



The U.S.-Japan Alliance

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Summary

Under the Treaty of Mutual Cooperation and Security, about 53,000 U.S. troops are stationed in Japan and have the exclusive use of 89 facilities throughout the archipelago. In exchange for the bases, the United States guarantees Japan's security. The alliance has endured over 50 years, through periods of intense partnership and stretches of political drift. In the past decade, the relationship has seen both ends of the spectrum. During the first term of the George W. Bush Administration, converging U.S. and Japanese objectives in confronting North Korea's nuclear and missile programs and Japan's participation in U.S. operations in Iraq and Afghanistan reinforced the notion of the U.S.-Japan alliance as one of the central partnerships of U.S. foreign policy, particularly in Asia. By 2007, political developments in Japan and diverging policy approaches to North Korea created some distance in the relationship. After the Democratic Party of Japan took power in a historical election in September 2009, a disagreement over the relocation of the Futenma Marine airbase in Okinawa erupted into a public rift that led many to question the fundamental soundness of the alliance.

Regional developments in 2010, however, appeared to refocus attention in Washington and Tokyo on the value of the alliance. North Korea's continued and increasingly aggressive actions, coupled with a diplomatic crisis after a Chinese trawler rammed a Japanese Coast Guard ship in disputed waters, drove the allies back together. A new DPJ administration in Tokyo affirmed its intent to work out U.S. base realignment issues and renewed its financial support for hosting the troops. At the same time, solidarity grew in confronting North Korea provocations.

After a brief historical review, this report examines the regional environment that Japan and the United States face in shaping the alliance. While history-related grievances have traditionally dominated Tokyo's relations with China and the Korean Peninsula, there are some trends that indicate a shift in regional relations. Tensions with Beijing over territorial disputes and China's growing military capabilities and maritime activities are growing, while Seoul and Tokyo have developed an increasingly cooperative relationship, even exploring nascent military-to-military pacts. North Korea continues to provide ample justification for Japanese supporters of developing a strong missile defense system.

The report then explores the national challenges that frame the alliance, particularly the large presence of U.S. military bases in the southern prefecture of Okinawa. While the Futenma base relocation controversy has dominated the debate, Okinawan frustration with the bases has existed for many years, with outcries spiking in the event of military accidents or crimes committed by U.S. soldiers. For these reasons, the Futenma relocation plan faces major challenges, despite Tokyo's agreement and pledge to implement it.

The report then examines key features of bilateral agreements to upgrade the alliance, with updates on progress on agreements outside of base realignment and discussion of Japan's internal and evolving views on security as reflected in official guidelines. Accomplishments in ballistic missile defense co-development, strong maritime cooperation, and Japanese contribution to international missions are outlined, along with some of the unresolved issues that remain. The report concludes with a discussion of the most prominent operational, budgetary, legal, and normative constraints that some see as a cap on expanding the alliance's effectiveness. Despite the alliance's sustainment over a half-century, it still faces fundamental challenges, including political paralysis and increasingly tight fiscal conditions in Tokyo and long-standing constitutional and societal limits on Japan's military.

Contents

Introduction	1
Historical Review of the Alliance	2
Post-World War II Occupation.....	2
Bilateral Alliance Establishment.....	2
Post-Cold War Adjustments.....	3
Post-9/11 Changes.....	3
U.S.-Japan Relations Under the Obama and DPJ Administrations.....	4
Regional Relations and Security Environment	5
China	5
South Korea	6
North Korea	7
U.S. Military Presence in Japan and Futenma Controversy	7
U.S.-Japan Alliance: Policy and Bilateral Agreements	9
Internal Changes to Japan’s Defense Policy	10
Ballistic Missile Defense.....	11
Efforts to Upgrade Capabilities and Interoperability	12
Strong Maritime Defense Cooperation.....	12
International Operations and the “Global Commons”	13
Challenges to a More Robust U.S.-Japan Alliance	14
Political Paralysis in Japan	14
Budgetary Pressure	14
Constitutional and Legal Constraints	15

Figures

Figure 1. Map of U.S. Military Facilities in Japan	9
Figure 2. Map of Japan and Surrounding Countries	16

Contacts

Author Contact Information	17
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Introduction

The U.S.-Japan alliance, forged in the U.S. occupation of Japan after its defeat in World War II, provides a platform for U.S. military readiness in Asia. Under the Treaty of Mutual Cooperation and Security, about 53,000 U.S. troops are stationed in Japan and have the exclusive use of 89 facilities throughout the archipelago.¹ Okinawa, hosting 37 of the facilities, is the major U.S. forward logistics base in the Asia-Pacific region.

The U.S.-Japan alliance has endured several geopolitical transitions, at times flourishing and at other moments seeming adrift. After the collapse of the Soviet Union, the organizing principles of the Cold War became obsolete, forcing the United States and Japan to re-adjust the alliance. The shock of the terrorist attacks on the United States in September 2001 ushered in a period of rejuvenated military ties, raising expectations that Japan would move toward a more forward-leaning defense posture and shed the pacifist limitations that have at times frustrated U.S. defense officials. However, the partnership struggled to sustain itself politically in the late 2000s; a softening of U.S. policy toward North Korea by the George W. Bush Administration dismayed Tokyo, and political opposition to an Okinawan airbase plan disappointed Washington. As the Democratic Party of Japan (DPJ) came to power in September 2009, some observers noted that Japan may be turning away from the U.S. alliance toward a more Asia-centric policy.

