about the demands of the Nusra Front.¹⁵⁹

Growing Public Threat Perception of Terrorism

Despite Japan's past confrontations with domestic terrorist groups like the Aum Shinrikyo, the country has not experienced any domestic terrorist attacks in recent years.¹⁶⁰ The radical leftist movements of the 1960s that spawned the Japanese Red Army and other dangerous groups have long ago disappeared. And lone-wolf terrorists, such as the mentally ill man who stabbed and killed or injured 12 innocent bystanders in the Akihabara shopping section of Tokyo, are rare. The relatively safe environment of Japan can be attributed in large part to the country's stringent gun control laws, the conformist nature of the Japanese society, and a strict immigration policy that screens out potential security threats.¹⁶¹

According to Dr. Masaki Mizobuchi, an expert on the Middle East and international security affairs, the Japanese have a low threat perception of extreme Islamic terrorist attacks happening in Japan, particularly when it comes to the local Muslim population. There are only about 100,000 Muslims (0.1% of the total population), mostly from Southeast Asia, living in Japan. And the country accepts few immigrants and refugees.¹⁶² Hence, the domestic Muslim population is not generally seen as a potential threat to Japanese citizens.¹⁶³ As stated by Motonobu Abekawa, a former official at the Public Security Intelligence Agency and a terrorism studies expert at Nihon University, "The country [Japan] is inexperienced, and its counterterrorism capability is untested. People have long thought terrorist attacks are a distant problem abroad."¹⁶⁴

That complacency may be changing, however. The recent attacks in Paris (2015) and Brussels (2016) heightened threat perceptions of terrorism among the public, and recent lone-wolf terrorism in the U.S. have made many in Japan nervous. In particular, due to the high-profile events coming up in Japan (i.e. the just completed G7 Japan 2016 Ise-Shima Summit, the 2019 Rugby World Cup, and the 2020 Summer Tokyo Olympics and Paralympics), the Japanese government has taken steps to increase security in airports as well as training for police.¹⁶⁵ The government is aware of the increasing lone-wolf strategy promoted by

¹⁵⁸ New York Times. "Junpei Yasuda, Japanese Journalist Missing in Syria, Surfaces in Video." March 17, 2016. Accessed April 15, 2016. <http://www.nytimes.com/2016/03/18/world/asia/syria-japan-junpei-yasuda.html>

¹⁵⁹ <http://www.nytimes.com/2016/03/18/world/asia/syria-japan-junpei-yasuda.html>

¹⁶⁰ Dr. Masaki Mizobuchi, Skype interview, February 18, 2016

¹⁶¹ Yahoo News. "Japan launches anti-terrorism unit ahead of summit, Olympics." December 8, 2015. Accessed February 15, 2016. <https://www.yahoo.com/news/japan-launches-anti-terrorism-unit-ahead-summit-olympics-100744296.html?ref=gs>

¹⁶² Dr. Masaki Mizobuchi, Skype interview, February 18, 2016

¹⁶³ Dr. Masaki Mizobuchi, Skype interview, February 18, 2016

¹⁶⁴ AP. "Japan launches anti-terrorism unit ahead of summit, Olympics." December 8, 2015. Accessed March 28, 2016, <http://bigstory.ap.org/article/bbebd355a207416d9abdde830b699caa/japan-launches-anti-terrorism-unit-ahead-summit-olympics>

¹⁶⁵ Yahoo News. "Japan launches anti-terrorism unit ahead of summit, Olympics." December 8, 2015. Accessed February 15, 2016. <https://www.yahoo.com/news/japan-launches-anti-terrorism-unit-ahead-summit-olympics-100744296.html?ref=gs>

extremist groups like IS and has been anticipated possible IS-inspired attacks by foreigners during international events in Japan.¹⁶⁶

In June 2015, the Cabinet Office conducted its first poll on anti-terrorism measures at the request of the NPA, which is responsible for intensifying security measures leading up to the high profile events.¹⁶⁷ The poll was conducted several months after the Syria crisis and Charlie Hebdo attacks in France. The poll randomly selected 3,000 people aged 20 or older across Japan, and had a response rate of 63.4 percent.¹⁶⁸ The main portion of the Japanese survey has been included on the following two pages.

When asked whether or not they felt anxious about possible domestic terrorism in Japan, 79.2 percent of respondents responded in the affirmative (diagram 1). When asked to select reasons for being worried (multiple responses were permitted), 57.6 percent of respondents cited terrorist incidents involving Japanese nationals abroad; 57.5 percent of respondents cited the emergence of IS and other terrorist groups abroad; 48 percent cited that terrorist attacks occurred in other developed countries such as the US and France; and 39.3 percent cited that Japan's counter terrorism policy was inadequate (diagram 2).¹⁶⁹

According to survey results, 61.8 percent said Japan should reinforce measures not to allow terrorists to enter the country and 51.5 percent said that Japan should strengthen intelligence gathering on terrorist groups.¹⁷⁰ When asked to respond on security checks and controls on people attending public events, 93.6 percent said safety should be prioritized over convenience (diagram 3).¹⁷¹ As stated by James Simpson, a Tokyo-based analyst to Japan's Defense Weekly, "the risk to Japan is low, but not negligible...Japanese abroad are certainly vulnerable to attack – like the ISIS-claimed attack in Bangladesh."¹⁷²

While the specific timing of this poll may not reflect typical Japanese public threat perceptions and this is only the first of its kind on anti-terrorism measures, the results are still meaningful. It is particularly notable that when asked about *domestic* terrorism (see diagram 1), most respondents cite international terrorist incidents as well as the emergence of terrorist groups abroad. This reflects an increasingly anxious Japanese public that is conscious about recent terrorist attacks not just on their own citizens, but those taking place to others in developed countries.

¹⁶⁶ AP. "Japan launches anti-terrorism unit ahead of summit, Olympics." December 8, 2015. Accessed March 28, 2016, <http://bigstory.ap.org/article/bbebd355a207416d9abdde830b699caa/japan-launches-anti-terrorism-unit-ahead-summit-olympics>

¹⁶⁷ Japan Times. "79% of public worried about terrorism in Japan, poll shows." July 23, 2015. Accessed April 10, 2016. <http://www.japantimes.co.jp/news/2015/07/23/national/79-of-public-worried-about-terrorism-in-japan-poll-shows/#.VxPqGzYrKt->

¹⁶⁸ Ibid.

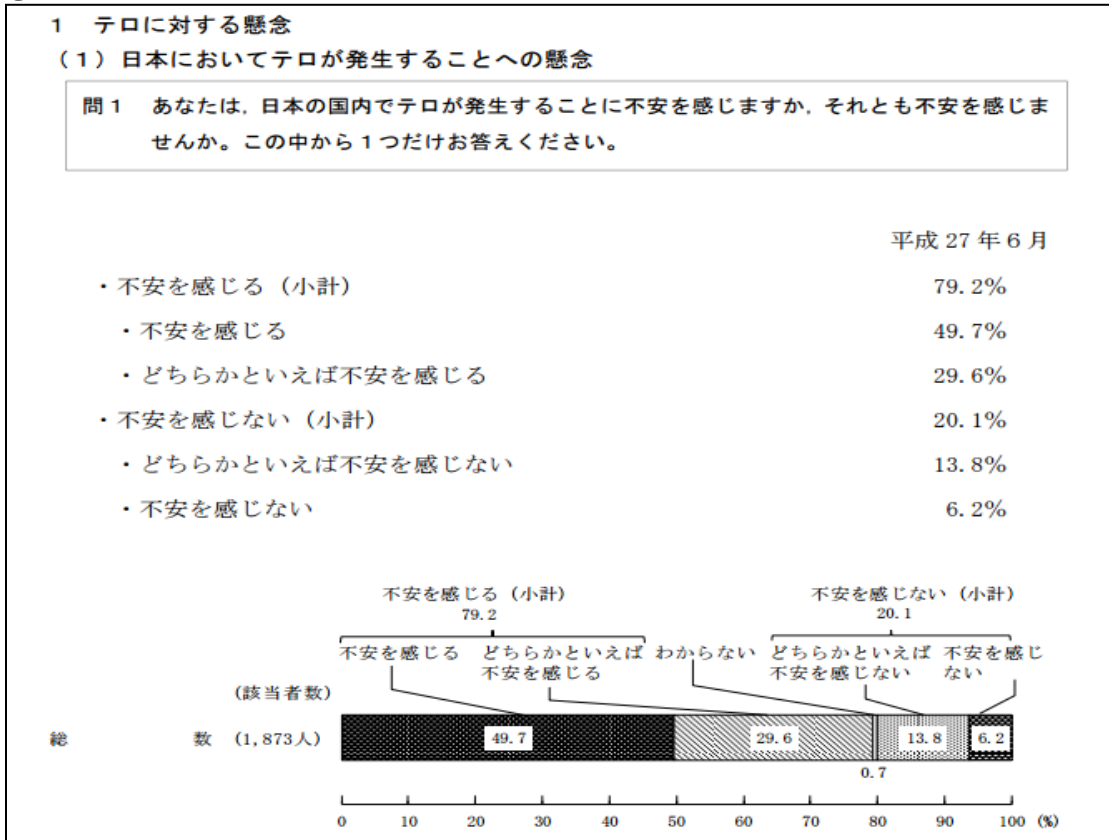
¹⁶⁹ 「テロ対策に関する世論調査」の概要 . GOJ survey conducted from June 11- June 21, 2015. <http://survey.gov-online.go.jp/tokubetu/h27/h27-CT.pdf>

¹⁷⁰ Ibid.

¹⁷¹ Ibid.

¹⁷² The Japan Times. "Proactive pacifism makes Japan a target for Islamic terrorists: experts. November 16, 2015. Accessed March 29, 2016, <http://www.japantimes.co.jp/news/2015/11/16/national/proactive-pacifism-makes-japan-target-islamic-terrorists-experts/#.Vvc2QWQrIb1>

Diagram 1:



Source: <http://survey.gov-online.go.jp/tokubetu/h27/h27-CT.pdf>

Diagram 2:

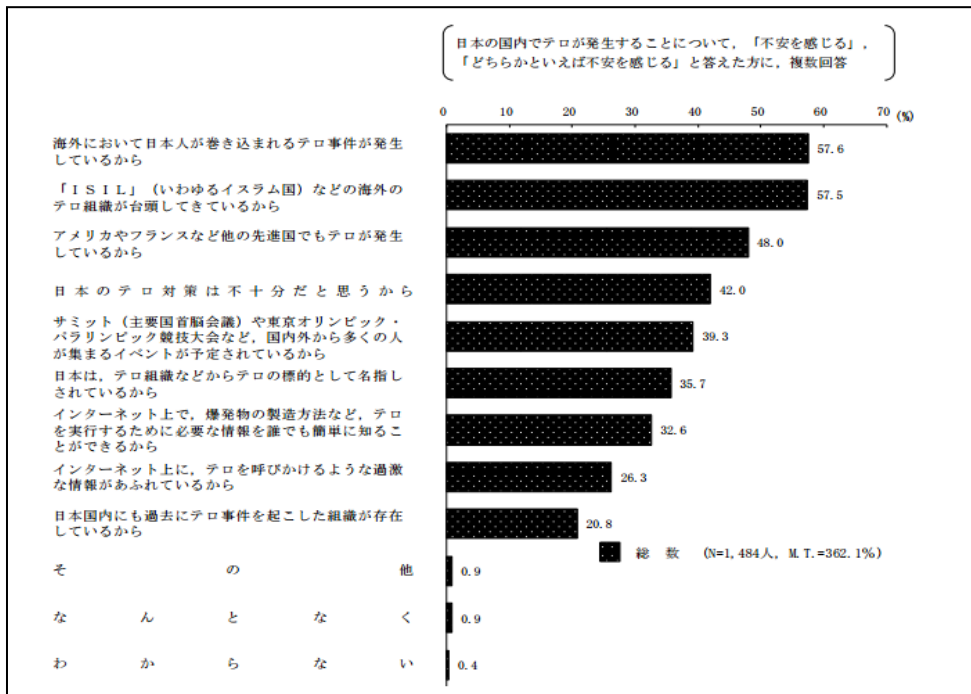
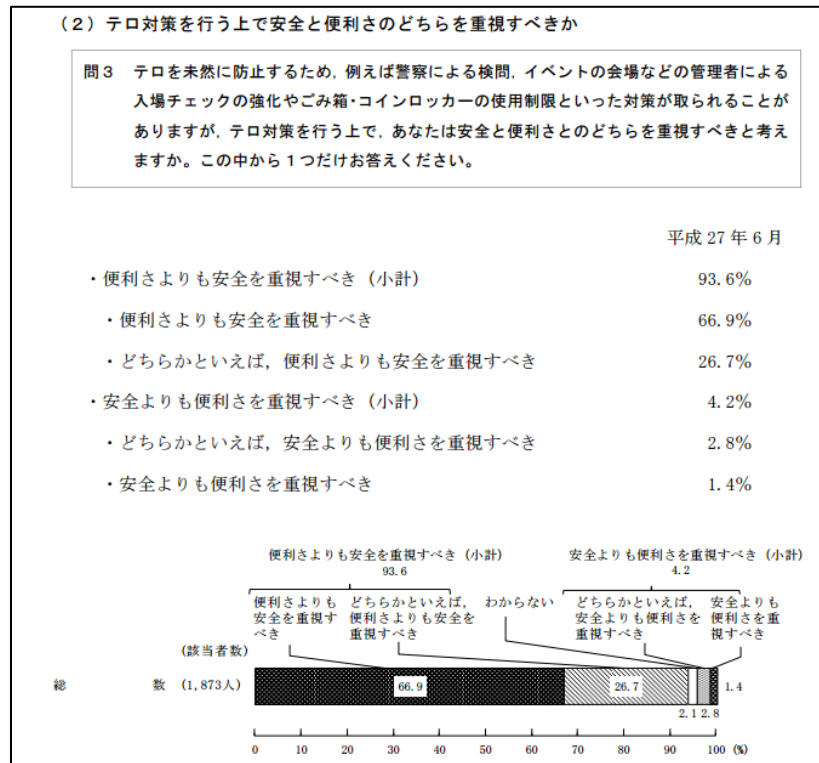


Diagram 3:



Source: <http://survey.gov-online.go.jp/tokubetu/h27/h27-CT.pdf>

The Structure of Japan's counterterrorism mechanisms and policies

Japan's major domestic and international counterterrorism mechanisms

According to Dr. Mizobuchi, the National Policy Agency (NPA) plays a major role in counterterrorism efforts, with no boundaries between their domestic and overseas efforts.¹⁷³ The NPA covers intelligence and investigations under the National Security Bureau (NSB) with approximately 5000 employees, and the police have a community based intelligence network of local police boxes known as 'Koban' that cover all areas of Japan.

Other intelligence organizations in Japan include the Cabinet Information and Research Office' (CIRO), which is one of the divisions of the Cabinet Secretariat within the Prime Minister's Office. According to Andrew L. Oros, a security specialist, CIRO focuses on open-source and geospatial intelligence and is technically Japan's equivalent of a "Central Intelligence Agency."¹⁷⁴ About half of its approximately 200 personnel are on loan from other ministries and agencies, making it the largest office within the Cabinet Secretariat.¹⁷⁵ However, CIRO does not have the resources or personnel equivalent to a true CIA. According to Dr. Mizobuchi, CIRO is not a law enforcement agency and can only conduct

¹⁷³ Dr. Masaki Mizobuchi, Skype interview, February 18, 2016

¹⁷⁴ Japan Security Watch. "Does Japan have a secret foreign intelligence service?" February 20, 2011. Accessed May 7, 2016. <http://jsw.newpacificinstitute.org/?p=4924>

¹⁷⁵ Ibid

information gathering and monitoring activities. Such activities are conducted through means such as the Cabinet Satellite Intelligence Center— Japan’s satellite intelligence collection body.¹⁷⁶ Some members of CIRO live outside of Japan and gather information from abroad, but many of them reportedly lack sufficient foreign language skills to effectively carry out their mission.¹⁷⁷

Another notable agency is the Public Security Information Agency (PSIA), which conducts internal investigations and monitors subversive domestic groups. According to an official from a Japanese security organization, under Japan’s ‘*Subversive Activity Prevention Act*,’ the PSIA has the authority to dissolve “an organization which committed a terroristic subversive activity as an organizational activity and has a high danger of committing the terroristic subversive activity again in the future, continuously or repeatedly, as an organizational activity.”¹⁷⁸ Articles 7 and 8 within Japan’s “*Subversive Activity Prevention Act*” outlines these functions in detail:¹⁷⁹

Article 7: When the Public Security Examination Commission has sufficient reasons to believe that there is a clear danger that an Organization coming under any of the following categories will commit any Terroristic Subversive Activity again in the future, continuously or repeatedly, as an Organizational activity and believes a disposition under Article 5, paragraph (1) would not effectively eliminate the danger, the Public Security Examination Commission may designate the Organization to be dissolved.

Article 8: After any disposition under the preceding Article has become effective, no person who was an official or member of the Organization on or after the date on which the Terroristic Subversive Activity occasioning the disposition was committed shall perform any act in the interest of Organization; provided that this does not apply to any act which is deemed necessary for litigation involving the validity of the disposition or for the liquidation or winding up of the property or affairs of the Organization.

In this case, “if the organization were to be legally dissolved [by the PSIA], it would be banned from taking any further actions as an organization. It would also need to liquidate its property promptly.” As explained by the Japanese official, the Subversive Activity Prevention Act was enacted because “it is difficult to prevent a similar terror attack from happening again just by arresting perpetrators of the organization, if the terror attack was based on the beliefs of the organization. This kind of authority is still peculiar in that they could eliminate an organization *before* they commit a crime, although there is a limitation.” In other words, under this law, the PSIA has the authority to dissolve an organization that is verifiably identified as a terrorist organization *prior* to its criminal actions.

¹⁷⁶ Ibid.

¹⁷⁷ Dr. Masaki Mizobuchi, Skype interview, February 18, 2016

¹⁷⁸ Japanese security official (the official wishes to remain anonymous), email interview, April 19, 2016 - April 25, 2016.

¹⁷⁹ Japanese Law Translation. “Subversive Activities Prevention Act.” Translation date: September 8, 2011. Accessed May 6, 2016. <http://www.japaneselawtranslation.go.jp/law/detail/?id=1982&vm=04&re=02>

According to the official, it is important to note that, “this law would only apply to an organization’s activity, not against any individual. The individual members of the organization would receive separate judgment by national law.” Furthermore, the PSIA does not have the power to arrest perpetrators, which are reserved solely for the NPA or the prefectural police.¹⁸⁰

However, the PSIA has never exercised its authority to dissolve an internal group or organization, including the Aum Shinrikyo, which still exists in Japan as a religious cult called Aleph. According to the same Japanese official, this could be related to the “freedom of religion included in the Japanese Constitution.” While the official stated that he personally thought the PSIA should utilize this authority to prevent domestic terrorist attacks, it is not as simple to execute on a technical level. Given that the PSIA has never exercised such authority to dissolve an organization, the NPA does not typically expect the PSIA to take such actions.

The relationship between the PSIA and NPA can be seen in the way it exchanges information on the suspected organization. If the PSIA has reason to suspect an organization, it would work with the public prosecutor or judicial police officer as well as the NPA or prefectural police to exchange relevant information on the organization. Such cooperative arrangements are included in Articles 28 and 29 of the ‘Subversive Activity Prevention Act.’¹⁸¹

Article 28: “A Public Security Intelligence Officer may, when there is a need for an investigation with regard to the controls under this Act, request that the public prosecutor or judicial police officer allow him/her to inspect the documents, papers or evidence regarding related cases.”

Article 29: “The Public Security Intelligence Agency, and the National Police Agency or prefectural police shall mutually exchange information or material with regard to enforcement of this Act.”

Besides the authority to dissolve such terrorist organizations, the PSIA also has another important role: to keep potential terrorist organizations under surveillance. This authority is given through Japan’s “*Act on the Control of Organizations Which Have Committed Acts of Indiscriminate Mass Murder.*”¹⁸² According to the same Japanese official, “this law was enacted to remedy a defect after the PSIA failed to apply ‘Subversive Activity Prevention Act’ against the Aum. [The PSIA] is authorized to conduct “surveillance” on the organization that committed an indiscriminate mass murder by this law.”

¹⁸⁰ Dr. Masaki Mizobuchi, Skype interview, February 18, 2016

¹⁸¹ Ibid.

¹⁸² “Act on the Control of Organizations Which Have Committed Acts of Indiscriminate Mass Murder.” Act Np. 147 of December 7, 1999. Accessed May 6, 2016. <http://www.moj.go.jp/content/001127772.pdf>

This law is detailed further in Article 12 and 14 from the ‘Act on the Control of Organizations Which Have Committed Acts of Indiscriminate Mass Murder’ (most relevant parts underlined below):¹⁸³

Article 12:

1. Dispositions under Article 5, paragraph (1) and Article 8 may be issued only at the request of the Director-General of the Public Security Intelligence Agency. The same applies to a disposition under Article 5, paragraph (4).
2. When the Director-General of the Public Security Intelligence Agency intends to request the dispositions under the preceding paragraph, he/she hears the opinion of the Commissioner-General of the National Police Agency in advance.
3. When the Commissioner-General of the National Police Agency finds it necessary, he/she may state an opinion that it is necessary to request a disposition under Article 5, paragraph (1) or (4) or Article 8 to the Director General of the Public Security Intelligence Agency.

(Entry and Inspection) Article 14:

1. When the Commissioner-General of the National Police Agency finds it necessary to state an opinion with regard to a request for a disposition under Article 8 pursuant to Article 12, paragraph (2) or (3), he/she may instruct the prefectural police which he/she finds appropriate to conduct the necessary investigations into an Organization which has become subject to a disposition under Article 5, paragraph (1) or (4).
2. When the Superintendent-General of the Metropolitan Police Department or the chief of prefectural police headquarters (hereinafter referred to as the "Chief of Prefectural Police Headquarters") who has received the instructions under the preceding paragraph find it particularly necessary to conduct investigations under the same paragraph, he/she may, obtaining approval from the Commissioner-General of the National Police Agency in advance, have an officer of the prefectural police enter land or buildings owned or managed by an Organization which has become subject to a disposition under Article 5, paragraph (1) or (4) and inspect the facilities, books and documents, or other necessary articles.
3. When the Commissioner-General of the National Police Agency intends to give an approval under the preceding paragraph, he/she shall consult with the Director-General of the Public Security Intelligence Agency in advance.
4. The officer of the prefectural police who conducts an entry and inspection under paragraph (2) shall carry his/her certificate of identification indicating his/her official status, and present it to relevant person.
5. When the Chief of Prefectural Police Headquarters had an officer conduct the entry and inspection under paragraph (2), he/she shall promptly report the results in writing to the Commissioner-General of the National Police Agency.

¹⁸³ Ibid.

6. When the Commissioner-General of the National Police Agency has received the report under the preceding paragraph, he/she shall promptly notify the Director-General of the Public Security Intelligence Agency of its contents in writing.

7. The authority to conduct the entry and inspection under paragraph (2) shall not be interpreted as having been granted for the purpose of a criminal investigation.

The organizational structure of the three agencies mentioned above – the National Police Agency, Cabinet Information and Research Office, and Public Security Information Agency—can be seen in diagram 4.

Diagram 4:



1. Cabinet Information and Research Office (CIRO)
2. Cabinet Secretariat: Deputy Chief, International Terrorism Intelligence Integration Office
3. National Police Agency (NPA)
4. Public Security Information Agency (PSIA)
5. MOFA: Regional Team Chief, International Counter-Terrorism Intelligence Collection Unit
6. MOFA: Director-General, Intelligence and Analysis Service
7. MOD: Director General, Bureau of Defense Policy & Director, Defense Intelligence Headquarters
8. Assistant Chief Cabinet Secretary
9. Secretary General, National Security Secretariat
10. Deputy Chief Cabinet Secretary for Crisis Management
11. MOFA: Director-General, Foreign Policy Bureau & Director-General, Consular Affairs Bureau
12. MOD: Administrative Vice Chief of Staff, Joint Staff

Source: <https://www.kantei.go.jp/jp/singi/hanzai/dai23/siryou2.pdf>

Japan's international counterterrorism efforts: Global Defense Attaches

As of March 31, 2015, Japan dispatched a total of 58 Defense Attaches to 40 Embassies of Japan and two Permanent Missions of Japan.¹⁸⁴ By region, Asia and Europe have the largest numbers of Japanese defense attaches, each with 16 in 11 embassies.¹⁸⁵

Example of some of Japan's intelligence collection methods used by the Ministry of Defense (MOD) and the Self-Defense Forces (SDF):

- (1) Collecting, processing and analyzing signals detected from military communications and electronic weapons, in the air over Japanese territory
- (2) Collecting and analyzing high resolution commercial satellite imaging data*
- (3) Warning and surveillance activities by ships, aircraft and other vehicles
- (4) Collecting and organizing a variety of open source information
- (5) Information exchanges with defense organizations of other nations
- (6) Intelligence collection conducted by Defense Attachés and other officials

*In order to enhance Japan's capabilities for gathering image intelligence, five intelligence-gathering satellites are currently operated at the Cabinet Satellite Intelligence Center. The MOD has properly utilized the information provided by these satellites.

Source:

http://www.mod.go.jp/e/publ/w_paper/pdf/2015/DOJ2015_3-1-1_web.pdf (Page 243)

According to the Japan Times, these Defense attaches are ranking uniformed SDF officers dispatched to embassies and other Japanese missions abroad. They are selected from the ranks of Ground and Air SDF colonels and Maritime SDF captains.¹⁸⁶ These attaches receive language training on information-gathering activities at the MOD and are posted to the Foreign Ministry before receiving a three-year assignment.¹⁸⁷

Currently, the duties of these SDF defense attaches include collecting military information through exchanges with local defense officials in their host country, or attaches dispatched from other nations.¹⁸⁸ However, they are also expected to cultivate non-government sources, such as journalists and establish informal intelligence channels. According to Noboru Yamaguchi, a former defense attaché posted to the US, "uniformed attaches have broad access to military information, as well as to installations and briefings on defense policies."¹⁸⁹ They also help coordinate defense cooperation efforts with the host-country where they are posted.

¹⁸⁴ Japan Times. "Japan looks to boost defense attaches after hostage crisis reveals major weakness." February 23, 2015. Accessed May 6, 2016. <http://www.japantimes.co.jp/news/2015/02/23/reference/japan-looks-to-boost-defense-attaches-after-hostage-crisis-reveals-major-weakness/#.VyutvyMrIb3>

¹⁸⁵ Ibid.

¹⁸⁶ Ibid.

¹⁸⁷ Ibid.

¹⁸⁸ Ibid.

¹⁸⁹ Ibid.

Past and current laws that relate to Japan's efforts to counter terrorism abroad

Japan has two major laws which allude to Japan's policies on terrorism: the 'Special Measures Law on Anti-Terrorism' (2001-2007) and the 'Peace and Security Legislation' (2015). Prime Minister Junichiro Koizumi passed the Special Anti-Terrorism law after the September 11, 2001 attacks against the United States, in which 24 Japanese nationals also perished. This law authorized Japan's SDF to provide rear-area logistical support for the US' 'Operation Enduring Freedom' in the Indian Ocean off the coast of Afghanistan.¹⁹⁰ Koizumi also broke precedent with the deployment of a military unit to post-war Iraq for non-combatant reconstruction tasks.¹⁹¹ This law signified Japan's support of the US invasion of Iraq, and was notable for moving away from its anti-militaristic norms. It is equally as important however, to note that all these 'Special Measures Laws' were limited in their time of effectiveness and eventually expired.

The 'Peace and Security Legislation,' passed under Prime Minister Shinzo Abe on September 18, 2015, is a package of 11 bills, which revised 10 laws and created one new one.¹⁹² The Abe Cabinet approved two security bills known as the peace support bill (*kokusai heiwa shien hoan*) and the peace and security legislation development bill (*heiwa anzen hosei seibi hoan*). These bills expand the SDF's scope abroad, eases stringent limits on weapons use during peacekeeping operations, and permits Japan to use collective self-defense for the first time.¹⁹³ Unlike Koizumi's Special Measures Laws, these new set of security laws are permanent, and allow dispatches of the SDF at any time under the provision of the specific law enacted.

It is important to note however, that the SDF cannot play a major role in overseas or offensive counterterrorism operations, giving Japan's counterterrorism policies a mostly domestic and defensive focus. Furthermore, terrorism is not an explicit focus of this legislation, and the rationale for the law contrasts to that of the previous Special Measures Law. While Japan is capable of dispatching the SDF under similar, albeit limited circumstances, it has not identified a need to do this thus far in the region or abroad.

¹⁹⁰ US Department of State. Press Statement by Sean McCormack. "Japan- Extension of Speacial Measures Law on Anti-Terrorism." October 27, 2006. Accessed May 6, 2016. <http://2001-2009.state.gov/r/pa/prs/ps/2006/75275.htm>

¹⁹¹ Raymond Hinnebusch and Yukiko Miyagi, "East Asia and the Middle East" Inter-regional dynamics and American hegemony," Routledge Press, 52

¹⁹² East Asia Forum. "Proactive diplomacy for peace under Japan's new security legislation." November 2, 2015. Accessed May 6, 2016. <http://www.eastasiaforum.org/2015/11/02/proactive-diplomacy-for-peace-under-japans-new-security-legislation/>

¹⁹³ Japan Times. "Peace or war? Diet plays security bill name game." May 15, 2015. Accessed April 18, 2016. <http://www.japantimes.co.jp/news/2015/05/15/national/politics-diplomacy/peace-war-diet-plays-security-bill-name-game/#.VykhXSMrLR0>

Inadequacies in Japan's counter-terrorism capabilities and current efforts to improve mechanisms and policies

Inadequacies revealed: Hostage crises in Algeria (2013) and Syria (2015)

The Algeria hostage crisis in 2013 highlighted Japan's weakness in intelligence gathering overseas and its inability to protect its citizens in overseas crises.¹⁹⁴ According to an interim government report, the Japanese embassy in Algeria at the time was only staffed with 13 Japanese nationals, all of who lacked Arabic skills.¹⁹⁵ While a group of foreign military attaches in Algeria exchanged intelligence during the crisis, Japan was excluded because it did not have any Defense Attaches in country.¹⁹⁶ According to the government report, "this revealed the need to expand and strengthen systems to station military attaches," as well as the "need to strengthen systems to gather open information in the Arabian language."¹⁹⁷ The crisis prompted Chief Cabinet Secretary Yoshihide Suga to launch a review panel on Japan's intelligence capabilities. Suga also pushed for reforming the prime minister's office to eliminate ministry sectionalism and integrate the government's "command functions."¹⁹⁸ Furthermore, he urged the government to draw up a hostage-crisis management manual for staff in the prime minister's office.¹⁹⁹

The 2015 hostage crisis in Syria also revealed inadequacies in Japan's response to terrorist incidents abroad. During the crisis, Japan often appeared at a loss for high-quality intelligence and depended heavily on information from the US and UK. Currently, the NPA is reportedly not well equipped to deal with the threat of terrorism coming from abroad.

Since the 2014 Syria Hostage Crisis, the Prime Minister's Office of Japan (*Kantei*) has required improvement from relevant agencies in the following areas:

- To strengthen the ability to collect and analyze intelligence related to Islamic extremist groups*
- To strengthen systems to deploy staff to related areas like the Middle east to collect intelligence*
- To strengthen ties with Japanese companies which have branches in dangerous areas*
- To strengthen the ability to monitor websites or SNS related to terrorist groups*
- To educate people who will go to dangerous areas, such as holding seminars*
- To strengthen immigration control
- To strengthen the ability to analyze "Passenger Name Records"
- To strengthen the security of important facilities

*The Public Security Intelligence Agency (PSIA) is responsible for the first five points above

Source:

<https://www.kantei.go.jp/jp/singi/sosikihanzai/20150529honbun.pdf>

¹⁹⁴ Japan Times. "7 JGC workers in Algeria confirmed dead; three still missing." January 22, 2013. Accessed May 6, 2016. <http://www.japantimes.co.jp/news/2013/01/22/national/7-jgc-workers-in-algeria-confirmed-dead-three-still-missing/#.VyuJoSMrJdg>

¹⁹⁵ Japan Times. "Government finds plenty to criticize in Algeria crisis response." March 1, 2013. Accessed May 6, 2016. <http://www.japantimes.co.jp/news/2013/03/01/national/politics-diplomacy/government-finds-plenty-to-criticize-in-algerian-crisis-response/#.VyuKPiMrJdg>

¹⁹⁶ Ibid.

¹⁹⁷ Ibid.

¹⁹⁸ Ibid.

¹⁹⁹ Ibid.

Japan is the only nation that lacks an organization specializing in clandestine foreign Human Intelligence like the US Central Intelligence Agency (CIA) or the British M16. As stated by Koichi Oizumi, an expert on risk management and terrorism at Aomori Chuo Gakuin University, “The biggest concern is intelligence gathering. There is a serious shortage of experts who can gather real intelligence and analyze it.”²⁰⁰

After the Syria hostage crisis, the Prime Minister’s Office (Kantei) conducted a comprehensive investigation on the efforts of Japan’s counterterrorism agencies in responding to the incident. The investigation exposed glaring inadequacies in the government’s intelligence gathering capabilities, particularly when gathering information through military channels.²⁰¹ First, due to these shortcomings, Japan depended heavily on the US and UK for intelligence throughout the crisis. Secondly, Japanese officials outside the military had difficulty gathering intelligence provided by foreign armed forces. According to Defense Minister Gen Nakatani, “highly accurate and critical military intelligence can only be obtained through specific means because such information is often highly confidential.”²⁰² In this case, only SDF personnel would be positioned to obtain such information.

Steps to Improve Japan’s International Counterterrorism Efforts

(i.) *Establishment of an anti-terrorism panel*

Following the Syria hostage crisis, Japan set up an anti-terrorism panel to discuss ways to increase public safety and intelligence.²⁰³ Discussions at this panel eventually paved the way to accelerated efforts to establish Japan’s first Antiterrorism Intelligence Unit within the Ministry of Foreign Affairs (MOFA), elaborated further in section (v) below.

(ii.) *Comprehensive enhancement of the MOD’s information capabilities at all stages*

In response to previous terrorist attacks abroad against its citizens as well as the increasingly unstable security environment surrounding Japan (i.e. North Korea and a rising China), Japan’s Ministry of Defense (MOD) is promoting a “comprehensive enhancement of its information capabilities at all stages, including gathering, analyzing, sharing, and security intelligence.”²⁰⁴ In particular, the MOD seeks to implement the high-level use of geospatial data. This includes integrating various information to visualize the situation, securing highly

²⁰⁰ AP. “Japan launches anti-terrorism unit ahead of summit, Olympics.” December 8, 2015. Accessed March 28, 2016, <http://bigstory.ap.org/article/bbebd355a207416d9abdde830b699caa/japan-launches-anti-terrorism-unit-ahead-summit-olympics>

²⁰¹ Japan Times. “Japan looks to boost defense attaches after hostage crisis reveals major weakness.” February 23, 2015. Accessed May 6, 2016. http://www.japantimes.co.jp/news/2015/02/23/reference/japan-looks-to-boost-defense-attaches-after-hostage-crisis-reveals-major-weakness/#.VytuyyMrKt_

²⁰² Ibid.

²⁰³ RT. “Japan brings forward launch of anti-terror intelligence unit for overseas ops.” December 4, 2015. Accessed May 6, 2016. <https://www.rt.com/news/324779-japan-anti-terrorism-unit/>

²⁰⁴ Japan Ministry of Defense. “Part III: Initiatives to Protect the Lives and Property of the People as well as Securing the Territorial Land, Water and Airspace.” 243. http://www.mod.go.jp/e/publ/w_paper/pdf/2015/DOJ2015_3-1-1_web.pdf

competent analysts by integrating and strengthening educational curricula, and strengthening the dispatch system for Defense Attaches, detailed further below.²⁰⁵

(iii.) Dispatch more SDF Defense Attaches to Japanese embassies abroad, primarily in the Middle East

In order to address shortcomings in its intelligence-gathering network, particularly in the Middle East, the MOD is working with the MOFA to strengthen its dispatch system of Defense Attaches in the Middle East.²⁰⁶ According to the MOD's 2015 version of its annual publication, *'Defense of Japan,'* Defense Attaches are seconded from the MOD to MOFA, whereby they are then dispatched overseas.²⁰⁷ They have the hybrid status of both SDF officer and MOFA official, which ensures the close cooperation of the two ministries, while maintaining centralized diplomatic efforts.²⁰⁸

In the Middle East, Defense attaches are posted at embassies in Israel, Iran, Kuwait, Lebanon, Saudi Arabia, and Turkey.²⁰⁹ Given the recent crises, Abe stated that the MOD is looking to post a uniformed attaché at the Japanese Embassy in Amman, where it established a local emergency headquarters during the hostage crisis.²¹⁰ Another possible deployment could be Bahrain, where the US Navy's 5th Fleet is located. The plan would bolster training for would-be-attaches and would be based on long-term deployment policies intended to develop the necessary intelligence network needed to protect the 1.3 million Japanese citizens living abroad.

Prior to the Syrian hostage crisis, the Japanese government had increased the number of defense attaches in Africa after the terrorist attack in Algeria. Prior to the incident in Algeria, Japan only had two defense attaches posted in Africa in Egypt and Sudan.²¹¹ After the incident, the MOD newly dispatched Defense Attaches to seven countries in Africa (Algeria, Kenya, Ethiopia, Nigeria, Djibouti, South Africa, and Morocco) in order to enhance its intelligence gathering capability on the continent.²¹² The MOD increased the number of Attaches in the UK, Germany and France due to their expertise and wide range of information on Africa.

²⁰⁵ Ibid.

²⁰⁶ Ibid. 244.

²⁰⁷ Japan Ministry of Defense. "Defense of Japan 2015." Accessed May 6, 2016. http://www.mod.go.jp/e/publ/w_paper/pdf/2015/H27DOJ_Digest_EN_web.pdf

²⁰⁸ Japan Ministry of Defense. "Part III: Initiatives to Protect the Lives and Property of the People as well as Securing the Territorial Land, Water and Airspace." 244. http://www.mod.go.jp/e/publ/w_paper/pdf/2015/DOJ2015_3-1-1_web.pdf

²⁰⁹ Japan Times. "Japan looks to boost defense attaches after hostage crisis reveals major weakness." February 23, 2015. Accessed May 6, 2016. http://www.japantimes.co.jp/news/2015/02/23/reference/japan-looks-to-boost-defense-attaches-after-hostage-crisis-reveals-major-weakness/#.VytuyyMrKt_

²¹⁰ Ibid.

²¹¹ Japan Ministry of Defense. "Special Feature: Defense Attache." Accessed May 6, 2016. <http://www.mod.go.jp/e/jdf/no41/specialfeature.html>

²¹² Japan Ministry of Defense. "Part III: Initiatives to Protect the Lives and Property of the People as well as Securing the Territorial Land, Water and Airspace." 244. http://www.mod.go.jp/e/publ/w_paper/pdf/2015/DOJ2015_3-1-1_web.pdf

(iv.) *The New State Secrets Protection Law*

One of the difficulties Japan faced during the 2013 Algeria crisis was the lack of cooperation from the Algerian government in sharing intelligence.²¹³ There were conflicting reports about the situation, and Japan relied heavily on cooperation with the UK to exchange information on the unfolding of events.²¹⁴ The extent of this was startling—due to the lack of information from the Algerians, the British ambassador in Algiers had to inform Japanese officials when the Algerian army launched an armed offensive against the militants.²¹⁵ In order to address this, Japan passed a new ‘*State Secrets Protection Law*’ on December 10, 2013, which imposes heavy penalties on government personnel who leak designated state secrets.²¹⁶

This law was passed in order to encourage other nations to share more intelligence with Japan.²¹⁷ In particular, as Washington’s experience with intelligence sharing with the GOJ has been unsatisfactory due to a series of leaks since the early 2000s, the impetus of the new law was to create a formal classification regime in order to share more information with the US.²¹⁸ According to the Japan Times, the Abe administration cited the desire to enhance alliance confidence and intelligence sharing by the US as a main reason for the legislation.

Under previous law, the length of imprisonment for leaking state secrets was limited to one year for most Japanese, and five to 10 years for defense personnel. Under new law, government officials and defense industry employees can face up to 10 years in prison and a fine of 10 million yen. Even journalists and activists can be prosecuted under this new law and can face up to five years in prison if they conspire to leak state secrets or face 10 years if they acquire state secrets through illicit channels.²¹⁹

(v.) *New Counterterrorism Units prompted by Paris Attacks – one major unit and two less-publicized units*

²¹³ Japan Times. “Government finds plenty to criticize in Algeria crisis response.” March 1, 2013. Accessed May 6, 2016. <http://www.japantimes.co.jp/news/2013/03/01/national/politics-diplomacy/government-finds-plenty-to-criticize-in-algerian-crisis-response/#.VyuKPiMrJdg>

²¹⁴ Japan Times. “Abe confirms cooperation with Britain over Algeria hostage crisis.” January 20, 2013. Accessed May 6, 2016. <http://www.japantimes.co.jp/news/2013/01/20/national/politics-diplomacy/abe-confirms-cooperation-with-britain-over-algeria-hostage-crisis/#.VyuI6SMrJdg>

²¹⁵ Global Post. “In Japan, sadness and frustration over Algeria hostage crisis.” January 28 2013. Accessed May 6, 2016. <http://www.globalpost.com/dispatch/news/regions/asia-pacific/japan/130127/japan-sadness-frustration-algeria-hostage-crisis>

²¹⁶ Japan Times. Opinion Section. “Secrets law, one year later.” December 11, 2015. Accessed May 6, 2016. <http://www.japantimes.co.jp/opinion/2015/12/11/commentary/japan-commentary/secrets-law-one-year-later/#.VyuRdyMrJdh>

²¹⁷ Japan Times. “Japan to boost SDF staff at its Middle East embassies.” February 4, 2015. Accessed May 1, 2016. <http://www.japantimes.co.jp/news/2015/02/04/national/japan-to-boost-sdf-staff-at-its-middle-east-embassies/#.Vyt2pSMrJdh>

²¹⁸ Japan Times. Opinion Section. “Secrets law, one year later.” December 11, 2015. Accessed May 6, 2016. <http://www.japantimes.co.jp/opinion/2015/12/11/commentary/japan-commentary/secrets-law-one-year-later/#.VyuRdyMrJdh>

²¹⁹ Ibid.

Prompted by the Paris terror attacks in November 2015, the Ministry of Foreign Affairs established the ‘*International Counterterrorism Intelligence Collection Unit*’ in December 2015. Originally set to launch in April 2016, the unit expedited the launch of operations in response to the attacks, and currently serves as Japan’s first ever anti-terrorism intelligence unit.²²⁰ According to Kyodo news agency, Chief Cabinet Secretary Suga explained that the move was due to the “severe safety situation” around the globe and that by “sharing information gathered by relevant government ministries and agencies as well as the unit, [the GOJ wanted to] establish an ‘all Japan’ system to promote antiterrorism measures.”²²¹

The unit will consist of employees from the Foreign and Defense Ministries, the National Police Agency, and the Cabinet Intelligence and Research Office. Furthermore, its representatives will be sent to Southeast Asia, the Middle East, northwestern Africa and other areas with high terrorist activity. The unit however, is still in its nascent stages, and has a limited number of individuals focusing on overseas issues. According to Keiichi Ono, director of the Foreign Ministry’s management and coordination division, 20 experts will work in the unit in Tokyo, and 20 others will be sent to Japanese embassies abroad as intelligence officers.²²²

This new Counterterrorism Unit includes staff from the foreign and defense ministries, the NPA and the CIRO—Japan’s pseudo-version of the CIA. This new unit will initially consist of four leaders and 20 Tokyo-based experts focusing on the Middle East, Southeast Asia, South Asia, and North and Western Africa. It eventually will include 20 intelligence officers assigned to overseas posts, possibly in Amman, Cairo, Jakarta and New Delhi.

According to an official from a Japanese security organization, two other counter terrorism sections were also established in the process. While they have not received as much publicity, they have been covered in official Japanese government documents available online.²²³ The first is called the “*Organizers Group of International Counter terrorism Intelligence Collection and Summarizing*” (国際テロ情報収集・集約幹事会) and is established within the Kantei. As the Secretariat of this group, the Japanese government also set up the “*Intelligence Counter terrorism Intelligence Collection Unit*” (国際テロ情報集約室) in the Cabinet Secretariat.²²⁴

According to the official, the Vice Director General of the PSIA is a member of the “Organizers Group of International Counter terrorism Intelligence Collection and Summarizing.” Furthermore, some members of the PSIA were dispatched to the MOFA’s International Counterterrorism Intelligence Collection Unit.’ According to the same official,

²²⁰ RT. “Japan brings forward launch of anti-terror intelligence unit for overseas ops.” December 4, 2015. Accessed May 6, 2016. <https://www.rt.com/news/324779-japan-anti-terrorism-unit/>

²²¹ Ibid.

²²² Ibid.

²²³ Government of Japan. “Reinforcement of Counter-terrorism Measures after Paris Attacks.” December 4, 2015. Accessed May 1, 2016. <https://www.kantei.go.jp/jp/singi/sosikihanzai/20151204honbun.pdf>

²²⁴ Japanese security official (the official wishes to remain anonymous), email interview, April 19, 2016 - April 25, 2016.

besides this basic information, it is currently unclear that what kind of relationship these new organizations have with each other.²²⁵

Steps to improve domestic counter terrorism efforts

Given the upcoming high-profile events in Japan and lessons learned from the recent terror attacks in Paris, the GOJ has been taking steps to increase security measures in Japan.

In December 2015, a GOJ document titled, “*Reinforcement of Counter terrorism measures after the Paris Attacks*” was released, outlining practical steps to bolster domestic security in anticipation of major international events on Japanese soil.²²⁶ With the recent Paris attacks in 2015, domestic fears were raised in Japan in anticipation of the G7 Japan 2016 Ise-Shima Summit, the 2019 Rugby World Cup, and the 2020 Summer Tokyo Olympics and Paralympics. In addition, the possibility of domestic terrorism is still an issue of concern.

Broadly speaking, these domestic anti-terror measures will include the strengthening of information gathering and analysis regarding terrorism, boosting security at ports, airports and other key facilities, and enhanced antiterrorism training.²²⁷ Japan also seeks to obtain passenger information from airlines, install body scanners at major airports and intensify identification of foreign visitors at hotels. A new police unit will also search for Internet content related to extremist groups.

The GOJ document outlined several measures to enforce domestic security and prevent terrorists from entering these high-level events:²²⁸

- Japan will strengthen customs security by using a biometrics system, including facial-recognition technology, to identify travelers and utilize x-ray machines to check bags. It will also consider using a comprehensive body scanner at airports for further security;
- Japan’s Immigration Management Center will utilize a Passenger Name Record (PNR) to collect all the data of incoming passengers in an electronic record;
- Japan will strengthen units such as the ‘Anti-Firearms Squad,’ which combats the movement of weapons, such as guns;
- Japan will conduct police training to increase capacity building in counter terrorism efforts;
- Japan will strengthen regulations of chemicals that could be used to make a bomb, and place restrictions on the private sector that could obtain it. Along these lines,

²²⁵ Ibid

²²⁶ Government of Japan. “Reinforcement of Counter-terrorism Measures after Paris Attacks.” December 4, 2015. Accessed May 1, 2016. <https://www.kantei.go.jp/jp/singi/sosikihanzai/20151204honbun.pdf>

²²⁷ RT. “Japan brings forward launch of anti-terror intelligence unit for overseas ops.” December 4, 2015. Accessed May 6, 2016. <https://www.rt.com/news/324779-japan-anti-terrorism-unit/>

²²⁸ Government of Japan. “Reinforcement of Counter-terrorism Measures after Paris Attacks.” December 4, 2015. Accessed May 1, 2016. <https://www.kantei.go.jp/jp/singi/sosikihanzai/20151204honbun.pdf>

local governments and foreign communities will cooperate more to prevent the usage of chemicals or weapons;

- Japan will strengthen means of communicating with Japanese citizens residing abroad, with more comprehensive information on the government's homepage. It will also conduct more seminars for Japanese companies working outside Japan to improve their crisis management capacities;
- Japan will work with hotels to check the IDs of foreign visitors.

Successes of Japan's counter terrorism efforts in ODA policy

Basics of Japan's Official Development Assistance (ODA)

Japan's formal channel for international aid and grant distribution is through its Official Development Assistance (ODA), an arm of MOFA. The International Cooperation Bureau of the MOFA and the Japan International Cooperation Agency (JICA) play key roles in formulating and implementing Japan's ODA policies. JICA in particular, has transformed from "an agency mainly focused on technical cooperation to one that comprehensively manages all ODA programs: loans, grants and technical cooperation.

As the second largest donor in the world, Japan has provided over \$200 billion in development aid to 185 nations and regions over the past 30 years. ODA is an important diplomatic card that is typically used to help ramp up the relationship of trust with recipient countries and enhance the presence of Japan in the international community. While top aid recipients are East and South East Asian nations, Japan also provides aid to countries in the Middle East and Africa.²²⁹

ODA as a "broad and flexible tool": Changes in ODA Policies over time

As a broad and flexible tool of diplomacy, the objectives of Japan's ODA have changed over time. In the 1950s, Japan's ODA had three strands to its objectives: economic interests, normative/humanitarian interests, and its political objective to restore relations with Asian nations after the Second World War. Decades passed, and in the 1980s, political and strategic interests were emphasized. In the 1990s, there was a link with the SDF, peacekeeping missions, humanitarian missions and strategic uses of ODA.

In 1992, the ODA Charter emphasized its goals of "promoting democracy, human rights, and market principles" as well as its denial of aid for military purposes and the prohibition of aid to countries experimenting with Weapons of Mass Destruction. In 2003, Japan shifted its ODA policy to "human security," while leaving non-military principles intact. The objective of the 2003 ODA Charter stated that it would "contribute to the peace and development of the international community, and thereby to help ensure Japan's own security and prosperity."

²²⁹ World Bank Tokyo Office. "Development Assistance from Japan." Accessed May 6, 2016. <http://web.worldbank.org/WBSITE/EXTERNAL/COUNTRIES/EASTASIAPACIFICEXT/JAPANEXTN/0,,contentMDK:20647244~menuPK:1685924~pagePK:1497618~piPK:217854~theSitePK:273812,00.html>

Most recently in 2015, the Charter was revised to become more strategic in nature, with objectives to protect Japan's national interests as it adapted to a changing international environment. In other words, the new aid charter emphasizes Japan's pursuit of active pacifism to realize a peaceful and secure international society that serves its national interests.

While some observers state that Japan's ODA policies have only recently shifted under Abe from "development" into "security and defense," this is not accurate. According to an acclaimed Japan ODA specialist, as seen in the 1980s and 1990s, Japan has historically used ODA in parallel with its security objectives abroad.²³⁰ ODA is a progressive and evolutionary policy tool, and Abe's results are the cumulative efforts of those before him. For instance, after the 9/11 attacks, Koizumi used ODA in conjunction with Japan's NATO-led International Security Assistance Force (ISAF) efforts in Afghanistan and SDF forces in Iraq. The expert emphasized that the ODA is an "all-purpose foreign policy tool" and always has the potential to be utilized for Japan to pursue its own national policy goals—something to consider when observing Japan's counter terrorism efforts abroad.

Japan's ODA priorities: Counter terrorism as an integral part of a bigger picture

When it comes to its counter terrorism efforts, Japan's basic approach is to provide ODA to affected states to address poverty and other economic factors that are seen as the root causes of terrorism. The Middle East is included in Japan's ODA list of priority regions, as a region it will provide assistance to with the aim "towards social stability and the consolidation of peace."²³¹ Countries in the Middle East and North Africa that received Japanese ODA in 2015 include: Afghanistan, Algeria, Egypt, Iran, Iraq, Jordan, Lebanon, Libya, Morocco, Palestine, Syria, Tunisia, Turkey, and Yemen.²³² While the 1992 ODA Charter is less relevant to addressing terrorism, the 2003 revision incorporated the issue of terrorism.

According to Japan's 2003 ODA Charter, "poverty reduction" and "sustainable growth" are both priority issues related to Japan's efforts to counter terrorism abroad.²³³ The charter states that, "poverty reduction is a key development goal shared by the international community, and **is essential for eliminating terrorism** and other causes of instability in the world." Furthermore, the ODA section on 'Sustainable growth: Addressing global issues' states that, "on such global issues as global warming and other environmental problems, infectious diseases, population, food, energy, natural disasters, **terrorism**, drugs, and international organized crime, Japan will play an active role in the international community to address these issues through the use of ODA."²³⁴

²³⁰ ODA Specialist (this scholar wishes to remain anonymous), phone interview, April 23, 2016.

²³¹ The Reality of Aid Asia-Pacific 2005. "Japan's Official Development Assistance Charter: June 30, 1992." Accessed May 6, 2016. http://www.realityofaid.org/wp-content/uploads/2013/02/Pages-from-ROA_Asia_2005_41.pdf

²³² Ministry of Foreign Affairs of Japan. "ODA by Region: Middle East and North Africa." Accessed May 6, 2016. http://www.mofa.go.jp/policy/oda/page_000011.html

²³³ Ministry of Foreign Affairs of Japan, "Japan's Official Development Assistance Charter. August 29, 2003. Accessed May 7, 2016. <http://www.mofa.go.jp/policy/oda/reform/revision0308.pdf>

²³⁴ Ibid.

