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Japan-U.S. Relations: Issues for Congress

Emma Chanlett-Avery

Specialist in Asian Affairs

William H. Cooper

Specialist in International Trade and Finance

Mark E. Manyin

Specialist in Asian Affairs

Ian E. Rinehart

Analyst in Asian Affairs

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Summary

Japan is a significant partner for the United States in a number of foreign policy areas, particularly in terms of security priorities, from hedging against Chinese military modernization to countering threats from North Korea. The post-World War II alliance has long been an anchor of the U.S. security role in Asia. The alliance facilitates the forward deployment of about 49,000 U.S. troops and other U.S. military assets based in Japan in the Asia-Pacific.

After years of turmoil, Japanese politics appears to have entered a period of stability with the December 2012 election victory of current premier Shinzo Abe and his Liberal Democratic Party (LDP). New elections are not required to be held until 2016. Japan's leaders face daunting tasks: an increasingly assertive China, a weak economy, and rebuilding from a devastating March 2011 earthquake, tsunami, and nuclear disaster. In recent years, opposition control of one chamber of parliament paralyzed policymaking in Tokyo and made U.S.-Japan relations difficult to manage despite overall shared national interests. However, the LDP's recent election victories have given it control over both chambers, thereby giving Abe more political room to pursue controversial initiatives that the United States has encouraged such as joining the Trans-Pacific Partnership (TPP) trade pact and increasing its military's capabilities and flexibility.

Comments and actions on controversial historical issues by Prime Minister Abe and his cabinet have raised concern that Tokyo could upset regional relations in ways that hurt U.S. interests. Abe is known for his strong nationalist views. Abe's approach to issues like the so-called "comfort women" sex slaves from the World War II era, history textbooks, visits to the Yasukuni Shrine that honors Japan's war dead, and statements on a territorial dispute with South Korea will be closely monitored by Japan's neighbors as well as the United States.

U.S.-Japan defense cooperation has improved and evolved in recent decades as the allies adjust to new security challenges, such as the ballistic missile threat from North Korea and the confrontation between Japan and China over disputed islets. The alliance must cope with a new strategic environment while managing more tangible issues like the realignment of several thousand marines from Okinawa to Guam and other locations in the Asia-Pacific region. Despite overcoming a major hurdle in late 2013 to relocate the controversial Futenma Marine Corps Air Station to a less densely populated location on Okinawa, many politicians and activists remain opposed to the plan. In addition, the U.S. Congress has restricted some funding for the realignment because of concerns and uncertainty about the cost of the realignment plans.

Japan is one of the United States' most important economic partners. Outside of North America, it is the United States' second-largest export market and second-largest source of imports. Japanese firms are the United States' second-largest source of foreign direct investment, and Japanese investors are the second-largest foreign holders of U.S. treasuries. Japan, the United States, and 10 other countries are participating in the TPP free trade agreement (FTA) negotiations. Congress must approve implementing legislation if the TPP is to apply to the United States. Japan's participation in the talks could enhance the credibility and viability of the TPP, which is a core component of Administration efforts to "rebalance" U.S. foreign policy priorities toward the Asia-Pacific region. If successful, the negotiations could reinvigorate a bilateral economic relationship that has remained steady but stagnant, by forcing the two countries to address long-standing, difficult issues. On the other hand, failure to do so could indicate that the underlying problems are too fundamental to overcome and could set back the relationship.

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Recent Developments

Shrine Visit Strains Northeast Asian Relations

Tokyo's relations with Beijing and Seoul continued to deteriorate in late 2013, particularly after Prime Minister Abe's highly publicized visit on December 26 to a controversial Shinto shrine that honors those Japanese who died for their country during war. The Yasukuni Shrine houses the spirits of several individuals convicted of Class A war crimes after Japan's surrender in World War II. Response to the visit, which had been discouraged in private by U.S. officials, was uniformly negative outside of Japan. Unusually, the U.S. Embassy directly criticized the move, saying in a statement, "The United States is disappointed that Japan's leadership has taken an action that will exacerbate tensions with Japan's neighbors," a statement repeated by the U.S. State Department spokesperson in a subsequent press briefing.¹

South Korean and Chinese reactions were harsh, and both countries explicitly stated that the visit blocked the way for a leaders' meeting; Abe has not held an official summit with either Chinese President Xi Jinping or South Korean President Park Geun-hye since taking office in December 2012. A senior South Korean official labeled the visit as the "final blow to ongoing efforts to improve relations between South Korea and Japan," and Beijing blasted Abe for "hypocrisy in his claims of prioritizing relations with China ... The Chinese people do not welcome him."² Chinese and South Korean critics have long complained that official visits to the shrine glorify Japan's militarist past, including the often brutal colonization of China and Korea in the early 20th century. Abe stated that he visited the shrine to honor those who died and pray for peace.

U.S. officials have become increasingly concerned about the poor relations between Seoul and Tokyo in particular, pointing out that tension between two close U.S. allies hinders policy coordination over both North Korea and the challenges of China's rise. Washington, while reluctant to referee the dispute, has both quietly discouraged Abe from taking actions that offend South Koreans and urged leaders in Seoul to move beyond criticism of Japan's past practices in order to foster pragmatic relations.