Despite the public flap over the relocation of the Futenma airbase that dominated the relationship between September 2009 and June 2010, regional conflicts in 2010 appeared to reset the relationship on more positive footing. As a result of repeated provocations from North Korea and a confrontation with China over a ship collision in disputed waters, the DPJ seemed to change its approach to the alliance and re-prioritize strong relations with the United States. The focus of the alliance appears squarely set on the changing security contours of the region, with an explicit attention to China's activities. When the alliance appeared to falter in the face of the Okinawa dispute, neighboring countries, including Southeast Asian states, voiced concern, suggesting that the alliance is valued as a stabilizing force region-wide. North Korea's unpredictable course has also driven nascent but promising trilateral cooperation with South Korea. Whereas disagreements over history issues stemming from Japan's colonial policies and wartime aggression were prominent in Tokyo's relations with its neighbors in past years, these concerns, while still present, have receded somewhat as contemporary threats have surfaced.

Problems remain in the partnership. Although Washington and Tokyo have settled on a plan for the resolution of the base relocation in Okinawa, many hurdles remain for implementation, particularly strong local opposition to the base. Japan's overall limitations and resistance to engage more expansively in defense cooperation continue to frustrate U.S. military officials. Japan's constitution—drafted by U.S. officials during the post-war occupation—explicitly bans the formation of military forces, though Japan has maintained a “Self-Defense Force” (SDF) since the 1950s. Over the decades, the United States has generally encouraged Japan to move toward a more “normal” military posture and contribute more actively to international defense efforts. Although Japan has sometimes acceded, it remains conservative in its interpretation of the constitution, including a ban on participation in collective self-defense. More recently, Japan's severe fiscal conditions have placed additional pressure on spending decisions to boost Japan's

¹ According to U.S. military figures, about 39,000 U.S. military personnel are stationed onshore and about 14,000 afloat in Japan. Source: U.S. Forces Japan at <http://www.usfj.mil/welcome.html>.

capabilities in the face of regional threats. Japan's constraints on military activities remain in budgetary, legal, normative, and political terms.

Historical Review of the Alliance

Post-World War II Occupation

Following Japan's defeat in World War II, the Allied Powers, led by the United States, occupied the archipelago from 1945-1952. Occupation officials initially set distinct goals of thoroughly demilitarizing Japan. The Japanese constitution, drafted by U.S. Occupation officials and adopted by the Japanese legislature in 1947, renounced the use of war in Article 9, stating that "land, sea, and air forces, as well as other war potential, will never be maintained." However, as confrontation with the Soviet Union grew, the goals of the occupation shifted to building Japan up as a strategic bulwark against the perceived Communist threat. After the outbreak of the Korean War in 1950, U.S. officials pressed for the establishment of a Japanese national police force, which in 1954 became the Self-Defense Forces (SDF). Debate about whether the SDF, which evolved in practice into a well-funded and well-equipped military, violates Article 9 continues today. Japan regained its sovereignty in 1952 after the signing of the San Francisco Peace Treaty, which officially ended the conflict and allocated compensation to Allied victims of Japanese war crimes.

Bilateral Alliance Establishment

During the Cold War, the United States increasingly viewed Japan as a strategically important ally to counter the Soviet threat in the Pacific. A Mutual Security Assistance Pact signed in 1952 was replaced by the 1960 Treaty of Mutual Cooperation and Security, in which Japan grants the U.S. military basing rights on its territory in return for a U.S. pledge to protect Japan's security. Unlike other defense treaties with allies, this pledge is not mutual: Japan does not extend such a pledge if the United States is attacked. A military aid program during the 1950's provided equipment deemed to be necessary for Japan's self-defense, and Japan continued to expand the SDF and contribute more host nation support (HNS) for U.S. forces. Under Prime Minister Shigeru Yoshida's leadership (1946-47 and 1948-1954), Japan essentially ceded its foreign policy and security concerns to the United States and focused on economic development.

The "Yoshida Doctrine" was controversial. Yoshida himself resisted U.S. officials' push for a full-scale Japanese rearmament (i.e. the establishment of a full-fledged military in name and in fact). In addition, many elements of Japanese society rejected the arrangement. For much of the 1950s, forces on the political right tried unsuccessfully to revise or even abrogate the Constitution's Article 9 and portions of the Treaty. When one of their number, Prime Minister Nobusuke Kishi, negotiated a revision to the Treaty in 1960, the political left mobilized opposition to the changes. Although Kishi rammed the revisions through parliament, hundreds of thousands of protestors took to the streets in Tokyo, causing the cancellation of a visit by President Dwight Eisenhower and the resignation of Kishi and his government.

U.S.-Japan defense relations again entered a period of uncertainty because of U.S. President Richard Nixon's so-called Guam Doctrine of 1969 (which called on U.S. allies to provide for their own defense), the normalization of relations between China and the United States, and the U.S. withdrawal from Vietnam. One major irritant was resolved when Prime Minister Eisaku Sato

and Nixon signed a joint communiqué that returned administrative control of the Okinawa islands to Japan in 1972, although the United States has continued to maintain large military bases on the territory. The establishment of the bilateral Security Consultative Committee in 1976 led to greater defense cooperation, including joint planning for response to an attack on Japan.