A practical example of such priorities can be seen in Japan's 'Jericho Regional Development Study' in Palestine, consistent with Japan's Middle East ODA concept of "creating a corridor of peace and prosperity."²³⁵ Through Japan's ODA, the MOFA provides sizable aid to the Palestinian Authority, in hopes it will reduce the poverty in the region and prevent potential terrorist acts.

Another example can be seen in the indirect way Japan has been responding to the Syrian refugee crisis. According to the specialist, while Japan does not give refugees asylum, it provides support to the UN High Commissioner for Refugees and also provides funding to non-governments organizations on the ground. In other words, Japan provides aid to countries that neighbor Syria, such as Jordan, so that they have the socio-political infrastructure to address the upheaval of immigrants.²³⁶

According to the ODA specialist, it is difficult to assess how much Japan prioritizes its counterterrorism efforts through ODA. However, one thing is clear – "Japan is very serious about dealing with terrorism," and given the broad and flexible nature of ODA, "there has always been a potential for ODA to be used as a tool in counter terrorism."²³⁷ While previous periods emphasized the need to address insurgencies and domestic unrest abroad, terrorism has become a more recent issue. As reiterated by the specialist, Japan has shown its seriousness by *how* it utilizes its ODA.

As elaborated by the ODA specialist, while Japan's ODA used to focus more on technical assistance such as infrastructure and setting up loans, it has been converted to the utilization of grants for more strategic uses. For instance, ODA can be used to help the Iraqi police force learn how to use patrol cars and other equipment, and is now using JICA to funnel equipment to Philippines, including patrol boats. There is a very open strategic security dimension to ODA and in this case, due to the fact that ODA is complex and hard to trace, it is not clear whether it is aimed at terrorism or rather, at China.

Expectations from the US and other allies

The US is aware that Japan has no military option in dealing with terrorism. Even in Japan, the NPA has exclusive responsibility on dealing with issues of terrorism, not the SDF. According to Yukiko Miyagi, a specialist on Japan's Middle East policies, as Japan's economic power rose over time, so did US expectations for Japanese financial contributions to its policies.²³⁸ While Abe has expressed his desire to dispatch SDF forces to rescue Japanese nationals in hostage crises, this is not possible under current law. Thus, given Japan's military restraints, the GOJ's ODA efforts to address the root causes of terrorism abroad are deemed favorable by the US.

²³⁵ Japan International Cooperation Agency. "Activities in Palestine." Accessed May 6, 2016.

<http://www.jica.go.jp/palestine/english/activities/index.html>

²³⁶ http://www.jordan.emb-japan.go.jp/eng_page/oda/en_policy.htm

²³⁷ ODA Specialist (this scholar wishes to remain anonymous), phone interview, April 23, 2016.

²³⁸ "Converging regions: Global Perspectives on Asia and the Middle East." Ashgate Publishing Limited. 2014. 56.

There are however, constant efforts by the US and other European countries to see Japan step up and contribute more on the ground. One example cited by the ODA specialist is Japan's participation in Afghanistan after the 911 attacks. In this case, the US wanted all its allies to step up, including Japan. While the US appreciated Japan's ODA efforts, it also wanted Japan to contribute more on the ground, even beyond the refueling support in the Indian Ocean. Japan has also received pressure from Germany, with whom Japan cooperated in North Afghanistan at the time.²³⁹

As stated by the ODA expert, it is essential to note that Japan still follows its own course, and does not easily bow to the demands of other nations. In this case, Japan's ODA counterterrorism efforts are a rubric under which Japan pursues its own policies. In the case with Kabul, Japan recognized its own potential economic interests there, as well as its own strategic interests. For instance, Japan maintained its own relationship with Afghanistan, and saw it as a connection to Central Asia, Pakistan, and India since the dissolution of the Soviet Union. Also, as an energy-scarce nation, Japan has its own energy priorities in the Middle East. Thus, it is essential to look at the Afghanistan case through a regional perspective, not just through the lens of US interests.

Defining successes of Japan's ODA counter terrorism policies

While it is tempting to label or grade Japan's ODA counter terrorism efforts as "successes" or "failures," it is important to note the subjectivity of the definition of "success." According to the ODA specialist, if success is defined as the increased democratization and liberalization of Myanmar, perhaps it can be deemed successful. However, when asking whether Japanese citizens have been protected overseas in terrorist attacks via ODA efforts, the same conclusion cannot be made. Furthermore, while Japan's Iraq mission could be judged as successful (i.e. without the loss of a single Japanese life), the same may not be said about Afghanistan—a country that has deteriorated since the war on terror began.

Room for cooperation with the US: Japan's efforts to counter cyberterrorism

Introduction: Japan's national cybersecurity mechanisms

In recognition of increasing malicious activities in cyberspace, including threats against national safety and security, Japan enacted the 'Basic Act on Cybersecurity' in November 2014.²⁴⁰ According to a cybersecurity expert from the Institute for International Policy Studies (IIPS), the GOJ's threat perception on cyber-terrorism is high, including those that are state-sponsored or implemented by independent hackers. This is particularly true since

²³⁹ ODA Specialist (this scholar wishes to remain anonymous), phone interview, April 23, 2016.

²⁴⁰ Government of Japan. "Cybersecurity Strategy." September 4, 2015. Accessed May 6, 2016. <http://www.nisc.go.jp/eng/pdf/cs-strategy-en.pdf>

the cyber incident of the Japan Pensions Service, in which the GOJ decided to enhance cyber protection for independent administrative legal entities.²⁴¹

The 2014 Act defines the concept of cybersecurity; defines the roles and responsibilities of the GOJ, local governments, and other stakeholders; designates the Cybersecurity Strategic Headquarters (CSH) as the “command and control” body of national cybersecurity, and gives the CSH the authority to make recommendations to national administrative organs.²⁴²

The National Center of Incident Readiness and Strategy for Cybersecurity (NISC) is the secretariat of the CSH, which takes the lead role in enhancing the GOJ’s cybersecurity capabilities. The NISC appoints highly advanced cybersecurity experts from the private and other sectors and establishes frameworks for information sharing with relevant governmental bodies.

As explained by the IIPS scholar, it is important to differentiate cybersecurity into two types – national cybersecurity and non-governmental cybersecurity. While Japan has a relatively reliable non-governmental cybersecurity capability that rivals other developed nations, this is not the case with its national cybersecurity mechanisms.

When it comes to national cybersecurity, advanced cyber-countries such as the US, UK, France and Germany handle national cybersecurity with their “LIM Trinity” – Law enforcement, Intelligence, and Military. In the US, this LIM Trinity is made up of the Federal Bureau of Investigation (FBI), the Central Intelligence Agency/National Security Agency (CIA/NSA), and the US Cyber Command (Cyber COM). According to the scholar, due to Japan’s post-war history of pacifism, the GOJ has relatively weak intelligence and military capabilities, particularly in activities abroad and on offense defense. Thus, the lack of a similar LIM Trinity contributes to Japan’s overall weak national cybersecurity mechanism.

However, according to the IIPS scholar, recently combined-governmental activities have enhanced Japan’s national cybersecurity mechanisms. This can be seen in Japan’s ‘*Basic Act on Cybersecurity*’²⁴³ of November 2014, the renewed ‘*National Center of Incident Readiness and Strategy for Cybersecurity*’²⁴⁴ in April 2015, and Japan’s new ‘*Cybersecurity Strategy*’ of September 2015.

²⁴¹ Cybersecurity expert from the Institute for International Policy Studies (the scholar wishes to remain anonymous), email interview, May 7, 2016.

²⁴² Government of Japan. “Cybersecurity Strategy.” September 4, 2015. Accessed May 6, 2016. <http://www.nisc.go.jp/eng/pdf/cs-strategy-en.pdf>

²⁴³ Government of Japan. “The Basic Act on Cybersecurity – Tentative translation.” Act No. 104 of November 12, 2014. Accessed May 6, 2016.

http://www.japaneselawtranslation.go.jp/law/detail_download/?ff=09&id=2556

²⁴⁴ National Center of Incident Readiness and Strategy for Cybersecurity. “Overview of NISC’s Activities.” Accessed May 6, 2016. <http://www.nisc.go.jp/eng/>

Japan's efforts to counter cyberterrorism in anticipation of upcoming events

According to 'Japan's Cybersecurity Strategy of 2015,' countering cyberattacks is one of the most critical challenges to Japan's crisis management and national security. Given the increase in potential state-sponsored cyberattacks, the CSH is positioned to work closely with crisis management organs, including a headquarters for emergency response to terrorism, in coordination with the National Security Council of Japan. In anticipation of high-profile events in Japan, the GOJ is also unequivocally recognizing cybersecurity risks and challenges related to the 2020 Tokyo Olympics.²⁴⁵ According to this document, the GOJ plans to accelerate the formulation of the Computer Security Incident Response Team (CSIRT) for the Olympics as "a core organ responsible for making appropriate prediction and detection and for information sharing among stakeholders vital to take appropriate measures against cyberattacks on relevant entities involving the management and operation of the Tokyo 2020 and other associated businesses as well as those on the services provided by relevant Critical Information Infrastructure (CII)."²⁴⁶

Also, in anticipation of the G7 Summit in 2016 and Rugby World Cup in 2019, the GOJ seeks to take steps to "build and maintain necessary organizations, facilities, and cooperative relationships; ensure a pool of cybersecurity experts; and conduct comprehensive preparatory training following the process taken for and during [these two major events]."²⁴⁷ Furthermore, the GOJ seeks to develop incident response capabilities through these occasions, which will be used in the future for the sustainable enhancement of Japan's cybersecurity.

When assessing the effectiveness of Japan's efforts and mechanisms to counter domestic cyberterrorism, it appears this is contingent on the *type* of cyberterrorism. According to the IIPS scholar, the NISC and NPA play an effective lead-role in keeping the domestic cyber domain safe from hackers such as the self-identified group called 'Anonymous,' which sought to crash Abe's official website over Japan's whaling plans.²⁴⁸ However, it is not as easy to determine the effectiveness of efforts to counter cyberattacks by domestic or international terrorist groups. This is due to the fact that Japan lacks experience confronting cyberattacks by such terrorist groups.

According to the scholar, the future threat of cyberattacks against Japan's critical national infrastructures will increase. This is due to the proliferation of cyber attacking tools not only among hackers, but also among state-sponsored attackers; the spread of the standard industrial control system (ICS) among critical infrastructure industries; and rising of anonymity [of hackers], along with the technology development of hidden attackers.²⁴⁹

²⁴⁵ Government of Japan. "Cybersecurity Strategy." 53. September 4, 2015. Accessed May 6, 2016.

<http://www.nisc.go.jp/eng/pdf/cs-strategy-en.pdf>

²⁴⁶ Ibid. 53.

²⁴⁷ Ibid. 54.

²⁴⁸ IBT. "Anonymous Hacks Japanese PM Shinzo Abe's Website to Protest Whale Hunt, Threatens More Cyberattacks." September 10, 2015. Accessed May 6, 2016. <http://www.ibtimes.com/anonymous-hacks-japanese-pm-shinzo-abes-website-protest-whale-hunt-threatens-more-2219339>

²⁴⁹ Cybersecurity expert from the Institute for International Policy Studies (the scholar wishes to remain anonymous), email interview, May 7, 2016.

US-Japan cooperation on issues of Cyberterrorism

In general, the US and Japan cooperation in the fight against cyber-terrorism through the mechanism of *information exchange*. An example of this can be seen in the annual US-Japan Cybersecurity Dialogue, which has taken place twice at the Deputy Director General level. According to the Joint Statement released by the first dialogue on May 10, 2013, “the US-Japan Cyber Dialogue deepened bilateral cooperation on a wide range of cyber issues and strengthened the Japan-U.S. Alliance by exchanging information on cyber issues of mutual concern and discussing possible cooperative measures.”²⁵⁰ The State Department’s ‘Joint Statement on US-Japan Cyber Dialogue’ also states, “the dialogue deepened bilateral cooperation on a wide range of cyber issues and strengthened the US-Japan Alliance.” One of the notable points that were discussed was the need to ‘address the increasing role of cyber defense in national defense and security strategies and discussing new areas of bilateral cyber defense cooperation’ by both sides.²⁵¹

The third US-Japan Cyber Dialogue is set to take place in Tokyo on July 22, 2015 and will follow up on the outcomes of the second US-Japan Cyber Dialogue from April 2014.²⁵² The third dialogue will discuss a wide range of issues including “US-Japan cooperation on cyber issues, including situational awareness, critical infrastructure protection and bilateral cooperation in the international arena.”²⁵³ As emphasized by the IIPS scholar, one way in which Japan has been active in following up with its outcomes from the previous dialogue can be seen in its 2014 establishment of the ‘*Act on the Protection of Specially Designated Secrets*.’ This Act continues to play a crucial role in US-Japan bilateral information sharing, as it set up a security clearance assessment mechanism for the Japanese government for the first time.

Beyond the Cyber Dialogues, the US and Japan have also met at the Security Consultative Committee (SCC or “2+2”) to discuss cyber security issues. The SCC joint statement from October 3, 2013 emphasized the US and Japan’s joint desire to enhance the “collective cyber defense” capability of the alliance, aiming to make it a foundation for information security and more broadly for information protection.²⁵⁴ As stated by a senior Obama administration official, “[cyber security] is also an important line of effort in the U.S.-Japan alliance, ensuring that our practices, our standards, our procedures are as strong and robust as they can be, because that’s the thing – that’s the foundation for everything else that we do together.”²⁵⁵

²⁵⁰ US Department of State. “Joint Statement of US-Japan Cyber Dialogue.” May 10, 2013. Accessed May 6, 2016. <http://www.state.gov/r/pa/prs/ps/2013/05/209238.htm>

²⁵¹ Ibid.

²⁵² Ministry of Foreign Affairs of Japan. “The 3rd Japan-US Cyber Dialogue.” July 17, 2015. Accessed May 6, 2016. http://www.mofa.go.jp/press/release/press4e_000813.html

²⁵³ Ibid.

²⁵⁴ Brookings. “Is Cyber War Around the Corner? Collective Cyber Defense in the Near Future.” November 2013. Accessed May 7, 2016. http://www.brookings.edu/research/opinions/2013/11/12-cyber-defense-us-japan-alliance-osawa#_ftn12

²⁵⁵ U.S. Department of State, “Background Briefing on the Joint Statement of the Security Consultative Committee.” October 3, 2013. Accessed May 7, 2016. <http://www.state.gov/r/pa/prs/ps/2013/10/215072.htm>.

According to the IIPS scholar, *information exchange of cyber threats* between the US and Japan will be helpful in countering cyber-terrorism. Furthermore, a collective cyber defense under Article V of the US-Japan Security Treaty may open new opportunities for joint operations against cyber-terrorism that presents a credible threat to both countries.²⁵⁶ For instance, Japan could develop secure technology for control systems and promote the global standardization of control system security. This would help create a stronger social infrastructure for the US and Japan, as well as with other allies.

Conclusion

While Japan's experiences with domestic and international terrorism are relatively few, recent alarming terror situations abroad, particular in advanced countries like France, have been perhaps a wake-up call, revealing that direct threats from global terrorism are now not only possible but even likely, given Japan's alliance with the U.S. and the presence of its citizens all over the world. The hostage crises in Algeria (2013) and Syria (2015) were particularly significant as they exposed glaring inadequacies in Japan's crisis management and intelligence gathering capabilities abroad. As examined in this report, the GOJ has responded to these crises by taking various pragmatic steps to revamp Japan's intelligence gathering capabilities, including the establishment of an 'International Counterterrorism Intelligence Collection Unit' and by increasing the number of SDF attaches dispatched to Japanese embassies in the Middle East and other related areas. Japan's efforts to address global poverty and capacity building efforts through its ODA mechanism have been another way it seeks to address the root causes of terrorism abroad.

While the public threat perception of terrorism – home-grown or international – remains generally low in Japan, recent terrorist attacks in developed countries such as France and Belgium have increased official Japanese anxieties that terrorism could even strike on Japanese soil. With upcoming high-profile events, Japan has begun to work to strengthen its airport and customs security, and has also taken steps to revamp its cybersecurity infrastructure and increase cooperation with the US to counter cyberterrorism. The G7 summit in Japan in late May came and went without incident.

While Japan appears to be on the right track to protect its citizens at home and abroad from terrorist attacks, only time will tell the effectiveness of its new intelligence gathering and mechanisms and domestic security measures. For now, international terrorism is still perceived as a "fire on the other side of the river" for many Japanese, confident that their government will secure the borders and keep them safe from this overseas fire. Such complacency may not be warranted, but it does reflect a state of mind that Japanese tend to have, despite, for example, the sarin gas attack in the Tokyo subways in 1995.

Channa Catherine Yu

²⁵⁶ Cybersecurity expert from the Institute for International Policy Studies (the scholar wishes to remain anonymous), email interview, May 7, 2016.

Beyond Nostalgia: Japan's Foreign Aid Diplomacy towards Myanmar

Introduction

Unlike other Asian countries invaded or occupied by Japan during World War II that have been exhibiting seemingly perpetual hatred against that country, especially China and Korea, Myanmar's feelings towards Japan have been multilayered. On the one hand, the Burmese welcomed the arrival of the Japanese, viewing them as liberators from the British colonial rule going back to 1824. Under the assistance of the Japanese, Burma established the predecessor of its first national army—the “Thirty Comrades”—and eventually drove the British colonialists out in 1942. On the other hand, however, Japan's occupation of Burma displayed similar traits to those displayed in other wartime possessions, such as disdain towards the local population.²⁵⁷

What was left in the minds of the Japanese about Burma, especially those who fought in the country during the war, were the tragedy of the massive casualties and the surprising warmth exhibited by the local population. In the postwar period, in the midst of condemnation against Japan's war crimes from the international community, Burma became the first country that concluded a Peace Treaty and Compensation Economic Cooperation Agreement with Japan. Burma also exported a large amount of rice to Japan in the 1950s, when the agricultural sector of Japan was still in disarray because of the war.

Due to the close ties that were built even during the war as well as after, both countries felt a shared gratitude. Japan actively assisted Burma's reconstruction from the British demolition of the country's infrastructure during the war, and supported the Ne Win administration by providing generous war reparations and official development aid (ODA) between 1955 and 1988. Especially during the 20 years from 1968 to 1988, Japanese ODA towards Burma totaled 511.7 billion yen: Burma become the seventh-largest recipient of Japanese ODA, while Japan provided up to 80 percent of total bilateral economic assistance received by Burma.²⁵⁸

Japan's economic assistance during this period was mainly built on national and personal sentimentality. Japan, then lacking any sense of sophistication and rationality in its diplomacy, cared little about the effects of its ODA on local economic development. Under the ideology of the “Burmese Way to Socialism” led by Ne Win, the county strived for self-reliance among national industries with strong nationalistic sentiment. Consequently, most of Japan's ODA was allocated to building state-owned factories and enterprises, concentrated in the automobile, electronic-parts, and agricultural-manufacturing sectors. Considering Burma's low level of technology and a lack of economies of scale, building those huge projects was both costly and inefficient. Japanese aid before 1988 turned out to be a failure; it not only failed to sustain Ne Win's government, but also helped little in terms of raising

²⁵⁷ Donald M. Seekins, *Burma and Japan since 1940: From 'Co-Prosperity' to 'Quiet Dialogue'* (Copenhagen: NIAS Press, 2007), 12.

²⁵⁸ Maun Minyo, Shigeta Takahiro, *Nihon kara mita sokoku Biruma [Homecountry Burma from the Vantage Point of Japan]*, (Tokyo: Kasanone Shuppankai, 2004), 107.

living standards of the average Burmese. Nor did Burma have the capability to repay its international debt obligations, including around 500 billion yen from Japan.

Burma's political crisis in 1988 served as a turning point in Japanese ODA policy towards that country. Following Western nations' sanctions imposed in response to the human-rights violations of the new junta government, the State Law and Restoration Council (SLORC), Japan also ceased extending new yen loans—the major part of its ODA—to Burma—or Myanmar as the junta renamed it—between 1989 and 2011. Although, during this period, the SLORC opened the country to foreign investment, including that from China, Singapore, and Thailand, Japan exercised self-restraint in providing ODA to Myanmar throughout the period, partially under U.S. and European pressure.

During the quarter century in which yen loans were suspended, only a pipeline at the private level was maintained. But that was all to change in 2011. Then Secretary of State Hilary Clinton made a landmark visit to Myanmar at the end of that year. She came with cautious compliments to the Thein Sein administration for its political and economic reforms. The change in U.S. policy, symbolized by the Clinton visit, finally gave Japan the “green light” to resume a full-fledged ODA program to Myanmar. This time, though, Japan saw Myanmar in a different light than before the embargo. Myanmar manifested a new strategic importance to Japan from several perspectives.

On the economic front, in the face of Japanese domestic economic woes since the Lost Decade of the 1990s, Japanese investors were eager to open up this so-called “last frontier” of the Asian market, blessed with 60 million potential consumers, cheap labor and abundant natural resources. On the political front, Japan sought to counter China's growing influence in the region, a special status that had been only enjoyed by Japan before 1988. Indeed, the historical sentimentality towards Burma laid the political foundation for a fast-tracking of ODA resumption to Myanmar, but, this time, the Japanese came with strategic calculations and economic interests in tow, moving beyond mere nostalgia.

Burma: Aid Recipient of Sentimentality and Convenience 1968-1988

Japan's sentimental attachment to pre-junta Burma could be traced back to WWII, during which Japan lost 190,000 lives in that country “both in battle and due to disease and starvation.”²⁵⁹ *The Burmese Harp*, a 1956 Japanese movie that enjoyed popularity among older Japanese, vividly depicted the grievance: A good-hearted soldier who was thought to be dead was helped by a monk to recover from his injury during the war. When the war came to an end, the soldier refused to be repatriated to Japan. Instead, he decided to stay to pray for his dead Japanese comrades, while continuing his study as a Buddhist monk

Although the movie was criticized as having whitewashed Japan's brutal occupation during the war, Japanese nostalgia towards this remote Southeast Asian country was well represented. Japanese veterans were also deeply grateful to average Burmese people for their support during the war and felt closely connected with Burma as a fellow Buddhist country--

²⁵⁹ “Japan's ‘Burma Lovers’ and the Military Regime,” Japan Policy Research Institute, accessed April 1, 2016, <http://www.jpri.org/publications/workingpapers/wp60.html>

whereas the spirit of Buddhism was fading away in Japan. Especially in the closing days of the war, many soldiers were given food and medicine by Burmese villagers as they retreated towards the border with Thailand, prior to the onslaught of Allied forces pouring into the country.²⁶⁰ Japanese veterans who fought in Burma later frequently visited the country in the late 1980s and 1990s, “reliving old memories and praying at the graves of fallen comrades.”²⁶¹

After the war, Burma soon restored diplomatic relations with Japan. The two countries signed the Japan-Burma Peace Treaty and Agreement on Reparations and Economic Cooperation in October 1954, the very first government-based financial-cooperation agreement as postwar reparation that Japan reached with another country. Burma also exported a great amount of rice to Japan during the hardship period of Japan’s agricultural sector after the war. According to Seekins, in 1954 alone, Burma provided Japan with over 300,000 tons of rice.²⁶²

Aside from general sentiment at the national level, close personal ties between the leaders of the two governments during the Ne Win era also contributed to the influx of Japanese aid. On the Burmese side, Ne Win, the nation’s top leader throughout the socialist period, was a member of the embryo of the modern Burmese army, the “Thirty Comrades.” Together with General Aung San, Ne Win received rigorous military training by the Japanese army to fight for independence against British colonists. According to Toshihiro Kudo²⁶³, a Japanese economist specializing in Myanmar, a number of policymakers in the Ne Win regime, including many ministers, also had the experience of being educated by Japanese army offices and civilians, and they spoke Japanese to varying degrees.²⁶⁴ On the side of Japan, the emerging Burma lobby, “consisting of war veterans to whom Burma was a magic land,”²⁶⁵ advocated for favorable policies towards Burma. Leading figures included Nobusuke Kishi, prime minister from 1957 to 1960, and Shintaro Abe, foreign minister from 1982 to 1986. These two figures, of course, are respectively the grandfather and father of Shinzo Abe, Japan’s current prime minister. Frequent mutual visits between the Japanese and Burmese leaders also occurred during this early period.

²⁶⁰ Donald M. Seekins, *Burma and Japan since 1940: From ‘Co-Prosperity’ to ‘Quiet Dialogue’* (Copenhagen: NIAS Press, 2007), 46.

²⁶¹ “Japan’s ‘Burma Lovers’ and the Military Regime,” Japan Policy Research Institute, accessed April 1, 2016, <http://www.jpri.org/publications/workingpapers/wp60.html>

²⁶² Donald M. Seekins, *Burma and Japan since 1940: From ‘Co-Prosperity’ to ‘Quiet Dialogue’* (Copenhagen: NIAS Press, 2007), 56.

²⁶³ Toshihiro Kudo is currently a professor at the National Graduate Institute for Policy Studies (GRIPS) in Japan. He used to serve as a researcher at the Institute of Developing Economics (IDE), with a focus on Myanmar and Development Economics. IDE is a think tank affiliated with Japan External Trade Organization (JETRO). This and all references to Kudo henceforth are from a personal interview conducted by the author in April, 2016.

²⁶⁴ Toshihiro Kudo, “Myanmar and Japan: How Close Friends Become Estranged,” Institute of Developing Economics (IDE) Discussion Paper No. 118 (2007): 3

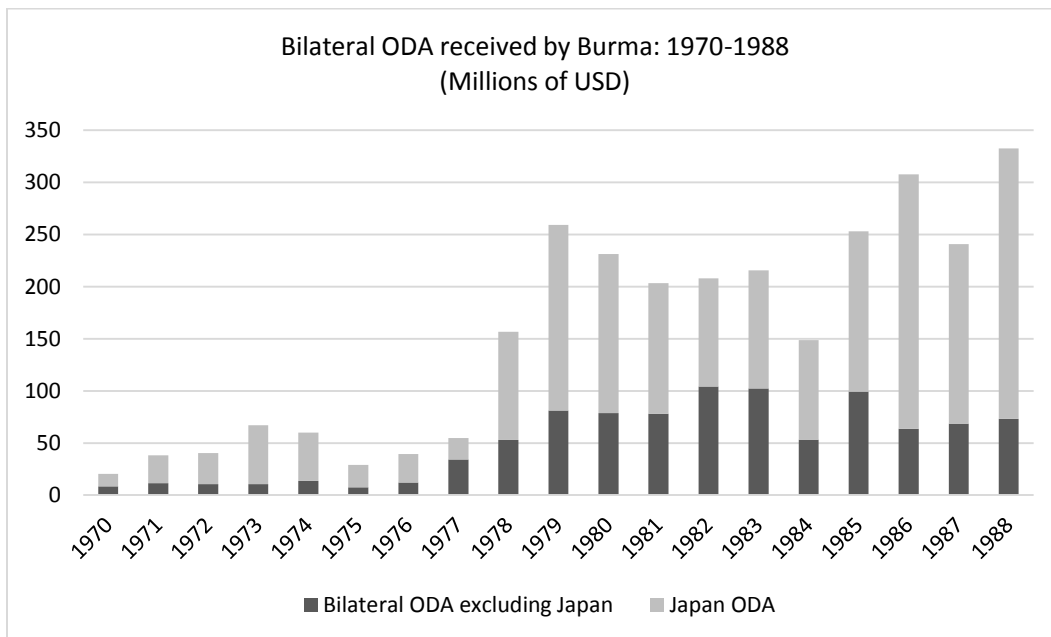
²⁶⁵ “Book Review: Burma and Japan Since 1940: From ‘Co-Prosperity’ to Quiet Dialogue’,” Asia Pacific Media Services Limited, accessed April 1, 2016, http://www.asiapacificms.com/articles/burma_japan/

International Political Context and the Cold War Era

Burma was also a convenient recipient of Japanese ODA due to the international-political context during the Cold War era, mainly due to two factors, according to Kudo. First of all, increasing trade frictions between Japan and the U.S. from the late 1970s led to criticism of Japan as a “free rider” under the U.S.’s security umbrella, and to increasing demands that Japan assume a more active role in global burden-sharing, especially by providing ODA to other developing countries that supported U.S. peace initiatives. Burma thus became a favorable target for Japan, which felt the necessity to support Burma’s national consolidation by the government backed by the Burmese national army, which was founded with the assistance of the Japanese. Meanwhile, Washington regarded Myanmar’s neutralist armed forces led by Ne Win as a countervailing force against Communist China, thus tolerating the authoritarian regime and Japan’s ODA provision.

Secondly, the “request-basis” mechanism in which Japanese aid was provided, as well as the principle of nonintervention in domestic affairs of Japanese economic assistance was “comfortable” to Ne Win. After ten years of isolation from the rest of the world, Ne Win realized that economic opening was urgent, but, at the same time, he was only willing to open the economy partially, in resistance of external influence. In order to maintain autonomy over the usage of foreign aid, Japanese ODA with such special characteristics was requisite.

Between 1960 and 1988, Japan disbursed a total of \$2.1 billion in ODA to Burma, including agreements for a total of more than 400 billion yen loans and over 95 billion yen in grants. According to OECD data, with the exception of 1977, Japanese aid between 1970 and 1988 always amounted to more than 50 percent of total bilateral aid received by Burma.



Source: Donald M. Seekins, Burma and Japan since 1940: “From ‘Co-Prosperty’ to ‘Quiet Dialogue’”

Assistance without Actual Effectiveness

After Ne Win came into power in 1962, Burma was operated along the “Burmese Way to Socialism”—a system that sought “self-reliance based on strong nationalism as well as closed-door and non-aligned policies.”²⁶⁶ Until 1974, almost all aspects of society were nationalized, and the economy consequently was severely damaged. Burma became highly dependent on ODA, especially from Japan, thanks to the political influence exerted by the Japanese war veterans.

However, the combination of a lack of experience in ODA provision in the early years and the request-basis mechanism led to an inevitable result: Japan provided whatever Ne Win requested, from machines to raw materials, without paying much attention to the consequences--and this turned out to be a “disaster,” as Kudo describes.

Compared to Japanese ODA to other Southeast Asian nations at the time, which mainly focused on promoting infrastructure construction and generating synergy effects on the country’s economic development, Japanese ODA to Burma was largely allocated to “four industrial projects” as Ne Win wished--namely agricultural-machinery plant, small-vehicle plant, electric-goods plant, and bus/truck plant.²⁶⁷ However, as with state-owned enterprises elsewhere in the world plagued with poor management, Burma’s industrial enterprises in the socialist-planned economy could not operate efficiently. For instance, Kudo mentioned that, for the automobile industry, Burma could only produce 1000 to 2000 units per year. Also, due to the lack of a supply chain, Burma needed to import almost every single auto part from Japan, which bumped up the costs of car manufacturing to a prohibitive level. It took an average Burmese 30 years of his or her salary to purchase a car.²⁶⁸ In the end, most Japanese yen loans provided to Burma turned out to be nonperforming. Japanese economist Saito Teruko analyzed that Japanese aid during this period hardly raised the living standards of average Burmese people. If anything, it only created Japanese companies through procurement contracts.

Before 1988, Burma’s external debt had piled up, amounting to \$5 billion dollars, most of which came through economic assistance from Japan and West Germany. Japanese policymakers had already realized the problem with its assistance in Burma, and politicians and businessmen explicitly expressed their disappointment with the sluggish economic reform process to high-ranked Burmese officials close to Ne Win, including his fellow general, Aung Gyi, and Deputy Prime Minister U Tun Tin at the time.²⁶⁹ Japan also halted the issuance of commodity yen loans for four industrial projects in 1987, while keeping the pipeline of technical assistance and grant funding. Nonetheless, before comprehensive reforms in Burma or an overhaul of the Japanese aid approach could eventually take place,

²⁶⁶ Atsuko Mizuno, “Economic Relations Between Myanmar and China,” in *The Myanmar Economy: Its Past, Present and Prospects*, edited by Konosuke Odaka, (Tokyo: Springer Japan, 2016), 195-224.

²⁶⁷ David I. Steinberg, *Burma: The State of Myanmar* (Washington D.C.: Georgetown University Press, 2001), 270

²⁶⁸ Yusuke Nasu, “Nihon no tai ajia ODA no shomondai [Problems of Japanese ODA to Asia],” *The Journal of Economic Policy Studies*, Kagawa University, No. 2 (2006): 43

²⁶⁹ Donald M. Seekins, *Burma and Japan since 1940: From ‘Co-Prosperity’ to ‘Quiet Dialogue’* (Copenhagen: NIAS Press, 2007), 78.

the Ne Win administration came to an end, along with Japan's continued yen loans since 1968.

1988: A Watershed of Japanese ODA Policy towards Burma/Myanmar

The 1988 political turmoil and the birth of the military government in Myanmar served as a wake-up call for its ODA policy to the country. It not only failed to sustain the Ne win regime, but also failed to promote Burma's economic development.

The inception of the new junta, the SLORC, marked the termination of the "Burmese Way to Socialism", as well as the country's isolation that lasted more than two decades. SLORC opened the economy to neighboring countries, including Thailand and China, but the door of development aid from western countries and Japan was shut down due to the new government's poor human-rights record and its disregard of the 1990 election. The U.S. first suspended all arms sales and foreign assistance to Burma on September 23, 1988, and the European Community followed suit five days later. With regard to Japan, the Japanese ambassador to Burma, Hiroshi Otaka, who had maintained a close friendship with Ne Win, met with Burmese foreign-ministry officials and notified them that aid from Japan was in the status of suspension. He further urged the new government to avoid further bloodshed, and to pursue a "democratic political settlement reflecting the general consensus of the Burmese people."²⁷⁰

To everybody's surprise, however, Japan recognized the SLORC five months later, in February 1989, and decided to resume approximately 100 billion yen in grants and loans for emergency aid based on humanitarian considerations, without allocating new yen loans. The decision was regarded as a compromise among the Ministry of Finance (MOF), the Ministry of Trade and Industry (MITI), and the Ministry of Foreign Affairs (MOFA), each of which represented the interests of different domestic groups, according to Seekins.

Compared to its decisive ally, the United States, Japan was reluctant to penalize Myanmar in any harsh way. Japan neither imposed economic sanctions on Myanmar, nor did it prohibit Japanese enterprises from investing in or trading with Myanmar. Rather, it preferred the carrot-and-stick approach, by connecting the amount of the aid with political conditions in Myanmar. This backbone policy was made, according to Seekins, "based on the optimistic assumption that the regime was serious about political and economic reform and that a transition to some form of civilian government and market-oriented economics was imminent."²⁷¹ For instance, in 1995, when Aung San Suu Kyi was released from house arrest, MOFA approved a sum of 1.6 billion yen in grants for renovation of the Institute of Nursing in Yangon, which, except for debt-relief grants, was the single largest amount for a decade thereafter. However, Tokyo never managed to resume full-fledge economic assistance to

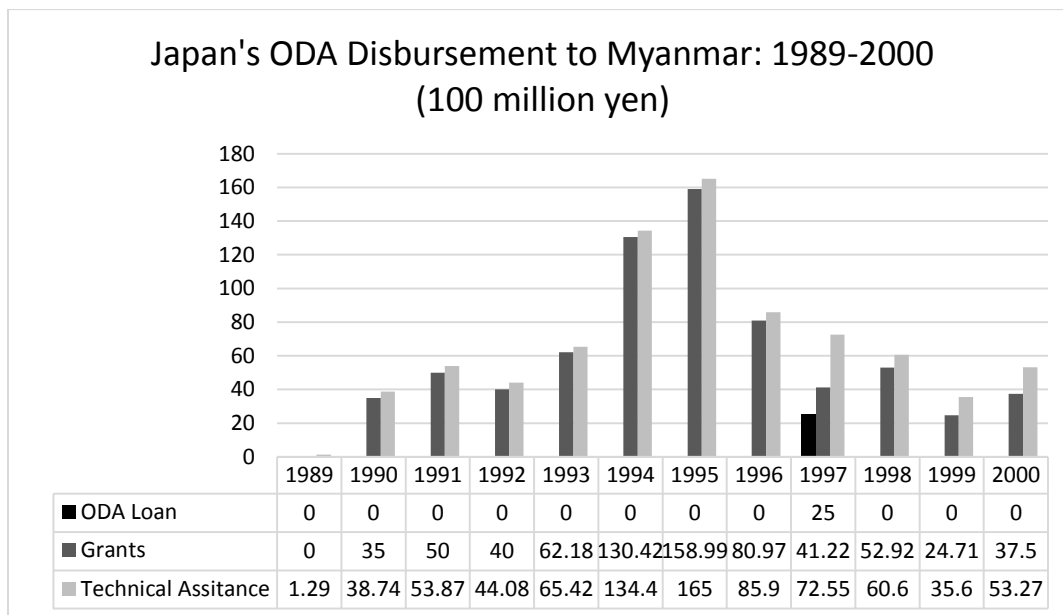
²⁷⁰ "US/EU/Japan v. Burma (1988-: Human rights, democracy, narcotics)," Peterson Institute for International Economics (PIIE), accessed April 4 2016, <https://piie.com/publications/speeches-and-papers/case-88-1>

²⁷¹ Donald M. Seekins, *Burma and Japan since 1940: From 'Co-Prosperity' to 'Quiet Dialogue'* (Copenhagen: NIAS Press, 2007), 127.

Myanmar until 2012. Whenever it sent positive messages to the military government, Japan was interrupted by Washington.²⁷²

What also prevented Japan from fully resuming its Myanmar ODA was the new international- and regional-political landscape that came into shape with the end of the Cold War, and the diminishing threat posed by Communism. Washington ceased to tolerate allied authoritarian governments, in order to promote democratization in less developed countries. Instead, the U.S., along with other Western countries that imposed sanctions on the military regime, pushed Japan to suspend its ODA provision. Although Japan later recognized the SLORC and partially reopened the pipeline of ODA, “Japan had to limit its assistance to a very narrow scope,” namely humanitarian and technical assistance, according to a current MOFA official²⁷³ in charge of ODA towards Myanmar.

Japan itself also started to reflect on its ODA policy. In 1992, Japan officially adopted an ODA Charter, placing a greater emphasis on universal values. Specifically, the new Charter required that ODA be provided in accordance with the principles of the United Nations, as well as a.) environmental conservation, b.) avoidance of military usage, c.) attention to the recipients’ military expenditures and production and export/import of arms and weapons, and d.) consideration of recipients’ democratization, basic human rights and market economy (or lack thereof). The suspension of yen-loan provision to Myanmar, as a result, was often quoted as one of the earliest applications of this ODA Charter. Japanese aid, according to Kudo’s data, dropped from an average annual amount of \$154.8 million during 1978-1988 to \$86.6 million from 1989 to 1995, and it further declined to \$36.7 million from 1996 to 2005.



Source: Donald M. Seekins, *Burma and Japan since 1940: “From ‘Co-Prosperity’ to ‘Quiet Dialogue’*

²⁷² Toshihiro Kudo, “Myanmar and Japan: How Close Friends Become Estranged,” Institute of Developing Economies (IDE) Discussion Paper No. 118 (2007): 8

²⁷³ This and all references to the MOFA official henceforth are from a personal interview conducted by the author in April, 2016.

1988-2012 Private Pipeline Maintained: A Case Study

The main portion of Japanese official economic assistance was halted throughout the years between 1989 and 2012, but private pipelines were maintained through support to the grass-roots activities from the Japanese side. Hideo Watanabe was a representative figure among them. He is now serving as the chairman of the Japan Myanmar Association (JMA), an NGO based in Tokyo that advocates promoting exchange between the private sector and government officials of the two countries. JMA also provides business advisory services to Japanese companies investing in Myanmar.

Watanabe's initial involvement with Burma traces back to 1987, when Prime Minister Nakasone hosted Burmese then-Prime Minister Maun Maung Ka in Japan. He was serving as the Deputy Chief Cabinet Secretary at the time. In the wake of the 1988 political turmoil, Watanabe was assigned by Nakasone to maintain the pipeline with Myanmar. "Building a cordial relationship with Myanmar is 'your duty',"²⁷⁴ as he described Nakasone's instructions on JMA's website.

Since then, Watanabe paid frequent visits to Myanmar, "making multiple small donations" and "supporting the country's healthcare and other systems in his own name or with other private organizations," a JMA staff member²⁷⁵ stated. Besides such humanitarian assistance at the grass-roots level, Watanabe most importantly created pipelines with incumbent military officials. The staff member explained Watanabe's opinion on the military government: "Mr. Watanabe holds the opinion that not all military officials are evil. And a country with multiple ethnic groups could not establish itself without someone holding strong power." Watanabe first met Thein Sein in 1996, when he carried medical equipment to Shan State, where Thein Sein was serving as the regional military commander at the time. The two then played golf. Watanabe described Thein Sein as "awe-inspiring" with his army uniform on during a phone interview with Reuters in 2012.²⁷⁶ In 2011, Watanabe also congratulated Thein Sein on being elected as the Prime Minister of Myanmar.

Watanabe described the period during which the major portion of Japanese ODA was suspended and official exchanges muted as "20 unfortunate years." Maintaining pipelines through private channels, to some extent, allowed Japan to make up for the discontinued support to Myanmar while historical sentiments persisted. It also provided Japan with insights regarding Myanmar's economic and political development on the ground, after almost all former personnel working on Japanese aid in Myanmar had retreated from the state. When new yen loans to Myanmar were finally resumed 2012, according to the official from the MOFA, "Myanmar was not a new country to Japan."

²⁷⁴ "Message from Japan Myanmar Association," Japan Myanmar Association, accessed April 2, 2016, http://japanmyanmar.or.jp/shr/pdf/eng_pamphlet.pdf

²⁷⁵ This and all references to the JMA staff member henceforth are from a personal interview conducted by the author in April, 2016.

²⁷⁶ Antoni Slodkowski, "Special Report: How Japan Inc stole a march in Myanmar," *Reuters*, Oct 2, 2012, accessed April 3, 2016, <http://www.reuters.com/article/us-japan-myanmar-idUSBRE89117W20121002>

Path towards ODA Resumption: A More Proactive Stance

The inauguration of a civilian government in March 2011 led by Thein Sein following a democratic election, as well as the new administration's moves to ease media censorship and release political prisoners started a new era for Myanmar. The country also opened the doors to foreign involvement in developing this second-poorest country in Asia. This time, Myanmar was back on Japan's ODA radar.

The Myanmar issue has been one of the few in Japan on which the two major political parties, namely the Liberal Democratic Party (LDP) and Democratic Party of Japan (DPJ), shared aligned interest. Even though the former "Burma Lobby" in Japan was mainly constituted of LDP politicians, the first negotiation for ODA resumption in 2011 was initiated by the DPJ, the ruling party at the time. Prime Minister Noda held a meeting with President Thein Sein in November 2011 in Indonesia, on the sidelines of an ASEAN regional summit. Noda praised Thein Sein's efforts at democratization and national reconciliation, and conveyed Japan's readiness to support Myanmar in making more progress to those effects. Specifically, Japan told Myanmar that it wanted to start working-level talks that could lead to the resumption of full-fledged developmental aid soon, in light of Myanmar's political reforms. The MOFA official admitted that, back then, there had been pressure from both countries, including the public and private sectors, which demanded the resumption of ODA sooner than later.

Hillary Clinton's visit to Myanmar in late 2011 finally gave a green light to Japan. "After that, everything becomes open," said Kudo, who closely observed the policymaking process in 2011 and 2012. Inside Japan, "everybody, ranging from the political arena to bureaucracy to the business sector, was very positive and supportive to resume the economic cooperation with Myanmar."

In order to eliminate barriers to the allocation of new aid, Japan started with debt relief, and, at the same time, called on the international community to cancel Myanmar's delinquent debt. During the Japan-Myanmar Summit Meeting held in Tokyo in April 2012, Japan agreed to cancel 60 percent of the debt and overdue charges that it was owed by Myanmar, amounting to 303.5 billion yen (\$3.72 billion), and to resume developmental aid with 5 billion yen.²⁷⁷ According to the MOFA official, Japan reconfirmed with President Thein Sein that the political and economic reforms were on track, and that political leaders were serious about democratization progress. "Instead of merely waiting and expecting the progress to happen," she said, "Japan decided to take a more proactive stance by supporting and pushing Myanmar's reforms from that point of time."

Shinzo Abe's Myanmar Policy

Luckily enough, Shinzo Abe and his LDP's return to power in December 2012 did not change Japan's course of action towards Myanmar. "People joked that many things will

²⁷⁷ Masami Ito, "Japan to cancel 60% of Myanmar's debt," *The Japan Times*, April 22, 2012, accessed April 5, 2016, <http://www.japantimes.co.jp/news/2012/04/22/national/japan-to-cancel-60-of-myanmars-debt/#.VyqYN6ODGko>

change: policies (implemented by the DPJ) will change, but not the Myanmar policy,” Kudo remembered. “President Thein Sein was also concerned about any possible changes regarding the promise of ODA resumption made by Japan, because at the time, their government also faced some difficulties, and Japanese support was critical.” This rare policy convergence between the DPJ and LDP also showed that the Myanmar issue enjoyed political consensus in Japan, mainly due to historical ties--and that consensus laid the foundation for a fast-track resumption of ODA.

Indeed, “Myanmar is not a new country,” thanks to the private pipeline maintained during the past two decades. Nonetheless, Myanmar is a new country, in terms of the dramatically changed new regional dynamics that were at work during Japan’s absence. Instead of being a mere aid recipient out of historical sentimentality, Myanmar now manifested new strategic importance to Japan, economically and politically, Kudo pointed out.

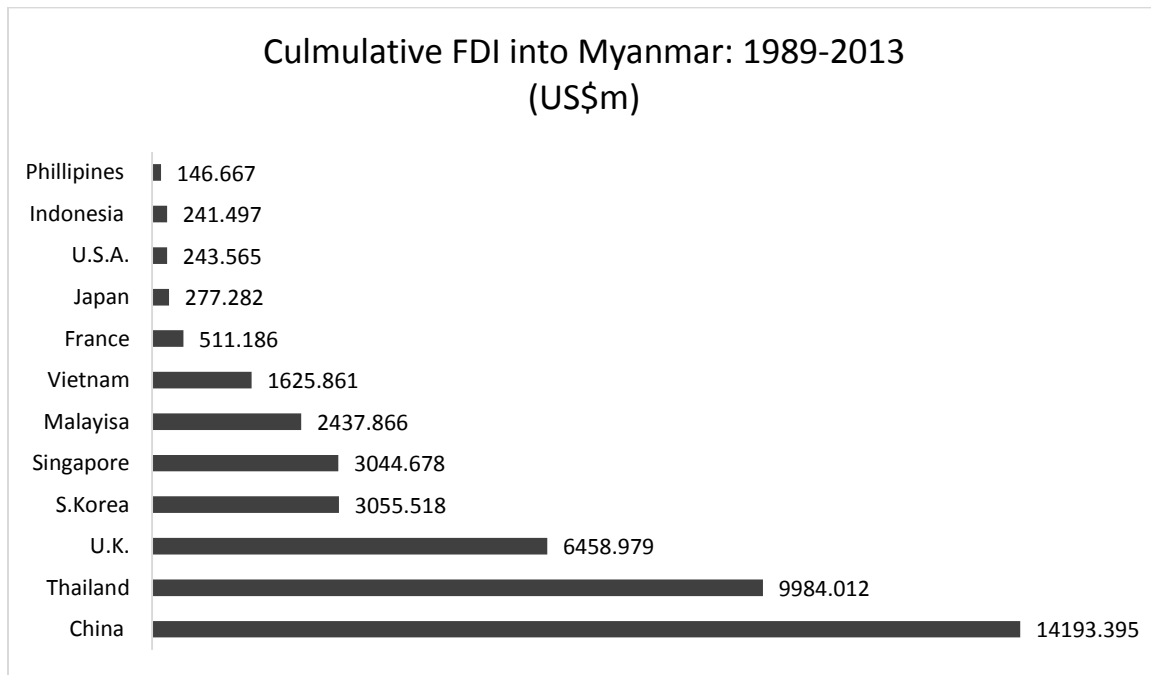
Myanmar’s Strategic Importance

By 2012, the Japanese economy had largely left behind its golden era, with annual GDP growth a mere 2 percent at best, down from the days of heady 10 percent growth. Facing a deflationary spiral, Japanese investors were actively seeking alternative markets for export and investment. Myanmar, often regarded as the “last frontier” among Asian markets, possessed huge potential, with a population of 60 million people, both as consumers and as cheap labor. Japanese investors in China had also been seeking to move manufacturing bases to Southeast Asia, due to rising labor costs and the unstable political and regulatory environment for foreign businesses in that country. Especially after the Senkaku Islands territorial dispute between Japan and China had reached a critical stage in September 2012, Japanese investors awakened to how strongly Japanese enterprises were subjected to the fluctuations of the Sino-Japanese relationship, and the saw how explosive the deeply-rooted anti-Japanese sentiments were among the Chinese public. Myanmar, a country with a historical friendship with Japan and a huge untapped market, became an optimal alternative for economic activities.

On the political front, China had stepped into the vacuum created by Japan’s suspension of new yen loans and Western countries’ harsh sanctions on Myanmar, thanks to the “open-door” economic policy implemented by the SLORC. By 1990, China had become the most important trading partner of Myanmar and replaced Japan as the country’s biggest source for imports. In the fiscal year of 2011-2012, China exported construction materials, machinery, and consumer goods worth about \$2 billion a year to this Southeast Asian country, amounting nearly to 40 percent of its total imports, while that of Japan had fallen to 4 percent.²⁷⁸ In addition to trade dynamics, China has also been investing in a variety of projects in Myanmar, including infrastructure, mining, energy, and manufacturing. According to Myanmar Investment Commission (MIC) statistics, from 1989 to 2013, China’s accumulated FDI amounted to over \$14 billion, ranking first among all others, while Japan’s FDI merely constituted less than 2 percent of China’s amount. During the same period, China

²⁷⁸ Zhao Hong, “Japan and China Compete for Good Relations with Myanmar,” ISEAS Perspective, No. 38 (2014): 7

had 51 investment projects planned, 31 in progress, and 20 completed; while Japan had 40, 29, and 11, respectively.²⁷⁹



Source: Myanmar Investment Commission

Similar to Japan, China also started to provide developmental-aid grants and preferential loans to Myanmar, although most of them were directly linked with Chinese strategic investments. For instance, between 1997 and 2006, China provided about \$24.2 million in grants, \$482.7 million in subsidized loans, and \$1.2 million in debt relief.

China is now enjoying the special status that Burma used to confer on Japan, which was of great concern to Tokyo. After all, the two countries' economic interests in Myanmar partially overlap, including infrastructure procurement, energy resources, and commodity exports. Although little direct competition has been seen, Japan, particularly under the Abe administration, wanted to counter China's increasing clout in that country.

Abe's Chance

Japan "pivoted" to Myanmar when a note of discord crept into the China-Myanmar relationship. Under the Thein Sein administration, even though the bilateral relationship with China was portrayed as positive and healthy in general, the suspension of the controversial Myitsone dam in September 2011, a project that jointly was developed by China and Myanmar, shook those ties. On the one hand, there had been widespread criticism in Myanmar over China's ignoring the possible environmental impact on local communities, as

²⁷⁹ "Long-term Foreign Direct Investment Promotion Plan in Myanmar," Republic of the Union of Myanmar, Directorate of Investment and Company Administration (DICA), 2014, <http://www.dica.gov.mm/sites/dica.gov.mm/files/document-files/fdipp.pdf>

well as over a lack of transparency in the policymaking process when constructing new projects. China was thought to have taken advantage of Myanmar's miserable situation over the past decades. Thein Sein's semi-civilian government started to take great consideration of public opinion and sought to diversify away from China. On the other hand, however, China felt itself "a victim of Myanmar's political transition and grieves for the suspension of such a large investment project."²⁸⁰

In May 2013, only five months after Abe came into office as prime minister, he paid an official visit to Myanmar. Statements of personal sentiments and historical ties, to no one's surprise, were repeated. In an article distributed to Myanmar's media outlets, Abe mentioned that the fact that three generations of his family, starting with his grandfather Nobusuke Kishi and then his father Shintaro Abe, gave him "a sense, at a personal level, that [he is] linked to Myanmar by deep ties that have been woven over the decades."²⁸¹ More importantly, however, was that he also came with a comprehensive package urgently needed by Thein Sein, containing a generous ODA provision plan and the private sector's plans to invest in Myanmar. During this trip, Abe expressed Japan's intent to provide assistance totaling 91 billion yen, including 51 billion yen in loans, 40 billion yen in grant aid, and technical assistance by the end of fiscal year 2013. In this first visit by a Japanese leader to Myanmar in three decades, Abe also brought a large business delegation, including 40 top executives from Hitachi, Toyota, and Sumitomo, to exchange information directly with top-level Burmese officials. This was the second time at which private sector representatives were allowed to accompany a state visit during Abe's second year; the first was during his visit to Russia and Middle East earlier in that year.

This time, as Kudo noted, Japan also designed "more sophisticated measures" of ODA provision. Under the new ODA policy priorities, the money would be used for the following "three-pillars": 1.) improvement of people's livelihoods and poverty reduction, 2.) capacity building and institutional development, and 3.) infrastructure for sustainable development. The sites for major proposed projects eligible for Japan's assistance were spread out all over the country. They ranged from upgrading the ferryboat service in Yangon to constructing school facilities in Chin State, in the northwestern part of the country. While China approach had been to extract resources from Myanmar, Japan's ODA package "[came] across as nonthreatening"²⁸² and far more comprehensive.