Okinawan Governor Approves Permit for U.S. Marine Base

In the last days of 2013, the United States and Japan cleared an important political hurdle in their long-delayed plan to relocate a major U.S. military base on the island of Okinawa. The governor of Okinawa Prefecture, Hirokazu Nakaima, approved construction of an offshore landfill necessary to build the replacement facility for Marine Corps Air Station Futenma. Many observers gave credit to the Abe Administration for convincing Nakaima to sign the highly controversial document. Despite the bold decision by Governor Nakaima, most Okinawans oppose the construction of a new U.S. base for a mix of political, environmental, and quality-of-life reasons. U.S. and Japanese officials on Okinawa asserted in 2013 that law enforcement authorities are prepared to manage disruptive protests, but Okinawan anti-base civic groups may take extreme measures to prevent construction of the facility at Henoko.³ The Abe

¹ <http://japan.usembassy.gov/e/p/tp-20131226-01.html>.

² "China Says Abe Not Welcome After War Shrine Visit," Bloomberg, December 30, 2013.

³ Interviews with CRS analyst, July 2013.

Administration, having invested significant time and money in meeting Nakaima's conditions for approval, will likely need to invest further political capital to ensure that the base construction proceeds without significant delays and without further alienating the Okinawan public. There remains a risk that heavy-handed actions by Tokyo or Washington could lead to stridently anti-base politicians making gains in Okinawa, particularly in the gubernatorial election later in 2014.

China's Air Defense Identification Zone (ADIZ)

In November 2013, China abruptly announced that it would establish an air defense identification zone in the East China Sea, covering the disputed Senkaku/Diaoyu islets as well as airspace that overlaps with the existing ADIZs of Japan, South Korea, and Taiwan. The move appears to fit with an overall pattern of China asserting territorial claims more aggressively in the past few years. To many security analysts, the announcement represented a new step to pressure—to coerce, some experts argue—Japan's conciliation in the territorial dispute over the islets. The overlap of ADIZs could lead to accidents or unintended clashes, thus raising the risk of conflict in the East China Sea. Some analysts argue that China's ADIZ also represents a challenge to Japanese *administration* of the Senkaku/Diaoyu islets, which is the basis of the U.S. treaty commitment to defend that territory.

Japanese and U.S. officials reacted sharply to the move, calling the announcement destabilizing and prompting Secretary of Defense Chuck Hagel to reiterate that the U.S.-Japan Mutual Defense Treaty applies to the islets. Two days following the announcement, the U.S. Air Force flew B-52 bombers on a planned training flight through China's new ADIZ without notifying China, and Japanese military aircraft did the same soon after. However, the respective instructions of each government to commercial airlines differed: whereas the State Department said that the United States generally expects U.S. commercial air carriers to follow Notices to Airmen (NOTAMs), including Chinese requests for identification in the controversial ADIZ, Tokyo instructed Japanese commercial airlines to not respond to Chinese requests when traveling through the ADIZ on routes that do not cross into Chinese airspace. The discrepancy contributed to latent anxieties in Tokyo about U.S.-Japan unity and the relative prioritization of China and Japan in U.S. policymaking.

The TPP and Abe's Economic Agenda⁴

On July 23, 2013, Japan formally joined the Trans-Pacific Partnership (TPP) negotiations and became the 12th participant of a group of countries that includes the United States. As expected, both the multilateral and bilateral negotiations with Japan have encountered difficulties regarding trade in automobiles and in agriculture. U.S. and Japanese negotiators reportedly are struggling with the import restrictions that Japan wants to retain on five groups of agricultural products it has said are "sacred": rice, sugarcane/sugar products, wheat and barley, dairy products, and beef and pork. The United States and other countries believe that a goal should be to include all products in the TPP tariff reductions. Japan reportedly has been asking the United States for an early phaseout of its 2.5% tariff on Japanese auto imports and 25% tariff on truck imports, which could be important in selling the TPP agreement in Japan. The bilateral U.S.-Japan talks appear to have contributed to the logjam in the multilateral TPP talks.