Post-Cold War Adjustments

In the post-Cold War period, Japan was criticized by some in the international community for its failure to provide direct military assistance to the coalition during the Persian Gulf War in 1990-1991, despite its contribution of over \$13 billion toward U.S. military costs and humanitarian assistance.² After Japan's passage of a bill in 1991 to allow for its participation in United Nations (U.N.) peacekeeping operations, the Japanese Self Defense Forces were dispatched to Cambodia, Mozambique, East Timor, and the Golan Heights. Tensions over North Korea and the Taiwan Strait contributed to a revision of the defense guidelines in 1996-1997 by President Clinton and Prime Minister Ryutaro Hashimoto that granted the U.S. military greater use of Japanese installations in time of crisis and vaguely referred to a possible, limited Japanese military role in "situations in areas surrounding Japan." That was assumed to be referring to potential U.S. conflicts in the Taiwan Strait and the Korean peninsula, although military officials insisted that the phrase was "situational" rather than geographic. North Korea's launch of a long-range Taepodong missile over Japan in 1998 galvanized political support for undertaking joint research with the United States on ballistic missile defense.

Post-9/11 Changes

U.S. policy toward East Asia under the Bush Administration took a decidedly pro-Japan approach from the outset.³ Several senior foreign policy advisors with extensive background in Japan took their cues from the so-called Armitage-Nye report (the lead authors were Richard Armitage and Joseph Nye), the final paper produced by a bipartisan study group before the 2000 U.S. presidential election. The report called for a more equal partnership with Japan and enhanced defense cooperation in a number of specific areas.

With this orientation in place, Japan's response to the terrorist attacks of September 11, 2001, reinforced the notion of the U.S.-Japan alliance as one of the central partnerships of U.S. foreign policy, particularly in Asia. Under the leadership of former Prime Minister Junichiro Koizumi, the Japanese legislature passed anti-terrorism legislation that allowed Japan to dispatch refueling tankers to the Indian Ocean to support U.S.-led operations in Afghanistan. In February 2004, Japan sent over 600 military personnel to Iraq to assist in reconstruction activities—the first time Japan had sent soldiers overseas without an international mandate since World War II.⁴ The ground troops were withdrawn in 2006. A Japanese SDF air division remained until 2008, when U.N. authorization for multinational forces in Iraq expired.

² "'Great Japan' Turns Inward Over Gulf Response," *The Boston Globe*. March 26, 1991.

³ For more information on U.S.-Japan relations, see CRS Report RL33436, *Japan-U.S. Relations: Issues for Congress*, coordinated by Emma Chanlett-Avery.

⁴ The SDF operated under restrictions in Iraq: no combat unless fired upon and no offensive operations. Protection was provided by Dutch and Australian forces.

After a period of rejuvenated defense ties in the first years of the George W. Bush Administration, expectations of a transformed alliance with a more forward-leaning defense posture from Japan diminished. Koizumi's Liberal Democratic Party (LDP) successors—Shinzo Abe, Yasuo Fukuda, and Taro Aso—each survived less than a year in office and struggled to govern effectively. Abe succeeded in upgrading the Defense Agency to a full-fledged ministry, but faltered on his pledges to create Japanese versions of the National Security Council and to pass a permanent deployment law to allow the government to dispatch SDF troops without a U.N. resolution. Fukuda, elected in September 2007, was considered a friend of the alliance, but more cautious in security outlook than his predecessors. He also faced an empowered opposition party—the Democratic Party of Japan (DPJ)—that temporarily forced Japan to end its naval deployment of refueling ships to support U.S.-led operations in Afghanistan. Aso, who served as Foreign Minister in the Abe Cabinet, was largely unable to pursue a more active military role for Japan due to his precarious political position.

After Koizumi stepped down, the Bush Administration decided to actively pursue negotiations with North Korea over its nuclear weapons program. Tokyo lamented that its greatest priority in the negotiations—resolution of the whereabouts of several Japanese citizens abducted by North Korea in the 1970s and 1980s—was largely disregarded by Washington. In the final years of the decade, political paralysis and budgetary constraints in Tokyo, Japan's minimal progress in implementing base realignment agreements, Japanese disappointment in Bush's policy on North Korea, and a series of smaller concerns over burden-sharing arrangements led to reduced cooperation and a general sense of unease about the partnership.

U.S.-Japan Relations Under the Obama and DPJ Administrations

The Obama Administration came into power in 2009 indicating a policy of broad continuity in its relations with Japan, although some Japanese commentators fretted that Washington's overtures to Beijing would marginalize Tokyo. It was changes in leadership in Tokyo, however, that destabilized the relationship for a period. In the fall of 2009, when the DPJ came into power under Yukio Hatoyama's leadership, relations with Washington got off to a rocky start because of differences over the relocation of the Futenma Marine base (see "U.S. Military Presence in Japan and Futenma Controversy" section below). Stalemate on the Okinawa agreement had existed for several years under previous LDP governments, but the more public airing of the dispute raised concern that the alliance—long described by the United States as the "cornerstone of the U.S. Asia-Pacific strategy"—was eroding. In addition, the DPJ initially advocated a more Asia-centric foreign policy, which some observers interpreted as a move away from the United States.

After months of intense deliberation with the United States and within his government, Hatoyama eventually agreed to move ahead with the relocation. However, the political controversy surrounding the Futenma issue played a major role in his decision to resign in June 2010. His successor, Prime Minister Naoto Kan, looked to mend frayed relations and stated that his administration supported the agreement. In addition, Japan agreed to continue Host Nation Support (HNS), the funds provided to contribute to the cost of stationing U.S. troops in Japan, at current levels for the next five years, starting in FY2011.