In addition, although ODA allocation is still operated on a request basis from the recipient country, Japan is aware of Myanmar's incapacity to initiate programs from their side, and thus drafted master plans for projects in advance for Myanmar, based upon which requests would then be made retroactively by Naypyidaw. As a result, the request basis

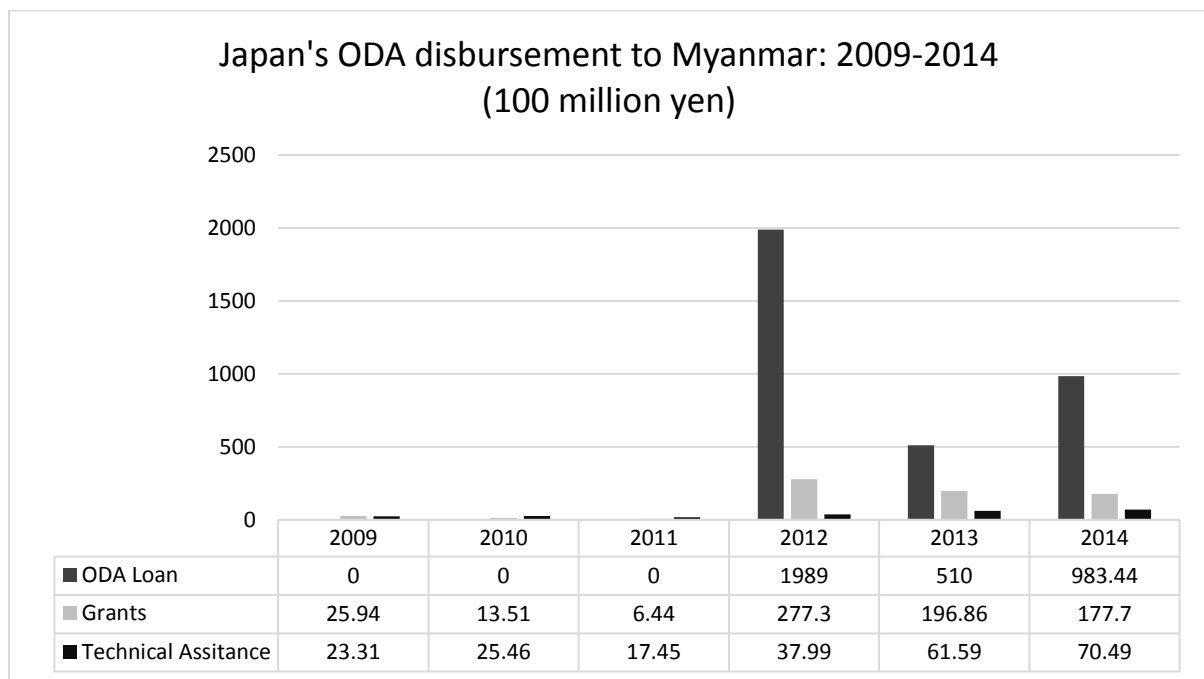
²⁸⁰ "The Irrawaddy: Myitsone: The incoming NLD government's first big test – Yun Sun", BurmaNet News, March 13, 2016, accessed April 1, 2016, <http://www.burmanet.org/news/2016/03/13/the-irrawaddy-myitsone-the-incoming-nld-governments-first-big-test-yun-sun/>

²⁸¹ "Prime Minister Abe's Article contributed to three Myanmar Newspaper," Prime Minister of Japan and His Cabinet, May 25, 2014, accessed April 2, 2016, http://japan.kantei.go.jp/96_abe/statement/201305/25myanmar_e.html

²⁸² Thomas Fuller, "Long Reliant on China, Myanmar Now Turns to Japan," *New York Times*, October 10, 2012, accessed April 4, 2016, http://www.nytimes.com/2012/10/11/world/asia/long-reliant-on-china-myanmar-now-turns-to-japan-for-help.html?_r=0

principle became a mere formality, and Japan had stronger control and monitoring capability over its economic aid flows in the country.

Finally, as can be seen in Japan’s “ODA diplomacy” towards other developing countries, the “public private-partnership (PPP)” framework was also introduced in Myanmar, where the coverage and quality of infrastructure was poor and retarded the productivity of the private sector. In the 2,500-hectare Thilawa Special Economic Zone (SEZ)—Myanmar’s first SEZ jointly developed by Naypyidaw and Tokyo--Japanese companies have been concerned about unstable power, water, and internet supplies, and incomplete road, rail, and bridge networks. The Japan International Cooperation Agency’s (JICA) financial support for external infrastructure, as well as its role as a coordinator between the Myanmar government and Japanese developers, is expected to address this issue.



Source: Ministry of Foreign Affairs of Japan, January 2015

Japanese ODA under the National League for Democracy (NLD)

The landslide victory of Aung San Suu Kyi and her National League for Democracy (NLD) in November 2015 raised the possibility that Japan might now waver in its ODA policy toward Myanmar. Indeed, while Japan’s moral support for Suu Kyi has been firm, close personal ties and warm feelings between Japanese policymakers and the NLD leader, like those between Watanabe and Thein Sein, were lacking. This was only natural since actual interactions at the official level between Myanmar and Japan had been mainly restricted to the military junta and then the semi-military government.

Moreover, Suu Kyi herself once sharply criticized Japan’s ODA program in the 1990s, accusing that assistance went into the pockets of the elites in the military government, instead

of average Burmese people. She also charged Japan with not joining the U.S. and European Union in imposing economic sanctions over Myanmar, despite the junta's poor human rights record. A Japanese diplomat responded that Suu Kyi's stance was "selfish."²⁸³ The term "Suu Kyi bashing" was used in Japan to describe her treatment by some Japanese critics, meaning that Suu Kyi had become the only filter through which the Western world was looking at Myanmar. Suu Kyi's view that economic assistance should be dependent on political progress was seen by ODA policymakers as impeding the country's economic development. Those ODA officials who felt sympathy for the plight of the Burmese people, found her opinion "unreasonable."

However, such concerns have proved to be redundant. On the Burmese side, Suu Kyi herself not only softened her stance on Japanese ODA, as she strongly requested economic assistance from Japan. When Hiroto Izumi, special advisor to Abe, paid her a visit in Myanmar after the NLD's electoral victory in February, Suu Kyi made the request, and specifically mentioned building water-transportation systems along the rivers of the country. After all, without Japan's help, it was expected to be difficult to satisfy the Burmese people's long-accumulated expectations of the new government.

Tokyo in turn was quick to approve such requests. A news report²⁸⁴ in March mentioned that the Japanese government is planning to offer a total of more than 100 billion yen in ODA to Myanmar, including both loans and grants, to help Suu Kyi achieve major changes with the NLD. It was reported that, during the trip, Izumi also told Suu Kyi that "the Abe government considers her to be the real leader of Myanmar's new government," even though, due to the country's current constitution, it is impossible for her to become the president.

Conclusion

Japan's historical friendship and Abe's personal sentiment toward Myanmar—the nostalgia that he inherited from his family's ties—laid the foundation for a fast-track decision to resume ODA to this Southeast Asian country. Nonetheless, rational political calculations and sophisticated ODA provision methods were born with Myanmar's new strategic importance to Japan.

In the midst of Japan's domestic economic recession and China's rising influence in Myanmar, Japan's ODA policy is both a "soft" and "hard" ball. On the "soft" side, compared to China's economic assistance, Japan is trying to win Myanmar back through more altruistic ODA programs and greater concern for the impact on local lives. This is expected to be especially effective, since the Burmese people are in a spirit now of lashing out at Chinese extraction policies in their homeland. On the "hard" side, Japan is not shy about its economic interests in this country. The Japanese government is trying to bring the private sector into

²⁸³ Hiroshi Yamada, "Daw Suu 'unreasonable' in not endor," *The Daily Yomiuri*, May 17, 1996, accessed May 10, 2016, <http://www.burmalibrary.org/reg.burma/archives/199605/msg00208.html>

²⁸⁴ "Japan Weighs Large-scale ODA for Myanmar at Suu Kyi's Request." *Japan Times*. March 7, 2016. Accessed May 12, 2016. <http://www.japantimes.co.jp/news/2016/03/07/national/politics-diplomacy/japan-weighs-large-scale-oda-myanmar-suu-kyis-request/>.

the picture of ODA, and to increase Japanese companies' production through PPPs on the ground. Japan also seems to have learned its lesson from the failure of its pre-1998 blind influx of ODA provision, by coming up with a concrete ODA-provision framework to Myanmar, and by drafting plans for Myanmar hand-in-hand.

Although historical frustrations over Suu Kyi's criticism of Japan's ODA might distance the new leader from Japanese policymakers, good signals have been shown that both sides are ready to work with each other. While Suu Kyi relies on Japan's generous assistance to fulfill the public's expectations, Japan's ODA diplomacy is, along with Japan's economic interests, marching back to Myanmar after a quarter century.

Xiaoheng Geng

History Issue Haunts Japan's Reconciliation Efforts

Introduction

Since Prime Minister Shinzo Abe came into office in December 2012, the issue of Japan's historical revisionism has reemerged to complicate relations with neighboring countries China and South Korea. The dispute over historical memories intensified after Prime Minister Abe suddenly on December 26, 2013, paid an official visit to Yasukuni Shrine, where Class A war criminals are enshrined. Abe's move was unexpected since he had never visited the shrine during his first time as prime minister (2006-2007). China and South Korea blasted the visit, and for the first time, the United States, which used to stay out of the historical fray, issued a statement of "disappointment" about Abe's visit to the war shrine. Abe, who is a realist, despite his historical revisionist views, and highly values Japan's alliance ties with the U.S., was prompted to alter his diplomatic strategy, for he has since moved toward a reconciliatory posture in 2015 toward the United States and South Korea, and indirectly toward China, with some success.

The Prime Minister took the opportunity of 2015 being the 70th anniversary of the end of World War II to give a series of speeches and statements that included reconciliatory passages, such as expressing "deep remorse" for Japan's past military actions. A bilateral agreement with South Korea in December 2015 on the issue of "comfort women" – wartime sex slaves, many Korean, for the Japanese military – has been generally praised as a positive reconciliatory effort. Though historical revisionism in Japan remains a divisive issue, domestically and internationally, Japan under Abe has made constructive efforts to bring about closure on the issue with at least the United States and South Korea.

The term "historical revisionism" was initially used in connection with historical interpretation in the 1960s, when it appeared in a controversial debate regarding the proper understanding of Nazi Germany and the Holocaust.²⁸⁵ Historical revisionism in Japan refers to actions taken by a group of conservatives, including writers, politicians and activists, who took a revisionist position on key events in Japanese history that directly, or indirectly, deny responsibility for Japan's wartime military actions. The emergence of historical revisionist views among conservatives in Japan began in the 1960s, but the issue did not draw international attention until the early 1980s when it was discovered that officially vetted Japanese history textbooks contained passages considered offensive by South Korea and China. In history textbooks approved by the Ministry of Education (MOE), texts were changed to revise standard versions of historical events, such as changing "invasion" to "advance in," or "Nanjing Massacre" to "Nanjing Incident." The issue came to a head in the mid-1990s when a group of activists formed an association promoting a revisionist history textbook for schools. Another controversy focused on official visits by Japanese prime ministers to Yasukuni Shrine, starting with Prime Minister Yasuhiro Nakasone in 1985.

Reconciliation with Asian nations that suffered from Japan's colonial treatment or wartime aggression has been a parallel theme running through Japanese politics in the

²⁸⁵ Minoru Iwasaki & Steffi Richter, "The topology of post-1990s historical revisionism," *Positions* 16:3 (2008), 511

postwar period, as well. At times, revisionism seemed to prevail, and at other times, reconciliation with Asian neighbors dominated the political conversation. Prime Minister Nakasone, for example, pursued a policy of reconciliation with South Korea and other Asian countries when he came into office in 1982. But his ill-advised visit to Yasukuni Shrine produced such a backlash from those countries that he never went again.

Revisionism and reconciliation are two policy tools used by Japanese leaders to fulfill economic, political, and military interests domestically and internationally. For Prime Minister Abe, regional peace and stability and Japan's national security are currently top priorities. Domestically, Abe's policy mix – Abenomics – to boost the economy involve more than short-term fiscal and monetary policy fixes, he also has introduced long-term structural reforms that are key to the country's economic future. But he also must appeal to his support base among conservatives: hence his revisionist stance and the one-time-only Yasukuni visit are likely designed to anchor conservative support for his reform agenda, which includes radical changes in the heretofore protected agricultural sector.

In terms of Japan's national security, the Abe administration has been making bold changes in its security posture, as seen in the landmark cabinet decision to reinterpret Article 9 of the Constitution to allow Japan the right to exercise the right of collective self-defense, previously banned, new defense cooperation guidelines with ally U.S. and the implementing security legislation that goes with them, and other measures to render a “seamless” U.S.-Japan security relationship. Trilateral cooperation to include the U.S. and South Korea is also in the works. Moreover, Japan under Abe has embarked in a wide range of security and diplomatic policy moves to respond to a more assertive China, particularly in the East China Sea. It also has imposed increasingly tough sanctions on North Korea for its missile provocations and nuclear weapons development. To implement such a robust agenda, thus, reconciliation is an essential ingredient to remove persistent irritants like the comfort-women issue with South Korea. Even with the U.S., Abe has included WWII reconciliation as a policy measure – focusing on the wartime abuse of former POWs and including a key passage in his U.S. Congressional speech in April 2015.

1980s: the History Textbook Dispute and “the Nakasone Incident”²⁸⁶

While some early revisionists in the 1960s such as Hayashi Fusao, the author of “Affirmation of the Greater East Asian War”, attempted to glorify Japan's imperialist period and reject its war responsibility,²⁸⁷ the issue of Japan's wartime memory did not attract international attention until the early 1980s. The 1980s saw rapid economic growth – the so-called bubble period – and rising political ambitions for Japan, particularly during the long tenure of Prime Minister Nakasone, who was known for his closer relations with President Ronald Reagan and efforts to improve relations with Asian countries. The “economic miracle” had brought enormous prosperity to Japan and with it a growing assertiveness in international affairs, which Prime Minister Nakasone represented. The period was also known for rising

²⁸⁶ John Breen, “The dead and the living in the land of peace: a sociology of the Yasukuni Shrine,” *Mortality* 9:1 (February 2004), 83

²⁸⁷ Sven Saaler, *Politics, Memory and Public Opinion: The History Textbook Controversy and Japanese Society* (Monographien aus dem Deutschen Institut für Japanstudien), 2005, 27

trade frictions with the U.S. and backlash against surging Japanese investments and acquisitions in the U.S., such as the purchase of the iconic Rockefeller Center in New York. At home, though, a group of conservative bureaucrats, centered in traditionally conservative Ministry of Education (MOE), were hard at work through the textbook vetting process trying to alter the country's historical views of the past, including the militarist past.

As a result of the issuance of revised textbooks, the early 1980s saw the emergence of disputes with South Korea and other Asian countries over the history issue. In 1982, the MOE ordered a high school textbook publisher to change the phrase “invaded” to “advanced in,” in a portion of the book describing the Japanese army's actions in Northern China. Picked up by the media, the MOE's revisionism first outraged domestic opinion, with people concerned that the once minor voice of historical revisionists now had a chance to influence young people all over Japan. Among the historians protesting was historian Saburo Ienaga, whose own history textbook that had exposed atrocities such as Unit 731 had been repeatedly rejected as an officially approved middle school textbook, resulting in a famous court case that took decades to resolve (in his favor).²⁸⁸

The controversy soon spread abroad, setting off strong criticisms from the Chinese and South Korean governments. China warned Prime Minister Zenko Suzuki that such action could lead to a cancellation of his upcoming visit to China to mark the 10th anniversary of the normalization of relations.²⁸⁹ It took Nakasone, once he took office after Suzuki suddenly reasoned, to calm down the furor with China and South Korea through personal summit diplomacy.

But Nakasone, though known as an internationalist who courted the West in his diplomacy, was also a conservative with nationalistic views. His official visit to Yasukuni Shrine in 1985 set off a storm of protests from Asian neighbors and threatened to upend the diplomatic efforts to repair ties since 1982 as an advocate of settling the past with those countries. He had not anticipated that visiting Yasukuni as prime minister would create such a stir. Before 1985, Japanese prime ministers only visited the shrine privately. But on August 15, 1985, the 40th anniversary of the end of World War II, Nakasone became the first postwar premier to officially visit the shrine. A month before, Nakasone declared in a speech that he was “deeply conscious of the fact that Japan caused much pain and damage to many in Asia and elsewhere during WWII, but intended simply to pay respect to the memory of those who died in war.”²⁹⁰ At the shrine, Nakasone participated in rites for the dead with his cabinet ministers, and donated 30,000 yen (\$125) from the national treasury for planting flowers within the shrine precincts. He apparently believed that this act would be acceptable abroad.

Yasukuni Shrine, literally “the peaceful country shrine”, originally founded as the Tokyo Shokonsha in 1869 on the orders of Emperor Meiji, was given its present name in 1879. The

²⁸⁸ Hirofumi Hayashi, “Disputes in Japan over ‘comfort women’ and historical perception,” *The Annals of the American Academy of Political and Social Science* 617 (May, 2008), 126

²⁸⁹ Jessica Chen Weiss, *Powerful Patriots: Nationalist Protest in China's Foreign Relations* (Oxford University Press), 2014, 89

²⁹⁰ Sam Jameson, “Nakasone's visit to wartime shrine criticized,” *Los Angeles Times*, August 16, 1985

war dead from the Meiji Restoration on down are enshrined there. After the war, Yasukuni took on added significance for the country, becoming a sacred place in Tokyo for living Japanese to pray for the souls of around 2.5 million Japanese men, women, and children who had died for their country in the past. The vast majority of them fought for Japan in the Pacific War with China, Korea, and the United States. During the U.S. Occupation, American authorities enforced a separation of Shinto from the state, and Yasukuni was transformed into an independent religious institution, and it was understood that official visits by the prime minister were not allowed. But Yasukuni until Class-A war criminals were enshrined in 1978 was relatively uncontroversial. Even Emperor Hirohito visited Yasukuni, at least until 1975. When the Emperor found out that the war criminals had been enshrined there, he never visited the shrine again.

Shinto is essentially a peaceful religion, and the some 60,000 shrines across the country testify to that. Yasukuni as a war shrine is the anomaly, and its association with State Shinto, a creation of the Japanese military, was why the shrine after the war was ejected from the Shrine Association that oversees all other Shinto shrines in the country. After the war, the shrine became a symbol of Japan's militarist past, particularly after the fourteen Class-A war criminals were enshrined there. Yushukan, the war museum established within the shrine, chronicles Japan's "glorious" past by depicting key scenes in its military history. Visitors are encouraged to learn about the "sentiments and achievements of the noble spirits of fallen heroes," which refer to those who died in the Pacific War.²⁹¹ But the Class A war criminals, the ones who sent millions of young Japanese men to their deaths, are also treated as war "martyrs" and "noble spirits." Yasukuni continues to have close ties to the ruling Liberal Democratic Party (LDP), many of whom visit the shrine on important occasions. It also has the backing of such groups as the War-Bereaved Families Association (Izokukai).²⁹² This large association representing constitutes a bloc of voters for the LDP, and their interests of reviving state support for Yasukuni has long been placed on the LDP's political agenda since its foundation.²⁹³ Ironically, the Fukuoka chapter of the Izokukai has taken a stand of calling for the removal of the names of the Class A war criminals enshrined at Yasukuni.

Nakasone consulted constitutional experts beforehand about the possibility of an official visit without violating the constitution. In August 1984, he established an advisory council that assisted him to evaluate the appropriateness of cabinet members to visit the shrine with him. The report submitted by the council on August 9, 1985, suggested that a state visit would be justified as long as prime minister and cabinet members did not perform religious rituals. Based on that report, Nakasone violated the visit and donation constraints.²⁹⁴

Nakasone's visit set off widespread outrage in Japan. Japanese Buddhist and Christian groups, as well as all opposition parties, protested the visit.²⁹⁵ The controversy brought up by

²⁹¹ "The exhibition guide" of Yushukan

²⁹² Breen, 2004, 77

²⁹³ Mengjia Wan, "Neutralize Yasukuni visits: a step towards resolving the Yasukuni controversy between Japan and China," *Mount Holyoke College*, 5

²⁹⁴ Akihiko Tanaka, "Ch.6: the Yasukuni issue and Japan's international relations," *East Asia's Haunted Present: Historical Memories and the Resurgence of Nationalism* (ed.) Tsuyoshi Hasegawa & Kazuhiko Togo (Praeger Security International), 2008, 119

²⁹⁵ Jameson, August 16, 1985

the opposition groups was that Article 20 of the postwar constitution separated politics from religion, and Article 89 prohibited state donations for religious institutions. The official visit and state donation violated both Articles, and was therefore regarded as “unconstitutional.”²⁹⁶

The Nakasone visit also set off a storm of criticism from Japan’s neighbors, especially China, which categorized it as an attempt by Japan to deny its war guilt and responsibility. In September, student protestors marched in one of the largest anti-Japanese demonstrations on Tian An Men Square in Beijing.”²⁹⁷ In following days, a Foreign Ministry spokesman criticized Nakasone as “an official visit to the Yasukuni Shrine...would hurt the feelings of both the Chinese and Japanese peoples who suffered at the hands of the militarists.”²⁹⁸ Student demonstrators spread across various Chinese cities, including Xi’an and Chengdu.

The textbook and Yasukuni controversies were resolved by concessions to China and South Korea. The 1980s was a period of promotion of strong political and economic ties with China, and logically, reconciliation could assure Japan’s economic growth.²⁹⁹ The textbook issue was first addressed by Prime Minister Suzuki, who ignored protests from the MOE and cabinet members and promised China that he would have the disputed history textbook revised. His cabinet later issued a statement restating that Japanese government was willing to “make corrections” in the textbook “from the perspective of building friendship and goodwill with neighboring countries.” Suzuki’s concessions facilitated his state visit to Beijing, and forced the MOE to issue another statement in November, stating that “it would be a requirement that sufficient regard be given to international understanding and harmony when dealing with modern historical events that involve neighboring Asian countries.”³⁰⁰ Nakasone, who had been forced to cancel planned visits to China, never returned to Yasukuni while in office.

But conservatives were undaunted by the prime ministers’ reconciliatory stance; some vocally criticized China for “interfering in Japan’s domestic affairs.” In the 1990s, when the bubble burst, putting the Japanese economy into a tailspin, conservative forces were able to gain greater influence than they had in the 1980s in fostering historical revisionism in Japan, as seen in the movement to create a new revisionist history textbook.

The 1990s: the Kono Statement of 1993 and the Murayama Statement of 1995

The bursting of the economic bubble in 1990s ushered in the “Lost Decade” of economic distress, accompanied by political crisis in Japan. The impact of the economic crash brought about a sharp decrease in national self-confidence, presenting huge challenges for the Japanese government. However, a series of corruption scandals since the late 1980s shook the ruling party’s legitimacy, and the LDP lost the election in 1993 to a coalition of opposition parties. It returned to power in 1994 thanks to a coalition with other parties. Many

²⁹⁶ Frank Ravitch, “The Japanese prime minister’s visits to the Yasukuni shrine analyzed under articles 20 and 89 of the Japanese constitution,” *Contemporary Readings in Law and Social Justice* 6:1, 2014, 134

²⁹⁷ Clyde Haberman, “Nakasone, giving in, will shun shrine,” *The New York Times*, October 10, 1985

²⁹⁸ Jameson, August 16, 1985

²⁹⁹ Wan, 9

³⁰⁰ Weiss, 2014, 89

Japanese had lost their personal assets when the bubble crashed, so it is not surprising that pessimism about the future and a decreasing sense of confidence about their nation set in. One opinion survey conducted between 1989 and 1991 found that the Japanese were the least willing to fight for their country in the event of war, while Chinese, Turkish and Indian citizens occupied the top three positions.³⁰¹ Although it would be an oversimplification to directly link the sluggish economy, tumultuous politics, and eroding national self-confidence to the resurgence of historical revisionism in Japan, one could argue that the national malaise seemed to mobilize conservatives in Japan to seek ways to promote self-confidence in the wider Japanese society by glorifying Japan's past.³⁰²

In 1991, Hak Sun Kim, a South Korean who was a former military comfort women during the war, gathered a group of other victims to reveal for the first time to the public at large their terrible experiences as military sex slaves. Then, in 1992, historian Yoshimi Yoshiaki revealed official documents uncovered in the archives of the Defense Agency's National Institute of Defense Studies. The documents conclusively confirmed Japanese military involvement in creating and controlling comfort stations.³⁰³ Of course, rightwing conservatives with revisionist views denied the hard evidence that Yoshimi had found. But the exposure of the "dark" history of Japanese military actions like setting up a system of sex slaves was so overwhelming for many Japanese that many found the facts hard to believe.³⁰⁴ Through academic research and the civic movement that developed in the early 1990s, South Koreans began demanding an official apology from Japan and reparations to the victims.³⁰⁵

The Japanese government as a result carried out an investigation into the charges and found supportive evidence. This led to a statement released in 1993 by then Chief Cabinet Secretary Yohei Kono that apologized for the first time to victims of the comfort women system. In the Kono Statement, the chief cabinet secretary acknowledged that,

"The Japanese military was, directly or indirectly, involved in the establishment and management of the comfort stations and the transfer of comfort women. The recruitment of the comfort women was conducted mainly by private recruiters who acted in response to the request of the military...[and] in many cases they were recruited against their own will, through coaxing, coercion, etc. The Government of Japan would like to take this opportunity once again to extend its sincere apologies and remorse to all those, irrespective of place of origin, who suffered immeasurable pain and incurable physical and psychological wounds as comfort women."³⁰⁶

One year after the Kono Statement, the Asian Women's Fund (AWF) was founded to distribute financial compensation to comfort women victims in South Korea, Taiwan, and Southeast Asian countries (China was not included). The AWF was generally appreciated by the victims in the affected countries, but many in South Korea were dissatisfied because the

³⁰¹ Saaler, 2005, 37

³⁰² Ibid., 39

³⁰³ Hayashi, 2008, 127

³⁰⁴ Jeff Kingston, phone interview in Tokyo, March 15, 2016

³⁰⁵ Hayashi, 2008, 127

³⁰⁶ Yohei Kono, "Statement by the Chief Cabinet Secretary Yohei Kono on the result of the study on the issue of 'comfort women'," *Ministry of Foreign Affairs of Japan*, August 4, 1993

money came from the private sector and not official funds. Although many victims accepted the money, others, having been politicized by civic groups, rejected it.³⁰⁷ Eventually, the South Korean government caved in to activists and discouraged victims from accepting the private money.³⁰⁸ The confrontation that occurred in South Korea convinced the Japanese government to discontinue the compensation process.

The second official apology, this time to all Asian countries, came from Prime Minister Tomiichi Murayama on the 50th anniversary of the end of World War II in 1995. The well-known “Murayama Statement” restated the Japanese government’s feelings of remorse and regret, while including a personal apology from Murayama to the victims of Japanese wartime aggression. Murayama declared:

“During a certain period in the not too distant past, Japan, following a mistaken national policy, advanced along the road to war, only to ensnare the Japanese people in a fateful crisis, and, through its colonial rule and aggression, caused tremendous damage and suffering to the people of many countries, particularly to those of Asian nations. In the hope that no such mistake be made in the future, I regard, in a spirit of humility, these irrefutable facts of history, and express here once again my feelings of deep remorse and state my heartfelt apology. Allow me also to express my feelings of profound mourning for all victims, both at home and abroad, of that history.”³⁰⁹

The Kono and Murayama statements set the foundation for Japan’s reconciliation with its neighbors, and that feeling of war guilt remained strong in the Japanese government throughout the 1990s. With the Asian Financial Crisis in 1997, Japan’s economy was also jolted, particularly the banking sector with several large financial institutions failing. Japanese leaders, however, still buoyed by a spirit of reconciliation, extended a lending hand of economic cooperation and collaboration to other countries of East Asia. In the meantime, Prime Minister Keizo Obuchi in 1998 signed a joint declaration with South Korean President Kim Dae Jung, then visiting, in which Japan expressed “remorseful repentance and heartfelt apology” for the colonialization of the Korean Peninsula. Obuchi also orally apologized to Chinese President Jiang Zemin by expressing “remorse and apology” during a summit meeting with Jiang, who was visiting Japan.³¹⁰

The diplomacy of apology that the three Japanese leaders practiced has so positive an impact on relations with China and South Korea that it overshadowed the unofficial visit to Yasukuni by Prime Minister Ryutaro Hashimoto in 1996. Without any official declaration beforehand, Hashimoto simply slipped in and out of the shrine on his 59th birthday. The Prime Minister’s office also refused to comment on the visit, and claimed that it was not on Hashimoto’s official schedule.³¹¹

³⁰⁷ Sven Saaler, interview at Sophia University in Tokyo, March 16, 2016

³⁰⁸ Jeff Kingston, phone interview in Tokyo, March 15, 2016

³⁰⁹ Tomiichi Murayama, “Statement by Prime Minister Tomiichi Murayama ‘on the occasion of the 50th anniversary of the war’s end,” *Ministry of Foreign Affairs of Japan*, August 15, 1995

³¹⁰ Nicholas Kristof, “China gets an apology from Japan,” *The New York Times*, November 27, 1998

³¹¹ “Japan premier visits shrine to war dead,” *The New York Times*, July 30, 1996

The Late 1990s and Early 2000s: the Revisionist Movement and the New History Textbook

The textbook issue quieted down after the 1982 dispute and remained so until the mid to late 1990s. In the meantime, Japan's two official statements were widely accepted by East Asian audiences as models of apology. Victims and activists from foreign countries frequently used them to press future Japanese leaders to restate their feelings of remorse and contrition. But the reoccurring requests frustrated Japanese conservatives, who were not pleased to see the exhumation of wartime history. Over time, the revisionist forces in Japan began to find fault with the two statements and accused other countries of using them as diplomatic weapons to intervene in Japan's domestic affairs.

As a result, the 1990s saw a surge in the frequency of activities and publications by the historical revisionists. In the debates over the comfort women system in the early 1990s, a number of conservatives, led by Professor Nobukatsu Fujioka at Tokyo University, started an activist movement that aimed to publish their own revisionist-version history textbook that either ignored wartime atrocities or presented a positive view of Japan's wartime military activities.³¹² In 1996, the group founded the Japanese Society for History Textbook Reform (Tsukuru-kai). The Tsukuru-kai demonstrated their dissatisfaction with the two official apologies by claiming:

“[I]n the field of modern history, the Japanese are treated like criminals who must continue apologizing for generations to come. After the end of the Cold War, this masochistic tendency continued to increase, and in current history textbooks the propaganda of former war enemies is included and treated as if it were the truth...our textbook enables children to take pride and responsibility in being Japanese and to contribute to world peace and prosperity.”³¹³

The Tsukuru-kai's objective was to exert Japan's right to interpret its own history without being influenced by foreign pressure. To do so, the association indeed did publish their own revisionist textbook (which never sold well) and made efforts to influence the textbook screening (kentei) system. Needless to say, their controversial actions were refuted by liberal forces in Japan, with one group eventually coming out with a counter-textbook that presented a more realistic view of history. Tsurukai later engaged in bitter internal debates in the 2000s and split apart.

Until it did, Tsukuru-kai stayed at the center of the historical controversy, and in 2000, Fusosha, a publisher owned by the conservative daily Sankei, published a new middle-school history textbook, titled the *New History Textbook (Atarashii rekishi kyokasho)*. The controversial textbook underwent screening by the government in 2001, and Fusosha was one of eight publishing companies selected.

³¹² Iwasaki & Richter, 2008, 511

³¹³ Tsukuru-kai (1997b: Internet), cited in Saaler, 2005, 40

Japan's textbook selection process is based on Study Guidelines (Gakushu-shido-yoryo) set by the MOE. The process consists of the textbook publishers submitting manuscripts to the ministry, where they are minutely screened under a rigid approval system.³¹⁴ Since 2001, approved textbooks reduced the coverage of controversial issues, such as comfort women, and details about the Nanking Massacre.³¹⁵ Although textbooks generally kept key information about Japan at war, the dark parts of that history were largely reduced. Some leftist historians accused certain textbook advisors of having close ties to the revisionists.³¹⁶

In Fusosha's textbook, there is no discussion of comfort women, the "Nanjing Massacre" becomes the "Nanjing Incident", the details of the massacre are questioned, the Tokyo War Crimes trials are called impartial, and descriptions of other aggressive actions related to treatment of Asian civilians by Japanese troops are missing.³¹⁷ The textbook in general tried to alter Japan's image from that of a "villain" carrying out aggression to that of a "victim." In that sense, it plays up the fact that Japan is the only country to be atomic bombed. .

A number of leftist historians, along with such liberal newspapers as the Asahi Shimbun, attacked the textbook for its factual errors, which had been suspiciously ignored by history experts during the selection process.³¹⁸ Such widespread criticism, however, did not prevent the Tsukuru-kai from again submitting their New History Textbook to the selection process in 2005. The textbook was again authorized as teaching materials in Japanese middle schools.

Notably, the market share of the New History Textbook was constantly the lowest among all history textbooks joining the selection process (0.039 percent in 2001; 0.4 percent in 2005).³¹⁹ Most middle school teachers avoided using the Fusosha's textbook to teach their students. The approval of the textbook thus became a symbolic act by a group of conservatives within the MOE who supported the revisionist movement.

2001-2006: Prime Minister Junichiro Koizumi

The textbook controversy of the 2000s received wide public attention not only because it was a highly publicized issue centered on a vocal group of conservative activists, but also because it seem to have had resonance within the LDP and government bureaucracy. Prime Minister Junichiro Koizumi, a significant figure in contemporary Japanese politics who carried out much needed structural economic and political reforms, paid little attention to the textbook issue. If he was against or for the revisionist textbook, he never said. He never offered any public comments on MOE's approval of the New History Textbook, nor the publisher's refusal to make any changes in the textbook to satisfy critics.

³¹⁴ Tomoko Hamada, "Contested memories of the imperial sun: history textbook controversy in Japan," *American Asian Review* XX:4 (Winter 2002), 5

³¹⁵ Peter Cave, "Japanese colonialismo and the Asia-Pacific War in Japan's history textbooks: changing representations and their causes," *Modern Asian Studies* 47:02 (March 2013), 554

³¹⁶ *Ibid.*, 559-560

³¹⁷ Hiroshi Mitani, "The history textbook issue in Japan and East Asia: institutional framework, controversies, and international efforts for common histories," (ed.) Hasegawa & Togo 2008, 85-86

³¹⁸ *Ibid.*

³¹⁹ Cave, 2013, 564

What Koizumi was famous for was his iconoclastic approach to controversial issues. For example, he became the second prime minister to make official visits to Yasukuni Shrine, although he said it was solely for paying respects to the war dead.³²⁰ In fact, he was the first postwar leader to visit the shrine every year (2001-2006) during his tenure, regardless of the backlash from China and South Korea. He visited the shrine six times (August 13, 2001; April 21, 2002; January 15, 2003; January 2, 2004; October 18, 2005; and August 15, 2006).. The last visit was on the 61th anniversary of the end of the World War II. Koizumi was adamant that his Yasukuni visits were simply to “pay homage to those who lost their lives for the country” and to “pledge that Japan will never go to war again.” He was careful to avoid participating in any formal Shinto rites that might be seen as a violation of the Constitution’s clause on separation of church and state.³²¹

One explanation for Koizumi’s annual shrine visits was his political connection to Yasukuni-related groups, especially the Izokukai. Koizumi made a campaign promise in 2001 to the Izokukai that he would pay annual visits to Yasukuni if he were elected prime minister.³²² In that LDP presidential election campaign, his competitor was former Prime Minister Ryotaro Hashimoto, Yasukuni was part of his campaign leverage against Hashimoto.³²³

It could be argued that during his premiership, Koizumi used his Yasukuni visits to compensate in part for the political cost of his radical economic and political reforms. He aimed his structural reforms at breaking the postwar restraints on domestic policies.³²⁴ These reforms, particular privatization of the postal system, were strongly resisted by politicians, even in his party, as well as affected bureaucrats. Because of his high support from the public, Koizumi was able to challenge special interests in the party, business, and bureaucracy to break up the “iron triangle.”³²⁵

Koizumi’s annual visits to Yasukuni set off protests at home and abroad. Einosuki Akiya, the president of the Buddhist Soka Gakkai organization, stated in 2001 that Koizumi’s visit was “disturbing and deplorable.”³²⁶ Again in 2004, Takenori Kanzaki, the new leader of the Komeito Party, which is backed by the Soka Gakkai, also asserted that “the prime minister’s visit to Yasukuni...are problematic from the standpoint of the Constitution, which stipulates the separation of church and state.”³²⁷ Opposition parties, particularly the Democratic Party

³²⁰ Tanaka, 2008, 134

³²¹ Peter Symonds, “Koizumi’s visit to the Yasukuni Shrine legitimates Japanese militarism,” *World Socialist Website*, August 17, 2001

³²² Phil Deans, “Diminishing returns? Prime Minister Koizumi’s visits to the Yasukuni Shrine in the context of East Asian nationalisms,” *East Asia* 24 (October 2007), 276

³²³ Tanaka, 2008, 134

³²⁴ John Chan, “Japan: Koizumi’s provocative visit to the Yasukuni Shrine,” *World Socialist Web Site*, August 24, 2006

³²⁵ Deans, 2007, 276-277

³²⁶ Symonds, August 17, 2001

³²⁷ Tetsushi Kajimoto, “Kanzaki tells Koizumi to take Yasukuni protests seriously,” *The Japan Times*, December 9, 2004

of Japan, blasted the visits, regarding Yasukuni as “an inappropriate place for Japanese leader to pay respects” since the shrine was the center of State Shintoism during the war.

Even officials within Koizumi’s own government were critical. After Koizumi’s first visit in 2001, Foreign Minister Makiko Tanaka expressed concern about the visit’s negative impact on Japan’s relations with China and South Korea.³²⁸ In the subsequent years, the Ministry of Foreign Affairs had to contend with outrage from China and South Korea, which wanted Koizumi to stop visiting Yasukuni.³²⁹ Finance Minister Sadakazu Tanigaki, a leading LDP member, saw Koizumi’s visit as damaging Japan’s economic interests. He issued a statement in August 2006, declaring that “a prime minister should avoid actions that worsen relations with China and South Korea.”³³⁰

In the immediate aftermath of Koizumi’s first official visit to the shrine in 2001, the Chinese foreign ministry summoned the Japanese ambassador to present a formal note of protest. It then issued an official statement stating that “the essence of the Yasukuni Shrine question is whether the Japanese side can sincerely repent that aggressive period of history.” The South Korean government also declared that “it cannot find words to express [its] concern that a Japanese prime minister would pay homage to war criminals.” Relations with China and South Korea remained icy throughout the period 2001 to 2006 when Koizumi was in office, although leaders of the three countries met several times during the period at multilateral fora, including at the Boao Forum in 2002, the G8 summit in 2003, and again on the occasion of the ASEAN+3 summit in the same year.

Actually, Koizumi’s annual visits helped him garner support from politicians and voters who already had become resentful of the anti-Japanese sentiments in China and Korea. Many Japanese believed that both countries were trying to “demonize” Japan, especially in their school textbooks. Moreover, Chinese and Korean leaders refused to hold bilateral meetings with Koizumi and other Japanese leaders.³³¹ In a public poll taken by Asahi and Kyodo in 2004, 42% and 48% of the respondents respectively, of Japanese respondents supported Koizumi’s Yasukuni visits, while the 41% and 46% thought that he should not have gone.³³² The public essentially was split on the issue, but the polls also underscore the growing enmity toward countries that “interfere in Japan’s domestic affairs.”

Koizumi forte was his dedication to building a stronger alliance with the United States. After the concentrated terrorist attacks on iconic American targets, such as the World Trade Center, where 24 Japanese were also killed, Koizumi almost immediately issued a statement of strong support for the U.S. and then actively supported the U.S.-led war on terrorism by sending Self-Defense Forces troops to Iraq and to the Indian Ocean for non-combat operations. Koizumi’s landmark break with Japan’s postwar passivity toward international security affairs gave impetus to the desire of conservative Japanese politicians to make Japan

³²⁸ Symonds, August 17, 2001

³²⁹ “Koizumi stirs diplomatic row with surprise Yasukuni visit,” *The Japan Times*, January 15, 2003

³³⁰ Chan, August 24, 2006

³³¹ Nobushiro Hiwatari, “Japan’s second democracy: the foundation of Koizumi’s diplomatic legacy,” *Harvard Asia Pacific Review*, 8:2 (Winter 2005), 42

³³² Hiwatari, 2005, 42

into a “normal” country that could take its place among other Western democracies. That included revising or reinterpreting Article 9 of the Constitution. Eventually, the call included removing the constitutional ban on collective self-defense, which the U.S. encouraged, in order to make the security relationship more equal. The U.S. indeed wanted to make Japan into an effective military ally.³³³ Moreover, since Koizumi was such a close friend of the U.S., Washington throughout his years in office was careful not to criticize his Yasukuni shrine visits.

2006-2007: Shinzo Abe 1.0

Shinzo Abe, Koizumi’s successor as Prime Minister, was more pragmatic and cautious about the Yasukuni controversy. He sought to improve Japan’s relations with China and South Korea, which Koizumi’s acts had soured. Abe himself avoided visiting the shrine. In April 2007, he simply made a ceremonial offering to Yasukuni by donating 50,000 yen as a private citizen to dedicate evergreen “sakaki” trees for the shrine’s festival. He also sent a small wooden placard with his signature “Prime Minister Shinzo Abe” to the shrine.³³⁴ Abe explained his intention as “showing respect for those who fought for the country and died, and praying for their souls.”³³⁵ Throughout his first term, Abe and a majority of his cabinet members stayed away from the shrine, with the exception of Sanae Takaichi, Japan’s Gender Equality Minister, who visited it on August 15, 2007, the anniversary of the end of the war.³³⁶

Abe, though, had his own revisionist views of history, which later would cause controversy. He also was an advocate of educational reform that would promote love of country among the nation’s children. In 2006, he tackled the Fundamental Law of Education of 1947 by passing a bill through the Diet that amended key portions. The 1947 law had emphasized “full development of personality of students,” but it did not mention whether or not Japanese young people should love their country. Abe’s government on December 15, 2006, passed landmark laws, one requiring Japanese schools to encourage patriotism in the classroom and the other, elevating the Defense Agency to the status of a full ministry.³³⁷ He also restored the “national achievement test,” which had been abandoned in the early 1960s due to criticism of its destructive impact on youth development.³³⁸

Since his first time in office, Abe has been closely connected with conservative forces in the LDP. Unlike Koizumi, who remained aloof from conservatives in his party, Abe was regarded as a champion of conservative interests. The grandson of Nobusuke Kishi, prime minister from 1957 to 1960, and son of Shintaro Abe, foreign minister (1982-86) under Prime Minister Nakasone, Abe was first elected to the Diet in 1993. From the start, he was

³³³ Masaru Tamamoto, “A land without patriots: the Yasukuni controversy and Japanese nationalism,” *World Policy Journal* (Fall 2001), 38-39

³³⁴ Martin Fackler, “Abe’s gift to the Yasukuni war shrine in Japan is scrutinized,” *The New York Times*, May 8, 2007

³³⁵ “Mr. Abe’s Yasukuni offering,” *The Japan Times*, May 12, 2007

³³⁶ Reiji Yoshida, “One minister breaks ranks, visits Shrine,” *The Japan Times*, August 16, 2007

³³⁷ Hiroko Nakata, “Education reform bills are enacted,” *The Japan Times*, June 21, 2007

³³⁸ Joe Lopez, “Japan’s ‘Education reform’ to indoctrinate nationalism,” *World Socialist Web Site*, January 3, 2007

active in a variety of conservative groups, such as the LDP's "History and Deliberation Committee." He was also involved with a right-wing group called "Diet Members' League for the 50th Anniversary of the End of War" that was formed in December 1994 to counter a parliamentary move to pass a war-apology resolution in August 1995. Abe was the group's deputy executive director. This group led twenty-six prefectural assemblies and ninety municipal assemblies across the nation to pass resolutions opposing the Diet resolution, arguing that Japan did not invade its Asian neighbors.³³⁹

However, the educational reforms were not at all appealing to Japanese students and teachers. Criticisms spread immediately after the passage of the controversial reform bill. Priority to the date of upper house vote, near 5,000 protestors demonstrated in central Tokyo to protest against the bill. On the day the vote, over 400 teachers, students, and workers protested in front of the Diet against "forcing patriotism" and "state control of education."³⁴⁰ Many students and teachers worried that the revision of the 1947 law might lead to the revival of militant nationalism in Japan.³⁴¹ Public opposition led to a rapid fall of Abe's support rate in the polls, which became worse after a series of pension-records scandal that embarrassed the government.³⁴²

Nonetheless, Abe's avoidance of Yasukuni eased tensions with neighboring countries. China and South Korea presented mild protests against Abe's educational reform. In October 2006, Abe made an "ice-breaking" trip to Beijing after a five-year hiatus in bilateral summits. His summit diplomacy was seen as a "turning point" in Japan-China relations, and generated a joint press statement that emphasized bilateral cooperation.³⁴³ During his meeting with Chinese Premier Wen Jiabao, Abe used reconciliatory language, expressing feelings of remorse to Asian peoples on whom he said Japan had imposed great damages and sufferings in the past.³⁴⁴ After the Beijing trip, Abe flew directly to Seoul to meet South Korean Prime Minister Han Myeong Sook, and South Korean President Roh Moo Hyun, and exchanged ideas on the abduction issue and the North Korean threat.³⁴⁵

Despite successful summits with Chinese and South Korean leaders, Abe in 2007 suddenly began to make controversial revisionist statements that upset the public in South Korea. On March 1, 2007, Abe denied that Japan's war in Asia was a war of aggression. He also denied the Nanjing Massacre, and asserted that comfort women were not taken by force, but were regular wartime prostitutes.³⁴⁶ Although the Chinese and the South Korean governments did not provide immediate responses to the controversial statements, Abe's reported intentions to ignore the evidence of "comfort stations" and to revise the Kono

³³⁹ Narusawa Muneo, "Abe Shinzo: Japan's new prime minister a far-right denier of history," *Japan Focus*, January 14, 2013

³⁴⁰ Lopez, January 3, 2007

³⁴¹ Akemi Nakamura, "New laws to reshape education system," *Education in Japan Community Blog*, June 21, 2007

³⁴² "Japan's politics: mess with grey-haired voters at your peril," *The Economist*, June 14, 2007

³⁴³ "Japan-China joint press statement," *Ministry of Foreign Affairs of Japan*, October 8, 2006

³⁴⁴ "Japan's Abe visits china, 'turning point' in relations," *Xinhua English*, October 8, 2006

³⁴⁵ "Prime Minister visits South Korea (Japan-South Korea summit meeting)," *Prime Minister of Japan and His Cabinet*, October 9, 2006

³⁴⁶ Hayashi, 2008, 124

Statement of 1993 provoked an angry outcry from the former comfort women themselves. Many of them were supported by a group of activists and asserted that the Japanese government should offer official apologies and compensations.³⁴⁷ They also attacked the AWF by saying that it was not state fund, eventually leading to the abandonment the fund in 2007.

Abe's revisionist statements also drew criticism from the United States. In 2007, the U.S. House of Representatives passed a resolution calling on Japan to formally apologize for the comfort-women tragedy.³⁴⁸ Nevertheless, the United States government generally kept silent on Abe's revisionism. In April 2007, Abe visited the United States for the first time as prime minister, and held a summit meeting with President Bush at Camp David. He reaffirmed the President Bush of the "irreplaceable and invaluable Japan-U.S. alliance" and they agreed to strengthen this alliance. Both leaders also agreed to address the issues in East Asia based on the alliance and to strengthen cooperation across a broad range of areas.³⁴⁹

2013-: Shinzo Abe 2.0

Since the late 2000s, Japan has undergone great stress from domestic and international challenges. At home, 2011 saw an unprecedented major earthquake, tsunami and nuclear accident in northern Japan that the country is still reeling from. A demographic crisis has begun with a rapidly increasing aging population with fewer children being born. The country has had to deal with global financial crisis of 2007, and the domestic economy's deflationary spiral. Moreover, Japan has had to deal with a rising China that has become more assertive in the East China Sea, including maritime moves around the Senkaku Islands, which both countries claim. North Korea's missile shoots in Japan's direction and its nuclear weapons program have also made Japan increasingly insecure.

There also is the legacy of the Lost Decade of the 1990s and sluggish economic growth since. Japanese generally feel a loss of national self-confidence, a dilemma that urged Japanese leaders to explore effective strategies to revive economic growth and national confidence. Abe returned to the prime minister's office in December 2012 with a stated intention of recovering the Japanese economy from deflation, and to make Japan a more "proactive" country capable of contributing to international cooperation and peace.³⁵⁰ Abe's domestic policy initially was weighed heavily toward rebooting the economy. Having learned his lesson from the first term, Abe seemed convinced that public support should be built by an agenda to grow the economy not one promoting a patriotic education,³⁵¹ Abe proposed a series of economic measures and reforms dubbed "Abenomics." He also promoted a globe-trotter diplomacy that had him visit dozens of countries, and he based his security policy on upgrading the security alliance with the United States.

³⁴⁷ Kozo Mizoguchi, "Japan's prime minister denies World War II sex slaves," *Japan Focus*, March 1, 2007

³⁴⁸ Alexis Dudden & Kozo Mizoguchi, "Abe's violent denial: Japan's prime minister and the 'comfort women'," *Japan Focus*, March 1, 2007

³⁴⁹ "Japan-US Summit Meeting (Summary)," April 27, 2007

³⁵⁰ Gavan McCormack, "Japan's 'positive pacificism': issues of historical memory in contemporary foreign policy," *Brown Journal of World Affairs*, XX:II (Spring/Summer 2014), 73-74

³⁵¹ Chico Harlan, "Shinzo Abe's come back as Prime Minister drives Japan's turnaround," *The Washington Post*, February 9, 2014

With regard to the history issue, Abe was a safe-driver during the early phase of his second term, focusing instead on the economy. He was initially cautious in his public statements.³⁵² During an interview with the conservative Sankei newspaper, Abe noted that the Murayama Statement was issued by a socialist prime minister, and that he intended to issue a “forward-looking” statement that was appropriate for the 21st century.³⁵³ He added that he would consult experts about the details and the timing of statement.³⁵⁴ Abe was also dedicated to continuing educational reforms, aiming to reinforce patriotic education.³⁵⁵ He restarted the Education Rebuilding Council, which was created in 2006, and revised the textbook screening guidelines to advocate patriotism. Nevertheless, Abe was careful enough this time not to create a domestic stir like during his first time in office.

Then, on December 26, 2013, Abe surprised even his aides by making an unannounced official visit to Yasukuni Shrine. Abe explained in a statement afterward that his visit was to pray for the souls of the war dead and not to pay homage to the enshrined war criminals there.³⁵⁶ His visit apparently was to satisfy the expectations of his conservative supporters. While he was a leader of the LDP opposition in 2012, he repeatedly expressed his regrets for not visiting the shrine during his first term.³⁵⁷ The sudden visit to the shrine served his purposes, and he never went to Yasukuni again.

Notably, not all members of the Izokukai supported Abe’s visit to the shrine. The increasing tensions regarding Yasukuni domestically and internationally have made the shrine so controversial that even the bereaved family association was upset. Some believed that the shrine should remain sacred for the war-bereaved families to pray for the souls of their family members, rather than becoming a place where politicians bargain for interests. The growing controversy led to an alternation of position of some members within the Izokukai. In October 2014, the Fukuoka Prefecture chapter of the Izokukai passed a resolution requesting the separation of the Class-A war criminals.³⁵⁸

China and South Korea responded to Abe’s visit with fury. A Chinese Foreign Ministry spokesman said that China “strongly protests and seriously condemn the Japanese leaders’ acts, [which] poses a major political obstacle in the improvement of bilateral relations.”³⁵⁹ At a press conference, South Korea’s Minister of Culture, Sports and Tourism expressed anger and urged Japan to stop “beautifying” its invasion.³⁶⁰ Furthermore, the U.S.’s reaction was the most unexpected for the Abe administration. Having kept silent on the controversial Yasukuni visit in the past, the U.S. Embassy in Tokyo released a statement of “disappointment” about Abe’s visit, since such action would “exacerbate tensions with

³⁵² Sven Saaler, interview at Sophia University in Tokyo, March 16, 2016

³⁵³ “Japan PM Abe wants to replace landmark war apology,” *Reuters*, December 31, 2012

³⁵⁴ *Ibid.*

³⁵⁵ Muneo, *Japan Focus*, 2013

³⁵⁶ Ed Payne & Yoko Wakatsuki, “Japanese Prime Minister Abe visits controversial Yasukuni War Shrine,” *CNN*, December 28, 2013

³⁵⁷ Peter Drysdale, “What to make of Mr. Abe and his visit to Yasukuni,” *East Asia Forum*, December 30, 2013

³⁵⁸ Martin Fackler, “Conservative group urges changes at Japanese war shrine,” *The New York Times*, October 28, 2014

³⁵⁹ “Japan PM Shinzo Abe visits Yasukuni WW2 shrine,” *BBC*, December 26, 2013

³⁶⁰ Payne & Wakatsuki, December 28, 2013

Japan's neighbors" and cause trouble to President Barack Obama's "rebalancing" policy in Asia.³⁶¹

2015: The Year of Reconciliation

Being a pragmatist first and nationalist second, Abe decided in 2015 to take further steps to bring about reconciliation with Asian neighbors as well as the U.S. in an attempt to "clear historical disputes off the table."³⁶² Unlike his first time as prime minister when he regarded China as an economic partner, Abe during his second time in office saw China in darker terms, and he shifted attention to countries that were able to provide support for Japan's security. Ironically, as a leader who had constantly criticized the postwar system dominated by America, Abe was now one of the most fervent Japanese leaders in touting the importance of the security alliance with the United States.³⁶³ Collaboration with South Korea also became part of Abe's strategy to tackle the security challenges brought by China and North Korea. Japan's foreign policy began to include collaborative approaches that aimed to establish "future-oriented" relationships for Japan within the Asia-Pacific region.