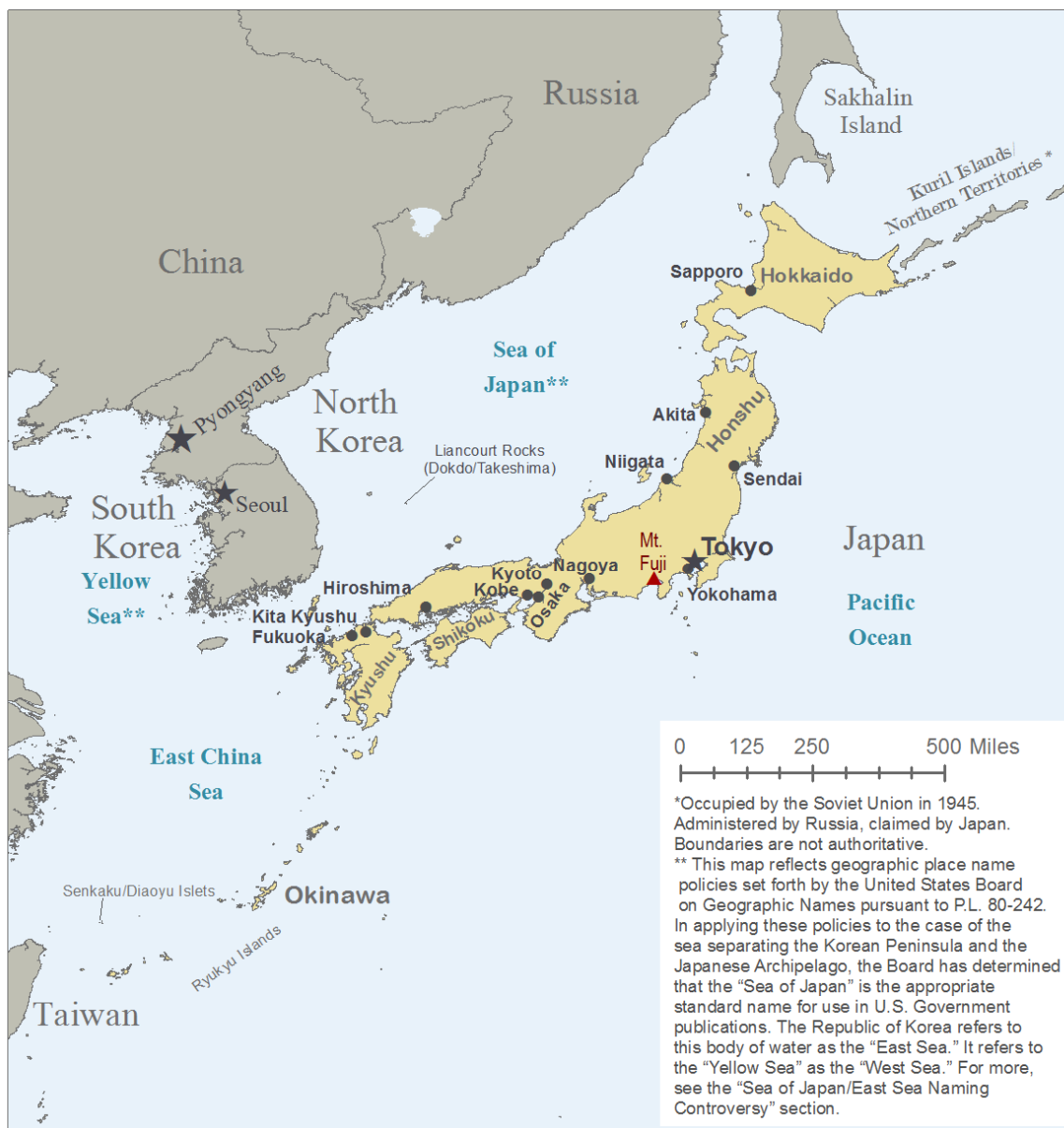
⁴ For more information, please see CRS Report R42676, *Japan Joins the Trans-Pacific Partnership: What Are the Implications?*, by William H. Cooper and Mark E. Manyin.

Members of Congress have both a direct and an oversight role in U.S. participation in the TPP. Ultimately, Congress must approve implementing legislation if a completed TPP agreement is to apply to the United States. Additionally, during the TPP negotiating process, Congress has a formal and informal role in influencing U.S. negotiating positions. The Obama Administration has been negotiating the TPP as if trade promotion authority (TPA), which expired in 2007, were in force. TPA is the authority that Congress gives to the President to negotiate trade agreements that would receive expedited legislative consideration. The Administration has been adhering to consultation requirements and notification deadlines that have been an integral part of previous TPA or fast-track statutes. In January 2014, legislation to renew TPA was introduced in the House (H.R. 3830) and in the Senate (S. 1900).⁵

Abe has made it a priority of his administration to grow the economy and to eliminate deflation, which has plagued Japan for many years. After assuming power, Abe's government announced a three-pronged or "three arrow" program to boost economic growth and reform the Japanese economy. The first arrow consists of a \$122 billion fiscal stimulus package aimed at spending on infrastructure, particularly in areas affected by a devastating earthquake and tsunami in March 2011. While the package is expected to boost growth somewhat, it will also add to Japan's already large public debt. The second arrow consists of monetary stimulus to arrest deflation. As a result, under pressure from Abe, the independent central Bank of Japan announced that it would undertake quantitative easing measures and raise its inflation target to 2% within two years. The Japanese yen then rapidly dropped in value against the U.S. dollar and other major currencies. The third arrow is to consist of economic reforms that will be aimed at restructuring the agricultural, medical services, and electricity sectors and to promote new services and new industries, according to Prime Minister Abe. For Abe, Japan's participation in the TPP is a catalyst for those reforms.

⁵ For more on TPA, see CRS Report RL33743, *Trade Promotion Authority (TPA) and the Role of Congress in Trade Policy*, by William H. Cooper.

Figure I. Map of Japan



Source: Map Resources. Adapted by CRS.

Japan's Foreign Policy and U.S.-Japan Relations⁶

The return of the conservative Liberal Democratic Party (LDP) to power in late 2012, led by Prime Minister Shinzo Abe, has stabilized Japanese politics and shored up the foundation for long-term U.S.-Japan cooperation and planning. The LDP coalition controls both chambers of the Japanese parliament, known as the Diet, with no elections required until summer 2016. This period of expected stability follows a prolonged stretch of divided government from 2007 until 2012, when six different men served as Prime Minister, each for about one year. The U.S.-Japan relationship is broad, deep-seated, and stable but had been handicapped by the annual replacement of prime ministers since 2006. Tokyo and Washington share the priorities of managing relations with a rising China, as well as addressing the North Korean threat. The joint response to the March 2011 disasters remains a vivid reminder to both sides of the underlying strength of the alliance.

Abe has prioritized the alliance with the United States: he modestly increased Japan's defense budget for the first time in 10 years, supports defense reforms that would enhance Japanese military capabilities, and delivered on securing approval for the construction of a new U.S. Marine Corps base on Okinawa. He has also entered Japan into the U.S.-led Trans-Pacific Partnership (TPP) free trade agreement negotiations and has moved aggressively to restart Japan's economy, including seeking a number of economic reforms favored by many in the United States. Abe's boldness in pursuing such measures was welcomed by U.S. officials and aligns with the Obama Administration's strategy of "rebalancing" to the Asia-Pacific region, particularly in light of China's increasingly assertive territorial and maritime claims.