A series of alarming provocations from North Korea and China's increased maritime assertiveness appeared to restore some momentum to the alliance in 2010. (See "Regional

Relations and Security Environment” section below for details.) North Korea’s aggression drove Seoul, Tokyo, and Washington closer together, with Beijing isolated in its apparent desire to shield Pyongyang in international and regional fora. The collision at sea near the disputed Senkaku/Diaoyu islands of a Chinese fishing vessel and Japanese Coast Guard ship led to a major diplomatic crisis and further reinforced the sense that the U.S.-Japan alliance remained relevant and essential. Although many problems remain in the alliance, particularly the lack of resolution of the Okinawan base issue, the fundamental confidence in its value in both the United States and Japan appeared to be shored up by these regional developments.

After Japan’s release of new defense guidelines in late 2010, U.S. defense planners were pleased with some aspects, such as the explicit identification of concern with China’s activities and pledge to develop more elaborate defense cooperation with several other countries such as Australia, South Korea, India, and Southeast Asian and NATO states. However, the guidelines did not indicate a move forward on initiatives like developing a law to facilitate deployment of the SDF without legislative permission, reinterpreting the constitution to allow for collective self defense, or, perhaps most importantly, an increase in defense spending to bolster capabilities.

Regional Relations and Security Environment

Historical issues have long dominated Japan’s relationships with its neighbors, and particularly China and South Korea, who remain resentful of Japan’s occupation and belligerence during the World War II period and earlier. The DPJ government has indicated a willingness to more emphatically address Japan’s history of aggression. Both Hatoyama and Kan pledged not to visit the Yasukuni Shrine, a Shinto shrine that honors Japanese soldiers who died in war, including several convicted Class A war criminals, thereby removing one of the most damaging obstacles to Tokyo’s relationship with Beijing and Seoul in the past several years. At the outset of the DPJ’s rule, relations with Seoul and Beijing improved, with ceremonial visits marked by exceptional warmth. The relationship with China, however, has chilled significantly, particularly with recent developments in the East China Sea, while Seoul-Tokyo relations strengthened further. It appears that tension based on historical conflict may be receding as classic territorial conflicts emerge, understandable in a region where the power balances are shifting. Whereas history-based controversy was often sparked by Japan’s symbolic or ceremonial gestures such as shrine visits, textbooks, and local proclamations of sovereignty over disputed territory, the more recent conflict appears grounded in physical threats.

China

Sino-Japanese relations warmed in the past few years, in considerable part due to the deepening economic ties, but have suffered setbacks as historical mistrust and contemporary rivalries surfaced. An incident in September 2010 in a disputed area of the East China Sea re-ignited long-standing sovereignty tensions. The Japanese Coast Guard arrested the crew of a Chinese fishing vessel after the trawler apparently collided with two Coast Guard ships in the areas surrounding the Senkaku Islands (called the “Diaoyu” Islands by the Chinese). The islands, located between Taiwan and Okinawa and reportedly rich in energy deposits, are administered by Japan but claimed by Tokyo, Beijing, and Taipei. After Japan released the crew but kept the captain of the Chinese ship in custody, Chinese officials reacted vociferously with threats of unspecified “countermeasures,” the suspension of high-level exchanges and visits, the arrest of four Japanese nationals suspected of spying in an apparently retaliatory move, and, according to some, a

temporary halt in the export of rare earth minerals that are essential to Japanese automakers' operations.

The captain's release later in the month calmed the hostile rhetoric, but the episode points to some troubling trends. The historical sensitivity over territorial issues and the potential abundance of natural resources in the disputed waters are a combustible combination. China's maritime activities have become more assertive in recent years, including Chinese naval helicopters buzzing Japanese destroyers in the East China Sea in April 2010. China's intense and immediate escalation of rhetoric in what could have been a more routine matter also disturbed many regional observers. The incident appeared to play a key role in changing the DPJ's approach to the U.S. alliance and may have crystallized a shift in Japan to seeing China as a military threat. Although Japanese security officials had been deeply concerned about Beijing's intentions and growing capabilities for years, the Senkakus dispute may have convinced governing politicians and the broader public of the need to adjust Japan's defense posture to counter China.

As the Senkakus dispute played out, the United States reasserted its position that it would not weigh in on territorial disagreements but that the islands are subject to Article 5 of the U.S.-Japan security treaty, which stipulates that the United States is bound to protect "the territories under the Administration of Japan." This was the clearest statement yet that the United States would honor its treaty obligations to defend the Senkakus, raising the remote but sobering possibility of a U.S.-China confrontation over the islands. In general, the U.S.-Japan alliance complicates U.S.-China relations; Beijing regularly complains about any indication that Japan is strengthening its defense capabilities, even though some Chinese sources acknowledge the stabilizing role that the U.S. presence provides in the region.

South Korea

Japan's relations with South Korea have been on a positive trajectory under South Korean President Lee Myung-bak, who took power in 2008. The year 2010 marked the 100th anniversary of Japan's annexation of the Korean peninsula and subsequent colonial rule. In August 2010, Kan issued a statement that expressed Japan's "deep remorse" and "heartfelt apology" for its past actions. The statement was welcomed by the government in Seoul, although much of the Korean public remains skeptical about Tokyo's sincerity. Diplomatically the two nations appear to be drawing closer together. North Korea's provocative acts have served to drive closer trilateral cooperation among the United States, Japan, and South Korea. In the aftermath of North Korea's shelling of Yeonpyeong island in November 2010, the South Koreans sent military observers to participate in joint U.S.-Japan defense exercises for the first time in history and, later, both sides announced plans to sign an agreement to allow for the exchange of military goods and services during peacetime operations.