April 29, 2015: Speech at Congress of the United States

Prime Minister Abe's reconciliatory effort began with the U.S. and was played out during his state visit to Washington in late April 2015. On April 29, 2015, Abe became the first Japanese prime minister to give a speech to a joint session of the U.S. Congress. During the speech, Abe quoted his grandfather, Nobusuke Kishi, who had said, "It is because of our strong belief in democratic principles and ideals that Japan associates herself with the free nations of the world." He then expressed "remorse" for Japan's military actions against the United States in the Pacific War. Addressing the United States as a friend that used to be an enemy, Abe stressed the significance of reconciliation with the United States to pave the way for a "future-oriented" relationship.³⁶⁴

While describing his visit to the World War II Memorial prior to the Congress speech, Abe mentioned his "deep repentance" while standing in front of the memorial.³⁶⁵ With regard to Japan's militarist activities in Asia, he specifically expressed his intention to uphold the Murayama Statement by stressing:

"Postwar, we started out on our path bearing in mind feelings of deep remorse over the war. Our actions brought suffering to the peoples in Asian countries. We must not avert our eyes from that. I will uphold the views expressed by the previous prime ministers in this regard. We must all the more contribute in every respect to

³⁶¹ George Nishiyama, "Abe visit to controversial Japanese Shrine Draws Rare U.S. Criticism," *The Wall Street Journal*, December 26, 2013

³⁶² Tomohiko Taniguchi, speech at SAIS in Washington D.C., March 22, 2016

³⁶³ Jeff Kingston, phone interview in Tokyo, March 15, 2016

³⁶⁴ Chikara Shima, "Abe lays groundwork ahead of WWII statement," *The Yomiuri Shimbun*, April 30, 2015

³⁶⁵ Kazuhiko Togo, "Abe takes a step towards reconciliation in US visit," *East Asia Forum*, May 2, 2015

the development of Asia. We must spare no effort in working for the peace and prosperity of the region.”³⁶⁶

He carefully avoided such key words as “apology” and “aggression” in his speech. Neither was there any reference to the comfort women issue. Why Abe omitted the issue of comfort women in his speech to the Congress speech is unclear, but perhaps it was only his intent to focus it only on addressing reconciliation with the U.S. Earlier at a question and answer session after his summit meeting with President Obama, Abe responded to questions on the comfort women issue by categorically stating:

“On the issue of comfort women, I am deeply pained to think about the comfort women who experienced immeasurable pain and suffering as a result of victimization due to human trafficking. This is a feeling that I share equally with my predecessors. The Abe Cabinet upholds the Kono Statement and has no intention to revise it. Based on this position, Japan has made various efforts to provide realistic relief for the comfort women.”³⁶⁷

Abe was generally successful in achieving his objective of drawing public attention to the “future-oriented” U.S.-Japan partnership and the common ground between the two countries. The Obama administration highly regarded Abe’s speech as a good prerequisite for strengthening the bilateral relationship.³⁶⁸ Confronting a rising China and a nuclearized North Korean, the United States values Japan as a partner in pursuing its regional interests in Asia. For the U.S., the revision to the bilateral defense cooperation guidelines, which expanded the reach of Japan’s Self-Defense Forces in supporting American military activities, was one goal reached. The other objective that the United States sought was the successful conclusion to the Trans-Pacific Partnership free trade pact talks.³⁶⁹

Nevertheless, there remained critics among the U.S. lawmakers who urged Abe to make a stronger expression of contrition about Japan’s aggression during the Pacific War. Representative Mike Honda, a California Democrat, invited Yong Soo Lee, a comfort woman victim from South Korea, to attend Abe’s speech as his guest. Afterward, he claimed that it was “shocking and shameful” that Abe failed to offer an “official apology” during his speech.³⁷⁰

Needless to say, China and South Korea were not satisfied with Abe’s speech. In a regular news briefing on Thursday afternoon, Chinese Foreign Ministry spokesman Lei Hong called on Tokyo to “adopt a responsible attitude toward history, honor statements, and commitments that face up to and express deep reflection upon history including the

³⁶⁶ Shinzo Abe, “Address to a Joint Meeting of the U.S. Congress, Shinzo Abe, Prime Minister of Japan,” April 29, 2015

³⁶⁷ “PM’s Response to Questions on the Comfort Women Issue in Q&A Session in the Joint Press Conference,” *Japan-US Summit Meeting*, The White House’s Transcript, April 28, 2015

³⁶⁸ “Abe paved own way for Congress address,” *The Yomiuri Shimbun*, May 10, 2015

³⁶⁹ Hiroyuki Kotake, “Alliance of hope anchored by security, economy still on thin ice,” *Nikkei Washington*, April 30, 2015

³⁷⁰ Tsuyoshi Nagasawa, “Abe offers ‘deep remorse’ over World War II,” *Nikkei Washington*, April 30, 2015

Murayama statement.”³⁷¹ Seoul’s foreign ministry also declared in a statement that “it is highly regrettable that Prime Minister Abe...missed the opportunity of turning around Japan’s relations with its neighbors by not showing a correct understanding of history or offering a sincere apology.”³⁷²

At home, the opposition, led by the Democratic Party of Japan (DPJ), criticized Abe’s attempt to deepen the U.S.-Japan alliance by using the tactic of reconciliation. Domestic conservatives also were disappointed with Abe’s apologetic stance on history. They faulted Abe for simply rewording the statements of apology by Kono and Murayama.³⁷³ Abe nonetheless was careful in choosing words and phrases for his public statements that would not lead to serious controversy. The Washington speech paved the way for Abe’s statement in August on the 70th anniversary of the end of the war, in which a similar strategy was used, based on Abe’s pragmatism, to bring about reconciliation with Asia.

August 15, 2015: The 70th Anniversary Statement

On August 15, 2015, the 70th anniversary of the end of World War II, Abe issued a constructive and carefully balanced statement that incorporated words of “remorse” for the Pacific War, as well as stress Japan’s willingness to contribute to peace in the future. After giving a short history of Japan’s road to war and the eventual defeat, Abe stated that,

“On the 70th anniversary of the end of the war, I bow my head deeply before the souls of all those who perished both at home and abroad. I express my feelings of profound grief and my eternal, sincere condolences... Japan has repeatedly expressed the feelings of deep remorse and heartfelt apology for its actions during the war. In order to manifest such feelings through concrete actions, we have engraved in our hearts the histories of suffering of people in Asia as our neighbors: those in Southeast Asian countries such as Indonesia and the Philippines, and Taiwan, the Republic of Korea and China, among others; and we have consistently devoted ourselves to the peace and prosperity of the region since the end of the war.”³⁷⁴

The statement also emphasized Japan’s postwar path, on which it had performed as a peace-long country by not only constantly remembering the war, but also actively participating in humanitarian assistance such as offering Official Development Assistance (ODA) to countries in Asia and other regions, and conducting peacekeeping operations.³⁷⁵ Similar to the Congressional speech, Abe’s anniversary statement aimed to alter the world’s view on Japan from “past oriented” to “future-oriented.”

³⁷¹ Toko Sekiguchi & Yuka Hayashi, “Shinzo Abe’s speech to congress brings military alliance closer,” *The Wall Street Journal*, April 30, 2015

³⁷² Ibid.

³⁷³ William Brooks, comments on class oral report, April 18, 2016

³⁷⁴ Shinzo Abe, “Statement by Prime Minister Shinzo Abe,” August 15, 2015

³⁷⁵ “‘Remorse’ to feature in Abe statement,” *The Yomiuri Shimbun*, July 22, 2015

Abe was keen to clarify that the anniversary statement was a “personal statement,” rather than a statement decided by the Cabinet.³⁷⁶ The August statement was preceded by a report from an advisory panel in early 2015 that was established by Abe himself to provide suggestions for Abe’s August 15 statement. Several themes were discussed in the report, including the lessons that Japan should learned from the history of the 20th century, the significance of maintaining Japan’s postwar pacifism, and the postwar reconciliation between Japan and the rest of Asia, as well as between Japan and the United States and European countries.³⁷⁷

Within the panel, disagreements split between stances on the nature of Japan’s military conduct in the Pacific War. Shinichi Kitaoka, who chaired the panel, stated: “The war waged by Japan was reckless fighting in which this country lost sight of the situation in the world and caused many victims, mainly in Asia...[and] it is wrong to say that Japan fought the war to liberate its Asian neighbors.” Kitaoka had some supporters who saw “Japan’s actions were nothing but aggression.”³⁷⁸ However, others found the word “aggression” inappropriate since they said its definition was unclear, even under international context. Abe himself, who also questioned use of term aggression that might cause irritation in the party,³⁷⁹ chose to be the supporter of the latter group and did not include the term in his statement.

Publicly, Abe explained the avoidance of using “aggression” as an attempt to end the endless cycle of apologies for Japan’s military past.³⁸⁰ The endless apologies could lead to increasing antipathy from audiences in China and South Korea, which have demanded Japan to apologize for several decades.³⁸¹ With the major theme that emphasized the “future,” Abe’s statement declared:

“Japan has repeatedly expressed feelings of deep remorse and heartfelt apology for its actions during the war. Such positions articulated by previous cabinets will remain unshakable into the future. We must not let our children, grandchildren and even further generations to come, who have nothing to do with that war, be predestined to apologize.”³⁸²

China and South Korea did not agree with Abe’s stance. In their opinions, the anniversary statement attempted to alter the narrative of Japan’s wartime militarist conduct to portrait of the country in a more positive way. China’s foreign ministry said that Japan “should make a clear explanation and a sincere apology to the people of the countries who suffered from that era of military aggression” and “take concrete actions to gain trust of its Asian neighbors and

³⁷⁶ “Cabinet decision not likely for Abe’s anniversary statement,” *The Yomiuri Shimbun*, June 22, 2015

³⁷⁷ “Experts split over use of ‘aggression’ in statement,” *The Yomiuri Shimbun*, June 27, 2015

³⁷⁸ *Ibid.*

³⁷⁹ Linda Sieg & Kiyoshi Takenaka, “Japan hurt Asia with ‘reckless war,’ PM’s advisors say,” *Reuters*, August 6, 2015

³⁸⁰ Jonathan Soble, “Shinzo Abe echoes Japan’s past World War II apologies but adds none,” *The New York Times*, August, 14, 2015

³⁸¹ “Cabinet decision,” June 22, 2015

³⁸² Abe, August 15, 2015

the global community.”³⁸³ Park Geun Hye, President of South Korea, said that Abe’s speech contained “regrettable elements”, adding that she hoped Japan would quickly address the issue of women’s “honor and dignity.”³⁸⁴

Japanese domestic audiences were not all pleased by Abe’s efforts to bring about reconciliation. Tomiichi Murayama, the former prime minister who issued the famous Murayama Statement in 1995, criticized Abe’s speech for lacking clarity in its content, saying that “fine phrases were written, but the statement does not say what the apology is for and what to do from now on.”³⁸⁵ Emperor Akihito also made a speech on the same day that urged Japan not to forget the past and to promote reconciliation with Asian countries. It was seen as a rare “subtle rebuke” of Abe.³⁸⁶ Abe continues to avoid Yasukuni, but his appointment of three Cabinet members, along with the LDP’s policy chief, Tomomi Inada, who boldly visit the shrine at every opportunity, have called into public question the sincerity of his reconciliatory stance.

The United States welcomed Abe’s statement. Ned Price, spokesman of National Security Council, stated that the United States “welcome[s] Prime Minister Abe’s expression of deep remorse for the suffering caused by Japan during the World War II era, as well as his commitment to uphold past Japanese government statements on history.”³⁸⁷ Such positive reaction, which reversed the U.S. Embassy’s “disappointment” in 2013, indicated that Abe’s trip to Washington was fairly effective.

December 28, 2015: the Japan-South Korea Agreement on the “Comfort Women Issue”

The next step for the Abe administration was to restore strained ties with South Korea. On December 28, 2015, Abe and President Park, during a telephone conversation, sealed an agreement designed to resolve the comfort women issue. The two leaders appreciated the fact that senior officials in their governments had found a formula to bring closure to the issue of comfort women, after accelerated consultations following earlier Japan-South Korea summit meeting, held on the sidelines of Japan-China-ROK summit in November. Abe specifically expressed his “most sincere apologies and remorse” to all the women, who had experienced “immeasurable and painful experiences and suffered incurable physical and psychological wounds as comfort women.” He reintroduced the concept that Japan’s relationship with South Korea was “future-oriented.”³⁸⁸

After the Abe-Park telephone talk, the foreign ministers of both countries made an announcement summarizing the content of the talk. Foreign Minister Fumio Kishida stated:

³⁸³ Justin McCurry, “Japan’s emperor strikes more apologetic tone than Abe over second world war,” *The Guardian*, August 15, 2015

³⁸⁴ Ibid.

³⁸⁵ Jimin Chen, “The paradox of Abe’s Speech,” *China US Focus*, August 25, 2015

³⁸⁶ “Japan emperor expresses ‘deep remorse’ on WW2 anniversary,” *Reuters*, August 15, 2015

³⁸⁷ Ned Price, “Statement by NSC Spokesperson Ned Price on Japanese Prime Minister Abe’s statement on the 70th anniversary of the end of World War II,” *The White House*, Statements & Releases, August 14, 2015

³⁸⁸ “The telephone talk between the Prime Minister Abe and President Park Geun-hye,” *The Ministry of Foreign Affairs of Japan*, December 28, 2015

“The issue of comfort women, with an involvement of the Japanese military authorities at that time, was a grave affront to the honor and dignity of large numbers of women, and the Government of Japan is painfully aware of responsibilities from this perspective...The Government of Japan will now take measures to heal psychological wounds of all former comfort women through its budget...[deciding] that the Government of the ROK establish a foundation for the purpose of providing support for the former comfort women, that its funds be contributed by the Government of Japan as a one-time contribution through its budget...”³⁸⁹

The amount of money was not included by Kishida’s announcement, but it was mentioned by Foreign Minister Byung Se Yun in his announcement to the media that “the expected amount will be around 1 billion yen.”³⁹⁰

Yun also stated the position of South Korea on the agreement:

“The Government of the ROK is aware of the concern of the Government of Japan over the memorial statue placed in front of the Embassy of Japan in Seoul with respect to the maintenance of the peacefulness and respectability of its mission, and will make efforts to appropriately address the concern, including through consultations with relevant groups on possible responses.”³⁹¹

The agreement on providing compensation represented Japan’s second official attempt to provide government funds for South Korean former comfort women since the abandonment of the AWF in 2007. Although wording of the announcement by both foreign ministers was slightly different, it was evident that a significant new agreement had been reached between Abe and Park.

Japanese domestic audiences seemed relatively satisfied with the agreement. Former Prime Minister Murayama, who had criticized Abe’s anniversary statement, regarded Abe’s action as having been “decided well.” Tomomi Inada, a right-wing member of the LDP, suggested that the agreement would be worthwhile if it put the dispute to rest. Even the DPJ “welcomed” the Abe-Park agreement, but cautioned that if Abe continued to support revisionist causes in the future, reconciliation with South Korea could be undermined easily.³⁹²

The United States was pleased to see reconciliation between Japan and South Korea. The willingness of the South Korean government to communicate with Japan was also a “triumph”

³⁸⁹ “The announcement to the media by the Foreign Minister of Japan,” *The Ministry of Foreign Affairs of Japan*, December 28, 2015

³⁹⁰ “The announcement to the media by the Foreign Minister of South Korea,” *The Ministry of Foreign Affairs of the ROK*, December 28, 2015

³⁹¹ Ibid.

³⁹² Choe Sang-Hun, “Japan and South Korea settle dispute over wartime ‘comfort women’”, *The New York Times*, December 28, 2015

for the U.S.³⁹³ There was speculation that Park's shift in her attitude towards Japan might be the result of pressure from Washington.³⁹⁴ Nevertheless, these efforts were regarded as positive actions that fulfilled Obama's "rebalancing" policy.

The reconciliation was crucial for Japan, as well. There was a desire to form a trilateral partnership with the United States and South Korea to deal with North Korea and China's aggressiveness. In the telephone talk, Park also presented a willingness to join the Trans-Pacific Partnership and to strengthen cooperative relationships with Japan and the United States.³⁹⁵ South Korea's collaboration was important leverage for Japan and the U.S. in dealing with regional issues, including the threat from North Korea and the assertiveness of China on territorial and maritime issues.

Unfortunately for Japan, some of the comfort women in South Korea were not appeased by the compensation scheme. Yong Soo Lee, Mike Honda's guest during Abe's speech to the Congress, said that money was not their ultimate demand. She demanded Japan make "official reparations" for the crime it had committed. She also pointed out that the agreement did not reflect the viewpoints of comfort women, and she stated that she would rather ignore it entirely.³⁹⁶ The Korean Council for the Women Drafted for Military Sexual Slavery in Japan, a civic group that advocated for official apology and reparations from Japanese government, believed that the agreement was "humiliating diplomacy" that "betrayed" the wishes of comfort women and the South Korean people.³⁹⁷ The Korea Times also posted an article presenting "regret" on the agreement that failed to consult comfort women before the deal was made.³⁹⁸

Future Prospects: Revisionism or Reconciliation?

The political tension between the causes of historical revisionism versus the advocacy of reconciliation will continue to be a dominant theme in Japan's domestic politics and foreign relations with its Asian neighbors, and increasingly with the United States. Whether revisionism or reconciliation will take the lead in Japan's policy priorities depends on Japanese leaders' strategies for pursuing regional stability and security. On the one hand, support from domestic conservatives has long been the key leverage for Japanese leaders to win political campaigns and to fulfill reform agendas at home. The Yasukuni visits and controversial history textbooks are tools that are constantly utilized by leading Japanese conservatives to maintain support from conservative forces. Even someone as independent-minded as Koizumi -- always on the fringes of the conservative forces in the LDP -- could not ignore their influence. He needed to visit Yasukuni every year to maintain his bona fides. Historical revisionism will never disappear in Japanese politics as long as the country is under such a conservative leadership and is in need of conservative support for future reforms.

³⁹³ Simon Tisdall, "Korean comfort women agreement is a triumph for Japan and the U.S." *The Guardian*, December 28, 2015

³⁹⁴ Ibid.

³⁹⁵ "The telephone talk," December 28, 2015

³⁹⁶ Hun, December 28, 2015

³⁹⁷ Ibid.

³⁹⁸ "Regret on Park-Abe deal," *The Korea Times*, December 29, 2015

On the other hand, changing external circumstances are forcing Japan to respond in a way that reflects national interests and not the narrow interests of right-wing conservatives. Japanese leaders need to maintain a proper balance between those narrow domestic interests and the expectations of the international community. Further, Japan's security interests and its economic future depend on its having smooth relations with neighboring Asian countries, as well as with its ally the U.S. and a growing number of strategic partners. While the forces of xenophobia remain in Japan, glorifying the past and denying history, their power to control the policy agenda is waning. Reconciliation instead has become an important and inevitable tactic adopted by Japanese leaders in pursuing better ties with the outside world. Abe's agenda has broadened to include free trade agreements, such as the TPP, a "seamless" security relationship with the U.S., renewed economic and security cooperation with South Korea, and a blossoming relationship with Southeast Asia that now includes strategic ties with the Philippines and other countries. Abe's attempts to amend the Constitution and to move Japan toward becoming a "normal" country on equal footing with its ally the U.S. are succeeding, despite facing obstacles at home. The major problem is what to do about China. The solution may be to treat China less as an enemy and more as a potential partner, while coordinating that approach with the U.S. In the process, reconciliation might again become a major theme in Japan-China relations.

The reconciliation process did not end with the Japan-South Korea agreement of December 2015. On May 10, 2016, the White House announced that President Obama would become the first president-in-office to visit Hiroshima in Japan, one of the Japanese cities that had been atomic bombed by America during World War II. Obama did not apologize for the bombing, and neither has Abe pressed him for such. Both leaders simply agree that they are to offer a "forward-looking vision focused on [their] shared future."³⁹⁹ Obama's visit, in which he gave an impressive speech and met with hibakusha (atomic bomb victims), complements Abe's reconciliatory speech to the Congress on April 29, 2015. It would not be a surprise to see the Prime Minister during 2016 visit Hawaii and lay a wreath at Pearl Harbor as a further step along the path of reconciliation.

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³⁹⁹ Gardiner Harris, Julie Hirschfeld Davis, Jonathan Soble, "Obama to be the first sitting president to visit Hiroshima," *The New York Times*, May 10, 2016

Futenma Base Relocation: What Keeps Going Wrong?

Introduction

It has been over two decades since the Japanese and United States governments agreed to close the U.S. Marine Corps' Futenma Air Station in Ginowan City in Okinawa Prefecture. The base, deemed to be the "most dangerous air station in the world," because it is in the midst of a highly populated city, is supposed to be relocated to the remote northern part of Okinawa, specifically to the shore of Camp Schwab, a Marine facility in the Henoko district of Nago City. But confrontation between the central government and Okinawa Prefecture over the relocation plan has been hindering efforts to return the base ever since. As of 2016, the Futenma base remains open, its fate entangled in local politics and, now, legal disputes.

Futenma has been home to some 3000 Marines of the 1st Marine Aircraft wing and a lynchpin in the U.S.-Japan Security Alliance. In July 2014, the first two KC-130J Super Hercules aircraft with Marine Aerial Refueler Transport Squadron-152 (VMGR-152) departed Marine Corps Air Station (MCAS) Futenma July 8 and flew to MCAS Iwakuni in Kyushu, beginning the transfer of the squadron from Okinawa to mainland Japan. The completion of this move leaves 24 Osprey MV-22 aircraft at the base. These are to be relocated to the replacement facility at Camp Schwab. The actions can be traced back to a 1996 agreement finally being implemented.

Relocating Futenma – and the other reversions and force changes accompanying it – is a major step in the effort to realign the presence and distribute the activities of U.S. forces in Japan. The movement of these aircraft, along with the work over the past years to prepare facilities, and the work that continues to complete the move of the entire squadron, represents an important accomplishment in the implementation of the final report of the Special Action Committee on Okinawa (SACO final report) and the 2006 Roadmap – the two major documents signed by the governments of Japan and the U.S.

Okinawa was returned to Japan by the U.S. in 1972, but relations with the large remaining U.S. military presence have not been smooth. The nadir occurred in 1996, 24 years after reversion, when three U.S. military personnel brutally gang-raped a 12-year old school girl. The perpetrators were apprehended and turned over to Japanese police authorities to be tried and eventually convicted. But the backlash from the incident swept across Okinawa and the rest of Japan. Following massive protests and a growing crisis over the very presence of U.S. troops in Okinawa, the U.S. and Japanese governments agreed to lower the U.S. military presence by measures that included the relocation of Futenma Air Station to the remote northern part of the island. The two governments later specified that location as off the shore of Camp Schwab in the district of Henoko. The desire to ease the burden and strain around the major populated south part of the island that hosted Futenma air base was since, but now 20 years later, after various iterations of the Henoko relocation plan, what seemed to be a promising solution to the problem, has yet to be completed, and Futenma remains open, a symbol of the over-presence of the U.S. military in the island prefecture of Okinawa.

In the meantime, the delay in closing Futenma has been punctuated by periods of great furor and protests by Okinawans toward the presence of U.S. bases, set off by crimes,

accidents and other incidents committed by U.S. personnel, the latest being a rape and murder of a young woman by a former Marine working for a U.S. base in the prefecture.

There is no excuse or explanation for any type of crime, and given the sensitive relationship between the U.S. bases and the Okinawa community, any incident or accident is too much. However, looking briefly at the crime statistics for all Okinawa, the crime rate for the civilian population is 183 per 10,000, while the crime rate for U.S. personnel is 53 per 10,000. In other words, the military's crime rate on Okinawa is only 28 percent of the Japanese crime rate, or nearly 3.5 times per capita of the crime rate of U.S. servicemen. The U.S. forces' side argues essentially that a genuinely serious crime when committed in Okinawa by an American soldier is a terrible exception to the rule, and defends the vast majority of American servicemen as being distinguished, well-disciplined and respectful, as the military teaches and demands of its personnel. Although the U.S. stresses that any heinous crime or terrible accident is intolerable, the fact is that memories of them last a long time. And when relations between the community and the U.S. military are already strained, any incident or accident will set things off. As one seasoned observer commented, "When things are going well with Tokyo, spiky things could happen, but if relations are strained, heaven help a Corporal that trips over a bicycle."⁴⁰⁰

Against that backdrop, this paper will take an in depth look at the social and political aspects affecting both sides of this issue. Why the many delays, what have been the key problems, who are the main actors, and what are the solutions being offered? Moreover, what is the current status and timeline for completion? In order to answer all of these questions, this paper looks beyond existing reports and will attempt to answer the questions through a journalist's eye by interviews with key people with insider's knowledge and experience in Okinawa affairs. Those interviewed include scholars, military officers, diplomats, think-tank analysts, and Okinawan prefectural government (OPG) representatives.

Since it is slated for return to Japan, Futenma Air Station, except as an emergency runway and a place for MV-22 Ospreys to operate, currently holds little future purpose for the U.S. Marines. The arrangement as agreed between the U.S. and Japanese governments is for it to close as soon as a suitable site is ready for the 24 Ospreys now on the tarmac. Large transport aircraft like C-130s that used to be part of Futenma's capability have already been transferred to Iwakuni in Kyushu.

What has been holding up the completion of the relocation is a political battle over the Henoko site that has stretched out for two decades. The previous governor, Hirokazu Nakaima, came around to approving the Henoko project, but his decision set off a political outcry that ended in his reelection defeat. His successor, current Okinawan governor Takeshi Onaga, has joined hands with activists to oppose the replacement site, using every legal means possible to delay or stop the construction project at Camp Schwab. The standoff with the central government has now hit the courts, resulting in an indefinite delay in starting the Henoko project. There have been no attempts to find a compromise or viable solution, and at this point in time, there seems to be no resolution in sight, particularly with the public

⁴⁰⁰ Interview with LtGen. Wallace Chip Gregson, 5/4/2016

outrage set off by a former U.S. serviceman's murder of a young woman. Compromise of any kind seems impossible now.

The saga of Futenma's relocation goes back twenty years, but the many plans and agreements to resolve this issue all in the end encountered insurmountable political roadblocks. For a while, during the three year rule by the Democratic Party of Japan (DPJ), particularly when Yukio Hatomo was prime minister (2009-2010), the idea of moving Futenma to a site elsewhere in Japan or outside the country was pursued, but the notion failed and Henoko in the end was seen as the sole option.

Currently, under the Liberal Democratic Party (LDP) and Prime Minister Shinzo Abe, the central government wants to go ahead with the Henoko relocation plan, no matter what. So far, the Abe administration has ignored other options, floated by scholars and the like, such as using a new landing strip being built at the civilian Naha International Airport, moving the 24 Ospreys to Kadena Air Base, also in Okinawa, or to bases in Kyushu or other parts of Japan. Putting the Ospreys on Kyushu, for example, makes a lot of sense, since it would be easy operationally for the Marines. Moreover, closing Futenma quickly makes sense for it would be more in line with former Secretary of Defense Robert Gates' goal of a more mobile force that would be widely dispersible and operationally ready.⁴⁰¹ Guam is another option, but its remote location is a key weakness. That island served well strategically as the main hub for bombing Japan during WWII, but the Ospreys are a kind of helicopter so stationing them far away on Guam would be hard to sell to the Marines. Moreover, this option would not be as good for the interests of Japan's national security and U.S. readiness in the region.

Okinawa's Tragic History and Strategic Importance

Japan historically has had a strategic interest in the Ryukyu Islands including Okinawa since early times, but it did not formally annex the hitherto independent kingdom until the 19th Century. America also has held a strong strategic interest in Okinawa and Japan since WWII. Okinawa was the place where one of the bloodiest battles of the war took place and the only one to actually occur on the Japanese homeland. These memories have had a lasting effect on the older and more vocal anti-base activists in Okinawa, albeit still a minority of the local population. After the war, the U.S. military forcefully took over land from Okinawans to make into bases, something that did not occur in the rest of Japan. These memories of war and treatment of Okinawa by both the Japanese and the U.S. military have resonated ever since.

Politically, the military basing issue dates back to the pre-reversion time between 1945 and 1972. American during the time of the occupation, and for a short time after, were dismissive of local views by such callous practices as firing ammunition over civilian roads or carrying out flight training in urban areas. This historical legacy of the occupation has shaped local opinion of the presence of the U.S. military on the island prefecture.⁴⁰² Memories are long in Okinawa. An F-4 that crashed into a school in 1959 is still remembered and commemorated as if it had happened yesterday. Okinawans may have a different

⁴⁰¹ Source: Interview with LtGen. Wallace "Chip" Gregson, 5/4/2016

⁴⁰² From interview with former U.S. diplomat, 3/24/2016

perspective on the world around them than do the people of the rest of Japan, or for that matter, of the U.S. If one were to examine the history of Japan from the Meiji Era when Tokyo officially annexed the Ryukyu Islands, many Okinawans would give a much different perspective than the government in Tokyo.

After the war ended and U.S. occupation troops took over Okinawa, bases were literally built right on former battlegrounds, and later, towns and cities grew around the bases. Futenma is but one of a number of U.S. bases in Okinawa located in congested downtown areas. It is now an obvious disadvantage for the U.S. to have such a concentration of bases and facilities in urban areas. By moving Futenma up north to a less populated area, in this case Henoko District of Nago City, the calculation is that relations with the local community will be much better, and due to the configuration of the planned runways, much safer. In this case, a mere 24 aircraft will be relocated, since the large transport aircraft at Futenma have been moved already to MCAS Iwakuni in Kyushu. The residents of the small district of Henoko have not resisted the move; it would add to the local economy. It has been the citizens of Nago and their current mayor, an anti-base activist, who reject the relocation, ostensibly for the environmental impact—the bay near the base is filled with coral and is a habitat for dugongs, an endangered species of mammals.

Okinawa does not appreciate the reality of the prefecture's increasingly critical strategic location due to the rise of China as a naval power trying to extend its control of waters that even include areas claimed by Japan. In recent years, as China's maritime advances and territorial claims in the East and South China seas create tensions in the region, the U.S. has realized that it is overinvested in northeast Asia and under invested in other parts of Asia.⁴⁰³ Hence, the Obama administration came up with its "rebalancing" or "pivoting" strategy. Most Okinawans most likely understand this reality, and appreciate the U.S.-Japan alliance in principle. Their concern is focused on the over-presence of U.S. bases in their prefecture. They wish to have a voice in the conversation, since to them, the dialogue always tends to be only between Tokyo and Washington, and does not include them. Okinawans rightly feel that are left shouldering the majority of the burden of the security alliance. The trouble is that current plans to lessen the U.S. military's footprint in Okinawa by drawing down up to 9,000 Marines and returning a number of facilities, including Futenma, have constantly been stymied by local political resistance to the Futenma relocation to Henoko. But under current plans, unless the replacement facility at Henoko is constructed, nothing else happens. It is a vicious cycle.

⁴⁰³ Interview with LtGen. Wallace Chip Gregson, 5/4/2016

Futenma 1945 vs 2016



Politics Rules in Okinawan Affairs

Okinawans argue quite rightly that the burden of hosting too many U.S. bases is unfair. No one disagrees with them. This is because roughly 74% of the U.S. military bases in Japan are located in Okinawa prefecture, which only makes up about 1% of the total land mass of Japan.⁴⁰⁴ However, there are also obvious benefits to Okinawan for hosting the bases, especially since it does not have a strong economy, with a meager amount of agriculture and manufacturing. The drivers of the economy would seem to be tourism, in addition to the presence of the U.S. military (see companion paper on Okinawa by Kellie Garrett in this yearbook).

The problem with the U.S. bases in Okinawa is their ownership, which is not the government of Japan but thousands of private land owners, who signed leases with the government to allow the U.S. to use their land. Futenma, for example, has 3000 land owners, each having a sliver of land that is leased to the government. In the rest of Japan, the central government is the ultimate owner of the base land.

In Okinawa after reversion, the land owners received significant compensation in the form of lump sums or rents under a leasing system where the rents periodically go up every 5 years under a negotiated settlement. Moreover, enormous amounts of development funds also have gone into Okinawa from the central government as compensation for hosting the bases. Over time, the prefecture has grown used to depending on such subsidies, which unfortunately did not lead to Okinawa correcting its economic deficiencies.⁴⁰⁵

⁴⁰⁴ Interview with Okinawa Prefectural Government Representative to Washington, D.C. Hideo Henzan, 3/4/2016

⁴⁰⁵ Interview with LtGen. Wallace Chip Gregson, 5/4/2016

The problem then becomes how to satisfy the large appetite for such funds, and that does not lead to public acceptance of having so many bases in the prefecture. The central government would like to draw the line, but it cannot. Moreover, the psychology of dependency has created a feeling among many Okinawan that they are not fully enfranchised Japanese.⁴⁰⁶ There is also the issue of eminent domain, which Japan has but weakly enforces. It would allow the central government to be able to take over land for public use and then turn it over the U.S. for use as bases. The central government has been hesitant to do this in Okinawa because of the legal implications and likely social backlash. Officials prefer to curry favor in Okinawa and to not let the bases escalate into a bigger issue than it is already.⁴⁰⁷

In the U.S.'s view, Futenma now is mostly needed as a contingency base, as well as a place to park 24 Ospreys. Moreover, Washington sees the Henoko project to reclaim the 180 hectares that is essentially a part of Camp Schwab and build a small runway as rational compromise. Why can't Okinawa accept that? The new runway on the shore of Camp Schwab will be much smaller than Futenma's and built in a way that would reduce flights over local homes. Should there be need for a longer runway to accommodate large fixed wing aircraft, there is the option of using Kadena or the new second runway at Naha airport now being planned.⁴⁰⁸ Ironically, the villagers in Henoko have a good relationship with the base, even participating in sports events such as softball tournaments, or enjoying festivals together as well as friendship days. Although the residents of the small district of Henoko may say they accept the plan, Nago City as a whole has consistently rejected the relocation, complaining that they think it will affect daily life due to the noise and safety factor. However, only about 20% of the local population lives close to the base (the Henoko residents) and the other 80% lives on the other side of a small mountain where there is no noise. The Nago residents may oppose the plan because they do not see the economic benefit of it.⁴⁰⁹

The idea of relocating Futenma to Guam came up during the Hatoyama administration, but was ultimately rejected as unfeasible. However, Marines from other bases in Okinawa are scheduled to be relocated there, once barracks and other facilities are readied. The Japanese government is paying for the project. But progress has been slow in preparing the sites, and even Guam representatives in Washington are reportedly frustrated with how long it is taking for the troops to relocate there.⁴¹⁰ Guam cannot sustain any more troops, however. It is an even smaller island than Okinawa and many of the same issues would arise, granted the populations are vastly different with Guam having a population of 160,000 versus 1.4 million in Okinawa.

⁴⁰⁶ Interview with LtGen. Wallace Chip Gregson, 5/4/2016

⁴⁰⁷ Based on Interview with Okinawa Prefectural Government Representative to Washington, D.C. Hideo Henzan, 3/4/2016

⁴⁰⁸ Interview with LtGen. Wallace Chip Gregson, 5/4/2016

⁴⁰⁹ Interview with Okinawa Prefectural Government Representative to Washington, D.C. Hideo Henzan, 3/4/2016

⁴¹⁰ Interview with Okinawa Prefectural Government Representative to Washington, D.C. Hideo Henzan, 3/4/2016

Currently, there are 12,000 military personnel in 212 square miles of land in Guam versus 19,000 Marines in 466 square miles of land in Okinawa. Facing delays in relocating the Futenma base, in 2012 the United States and Japan agreed to “de-link” the replacement facility with the transfer of marines to Guam. The current plan is to relocate 9,000 marines (and their dependents) from Okinawa, deploying 5,000 to Guam, 2,500 to Australia on a rotational basis, and 1,500 to Hawaii as soon as the receiving facilities are ready. From 2011 to 2014, members of Congress continually raised concerns about the cost and feasibility of moving the Marines to Guam and other locations, and blocked some funds dedicated to the realignment.⁴¹¹

In the search for other parts of Japan to share the burden of the U.S. military overpresence in Okinawa, of the 47 prefectures in Japan, 45 are on record as not wanting to accept military relocation.⁴¹² The not-in-my-backyard or NIMBY complex about accepting U.S. military facilities prevalent in other parts of Japan has disappointed and angered Okinawan officials, but there is nothing that can be done about the resistance of Japanese communities across the nation to having foreign troops stationed in their backyards.⁴¹³

The 20 years of opposition to the Henoko plan in any iteration has created a strong activist movement in Okinawa. Incidents or accidents become the fuel for their activities. Resistance to the Henoko relocation project has been the constant source of activist energy. It has been said that if Futenma is closed, relocated to Henoko, the anti-base movement’s momentum would be lost and their cause would wane.⁴¹⁴ Moreover, if the prefecture upon base reversion started to develop the land, for the benefit of Okinawa’s economy, the private owners would lose their rent incomes. These landowners do not want to see Futenma closed. At this point the issue becomes a prefectural one instead the central government’s onus.

There is a cynical argument that is prevalent among observers of Okinawan politics. They believe that the stonewalling on Okinawa’s part to the relocation is all about money. Most Okinawans, however, would disagree. But others would say that since the relocation in the end is inevitable, Okinawans might as well take as much money as possible from the central government, and cut their losses somewhere.⁴¹⁵

The cynics say that Governor Onaga is using his delay tactics on Futenma relocation in order to negotiate the best deal possible, and that it not about principle but money. Once Okinawa accepts the deal, they will have to live with it long term.⁴¹⁶ Every year, around \$3 billion in development funds are pumped into Okinawa by the Japanese government. Where does that money go? Okinawa continues to have the highest unemployment rate of any prefecture in Japan, so the money is not creating jobs. It is not stimulating the Okinawan economy to any extent. Sources familiar with the way such money is spent in Okinawa note

⁴¹¹ <https://www.fas.org/sgp/crs/natsec/R42645.pdf>

⁴¹² Interview with Okinawa Prefectural Government Representative to Washington, D.C. Hideo Henzan, 3/4/2016

⁴¹³ *ibid*

⁴¹⁴ Interview with Hosei University Institute of Okinawan Studies, Research Fellow Hiroshi Meguro, 3/17/2016

⁴¹⁵ From interview with a former U.S. diplomat. 3/24/2016

⁴¹⁶ Interview with Okinawa Prefectural Government Representative to Washington, D.C. Hideo Henzan, 3/4/2016

that too much money goes for unneeded infrastructure and that it should be going, for example, to develop Okinawa's software, schools, education, and study abroad programs.⁴¹⁷ By funneling funds into the higher education system, more career opportunities for youth would be created, and economic growth for Okinawa could be sustained. One idea would be to build such facilities as a world class medical hospital that could serve as a treatment center not just for Okinawans but also attract patients from the mainland as well as all of Northeast Asia.⁴¹⁸

In the end, even if the Futenma replacement facility is forcibly built at Henoko Point, was it all worth the effort? One Japanese politician said in that case, "You may get your Henoko, but will you want it at that point?"⁴¹⁹ This speaks to the same concerns the central government has with forcibly applying the right of eminent domain. Some argue that the long delay in implementing the project may have a positive aspect, because over time, Okinawans may soften their opposition and accept the inevitable. If the money can be enough to keep things moving, then the undercurrents eventually could be softened. As the aging population dies off, war memories will fade and the younger people, whose basics of life have been taken care of thanks to the subsidies being invested in the right places, will become calmer and the new voice will be more practical.⁴²⁰ That argument may seem like a logical assumption, but the reality is that after 20 years of wrangling, Okinawans, as seen in opinion polls, are no more amenable to the Henoko relocation project now than they were two decades ago. In the end, the U.S. and Japanese governments may have to bend and give in.

A softening of Governor Onaga's position, as expected in some circles, could happen. The rumor is that the governor wants to find a way out from his campaign promises and also realizes that the reality that in the end, some kind of deal is inevitable. He wants to win a second term in the election in November 2018, so he has to weigh what effect a compromise on Henoko would have on his reelection chances. His predecessor found out by paying the price for his willingness to compromise. Still, he could say that he had negotiated the "best deal possible,"⁴²¹ Some of the deals being discussed are of course additional funds, a train system running north-south on the island, a theme park near the aquarium up north on the island, a convention center, a casino, and a stadium. Whether such a deal can be worked out that would satisfy ordinary Okinawa citizens to go along remains in the realm of speculation.

Legal Battles: Onaga vs. Abe but No Winners

Since Governor Onaga came into office, his tactic has been to use every legal means possible to delay the Henoko project. On Oct. 13, 2015, Onaga started the legal battle by repealing the approval by his predecessor, Hirokazu Nakaima, of reclamation work in the Henoko area of Nago City, saying that the approval included errors.

⁴¹⁷ From interview with U.S. diplomat 3/24/2016, the same rhetoric was echoed in the interview with the LtGen.

⁴¹⁸ Interview with LtGen. Wallace Chip Gregson, 5/4/2016

⁴¹⁹ From interview with U.S. diplomat, 3/24/2016

⁴²⁰ *ibid*

⁴²¹ Interview with Okinawa Prefectural Government Representative to Washington, D.C. Hideo Henzan, 3/4/2016

A cease fire was called in the legal battle of lawsuit after lawsuit in March 4, 2016, when the central government and Okinawa Prefecture reached a court-mediated settlement to suspend construction of the Henoko facility in a bid to end their spiraling legal battle.

The settlement proposed by the Naha branch of the Fukuoka High Court did not resolve the battle over plan to relocate Futenma to Henoko. It only asked both sides to further discuss the issue and drop the strategy of filing lawsuits one after the other against each other.

“I have decided to accept the court’s mediation recommendation and settle with the Okinawa prefectural government,” Abe told reporters. “There is no change in the central government’s thinking that relocating the base to Henoko is the only alternative to achieve the total return (to Japan) of Futenma base land. However, if the current relationship involving a series of lawsuits should continue endlessly, the result will be a stalemate.”

The Prime Minister then instructed Defense Minister Gen Nakatani to halt land reclamation work under way for the new base at Henoko. I remains stalled as of this writing. The main points in the mediated settlement were: 1) the withdrawal of lawsuits filed by both sides, along with the immediate halt of land reclamation work at Henoko ordered by the director of the Okinawa Defense Bureau; 2) discussions between the central and prefectural governments to reach a satisfactory resolution of the issue; and 3) assurances by both sides to abide by court decisions if they again file lawsuits against each other.

The lawsuit for which the court mediation proposal was made was filed by the central government in November 2015. It sought to retract an earlier decision by Okinawa Governor Takeshi Onaga to rescind approval by his predecessor for the land reclamation work at Henoko.

Then, in June, a government panel tasked with helping resolve the dispute between the Okinawa and central governments over the Futenma relocation called on both parties to hold “sincere discussions.” The panel did not rule on the legality of the government’s order to reverse Onaga’s revocation of approval for landfill works to build the new base. Panel chair Mitsuo Kobayakawa said, “We thought issuing either a positive or negative judgment on the correction order will not be beneficial in helping the state and local governments create desirable relations.” “The best way to resolve the (Futenma) issue is that the state and Okinawa Prefecture hold sincere discussions toward their common goal of a return (of the land used for the base)” to Japanese control, he added. The panel’s conclusion came as part of a mediated agreement made by the Naha branch of the Fukuoka High Court on March 4.

But what does the long legal battle mean for the citizens of Ginowan, the city that hosts Futenma? They have been waiting since 1996 for the base to close. In fact, some were so upset by the current impasse that they filed a lawsuit against the governor for his delaying tactics.

Unfortunately for Ginowan citizens, a district court in Okinawa Prefecture on June 14, 2016, dismissed their lawsuit filed against Governor Onaga’s decision to block the base’s relocation within the prefecture. In the suit filed with the Naha District Court, a dozen

residents, later increased to 112, sought revocation of Onaga's decision and ¥120 million (\$1 million) in damages. They claimed the decision has kept the base open indefinitely, infringing on their right for a peaceful life, according to press reports. The suit said the revocation amounts to the governor abusing his authority, since there were no errors related to Nakaima's approval, and that any delay in the return of land used for the base to Ginowan would leave local citizens' rights endangered even longer.

In handing down the ruling, the presiding judge denied the plaintiffs' standing to sue, calling the suit illegitimate. He also said there was no basis for the compensation claim against the governor. In essence, Ginowan residents must continue to be the victims of the legal game being played out between Okinawa and the central government.

SOFA Challenged by Vicious Murder

Crimes by American personnel have been the main source of tension between community and bases. According to police statistics, from the reversion of Okinawa to Japan in 1972 to the end of 2015, the prefecture saw 574 heinous crimes committed by members and civilian workers of the U.S. forces and their relatives, with 741 investigated. These crimes included 26 cases of murder, 129 cases of rape, 394 cases of burglary and 25 cases of arson. Okinawans want the U.S. troops on the bases treated as if under Japanese law; the U.S. insists that the Status of Forces Agreement (SOFA) is the sine qua non since U.S. troops abroad must be granted extraterritoriality rights. But the American side over time has been willing to change the application of the SOFA to allow suspects to be turned over expeditiously to Japanese authorities in the case of heinous crimes like rape and murder.

The year 2016 saw one of the most vicious crimes perpetrated by an American in Okinawa. This time, the alleged murderer was a civilian, former Marine who worked on base as a contractor. He has confessed to raping and then murdering a 20-year old woman. The incident sparked huge public protests and anger. The issue received saturation level national media coverage. The Abe administration demanded and received an apology from the American side. Promises also were made by the U.S. side to take steps to prevent future crimes, but the murder could not have come at a worse time for U.S.-Japan relations, just before President Obama's visit to Japan for the G7 summit meeting and a historic visit to Hiroshima.

The self-confessed defendant will be tried and convicted by a Japanese court. But the demands of Okinawans go beyond that. They include revising the Status of Forces Agreement (SOFA), because the civilian who murdered the woman was somehow covered under the extraterritoriality granted military personnel and their families. Although the alleged killer was in the hands of the police and would have been turned over, if not under arrest already, the Japanese complaint that civilians, especially contract employees, should never have SOFA status was well-taken by the U.S. side.

The Japanese charge was well taken, and as a result, U.S. and Japanese officials reached a basic agreement on limiting American civilians working for U.S. bases for legal protection under the Japan-U.S. Status of Forces Agreement (SOFA). The accord came after renewed

calls in Okinawa Prefecture in recent months for a drastic revision of the SOFA following the American's arrest. In the past, such calls have been answered by the two governments agreeing to improve the application of the SOFA and leave the main body of the pact intact.

This continues to be the case, with the United States and Japan announcing on July 5 new procedures aimed at ending SOFA protection for some civilian base workers. The new procedures places civilians into four categories and exclude those who already have Japanese residency visas from falling under the SOFA. The agreement did not satisfy Okinawan officials who wanted a SOFA revision not a codicil. The SOFA is seen by many in Okinawa and Japan as allowing U.S. personnel to evade prosecution, though representatives of the U.S. forces in Japan dispute such characterizations.

SOFA as the Enemy

SOFA issues do not stop with crimes, however. For example, a long festering issue has been the inability of Japanese fire department and other officials to enter bases in order to check for environmental violations. Communities near U.S. bases in Japan, including those in Okinawa, have long argued that the bases are not observing environmental standards and spewing out pollution, such as through fuel spills and poorly stored hazardous materials. They demand a change in the SOFA that would allow Japanese authorities access to bases, not currently allowed, to inspect for environmental violations and enforce Japanese laws.

Again the issue has been resolved without touching the SOFA per se. On September 27, 2015, the U.S. and Japanese governments signed an accord that permits access by Japanese authorities to U.S. military facilities in Japan for environmental surveys. The agreement was signed at the Pentagon by Defense Secretary Ash Carter and Foreign Minister Fumio Kishida. It supplements the SOFA that allows the United States to maintain military bases in Japan. Although the agreement does not officially amend the SOFA, it is the first such bilateral supplement to the agreement since its implementation in 1960.

Future Options Depend on Compromise

So far, this paper has focused on the past and present in order to gain a clearer picture of the complex muddle of the Futenma relocation issue that has defied easy solution, but what are some possible future options available to finally and perhaps ultimately resolve that and the overall basing issue in Okinawa? In the past, various plans were presented but none was implemented, so reaching an agreement is not the problem, it would seem. Getting all local parties on board to support whatever is agreed at the top has been the stumbling block, over and over. Even under the DPJ rule of Prime Minister Hatoyama, who took office in 2009 with a vow to move all the troops out of Okinawa – a seemingly wonderful solution to the residents of Okinawa – implementation failed when the government could not find any viable place in Japan or outside the country to accept the base. So the Hatoyama administration in the end had to return to the default plan of Henoko. The LDP under Prime Minister Abe has run with that ball, but finding the goalpost has proved elusive, due to the governor constantly moving it.

The anti-base forces in Okinawa now have the lead, and the project, tied up in litigation, is now on hold – perhaps indefinitely. Ironically, a U.S.-Japan joint planning document in April 2013 indicated that the new base at Henoko would be completed no earlier than 2022.⁴²² Now, most recent projections are saying 2025, but even that date may prove to be elusive. Futenma seems likely to remain open indefinitely – unless someone is willing to compromise in one direction or another: Okinawan officials accepting the Henoko relocation project, or American and Japanese government officials reconsidering that option and finding some way to accommodate the remaining aircraft – Ospreys – at another base somewhere, such as in Kyushu.

At this writing, neither side seems to be entertaining any notion of changing the deadlocked status quo.

Cynics blame the Okinawa governor. They say that Onaga, who allegedly had wanted all Marines out of Okinawa, now realizes this is unrealistic. They say that he sees compromise in the end as inevitable, but wants to hold out and use delaying tactics to try and get the best deal possible. Perhaps, the solution in that case might be more funding for much needed infrastructure to boost Okinawa's economic potential (see Kelli Garrett's paper). Okinawa has consistently lagged behind the rest of the Japan in investment, jobs, and income levels. Some say the legacy of the Occupation until reversion in 1972 is the cause of the now permanent lag.⁴²³ To host the bases there, as well as to promote economic development, the central government continues to provide financial largess in the annual national budget to Okinawa to bolster the economy. The question has been whether the money was used wisely, since the gaps in infrastructure are still apparent, such as transportation through the core city of Naha.

One solution posed by observers is for the Okinawa Prefectural Government (OPG) to seize the reins and come up with a master development plan, based on the best urban planners and designers it can find, that would incorporate the base land, including Futenma. The OPG would then seek financing assistance from the central government and private investors to implement the plan, which would have a specific timetable and blueprint. The issue of the private landowners, mentioned above, would be tackled and resolved in the plan. The leverage of such a plan for the future of the Okinawan economy could not be resisted by those who seek to keep Futenma open indefinitely, thus gumming up the works for the facilities slated for return. The responsibility of whether Henoko really is needed by the Marines from a practical as well as a strategic viewpoint should be addressed by Washington. It just may be that the Ospreys could be more easily relocated to another facility, Kadena in Okinawa, Iwakuni in Kyushu, or one of the Self-Defense Force bases on that island.

The key goal would seem to be to get the Okinawan economy thriving. There are no shortage of ideas floating about on that front: trains, convention centers or stadiums, a theme park, housing, and the like. As there are currently no trains in Okinawa except for a tourist-use monorail in Naha, a train from the North to the South of the island would allow for commute from the sparsely-populated northern part of the island to the southern part where

⁴²² <https://www.fas.org/sgp/crs/natsec/R42645.pdf>

⁴²³ Interview with Hosei University Institute of Okinawan Studies, Research Fellow Hiroshi Meguro, 3/17/2016

there are better jobs. Transport facilities would help attract investments from mainland Japan or abroad. Better infrastructure – social and economic -- could really help raise incomes of Okinawans.

Turning to the Henoko relocation plan, outside of anti-base politics, the main argument that bears scrutiny seems to be the environmental impact, which the government study indicates would be minimal. Yes, the dugongs would have to find another place in the bay to swim, and some of the coral along the shore would be damaged, but the original plan for the project devised in the mid-1990s was a massive offshore project that would have destroyed the bay clear and simple. The current project is a far cry from that enormous runway built on stilts in the middle of the bay.

On the noise pollution issue, the V-configuration of the runways, which are much shorter than the original plan, will not greatly affect the lives of the Henoko residents nearby.

Over the long run, the U.S. military presence in Okinawa has been decreasing and will likely to continue to do so in the future, based on strategic and not purely political decisions. Eventually, there is likely to be a much leaner presence, with U.S. forces spread out across Japan and the region for strategic reasons. However, the chances are that the SDF presence in Okinawa, starting with the remote islands, will increase, mainly due to the maritime advances of China creating real security concerns in Japan. Already, the SDF is developing an amphibious landing force, like the U.S. Marines, designed to take back remote islands occupied by invading forces Okinawa will have to be ready to accept such a reality; otherwise, the wrangling with the U.S. military over bases may be replaced by the same problem with the SDF.