On the other hand, Abe's December 2013 visit to the controversial Yasukuni Shrine despite quiet discouragement from American officials demonstrates qualities of the leader that complicate bilateral relations. China and South Korea, in particular, were offended by the visit because the shrine houses the spirits of several Class A war criminals from World War II along with those of Japanese who died in war. The Prime Minister's visit further damaged already poor relations with Seoul and Beijing. In addition to exacerbating regional tensions, the fact that Abe chose to ignore U.S. advice with the surprise visit may have breached a degree of trust between the capitals. There is also the danger that Abe's views on history could clash with Americans' conception of the U.S. role in World War II and the subsequent occupation of Japan. To many U.S. observers, Abe brings both positive and negative qualities to the alliance, at once bolstering it but also renewing historical animosities that could disturb the regional security environment.

Japan Country Data

Population: 127.4 million

% of Population over 64: 24% (U.S. = 12.4%)

Area: 377,835 sq km (slightly smaller than California)

Life Expectancy: 84 years

Per Capita GDP: \$36,200 (2012 est.) purchasing power parity

Primary Export Partners: China 19.7%, U.S. 15.5%, South Korea 8%, Hong Kong 5.2%, Thailand 4.6% (2011)

Primary Import Partners: China 21.5%, US 8.9%, Australia 6.6%, Saudi Arabia 5.9%, UAE 5%, South Korea 4.7% (2011)

Yen: Dollar Exchange Rate: 79.42 (2012 est.), 79.81 (2011 est.), 87.78 (2010 est.), 93.57 (2009), 103.58 (2008)

Foreign Exchange Reserves: \$1.351 trillion (December 2012 est.)

Source: CIA *World Factbook*, February 2013.

⁶ This section was written by Emma Chanlett-Avery.

Abe and History Issues

During his year-long stint as prime minister in 2006-2007, Abe was known for his nationalist rhetoric and advocacy for more muscular positions on defense and security matters. Some of Abe's positions—such as changing the interpretation of Japan's pacifist constitution to allow for Japanese participation in collective self-defense—were largely welcomed by U.S. officials eager to advance military cooperation. Other statements, however, suggest that Abe embraces a revisionist view of Japanese history that rejects the narrative of imperial Japanese aggression and victimization of other Asians. He has been associated with groups arguing that Japan has been unjustly criticized for its behavior as a colonial and wartime power. Among the positions advocated by these groups, such as *Nippon Kaigi Kyokai*, are that Japan should be applauded for liberating much of East Asia from Western colonial powers, that the 1946-1948 Tokyo War Crimes tribunals were illegitimate, and that the killings by Imperial Japanese troops during the 1937 "Nanjing massacre" were exaggerated or fabricated.

Historical issues have long colored Japan's relationships with its neighbors, particularly China and South Korea, which argue that the Japanese government has neither sufficiently atoned for nor adequately compensated them for Japan's occupation and belligerence in the early 20th Century. Abe's selections for his Cabinet include a number of politicians well-known for advocating nationalist, and in some cases ultra-nationalist views that many argue appear to glorify Imperial Japan's actions. Many analysts say that Abe's strengthened political position could lead him and/or his Cabinet Members to take steps or make statements about history that inflame regional relations, actions which could disrupt regional trade integration, threaten security cooperation among U.S. allies, and further disturb already tense relations with China.

In his first term, Abe took a generally pragmatic approach to regional relations and had some success in mending poor relations with Seoul and Beijing. During his second term, Abe made, and then recanted, controversial statements that upset China and South Korea. In April 2013, he made comments to the Diet that suggested that his government would not re-affirm the apology for Japan's wartime actions issued by former Prime Minister Tomiichi Murayama in 1995. The "Murayama Statement" is regarded as Japan's most significant official apology for wartime acts. Abe stated to the Diet that his government may not uphold the statement "as is" and that the definition of "aggression" has not yet been "firmly determined." Through his spokesperson, Abe later said, "during the wars of the 20th century, Japan caused tremendous damage and suffering to the people of many countries, particularly to those of Asian nations ... this understanding is an understanding that the Abe Cabinet shares with previous cabinets."⁷ From the earliest days of the Abe administration, his chief spokesman has said that the Abe government will abide by the Murayama statement.

Yasukuni Shrine

The controversial Yasukuni Shrine has been a flashpoint for regional friction over history. The Tokyo shrine houses the spirits of Japanese soldiers who died during war, but also includes 14 individuals who were convicted as "Class A" war criminals after World War II. The origins of the shrine reveal its politically charged status. Created in 1879 as Japan's leaders codified the state-

⁷ Press Conference by the Chief Cabinet Secretary, May 8, 2013. Accessed at http://www.kantei.go.jp/foreign/tyoukanpress/201305/08_a.html.

directed Shinto religion, Yasukuni was unique in its intimate relationship with the military and the emperor.⁸ The Class A war criminals were enshrined in 1978; since then, the emperor has not visited the shrine and scholars suggest that it is precisely because of the criminals' inclusion. Adjacent to the shrine is the Yushukan, a war history museum, which to many portrays a revisionist account of Japanese history that at times glorifies Japan's militarist past.

Abe's visit in December 2013 (see "Recent Developments" section) was his first since becoming Japan's prime minister, although a large group of lawmakers, including three Cabinet ministers, had visited earlier in the year. The Japanese politicians say that they went to Yasukuni to pay respects to the nation's war dead, as any national leader would do. Visits to the shrine by Prime Minister Junichiro Koizumi severely strained Tokyo's relationships with Beijing and Seoul in the early and mid-2000s. Prime Ministers from the Democratic Party of Japan (DPJ), which held power 2009-2012, refrained from visiting the shrine. Some politicians and observers have suggested that the Chidorigafuchi National Cemetery, which houses the remains of unidentified Japanese killed in World War II, could serve as an alternative place to honor Japan's war dead. In October 2013, U.S. Secretary of State John Kerry and Secretary of Defense Chuck Hagel paid their respects at Chidorigafuchi.