In the past, U.S. officials' attempts to foster this coordination were often frustrated because of tension between Seoul and Tokyo. Tokyo's new activism in pursuing trilateral and bilateral cooperation with South Korea may have been inspired by a demonstrated strengthening of the U.S.-South Korean alliance. Some analysts see a sense of competition between the two capitals that may drive Tokyo to move forward more aggressively on the alliance in order to avoid being left behind.

North Korea

North Korea has played a singular role in driving Japan's security policy, usually pushing Japanese leaders to pursue and the public to accept a more forward-leaning defense posture. After the Cold War threat from the Soviets receded, many analysts questioned if the pacifist-leaning Japanese public would support a sustained military alliance with the United States. The shared threat from North Korea—particularly acute to the geographically proximate Japanese—appeared to shore up the alliance in the late 1990s and into the next century. North Korea's 1998 test of a Taepodong missile over Japan consolidated support for development of ballistic missile defense with the United States. The Japanese Coast Guard's sinking of a North Korean spy ship that had entered Japan's exclusive economic zone in 2001 again publicly raised the specter of the threat from Pyongyang. Perhaps most importantly, the admission by Kim Jong-il in 2002 that North Korea had abducted several Japanese citizens in the 1970s and 1980s shocked the Japanese public and led to popular support for a hard-line stance on North Korea, which in turn gave rise to hawkish political figures such as former Prime Minister Shinzo Abe. In 2003, Japan launched its first spy satellite in order to track North Korean threats without relying on others' intelligence.

In the past several years, North Korea's behavior—repeated missile launches, two tests of nuclear devices, and its alleged sinking of a South Korean warship and artillery attack on Yeonpyeong island—has continued to drive Seoul, Tokyo, and Washington closer together. In 2010, Japan attended U.S.-South Korean military exercises as an observer and, months later, the South Koreans reciprocated by attending U.S.-Japan exercises. Secretary of State Hillary Clinton hosted her counterparts in a trilateral meeting in December 2010 that demonstrated solidarity among the three capitals in the face of North Korea's actions and indicated strong potential for more effective trilateral coordination in the future.

U.S. Military Presence in Japan and Futenma Controversy

The reduction of marines on Okinawa seeks to quell the political controversy that has surrounded the presence of U.S. forces in the southernmost part of Japan for years. Okinawa occupies a strategically valuable space in the region that would allow for quick deployment to contingencies on the Korean Peninsula, the Taiwan Straits, or Southeast Asia. Although the bases-for-security swap that is the essence of the alliance has proved durable for many decades, the residents of Okinawa have long voiced grievances over the arrangement. The current controversy reflects a fundamental tension in the relationship between Okinawa and the central government in Tokyo: while the country reaps the benefit of the U.S. security guarantee, the Okinawans must bear the burden of hosting thousands of foreign troops. Though constituting less than 1% of Japan's land mass, Okinawa currently hosts 65% of the total U.S. forces in Japan. Although the host cities are economically dependent on the bases, residents' grievances include occasional violence by U.S. troops, noise, petty crime, and environmental degradation stemming from the U.S. presence. Public outcry against the bases has continued since the 1995 rape of a Japanese schoolgirl by an American serviceman, and was renewed after a U.S. military helicopter crashed into a crowded university campus in 2004.

A 2006 agreement between the U.S. and Japanese governments to relocate the Futenma Marine Air Station from its current location in crowded Ginowan to the less populated area around Camp Schwab in Nago (near Henoko Bay) is the centerpiece of a planned realignment of U.S. forces in

Japan. Per the agreement, the redeployment of some units of the III Marine Expeditionary Force (III MEF), which includes 8,000 U.S. personnel and their dependents, to new facilities in Guam⁵ would lead to the return of thousands of acres of land to the Japanese. Even before the latest episode, the challenge of replacing Futenma had dogged alliance managers for years: since 1996, both sides had worked to implement the Special Action Committee on Okinawa (SACO) Report, which called for the return of 12,000 acres of land to the Japanese, provided that appropriate replacement facilities were arranged. In 2006, Japan agreed to pay around 60% of the \$10.3 billion estimated costs. The transfer is contingent upon finding replacement facilities for the Futenma base.

The fate of the Futenma air station remains unclear. Although the current DPJ government has officially endorsed the plan to build the replacement facility in Nago, local opposition remains strong and the central government has limited political capital to push forward with implementation. In a key gubernatorial election in November 2010, the incumbent Hirokazu Nakaima was re-elected. Despite earlier supporting the plan, Nakaima opposed the base relocation during the campaign, though he is seen as more conciliatory to Tokyo than his opponent was.

⁵ For more, see CRS Report RS22570, *Guam: U.S. Defense Deployments*, by Shirley A. Kan.

Figure I. Map of U.S. Military Facilities in Japan



Source: Adapted by CRS. (6/1/06)

U.S.-Japan Alliance: Policy and Bilateral Agreements

Over the past decade, U.S.-Japan bilateral initiatives reinforced an expanded commitment to security cooperation by establishing common strategic objectives, outlining major command

changes, explicitly identifying the stability of the Taiwan Strait and the Korean Peninsula as common priorities in the Pacific region for the first time, and calling on China to make its military modernization more transparent. These agreements and statements emerged first through the working-level Defense Policy Review Initiative (DPRI), launched in 2002, and later at the cabinet level through the Security Consultative Committee (SCC, also known as the “2+2” meeting), composed of the U.S. Secretaries of Defense and State and their Japanese counterparts.⁶

The 2005 “2+2” proposals envisage greater integration of the U.S. and Japanese militaries and outline a new alliance approach both to enhance the defense of Japan and to move beyond traditional realms of cooperation. Areas specifically mentioned for cooperation include air defense, ballistic missile defense, counter-proliferation, counterterrorism, maritime security operations, search and rescue efforts, intelligence and surveillance, humanitarian relief, reconstruction assistance, peace-keeping, protection of critical infrastructure, response to weapons of mass destruction (WMD) attacks, mutual logistics support, provision of facilities for a non-combatant evacuation, and the use of civilian infrastructure for emergency purposes. Joint efforts in several of these areas have existed for decades, whereas other programs are in their infancy.