With too many bases and too many American soldiers crammed into Okinawa, the Futenma basing relocation issue has become the lightning rod for grievances piled up among the population for decades. It has also become to the frustration of many a never-ending story, in which a seemingly endless tussle over closing a “dangerous” base and relocating to a less dangerous spot is punctuated by local outrage over some latest incident or accident. The vicious spiral of anger and recrimination and anti-base momentum can only be ended if this symbolic basing issue is brought to closure – literally.

Kaleb Cope

Okinawa's Economic Development and the U.S. Bases

Introduction

The issue of relocating MCAS Futenma, the U.S. Marine base located smack in the middle of densely-populated Ginowan city in Okinawa, has been festering for over twenty years. The United States and Japanese governments agreed in 1996 to close the base and relocate its functions to a remote site off the shore of Camp Schwab in northern Okinawa, but the implementation of this promise has been stalled ever since. One political obstacle after another has been raised continuously at local levels in Okinawa that did not want another “base” built anywhere inside that island prefecture. At this writing, the latest iteration of a relocation project – this time to Henoko Point at Camp Schwab – has been stalled again, this time by legal red-tape.

In a sense this is an impressive feat. All three parties to the various agreements to resolve that basing issue – Tokyo, Washington, and Okinawa – must take credit for stalling a project for two decades. But for the residents of Okinawa, particularly those in Ginowan City, it has become a constant source of unease – due to the possibility of a crash -- and annoyance – due to the noise factor. A base located in the middle of a city is not easily ignored or put out of mind, and so tensions have been high and ongoing. A helicopter crash outside the base on an adjacent university campus in 2004 further underscored the potential danger of the base. As a result of the standoff that never seems to end, the Futenma relocation issue has become a so-called “thorn in the U.S.-Japan alliance,” a political sore spot for multiple prime ministers, a cause for anti-base activists who can rally tens of thousands every time there is a serious accident or incident involving U.S. military personnel, and one of the biggest campaign points for opposition candidates running for government offices in Okinawa or seats in the Diet. In the last Diet election, candidates backed by the ruling Liberal Democratic Party (LDP) lost every seat in Okinawa.

According to the latest agreement, the supposed date of full closure for Futenma is 2025⁴²⁴, but this date is dependent on the state of construction on the Henoko replacement facility. If the project continues to be delayed, as it is now, Futenma will not be closed on time. Do those local activists seeking a permanent delay in the Henoko project realize or care about that fact? Or is the continued presence of Futenma part of their calculus?

While the political wrangling over the relocation issue is of central importance, the larger, looming, and even more dangerous issue that Okinawa faces is a distinct lack of urgency in actually resolving the basing issue. It has been twenty years since the original agreement to relocate Futenma, but despite tense anticipation of the base being closed, nothing concrete has been presented or fully accepted by the central government as to how the land will be utilized afterward. Vague plans exist but in fact, there has been little or no known discussion about the future use land that has been leased by the U.S. military for over 70 years. This lack of concrete planning does not just extend to immediate land issues in Futenma, but to the Okinawa base situation as a whole. As protestors rage about the

⁴²⁴ Staff Report: Futenma Itself.

unfairness of base density on Okinawa, the political process to speed up the drawdown of U.S. personnel, as agreed between the two governments, has come to a halt.

Economically, Okinawa benefits in a number of ways for hosting U.S. bases. From tax-breaks to central government funded public works development projects, Okinawa's economy is based in part on an inherent dependency on base benefits. Even though the "base economy" is now down to 5% of the prefectural GDP, the figure is much higher for communities hosting U.S. bases. As it stands, the lack of concrete planning in terms of the use of Futenma after reversion is just one example of a larger problem in Okinawa, namely, that Okinawa has yet to transfer the periodic surges in anti-base energy into developing the prefectural economy to its maximum extent. In order to understand how Okinawa has let its economic development lag, it is important to see the elements that have created, and allowed, this problem to continue.



Marine Corps Air Station Futenma and the surrounding Ginowan City: <http://www.pref.okinawa.jp/>

The Leased Land Issue

Okinawa was never asked whether it wanted to host U.S. military bases, with over 70% of the U.S. forces in Japan now in Okinawa. The Pacific was especially harsh on the small chain of islands, with the Battle of Okinawa taking over 120,000 civilian lives. Under the U.S. occupation until 1972, Okinawa was left to American rule while the mainland focused on rapid re-industrialization and began to enjoy a booming economy. In Okinawa, meanwhile, U.S. bases were built, amidst the outcry of local farmers whose land was appropriated. Rather than giving the U.S. the land outright, the U.S. instead forcibly leased the land from the farmers.⁴²⁵

There were several problems with this agreement. One was that there were no remaining records of who owned which plot of land due to fires during the war, so the prefectural government took claims of ownership and size at face value, and yearly rents were collected

⁴²⁵ Meguro interview (see references at end of this paper)

based on what was reported.⁴²⁶ Every five years the valuation was raised by 5% to somewhat match inflation, and today a lease will give a family around \$18,500⁴²⁷ per year. This amount is not large, but it is a steady, dependable income that thousands of families receive yearly. Many of these families are from traditional fishing and agricultural industries, which will be discussed later. These industries represent a very low percentage of GDP for Okinawa, so the lease rents are essential for many family incomes.

When Futenma is eventually closed, the leases inevitably will become a complicated issue. Although payments have been received based on reports by the lease owners, when the land is returned, there is likely to be a chaotic situation settling accounts. Not only do no records exist for the leases, which should have been addressed at some point, especially during these past twenty years since Futenma's closure was announced, but the land has changed. The original topography for the area Futenma sits on was more geographically interesting, with hilly areas. When the land was flattened for runways and the like it changed the overall acreage. No matter if the lease holder's originally reported the size and location of their land to the government with complete perfection and honesty, in the end the leases will not match up to available lands⁴²⁸.

One of the largest issues facing Okinawa, more specifically Ginowan City, will be consolidating these leases. This is because not only will deciding ownership and verifying validity of land claims be difficult, if Okinawa also continues to wait until the land has been returned to begin this process, it will delay any development projects that utilize the land. Although there are some limitations in verifying ownership while the base is still occupied, it is strange that no progress has begun. The issue has been left to linger in a bureaucratic limbo centering around Ginowan City. This is especially troublesome considering that recent agreements have been made to allow the prefectural government the ability to request surveys of the base land in the case of environmental accidents or contamination.⁴²⁹ If the Okinawan government can request access for such issues, then they should make an effort to slowly access the land to make the transition easier for all parties involved.

The current lack of clear land development plans is also concerning. Although some proposals have been brought up, either for resort and public facilities, or simply a concentrated effort to expand the service industry through retail development, none have been fully decided upon. One more ambitious project was related to human development and would utilize the land for the retail sector, while also building up the IT industry by establishing to train workers to fill the new jobs the buildup would create.⁴³⁰ Unfortunately, the central government did not approve this plan, and as it stands, the land's future seems to be stuck in limbo.

⁴²⁶ Yoshikawa.

⁴²⁷ Johnson. "Why are American Troops"

⁴²⁸ Yoshikawa.

⁴²⁹ Kameda. "U.S.-Japan"

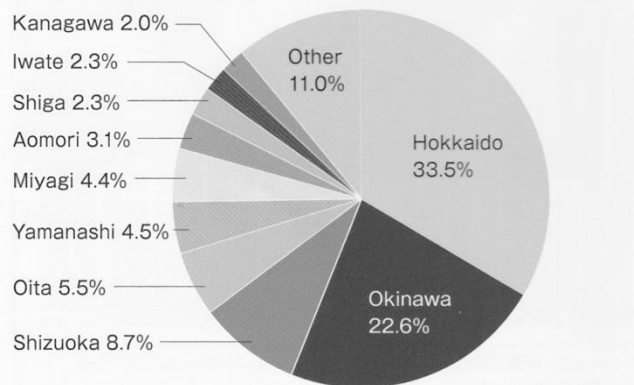
⁴³⁰ Okinawa: Effects of Long-term US Military Presence."

Economic Development Lags

Okinawa's major economic problem is a lack of investment in viable new industries that could buttress its future development. Okinawa's two main sources of jobs and revenue are the construction industry and tourism -- a growing area which the prefecture is now promoting. Tourism, along with IT and retail businesses, make up a huge service industry in Okinawa. The smaller traditional industries, such as fishing, agriculture, and distilling *awamori*, a local liquor, are limited in terms of adding to the prefecture's GDP growth. There are other craft industries such as glass products and beautiful fabrics, but the potential there, too, is small. There seems to be little incentive for starting new industries, such as manufacturing products, that might make a significant contribution to Okinawa's economy.

There is a reason why manufacturing ventures are missing from the development plans for Okinawa. To begin with, Okinawa is small in terms of landmass, particularly when compared to the massive islands that make up mainland Japan. Moreover, the portion of this land allocated for U.S. bases in the postwar period was excessive and concentrated in the southern, highly populated portion of Okinawa. Since Okinawa makes up only a mere 0.6% of Japan's total land mass, 18% of Okinawa's landmass hosts U.S. bases. It thus makes sense that Okinawans are ready to see some of those bases go. For activists, all of the bases should leave. Of the U.S. bases in Japan, including those jointly used with the SDF, 22.6% are located in Okinawa and 33.5% are in Hokkaido (all jointly used), while no other prefecture in mainland Japan hosts even 10% of bases.⁴³¹ This gives Okinawans the impression that mainland Japan would rather keep U.S. bases away from their backyards, and continue to force the burden on the historically non-Japanese prefectures.

The Percentage of land use by U.S. military bases in Japan
(including shared bases with the Japan Self-Defense Force)



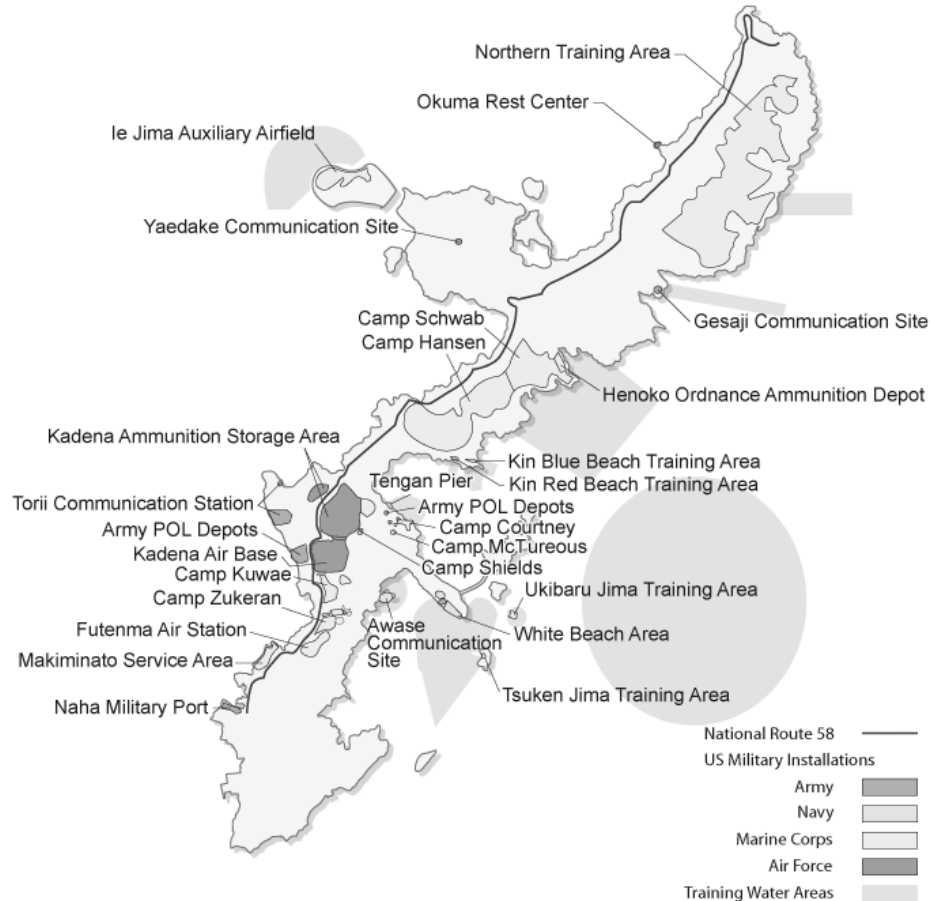
※This may not make a total of 100% due to rounding of numbers.

Base distribution by prefecture: <http://www.pref.okinawa.jp/>

In 1972, when the U.S. military returned control of Okinawa to the mainland government, the initial industrial boom, especially in regards to manufacturing companies,

⁴³¹ "Okinawa Prefecture.

had died off. Okinawa was too far away from mainland Japan for companies to justify expanding to those far flung islands.⁴³² Adding to this the complete lack of infrastructure and the looming presence of U.S. military, Okinawa was just not attractive in 1972, and it was easily ignored and left to its own devices.



Locations utilized by U.S. military in Okinawa: <http://www.pref.okinawa.jp/>

The Construction Industry

The construction industry is the largest industry in Okinawa, but it is also declining at an alarming pace; which is understandable. There is only so much that can be built on a chain of small islands before you reach a point of redundancy, with each community vying for development projects. This is, of course, a distinct problem in all of Japan. Funding public works is a way to ensure that constituent groups representing the labor industry are sure to vote for labor-sympathetic candidates come election time. In Okinawa’s case, however, the prefecture’s small size makes the redundancy more apparent. Public works projects account

⁴³² Hongo. “40 Years after Return”

for about 50% of all construction work in Okinawa. The rest of Japan has a 40% average.⁴³³ Currently, with public works projects having reached a kind of saturation point in Okinawa, the construction industry has entered a long period of decline.

Such a phenomenon is not an unusual aspect of Okinawa's economy, as will become apparent below, but in this specific example, the issue is a lack of demand. For example, in Okinawa the population remains fairly steady, with nearly equal numbers of people moving from Okinawa as are coming in. So, the demand for new housing development projects is limited. In fact, many houses along the outer rims of cities have been abandoned as residents eventually relocate to a home nearer to city centers. Yet, publicly-funded housing projects continue as usual, despite the lack of demand.⁴³⁴

This effect is echoed when we look at convention centers in Okinawa. By building convention centers, Okinawa hopes to bring in more entertainment to take advantage of the growing tourism industry. This makes sense as tourism from the mainland and other countries is growing. Yet, every city has its own small convention center. These facilities are too small, though, to be utilized for large events. Although each city finds a use for them, the end goal was always to attract crowd-drawing entertainment acts to Okinawa. This would require the construction of large convention centers, not an increase in smaller ones.⁴³⁵

The Japanese government funnels a large amount of public works resources into Okinawa each year, yet a lack of planning or even communication among leadership in Okinawa has been criticized as essentially squandering this money. No matter how much investment and development goes into Okinawa at this point, without a clear sense of purpose for the use of these funds, the construction industry will continue to dwindle.

The Tourism Industry

Tourism is still a small portion of Okinawa's GDP, even compared to the dwindling construction industry, but it is the fastest growing industry, rising by 10% from 2013 to 2014. There was a 62% increase in tourists from abroad during the same period.⁴³⁶ Okinawan officials clearly realize the importance of this industry and are beginning to focus more specific attention on it. At the moment, Okinawa is facing the problem of how to upgrade its tourism industry. One of the potential development plans being considered for the Futenma base land is in fact related to this demand, with more resorts, hotels, and facilities for both residents and tourists. Yet another possibility for developing the land is to build more retail locations, such as department stores, for domestic and foreign consumption.

This is a realistic plan in many ways. The reason is that many foreign tourists, especially those from Taiwan and China, enjoy coming to Okinawa to purchase low-priced electronic goods. In fact, many cruise ship tours specifically stop in Naha for just this purpose.⁴³⁷

⁴³³ Brooks. *Cracks in the Alliance?* (pgs. 101-102)

⁴³⁴ Hook. *Japan and Okinawa*. (pg. 5). Brooks. *Cracks in the Alliance?* (pgs. 101-102).

⁴³⁵ Meguro interview.

⁴³⁶ "Record Number of Tourists Visit Okinawa in 2014."

⁴³⁷ Kazuzu. "Sustainable Island Tourism" p. 8.

Ginowan, for example, plans to improve tourist facilities such as by creating an emulation of Tokyo's famous Electric Town, Akihabara, and thus cash in on the increased number of tourists. It seems from these sorts of plans that Okinawa has a firm grasp of the direction it wishes to go in tourism. Yet, many development plans remain hazy and lack firm decisions to go ahead with them. In fact, Okinawa's tourism, despite its recent growth, has not always been profitable. This was due to a lack of direction or planning, as well as competition by slashing prices and hotel rates in order to capture the limited number of tourists visiting the island.⁴³⁸

With the growing tourism boom, however, Okinawa has several options for taking advantage of the trend and expanding the scope of tourism. These best options for Okinawa to develop are the above mentioned retail tourism, sports tourism, and cultural tourism. The latter two options deserve some further elaboration.

It may seem slightly off topic, but Japan loves baseball, and every year during the off-season, Japanese baseball teams head to Okinawa to train. With them comes a small but loyal group of fans who come as tourists every year. This is a small group, but every city hosting a team knows about these yearly treks, and yet it is not taken advantage of. By knowing that every year an entire team, or teams, of baseball players are coming for training means that every year the locality can anticipate a certain, steady increase in tourism at a specific time. More localized projects in sports medicine or events surrounding these time periods could be promoted and bring in more players and fans. It is not a huge group, but the fact that host cities do not take advantage of this situation is indicative of a deeper problem that has stagnated Okinawa's economy. Whether it is because host cities see the fluctuation of this yearly event not worth investing in, or because it is assumed that no matter what they do the players are guaranteed to come, the local tendency seems to be more preoccupied with accepting the *status quo* rather than trying to initiate growth.⁴³⁹

Cultural tourism is a similar problem. Like other tropical islands, Okinawa is visually attractive, and has a rich culture that could be marketable, like that of Hawaii. Many traditional industries like fishing and agriculture are still done with very simple technology, and for tourists such a way of life is an attraction. Promoting cultural differences domestically, and showing off history and tradition to foreign tourists is a sort of tourism that is, and continues to be, very popular internationally.⁴⁴⁰ Yet, similarly to sports tourism and retail tourism, it has not been promoted or developed to its full potential.

The Fishing Industry

One of two traditional and declining industries, fishing in Okinawa has not changed much over time, which is in itself a reason to make that industry an attraction for tourists. The traditional techniques used by fishermen have made fishing difficult in recent times, especially in the area around the Senkaku islands, where modern Chinese and Taiwanese fishing boats compete with unsophisticated Okinawan fishing boats for catches. The

⁴³⁸ Ibid, p.9.

⁴³⁹ Meguro interview.

⁴⁴⁰ Kazuzu. "Sustainable Island Tourism", p. 4.

Okinawan fishermen fight a losing battle here, as success in the area is nearly impossible due to the traditional fishing pole techniques often getting mangled or made ineffective compared to net techniques used by their more technologically flexible rivals.⁴⁴¹ Still, fishing has a history for fishing families in Okinawa, though it has declined enough to make it not worth any special attention or investment, the families that have been fishermen will likely, to some extent, remain fishermen. It will likely always exist, but never in a way that would make it useful towards Okinawa becoming self-sufficient.

The Agricultural Industry

Historically, Okinawa was an agricultural prefecture. Before the war around 80% of the population was made up of farmers. But in 1945, as the bases were being built, many of these farmers lost their lands in the aforementioned strong-arming that resulted in the U.S. forces leasing the land from the farmers. The period after 1945 until around the time the U.S. returned control of Okinawa back to the Japanese central government in 1972, Okinawan farmers were further restrained by the massive amounts of produce imports that the U.S. forces brought in as a way to make Okinawa more dependent on the bases. This is one of the reasons as to how agriculture declined so dramatically¹⁴⁴².

Agriculture is a near balance of crop and animal production. The majority of meat raised in Okinawa is pork, and, more recently, beef. The staple crops include sugarcane, fruits, such as mangos and papayas, and sweet potatoes. Due to Okinawa's tropical climate, rice is not possible, so in Okinawa, the staple starch tends to be sweet potatoes or taro root. Because of this, Okinawa is obviously not self-sufficient to any particular degree, as almost all food has to be brought over from the mainland or, more often, imported.

As an industry, agriculture has been declining, more recently dropping to just around 5% of Okinawa's GDP. As it stands, agriculture is not especially worth developing. Similar to the fishing industry, agriculture is traditional and products such as fruits and sugarcane are pushing their image as premium goods when they are sold within Okinawa or sent to the mainland. Still, agriculture will probably continue to be an inherited industry and the limitations of Okinawa's viable lands, and limitations on the types of crops Okinawa supports, shows that trying to make the agricultural industry larger would not be worth the land it requires to grow.

The Awamori Industry

Awamori, a type of rice wine made by distilling rather than brewing, is like a Japanese version of bourbon. It is a different sort of inherited industry, as the technique came originally from Thailand, where the rice used to make it is also purchased. There are around 47 distinct *awamori* makers in Okinawa, and only Okinawa can produce *awamori*.⁴⁴³ Besides

⁴⁴¹ Meguro interview.

⁴⁴² Hook. *Japan and Okinawa*, p. 7.

⁴⁴³ "8-year-old Awamori"

exclusivity of the alcoholic beverage, *awamori* also enjoys a high price, and has more recently been nominated to be registered by UNESCO as a world cultural heritage, further ensuring that *awamori* will remain a cultural product that will be in constant demand.

Yet, similar to the declining construction, agricultural, and fishing industries, *awamori* has a problem, a distinctly Okinawan problem. Despite the popularity of the drink, either the normal *awamori* or the aged version which is called *kusu*, there are no moves to expand the industry. In fact, almost all *awamori* makers are located in the same general area within Okinawa. The industry has not branched out into other areas within the prefecture, nor have any makers made any move to exist outside of Okinawa. The second issue, that is, why *awamori* makers have not moved outside of Okinawa makes sense. Not only is the imported rice from Thailand not tariffed due to one of many benefits enjoyed by Okinawans as a base-hosting prefecture, but the profits of *awamori* sold from Okinawa to mainland Japan are higher due to these same benefits.⁴⁴⁴ The first issue, why the industry has not expanded throughout Okinawa, is not as easily explained. If anything, it is another example of how Okinawan industries seem more interested in maintaining the *status quo* than increasing business opportunities.

The Service Industry

The service industry is a massive part of Okinawa's work force. It is mostly connected with tourism, such as retail shops where tourists make up a good portion of the customer base. Another part of this industry is found within the IT and call center companies that have been attracted to Okinawa due to the Okinawa Prefectural Government offering incentives, such as subsidizing 80% of call-center connection fees.⁴⁴⁵ Hundreds of such companies have moved or been built in Okinawa, and they have had steady success but, again, there has been no real upwards expansion in terms of creating highly skilled positions. As an offshoot of this portion of the industry, recently some IT companies have also relocated their servers to Okinawa, considering the threat of earthquakes is not as large as the mainland. But these moves have not tangibly benefitted Okinawa. But the possibility of enticing companies from the mainland by loudly promoting Okinawa's seismically safer location should be exploited more.

The downside of having such a massive service industry as part of your workforce is that, as a rule, service industry positions do not offer high pay or benefits. Moreover, the tourism focus tends to make such jobs temporary or part-time. This is one of the causes of Okinawa's high unemployment rate and low level of income compared to the rest of Japan (discussed further below). In order to counter that tendency, investment in the services sector would be better off concentrated in the IT area. Currently IT is linked with the call centers, and is usually just low-level support, but if companies could be enticed to build upon these foundations, especially because of the recent opening of the Okinawa Institute of Science and Technology (OIST), which is developing graduate-level professionals who would be a perfect match for high-level IT work, IT could become a major industry in Okinawa. Although IT and call center work, as service industry positions, are not especially high

⁴⁴⁴ Meguro interview.

⁴⁴⁵ Kakazu. *Island Sustainability*, pp.. 271-272.

paying, if companies were willing to expand in Okinawa, it would mean that the industry would at least have the possibility of upward movement, unlike the more stagnant retail sector. It also would give OIST graduates a reason to stay in Okinawa, rather than look for jobs abroad or on the mainland.

Okinawa as a Shipping Hub

A rather unique, yet small, business in Okinawa is found at Naha's airport. Currently run by All Nippon Airlines (ANA), which merged with Yamato Holdings, Inc. in 2012, the service collects small goods from areas throughout mainland Japan, and then overnight delivers the goods to areas throughout Asia.⁴⁴⁶ This business is still underdeveloped, but expansion could serve to make Okinawa an air shipment hub for the rest of Asia, and the construction of Naha's second runway may make this a more worthwhile investment in the long run.

What these industries mean for Okinawa's economy

Knowing now the state of Okinawa's economy, one can see why it is so troubled. Unemployment in Okinawa is high, in fact, at 5.7% it is the highest in Japan. Per capita income is also the lowest, which makes sense as Okinawa ranks at the bottom for minimum wage amount. And nearly 40% of workers age 15-29-year-olds are unemployed²⁵. At 43,800 yen per square meter, residential land prices are fairly high, putting Okinawa at 14th in terms of average cost of land. Yet, even worse, industrial land prices are 4th highest in Japan!⁴⁴⁷

Okinawa remains a relatively poor society, compared to the rest of Japan. Savings, in particular, are low, ranking at the very bottom of the prefectural ratings, which is distressing for prefectural development. The average annual savings, around six million yen, puts Okinawa at 47th in the rankings, but Kagoshima ranks 45th with over twelve million in annual savings, twice that of Okinawa's. In industrial and manufacturing production Okinawa also ranks dead last, but at least manages to get into 46th place, above Nara, for gross annual production.⁴⁴⁸

The brain-drain problem

Young people who leave Okinawa for better jobs or careers is another serious issue that should be addressed. In Okinawa brain-drain occurs in two separate ways worth mentioning. One is more difficult than the other to rectify, but both are a problem and can be addressed in the future. The first is the brain-drain that occurs due to Okinawa's geography, specifically the much smaller, outlying islands. Due to their small populations, most students have to move to the larger Okinawa Island in order to complete at least high school. This should essentially be a good thing, as most of Okinawa's growing industries, such as tourism, are focused on the main island. Yet, due to these same industries and their current stagnated nature, especially considering most are in a decline, high school graduates from the outlying

⁴⁴⁶ Gilhooly. "Okinawans having trouble".

⁴⁴⁷ Statistics Japan.

⁴⁴⁸ Ibid.

islands will most often opt to either continue their education abroad or on the mainland, or return to their smaller island to inherit their family business.⁴⁴⁹ Very few choose to remain on the main island, and fewer will continue education there.

It is not a good option, since the largest number of jobs are service-related and therefore come with a lack of upward movement, low wages, and are often temporary or only part-time. This is a more easily addressed issue, as high school graduates are usually looking for entry-level positions. The only aspect that must be addressed within current industries is how to expand so that there is the hope of upward movement in order to give graduates the hope of a future career. The first challenge in attracting applicants is in giving them the impression that they can make such a position permanent and secure.

The second case of brain-drain is similar in nature, but is harder to address. The problem is caused by a lack of highly skilled jobs within current industries. For example, going back to tourism, specifically sports tourism; although Okinawa has medical professionals, if they expanded sports tourism to include more facilities specializing in sports medicine, they will attract both athletes looking for a chance to recuperate, and create jobs where trained medical professionals who specialize in sports medicine could be employed. If local colleges were to also develop courses for this specific type of industry then professionals developed in this field would be more inclined to remain in Okinawa rather than travel elsewhere for better opportunities.



Okinawa Institute of Science and Technology Graduate University: <<http://www.oist.jp/>>

Unfortunately, Okinawa has not done this and is not moving at all on this issue in relevant fields. The Okinawa Institute of Science and Technology (OIST) was planned and funded by the central government. Whether anyone considered the appropriateness of developing a school to train high level Master's and Doctorate's in IT and other related fields in Okinawa is debatable, but many assumed that the currently existing IT and call center industries would be an option for graduates. Understandably no one with a Master's in IT is going to work in a company that only needs low-level tech support or call center representatives. It is necessary for graduates from OIST to go to mainland Japan or abroad to find a worthwhile job.

⁴⁴⁹ Meguro interview.

This brain-drain problem is obviously troubling, and the solution is easily understood. Since Okinawa already has the beginnings of an IT industry, the prefecture just needs to encourage companies to expand and grow in that prefecture. Lower entry costs, lowered rents, or other enticements to bring businesses from the mainland, or to help those there already to grow, are needed. Unlike the rest of the mainland, the issue of declining birth rates and a growing elderly population is not much of an issue in Okinawa. In fact, Okinawa has the highest birthrate amongst all the prefectures, and the lowest population of retirees.⁴⁵⁰ But, unfortunately, the brain-drain issue is funneling the benefits of this high birthrate outside of Okinawa proper. It is essential to Okinawa's future that the prefectural government more aggressively attract and retain businesses that Okinawa's work force needs, before they opt to move to some other prefecture with better opportunities.

How Dependent Is Okinawa on U.S. Bases?

Statistics show that the Okinawan economy's dependency on U.S. bases is low, about 5 percent of prefectural GDP. Such was not always the case. During the occupation period that ended in 1972, the U.S. military made a concentrated effort to foster dependency. As mentioned previously some of these dependency tactics were to import large quantities of produce from the U.S. and abroad for troops and residents, which caused a steady and rapid decline in Okinawa's agricultural industry. In fact, imports played a big role in fostering Okinawan dependence on the base economy.

During the time when Japan's exchange rate was 360 yen to the dollar, the U.S. forces in Japan (USFJ) introduced the "B yen," or rather, an Okinawan-exclusive 120/1 exchange rate. This created an import-led economy funded by the high paying construction jobs provided in order to build U.S. bases.⁴⁵¹ The USFJ also began the job market for higher paying base jobs for Okinawa residents. These jobs were, and still are, in high demand. But, the number has dropped significantly to just around 8,000 employees today.

In the pursuit of an independent Okinawan economy, this decline is a good thing. Still, the erosion of Okinawa as an agricultural exporter into an import-dependent culture is something that still plagues the prefecture today. The U.S. effort to foster base-dependency in the past is still causing detriment to the economy years later, and because Okinawa was not returned until 1972, the prefecture lost out on building the manufacturing and other industries that allowed Japan to grow rapidly during the 1960s. Okinawa did not have this early push, and was left with only its traditional industries that contribute little to the prefecture's overall wealth.

An objectively "good" part of today's relationship between Okinawa and the bases is that there is no longer a sense of mutual dependency. Although this puts strain on the relationship between the prefecture and the U.S. military, it is good for Okinawa's potential base-free future. Servicemen get almost all necessarily products and services through the bases. A lot of money has been spent to build bakeries, laundry services, and other facilities within the

⁴⁵⁰ Statistics Japan.

⁴⁵¹ Sebata. *Host Nation Support*, pp. 7-8

bases rather than seeking to form interdependent relationships with the Okinawans.⁴⁵² This was not always the case. In fact, past estimates found around 20% of the prefecture's economy was base-dependent. Today, it is hovering around 5%, but that is simply looking at the direct relationship between servicemen and Okinawans, and not considering the base benefits funded by Japan's central government.⁴⁵³ But while the gradual move from base-dependency is a good sign for Okinawa, the prefecture needs to do much more to demonstrate its independence from the former "base economy."

Base Concerns

The argument has been made with some persuasion that the over-presence of U.S. bases on Okinawa is a main factor for hindering Okinawa's development of an independent economy. In other words, the large tracts of land occupied by the bases, especially the concentration in the southern part of the island, could be developed once vacated and thus add much to the Okinawan economy. One example is Futenma Air Station, located smack in the middle of highly-populated Ginowan City. The obvious immediate problem is the safety and noise-pollution factor of having a base in the middle of a city. Although living near a civilian airport would be somewhat nerve-wracking, military air vehicles are much louder in comparison. Not only that, they often fly low, and training exercises sometimes require all sorts of disrupting activities, including late night covert flights. To an individual living near the bases, this noise pollution absolutely disrupts the community's quality of life. The same situation exists for other towns clumped around the massive Kadena Air Base.

There is also a distinct environmental concern. Considering the age of many of these bases, and the evolution of fuel sources, there is a high chance of environmental contamination within the base.⁴⁵⁴ This land, when returned, may require extensive checks for safety and much money in order to make the land viable for development projects. Not only does soil or other contamination affect the environment, training exercises using live ammunition have been known to cause forest fires and are felt by the community outside as dangerous.

Such local concerns are understandable. But there is the occasional serious incident or accident that Okinawans must contend with, as well, ranging from horrific rapes to helicopters crashing. From a social perspective, although anti-base sentiment is rarely aimed at individual military personnel, it is reasonable to understand why Okinawans themselves are often adamant about base reduction or complete base removal.

⁴⁵² Magelby interview.

⁴⁵³ Chanlett-Avery. *The U.S. Military Presence in Okinawa*, pp.10-11

⁴⁵⁴ Taylor. "Anti-Military and Environmental Movements in Okinawa"

Okinawa and Status Quo Mentality

Given the problems of the bases and Okinawa's sluggish growth, it seems reasonable that the young people are less inclined to remain in that prefecture. From a social standpoint, there is little attraction in living within a prefecture that relies heavily on a low-paying service industry, lacks jobs that require high skills or education, and seems content with maintaining the status quo instead of promoting serious initiatives to grow the prefectural economy.

Okinawa thus has the reputation, perhaps not deserved, of being a prefecture that subsists on base-related government aid and subsidies. The voices of those who want Okinawa to stand on its own without the bases present are not the same as those who want to seriously grow the economy. It is true that mainland Japan mostly ignored Okinawa during the economic boom of the 70s and 80s -- definitely hurting Okinawa's chances to boost its manufacturing base. Moreover, investments from large companies based on mainland Japan have been too few and far between. One could argue that the U.S. base presence also has made mainland companies hesitant to invest in Okinawa because if there should be a contingency in the area near Japan, they may fear that Okinawa would be a clear target.

One can also argue that Okinawa has not done enough to attract investment from outside. The reason in part may be that islanders have grown too accustomed to receiving the economic benefits of the bases, while grumbling that the bases are holding the economy back or should be gone so that the prefecture could do better economically. The question then is whether Okinawa is not doing enough on its own and just switching from one dependency -- the bases-- to another -- central government subsidies and public investment money. This would be a shame, because Okinawa has a lot of potential. Whether from mainland Japan or other countries, tourism is a sustainable industry that could be developed much further. Not only that, recent developments of returned U.S. base land have been largely successful.⁴⁵⁵ If Futenma and the other five U.S. military facilities south of Kadena are returned expeditiously and redeveloped into viable commercial and residential properties, Okinawa would gain much economically.

But just having plans to develop base land is not enough. Infrastructure is lacking to buttress such projects, so a master plan for the lower part of the island would also be necessary. For example, transportation infrastructure for that area is woefully lacking. Naha's monorail only services Naha, going out to a tourist spot, and the awkwardness and limitations of current roads cause massive congestion for locals and tourists. Plans to expand the monorail to other cities are needed, but complaints that large bases like Kadena Air Base get in the way of city-to-city road development are reasonable,⁴⁵⁶ but a master development plan should be able to work around that issue since Kadena is not likely to go away for the foreseeable future. So it is unreasonable for Okinawa to believe that it could do amazingly well both economically and socially by having the bases completely gone. Given the security environment around Japan, such a hope is unrealistic. A truly base-free Okinawa is impossible.

⁴⁵⁵ Yoshida. "Economics of U.S. Base Redevelopment"

⁴⁵⁶ Yoshikawa.

Not only will Japan's central government not allow the U.S. military to pull out for vital national security reasons, the U.S. forces neither can afford it, nor do they want to move.⁴⁵⁷ Okinawa stands as a hub for the U.S. military in the case of emergencies and as a way to monitor the dynamics of Asia. It is becoming more and more important to American national security as tensions rise over issues like the Senkaku's and China continues to survey U.S. involvement near its borders. Not only from a security point of view, the investment both Japan and the U.S. have made in establishing these bases is enormous, and no matter how reasonable alternatives to Henoko are, both governments are inclined to go with what is easiest. After being the host to these bases for over 50 years, Okinawa is the easy choice. There are small communities that have expressed the desire for base benefits to continue, specifically those who own leased land, and this pro-base mentality could be curbed if Okinawa improved its economic foundations *before* Futenma closes.

Simply insisting that the bases are disrupting the prefecture's ability to improve its economy is not a good strategy. It would be more productive to focus on improving the economy, including developing a master plan for using returned base land timed for implementation with the closing of Futenma would be better strategy for the Okinawan people.

Kelli Garrett

⁴⁵⁷ Thompson. "Why Japan and the U.S. Can't Live Without Okinawa"

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Japanese Investment in the United States: Case Study of Pharmaceuticals

Introduction

Japanese direct investment in the United States has been around for well over a century, and even now, the U.S. remains the preferred destination for the bulk of Japan's overseas flows of investment capital. Japanese companies started their American operations focusing on trade, finance, and insurance businesses, but after the war, direct investment further diversified, with automobiles, electronics, information technology, and services leading the way. Moreover, Japan over the decades has consistently been one of the U.S.'s top sources for inward foreign direct investment (FDI). Today, Japan's number one destination for outward FDI is the U.S., and the U.S. is likewise the source of the largest FDI stock in Japan.⁴⁵⁸ This economic entwinement deepens the U.S. and Japan's bilateral relationship, not the least because FDI, unlike exports and imports, adds a visible presence in each other's country.

In exploring Japanese FDI in the U.S., this paper focuses on the pharmaceutical industry as a case study. It begins with a summary history of Japanese FDI in the U.S. and then assesses the factors that drive Japanese overseas investment today. The pharmaceutical industry provides an interesting prism for looking at the changing nature of investment because different drivers play a role in Japanese pharmaceutical investment decisions as compared to, for example, automobile manufacturing. What has been the strategy used by large Japanese pharmaceutical companies in entering the U.S. market? Moreover, what are the domestic factors that affect investment decisions? To answer these questions, this paper will examine in the final part the healthcare institutions and policies in Japan that affect the overseas moves of pharmaceutical industry.

Japanese Investment in the United States: Historical Overview and Present Position

To those familiar with Japan's long history of investment in the United States, and especially in the decades since the 1970s, the strong contemporary performance of Japanese companies in the U.S. comes as no surprise. But Japan's direct investment in the U.S. began with relatively modest levels of business, as early as 1879, when Mitsui established an office in New York City. There soon followed a rapid expansion of Japanese trading, shipping, insurance companies, and banks, focused on New York City, San Francisco, Los Angeles, Texas, and Hawaii. The total level of investment was small, reaching \$25 million in 1914, only 1.4 percent of total FDI in the U.S. at the time. Japanese investment grew slowly, just about doubling by the 1920s, but it dropped during the Great Depression of the 1930s. Government actions leading up to World War II dried up investments. The Japanese government passed the Capital Outflow Prevention Act in 1932 to restrict foreign exchange; some Japanese firms subsequently closed their operations in the U.S. Then, after Pearl Harbor, the U.S. government froze the assets of Japanese companies in the U.S. and in 1942 the newly formed Office of the Alien Property Custodian began to seize the properties of all Japanese companies in the U.S. During the course of the war, this office closed 169 Japanese

⁴⁵⁸ "Japan Matters for America 2015," *East West Center*, 2015. 18.

firms with assets of \$104 million.⁴⁵⁹

During the Occupation after World War II, the Supreme Commander for the Allied Powers controlled Japan's international trade until August 1947, when trading firms were allowed to resume operations. Finally, in 1949, the Japanese government regained control of trade. In that year, the Foreign Exchange and Foreign Trade Control Law specified that all Japanese outward FDI needed the approval of the Ministry of Finance, since Japan was still focusing on rebuilding domestic capital stocks. By 1952, Japanese companies reopened in the U.S. in the same sectors as the prewar period. Manufacturing investment separate from the trading companies also began in the mid-1950s, as a greater variety of firms sought to take advantage of the American market. Overall Japanese direct investment grew relatively quickly, with \$88 million in 1960 to \$229 million in 1970. Manufacturing quickly grew relative to finance, insurance, and other sectors at approximately 46 percent of investment in 1962, the earliest year for which data is available, and perhaps reaching 50 percent by 1973; however, investments in trade for this period were not accurately recorded due to intercompany loans, so it is likely that the share of manufacturing was smaller. But it seems that as a percentage of total inward FDI, Japanese investments remained relatively low: 1.3 percent in 1960, 1.7 percent in 1970, and 1.4 percent in 1973—the same share Japanese investment held in 1914.⁴⁶⁰

The 1970s brought a significant increase in Japan's overall investment in the U.S., as well as its share of total inward FDI, but also an increase in American concerns about Japanese trade practices, which were seen as undercutting American business. In 1974, Japan had \$345 million in U.S. investments, 1.3 percent of total inward FDI, and by 1989, a mere 15 years later, Japan's investment position was \$69.7 billion, 17.4 percent of total investment, mostly in manufacturing (24.8 percent) and wholesale trade (30.1 percent).⁴⁶¹

Protectionism in the U.S. grew with the increase in inward FDI, but policies designed to protect American production actually encouraged more Japanese companies to open operations in the U.S. in order to avoid trade friction.⁴⁶² For example, in the mid-1960s, when the Department of Defense restricted military procurement for ball bearings to domestic manufacturers, several Japanese ball bearing manufacturers simply opened U.S. facilities by the early 1970s. Similarly, in 1975, when several Japanese producers of semiconductors were sued under American antitrust laws, the companies began production in the U.S. Though the lawsuit did not proceed, Japanese companies continued to enter the American domestic market by building plants or acquiring American companies. Oregon, in particular, had an influx of more than 50 Japanese companies and became the "Silicon Forest" of innovative Japanese electronics companies.⁴⁶³

⁴⁵⁹ Mira Wilkins, "Japanese Multinationals in the United States: Continuity and Change, 1879-1990," *The Business History Review*, 64.4 (1990): 585-629. 586-589, 593, 598.

⁴⁶⁰ Ibid. 600-601, 605-606.

⁴⁶¹ Ibid. 609-610.

⁴⁶² Randall S. Jones, "Japanese Direct Investment in the United States," *Asian Affairs*, 18.3 (1991): 167-177. 172.

⁴⁶³ Wilkins. 611-613.

In 1980, the Japanese government passed the Foreign Exchange Control Law that allowed free capital outflows save for a few specific prohibitions. With this law, Japanese investment in the U.S. increased. In addition to the electronics companies discussed above, automobile firms established a strong presence in the U.S. beginning in 1982, after the Japanese government set voluntary export restraints at the request of the U.S.⁴⁶⁴ In order to sell cars to Americans, not only did Japanese companies vastly increase automobile production in the U.S., but dozens of Japanese car parts suppliers also began operations in the U.S.⁴⁶⁵ Real estate investment also grew, and trading companies, insurance companies, and financial institutions established a significant presence.⁴⁶⁶

The 1980s and 1990s were also the most fervent period of U.S.-Japan trade friction and American hostility towards Japan's investment "invasion" of the U.S. – a period of so-called "Japan-bashing." According to one poll in 1989, 43 percent of Americans viewed Japan as a greater threat than the Soviet Union.⁴⁶⁷ Another poll, published in 1988, found that 78 percent of Americans were troubled by the size of Japanese investment in the U.S., while only 37 percent felt that way about European investors.⁴⁶⁸ Although the United Kingdom actually had a larger investment position than Japan in 1990, Japan's FDI was "conspicuous and substantial" enough to gain attention, as business researcher Mira Wilkins wrote at that time.⁴⁶⁹ These highly visible investments included the sale of such icons as Rockefeller Center and other real estate, particularly hotels, across California and Hawaii. SONY even bought out Columbia Pictures.

The perception of an economic threat from Japan stemmed from Japan's growing trade surplus coinciding with the U.S.'s trade deficit, Japan's concentration in wholesale trade, and American views of Japanese investment policies. Some American investors argued that Japanese investors in the U.S. had better (or rather more) opportunities than Americans trying to invest in Japan. There was an element of truth to this charge in terms of relative investment positions: in 1986, the U.S. held 27 percent of total global inward FDI, while Japan took less than 1 percent, despite being the second largest economy. The U.S. government also was concerned about Japanese acquisitions of high-tech companies potentially harming national security, leading to the passing of an amendment to trade laws that permitted the President of the U.S. to veto any foreign acquisition of U.S. companies. But the perceived threat remained vague, and Japanese firms tended to build new operations in the U.S., rather than acquiring American companies, in this period.⁴⁷⁰

Japan-bashing in popular sentiment and political discourse, however, did little to dampen Americans' consumption of Japanese goods, or even the governors' interest in welcoming more Japanese investors into their respective states in the late 1980s.⁴⁷¹ Most U.S. states by

⁴⁶⁴ Ibid. 615-619.

⁴⁶⁵ Jones. 172

⁴⁶⁶ Wilkins. 615-619.

⁴⁶⁷ Wilkins. 626.

⁴⁶⁸ Jones. 167.

⁴⁶⁹ Wilkins. 626.

⁴⁷⁰ Jones. 167, 169-170, 175-177.

⁴⁷¹ Wilkins. 626-627.

1990 had offices in Tokyo, competing with each other to attract Japanese investment.⁴⁷² Additionally, even though Japanese investment seemed large to Americans, total inward FDI in the U.S. was half the market value of the U.S.'s own investments abroad. Overall, the investment relationship between the U.S. and Japan during Japan's high growth period was mutually beneficial, promoting "reverse imports" to Japan of goods produced by Japanese companies in the U.S. and increasing the investment stock in the U.S.⁴⁷³

In the 1990s, with the bursting of the bubble economy as real estate assets crashed, Japan entered a "Lost Decade" of sluggish growth. Even today, economic growth remains relatively low, despite the drastic policy initiatives of Prime Minister Shinzo Abe dubbed "Abenomics." Japanese investment in the U.S. shrank during the 1990s, as troubled Japanese firms with international operations were forced to scale back. The American public's uproar over Japanese FDI also quieted.⁴⁷⁴ Net Japanese FDI in the U.S. peaked in 1990 with \$25.6 billion before it swiftly declined. In 1991, Japanese outward FDI (net of inflows from the U.S.) to the U.S. totaled \$15.2 billion, and then plummeted to a net outflow of \$8.9 billion in 1992. After the turbulence of 1992, investment picked up, but at a level not seen since the early 1980s. Investments increased through 1996, and ebbed again with the Japanese domestic banking crisis, dropping from \$11.1 billion in 1996 to \$6.0 billion in 1998.

For the next decade, investment flows fluctuated as Japan weathered its own continuing economic malaise and global recession. Prior to the 2008 global financial crisis, Japan hit a new record for investment in the U.S., with \$44.7 net outward FDI. But by 2009, that level dropped more than 75 percent to \$10.7 billion.⁴⁷⁵ This shock also caused a general contraction in inward FDI, due to home countries' increasing costs of funding investment in the U.S., as these countries were either well-integrated with the U.S. economy (especially advanced economies with high banking flows with the U.S.) or caught the contagion of the crisis through a decline in interbank lending (as in emerging economies). Japanese companies in the U.S. throughout the 1990s had difficulty accessing credit compared to the bubble period, contributing to the drop in Japanese investment. A similar situation developed after the 2008 global financial crisis, as well.⁴⁷⁶

In recent years, thanks to the reemergence of now cash-rich Japanese companies, total net investment in the U.S. has increased to near-record levels: \$43.7 billion in 2013, and \$42.1 billion in 2014. Japan's outbound direct investments also rose 10 percent to \$136 billion in 2013. Japan became largest source of FDI in the United States for the first time since 1992, led by such large-scale acquisitions of American businesses as Softbank Corp.'s \$21.6 billion purchase of mobile carrier Sprint Nextel and later, Suntory's \$16 billion buyout of the whiskey giant Beam Inc. This trajectory is promising but is not necessarily straight-line. Due

⁴⁷² Curtis J. Milhaupt, "Is the US Ready for FDI From China? Lessons from Japan's Experience," *Vale Columbia Center on Sustainable International Investment*, 2008. 13.

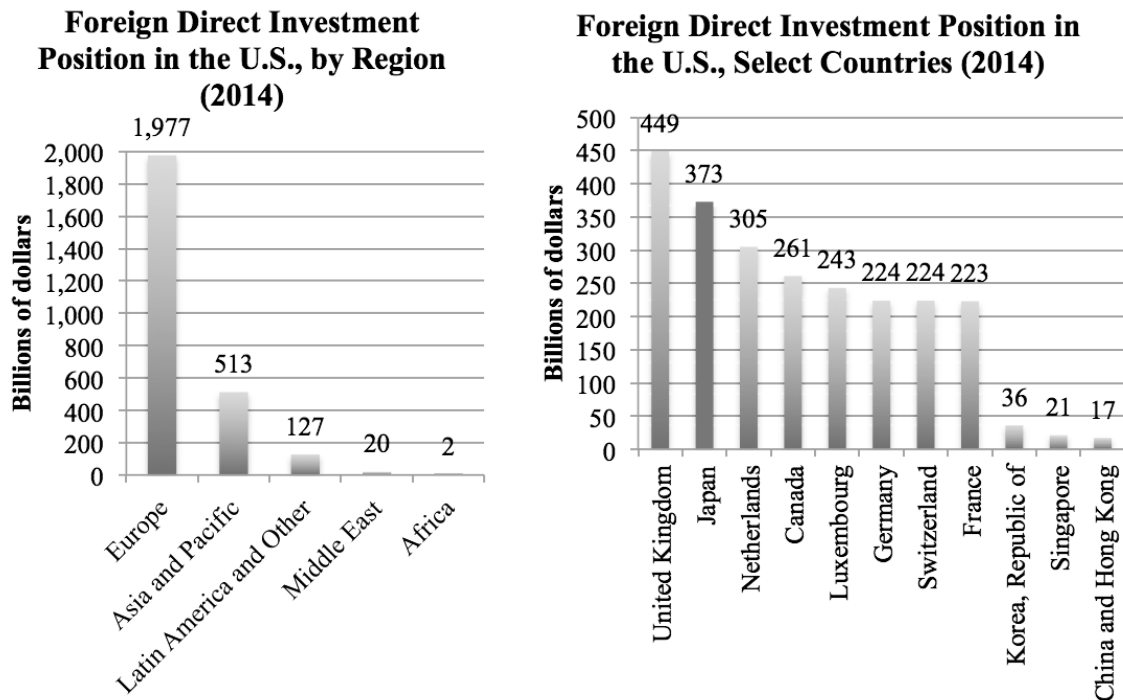
⁴⁷³ Jones. 167, 176.

⁴⁷⁴ Milhaupt. 2.

⁴⁷⁵ "Japan Trade and Investment Statistics: Japan's Outward FDI by Country/Region (Balance of Payments basis, net and flow," *JETRO*, 2016. <https://www.jetro.go.jp/en/reports/statistics/>

⁴⁷⁶ Silvio Contessi and Pierangelo De Pace, "(Non-)resiliency of foreign direct investment in the United States during the 2007-2009 financial crisis," *Pacific Economic Review*, 17.3 (2012): 368-390. 369.

to the volatility of net investment since 1992, it is reasonable to expect that such will continue to fluctuate in the future.



Source: U.S. Bureau of Economic Analysis

Yet, net flows do not describe the whole picture of Japanese investment in the U.S. Prior to 1991, as mentioned above, Japanese investment should be examined in terms of total investment stock, and it is appropriate to examine Japan's stock that way again. Compared to the net investment swings, total stock reveals Japan's steady interest in the U.S. market.

For the past decade Japanese inward FDI stock in the U.S. has grown steadily across all industries. Japan invested \$189.9 billion across all industries in the U.S. in 2005, accounting for 11.6 percent of total direct investment. In 2014, Japan's investment grew to \$372.8 billion (12.9 percent of total FDI), nearly four times the amount of the U.S.'s outward FDI to Japan (\$108.1 billion). Only the United Kingdom exceeded Japan's investment position, at \$448.6 billion in 2014. Japan's new investments in the U.S. reflect this strong trend: Greenfield Japanese investments in 2014 totaled \$27.9 billion, making Japan the third largest source of new inward FDI, behind Ireland and Germany.⁴⁷⁷ Japanese majority-owned companies in the U.S. employed 801,100 Americans in 2013, 13.1 percent of Americans employed by foreign multinational enterprises in the U.S., second only to the United Kingdom, which employed a little over a million Americans.⁴⁷⁸ The willingness of Japanese firms to hire local employees helps to pass the benefits of the investment and profits directly

⁴⁷⁷ "International Data," *Bureau of Economic Analysis*, 2016. http://www.bea.gov/iTable/index_MNC.cfm

⁴⁷⁸ "Japan," *Bureau of Economic Analysis*, 29 October 2015.

<http://www.bea.gov/international/factsheet/factsheet.cfm?Area=614>

to American communities.

Japanese companies in the U.S. have enjoyed success. Sales of Japanese majority-owned companies in the U.S. showed an increasing trend after a drop following the financial crisis in 2009, ending 2013 with \$676.9 billion in sales. This total exceeded all other countries' sales, surpassing the United Kingdom by almost \$58 billion.⁴⁷⁹ Japanese companies that have invested in the U.S., therefore, have been more profitable with a smaller cumulative investment stock than their U.K. counterparts.