Comfort Women Issue⁹

Abe's statements on the so-called "comfort women"—forced prostitutes used by the Japanese imperial military during its conquest and colonization of several Asian countries in the 1930s and 1940s—have been criticized by other regional powers and the U.S. House of Representatives in a 2007 resolution. In the past, Abe has supported the claims made by many on the right in Japan that the women were not directly coerced into service by the Japanese military. When he was prime minister in 2006-2007, Abe voiced doubts about the validity of the 1993 "Kono Statement," an official statement issued by then-Chief Cabinet Secretary Yohei Kono that apologized to the victims and admitted responsibility by the Japanese military. As the U.S. House of Representatives considered H.Res. 121 (110th Congress), calling on the Japanese government to "formally acknowledge, apologize, and accept historical responsibility" for forcing young women into military prostitution, Abe appeared to soften his commentary and asserted that he would stand by the statement. (The House later overwhelmingly endorsed the resolution¹⁰.)

In recent years, Abe periodically has suggested that his government might consider revising the Kono Statement, a move that would be sure to degrade Tokyo's relations with South Korea and other countries. Since the days after Abe's election in December 2012, Abe's Chief Cabinet Secretary Yoshihide Suga has said that the Abe government would abide by the Kono statement. In May 2013, for instance, when questioned about the possibility of changing the statement, Chief Cabinet Secretary Yoshihide Suga said, "With regard to the 'comfort women' issue, when we think of the women who experienced immeasurable pain and suffering we are deeply pained. I have frequently stated the Government's view that the Abe Cabinet shares the same recognition as

⁸ John Breen, editor, *Yasukuni, the War Dead and the Struggle for Japan's Past*. Columbia University Press, 2008.

⁹ For a lengthier discussion of the comfort women issue, please request a copy of a 2007 CRS congressional distribution memo on the topic authored by Larry Niksch.

¹⁰ In the 113th Congress, the 2014 Consolidated Appropriations Act (P.L. 113-76, H.R. 3547) indirectly referred to this resolution. P.L. 113-76's conference committee issued a Joint Explanatory Statement that called on Federal Agencies to implement directives contained in the July 2013 H.Rept. 113-185, which in turn "urge[d] the Secretary of State to encourage the Government of Japan to address the issues raised" in H.Res. 121.

that of previous cabinets.” Suga left open the possibility of amending the statement by saying, “various scholars of history and experts in Japan and overseas are engaged in research on various themes and ... it would be a good idea for further consideration to be given from an academic perspective.”¹¹

The issue of the so-called comfort women has gained visibility in the United States, due primarily to Korean-American activist groups. These groups have pressed successfully for the erection of monuments commemorating the victims, passage of a resolution on the issue by the New York State Senate, and the naming of a city street in the New York City borough of Queens in honor of the victims.

Sea of Japan/East Sea Naming Controversy

For centuries, South Korea and Japan have used different names to refer to the sea that lies between the main islands of the Japanese archipelago and mainland Asia. Japan refers to these waters as the “Sea of Japan,” while South Korea and North Korea refer to them as the “East Sea.”¹² “Sea of Japan” is the name used in a majority of atlases, by most international institutions, and by most governments, including the United States government.¹³ The South Korean government urges the concurrent use of both names, perhaps for an interim period, until only “East Sea” is universally recognized.¹⁴ Japan opposes attempts to either replace the “Sea of Japan” with “East Sea” or to use both names concurrently. For many Koreans, the predominant use of “Sea of Japan” is a legacy of the period when Korea was under Japanese rule, because a number of key decisions about the world’s geographic names were made during the first half of the 20th century.

In recent years, the South Korean government, South Korean citizens, and some Korean-Americans appear to have been broadening their appeal to atlas publishers, U.S. federal government institutions, and the legislatures of some U.S. states such as Virginia and New York. The South Korean government states that there is a “steady increase” in maps using both names.¹⁵ The Japanese government states that the name Sea of Japan is “overwhelmingly” used.¹⁶

In the United States, geographic place name policies for federal government agencies are set forth by the Board on Geographic Names (BGN), pursuant to P.L. 80-242. The BGN’s policy is that “a single conventional name, if one exists, will be chosen as the standard name” for seas and oceans.

¹¹ Press Conference by the Chief Cabinet Secretary, May 27, 2013. Accessed at http://www.kantei.go.jp/foreign/tyoukanpress/201305/27_p.html.

¹² Other countries also use the name “East Sea” to refer to different bodies of water. For instance, the body of water commonly referred to as the “South China Sea” is referred to as the “East Sea” by Vietnam.

¹³ For instance, in 2012, the International Hydrographic Organization (IHO), an intergovernmental organization that creates widely-used reference sources on the names and borders of waters around the world, decided not to change its naming protocol of using only “Sea of Japan.”

¹⁴ The South Korean effort began in 1992, when shortly after they joined the United Nations, South Korea and North Korea began urging that “East Sea” be included on world maps. *JoongAng Ilbo*, “Gov’t Goes Easy on East Sea Renaming Demand,” May 2, 2011; International Hydrographic Organization, XVIIIth International Hydrographic Conference, April 23-27, 2012, Report of Proceedings, Volume I.