Since the 2+2 agreement was inked in 2005, controversy over the Futenma relocation proposal has dominated alliance conversations, but other areas have moved forward according to plans. A U.S. P3 carrier wing is being relocated from Atsugi to the Iwakuni base, where a new airfield is operational. The transfer of 300 American soldiers from Washington state to Camp Zama to establish a forward operational headquarters is in progress (though delayed by deployments to the Middle East), and an Air Self Defense Force facility at Yokota is near completion. A training relocation program allows U.S. aircraft to conduct training away from crowded base areas to reduce noise pollution for local residents. Since 2006, a bilateral and joint operations center at Yokota U.S. Air Base allows for data-sharing and coordination between the Japanese and U.S. air and missile defense command elements.

Internal Changes to Japan’s Defense Policy

In December 2010, Japan announced that it had adopted a new set of National Defense Program Guidelines (NDPG). The guidelines report had been due the year before, but was postponed after the DPJ took power. The 2010 NDPG builds on the 2004 version issued by the Koizumi government, which retained a self-defense-oriented policy, but called for a more integrated security strategy and a military that employs “multi-functional flexible defense forces” to deal with the changing security environment. Both reports emphasize the importance of the U.S. alliance, and the 2010 iteration explicitly mentions the need to advance cooperation with other countries, including South Korea, Australia, India, and ASEAN states. Whereas the 2004 version leaned toward a global perspective that viewed the security of Japan and the region as linked with international stability, the 2010 guidelines appear to shift the focus back to the Asia-Pacific region.

⁶ The SCC released three separate documents: the February 2005 statement set out the common strategic objectives of the United States and Japan as the rationale for the alliance; the October 2005 “Transformation and Realignment for the Future” report called for specific command changes; and the May 2006 “Roadmap for Realignment Implementation” outlined the steps to be undertaken to both strengthen the alliance and reduce the burden of hosting U.S. bases on local communities.

The 2010 NDPG lays out a definitive shift away from the Cold War framework, which had called for strong bulwarks against the Soviets based in the northern areas of Japan, to a focus on the southwestern islands of the Japanese archipelago, where Japanese forces have encountered Chinese military activities and incursions. It also explicitly identifies China's military modernization and lack of transparency as concerns for the region; this attention to China appears to permeate many aspects of the report, even as it calls for promoting confidence-building measures with Beijing. The document outlines a new "dynamic deterrence" concept that emphasizes operational readiness to enhance deterrence. In terms of equipment, the NDPG lists the plan to procure new submarines and additional destroyers, while the number of tanks and artillery will be reduced.

Although the guidelines indicate an evolving security stance, they also display Japan's resistance to becoming a "normal" military state. Neither document indicates a move toward reinterpreting the constitution to allow for collective self defense, let alone revising Article 9. Expectations that the 2010 guidelines would officially loosen Japan's ban against exporting arms to facilitate cooperation in ballistic missile defense were not met, apparently because of political placation of the Social Democratic Party ahead of a crucial budget vote. Perhaps most significantly, there have been no indications that Japan intends to increase its defense budget in order to accomplish the objectives laid out in the document.

Ballistic Missile Defense⁷

Many analysts see U.S.-Japan efforts on missile defense as perhaps the most robust form of bilateral cooperation in recent years. In December 2003, Koizumi announced that Japan would jointly develop and deploy missile defense capabilities with the United States. Japan decided to acquire upper and lower ballistic missile defense systems, including the sea-based AEGIS combat system and an SM-3 interceptor missile, equipment similar to and interoperable with U.S. missile plans. The decision has led to defense industry cooperation between Japanese and American firms. Co-development milestones established under the DPRI process have been accomplished on schedule with successful tests of the technology. For example, in December 2007, a Japanese destroyer successfully intercepted a missile in a test exercise near Hawaii.

With these results, the alliance now faces the question of production, which was scheduled to begin in FY2010. Differences have emerged over the export of co-developed technology to third countries in the future, with Japan demanding that the United States receive Japanese consent prior to any sale. Although Japanese officials earlier provided an exception to Japan's ban on exporting arms specifically for the bilateral development scheme, third-country sales could face a process of obtaining permission from the Japanese cabinet. Although the conflict probably will not ultimately jeopardize the plan to jointly develop next-generation missile defense, it is emblematic of how Japanese constraints limit the extent of bilateral cooperation and frustrate U.S. defense planners, even for technically successful projects.

⁷ For background on U.S.-Japan missile defense, see CRS Report RL31337, *Japan-U.S. Cooperation on Ballistic Missile Defense: Issues and Prospects*, by Richard P. Cronin.