Certain industries have experienced more growth in Japanese investment than others over the past decade. The greatest leap was in the information industry, with 1,716 percent growth between 2005 and 2014, followed by professional, scientific, and technical services with 642 percent growth. These industries will likely continue to grow and are worthy subjects for research, but at the moment they contribute only a small fraction of overall Japanese FDI: \$30.2 billion (8.1 percent) and \$10 billion (2.7 percent) respectively.⁴⁸⁰

The industries that dominated Japan's postwar investment in the U.S. (manufacturing, wholesale, finance, and real estate) have seen more modest growth but still dominate in terms of dollars invested. Total manufacturing had an investment of \$115.4 billion (40.0 percent of total investment) in 2014 and grew 211 percent since 2005. Total wholesale amounted to \$118.3 billion (31.7 percent) invested in 2014, with 137 percent growth in the same period.⁴⁸¹ In finance, banks and non-bank financial institutions had investments of \$67.1 billion, or 18.0 percent of total investment, with overall financial institution growth of 296 percent. Real estate had much more modest growth of 194 percent, ending 2014 with \$6.9 billion in investments, only 1.8 percent of the total. Chemical manufacturing, which includes pharmaceuticals, had a total of \$18.2 billion (4.9 percent of the total) invested in 2014. The industry experienced growth of 293 percent since 2005, faster than manufacturing as a whole.⁴⁸²

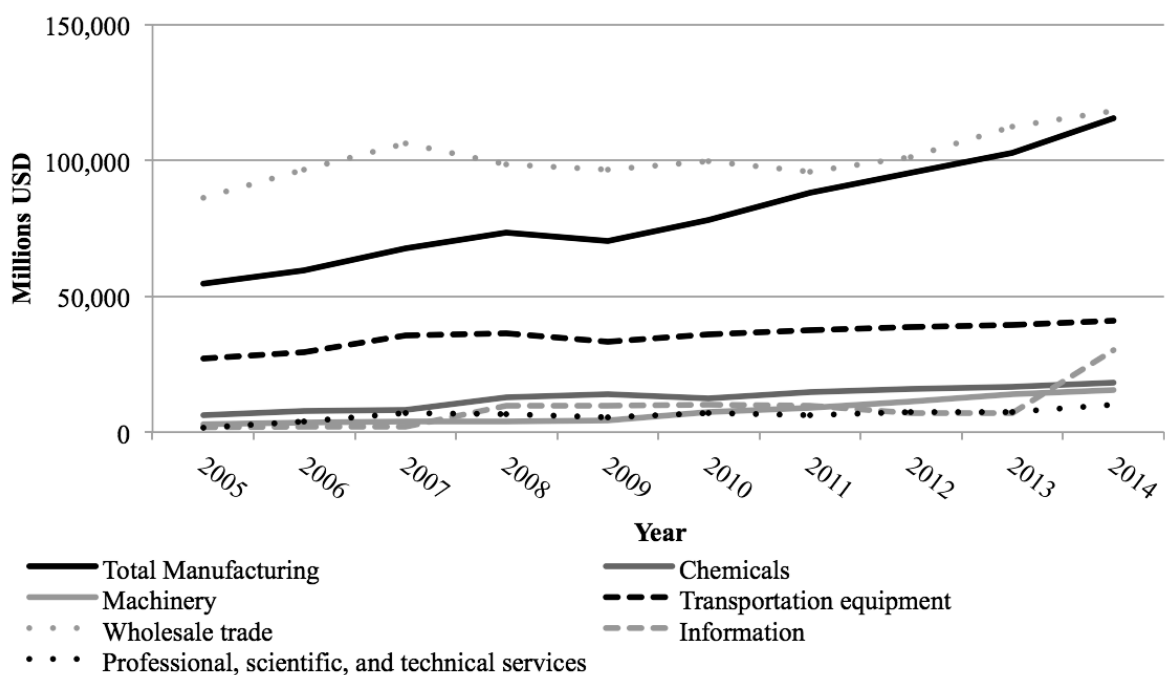
⁴⁷⁹ Ibid.

⁴⁸⁰ Ibid.

⁴⁸¹ "International Data," *Bureau of Economic Analysis*.

⁴⁸² "Japan," *Bureau of Economic Analysis*.

Foreign Direct Investment Position, Select Industries (2005-2014)



Source: U.S. Bureau of Economic Analysis

Factors that Encourage Japanese Investment in the United States

Extensive research has been conducted over the past few decades on the factors that attract Japanese investment to the United States, especially manufacturing investment. The decision to invest in U.S. operations is driven by several considerations related to location, business strategy, and governance. Manufacturing firms that can establish large enough operations in the U.S. to achieve an economy of scale in their production and their sales to American customers have an incentive to invest. Sales to customers within the supply chain are also easier if the supply chain is located within one geographical area. Tariffs and nontariff barriers have been incentives for Japanese companies to avoid trade and instead operate in the U.S., as we mentioned above. Competing with rival firms is also important to Japanese companies, in that they tend to respond to investment by rivals by entering already-concentrated markets and competing.⁴⁸³

Research has found that knowledge transfer is a particularly strong factor in some Japanese companies' investment decision: i.e., the more research and development (R&D) a manufacturing company conducts, the more likely it is to manufacture in the U.S.⁴⁸⁴ However, manufacturing firms as a whole do not select U.S. states for investment based on the states' technical capabilities; only firms with heavy research and development activities

⁴⁸³ Jean-Francois Hennart and Young-ryeol Park, "Location, governance, and strategic determinants of Japanese manufacturing investment in the United States," *Strategic Management Journal*, 15 (1994): 419-436. 420-423, 433.

⁴⁸⁴ *Ibid.* 422.

manufacturing seek states with high knowledge intensity, such as patents awarded to state residents. Pharmaceuticals, semiconductor, and electronics firms are all knowledge-seeking manufacturing investors, but not necessarily out of a need to catch up with superior technology abroad. After all, Japan is itself a leading high-tech nation. Rather, these firms intend to diversify their knowledge by expanding to other leading technology centers. A study found that pharmaceutical companies are the most likely to value a state's knowledge intensity: twice as likely as semiconductor firms and four times as other electronics firms. In addition, pharmaceutical companies might look for the presence of suppliers that can manage drug trials in the U.S., an important factor affecting pharmaceutical manufacturing that other knowledge-intensive manufacturing industries do not encounter.⁴⁸⁵

Researchers are not always in agreement about which factors affect FDI for specific states, however. For example, while the size of the local or regional market clearly is important to companies, studies of state self-promotional policies (especially tax policies) tend to have mixed results, from the impacts of the policies canceling each other out to having mixed effects on inflows. Higher wages tend to reduce a state's FDI inflows. A 2005 empirical study found that when U.S. states compete with each other for foreign investment, a state's relative labor productivity, per capita spending on education, and crime rates were statistically significant in attracting investment, while relative real wages were not as important. Focusing on Japan specifically, researchers have found that Japanese companies prefer to invest in areas with high labor productivity, as well as areas where Japanese companies within the same industry already exist. This industry agglomeration is due to the presence of specialized labor and a more efficient supply chain in particular. Investors seeking a merger or acquisition care less about local unemployment rates, since they will purchase a firm for which labor is already available. However, Japanese start-up companies tend to avoid states with high unemployment.⁴⁸⁶

Another study on greenfield FDI finds that in addition to unemployment rates, start-up investors consider manufacturing density, availability of highways, and nonfarm industry wages.⁴⁸⁷

Also important to note is that a study in 2013 found that when Japanese companies invest in the U.S. through a merger and acquisition (M&A), they tend to follow up with non-M&A investments in subsequent years. M&As provide a fast means of entering a foreign market, as well as established networks, brands, and knowledge, but also typically come with assets (perhaps additional staff or business lines) that are best operationalized through additional investment.⁴⁸⁸

⁴⁸⁵ Wilbur Chung and Juan Alcacer, "Knowledge Seeking and Location Choice of Foreign Direct Investment in the United States," *Management Science*, 48.2 (2002): 1534-1554. 1534-1535, 1537, 1548.

⁴⁸⁶ Kostas Axarloglou, "What attracts foreign direct investment inflows in the United States," *The International Trade Journal*, 19.3 (2005): 287-289, 297, 302-303.

⁴⁸⁷ Hong Zhuang, "Location Determinants of Greenfield FDI in the United States: Evidence from 2003-2009," *International Journal of Economic Research*, 11.1 (2014): 61-70. 69.

⁴⁸⁸ Joseph D. Alba, Peter X. K. Song, and Peiming Wang, "Is there a positive association between merger and acquisition and non-merger and acquisition FDI? Firm-level evidence from Japanese foreign direct investment in United States," *The Singapore Economic Review*, 58.4 (2013): 17 pages. 3.

Japanese companies view the U.S. as a good investment location because it has a stable, large market, according to an interview conducted with the Japan External Trade Organization (JETRO) Americas Overseas Research Division. Other countries with very large markets, especially China, are less attractive due to perceptions of a more volatile market. The states that companies view as the best locations for investment also have distinct advantages, in particular lower tax rates. Research has shown that FDI responds to the U.S. corporate tax rate, but the origin country tax rate matters as well: when corporate tax rates domestically increase, companies start increasing their investment in the U.S.⁴⁸⁹ States with offices in the investing countries might also successfully entice FDI, though studies on this topic over the past few decades do not come to a consensus.⁴⁹⁰

JETRO provides additional insight into Japanese companies' investment decisions. The JETRO annual survey of Japanese-owned companies in the U.S. conducted in November 2015 reveals several reasons for Japan's continuing heavy investment in the US. In general, Japanese companies view the U.S. as a safe investment location with a strong market and a strategic location. The vast majority (81.4 percent) of survey respondents expected to make a profit in 2015 and 56.7 percent planned to expand their business, mostly in order to increase sales and production. Businesses tended to view the U.S. as a good starting point for expansion to other countries in the Americas: 80.5 percent reported interest in expanding south, especially to Mexico and Brazil. Importantly, businesses cited the medical market as the market most likely to grow, with 19.2 percent plurality of responses out of 18 market choices. Most businesses also identified Texas and California as the states most promising for future business. The largest challenges to operations in the U.S., respondents reported, were increasing labor costs, difficulties in recruiting workers, and increased medical insurance costs. For companies whose sales had declined, the main factor cited was price competition.⁴⁹¹ Even so, since these survey results indicate that Japanese companies operating in the U.S. are mostly optimistic about their business prospects within the U.S., the strong trend of Japanese investment in the U.S. is likely to continue.

The Department of Commerce promotes inward FDI through the SelectUSA program (launched in 2007 as Invest in America), the first such program at the federal level.⁴⁹² SelectUSA provides a number of resources and contact information for foreign companies regarding the cost of doing business, regulations and laws, industry overviews, and federal programs for foreign businesses.⁴⁹³ For companies entering the U.S., however, the greatest source of information and help are American states and municipalities, for which SelectUSA provides information in a database of state-specific information. Only seven states still have

⁴⁸⁹ Albert Wijeweera, Brian Dollery, and Don Clark, "Corporate tax rates and foreign direct investment in the United States," *Applied Economics*, 39 (2007): 109-117. 114.

⁴⁹⁰ Gustavo J. Bobonis and Howard J. Shatz, "Agglomeration, Adjustment, and State Policies in the Location of Foreign Direct Investment in the United States," *The Review of Economics and Statistics*, 89.1 (2007): 30-43. 39-40.

⁴⁹¹ Overseas Research Department, Americas Division, "2015 Survey on the Business Conditions of Japanese Companies in North America," *JETRO*, 26 November 2015. 3, 5, 13-14, 19-21.

⁴⁹² Jennifer Derstine, "Keeping the United States Open to Investment," *International Trade Administration Newsletter*, May-June 2008. http://trade.gov/press/publications/newsletters/ita_0608/index.asp.

⁴⁹³ "About SelectUSA" and "Resources." *U.S. Department of Commerce*, 2016. <http://selectusa.commerce.gov>

offices in Japan (Texas and California not among them),⁴⁹⁴ perhaps due to the ease of providing information by website, as well as the already high levels of Japanese investment in the U.S. Each state, however, has a comprehensive website detailing its incentives for foreign companies. For instance, Texas promotes its lack of corporate and individual income taxes (a point the JETRO representative also noted).⁴⁹⁵ In the 2015 report on FDI in Texas, Japan is ranked fifth for the amount of investment for M&A projects (\$6.4 billion) and sixth for green field investment (\$2.2 billion).⁴⁹⁶ California, the state with the highest level of FDI, offers an income tax credit for businesses. Among foreign-owned company sites in California, Japan and the U.K. have the most, at 75 each.⁴⁹⁷

This local-level engagement between the U.S. and Japan has a long history, with local government offices providing assistance in identifying investment opportunities, obtaining permits, and determining what infrastructure needs to be built to support the investment, such as roads or train access. For pharmaceutical companies, the local investment relationship is often different, because these Japanese companies tend to acquire existing companies. The transaction, then, is between the two companies. News of local governments showing support for Japanese pharmaceutical companies' American acquisitions is relatively rare in American media due to the nature of the transaction. However, in one instance, in 2014 when Takeda began to build a new research facility for its American acquisition Millennium, the mayor of Cambridge and the governor of Massachusetts both attended the groundbreaking ceremony.⁴⁹⁸

Japanese Pharmaceutical Investment in the United States

Large pharmaceutical firms, such as Pfizer, Merck & Co., and AstraZeneca, tend to be multinational corporations, often with operations across Asia, Europe, and the Americas. Of the ten pharmaceutical companies with the highest drug sales in Japan, half are Japanese-owned companies: Takeda, Astellas Pharma, Daiichi Sankyo, Otsuka Holdings, and Mitsubishi Tanabe Pharma. All have operations in the U.S., and have used a combination of acquisitions and new operations to establish their American presence. Takeda, the largest Japanese pharmaceutical company, entered the U.S. market in 1985 in a joint venture with Abbott Laboratories, establishing TAP Pharmaceuticals (which became a wholly-owned subsidiary in 2008). Takeda built a research and development center in Illinois in 1997, and the same year established a holding company for its U.S. business. The marketing company Takeda Pharmaceuticals America was established the following year and has introduced several drugs in the U.S. market. In the mid-2000s, Takeda built new facilities for its U.S. operations and acquired Millennium Pharmaceuticals in Cambridge, Massachusetts, to

⁴⁹⁴ Minority Business Development Agency, "State International Trade Offices," *U.S. Department of Commerce*, accessed 11 May 2016. <http://www.mbda.gov/main/global-business/state-international-trade-offices>

⁴⁹⁵ "Why Texas: Low Taxes," *Governor of the State of Texas*, 2016.

<https://texaswideopenforbusiness.com/why-texas/low-taxes>

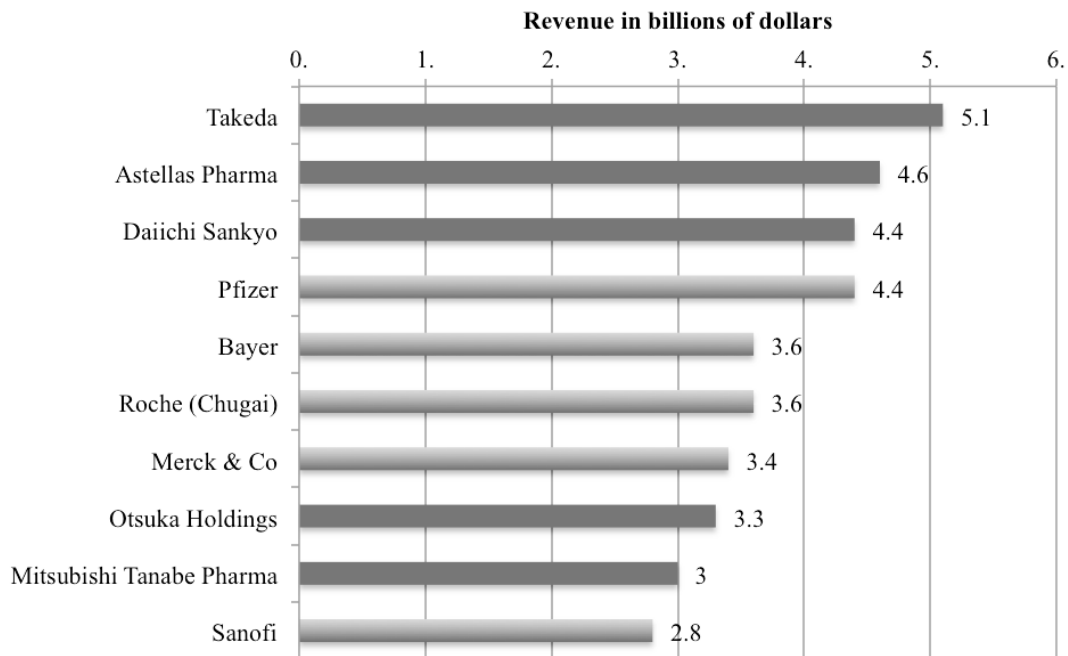
⁴⁹⁶ "2015 Texas Foreign Direct Investment," *Governor of the State of Texas*, 2015.

⁴⁹⁷ "Appendix: California Trade Statistics," *International Trade and Investment Strategy Report 2015*, June 2015.

⁴⁹⁸ Don Seiffert, "Millennium is starting work on new lab building in Cambridge," *Boston Business Journal*, 8 January 2014. <http://www.bizjournals.com/boston/blog/bioflash/2014/01/millennium-to-break-ground-on-250000.html>

leverage its strong oncology R&D.⁴⁹⁹ Astellas was established in 2005 after the merger of two other Japanese pharmaceutical companies, Yamanouchi and Fujisawa. Fujisawa had U.S. operations since 1977, though Yamanouchi only opened a U.S. sales base in 2001. Astellas acquired OSI Pharma (Long Island, New York) in 2010, and currently has number of manufacturing and R&D operations in the U.S.⁵⁰⁰

Total Prescription Drug Revenues in Japan from Top 10 Companies (2014)



Source: Statistica

Daiichi Sankyo, also established through a 2005 merger of Daiichi and Sankyo, had a base in New York City from 1985 under Sankyo, which also began operating in New Jersey in 1996 and California in 1998. In 1983, Daiichi signed an out-licensing agreement with Johnson & Johnson and Hoechst (Germany) to sell an antibacterial drug in Japan and West Germany. The merged company acquired Plexxikon (Berkeley, California) in 2011 and Ambit Biosciences (San Diego) in 2014.⁵⁰¹ Otsuka opened a Palo Alto, California, office in 1973, and research labs in Maryland in 1985. The American subsidiaries Otsuka America and Otsuka America Pharmaceutical were established in 1989. In 2012, Otsuka signed a research agreement with Proteus Digital Health, a company in California, to develop drugs with ingestible sensors, and acquired Avanir (Orange County, California) in 2015.⁵⁰² Mitsubishi Tanabe has five subsidiaries in New Jersey, California, and Massachusetts,

⁴⁹⁹ “History,” *Takeda*, 2016. <http://www.takeda.com/company/history/1945.html>

⁵⁰⁰ “History” and “World Wide,” *Astellas*, 2016. <https://www.astellas.com/worldwide.html>

⁵⁰¹ “History,” *Daiichi Sankyo*, 2016. http://www.daiichisankyo.com/about_us/who_we_are/history/index.html

⁵⁰² “Chronology,” *Otsuka Pharmaceutical*, 2016. <http://www.otsuka.co.jp/en/company/chronology/06/>

including research and development, venture capital, and marketing operations.⁵⁰³

As discussed above, the market factors that drive Japanese pharmaceutical companies to invest in the U.S. differ from those of other types of manufacturing, like automobiles. The acquisitions of the companies profiled above fit into the expectation that large pharmaceutical companies seek to diversify their knowledge by expanding into new markets and acquiring additional operations. These five companies also have operations outside the U.S. and Japan, including other parts of Asia, Europe, and the Middle East. But the U.S. is a particularly obvious investment option. The U.S. has the largest national market share of pharmaceuticals, with sales totaling \$303.9 billion in 2014, or 35.1 percent of the global market.⁵⁰⁴ The U.S. also is home to the National Institutes of Health, which provides \$32.3 billion annually in funding for medical research and is the world's largest biomedical research agency.⁵⁰⁵ Japanese companies seek not only the American consumer market but also the talents American scientists and researchers supported by readily available funding.

As a note on the antibacterial drug licensing Daiichi obtained in 1983, this method was very common for Japanese pharmaceutical companies in the 1980s and 1990s. A study has found that Japanese companies during this period frequently tried to improve their research productivity by licensing drugs. This method contrasts with the behavior of multinational pharmaceutical companies in the 2000s, which, the study found, tend to increase productivity through mergers or acquisitions. Thus, the largest Japanese pharmaceutical companies, all with overseas operations, fit the M&A pattern for multinational companies.⁵⁰⁶

Another benefit of acquiring an American pharmaceutical company, in particular a company that has already successfully developed a drug, is the reduction of the risk associated with pharmaceutical research and development. Shifting the risk of developing new drugs to foreign companies allows Japanese companies to benefit from risk-taking that has already occurred in the American company.

Pharmaceutical research and development is a high-risk endeavor. The process for developing a drug typically extends over many years. In this timeframe, researchers typically test and discard numerous failed formulas as they search for a drug that works. After researchers have identified potential formulas, several stages of clinical trials are required as part of long government approval processes. Only drugs that pass the clinical trials and receive official approval can be marketed to the public.⁵⁰⁷ For example, out of 250 compounds in pre-clinical trial testing, five will undergo human clinical trials, and only one will ultimately be approved.⁵⁰⁸ For Japanese companies that wish to market a drug in both the U.S. and Japan, the process of gaining separate approvals from both the U.S. Food and

⁵⁰³ "Corporate History." *Mitsubishi Tanabe Pharma*, 2016. <http://www.mt-pharma.co.jp/shared/show.php?url=../e/company/group.html>

⁵⁰⁴ "Pharmaceuticals in the United States," *MarketLine*, 2015. 9.

⁵⁰⁵ "Budget," *National Institutes of Health*, 4 April 2016. <https://www.nih.gov/about-nih/what-we-do/budget>

⁵⁰⁶ Hirohisa Shimura, Sachiko Masuda, Hiromichi Kimura, "A lesson from Japan: Research and development efficiency is a key element of pharmaceutical industry consolidation process," *Drug Discoveries and Therapeutics*, 8.1 (2014): 57-63. 62-63.

⁵⁰⁷ "Industry Overview: Drug," *Value Line*, 2016.

⁵⁰⁸ "Pharmaceuticals in Japan," *MarketLine*, 2015. 16.

Drug Administration (FDA) and the Japanese Pharmaceuticals and Medical Devices Agency (PMDA) adds even more time, effort, and funding needs.

The time lag in getting drugs to market in Japan is a problem for several reasons. Japan's large population and wealth already make it one of the largest markets for pharmaceuticals in the world, with \$85.5 billion in revenues in 2014. Japan's aging population will drive future healthcare costs and pharmaceutical demand; in 2013, over 25 percent of the population was aged 65 or older.⁵⁰⁹ One survey in 2004 found a 2.5-year gap between U.S. and Japan launches for new drugs, and another found that the average gap between 1999 and 2005 was 2.8 years. A 2010 study found that part of the lag is related to the home nationality of the pharmaceutical firm; Japanese companies experience less lag than non-Japanese. The development strategy for the drug also had an impact, particularly in-licensing, in which two companies will collaborate to develop a drug. Additionally, registering a drug in the U.S. or Europe as well as in Japan reduced the lag time. Interestingly, the study determined that clinical trials and regulations did not contribute significantly to the lag time.⁵¹⁰ Though this lag time is unfortunate, the factors that contribute the most to the lag actually encourage Japanese pharmaceutical companies to invest abroad. The Japanese government has several initiatives intended to address this issue, which will be discussed below.

Healthcare Institutions and Policies in Japan

The attraction of the US for Japanese pharmaceutical investment is clear. This section examines Japan's domestic institutional and policy context, which might also have an impact on pharmaceutical companies' investment decisions. As noted above, lag time in moving drugs to market is a problem that the Japanese healthcare market currently faces. Recently the Japanese government has undertaken several initiatives to promote innovation and better delivery of healthcare in Japan, with programs that provide incentives for pharmaceutical companies to operate in Japan. Could any of these efforts have an impact on Japanese pharmaceutical companies' investment in the US? As this section will demonstrate, stronger domestic policies do not necessarily reduce the benefits of internationalizing a pharmaceutical company, but can complement companies' overseas investments by offering more opportunities to leverage investment returns.

The most important healthcare policymaking body is the Central Social Insurance Medical Council (Chuikyo) of the Ministry of Health, Labor, and Welfare (MHLW). Chuikyo is responsible for developing new healthcare policy on a two-year cycle, with recommendations for policy changes discussed in the winter before implementation on April 1. Representatives from 20 organizations compose the council, which is shuffled every two years. In the past decade, Chuikyo has attempted to create greater transparency in its proceedings by opening meetings to the public and including representatives from the general public on the council (typically from academia), following a 2004 scandal in which members

⁵⁰⁹ Ibid. 7.

⁵¹⁰ Y. Hirai et al., "Delays in New Drug Applications in Japan and Industrial R&D Strategies," *Nature*, 87.2 (2010): 212-218. 212-213.

of the Japan Dental Association bribed two Chuikyo members for favors.⁵¹¹ Council membership now includes seven organizations represent healthcare payment (such as insurance companies), seven represent healthcare practitioners (doctors, dentists, and pharmacists' trade associations, for example), and six represent the public interest (universities or local governments). Additionally, there are experts who assist the committee. The Chuikyo committee roster as of April 2016 lists 10 experts, mostly from within the industry.⁵¹² The agenda from the April 2016 meeting shows that Chuikyo is divided into subcommittees covering different policy areas: problems with and solutions for the medical service payment system, drug pricing, medical supply insurance, cost-effectiveness evaluation, and surveying.⁵¹³

Chuikyo is responsible for setting the price schedule for all medical products and services, including pharmaceuticals. At the time of a newly approved drug's branding, pharmaceutical companies have an opportunity to negotiate for the price of the drug; however, Chuikyo can change the price later. Price revisions for the 2016 fiscal year were expected to average 6.8 percent after MHLW conducted its market-price survey of drugs in 2015.⁵¹⁴ After Chuikyo approved the price cuts, Reuters reported that representatives from pharmaceutical companies and trade associations in Japan said the price cuts were particularly severe (up to 50 percent) for certain drugs with sales exceeding ¥150 billion in Japan annually, and that pharmaceutical investment might go elsewhere.⁵¹⁵

A trial initiative to encourage new drug development is Sakigake ("pioneer"), a program designed in response to the Act to Promote Healthcare and Medical Strategies, enacted in 2014. Through Sakigake, MHLW intends to promote innovative medical industry development, including pharmaceuticals, by encouraging practical application of basic research. This strategy, broadly, hopes to encourage companies to create "global marketing strategies," rather than marketing solely to Japan based on the National Health Insurance pricing. Two processes exist to cultivate pharmaceutical development: a Sakigake Designation System, which awards certain drugs with premium pricing and shortened approval process time, and a scheme for rapid authorization of unapproved drugs, which speeds up the slow PMDA approval process for drugs that fulfill certain criteria. The Designation System is intended to make drug pricing in Japan more predictable for pharmaceutical companies and can be awarded to drugs that are both developed and submitted for approval in Japan first, and that have a significant improvement over existing treatments. The rapid authorization scheme is targeted towards drugs that are in their final phase of clinical trials in Japan, have shown positive results in public literature, or have

⁵¹¹ Tomoko Otake, "Who is paying the price of health care?" *The Japan Times*, 14 March 2006.

<http://www.japantimes.co.jp/life/2006/03/14/lifestyle/who-is-paying-the-price-of-health-care/#.VzT-fzZKYdc>

⁵¹² "Chuo shakai hoken iryoku kyogikai iin meibo," *Ministry of Health, Labor, and Welfare*, 1 April 2016.

<http://www.mhlw.go.jp/stf/shingi2/0000120686.html>

⁵¹³ "Chuo shakai hoken iryoku kyogikai sokai," *Ministry of Health, Labor, and Welfare*, 13 April 2016.

<http://www.mhlw.go.jp/stf/shingi2/0000120937.html>

⁵¹⁴ "Japan's FY2016 drug-price revision expected at 6.8%, Sakigake-premium maximum raised to 20%," *IHS*, 4 December 2016. <https://www.ihs.com/country-industry-forecasting.html?ID=10659107654>

⁵¹⁵ Ritsuko Shimizu, "Drugmakers say Japan R&D spending at risk after government forces price cuts," *Reuters*, 1 April 2016. <http://www.reuters.com/article/us-japan-drug-idUSKCN0WY46I>

success in mixed medical care trials.⁵¹⁶ In October 2015, Sakigake successfully passed six drugs through the review system, five of which were developed by Japanese companies (Astellas among them) and one by an American company.⁵¹⁷

In April 2016, along with Chuikyo's price cuts, the premiums for Sakigake's designated drugs was doubled to 20 percent. Apparently this premium will only apply to the six drugs that have been approved through Sakigake so far.⁵¹⁸ The premium's increase, however, gives no indication whether Sakigake will continue beyond the trial year: there are currently no announcements about Sakigake's 2016 progress. If the program can continue bringing innovative drugs to market swiftly, it might encourage more Japanese (and non-Japanese) companies to conduct their research and development in Japan. However, until companies can trust that Sakigake will exist well into the future (given the decade or more pipeline for drugs), Japanese companies conducting R&D in the U.S. will probably not relocate their operations to Japan solely for Sakigake.

Sakigake is not the first attempt at reducing lag times. Since 2006, PMDA has promoted use of global clinical trials that have sufficient conditions to satisfy Japan (such as using some percentage of Japanese patients in the trials so that the drugs are tested as appropriate for the Japanese population). PMDA has prioritized clinical trial consultations for global clinical trials in an effort to encourage their use.⁵¹⁹ The PMDA issued additional guidelines for global clinical trials in 2012 and 2014. While global clinical trials help companies streamline their overall approval process, which is helpful for Japanese multinational pharmaceutical companies, it will probably not have an effect on the location of investment.

Finally, with Abenomics, the Abe administration's effort to revitalize the economy, the government also has an eye on the pharmaceutical industry. Part of the structural reforms of the third arrow of Abenomics seeks to expand the pharmaceutical and medical equipment market to ¥16 trillion by the year 2020. The market in 2014 was ¥12 trillion. Towards this end, the Diet revised the Pharmaceuticals Affairs Act in 2013 to permit the online sale of almost all non-prescription drugs.⁵²⁰

The most important part of Abenomics' effort to expand the pharmaceutical market, though, is supporting research and development. The Japanese government has begun to develop an equivalent to the U.S. National Institutes of Health in order to support medical R&D. The new organization, the Japan Agency for Medical Research and Development (AMED), consolidates government-funded research budgets, previously split among three ministries (MHLW, the Ministry for Economy, Trade, and Industry, and the Ministry for Education, Culture, Sports, Science, and Technology), and provides a single point of contact for research institutions and researchers. AMED was established in April 2015, after the Cabinet approved the Act on Promotion of Healthcare Policy and the Act on the Japan

⁵¹⁶ Sakigake Project Team, "Strategy of Sakigake," *Ministry of Health, Labor, and Welfare*, 17 June 2014.

⁵¹⁷ "Japan's MHLW announces first batch of six drugs to receive new sakigake fast-track designation," *IHS*, 27 October 2015. <https://www.ihs.com/country-industry-forecasting.html?ID=10659107021>

⁵¹⁸ "Japan's FY2016 drug-price..." *IHS*.

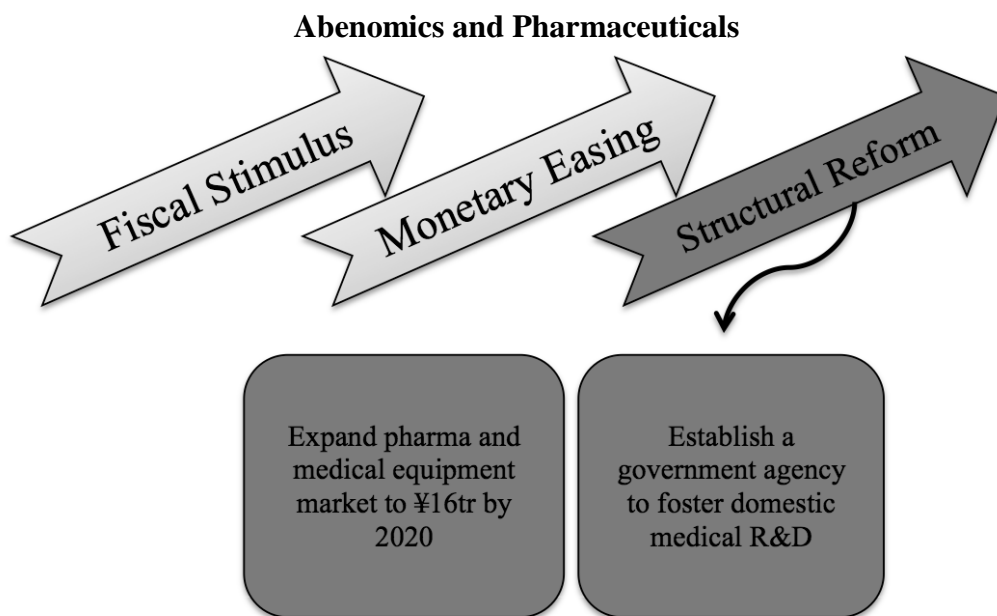
⁵¹⁹ "Basic principles on Global Clinical Trials," *PMDA*, 28 September 2007.

⁵²⁰ "Abenomics Is Progressing," *Government of Japan*, June 2014.

Agency for Medical Research and Development the previous year, and falls under the control of the Prime Minister and the ministers of the three ministries listed above.

AMED's objectives specifically seek to address the inefficient funding structure for R&D and the slow clinical trials process by integrating the research process. These factors, along with Japan's status, AMED says, as an "ultra-aging" society, are why AMED was founded to provide centralization of funding sources. In the new government-funded R&D structure, the Headquarters for Healthcare Policy, a function of the Cabinet headed by the Prime Minister, develops a plan for medical R&D with input from MHLW, METI, and MEXT. The ministries and the Cabinet Secretariat give AMED its budget and targets. AMED then disburses funds through its nine grant programs, which cover a wide variety of drug and medical device development, as well as research on diseases and disorders.

AMED supports researchers through to the practical application of their research. International joint research is also eligible for AMED funding, and AMED plans to establish overseas offices in Washington, D.C., London, and Singapore in 2016 to facilitate research and personnel exchange. AMED already signed a collaboration agreement with the U.S. NIH in January 2016, which will cover projects, seminars, and other joint activities.⁵²¹



Source: Government of Japan

AMED's budget for fiscal year 2014 was ¥121.5 billion, and its staff numbered 300.⁵²² At little more than \$1.1 billion, AMED's budget is one thirtieth of the NIH budget, and its workforce is also considerably smaller. Only a year old at this writing, it remains to be seen whether AMED can provide support for medical research and development similar to the NIH. The international collaboration aspect of NIH, however, might provide opportunities

⁵²¹ "Japan Agency for Medical Research and Development Brochure," AMED, 2016.

⁵²² "About AMED: Overview," AMED, 1 April 2015. <http://www.amed.go.jp/en/aboutus/gaiyou.html>

for smaller Japanese pharmaceutical firms to conduct research overseas, possibly leading to additional investment later.

The Trans-Pacific Partnership (TPP) agreement, which is now before the Japanese Diet and U.S. Congress, will not likely have a large impact on Japanese pharmaceutical investment in the U.S. The intellectual property rights chapter of TPP establishes minimum patent protection periods of five to eight years for pharmaceuticals and biologic medicines.⁵²³ Since the U.S. and Japan already have 20-year patents,⁵²⁴ this element of TPP will not affect Japanese pharmaceutical companies seeking patents in the U.S. and Japan.

Conclusion

The long history of Japanese investment in the U.S. continues with a positive trajectory for the future. Every industry in which Japan invests has experienced growth, and new and innovative industries show particularly robust growth. Incentives for Japanese companies to establish operations in the U.S. remain strong. For the pharmaceutical industry, diversification of knowledge and access to large markets are major factors in bringing large Japanese pharmaceutical companies to the U.S., where American companies, through acquisition or licensing, offer an opportunity to expand.

The increasing trend of Japanese pharmaceutical investment in the U.S. has a good outlook. Efforts by the Japanese government to foster domestic research and development will likely complement pharmaceutical companies' overseas operations, rather than replace it with domestic R&D. Initiatives to offer premium pricing like Sakigake are not certain enough in the long-term to draw significant pharmaceutical R&D away from the U.S., while efforts to improve and accelerate the drug approval process in Japan will reward companies that seek approval in multiple countries. Japan's new government agency for research and development, AMED, is small but has already begun to build international relationships that will help more pharmaceutical companies leverage the benefits of international collaboration.

It has been 25 years since Japan's enthusiastic investors were bashed and accused of "invading" the U.S. Japan now invests more in the U.S. than ever before, and the severe criticism of Japan's investments has disappeared. This paper has examined just one industry in which Japanese investment has flourished. In the future, the robust direct investment relationship between Japan and the U.S. deserves additional attention and research to explore how it deepens U.S.-Japan relations.

Pamela Kennedy

⁵²³ TPP Final Table of Contents, "18. Intellectual Property," *United States Trade Representative*.

⁵²⁴ "Frequently Asked Questions on Patents and Exclusivity," *U.S. Food and Drug Administration*, 18 July 2014. <http://www.fda.gov/Drugs/DevelopmentApprovalProcess/ucm079031.htm>
"Patent," *Japan Patent Office*, . <https://www.jpo.go.jp/english/faqs/patent.html>

Why Are Japanese Youth Avoiding Foreign Study in the United States?

Introduction

In the 1980s, in the midst of an economic boom, young Japanese jumped at the chance to study in the United States. Today, though America is Japan's close friend and ally, the number of Japanese exchange students in the U.S. has fallen shockingly low. While Japanese students still come to study in the U.S.—around 19,000 in 2015—compared to the more than 50,000 studying in the U.S. annually in the late 1990s, the 57% decline over 15 years⁵²⁵ is stark. The steep decline suggests a trend of waning cultural interest that will have significant repercussions over time on the two nation's close bilateral relationship.

Over the past decade or two, advanced nations like Japan and the U.S. have taken up chanting the mantra of globalization. However, this does not mean that all people happily accept this trend. Governments might urge their citizens to give in to the inevitable global melding of economies, cultures, and politics, a backwards pendulum swing rejecting the impact of globalization has also taken root in many ways. The popularity of Donald Trump in the U.S. presidential election is one example, and the British people's surprising vote in a referendum to leave the EU are two examples. Obvious economic benefits for embracing globalization exist, but many people who feel their concerns have been ignored, neither understand nor tangibly feel these benefits in their daily lives.

In Japan's case, the positive aspects of globalization go beyond simply expanding markets or international influence. Instead, they can help tackle such long-term demographic problems as the rapidly aging society in which few babies are being born. They also have strategic considerations relating to the longevity of the security alliance with the U.S. In contrast to other countries like South Korea and China from which students are spreading out across the world, Japan is the unusual exception. Japanese students, often due to their parents' guidance, today prefer to stay comfortably at home in Japan, avoiding the challenges of global interaction that young people of other countries enjoy. Ironically, this trend contradicts the needs of Japanese businesses, which take in a growing proportion of revenue from corporate investments abroad, that should be searching for globally competent Japanese talent to run those firms.

Studies as to why the number of Japanese youth going to study in the U.S. has declined yield some clear and concrete reasons, but also some contradictory survey results. The obvious reasons not to study abroad mimic the considerations of any student in many other countries—financial limitations and language barriers. Less obvious to foreign observers, but no less reasonable motivations to stay in Japan, include uniquely Japanese logistical problems arising from academic and business calendars and practices. Though some researchers dispute it, this paper argues that the most compelling reason is an inward-looking, negative, and fearful attitude toward studying or living abroad – a cocoon mentality. Japanese youth suffer from a larger cultural syndrome that affects not only a student's cost

⁵²⁵ (CulCon, Decline Infographic 2015)

benefit analysis of study abroad but also alters how their parents view study abroad, and more seriously perhaps, how Japanese businesses value an internationally educated student.

This paper first examines why the drastic decline in exchange students at the university level affects the U.S.-Japan relationship, as well as each country specifically. It then statistically analyzes the current level of educational exchanges and prevailing trends. Second, the paper delves into the various reasons Japanese students choose not to study in the U.S. (or anywhere else) and how each government is attempting to reverse the trend. Finally, this paper will show how these efforts are being hindered by the way the culturally prevalent risk averse attitude ties together all the other concrete stumbling blocks to Japanese university students going abroad.

Why Does the Decline Matter?

Some, especially Americans competing fiercely for university admission or Japanese content to stay comfortably and stress-free at home in Japan, might question why anyone should try to revive the interest of Japanese youth in studying in the U.S. Many Americans and Japanese in general fail to understand how beneficial a healthy educational exchange program can be to the national interest of their respective country. Put another way, the shrinking presence of young Japanese in U.S. institutions of higher learning has long-term negative consequences on the close, friendly ties that the two nations now enjoy.

The long-term social and economic benefits for Japan of sending students abroad are profound. First, as Japanese companies globalize their sales and presence,⁵²⁶ relying on local hires to run their overseas operations will not suffice. Hands-on experience by Japanese at the field level is critical for future growth. As Japanese companies' global transactions grow, the need for Japanese human resources who have foreign language skills, adaptability when faced with different cultural and business practices, self-motivation to face challenges also increases. Furthermore, as Japan's aging population shrinks, interactions with foreigners will increase as immigrants make up more of the workforce. Whether that increase in immigrants is desired will not make a difference. Economically, the reality of Japan's demographic problem will change the labor force, and companies must adapt. Study abroad experiences provide opportunities to develop the skills necessary for Japan's changing social and economic landscape.

Another benefit for Japan arising from its students studying abroad is the better understanding of the United States such an experience imparts. Conversely, failure to encourage study abroad could lead to long-term consequences. Americans and Japanese tend to take the U.S.-Japan Security Alliance for granted because it seems so stable and secure. However, losing sight of the "grassroots friendship" uniting the two countries risks breeding indifference to the state of the security relationship.⁵²⁷ People-to-people connections developed by Japanese students during their time studying in the U.S. provide a deeper understanding of the American society, politics, and strategic thinking. An American experience for Japanese youth furnishes an understanding that each country might otherwise

⁵²⁶ (Hasegawa, Keidanren 2016)

⁵²⁷ (The White House, 2014)

lose due to linguistic differences and missed signals. This kind of forged relationship influences the kind of strategic considerations needed when both countries are looking at the challenges faced in the changing environment of the Asia-Pacific region.

The benefits from educational exchanges go in both directions. In economic terms, Japanese students—who make up the seventh most numerous body of foreign students in the US—contribute approximately \$600 million a year to the American economy.⁵²⁸ In cultural terms, Japanese students, obviously, add to the diversity of American campuses. But as the numbers dwindle, the positive impact of young Americans and Japanese interacting on campuses slowly disappears. While China sends the most students, nearly 300,000, to the U.S. each year, Japan now sends just over 19,000.⁵²⁹ From a personal viewpoint, it is rare to see a Japanese foreign student at Johns Hopkins University's DC campus, in stark contrast to the many Chinese students attending the school. The disparity means that fewer Americans interact with Japanese students, and just as Japanese people lose a personal understanding of America, Americans lose a personal understanding of Japan. Over the long run, that affects the personal commitment of Americans and Japanese to maintaining the Alliance.

Current Statistics of Japanese Students to the US

A closer examination of the worrisome educational-exchange numbers underscore the above argument. According to the 2015 Open Doors Report, issued by the Institute of International Education (IIE), the number of Japanese students studying in the United States during the 2014/15 academic year was 19,064—a 1.4% decrease from the 19,334 students the previous academic year.⁵³⁰ This number is quite a drop compared to the 1998 peak of 47,000 students, and causes concern even though Japan remains seventh when it comes to students in the U.S.⁵³¹

For the purpose of this paper's research, the focus will be on higher education students—although other levels may be mentioned as a way to encourage study abroad at higher levels.

IIE's breakdown of Japanese students in the U.S. is as follows: 46.6% are pursuing undergraduate studies; 17.3% pursue graduate studies; 6.7% pursue Optional Practical Training (OPT); and 29.4% pursue some other academic endeavor. Other refers to mostly short-term studies and English training programs, and OPT is internship experience during higher education.

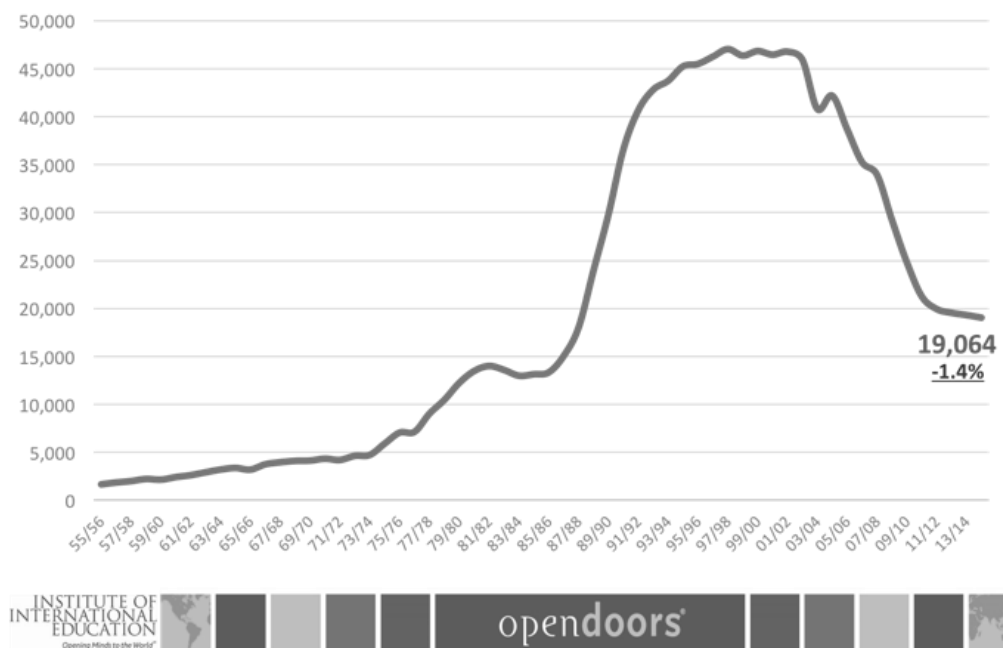
⁵²⁸ (East-West Center, Japan Matters for America, 2015)

⁵²⁹ Ibid

⁵³⁰ (Institute of International Education, Open Doors Report, 2015)

⁵³¹ Ibid

Japanese students in the U.S., 1955/56 – 2014/15



The first drop in Japanese students studying abroad began after 1998, the peak year, and coincided with an economic downturn in Japan. For some reason, the numbers began leveling off but then dropped again another 15% during the 2009-2010 academic year.⁵³² The decline prompted concern on both sides. As a result, on April 25, 2014, President Barack Obama and Prime Minister Shinzo Abe issued a statement to work toward doubling two-way student exchanges by 2020—although the report fails to mention what specific number each country is trying to double (the peak or the lowest point?).⁵³³ Based on that report and joint statement, both countries have started efforts to boost mutual interest in studying abroad. To a certain extent, businesses and individuals are also attempting to create an environment favorable to compel students to study abroad, although efforts and results are mixed.⁵³⁴

Why Has the Number of Students Coming to the US Declined?

There is no consensus among educators as to why young Japanese seem disinterested in studying abroad. No one has been able to pinpoint what plays the largest role in the decline in foreign study. Some blame the high cost of foreign study, or the weak foreign language skills of Japanese students, or even the academic bureaucratic barriers. Others see it as a perceived lack of return on investment. Of course, all these factors must play a role in a student's calculation about whether or not to go abroad, and although some blame the inward-looking nature of Japanese students, arguably, that, too, is an overly simplistic explanation. Instead, all these reasons ultimately point to a shy, pessimistic, risk-averse worldview that seems to

⁵³² Ibid

⁵³³ (Culcon, Education Task Force Report, 2013)

⁵³⁴ (Blumenthal, US-Japan Student Mobility Trends, 2016)

reflect Japanese society in general. In other words, it is not just students but average Japanese, who feel more comfortable remaining at home than venturing abroad – unless of course it is as part of a group tour with Japanese speaking guides.

Certainly, U.S. colleges and universities are expensive, even for Americans. According to the *Asahi Shimbun Weekly, AERA*, the most appealing American colleges and universities (top 10 or 20) are also among the most expensive in the world.⁵³⁵ A cultural affairs officer at the U.S. Embassy in Tokyo alluded to the financial difficulty for Japanese families to send children to study abroad, noting that the growth of income in Japan has long remained flat while tuition and costs in the U.S. skyrocket. Moreover, fluctuations in the exchange rate can increase the financial burden.⁵³⁶ If one also takes into account the cost of traveling to the US, finding lodging (in Japan, many university students live at home and commute to school), and the varied cost of living in the states when compared to the price of domestic institutions, it often makes little economic sense for parents to send their children abroad to study.

That argument may hold true for some Japanese families on a tight budget, but not everyone believes that the cost plays such a large factor in determining students' choices. One senior educator at Temple University Japan, one of the few foreign campuses in Japan, argues that the economic calculation is of secondary importance to the decision. Many American families who also can ill afford college for their children still manage to send them off to school. If that were the only determining factor, more Japanese students would be studying abroad.⁵³⁷ This statement is not without merit. One survey of high school students found that when asked how those who were interested in going abroad in the future would pay for the experience, 63.7% said their parents would pay.⁵³⁸ Even the British Council, which contends that the idea of inward-looking Japanese youth is false, found in its own survey that when students were asked for the top three reasons they did not wish to go abroad, only 41% chose expense as a reason not to go.⁵³⁹ In addition, that survey also found that only 28% of students uninterested in going abroad thought a scholarship would sway their opinion.⁵⁴⁰ If the cost of studying abroad by itself is inherently not what discourages Japanese students, the question remains: What makes the cost of higher education a barrier instead of just a challenge?

If the problem is not the economic reality, then perhaps it is the language barrier. English language education scores poor marks in Japan. Japan ranks a dismal 28 out of 30 Asian countries in its TOEFL scores.⁵⁴¹ It is a common complaint among corporations belonging to Keidanren, Japan's premier business association, that they are forced to provide English education to their employees who should have already learned it in school.⁵⁴² However, the problem of English is not just on the Japanese side; American universities, when asked whether they are interested in creating pathway programs to their campuses, cite concern

⁵³⁵ (Asahi Shimbun, 欧米名門は学費高騰, 2016)

⁵³⁶ (US Embassy Source, Tokyo 2016)

⁵³⁷ (Professor, Temple University, 2016)

⁵³⁸ (Japan Youth Research Institute, 2012)

⁵³⁹ (British Council, Debunking the “inward-looking” myth, 2014)

⁵⁴⁰ Ibid

⁵⁴¹ (Hasegawa, 2016)

⁵⁴² Ibid

over lack of English ability as one reason they do not have them.⁵⁴³ Even universities that have exchange programs are increasing their TOEFL score requirements well beyond Japan's average. For instance, Waseda University's Global Leadership Program, which involves a two-way exchange, abides by its U.S. partner schools' TOEFL requirements. The program requires students to have a TOEFL score of 89 to 100, depending on the American partner university.⁵⁴⁴

Year/Country	Singapore	India	Hong Kong	China	South Korea	Japan
2009	99	90	81	76	81	67
2010	98	92	81	77	81	70
2011	99	92	82	77	82	69

Source: Hasegawa, 2016

Young Japanese themselves feel concern over their lack of English ability. When combined with the stress of a competitive academic atmosphere that is also expensive, it makes sense that weak English skills would dissuade students. Indeed, the British Council survey found that of the students who do not want to go overseas, 51% listed lack of language skills as one of the top three reasons they preferred not to go.⁵⁴⁵ The Japan Youth Research Institute (JYRI) survey likewise, found 48.1% of respondents listed not knowing a foreign language as the reason they did not want to go abroad.⁵⁴⁶ As an individual example, one Japanese student interning in the U.S. during the summer of 2015 wrote in a blog for Japanese students abroad that even for someone originally confident in her English skills, she found reality completely different, and she had to struggle to understand the fast-paced business English.⁵⁴⁷ She also found it lonely without resources to assist her in improving her English.⁵⁴⁸

Even though language is a factor, a lack of English skills alone fails to provide a wholly compelling explanation. In fact, given that short-term English language programs abroad are the only bright spot as far as the numbers of Japanese studying in the U.S., it seems students are willing to overcome the language barrier. The total number of Japanese enrolled in Intensive English Programs in 2014 was 10,997, which if you consider the total was 19,334, is about half the number.⁵⁴⁹ The JYRI survey also found that of those seeking to go abroad most, 79.9% wished to go to improve their language skills.⁵⁵⁰ Language barriers are difficult, but it is not as though no Japanese student has overcome that hurdle. Otherwise, how could 47,000 Japanese students have once studied in the US?