¹⁵ “East Sea: The Name from the Past, of the Present and for the Future,” 2012 pamphlet published by the South Korean Ministry of Foreign Affairs and Trade, and the Northeast Asian History Foundation.

¹⁶ “Sea of Japan: The One and Only Name Familiar to the International Community,” 2009 pamphlet published by the Japanese Ministry of Foreign Affairs.

The BGN decides on what constitutes a “conventional name” by consulting various print and online geographic references to determine which name is “under widespread and current usage.”¹⁷

Territorial Dispute with China¹⁸

Japan and China have engaged in a struggle over islets in the East China Sea known as the Senkakus in Japan, Diaoyu in China, and Diaoyutai in Taiwan, which has grown increasingly heated since summer 2012. The uninhabited territory, administered by Japan but also claimed by China and Taiwan, has been a subject of contention for years, despite modest attempts by Tokyo and Beijing to jointly develop the potentially rich energy deposits nearby, most recently in 2008-2010. In August 2012, the Japanese government purchased three of the five islands from a private landowner in order to preempt their sale to Tokyo’s nationalist governor Shintaro Ishihara.¹⁹ Claiming that this act amounted to “nationalization” and thus violated the tenuous status quo, Beijing issued sharp objections. Chinese citizens held massive anti-Japan protests, and the resulting tensions led to a drop in Sino-Japanese trade. In April 2013, the Chinese foreign ministry said for the first time that it considered the islands a “core interest,” indicating to many analysts that Beijing was unlikely to make concessions on this sensitive sovereignty issue.

Starting in the fall of 2012, China began regularly deploying maritime law enforcement ships near the islands and stepped up what it called “routine” patrols to assert jurisdiction in “China’s territorial waters.” Chinese military surveillance planes reportedly have entered airspace that Japan considers its own, in what Japan’s Defense Ministry has called the first such incursion in 50 years. Since early 2013, near-daily encounters have escalated: both countries have scrambled fighter jets, and, according to the Japanese government, a Chinese navy ship locked its fire-control radar on a Japanese destroyer and helicopter on two separate occasions.

U.S. administrations going back at least to the Nixon Administration have stated that the United States takes no position on the territorial disputes. However, it also has been U.S. policy since 1972 that the 1960 U.S.-Japan Security Treaty covers the islets, because Article 5 of the treaty stipulates that the United States is bound to protect “the territories under the Administration of Japan” and Japan administers the islets. China’s increase in patrols appears to be an attempt to demonstrate that Beijing has a degree of administrative control over the islets, thereby casting into doubt the U.S. treaty commitment. In its own attempt to address this perceived gap, Congress inserted in the FY2013 National Defense Authorization Act (H.R. 4310, P.L. 112-239) a resolution stating, among other items, that “the unilateral action of a third party will not affect the United States’ acknowledgment of the administration of Japan over the Senkaku Islands.”

The Senkaku/Diaoyu conflict embodies Japan’s security challenges. The maritime confrontation with Beijing is a concrete manifestation of the threat Japan has faced for years from China’s

¹⁷ United States Board on Geographic Names Foreign Names Committee, “Statement Regarding the US Board on Geographic Names’ Decision on the Name ‘Sea of Japan,’” approved by e-mail vote March 29, 2013.

¹⁸ For more information, see CRS Report R42761, *Senkaku (Diaoyu/Diaoyutai) Islands Dispute: U.S. Treaty Obligations*, by Mark E. Manyin, and CRS Report R42930, *Maritime Territorial Disputes in East Asia: Issues for Congress*, by Ben Dolven, Shirley A. Kan, and Mark E. Manyin.

¹⁹ In April 2012, Tokyo governor Shintaro Ishihara announced in Washington, DC, that he intended to purchase three of the five islets from their private Japanese owner. Ishihara, who is known for expressing nationalist views, called for demonstrating Japan’s control over the islets by building installations on the island and raised nearly \$20 million in private donations for the purchase. In September, the central government purchased the three islets for ¥2.05 billion (about \$26 million at an exchange rate of ¥78:\$1) to block Ishihara’s move and reduce tension with China.

rising regional power. It also brings into relief Japan's dependence on the U.S. security guarantee and its anxiety that Washington will not defend Japanese territory if it risks going to war with China. Operationally, Japan has an acute need for its military, known as the Japan Self Defense Forces, to build up their capacity in the southwest part of the archipelago.

China's Air Defense Identification Zone (ADIZ)

China's November 2013 announcement that it would establish an air defense identification zone in the East China Sea produced indignation and anxiety in the region and in Washington for several reasons: the ADIZ represented a new step to pressure—to coerce, some experts argue—Japan's conciliation in the territorial dispute over the islets; China had not consulted with affected countries and so they were unprepared; the announcement used vague and ominous language that seemed to promise military enforcement within the zone; the requirements for flight notification in the ADIZ go beyond international norms and impinge on the freedom of navigation; and the overlap of ADIZs could lead to accidents or unintended clashes, thus raising the risk of conflict in the East China Sea. Some analysts argue that China's ADIZ also represents a challenge to Japanese *administration* of the Senkaku/Diaoyu islets, which is the basis of the U.S. treaty commitment to defend that territory. In November 2013, Japan submitted a proposal to the International Civil Aviation Organization to examine whether China's actions threatened the order and safety of international aviation.