Efforts to Upgrade Capabilities and Interoperability

As part of its effort to improve its own capability as well as work more closely with U.S. forces, Japan has created a joint staff office that puts all the ground, maritime, and air self-defense forces under a single command. Under the previous organization, a joint command was authorized only if operations required multiple service participation, which had never occurred in the SDF's history. In July 2005, an amendment was made to the law that had established the SDF requiring Japan's Joint Chief of Staff to counsel Japan's defense chief on all SDF operational matters and that all military orders be given through the JCS in both peacetime and during contingencies. The need for smoother coordination with the U.S. joint command was one of the primary reasons for adopting the new organization.⁸

The 1997 guidelines outlined rear-area support roles that Japanese forces could play to assist U.S. operations the event of a conflict in areas surrounding Japan. The passage of special legislation since 2001 has allowed Japanese forces to take on roles in Iraq and in the Indian Ocean under the category of international peace cooperation activities. Further, SDF participation in operations has led to substantial interaction and cooperation with U.S. forces, from logistics training in Kuwait before dispatching to Iraq to working together on disaster relief operations following the December 2004 tsunami in the Indian Ocean. Bilateral interoperability was also tested in June-July 2006 as North Korea was preparing to test-launch a missile. Ballistic missile defense coordination was carried out again under real threat circumstances during the 2009 North Korean missile launches.

Strong Maritime Defense Cooperation

The Japanese Maritime Self-Defense Forces (MSDF) have particularly strong capabilities and defense cooperation with their U.S. counterparts.⁹ U.S. Navy officials have claimed that they have a closer daily relationship with the MSDF than with any other navy in the world, with over 100 joint exercises annually. During the Cold War, the U.S. Navy and JMSDF developed strong combined anti-submarine warfare (ASW) cooperation and played a key role in containing the Soviet threat in the Pacific. The services developed joint operations in order to protect key sea lines of communication (SLoCs). The most significant help extended by Japan since 2001 in the support of U.S. operations has come from the MSDF: deployment of an oil tanker and an Aegis destroyer in the Indian Ocean in support of the campaign in Afghanistan; the dispatch of several ships, helicopters, and transport aircraft to assist in disaster relief in the Indian Ocean tsunami; participation in the Proliferation Security Initiative (PSI) multinational exercises;¹⁰ and the deployment of MSDF vessels for antipiracy missions off the coast of Somalia. Similar equipment and shared technology contribute to the strong interoperability between the Japanese and U.S. militaries.

Operationally, the MSDF faces considerable restrictions. In the past, defense officials have said that it is not clear constitutionally if the MSDF can go beyond Japanese waters, although recent

⁸ Noboru Yamaguchi, "U.S. Defense Transformation and Japan's Defense Policy," draft of paper prepared for Japan-U.K. Security Cooperation Conference, June 2006.

⁹ For a discussion on the strategic thinking of the Japan MSDF, see Toshi Yoshihara and James R. Holmes, "Japanese Maritime Thought: If Not Mahan, Who?" *Naval War College Review*: Volume 59; Issue 3. July 1, 2006.

¹⁰ Japan's Coast Guard is the lead agency in the PSI, but a 2004 Diet bill allowed the MSDF to take place in later rounds of the multilateral exercises.

legislation permitting the antipiracy mission has extended the reach of MSDF operations. Earlier in the decade, some restrictions were removed in response to two crises in Japan's waters: the intrusion of a North Korean spy ship in 2001 and the detection of a Chinese submarine in 2004. After the North Korean vessel took the MSDF by surprise, an order was put in place that allowed the MSDF to engage without convening a Japanese Security Council meeting to secure permission; the order was then invoked in response to the submarine sighting.¹¹ Adjustments to Japan's system of military command indicate a trend toward a more streamlined process, but also highlight the existing gaps in U.S. and Japanese operational doctrine.

Security trends in the region and beyond indicate that Japan will increasingly come to rely on its maritime defense forces. In addition to the ongoing anti-piracy operations in the Gulf of Aden, Japan is set to build facilities on Okinotori, the southernmost island in Japan, in order to protect waters that Japan claims in its Exclusive Economic Zone (EEZ). The 2010 NDPG also emphasized the need to boost maritime capabilities while modestly drawing down Ground SDF equipment and personnel.

The Japanese Coast Guard (JCG) plays an important role in strengthening Japan's maritime capabilities. Along with rescue and environmental protection, it includes "securing the safety of the sea lanes" and "maintaining order in the seas" among its core missions. Because it is not considered a branch of the military, its budget is not included in the overall defense budget, which is capped at 1% of GDP. Further, the Coast Guard's engagement in protection of Japanese waters and participation in exercises overseas is more politically palatable compared to the MSDF, to both the Japanese public and to foreign countries.¹² Although the U.S. Coast Guard works with its Japanese counterparts on safety and law enforcement issues, limited communication between the JCG and the MSDF constrain more integrated alliance cooperation and training.

International Operations and the "Global Commons"

Because of the dispatch of Japanese troops to Iraq, to Indonesia in the wake of the 2004 tsunami, to Haiti after the 2010 earthquake, and to several U.N. missions around the world, the SDF has gained experience in peacekeeping, humanitarian relief and reconstruction, anti-piracy, and disaster relief operations. Some prominent Japanese defense specialists have argued that non-combat missions—considered more politically acceptable to the Japanese public—are the most promising areas for development.¹³ Japan may particularly focus its efforts in these areas towards Southeast Asia, offering technical assistance and training to military personnel in ASEAN countries. Japan played a leading role in establishing an information sharing center in Singapore that will combat piracy threats in the Strait of Malacca shipping lanes.

The SDF has been engaged in counter-piracy activities in the Gulf of Aden since March 2009. Approximately 400 marine and ground personnel are stationed in Djibouti and currently housed in Camp Lemonier, the large U.S. military base located close to Djibouti's airport. In April 2010, the Japanese government announced plans to build its own \$40 million facility in Djibouti, effectively establishing an overseas base for its military. Although this would be Japan's first

¹¹ "Suspected Chinese Nuclear Sub Triggers Security Alert in Japan," *The Times*. November 11, 2004.