⁵⁴³ (Institute of International Education, 2015)

⁵⁴⁴ (Tomoya, Waseda GLFP 2016)

⁵⁴⁵ (British Council, 2014)

⁵⁴⁶ (Japan Youth Research Institute, 2012)

⁵⁴⁷ (米国インターン生のブログ, 2015)

⁵⁴⁸ Ibid

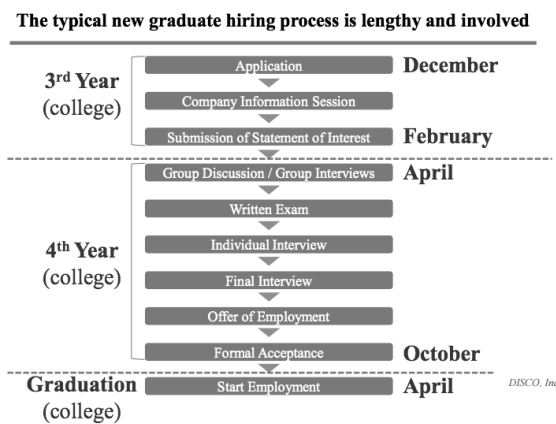
⁵⁴⁹ (Institute of International Education, 2015)

⁵⁵⁰ (Japan Youth Research Institute, 2012)

If English is not the most discouraging factor, then one might argue it is the mismatched academic calendar or Japanese universities' red tape making it too difficult to navigate studying abroad. The academic calendar in Japan begins in April and ends around March, while that in the U.S. begins in August and ends around the beginning of June.⁵⁵¹ This makes it very difficult to complete a term abroad without having to make up time lost upon returning to Japan. Further exacerbating that problem is the difficulty of transferring credit, since many Japanese universities are reluctant to accept foreign institutions' credits.⁵⁵² Finally, many Japanese universities charge "placeholder" tuition, a very unreasonable burden. In other words, the student pays both the Japanese institution's tuition and the foreign university's tuition.⁵⁵³ Studying abroad presents a logistical challenge in the first place, and when one's own university erects additional financial barriers, it might prevent someone from going abroad at all.

However, there are programs that facilitate exchange (like the above-mentioned Waseda program), so the difficulty at some universities cannot be the whole explanation. A large reason given for why students do not go to the U.S. or abroad in general, is the lack of payoff afterward. The return on investing the money, the effort to learn English, and the hassle of red tape cumulatively may be enough to persuade Japanese students not to make the effort. Indeed, this was an oft repeated theme among those interviewed. A corporate leader at Amway Japan mentioned that many Japanese parents discourage their children from taking a career risk by studying abroad.⁵⁵⁴ According to this individual, Japanese parents, who were financially hurt by the economic bubble that burst in the 1990s, now double down on wanting their children to take the safe path of attending a Japanese university and aiming for a stable position with a large Japanese company.⁵⁵⁵

The reason the payoff seems too low to justify the costs is in part structural and in part a business problem. First, Japan has a very strict hiring schedule or job-hunting season, and going abroad causes students to miss important steps or the entirety of that process. As can



Source: (Hasegawa, 2016)

be seen from the chart, the job hunt begins as early as December of one's junior year and continues until graduation. Failing to begin the process with everyone else may result in having to wait until the next cycle begins or in missing the opportunity to be hired as a "new graduate"—a status only considered to last 3 years after graduation.⁵⁵⁶ If a student is unlucky enough to miss his or her chance at the job hunt, the opportunity to secure full-

⁵⁵¹ Ibid
⁵⁵² Ibid
⁵⁵³ Ibid
⁵⁵⁴ (Amway 2016)
⁵⁵⁵ (Amway, 2016)
⁵⁵⁶ (Culcon, 2013)

time regular employment (as opposed to the growing tide of part-time and irregular contract workers) may never come around again.

Another reason the cost-benefit analysis seems to come up negative is a lack of tangible rewards for studying abroad. Even though businesses say they want to hire students who are “global jinzai” or global talent, the evidence suggests that many firms do not actually hire many students with study abroad experience. Anecdotally, there have been many cases where Japanese students completing degrees abroad were either unable to find jobs or who started at the bottom just like any other graduate without their international experience raising the chance of promotion.⁵⁵⁷ More specifically, according to the latest Culcon report, 59.1% of companies looking to hire students with study abroad experience only do so once a year during the normal *shukatsu* or job-hunting season, and only 51% say they are considering adding hiring cycles in the future.⁵⁵⁸

Also, a survey conducted in 2012 by Keizai Koyukai, a top association of business executives, found that as many as 66.3% of companies recruited but ultimately failed to hire Japanese students with overseas experience.⁵⁵⁹ In the end, only 33.6% of students with international experience were hired.⁵⁶⁰ Still, when surveyed by the British Council, only 3% of students uninterested in studying abroad cited the impediment to job hunting as one of the top three reasons not to go abroad, and only 2% of these students thought changing the *shukatsu* season would change their opinions.⁵⁶¹ From those numbers, it seems unlikely that the difficulty of balancing one’s job hunt and studying abroad is widely talked about, but it does not appear to be the main reason students stay home.

If none of the above is sufficient to prevent Japanese students from choosing to study abroad, it may be that there is a deeper cultural reason causing their hesitation. The cause may be the fear of failure that is prevalent in Japanese society. This fear has made Japanese youth negative about venturing out into the international arena. Some disagree with this reasoning, including the British Council and Professor Annette Bradford of Meiji University, who argues that, on the contrary, “Japanese...university students [are] more positively inclined toward overseas study”⁵⁶² than many scholars, concerned about the inward-looking trend among students, fear. Despite that argument, the Council’s own survey found that only 33% of Japanese students showed real interest in studying abroad and the JYRI survey found that only 29.2% interested.⁵⁶³ If that seems like a significant number, consider that the JYRI survey also found that of those interested in studying abroad, only 7.6% had made any plans or preparations to do so and 90.9% had not even begun to seriously plan for going abroad.⁵⁶⁴

These numbers paint a complicated picture of students not entirely inward looking but still unmotivated to seek beyond the “highly developed and peaceful...technologically

⁵⁵⁷ (Amway, 2016)

⁵⁵⁸ (Culcon, 2013)

⁵⁵⁹ Ibid

⁵⁶⁰ Ibid

⁵⁶¹ (British Council, 2014)

⁵⁶² (Bradford, *Changing Trends*, 2015)

⁵⁶³ (British Council, 2014)

⁵⁶⁴ (Japan Youth Research Institute, 2012)

advanced, comfortable and secure Japan” for education.⁵⁶⁵ It may be more accurate to say that while Japanese students do not completely lack an outward-looking stance, some cultural mindset has consistently hardened their position against going abroad. That mindset is the aversion to risk and the desire to avoid what many—especially current parents who grew up as Japan’s bubble burst—perceive as failure to succeed in Japanese society.

Interestingly, some of the most compelling evidence for this aversion comes not directly from the students, but rather from a cultural tendency in modern Japan of young people lacking an entrepreneurial spirit. (Indeed, there are relatively few start-ups by young entrepreneurs in Japan.) Two particularly interesting studies demonstrate this tendency. The first, by the Sanno Institute of Management, delved into where survey respondents desired to work. They found -- unsurprisingly if one believes that a risk-averse outlook exists in Japan -- in 2010 that 49% of people emphatically did not want to work abroad (a 17.3% increase from 2001), and they cited their personal lack of confidence and the desire to avoid “risk” as the justification.⁵⁶⁶

The second study is an Amway survey, its Global Entrepreneurship Report (GER), which ranks 44 nations in terms of entrepreneurialism. Japan comes in dead last in this ranking. The most recent survey (2015) found that in Japan, of the mere 29% who want to start a business, only 13% are actively entertaining such an idea.⁵⁶⁷ More directly related to the idea that students fail to study abroad, is the fact that only 8% felt they had the skills to start a business.⁵⁶⁸ Furthermore, the 2013 iteration of this survey found that 94% of Japanese respondents cited the fear of failure as the reason why they do not choose self-employment.⁵⁶⁹

On a more personal note, even those Japanese students that come to the U.S. find themselves sometimes unprepared for the challenges they face. In a series of interviews of Japanese students, the students felt slighted when professors did not “initiate help” for them when they struggled—instead expecting the students to ask. One student mentioned, though, that she felt going to the professor during office hours was bothering that person and admitting one’s failure.⁵⁷⁰ This fear of failure and pessimistic outlook about one’s chance of success, combined with all the economic and logistical factors a Japanese student faces when deciding to study abroad, is arguably the most compelling reason for the decline. Obviously, circumstances might cause people to think twice about venturing out, but in a culture where risk taking is so uncommon, it makes sense that students (and their parents) prefer to take the safe path in Japan. That means going to a Japanese university and then joining the job search like everybody else. Such a course in life is more comfortable and less risky than facing the unknown in the United States.

⁵⁶⁵ (Burgess, *Foreigners Reluctant to Come, Japanese Reluctant to Leave*, 83, 2015)

⁵⁶⁶ (Burgess, 2015)

⁵⁶⁷ (Amway, *Global Entrepreneurship Report 2015*)

⁵⁶⁸ *Ibid*

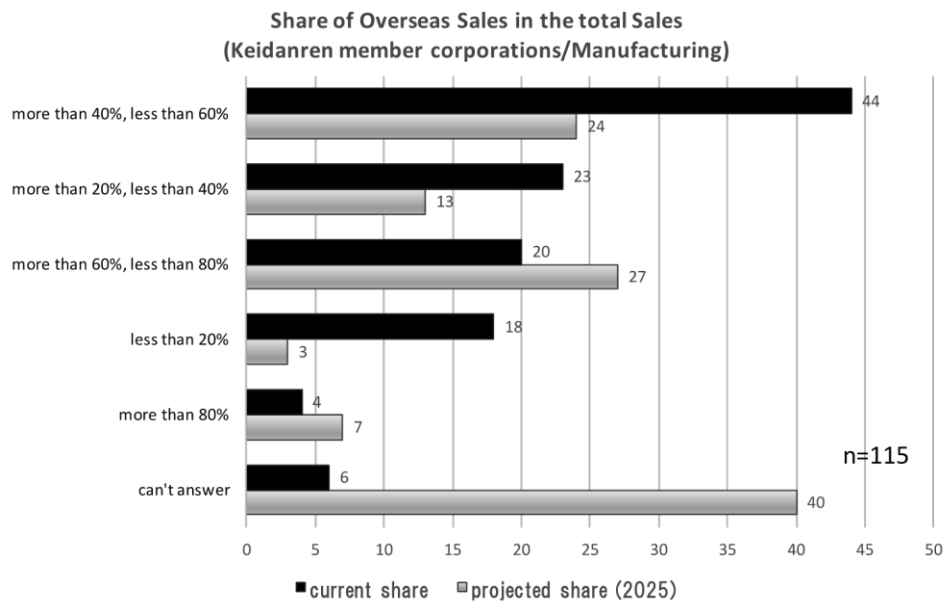
⁵⁶⁹ (Amway, *Global Entrepreneurship Report 2013*)

⁵⁷⁰ (Hodge & Sato, 2015)

Steps Already Taken in Japan to Increase Study Abroad Participation

Despite the gloomy trend, Japanese businesses and universities, as well as the American and Japanese governments, are working to reverse the decline in students going abroad. Government agencies are now at work to implement the above-mentioned joint statement by President Obama and Prime Minister Abe pledging to double the number of students going to each country. In Japan, Keidanren is leading private sector efforts, and the Ministry of Education, Culture, Sports, Science and Technology (MEXT) and the Ministry of Foreign Affairs (MOFA) are steering efforts on the government side. Japanese universities, however, have been slow to make changes, though there is some serious activity here and there. On the American side, the State Department is highly active promoting exchanges through the Embassy in Tokyo and Culcon, as well as through the TOMODACHI Initiative (U.S.-Japan Council and U.S. Embassy). Unfortunately, American universities have yet to seriously undertake recruitment efforts.

In Japan, many businesses are attempting to boost “global human resources,” a program that could significantly improve future career opportunities for students studying abroad. Keidanren members when surveyed said that they see the total share of sales occurring overseas likely to rise from the current 40-60% to 60-80% by 2025, and they understand and often cite the need for employees able to work with and in foreign business cultures.⁵⁷¹



Source: (Hasegawa, 2016)

The same survey indicates that Keidanren members are increasingly concerned that they cannot meet global challenges without increasing globalized talent. Thus, Keidanren has altered its ethics charter and renamed it “Guideline on Recruitment and Selection” to shift the start of the recruitment outreach to the March before senior year and the selection process to begin in August of senior year rather than around the date of graduation in October. This is

⁵⁷¹ (Hasegawa, 2016)

an effort to encourage study abroad.⁵⁷² Presumably, this would free up a student's junior year for study abroad. Keidanren has also created a scholarship, the "Keidanren Scholarship Program to Nurture Global Talents" in 2012 to make funds available for students who will go on to serve as global business leaders of Japanese companies.⁵⁷³ Each student receives a scholarship of up to 1 million yen as well as assistance before departure.⁵⁷⁴ Finally, Keidanren co-hosts a course at Sophia University on Global Business and Career Development.⁵⁷⁵ The course addresses needs expressed by Japanese corporations for future global business endeavors.⁵⁷⁶

While Keidanren attempts to boost interest among students for study abroad experience relevant to business needs, the Japanese government—in recognition of the importance of sending students abroad, especially to the US—also sponsors several unique programs in an effort to draw interest. One particularly ambitious effort, Tobitate! Young Ambassador Program, which the MEXT began after the 2014 summit statement by Obama and Abe, combines public support and private funding for Japanese students to spend between one and two years studying abroad.⁵⁷⁷ The key point of this program is the crucial pre-departure and post-return support system that prepares students for a challenging experience and helps connect that experience back to Japanese day-to-day life after it is over.⁵⁷⁸ In addition to the scholarships available via Tobitate, MEXT also funds scholarships directly. In 2014 MEXT as part of the "Japan Revitalization Strategy" and "Second Basic Plan for the Promotion of Education, doubled the number of students eligible for scholarship support for studying abroad" to 20,250 students, of which, it specifically marked 5,647 students to receive scholarships to study in the US.⁵⁷⁹ In 2015, the number of students allotted funds will reach 25,300 people.⁵⁸⁰

The government does more than provide and coordinate scholarships. Under MEXT, it also gives assistance and supports universities in developing "mutual exchange programs with foreign universities" including those that transfer credit or offer dual degrees.⁵⁸¹ This financial support began in 2011 and ends in 2015; currently 7 Japanese universities participate in the program.⁵⁸² Furthermore, the government of Japan aims to increase International Baccalaureate (IB) schools within Japan in order to cultivate internationally capable individuals who might go on to study abroad more easily. In line with that goal, the government's plan includes increasing the number of IB schools to 200 by 2018, which it will make easier by allowing a portion of the curriculum to be taught in Japanese with the permission of the International Baccalaureate Organization.⁵⁸³ Finally, as part of its plan to

⁵⁷² Ibid

⁵⁷³ (CulCon, 2014)

⁵⁷⁴ Ibid

⁵⁷⁵ (Hasegawa, 2016)

⁵⁷⁶ (CulCon, 2014)

⁵⁷⁷ (CulCon, 2014)

⁵⁷⁸ Ibid

⁵⁷⁹ Ibid

⁵⁸⁰ Ibid

⁵⁸¹ Ibid

⁵⁸² Ibid

⁵⁸³ Ibid

make studying abroad more accessible, MEXT is cooperating with the British Council to improve the English teaching ability of teachers through the “Leaders of English Education Project (LEEP),” which provides English training.⁵⁸⁴

Lastly, in Japan, some universities are attempting to increase the number of students that go abroad, albeit slowly. One of the more comprehensive university efforts, Waseda University’s Global Leadership Program (GLP), which launched in 2012 with partial funding from the GOJ, provides students a three or four year start to finish experience centered around a year abroad.⁵⁸⁵ Students with a 3.0 GPA or higher and TOEFL scores of 89 (rising to 100 for some American partner schools) can apply as freshman or sophomores to spend one year abroad in one of several American universities.⁵⁸⁶ The program only chooses 15 from roughly 80 candidates a year—but Waseda hopes to increase this number.⁵⁸⁷ Prior to departing, students must take preparatory courses to handle the critical thinking and writing abilities required in an American university as well as to study essay writing and presentation techniques in English.⁵⁸⁸ After spending a year in America, the students return home and take two follow up courses, the Global Leadership Fellows Forum with American exchange students and a “Japan Zemi” or seminar class to write a thesis in English on a topic important globally.⁵⁸⁹

The back to front support of Waseda’s GLP constitutes the most crucial aspect of this program, providing assistance to meet the challenges of study abroad and giving students the confidence to apply. But of fundamental importance is the fact that the program is designed to fit within Japan’s standard academic calendar. Moreover, the exchange is mutual so students only pay tuition to their home university, meaning students only pay the Waseda tuition not the American universities’.⁵⁹⁰ Finally, as of 2016, the first cohort of students who participated in this program are graduating, and have found jobs in prestigious companies including Mitsui Global and Goldman Sachs. Such results will go a long way to reassuring parents and students that study abroad provides value and does not have to hurt future success.⁵⁹¹

What is the U.S. Doing to Attract Japanese Students?

The U.S. is also playing a role in attempting to encourage Japanese students to study at American universities. First, organizations like the TOMODACHI Initiative are committed to “proliferating opportunities” for Japanese students to go abroad. Their programs span all ages, but for the purposes of this report, only their college student and English programs are explained. Among these programs, several scholarship programs exist including the TOMODACHI-UNIQLO Fellowship sending students to receive an education in business and fashion and the Sumitomo Corporation Scholarship Program selecting high-achievers to

⁵⁸⁴ Ibid

⁵⁸⁵ (Tomoya, Global Leadership Program Waseda, 2016)

⁵⁸⁶ Ibid

⁵⁸⁷ Ibid

⁵⁸⁸ (Tomoya, 2016)

⁵⁸⁹ Ibid

⁵⁹⁰ Ibid

⁵⁹¹ Ibid

the US to become global leaders.⁵⁹² They also have a college preparation program—the English Language Studies (ELS) University Preparation Summer Program—that helps Japanese students contemplating applying to university in America develop requisite language skills.⁵⁹³

The United States Embassy in Tokyo also works to attract Japanese students to the U.S. by hosting a study abroad fair annually and offering 3-day English teaching education seminars at New York University in Tokyo.⁵⁹⁴ In addition, in order to explain the visa application process and encourage students with doubts about studying abroad, the Embassy embraced Japan’s infatuation with mascot characters and came up with “TOM”, a jellybean mascot to guide students through the process and offer advice in a YouTube video.⁵⁹⁵



Source: stuffmyboyfriendtellsme.wordpress.com

Ways to Improve Current Efforts

Despite the admirable efforts of both governments and the various organizations and schools providing scholarships, there are weaknesses in these programs. Moreover, in exploring some of the causes behind these failings, it becomes evident that risk-aversion is thwarting greater success. On the Japanese side, much of the governmental work remains fragmented due to the rigidity of the bureaucracies and the lack of horizontal communication between ministries. Furthermore, the changes promoted by Keidanren make little difference if the member companies fail to embrace them. Also significant, many Japanese universities remain stubbornly unwilling to make significant bureaucratic changes that might ease the way for students to study abroad. On the American side, although the government makes a point of emphasizing how much it wants Japanese students to study in the U.S., American colleges and universities are reluctant to recruit more Japanese exchange students. All these small failings in easing concrete obstacles to Japanese students choosing to study in America are then further magnified by the culturally risk-averse society.

Inescapably, it is clear that deficiencies in Japanese government efforts to increase international study experiences relates to the hierarchical nature of its ministries. MEXT operates most of the financial aid programs for study abroad (including Tobitate!), but its Japan Student Services Organization’s (JASSO) website makes the process for applying to many of them confusing and has high-hurdle requirements.⁵⁹⁶ Although ostensibly, JASSO lists information available to students looking to study abroad, no mention is made of other efforts (like MOFA’s) to encourage study abroad. Likewise, the MOFA website only mentions the stated goal of doubling students studying abroad but provides no links to helpful information or MEXT programs. Establishing a body that can act as a go-between among the ministries to coordinate efforts and enable efficient use of funding would truly be

⁵⁹² (TOMODACHI Initiative, Educational Programs 2015)

⁵⁹³ Ibid

⁵⁹⁴ (Source, US Embassy, 2016)

⁵⁹⁵ Ibid

⁵⁹⁶ (Japan Student Services Organization, 2015)

an ideal solution. JASSO as an existing structure might serve this purpose if given broader scope to coordinate.

Often, the Japanese government also fails to explain how it plans to achieve some of its stated goals for increasing the number, ability, and confidence of Japanese students going abroad. For instance, the goal of reaching 200 IB schools by 2018 has no concrete direction, especially given that only 18 accredited schools currently exist in Japan.⁵⁹⁷ Furthermore, although MEXT announced the “Super Global University Program” meant to fund Japanese universities to increase their “compatibility and competitiveness abroad,” it has not really affected the number of courses taught in English or by foreign faculty at these schools.⁵⁹⁸ Many schools are still reluctant to risk hiring permanent foreign faculty, and that enforces the impression that Japan has a reluctant-to-change, risk averse attitude.⁵⁹⁹ In addition, the Japanese government continues to make it difficult for foreign universities to receive appropriate accreditation in Japan, which further limits the chances for Japanese students to experience a taste of foreign educational experiences before venturing abroad.⁶⁰⁰

Most inexplicably, the government does little to advertise the scholarships and programs it and its private partners make available. The British Council found that 75% of survey respondents had no knowledge whatsoever of the Tobitate! program or the Super Global University project.⁶⁰¹ If the Japanese government wants to promote study abroad as a valuable experience, it must answer the question to whom it is promoting study abroad. It clearly is not targeting those students who might show interest. If the government ever gives JASSO the ability to bridge the efforts of the various ministries like MEXT or MOFA, then it should also allocate a budget for disseminating the information around. College students are a captive audience, so it should not be that difficult to make the information known on campuses across Japan.

To solve these issues, beginning with the IB network, the government should outline a concrete process to accomplishing this goal, and involve the U.S. and other countries in seeking foreign faculty to fill IB positions. For the Super Global program, universities receiving funding to broaden their faculty and course offerings must be held more strictly accountable for failing to show results. Tradition bound colleges that remain wary of hiring foreigners will never truly work to meet the internationalization goals of the Super Global program. Finally, MEXT needs to streamline and improve its process of accreditation for foreign campuses, altering this negative attitude toward going abroad will proceed more smoothly if students, parents, and businesses can have “foreign” experiences at home first. The Japanese government must enforce and help achieve its stated goals.

Japanese universities also must bear the responsibility for failed goals. When a University of Tokyo “international panel suggested that the university start its academic calendar in September or October in order to accelerate the internationalization of education” a

⁵⁹⁷ (CulCon, 2014)

⁵⁹⁸ (Culcon, 2013)

⁵⁹⁹ (Burgess, 2015)

⁶⁰⁰ (MEXT, Designation, 2015)

⁶⁰¹ (British Council, 2014)

stubbornly traditional faction nixed the idea as not compatible with Japanese education elsewhere, businesses, or the government.⁶⁰² The University of Tokyo is part of the Super Global project, but if even this supposedly internationally competitive school is afraid to risk itself by evolving, the chances of other universities internationalizing grow slim. It is difficult to change the academic calendar because of its links to elementary and high school calendars, as well as businesses hiring schedules. However, one excellent solution to this is allowing the gap between the high school calendar as it is and the college calendar be used for short study abroad or for further English studies.⁶⁰³ Unfortunately, research for this paper has shown that obstinate clinging to established patterns out of fear of failure is blocking innovative solutions to the calendar problem.

Keidanren's plans also have a flaw that exhibits Japan's risk-averse culture. First, the new recruitment standards are nonbinding so that member companies need not comply with the changes.⁶⁰⁴ Despite talking about recruiting "global jinzai", companies still fail to hire graduates with study abroad experience. The reason for that is a corporate aversion to upsetting the hierarchical status quo and to hiring the "confident and outspoken" students returning from abroad.⁶⁰⁵ Applicants who are not tabula rasa graduates from domestic schools are shunned. This validates the argument that the reason students avoid going abroad is not simply because they are inward looking but because the corporate culture has failed to meet the changing landscape directly. Furthermore, though Keidanren's shifting of the calendar sounds like a positive change, many students have complained that the shift will have a negative impact on their final exam schedule and internship applications the year before graduation.⁶⁰⁶ While the desire to change recruitment practices to encourage study abroad remains admirable, Keidanren must consult Japanese universities to jointly create a better system to which its members are required to adhere. Instead, these nonbinding changes seem like lip service without meaningful progress.

Meanwhile, Keidanren's scholarship program, while a worthy endeavor, only accepts 30 students each year,⁶⁰⁷ and it fails to highlight the success of participants to current students. It almost looks as though Keidanren members want to limit the exposure of the program for fear of having to later hire many students who might not fit in to current business culture. Likewise, the program at Sophia University does not provide a wide enough segment of students to inspire a generation of "global jinzai. If Keidanren is serious about recruiting those with global talent, they need to expand the scholarship program and encourage members to more highly rate study abroad experience, rather than continually pass over these students for fear of their non-Japanese mindsets.

On a related topic, all these scholarship and international education initiatives are wonderful but a more fundamental issue exists. A merit scholarship mentality does not exist in Japan. Whether governmental or private, scholarships in Japan are typically need-based,

⁶⁰² (Shimmi, Universities Debate Barriers 2013)

⁶⁰³ Ibid

⁶⁰⁴ (Mainichi Japan, 2015)

⁶⁰⁵ (Burgess, 2015)

⁶⁰⁶ (Mainichi Japan, 2015)

⁶⁰⁷ (Hasegawa, 2016)

and as such, they come with stipulations often attached to them. That is, since most scholarships are based on need, if there are any changes in financial status—including the offer an acceptance of another scholarship—it may result in the first scholarship being rescinded or reduced. This ‘one-scholarship only’ system poses a significant problem when one considers the sizable difference in price between American and Japanese universities.⁶⁰⁸ The government should encourage adoption of a merit-based system—especially for students wishing to study abroad—by first lifting such restrictions on its own scholarships if a student wants to go abroad. Doing so might encourage private scholarship funds to follow suit.

The problems are not strictly limited to the efforts taking place in Japan. The U.S. shares responsibility for attracting Japanese students but so far, efforts remain insufficient. While there are indeed some students who wish to study in the U.S., American universities do not make it any easier. Many colleges and universities remain reluctant to enter into reciprocal exchange programs with tuition waiver arrangements (much like Waseda’s GLP where students pay Waseda tuition) because they are concerned about lost revenue.⁶⁰⁹ The solution to this lost tuition might be sending more students from the U.S. to Japan for each Japanese student coming to America. On a more individual level, many Japanese students, like the one mentioned earlier who felt slighted that her professors did not actively assist her, struggle to understand certain norms like going to their professors during office hours or seeking tutoring at American campuses.⁶¹⁰ American colleges fail to provide any guidance in explaining these norms, even though extensive guidance systems exist for domestic students. It is reasonable to think that a good portion of Japanese university students might feel more confident in risking a study abroad term if American universities set aside time at orientation to explain these customs and perhaps to connect Japanese students with an American student ‘ambassador’ who can serve as a resource and friendly face.

Conclusion: What should be done?

As discussed at the beginning of this paper, the true cost of failing to correct the decline in young Japanese studying abroad is high. It means failing to adjust to a globalized economy, diminishing the vital human connections important to the U.S.-Japan alliance, and ignoring the demographic reality in Japan. However, conventional explanations for the decline, such as the financial burden, the language barrier, the academic calendar, the job hunting schedule, and the logistical challenges, while obstacles, do not explain the true cause of the continued decline in Japanese students studying abroad. Instead, as one can see from the other causes, discussed above—the lack of return on investment and an inward-looking mentality—as well as the shortcomings of public and private attempts to increase study abroad, it seems that a larger cultural aversion to risk taking plays a larger role in discouraging students from going abroad.

If that still appears invalid as an argument, perhaps the fact that, even though no one current effort to fix the problem is perfect, the most concrete obstacles are being addressed (despite the fearfulness of those implementing these solutions), holds more persuasive merit.

⁶⁰⁸ Ibid

⁶⁰⁹ (Ashizawa, Doubling Student Mobility, 2015)

⁶¹⁰ (Hodge & Sato, 2015)

After all, slowly but surely, the academic and business calendar's used in Japan will have to adjust to suit the reality of an economy that relies more heavily on global trade and investment. English programs likewise will improve as more immigrants enter Japan because of the shifting demographic needs and the concerted effort by the government to improve English education in Japan. Even slow to change academia will succumb to pressure to improve the internationalizing of their campuses. Finally, the lack of cooperation on the American side, especially colleges and universities, amplifies the problem of negativity on the Japanese side. Some interviewed students who had been at an American college or university cited their inability to cope with academic demands and said they had even been asked to withdraw from difficult courses.⁶¹¹ The failure of American institutions to recruit more heavily in Japan can partly be ascribed to this pattern of Japanese students falling behind.

Notwithstanding all these supposed fixes and eventually inevitable results, the question of whether Japanese college age students will become more interested in studying abroad remains dubious. The British Council may say that the inward-looking trope is past its prime, but the inward-looking attitude is only a symptom of a something wrong on a larger scale. The students interviewed by the Japan Youth Research Institute who did not want to go abroad were asked to list the top three reasons why, and the survey found that 53.2% thought that Japan was more comfortable, 42.7% lacked confidence to live abroad alone, and a staggering 38.5% simply answered “めんどくさいから” or “it's too bothersome.”⁶¹² Also, anecdotally, many observers of the situation say that parents of today's students strongly discourage their children from straying from the safe path to full time employment—not because they cannot afford it but because they worry their children will fail to secure careers after returning.⁶¹³ Combine these answers with the existing incentive programs to go abroad, the risk averse lack of entrepreneurship glimpsed in Amway's survey, and the failure of companies to recruit the “global jinzai” they claim to seek.

Taking all these points into consideration, this attitude seems more far-reaching than students simply too caught up in their current lives to consider looking outwards. Instead it appears that all of Japan suffers from an economic malaise induced fear from deviating away from the familiar. Japanese people did want to study in America once it was possible in the 1970s through the late 90s—during the economic bubble. The bubble bursting seeded a reactionary fear of taking risks in parents who passed or forced it onto their children who might otherwise have chosen to expand their educational horizons abroad.

If Japan continues its concrete efforts in addressing cost, red tape, and English ability, the barrier to increasing students interest in studying in the states is largely psychological. The best way to overcome this issue is to really make a public relations effort to show how students benefit from their time abroad. All the existing scholarship and exchange programs produce at least some successful students, and these alumni need to share their experiences (including those of failure that can be overcome) with other students and their parents as well as with the business for which they work. A government program by itself will not change

⁶¹¹ (Hodge & Sato, 2015)

⁶¹² (Japan Youth Research Institute, 2012)

⁶¹³ (Leader, Amway 2016)

attitudes, but a successful example will go a long way in relieving the underlying anxiety preventing growth in study abroad experiences. On the flipside, Keidanren must use success stories to show businesses that those educated abroad can work well in a Japanese company.

A turn in around in attitude has to begin soon. Once the lack of people-to-people exchange impacts Japan economically and the US-Japan alliance strategically, it will become much more difficult to change anything. The globalization of the economy and the strategic realities in the Asia-Pacific are not going away, and Japan needs a globally competent workforce to deal with these situations. Changing attitudes and increasing educational exchange between Japan and the US will improve the economies and societies of both countries.

Christina Banoub

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Womenomics and U.S.-Japan Cooperation

Introduction

On April 19, 2013, Japanese Prime Minister Shinzo Abe made key announcements regarding his government's growth strategy for Japan in a speech given to the Japan National Press Club. He explained that "women participating actively in society" form the "central core" of his growth strategy, adding that women are the most underutilized resource in Japan and have the potential of boosting Japan's economy by a large margin. Abe set the goal of "having no less than 30 per cent of leadership positions in all areas of society filled by women by 2020" and promised to accomplish this by expanding government support for childcare, providing subsidies to companies that implement a policy of allowing three years of childcare leave, and providing re-employment support for those who temporarily leave the workforce to raise children.

Since then, Abe's policy of empowering women to promote economic growth in Japan has been given the name "Womenomics Project." The term "womenomics" was first used in 1999 by a team of researchers from Goldman Sachs led by Kathy Matsui who estimated that Japan could boost its gross domestic product (GDP) by as much as 15% by simply integrating women into the workforce to the level of other developed countries that are more gender-equal. Abe later made a series of announcements that gave more precise figures for targets he hopes to achieve, such as "boosting women's workforce participation from the current 68% (in 2013) to 73% by the year 2020."

The issue caught the attention of U.S. Ambassador Caroline Kennedy, a longstanding advocate of gender equality, who expressed strong support for Abe's initiatives. In her first meeting with Prime Minister Abe, Kennedy discussed his Womenomics Project, and, in her first policy speech as ambassador, given at the American Chamber of Commerce in Japan (ACCJ), Kennedy expressed her support for Abe's plans for empowering Japanese women. Similarly, when Vice President Joseph Biden visited Japan in December 2013, he stated that he "compliment[s] Prime Minister Abe on his initiatives to bring more women into the workforce, stay in the workforce and give them more opportunities." Biden also participated in several roundtable discussions aimed at promoting Abe's "Womenomics Project."

It has been just over three years at this writing since Abe first began advocating better integration of women into the Japanese workforce. During this period, Abe's economic policies have gone through numerous changes, including those related to the Womenomics Project, while the U.S. continues to express support for his initiatives to promote gender equality. But what exactly has been accomplished so far? And how has the U.S. showed its support for the initiative? Moreover, what are the future prospects for gender equality in Japan, and what can the U.S. do to help Japan in its efforts to further empower Japanese women? This essay, based in part on field research in Japan, examines the progress to date made by the "Womenomics Project" and whether U.S.-Japan cooperation can make a difference to help Japan meet Abe's goals.

The Origins of Womenomics

In order to understand why Womenomics emerged as a high-priority policy that invited a positive cooperative response from the U.S., it is important to examine what motivated Abe and his administration to push for greater empowerment of women and to examine the demographic-driven socio-economic challenges that the country currently faces. First, Japan has long suffered from – but ignored – a severe workplace gender gap. It only became a core issue more recently due to the demographic trend of a rapidly aging society in which fewer babies are being born. With a shrinking population and consequently a labor shortage, it has become essential to integrate women into the labor force in qualitative terms. Second, as a result, the renewed push for improving gender equality in Japan is not the result of inequality reaching a certain threshold, but is one of several initiatives taken by the government to prepare for the looming demographic crisis as massive numbers of retirees began to wreck the social-security system.

Despite its status as a highly developed country with the third largest GDP in the world, Japan lags far behind with respect to gender equality. The World Economic Forum's 2015 Global Gender Gap Report, which ranks countries based on overall gender equality, puts Japan at 101st place among the 145 countries surveyed. The report cites as the reason for the ranking the low female labor-force participation rate, large income and opportunity gaps between males and females, and an almost complete lack of female participation in political and business leadership positions. Furthermore, Catalyst Inc. found that Japan was 42nd in its list of countries ranked by female-to-male corporate executive ratio out of 44 countries surveyed at 1.1 percent, with only Qatar and Saudi Arabia ranked lower than Japan.

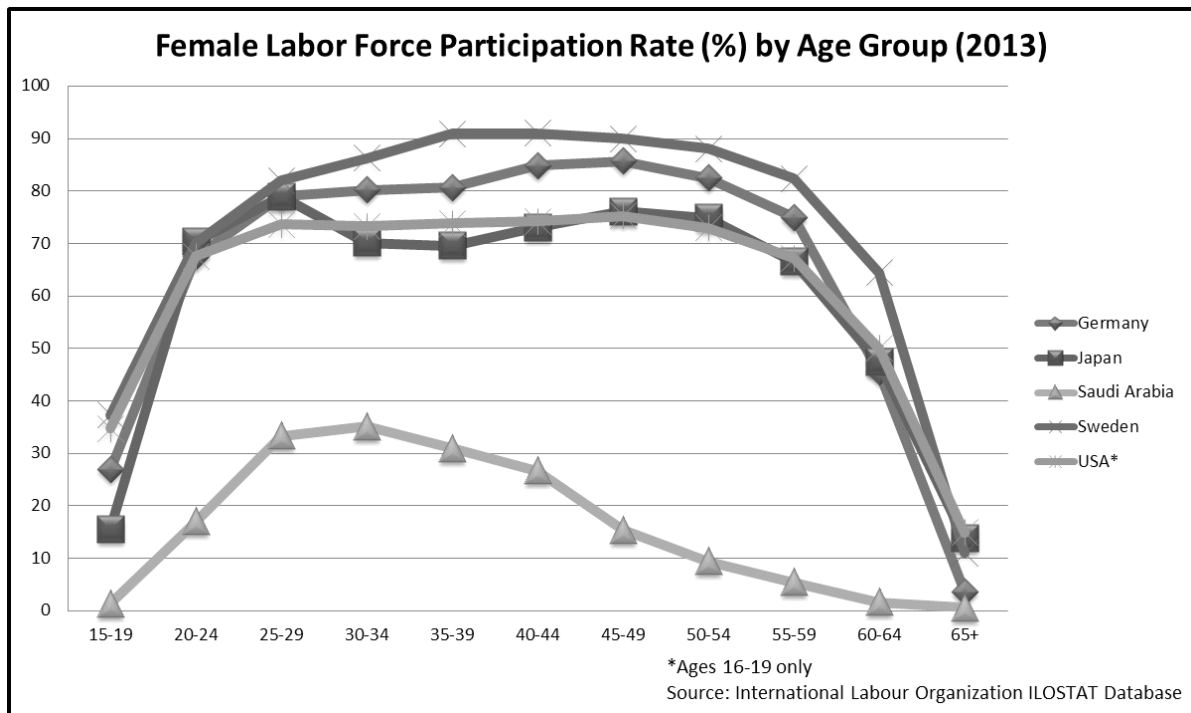
One reason for Japan's gender gap is that its economic system had been constructed on a foundation of highly conservative social customs – now breaking down -- where women are expected to dedicate all of their time raising children while men act as the sole source of income. This has created an environment that makes it extremely difficult for women to have successful careers. Because of this expectation, that women are to become full-time caregivers for their children once they give birth, both the public and private sectors have failed to provide enough childcare facilities that allow women to continue their careers after having a child. Also, since quitting one's job immediately after giving birth or even marrying has become more or less the norm, women in Japan experience social pressures to conform to the stay-at-home housewife image. This ideal model is being challenged by economic reality, including the fact that a one paycheck family can no longer pay the bills. Both husband and wife working are now the new pattern emerging.

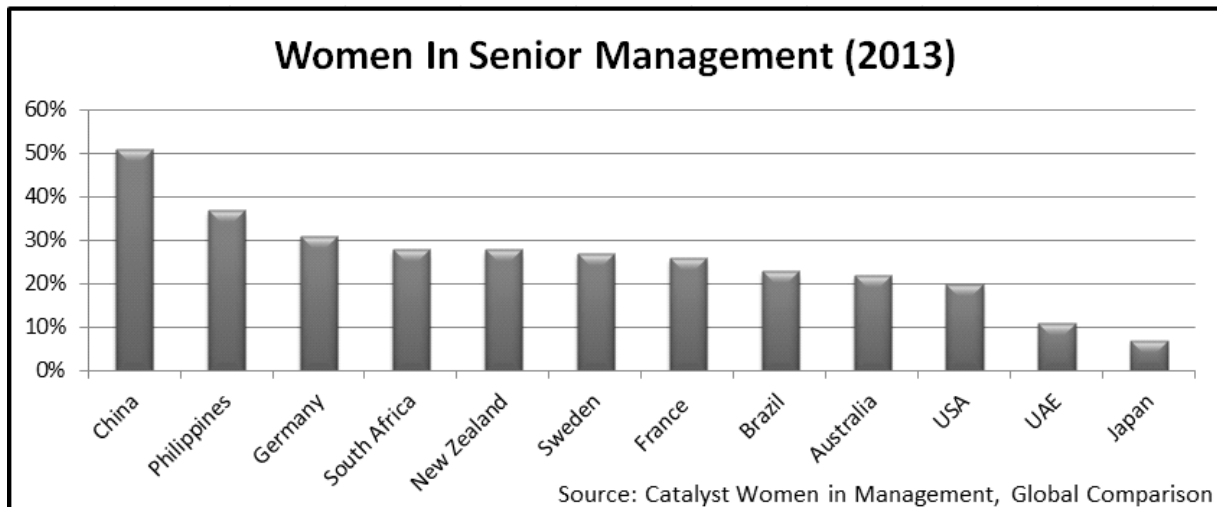
Even if a woman is able to pursue a career, whether because she chooses not to marry or have children or because the husband decides to take on the role as the caregiver, institutional sexism, enabled by conservative social attitudes toward women and the sheer lack of power and representation women have in society, prevent women from advancing to management or leadership positions. According to a 2009 survey by the National Institute of Population and Security Research, between 2005 to 2009, only 26.8 percent of respondents who gave birth to their first child returned to the workplace. Moreover, according to a 2008 survey by Mitsubishi Research and Counseling, which asked women who quit their work upon giving

birth to their first child their reasons for doing so, 39 percent said that they needed to dedicate more time to the household and children, 26.1 percent said that it was difficult to combine work and family life due to unsuitable working hours, and 9 percent said that they were encouraged to do so by their employers.

For such reasons, when the Womenomics Project was announced in 2013, Japan was already suffering from a severe workplace gender gap, and society itself seemed ripe for the changes that Abe wanted to come about. The statistics tell the story. According to the World Economic Forum, the female labor force participation rate was 63 percent, 22 percent lower than that of the male participation rate, which was 85 percent, women made only 62 percent of the amount men made for similar work, and only 10 percent of all legislators, senior government officials, and managers in business were women that year.

Looking at the female labor force participation rate by age group for Japan in 2013, not only is Japan's participation rate generally below that of other developed countries, it also displays an m-shaped curve, demonstrating the effect of how women leave their work for marriage or childbirth at a certain age and return to work later, only to receive much lower wages than men due to their long absence from the workforce. Catalyst's data on women in senior management by country also provides a comparison that shows Japan lagging far behind other countries in terms of women in leadership positions.





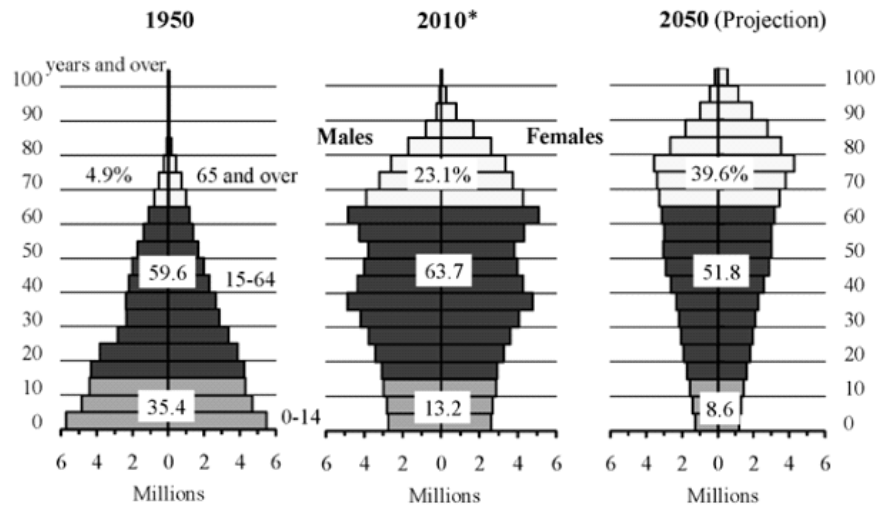
However, change will not come easy. Despite the severe workplace gender inequality, the male dominated Japanese government did not suddenly decide that the gender inequality problem was getting out of hand and that men needed to make way for an empowered female population. Instead, the policy imperative driving Abe's Womenomics should be seen more as a means to address an even more pressing issue for Japanese society than an end of its own, namely, the demographics crisis.

The Japanese population is aging rapidly with fewer babies being born and the looming crisis seriously threatens Japan's social security system and economic sustainability in general. While such a motivation indeed may characterize the attitude of male elites in the government, society – specifically urbanized couples with small children and women pursuing careers in areas usually reserved for men – has begun to vocalize its needs, such as childcare facilities that are now woefully lacking. In fact, the issue of childcare has become a political issue in the July 2016 Upper House election. According to Ministry of Health, Labor and Welfare figures, the number of small children on waiting lists for certified day care facilities in 2015 was over 43,000, but the latent number – mothers who would like to have daycare service so they can work – is an estimated 2 million nationwide.

From the government's standpoint, the aging society and shrinking population are creating a situation where Japan may face difficulties servicing its sovereign debt in the future. Japan has the highest gross government debt-to-GDP ratio in the world -- 244 percent in 2013 -- although its net debt-to-GDP ratio is less extreme at 124 percent. While Japan has been able to service its debt without any issues in the past, demographic changes have made the future uncertain. Most recent data from 2014 show that 26 percent of the population was aged 65 years or older and that this percentage will continue to increase until 2055 to a peak of 40 percent. In addition, Japan has a low fertility rate of 1.4 per woman and a negative population growth rate of -0.2 percent per year, with the latter expected to continue to shrink. The Japanese National Institute of Population and Social Security Research estimates that the population will decline from 127.3 million in 2013 to 86.7 million by 2060 if no action is taken. As the number of retirees increases and the total population decreases, the cost of

maintaining Japan's pension fund will increase and the tax base will decrease, bringing the government deficit and, consequently, debt to even greater levels.

Changes in the Population Pyramid



Source: Statistics Bureau, MIC; Ministry of Health, Labour and Welfare.

In response to this impending social security crisis, the Abe administration has set a long-term goal of maintaining a minimum population of 100 million and achieving a population growth rate of 2% by 2060. This would require raising the fertility rate by at least 0.64 to 2.07 by 2030. This is a daunting goal as Japan's fertility rate has not been over 2.0 since 1974 and reversing the nation's low rate may be difficult. A study on pro-natality policies has found that for every 25 percent increase in natality spending, there is only a 0.6 percent fertility rate increase in the short run and a 4 percent increase in the long run. In short, "national fertility is a systemic outcome that depends more on broader attributes, such as the degree of family-friendliness of a society, and less on the presence and detailed construction of monetary benefits." Japan's ability to survive this social security crisis thus depends in large part on whether society is capable of better integrating women into the workforce at all levels, and create an environment that is more accommodating towards working women, particularly those with small children.

This is not to say, however, that Japan has not acknowledged that gender inequality is an issue or has not engaged in policies directed towards reducing the gender gap before Prime Minister Abe announced his initiatives. But previous attempts have never been close to the scale and intensity as Abe's project; nor have they received as much media attention. One early example of a policy meant to empower women occurred in 1980, when Japan ratified the United Nations' (U.N.) Convention on the Elimination of All Forms of Discrimination against Women (CEDAW), a multinational treaty which ironically the U.S. has yet to ratify. (The United States is among seven countries that have not ratified the treaty, the others including Iran, Somalia, South Sudan and Sudan, which are not countries that value human rights.) Japan in 1986 passed the Equal Employment Opportunity Law (EEOA).

CEDAW is generally seen as the international convention that defines and outlaws discrimination against women and requires its signatories to undertake measures aimed at eliminating all acts of discrimination against women and realizing equality between women and men. The EEOL, on the other hand, is a Japanese law that requires employers to provide equal opportunity between men and women and prohibits discrimination against women in vocational training, fringe benefits, retirement, and dismissal. The EEOL has also gone through revisions in 1997, 1999, and 2007 and now specifically prohibits sexual harassment of both genders and layoff of female workers during pregnancy or within a year of giving birth. It does not, however, contain any clauses that require actions by employers to advance gender equality in outcome. The law has been criticized as too weak: while it provides guidelines for employers to implement policies designed to prevent sexual harassment, it does not penalize them if those guidelines are not followed.

Womenomics Thus Far

Since the Womenomics Project was introduced in 2013, the Abe administration has taken three major policy actions. These are the implementation of the Act on Child and Childcare Support, the passage and immediate promulgation of the Act to Advance Women's Success in their Working Life, and the revision of the numerical targets in the Basic Plan for Gender Equality. While it is too early to fully assess the success of these initiatives, since they only have been in force for a year, Abe's Womenomics policy itself has been in effect for over three years, and broad benchmarks on gender issues seem to suggest some progress to date in closing the gender gap in Japan. Critics argue, though, that the effects of the initiatives have been superficial, that the government's efforts to date are insufficient, and that labor statistics still show that women remain just as disadvantaged and underprivileged as they have been before Abe came into office.

The first item, the Act on Child and Childcare Support is a law that was initially passed by the Japanese Diet in August 2012, when the Democratic Party of Japan was in power, but it only went into effect in April 2015. The law was passed to increase the number of facilities that offer daycare services to reduce the burden of child rearing on families so that women may continue to work after childbirth, work on advancing their careers without delay, and play a larger role in the economy.

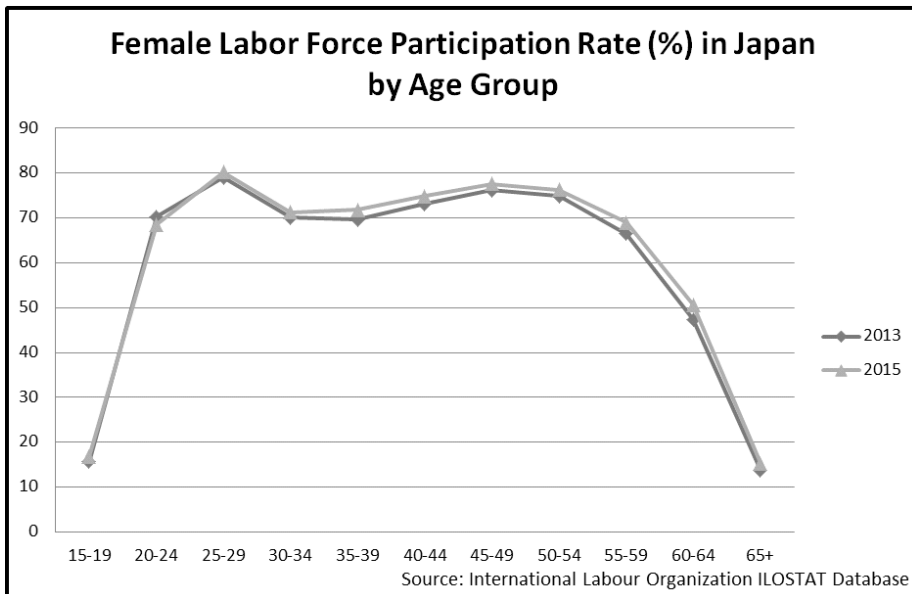
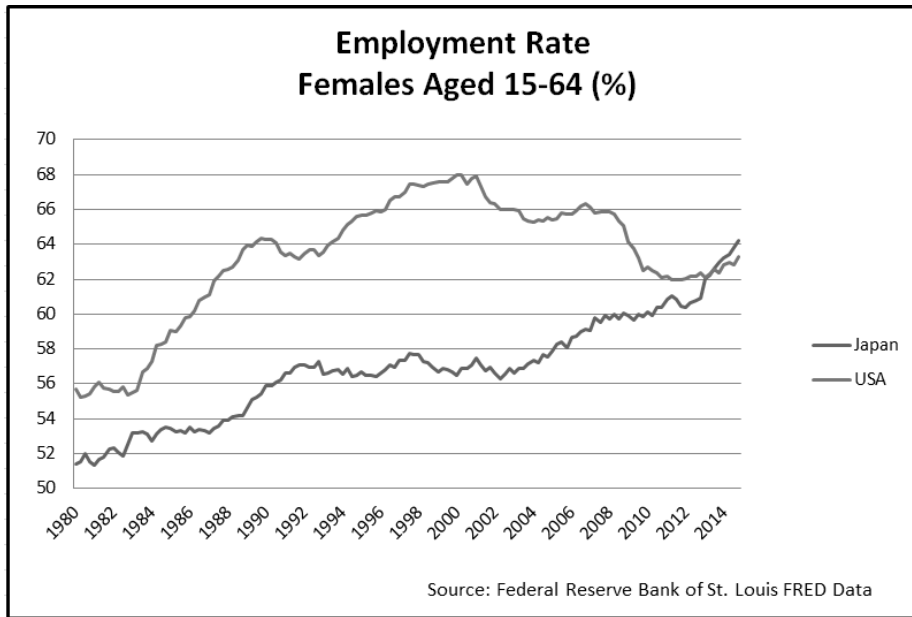
Those women who desire to continue working after marriage and childbirth are faced with the now glaring fact that Japan has a severe shortage of daycare facilities. Moreover, the process of enrolling one's children into certified daycare facilities is onerous for it is based on a scale of financial need. Certified facilities have affordable rates; other private daycare centers may not be. Often, women have been forced to quit or take time off from their work, severely holding back their career progress. In order to address this issue, the law places upper limits on daycare fees based on income, provides fee reductions if multiple children from the same household use the same facilities, and appropriates 700 billion yen per year to expand and upgrade daycare facilities in Japan, increasing the total capacity of daycare facilities and ensuring their efficient use. Furthermore, it encourages the conversion of daycare-only facilities and kindergartens to "certified childcare centers." Such combined kindergarten and daycare facilities allow for more flexible use of limited facility space, and

excess capacity from kindergartens originally meant only for children aged 3 or older can now be converted for use in providing daycare services to a wider age group of children. It also transfers most responsibilities for day-to-day management, regulations, and price setting of daycare facilities from the central government to municipal governments and all other central government responsibilities from the Ministry of Education, Culture, Sports, Science and Technology (MEXT) and the Ministry of Health, Labor and Welfare (MHLW) to the Cabinet Office. Transferring responsibility to local authorities has had its shortcomings, however. In some cases, the choice of new daycare center location has been a local park, resulting in objections from the local community enjoying that place. In other cases, local residents have protested the introduction of a daycare facility as creating too much noise and heavy traffic. Such clashes have regularly been covered by the media as a social issue.