The United States and Japan have coordinated at a high level their individual and collective responses to China's ADIZ announcement and have reaffirmed the strength of the U.S.-Japan alliance. Top officials from both capitals called on China to rescind the ADIZ, terming it “dangerous” and “one-sided,” and they declared that it would not have any effect on Japan.²⁰ Secretary of Defense Chuck Hagel declared that the ADIZ is a destabilizing attempt to alter the status quo and will not change how the U.S. military conducts operations. At a press conference during his previously scheduled visit to Tokyo in early December 2013, Vice President Joseph Biden said, “We, the United States, are deeply concerned by the attempt to unilaterally change the status quo in the East China Sea.... I told the Prime Minister that we will remain steadfast in our alliance commitments.”²¹ American officials have expressed appreciation for Japan's measured response in what could have been a combustible situation. Reportedly, the United States and Japan agreed to increase their reconnaissance and surveillance activities in the East China Sea, presumably to monitor Chinese practices in the new ADIZ.

One aspect of the ADIZ issue that has strained U.S.-Japan relations is the respective instructions of each government to commercial airlines. The State Department said on November 29, 2013, that the United States generally expects U.S. commercial air carriers to follow Notices to Airmen (NOTAMs), including Chinese requests for identification in the controversial ADIZ. This official guidance appears to contradict the stated policy that the U.S. government does not accept China's requirements for operating in the ADIZ. On the instruction of the Japanese government, Japanese commercial airlines do not respond to Chinese identification requests when traveling through the newly declared ADIZ on routes that do not cross into Chinese airspace. The gravity of the situation has magnified these seemingly minor discrepancies. Many Japanese strongly praised the

²⁰ “Japan, China Trade Barbs over Controversial Air Defense Zone,” *Kyodo News Agency*, December 25, 2013.

²¹ Remarks to the Press by Vice President Joe Biden and Prime Minister Shinzo Abe of Japan, The Kantei, Tokyo, Japan, December 3, 2013.

training flight of U.S. B-52 bombers through the Chinese ADIZ and were deeply concerned when the United States appeared to accede to China on commercial airline guidance. Several American analysts argued that the United States lost credibility by not sufficiently supporting Japan.²² In a more concrete sense, some Japanese analysts worry that certain U.S. actions abet China's claim to administer the Senkaku/Diaoyu islands and thus weaken the U.S. treaty guarantee to defend the disputed islands alongside Japan.

China-Japan Trade

One of the possible side-effects of the China-Japan islands dispute has been the impact on their bilateral trade, especially on Japanese exports to China. China is Japan's most important trading partner. The relationship developed as Japanese multinational companies established production facilities in China that assemble finished goods that are exported elsewhere, including to the United States. In addition, as Chinese citizens have become wealthier, China has become a growing market for consumer goods such as cars. However, Japanese exports to China declined 11% in 2012 and another 11% in 2013.²³ Furthermore, China slipped from being Japan's primary export market to second most important market, while the United States reemerged in first place. Some observers have noted that the political tensions caused by the confrontations over the Senkaku/Diaoyu islands may have spilled over in the commercial arena. During the height of the fracas in September 2012, nationalists in China called for a boycott on Japanese goods and defaced Japanese retail stores. Japanese auto manufacturers experienced sharp declines in sales in China beginning in September 2012.²⁴ That being said, Japanese exports to other major trading countries have also declined, indicating factors outside the Sino-Japanese relationship may have played a role.

Japan and the Korean Peninsula

Japan's Ties with South Korea

Japan's relations with South Korea continued to worsen in late 2013 and early 2014, a development that drew considerable attention from U.S. policymakers and Members of Congress who met with officials from each country. A poor relationship between Seoul and Tokyo jeopardizes U.S. interests by complicating trilateral cooperation on North Korea policy and other regional challenges. In 2012, Seoul abruptly cancelled the signing of a military intelligence-sharing agreement with Tokyo, a pact long encouraged by the United States, due to public outcry in South Korea over the prospect of military cooperation with Japan. Tense relations also complicate Japan's desire to expand its military and diplomatic influence, goals the Obama Administration generally supports, as well as the creation of an integrated U.S.-Japan-South Korea ballistic missile defense system. Furthermore, South Korea-Japan frictions could damage U.S. relations with South Korea or Japan if and when either country feels the United States is taking the other country's side in the ongoing bilateral disputes.

²² Charles Krauthammer, "Woe to U.S. Allies," *Washington Post*, Op-Ed, December 6, 2013.

J. Randy Forbes and Michael Auslin, "U.S. Power Loses Altitude in Asia," *Wall Street Journal*, Op-Ed, December 11, 2013.

²³ GTIS, Inc., Global Trade Atlas.

²⁴ IHS Global Insight, October 12, 2012.

As of February 2014, Abe and his South Korean counterpart President Park Geun-hye had yet to hold a summit, and the high-level interaction that has occurred between the two governments frequently has been contentious. South Korean leaders have objected to a series of statements and actions by Abe and his Cabinet officials that many have interpreted as denying or even glorifying Imperial Japan's aggression in the early 20th Century. For much of 2013, South Korean leaders stated that they would have difficulty holding a summit, or improving relations, unless Japan adopts a "correct understanding" of history. Many Japanese argue that for years South Korean leaders have not recognized and in some cases rejected the efforts Japan has made to acknowledge and apologize for Imperial Japan's actions. As a result, South Korea has arguably helped to undermine those Japanese who have made such overtures, including a proposal that the previous Japanese government floated in 2012 to provide a new apology and humanitarian payments to the surviving "comfort women." During the fall of 2013, many U.S. policymakers and Asia watchers grew concerned that the Park government, by appearing to allow history issues to affect most aspects of Seoul-Tokyo relations, was being overly narrow and was damaging U.S. interests in Asia. Abe's visit to Yasukuni in December 2013, however, shifted the focus back to Japan.