¹² See Richard J. Samuel, "'New Fighting Power!' for Japan?" *MIT Center for International Studies*. September 2007.

¹³ See Noboru Yamaguchi, "Thoughts about the Japan-U.S. Alliance after the Transformation with a Focus on International Peace Cooperation Activities," *The National Institute of Defense Studies News*. January 2006.

foreign base since World War II, the move has sparked little controversy among the generally pacifist Japanese public.

Challenges to a More Robust U.S.-Japan Alliance

Despite the accomplishment of reaching agreement in the “2+2” talks during the mid-2000s, a variety of challenges remain to upgrade the alliance to the extent envisioned in policy documents. This section outlines some of Japan’s most prominent political, budgetary, and legal challenges to fulfill the outlined goals.

Political Paralysis in Japan

Since 2007, Japanese politics has been beset by turmoil. Five men have served as prime minister during that time, making coherent policy formation in Tokyo difficult and complicating many aspects of U.S.-Japan relations. The landslide victory of the Democratic Party of Japan (DPJ) in the August 2009 elections for the Lower House of Japan’s legislature, which brought an end to the 55-year period of nearly uninterrupted rule by the Liberal Democratic Party (LDP), brought promise of a new stability in Tokyo politics. However, the DPJ’s tenure in power has been rocky, making it difficult for Japan to assert itself internationally and creating problems in U.S.-Japan relations. After the Upper House elections in July 2010, the DPJ lost control of one chamber of the Diet (Japan’s legislature), therefore allowing the opposition to block much legislation. With the ruling government forced to cobble together ad-hoc coalitions on particular legislative priorities, Tokyo has struggled to advance national security issues that would help to improve the alliance relationship. Ambitious plans like amending Article 9 of the Japanese constitution, passing a law that would allow for a more streamlined dispatch of Japanese troops, or altering the current interpretation of collective self defense are far more difficult to accomplish given the political gridlock.

Budgetary Pressure

U.S. officials are concerned that Japan will face severe budgetary constraints that will preclude major alliance development. Japan’s public debt stands at around 200% of its GDP.¹⁴ Japanese leaders are under pressure to stem government spending overall, and many ministries face budget cuts as part of ongoing fiscal reform. Japan’s defense budget, at \$51 billion, is the sixth-largest in the world.¹⁵ Defense spending in Japan has traditionally been capped at 1% of GDP; most leaders are wary of surpassing that symbolic benchmark, although the cap is not a law. According to U.S. defense officials, Japan should expect to pay up to \$20 billion for the realignment costs alone. If costs of the troop realignment come from the defense budget, some analysts say that Japan’s military could face degraded capability because expensive equipment purchases will have to be forgone. In interviews, U.S. military officials have voiced concerns that the SDF runs the risk of becoming a “hollow force” because of its insufficient procurement system. Funding is also needed from the Japanese in order to increase the amount of joint training with U.S. forces.

¹⁴ According to the CIA World Factbook, Japan’s public debt stands at 196.4% of GDP (2010 estimate).

¹⁵ *SIPRI Yearbook 2010. Figures are from 2009.*

Budget pressure is likely to remain high in Japan due to the demographic reality of an aging and shrinking population with a shortage of workers.

Constitutional and Legal Constraints

Several legal factors could restrict Japan's ability to cooperate more robustly with the United States. The most prominent and fundamental is Article 9 of the Japanese constitution, drafted by American officials during the post-war occupation, that outlaws war as a "sovereign right" of Japan and prohibits "the right of belligerency." It stipulates that "land, sea, and air forces, as well as other war potential will never be maintained." However, Japan has interpreted this clause to mean that it can maintain a military for self-defense purposes and, since 1991, has allowed the SDF to participate in non-combat roles overseas in a number of U.N. peacekeeping missions and in the U.S.-led coalition in Iraq.

The principle of "collective self-defense" is also considered an obstacle to close defense cooperation. The term comes from Article 51 of the U.N. Charter, which provides that member nations may exercise the rights of both individual and collective self-defense if an armed attack occurs. The Japanese government maintains that Japan has the sovereign right to engage in collective self-defense, but a 1960 decision by the Cabinet Legislation Bureau interpreted the constitution to forbid collective actions because it would require considering the defense of other countries, not just the safety of Japan itself. Participation in non-combat logistical operations and rear support of other nations, however, has been considered outside the realm of collective self-defense. Former Prime Minister Abe had spoken out about the need to reconsider this restriction, but efforts to alter the interpretation stalled after his resignation in 2007.

During the deployment of Japanese forces to Iraq, the interpretation prevented them from defending other nations' troops.¹⁶ Some Japanese critics have charged that Japanese Aegis destroyers should not use their radar in the vicinity of American warships, as they would not be allowed to respond to an incoming attack on those vessels. As the United States and Japan increasingly integrate missile defense operation, the ban on collective self-defense also raises questions about how Japanese commanders will gauge whether American forces or Japan itself is being targeted. Under the current interpretation, Japanese forces could not respond if the United States were attacked.

¹⁶ SDF members on overseas missions are not permitted to use weapons if unattended Japanese nationals or foreign troops in a multilateral coalition with Japan come under attack.

Figure 2. Map of Japan and Surrounding Countries



Source: Map Resources. Adapted by CRS. (K.Yancey 5/24/06).

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