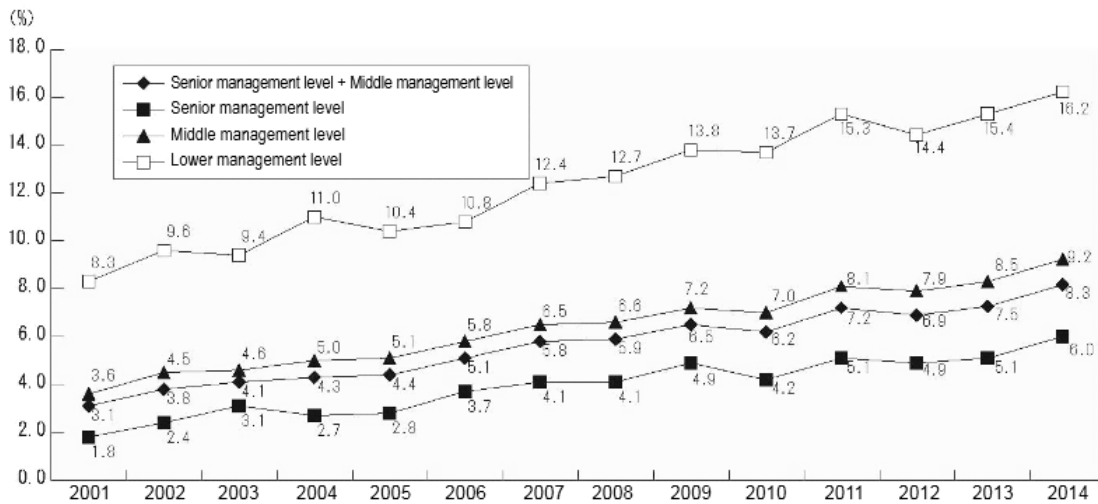
Second, the Act to Advance Women's Success in their Working Life is a law that was passed by the Japanese Diet in September 2015 and promulgated immediately. The law's purpose is to make information regarding corporate employment practices in terms of gender at the individual business level public and create pressures for businesses to engage in more gender equal hiring and promotion practices. It requires businesses with more than 300 employees to formulate a civil action strategy on gender equality within the company following guidelines provided by MHWL and publish the strategy, as well as gender-related figures regarding their employees. Businesses with 300 employees or less are encouraged to do the same, but are not required. If a business meets certain requirements set forth by MHWL, they receive special recognition from the government and are allowed to use special labels on their advertisements and products. It is essentially a "naming and praising" strategy meant to raise awareness for workplace gender issues and pressuring businesses to take action by taking advantage of Japanese society's tendency of caring deeply about other's perception of oneself.

Finally, on December 25, 2015, the Japanese government announced its Fourth Basic Plan for Gender Equality, a revision of the previous plan that was put into place back in 2010 and now largely considered unrealistic. The Basic Plan provides the latest detailed figures and statistics related to gender issues in Japan and sets forth goals in terms of what these numbers should be at given target dates and broad actions that the government should take to achieve these goals. Whereas the previous Basic Plan set the broad goal of having 30% of all leadership positions, including managerial positions in businesses, senior level positions in bureaucracies, and official elected positions in government, filled by women by 2020 and gave comparatively general statistics on gender in the workplace, the new Basic Plan revises the previous plan's goals, breaks down leadership positions much further into career fields, industries, and levels of management, setting specific goals for each, and provides extremely detailed statistics related to gender in the workplace. Some major goals of the plan includes increasing the employment rate for women aged 25-44 from 70.8% in 2013 to 77% by 2020, increasing the percentage of women in leadership positions to something generally in the range of 15% to 20%, depending on the field and type of position, increasing the number of Sex Offense and Domestic Violence Victim Support Centers from 25 to at least 1 per prefecture, eliminating the daycare center waitlist by 2018, and increasing the awareness of the term "Gender-Equal Society" from about 60% in 2011 to 100% by 2020.

Since 2013, steady progress indeed has been achieved in increasing Japan’s female labor force participation rate and reducing the number of women quitting work due to marriage or pregnancy. The labor force participation rate for women between the ages of 15 and 64 increased from 62.3% in April 2013 to 64.3% in February 2015, surpassing that of the U.S., which was 63.3% that same month. Likewise, the employment by age group curve has flattened out somewhat since 2013 and looks to be moving away from the m-curve, indicating that fewer women are leaving the workforce due to marriage, pregnancy, and childbirth. The ratio of women in management positions has increased as well, reversing the loss between 2011 and 2012 and reaching an all-time high for every level of management in 2014, though these figures remain disappointingly low.



Changes in Percentage of Women in Managerial Posts



Source: "Basic Survey on Wage Structure", MHLW

Looking deeper into the numbers, however, the gender gap may not have been reduced as much as the increase in the female labor force participation rate seems to suggest. Though there is no doubt that more women are working, an increasing proportion of working women are going into part-time jobs. In 2013, 55.8% of working women were in part-time positions, a troubling figure by itself, but by 2015, this had increased to 56.3%, which is rather rapid for just two years.

Long-term trends suggest that the gender gap is slowly and steadily decreasing, but it is hard to say whether Abe’s policies have made much of a difference. The trend may simply reflect market forces at work. Moreover, the relevant policies of the Abe administration have been met with criticism not praise, the accusations being that the government is not doing enough in tangible terms to empower women and that it is even backtracking on its commitments to reduce the gender gap. For example, the Act to Advance Women’s Success in their Working Life has been criticized for not requiring any action by companies to directly address gender inequality in the workplace and that simple reporting something does nothing to empower women. The government’s revision of the Basic Plan on Gender Equality has come under fire as well for revising down the overall goal for the number of women in management positions. It appears to critics that Abe is backtracking on his promises to close the workplace gender gap.

U.S. Involvement

Washington through Ambassador Kennedy has expressed wholehearted support for the Womenomics Project, but statements alone do little to promote gender equality in Japan. Is there anything specifically that the U.S. can do, since the problem is Japan’s and not the U.S.’s? While the decision to appoint the first female U.S. ambassador seemed to have come at a timing that may have suggested U.S. encouragement of Japan to do more to empower women, this was pure coincidence. The U.S. has participated in many gender issues-related

events hosted by the Japanese government for the advancement of the Womenomics Project, and there have been joint U.S.-Japan initiatives to promote gender equality in developing countries. Moreover, Ambassador Kennedy has made it a personal goal to promote gender equality in Japan. That may be about as far as the U.S. can go perhaps. Washington rightfully has not directly applied pressure on the Japanese government to take more meaningful action in eliminating the gender gap. In part, this would be read as interference in Japan's domestic affairs. In addition, the U.S. itself lags behind other developed countries in terms of gender equality in the workplace and politics, though not as much as Japan.

First, it is important not to confuse President Barack Obama's appointment of Caroline Kennedy as the first female U.S. Ambassador to Japan as a message to Japan to strengthen its efforts in empowering women or a symbol for support and encouragement for Abe's "Womenomics Project." Kennedy's appointment was merely a reward for her early endorsement of Obama, which gave him a much needed boost in the democratic primary election, and campaign contributions totaling \$69,854 during the 2008 U.S. presidential election. Moreover, Kennedy was revealed as the top candidate for the ambassadorship in February 2013, a full two months before Abe announced his plans to push for greater female participation in the work force. Although Kennedy happened to become passionately supportive of the Womenomics Project once she took up her post, her appointment was not a premeditated U.S. plan to deliberately push Japan to take gender equality more seriously.

The U.S. government, however, has participated in many Japanese government-hosted events aimed at promoting gender equality and has engaged in several joint initiatives to promote gender equality in developing countries. Moreover, Kennedy's appointment, which was a hit in Japan, and her participation in various gender issues-related events in Japan has had a positive impact on bringing greater attention to the gender inequality issue. The Ambassador has taken a prominent role in events centered on women's empowerment in Japan and has acted as a role model by addressing such major events as the ACCJ Women in Business Summit on June 2015 and the World Assembly for Women in August 2015. The U.S. also worked together with Japan to implement a project for capacity building of women in the autonomous region of Bougainville, Papua New Guinea in January 2015 and jointly host a seminar on women's economic empowerment at the Cambodia-Japan Cooperation Center (CJCC) in Phnom Penh, Cambodia in March 2015. The two countries' governments have also coordinated during their participation in the U.N. Women "Delhi Safe City Free of Violence against Women and Girls" Project in India, and the African Women's Entrepreneurship Program, both in August 2014.

What the U.S. government is not doing is to directly pressure Japan to do more or to criticize Japan's actions thus far to address the gender gap issue as insufficient. Such would be seen as interference in Japan's domestic affairs. In addition, the U.S. is not in a strong position in terms of its own gender situation to be engaging in such activities. According to the Global Economic Forum's 2015 Global Gender Gap Report, the U.S. scored slightly worse than Japan in terms of wage equality for similar work, ranking in at 74th place out of 145 while Japan ranked 69th. The U.S. also scored only marginally better than Japan in the category of women in politics where only 19% of the U.S. legislature was female as opposed to 9% for Japan, 26% of U.S. ministerial positions were filled by women as opposed to 22%

for Japan, and both countries have never had a female head of state, though that may change in the U.S. in the November 2016 election.

In fact, much of the U.S.' efforts to promote gender equality has been in projects abroad with only a handful of small initiatives meant to economically empower women. The Japanese government has put in nearly as much effort as, or even arguably more than, the U.S. in engaging in domestic initiatives to promote gender equality.

Next Steps for the “Womenomics Project”

In order to make the Womenomics Project more effective, what can Japan do? And is there anything that the U.S. can do beyond the current activities? For Japan, the first step would be to switch the policy approach from “naming and praising” to one of “naming and shaming.” The Japanese government should also implement affirmative action programs such as quotas for gender equality in government and corporate boards. The U.S., on the other hand, should first and foremost ratify CEDAW, although the Senate has consistently refused to do so since 1980. The U.S. Department of Commerce might encourage U.S. businesses to utilize more Japanese women as an untapped resource, and the State Department might augment current academic exchange programs to encourage Japanese universities to introduce women and gender studies programs.

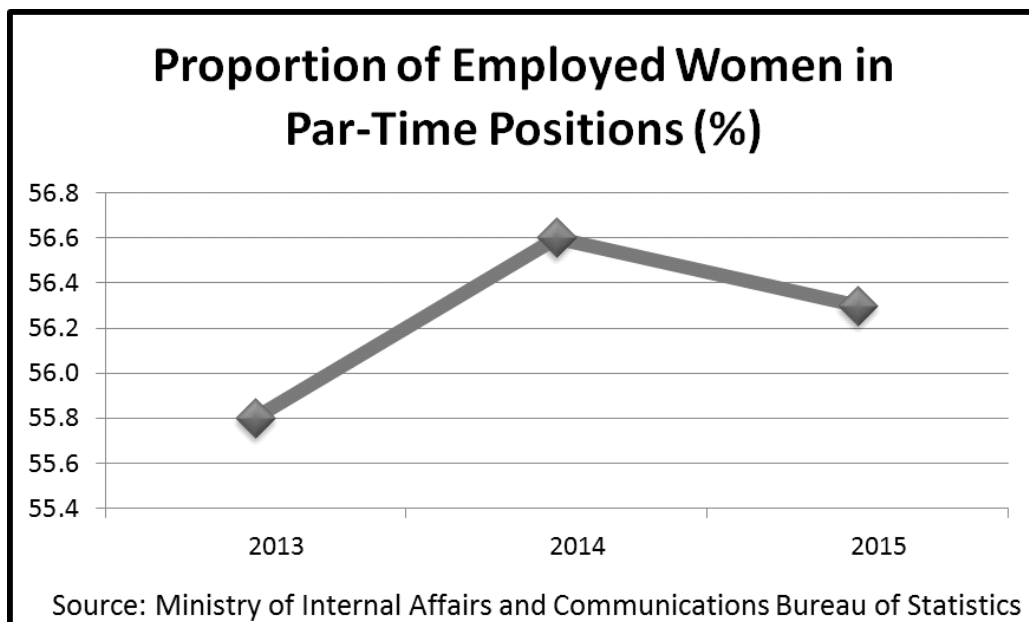
As explained earlier, the “naming and praising” policy implemented through the Act to Advance Women’s Success in their Working Life has been criticized for its overly soft approach on bringing about greater gender equality in the workplace. “Naming and shaming” policies, however, have been shown to be highly successful in Japan in the past and the Japanese government should consider implementing something similar as part of its “Womenomics Project.” For example, the Energy Conservation Act of 1979 has been praised for bringing primary energy use per real GDP in Japan down by approximately 40% through such a policy. The law required businesses to formulate plans to increase energy efficiency and provide detailed report on their energy use, had the government set goals for energy efficiency gains for each business based on what reporting showed was possible, and punished businesses first through public shaming and then through fines if failure to meet efficiency goals were not met. The addition of a stronger financial incentive especially should lead to a stronger and more lasting impact than the current “naming and praising” policy.

Quotas for women on ballots, female legislators in the Diet, and women on corporate boards should also increase female representation and empower women in the workplace if done correctly. Studies have shown that simply requiring more women to be on ballots can lead to the election of more women, especially if sanctions for noncompliance are put into place and properly enforced. Although electoral gender quotas are criticized as a violation of the principal of merit, it has actually been shown that they lead to greater equality of opportunity, as well as equality of result. Both policies would encourage more women to become involved in politics and also significantly increase female representation in the Japanese legislature, empowering women politically and opening more paths toward achieving a gender equal society. Most importantly for Japan’s case, setting quotas for

female directors on corporate boards has shown to lead to an increase in the likelihood of a women being appointed as a company's board chair or CEO, as well as an increase of women in leadership and management positions.'

These policies, however, must be carefully constructed to ensure that women are not only put into leadership positions by name, but are also able to enjoy the powers and privileges of their male counterparts.

As for the U.S., there are a number of actions it can take to help Japan with its Womenomics Project without appearing to interfere in domestic affairs. One is to have the Department of Commerce begin offering advice to U.S. companies operating in or expanding operations to Japan that Japanese women tend to work in part-time or marginalized positions despite being nearly as well-educated as Japanese men and are therefore an untapped resource that should be pursued. In Japan, 58% women enroll in tertiary education as opposed to 65% of men, yet, as mentioned earlier, 56.3% of women who work occupy part-time positions where, if they have university degrees, their education is often wasted.' Simply having U.S. companies employ these women can provide them with more work experience and spread the practice of hiring women through corporate cross-pollination.

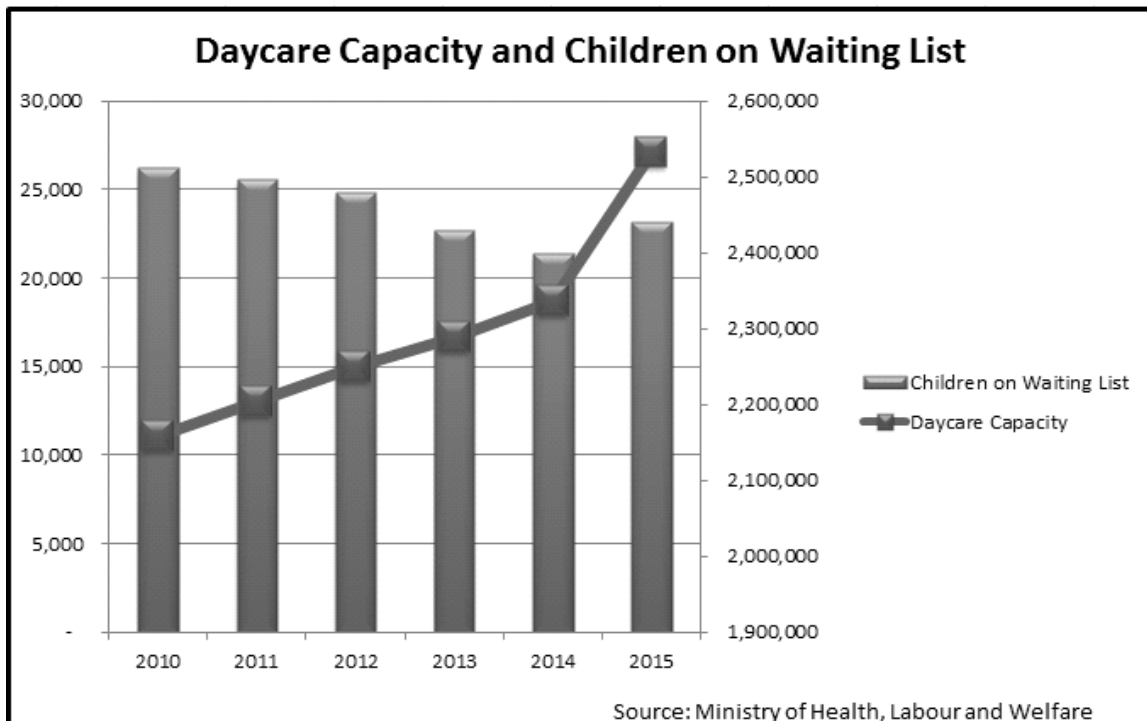


The U.S. should expand academic exchange in the area of gender studies with Japan. There are only two university departments dedicated solely for women's studies or gender studies in Japan: The Ochanomizu University Institute for Gender Studies and the Tokyo Christian Woman's University Institute for Women's Studies. There are a few universities that offer courses on these subjects, but they usually fall under the umbrella of a university's anthropology and social sciences department. Japan, in fact, did not have an institute under the name of women's studies or gender studies until the Tokyo Christian Woman's University Institute for Women's Studies became an independent institute in 1990.

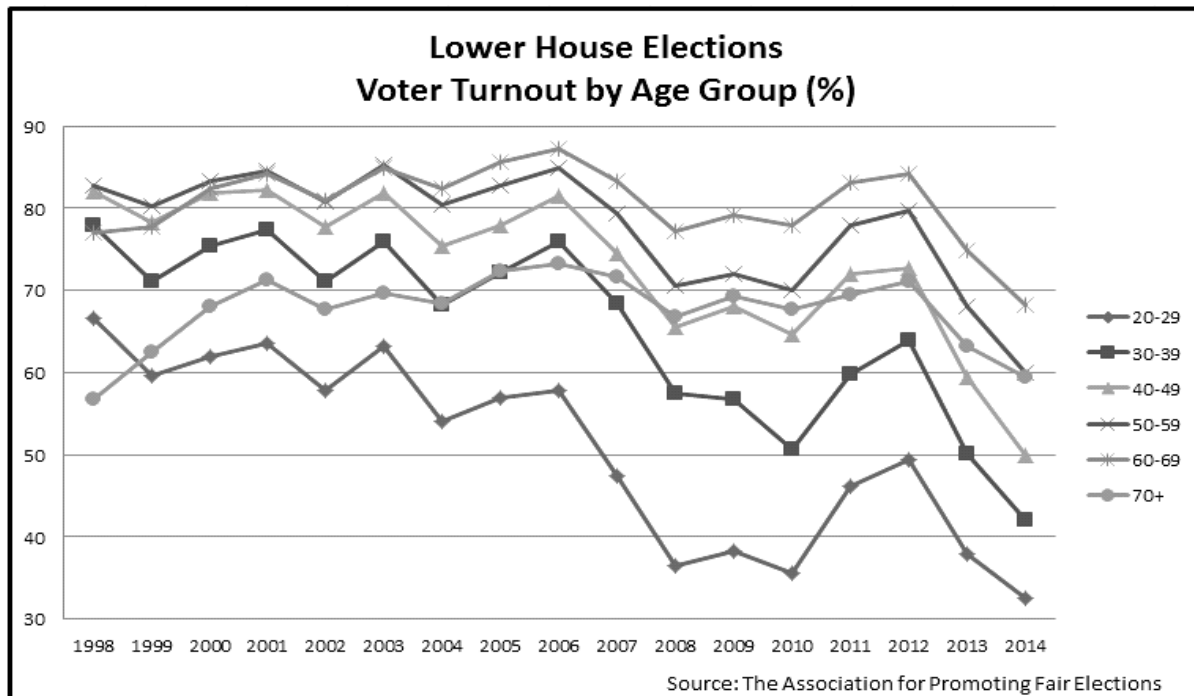
By encouraging the expansion of gender studies programs and introducing American views toward gender equality through academic exchange programs with Japan, young Japanese women could be encouraged to aspire toward leadership roles. It would add to the awareness of the Japanese society in general toward seeing the role of women in the workforce as more than just supportive.

Coming Challenges

Even if Japan is able to move forward with Womenomics, there are some major challenges that remain in the way. One is the rapid increase in demand for daycare facilities as more women enter the work force. Although the number of daycare facilities has steadily increased in the past few years, even experiencing a surge of 8% between 2014 and 2015, and the waitlist of children for daycare services had been shrinking steadily until 2014, there was an 8% increase in the number of children on the waitlist between 2014 and 2015. It appears that, as more women with children are trying to enter the workforce, the growth in demand for daycare services is outpacing the growth in supply. Furthermore, daycare workers in Japan are underpaid to a point where they have become short in supply, inhibiting the operation of some daycare facilities and preventing them from accepting children to full capacity. The government has proposed raising their wages by 2% to address this issue, but it remains to be seen whether this will be enough. The issue, thanks to the Internet, has become a political issue in the Upper House election campaign in the summer of 2016.



Another challenge that Womenomics faces is the political effects of an aging population, which will make it more difficult to pass laws that disproportionately favor younger generations at the older generation's expense. In Japan, voter turnout for older generations has been consistently higher than younger generations and this gap has been widening rapidly over the past couple of decades. In 1998, the gap for lower house elections was only 10%, but by 2014, it has widened to 36%. Furthermore, as the Japanese population ages, representation will be overwhelmingly in favor of the older generation, which will represent a larger portion of the population. This older generation will be more likely to oppose legislation favoring young women trying to enter the work force and pursue a career as it entails their tax money being spent on projects that do not benefit them. Reforms thus need to be made quickly and be formulated for the long-term to prevent a clash with an elderly electorate of the future. The lowering of the voting age to 18 in 2016 in time for the Upper House election will have the effect of tilting the scale back toward the younger voter, however.



Conclusion

The Womenomics Project and other policy initiatives to empower Japanese women were, no doubt, positive developments for both Japanese women and the domestic economy. Though the main motivation was based on boosting the economy, the new policies have brought attention to the large workplace gender gap in Japan and finally initiated serious action towards resolving the problem. Until now, the Japanese government has rarely addressed the crux of the problem, and tangible actions towards this end have been lackluster at best. The U.S., thanks to Ambassador Kennedy, has solidly supported the efforts of the Abe administration, but there are limits to what Washington can do without interfering in domestic Japanese affairs. Still, framed in the context of international cooperation, the U.S. and Japan can work together to pursue gender equality in both countries and elsewhere in the world. The Japanese government also should enact new laws or revise old ones to compel the business and political spheres to bring in more women for leadership roles. Finally, the two countries should work together to encourage academic exchanges that would target women for programs dealing with the empowerment of women and gender equality.

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Japan's Sport Diplomacy

Introduction

The relationship between the United States and Japan is a complex web of individual, government, and business ties. While the role of military and economic bonds is frequently cited as a bellwether for the state of the U.S.-Japan relationship, Americans and Japanese generally encounter each other through less structured means. In fact, an opinion poll by Pew Research Center in 2015 found that while the two countries have a healthy relationship, views on the military alliance reveal a large difference between Americans and Japanese. When asked what was the first thing that came to mind when thinking of Japan, more Americans picked a cultural aspect than any specific business or historical topic.⁶¹⁴ Even though educational exchanges have lagged in recent years, the cultural relationship between our two countries, remains an important bilateral bond, and this paper argues that sports plays a major role in this.

Beginning with the introduction of baseball to Japan in 1872, sports have been a constant, strong thread running through the fabric of U.S.-Japan relations. Horace Wilson, an English teacher in Tokyo, began teaching his students the sport just 18 years after Commodore Matthew Perry signed the U.S.-Japan Treaty of Peace and Amity in 1854, meaning baseball has been a part of the bilateral relationship for nearly as long as it has existed. Although it is not the only sport that ties the two countries together, baseball has been and will continue to be the cornerstone of the sport diplomacy relationship, going far beyond simply the athletes, fans, students and young people. Moreover, as this paper will show, other sports originating from both countries are also bringing the two peoples together.

While the sports relationship between Japan and the United States has a long and powerful history, Japan is increasingly looking to exercise sport diplomacy with other countries, as well. These efforts have been aimed at both its closest neighbors as well as distant nations. Under Prime Minister Shinzo Abe, Japan has rapidly enhanced its efforts in this field. This drive has been focused on two fronts: winning and then preparing for the Summer Olympic Games in Tokyo in 2020, and the wider Sport for Tomorrow initiative. Later, this paper will address how Japan is using sport diplomacy to interact with the rest of the world, and what its goals for the 2020 Games are.

A History of Sport Diplomacy between the United States and Japan

When Horace Wilson brought baseball to Japan in the 1870s, few could have foreseen the impact the sport would have. In a culture with limited background in team athletics, there was neither a basis for nor competition with the American pastime, but the sport spread rapidly, first through Tokyo and then the rest of Japan. By 1900, baseball had become the most popular team sport in the country, and Americans soon noticed the level to which the

⁶¹⁴ Americans, Japanese: Mutual Respect 70 Years After the End of WWII. Pew Research Center, April 7, 2015. <http://www.pewglobal.org/files/2015/04/Pew-Research-Center-US-Japan-Report-FINAL-April-7-2015.pdf>

country had picked up the sport.⁶¹⁵ Teams from Major League Baseball visited Japan on barnstorming tours soon after the turn of the century, further raising the profile of the sport.

In 1934, a high-profile tour of Japan was arranged, with future Hall of Fame players including Babe Ruth, Lou Gehrig, and Jimmie Foxx playing 18 games across the country. After the success of that tour, Yomiuri Shimbun owner Matsutaro Shoriki helped coordinate the tour, and the team of Japanese all-stars he brought together for the tour would go on to become the Yomiuri Giants, who have dominated the professional ranks in Japan for 80 years. The dark possibilities of sport diplomacy were unfortunately apparent early on, as well. Shoriki himself survived an assassination attempt during the 1934 tour after an anti-American former police officer stabbed him for bringing the foreign influence of baseball to Meiji Stadium in Tokyo.⁶¹⁶

The goodwill of sports diplomacy in the early 20th century could not survive the horrors of the next few years, however, and baseball would have a rocky history during the Pacific War. American player Moe Berg's recordings of Tokyo during the 1934 tour were possibly used to guide Lieutenant Colonel James Doolittle's bombing raid in 1942. Eiji Sawamura, a Giants player who would have his name put on the award for best pitcher, was killed in action by an American torpedo in 1944. Throughout the war, there were sporadic attempts to ban baseball in Japan, though professional games were allowed to continue except for one lost season in 1944.

Thankfully, sport diplomacy was quick to return. Lefty O'Doul, who had participated in the 1934 tour and several other visits before the war, returned to Japan in 1949 with the team he was managing, the San Francisco Seals. After drawing massive crowds and meeting Emperor Hirohito and Prince Akihito, O'Doul would continue to make visits to Japan, occasionally bringing players including Yogi Berra and Joe DiMaggio. Today, O'Doul is one of just three foreigners in the Japanese Hall of Fame.⁶¹⁷

In 1951, a Japanese American athlete named Kaname "Wally" Yonamine became the first American to play in the Japanese professional leagues following the war. Yonamine would have an illustrious career as a player and manager, bringing aspects of the American game to Japan and actually beating O'Doul to induction in the Japanese Baseball Hall of Fame. In the opposite direction, Masanori Murakami became the first Japanese player to play in Major League Baseball, pitching for the San Francisco Giants during the 1964 and 1965 seasons.

Other sports have played an important role in the history of U.S.-Japan sport diplomacy. As early as the 1890s, the YMCA began enticing Japanese youths into their English language

⁶¹⁵ Staples, Bill. *Kenichi Zenimura, Japanese American Baseball Pioneer*. Jefferson, NC: McFarland, 2011. p. 15.

⁶¹⁶ "Japan's Citizen Kane." *The Economist*. The Economist Newspaper, 22 Dec. 2012. <http://www.economist.com/news/christmas/21568589-media-mogul-whose-extraordinary-life-still-shapes-his-country-good-and-ill-japans>

⁶¹⁷ McKenna, Brian. "Lefty O'Doul." *Society for American Baseball Research*. Web. <<http://sabr.org/bioproj/person/b820a06c>>.

classes primarily through the popularity of their active sports programs.⁶¹⁸ While “Ping-pong Diplomacy” may conjure images of President Nixon and Chinese Chairman Mao Zedong, the thaw in Sino-U.S. relations was actually made possible because of a tournament in Nagoya in 1971, and the fateful meeting between players Glenn Cowan and Liang Geliang first reported by Japanese media. Initial talks to reestablish diplomatic trade relations between Japan and China began later that same year.⁶¹⁹

Current Sport Diplomacy Relations between the United States and Japan

Sport continues to play a key role in cultural relationships across the Pacific, with baseball unsurprisingly playing the largest role. Ichiro Suzuki, the first true Japanese superstar in American baseball, is winding down his career with the Miami Marlins, though he has during the spring of 2016 broke Pete Rose’s record for the number of hits of a player. Ichiro is now 42 years old, but the next generation of Japanese stars in Major League baseball (MLB) appears ready to take up the mantle, with pitchers Yu Darvish (who recently returned from the injured list) and Masahiro Tanaka leading the charge on highlight shows and magazine covers.

In the other direction, Major League Baseball has been very active in Japan. Following the 2011 East Japan Earthquake and Tsunami, the league helped by rebuilding a field in Ishinomaki and raising money for the TOMODACHI Initiative⁶²⁰ during the opening of the 2012 season between the Oakland Athletics and Seattle Mariners in Tokyo. More, MLB hosted an all-star tour in the summer of 2014. This tour featured a five-game tournament, won by Japan for just the second time in 11 such events.

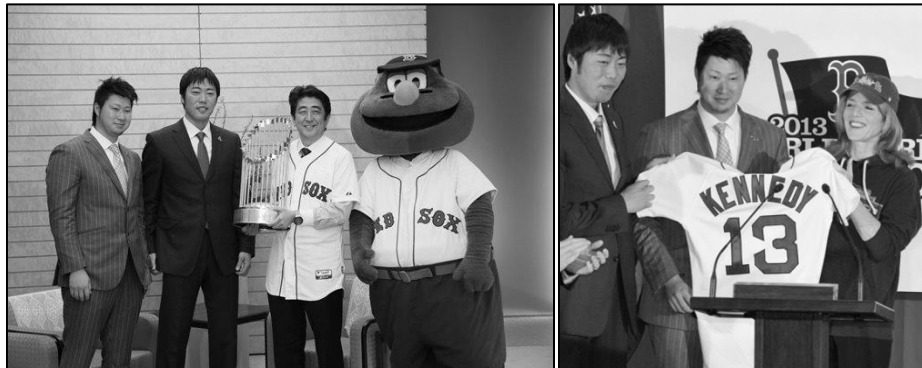
United States government outreach efforts in Japan have included clinics conducted by the Women’s Soccer Team in Tohoku and by members of the Olympic softball team, who were in Japan as a part of a professional league event. The U.S. Embassy’s sport diplomacy issues are usually used to promote broader interests of both the U.S. government and the particular areas of interest of the current ambassador. Ambassador Tom Schieffer, former co-owner of the Texas Rangers, was active in promoting baseball exchange with the U.S, during his tenure in Japan (2004-2009). After the massive earthquake in northern Japan in 2011, there has been a public diplomacy focus under Ambassador John Roos on the Tohoku region and the role of women in sports. In the case of the current ambassador, Caroline Kennedy, U.S. Embassy efforts have revolved around her favorite baseball teams, the Boston Red Sox and New York Yankees. Both of these teams have tremendous followings in Japan, due in part to high-profile Japanese stars such as Koji Uehara and Masahiro Tanaka. Uehara, following his World Series win in Boston, actually brought the championship trophy to Japan and was featured at one of several baseball-related receptions the Embassy has coordinated in

⁶¹⁸ Rosenberg, Emily S. *Spreading the American Dream: American Economic and Cultural Expansion, 1890-1945*. New York: Hill and Wang, 1982. p. 30

⁶¹⁹ McLauchlan, Alastair. “Korea/Japan or Japan/Korea? The Saga of Co-hosting the 2002 Soccer World Cup,” *Journal of Historical Sociology* Vol. 14 No. 4, December 2001 p. 484

⁶²⁰ TOMODACHI is a public-private partnership between the U.S. Embassy in Tokyo and the U.S.-Japan Council, which works to bring together young people from the United States and Japan through educational, cultural, and leadership exchanges.

recent years. Uehara and fellow pitcher Junichi Tazawa accompanied the Red Sox mascot to the Prime Minister's Office (Kantei) for a meeting with Prime Minister Shinzo Abe.



Ambassador Kennedy is also an avid cyclist and has used social media to promote the positive impact sports have and the common bonds they form between the U.S. and Japan. Looking ahead, the Embassy is likely to be even more active in sports diplomacy initiatives following the 2016 Olympic Games in Rio de Janeiro, when the global focus will shift to the 2020 Tokyo Games, and also makes itself available to support cultural sports exchanges through sister city ties.

Ryozo Kato served as Japan's ambassador to the United States from 2001 to 2008 and spoke of his love for baseball at every opportunity, including throwing out the first pitch at Yankee Stadium and other American ballparks, and visiting Babe Ruth's birthplace in Baltimore. Following his career as one of Japan's most skilled diplomats, he served as the commissioner of Nippon Professional Baseball for five years, resigning in 2013.

In other sports, Japanese athletes such as tennis star Kei Nishikori and Kimiko Date-Krumm have thrilled American audiences, with Nishikori reaching the finals of the U.S. Open in 2014, becoming the first Asian man to advance that far in any grand slam event. Golfers including Ryo Ishikawa and Hideki Matsuyama have featured on the American tour circuit in recent years, showing American fans the range of sports that Japan can compete in while simultaneously providing role models to an increasingly diverse sporting audience in Japan.



The TOMODACHI Initiative has conducted a number of sport-focused exchange programs, including several clinics in baseball, soccer, and basketball in Tohoku, sponsoring two-way exchanges of baseball teams, and taking Japanese students to MLB games as a part of larger exchange curricula.



TOMODACHI continues to support sport exchanges conducted by Japan-America Societies in the United States and sister-city relationships, including in San Diego and Hawaii. Later this year, TOMODACHI will launch a program in coordination with the nonprofit Sport For Smile, for women in sports business, bringing eight young women from Japan to teach them about international careers in sports business, administration, and management. This program grew out of the wider-ranging TOMODACHI MetLife Women's Leadership program, established in 2013, but it will focus on classes in the United States on the business of sports and include meetings with the National Basketball Association and Major League Baseball.

Japan's Wider Sport Diplomacy

Japan's sport diplomacy history with the rest of the world has seen various highs and lows. The most famous event was the 1964 Olympic Games, which served as Japan's "coming-out" announcement to the world following decades of estrangement, war, occupation, and rebuilding. The event showcased the country's rapid reconstruction (the Tokaido shinkansen opened just nine days before the event) as well as its commitment to peace (runner and Olympic Cauldron lighter Yoshinori Sakai was born in Hiroshima on August 6, 1945, the day the city was destroyed by the atomic bomb). Japan performed exceptionally well at the Games, winning 16 gold medals, its highest mark to date, and 29 medals overall. The 1964 Olympics were the first to take place in Asia, and their success helped pave the way for future games in Sapporo (Winter 1972), Seoul (Summer 1988), Nagano (Winter 1998), and Beijing (Summer 2008).



Japan's other turn in the international spotlight was less successful. The country hoped to be the first Asian nation to host soccer's World Cup in 2002, but it ran into stiff and unexpected competition from South Korea. Following a bruising and corrupt bidding process, soccer's international governing body, FIFA, made the unprecedented decision to conduct a co-hosted event. The decision was publically made in the hope that working on an event of this scale would bring the wary neighbors closer together, but the decision was also motivated by fear. FIFA Vice-President David Will cited "concern for the lives of people" in the event of a failed bid by either country, an outcome he understandably warned would be "disastrous...devastating."⁶²¹ In the end, the countries cooperated on very little at the government level, managing to finalize an extradition treaty just in time for the opening ceremony but failing to create a joint visa program for fans and media attending games in both countries. The biggest success story from the 2002 World Cup came when FIFA released its restrictions on vendor contracts and allowed each co-host to negotiate its own deals. While most contracts were awarded to domestic companies, there were several instances of vehicle, technology, equipment, and communication deals being struck between one host country and the other's private firms.⁶²²

Following the awarding of the 2008 Olympics to Beijing, the Japanese capital began to agitate for another chance to host the Summer Games. A bid for the 2016 games, launched in 2005, failed, leaving the country shocked when the International Olympic Committee (IOC) chose Rio de Janeiro, with Tokyo finishing a distant third behind Madrid.⁶²³ This embarrassment galvanized the Japanese Olympic Committee (JOC) and other advocates of sport diplomacy in Japan, including then-governor Shintaro Ishihara, Tokyo Bid Committee Secretary General Ichiro Kono, and former Vice Minister of Education, Culture, Sports, Science and Technology (MEXT) Toshiaki Endo.

In 2011, the Japanese Diet revised the 1961 Sports Promotion Act for the first time in 50 years, acknowledging in the new Basic Act on Sports that "it is essential for Japan to become a sports-promoting nation in order to ensure the development of our country in the 21st

⁶²¹ *Ibid.* p. 487

⁶²² *Ibid.* p. 489

⁶²³ Shimizu, Satoshi. "Tokyo-Bidding for the Olympics and the Discrepancies of Nationalism," *The International Journal of the History of Sport*, Vol. 31, No. 6, 2014.

century.” Bringing politicians and government legislation to bear on the issue, which were key components in the 1964 bid, helped legitimize Tokyo’s bid for the next round. In 2013, the IOC awarded Tokyo the Summer Games for the year 2020, and Japan has been on a rapid path to increase its sport diplomacy initiatives in support of this marquee event.

2020 is a goalpost for many of Japan’s objectives. While the year has been pegged for the deadline for numerous initiatives across all sectors of Japan, it is a particularly salient point in sports and culture. Important efforts in Japan such as Womenomics, financial reform, trade agreements, and security agreements can set and miss deadlines with minimal repercussions, but the Olympics are guaranteed to bring a massive sporting event, media coverage, and thousands of international visitors, regardless of Japan’s level of preparedness.

Origins of Sport for Tomorrow

In 2014, Japan’s Ministry of Foreign Affairs (MOFA) (under the direction of Foreign Minister Fumio Kishida) commissioned a “Panel of Experts on Strengthening Sports Diplomacy.” The panel included executives from sport, business, education, and the nonprofit sector and was chaired by Kazuo Oguro of the Japan Foundation. After six meetings, the panel released its final report in February 2015. Their recommendations were broken into three “pillars.”

“Diplomacy by sport” utilized MOFA resources (including from the Japan International Cooperation Agency and Cultural Grant Assistance) to develop human resources, build athletic facilities and provide equipment, with special attention paid to conflict regions and “socially vulnerable persons” including disabled, seniors, and women.

“Diplomacy for Sport” promotes anti-doping activities, prevents match-fixing, involves sport diplomacy when the Prime Minister, Foreign Minister, or other government officials visit foreign countries, and sends staff and executives to international sport organizations throughout Asia and the world.

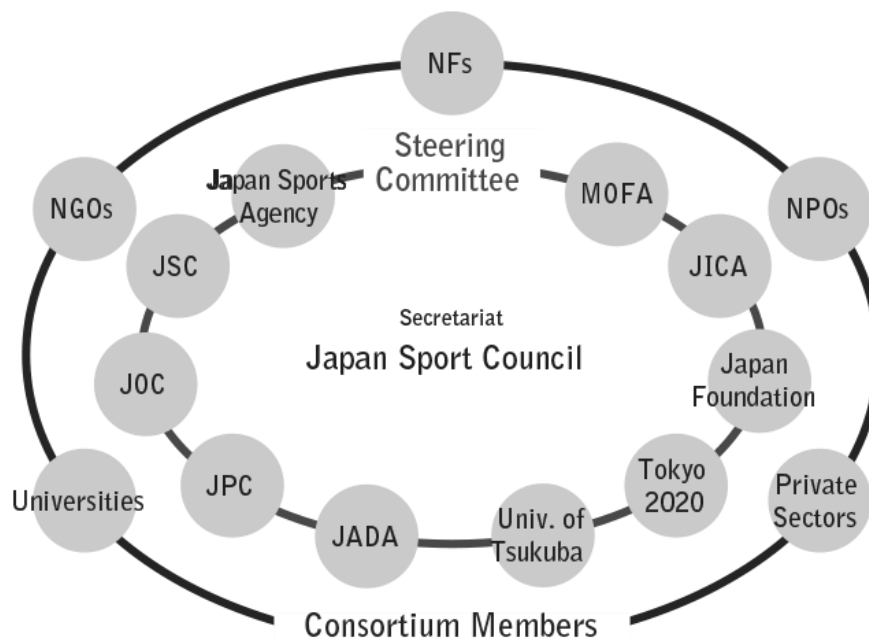
Finally, the panel called for the “Establishment of a Foundation for Promotions of Sport Diplomacy” that cooperates with sport organizations, private enterprises, economic organizations and NGOs and attempts to strengthen bilateral ties with countries that have hosted or will host the Olympic/Paralympic Games through the sharing of knowledge. The panel argued that this “Foundation” would benefit from the appointment of a “sport ambassador” within MOFA.

In June of 2015, MOFA established the post of “Ambassador in charge of Sport Diplomacy” and named Jun Shiimi to this position. Ambassador Shiimi also serves as Director General for Cultural Affairs and notably coordinated with Korean counterpart Choi Jong-moon in the negotiations for Japan’s application to UNESCO for the inclusion of Meiji-era industrial facilities as world heritage sites. The panel likely would have hesitated at MOFA picking someone already involved in very sensitive non-sport issues for this position, as it complicates efforts to build relationships outside of these thorny topics.

Sport for Tomorrow

Sport for Tomorrow (SFT) is an initiative launched by Prime Minister Shinzo Abe in 2014, and received perhaps its largest boost with the creation of the Japan Sports Agency, an official office within the Ministry of Education, Culture, Sports, Science and Technology. This agency is very new, having started on October 1, 2015, but will serve as the guiding force for government-directed sporting issues.

Sport for Tomorrow is an ambitious project including dozens of organizations and companies in Japan and a vision of interacting with over half of the world's countries.



The level of coordination and progress that Sport for Tomorrow hopes to achieve is unparalleled. Most other countries choose one of three approaches to sports diplomacy:




- Ignore sports as a viable means of diplomacy;
- Seek to establish a hegemonic system, as seen with the United States consolidating global baseball talent around the world, the British-led Commonwealth Games, and Russia coopting hockey cultures from the former Soviet Bloc; or
- Use sports as an avenue to stimulate economic development using outside resources, such as Brazil's 2014 World Cup and 2016 Olympic ventures, Beijing's 2008 Olympics, and the smaller-scale, one-way programs that developing countries seek out

Japan is choosing a much more complicated path that recognizes the potential opportunities of sport diplomacy without pursuing hegemony or the development goals of the BRICS nations.

When SFT announced its formal plan, the ideas supporting the three pillars recommended by the panel were clearly evident in a “new” set of three pillars:

1. International cooperation and exchange through Sport
2. An “Academy for Tomorrow’s Leaders in Sport”
3. “PLAY TRUE 2020,” a program to encourage the integrity of sport

SPORT FOR TOMORROW has three pillars.

<p>International cooperation and exchange through Sport</p>  <p>With a main focus on cooperating with developing countries, we aim to promote sport and the Olympic and Paralympic movement in both tangible and intangible ways. Japan has long history to contribute to the global sport movement by sending coaches, providing equipment, assisting to enrich the sporting environment etc. This pillar aims to further implement international cooperation and exchange programmes through the strategic and best use of existing resources.</p>	<p>Academy for Tomorrow’s Leaders in Sport</p>  <p>The International Sport Academy, a part of ‘Sport for Tomorrow’, is an international platform where students can learn about Olympic and Paralympic Education; Sport Management; Sport Science and Medicine; Sport for Development and Peace; and Teaching, Coaching and Physical Education (PE) with practical knowledge to lead the sporting world in the 21st century. The new academies invite young people from all over the world to develop tomorrow’s leading administrators, coaches, and academics in sport. 18 months master course and 2 weeks short programmes are provided every year.</p>	<p>“PLAY TRUE 2020” – Develop sport integrity through strengthening the global anti-doping activities</p>  <p>“PLAY TRUE 2020” is to bring a long-lasting impact to enrich the lives of young people and the society with Play True values. By building the even stronger anti-doping capacity and network, it is aimed to protect and promote the sport integrity and the positive values through sport. Under the PLAY TRUE 2020, the following five activities are to be implemented: 1) global capacity building, 2) development of values-based education programme, 3) development of core professionals, 4) conducting social science research, and 5) hosting international conferences.</p>
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If successful, Sport for Tomorrow and Japan’s new take on the field could serve as a guiding set of principles for sports diplomacy efforts in many other developed countries, including the United States.

The Japanese government sees the Sports Agency as the biggest advancement in sports diplomacy efforts. Japan seeks to be a regional leader in sports, even if they do not have the historical pedigree or same prospects for Olympic medals as the United States and Russia. Japan’s multiple professional leagues and sports science practices in particular are clear leaders in Asia. The Yokohama Joint Statement (announced at the 6th Korea-China-Japan Culture Ministers Meeting in 2014) detailed an action plan for trilateral cooperation on cultural activities. Ahead of the upcoming Olympics (2018 in Pyeongchang and 2020 in Tokyo), Japan and Korea agreed to more matches between the countries and will work on sharing the successes of Japan's youth programs and Korea's professional programs.

The second pillar of SFT is the creation of the Tsukuba International Academy for Sports Studies (TIAS), launched in 2015 at the University of Tsukuba outside Tokyo. Funded by MEXT, the academy aims to “develop the next generation of leaders in the world of sport” by bringing international students and Japanese students into a Master’s program that encompasses five disciplines:

- Olympic/Paralympic education
- Sport management
- Sport science & medicine
- Sport for development & peace
- Teaching, coaching & Japanese culture

The University of Tsukuba was a logical fit for a number of reasons. Jigoro Kano, founder of the Japanese martial art of judo, was the president of the school (then named Tokyo Higher Normal School) for 20 years, and was also the first Asian member of the IOC, leading the movement for Tokyo’s bid for the 1940 Olympics. The school has a long tradition of athletics dating back to Kano’s time and features a strong Faculty of Health and Sport Sciences. Dr. Satoshi Shimizu, a leading international scholar on sport diplomacy in Japan, has been chosen to be vice-chair of TIAS and lecturer on sport for development & peace (SDP), the segment of TIAS directly focused on international relations.

2015 saw the first cohort of students in the TIAS program and invited guest speakers from around the world. TIAS hopes to continue with 15 international and five Japanese students each year through the 2020 Olympics. TIAS believes that Japan can play an important role in the development of sport and physical education in Asia and the developing world. With Japan’s advanced technologies and focus on inclusiveness, the academy hopes to help make the 2020 Paralympic Games a key to a positive outcome for Japan and its reputation throughout the world.

The third pillar seeks to spread integrity in athletics around the world through education, training, and drug testing. This has been a particularly sensitive area for Japan, as the successes of their pharmaceutical industry have been seemingly countered by the negative press of match-fixing scandals in domestic sumo and baseball competitions in recent years.

Potential Problems

Measuring success in this field can prove rather difficult. The Japanese government has laid out quantitative goals for the Sport for Tomorrow initiative, including reaching 10 million individuals in 100 nations and winning more than 16 gold medals at the 2020 games. Various agencies have projected economic benefits and the number of tourists brought into Japan for sporting events. There are, however, serious concerns about how useful these benchmarks are in truly gauging the impact of sports diplomacy.

	Gold	Silver	Bronze	Total
United States	46	28	29	103
China	38	28	22	88
Russia	24	25	32	81
Great Britain	29	17	19	65
Germany	11	19	14	44
Japan	7	14	17	38

	Gold	Silver	Bronze	Total	Total Rank
1964 (Tokyo)	16	5	8	29	4
1968 (Mexico City)	11	7	7	25	5
1972 (Munich)	13	8	8	29	6
1976 (Montreal)	9	6	10	25	7
1984 (Los Angeles)*	10	8	14	32	8
1988 (Seoul)	4	3	7	14	14
1992 (Barcelona)	3	8	11	22	11
1996 (Atlanta)	3	6	5	14	21
2000 (Sydney)	5	8	5	18	14
2004 (Athens)	16	9	12	37	6
2008 (Beijing)	9	6	10	25	11
2012 (London)	7	14	17	38	6

** Japan did not participate in the 1980 games in Moscow*

Sports can prove to be an influential ice-breaker in diplomatic relations, as ping pong diplomacy proved in Sino-Japanese-American relations in the 1970s, or as a way of proving a state's readiness to enter the global stage, as the 1964 Tokyo Olympics and 2008 Beijing Olympics sought to do. These successes are highly individualistic and are difficult to quantify. Public opinion data is perhaps a better barometer of how successful diplomatic efforts are, but even then it would be nearly impossible to ascribe changes in public opinion to one factor (in this case, sports diplomacy) over another.

The other potential issue with this subject is that Japan appears to be following many of the same, short-sighted steps it took in other "globalization" efforts. There is a concern that Japan is interested exclusively in exporting its vision of sporting culture, rather than embracing and forming synergies with the sporting cultures of its diplomatic partners. This can be seen in the Nippon Professional Baseball league's refusal to allow more than four foreigners on each team and the Ministry of Foreign Affairs' emphasis on uniquely Japanese sports like judo when promoting sports abroad. Diplomacy is by necessity an exchange, and

if Japan is overly concerned with preserving the unique “Japanese-ness” of its sporting culture, long-term success may be difficult to secure.

There are a number of non-profit agencies doing what could be considered sports diplomacy-related programs which are not among the dozens involved in the Sport for Tomorrow initiative. These organizations fear that participating in a government-sanctioned diplomatic initiative undermines the peaceful, non-nationalistic nature of sport exchange and are wary of being seen as mouthpieces of the government. If so, this would be a glaring flaw in Japan’s sport diplomacy efforts.

It is interesting to note some of the potential ways Japan’s attempts might be undermined. Some Japanese elites are wary of how the guiding organizations of Sport for Tomorrow, particularly MOFA and MEXT, will be able to get along. Japan’s historically-stovepiped bureaucracy has not proven conducive to a unified effort of government, private, academic and nonprofit organizations working toward a common goal. It is hoped that the Japan Sport Agency will be able to overcome this problem, but it may be too early to tell.

On a related note, the political considerations fueling Sport for Tomorrow could introduce unwelcome volatility to the process. There is a sense that Japan’s renewed efforts at sports diplomacy are primarily caused by a rivalry with Japan’s neighbors that has seen Olympics held in Beijing in 2008, a somewhat tumultuous joint-hosted soccer World Cup between Japan and South Korea in 2002, and Winter Olympics hosted by Korea in 2018 and China in 2022. Japan made a marked increase in its sports diplomacy in the wake of an embarrassing loss in the 2016 Olympic bidding process, and if current efforts begin to look too much like they are fueled by cynical motives, the goodwill nature of the initiative could quickly be lost.

Finally, there is a noticeable decline in the relative power of baseball in Japan’s sport diplomacy. While that sport remains the marquee connector between American and Japanese sporting cultures, everything from grade school curricula to professional leagues in Japan show a shift toward other sports, notably rugby and judo. Japan has long excelled at individual athletics, including gymnastics and wrestling. The major players in Japan’s Olympic committee were college rugby players, and many of the Ministry of Foreign Affairs’ programs abroad have featured martial arts. The fastest-growing professional league in Japan in the last 20 years has been soccer’s J-League, with Japanese basketball leagues and a pan-Asian hockey league also doing well.

The recent, surprising successes of Nadeshiko Japan (the women’s national soccer team) and the Brave Blossoms (the national rugby union team) have garnered acclaim from the outside world. While it is definitely a positive for Japan to have a diverse range of sports to be successful at and engage with the world in, an increased focus on sports without much of a following in the United States may hinder sports diplomacy initiatives in the bilateral relationship. Of particular note is the somewhat half-hearted attempt by Japan to get baseball and softball reinstated as Olympic events for the 2020 Games. Rather than focus their attempts on getting the national pastime added on the docket, the Japanese Olympic

Committee included it along with a slew of less culturally-ingrained events including surfing, skateboarding, and rock climbing.

Conclusions

Japan's elites are making a concerted effort to deploy sports as a key piece in diplomatic efforts, with the 2020 Olympic Games in Tokyo serving as the unifying event for initiatives. Officials in Tokyo from the Japanese and American governments, academia, nonprofits, and the private sector have a high level of buy-in for the Sport for Tomorrow Initiative, and the initiative has been making steady progress.

The United States is likely to be a relatively silent supporter of Japan's sport diplomacy initiatives, offering support for sister-city relationships and occasional events through the Embassy without delving deep into Sport for Tomorrow or the 2020 Olympic preparations.

Meanwhile, Japan will pursue relationships with countries across the globe, focusing on developing nations and East Asia as it seeks to strengthen ties with nontraditional partners in new ways, using sport.

Timothy White

Class Research Trip to Tokyo, March 2016: Photo Album



Urasenke Tea Ceremony



Briefing at U.S. Embassy Tokyo



Exploring Tokyo



Temple University Japan Session





Meeting with Former
Ambassador Ryoza Kato

Seminar at the Institute of Energy Economics





Seminar at the Ministry of Economy, Trade and Industry (METI)



International House of Japan