In addition to the comfort women issue, the perennial issues of Japanese history textbooks and the territorial dispute between Japan and South Korea continue to periodically rile relations. A group of small islands in the Sea of Japan, known as Dokdo in Korean and Takeshima in Japanese (the U.S. government calls them the Liancourt Rocks), are administered by South Korea but claimed by Japan. Mentions of the claim in Japanese defense documents or by local prefectures routinely spark official criticism and public outcry in South Korea. Similarly, Seoul expresses disapproval of some of the history textbooks approved by Japan's Ministry of Education that South Koreans claim diminish or whitewash Japan's colonial-era atrocities.

North Korean Issues

Since 2009, Washington and Tokyo have been strongly united in their approach to North Korea. Although the U.S. and Japanese positions diverged in the later years of the Bush Administration over prioritization of the abductee issue (see below), Pyongyang's string of provocations in 2009-2010 forged a new consensus among Japan, South Korea, and the United States. North Korea's 2012 missile launches and the February 2013 nuclear test have helped to drive enhanced trilateral security cooperation between Washington, Tokyo, and Seoul. As of early 2014, multilateral negotiations over North Korea's nuclear programs remain at a standstill.

Tokyo has adopted a relatively hardline policy against North Korea and plays a leadership role at the United Nations in pushing for stronger punishment for the Pyongyang regime for its military provocations and human rights abuses. Japan has imposed a virtual embargo on all trade with North Korea. North Korea's missile tests have demonstrated that a strike on Japan is well within range, spurring Japan to invest in ballistic missile defense (BMD) capabilities and enhance BMD cooperation with the United States. In addition to Japan's concern about North Korean missile and nuclear programs, the issue of several Japanese citizens abducted by North Korean agents in the 1970s and 1980s remains a top priority for Tokyo. Japan has pledged that it will not provide economic aid to North Korea without resolution of the abductee issue. The abductee issue remains an emotional topic in Japan. In 2008, the Bush Administration's decision to remove North Korea from the list of state sponsors of terrorism in exchange for North Korean concessions on its nuclear program dismayed Japanese officials, who had maintained that North Korea's status on the list should be linked to the abduction issue. Although the abductions issue

has lost potency in recent years, Abe came onto the political scene in the early 2000s as a fierce advocate for the abductees and their families and could dedicate attention to the issue.

Renewed Relations with India, Russia, Australia, and ASEAN

The Abe Administration's foreign policy has displayed elements of both power politics and an emphasis on democratic values, international laws, and norms. Shortly after returning to office, Abe released an article outlining his foreign and security policy strategy titled "Asia's Democratic Security Diamond," which described how the democracies Japan, Australia, India, and the United States could cooperate to deter Chinese aggression on its maritime periphery.²⁵ In 2013, Japan held numerous high-level meetings with Asian countries to bolster relations and, in many cases, to enhance security ties. Abe had summit meetings in India, Russia, Great Britain, all 10 countries in Southeast Asia, and several countries in the Middle East and Africa. This energetic diplomacy indicates a desire to balance China's growing influence with a loose coalition of Asia-Pacific powers, but this strategy of realpolitik is couched in the rhetoric of international laws and democratic values.

International Child Custody Disputes

Another prominent issue in bilateral relations is child custody cases involving overseas Japanese women in failed marriages taking children to Japan without the consent of the foreign husband or ex-husband. Sometimes, these women have acted in contravention of custody settlements and, after arriving in Japan, have prevented the children from meeting their fathers. After several years of persistent but low-decibel pressure from the United States (including from Members of Congress), in April 2014 Japan is set to accede to the 1980 Hague Convention on the Civil Aspects of International Child Abduction. The Hague Convention sets out rules for resolving child custody in failed international marriages.

With cases involving approximately 100 American children, the United States reportedly has the largest number of such custody disputes with Japan.²⁶ In its domestic laws, Japan only recognizes sole parental authority, under which only one parent has custodial rights, and there is a deep-rooted notion in Japan that the mother should assume custody. Japanese officials say that, in many cases, the issue is complicated by accusations of abuse or neglect on the part of the foreign spouse, though a senior U.S. State Department official has said that there are "almost no cases" of substantiated claims of violence.²⁷ Some observers fear that, even after Japan accedes to the Hague Convention, it is unlikely to enforce the treaty's provisions, given the existing family law system.²⁸ Furthermore, the Hague Convention process will only apply to cases initiated after April 2014 and will not necessarily help to resolve pending custody disputes.

²⁵ Shinzo Abe, "Asia's Democratic Security Diamond," *Project Syndicate*, December 27, 2012.

²⁶ "Child-Snatchers: Parental Abduction in Japan," *The Economist*, U.S. edition, January 21, 2012.

²⁷ U.S. State Department, "Press Availability on International Parental Child Abduction, Kurt M. Campbell, Assistant Secretary, Bureau of East Asian and Pacific Affairs," February 2, 2010.

²⁸ Leah Hyslop, "Hope for Parents Denied Access to Children in Japan," *The Telegraph*, March 19, 2012.

U.S. World-War II-Era Prisoners of War (POWs)

For decades, U.S. soldiers who were held captive by Imperial Japan during World War II have sought official apologies from the Japanese government for their treatment. A number of Members of Congress have supported these campaigns. The brutal conditions of Japanese POW camps have been widely documented.²⁹ In May 2009, Japanese Ambassador to the United States Ichiro Fujisaki attended the last convention of the American Defenders of Bataan and Corregidor to deliver a cabinet-approved apology for their suffering and abuse. In 2010, with the support and encouragement of the Obama Administration, the Japanese government financed a Japanese/American POW Friendship Program for former American POWs and their immediate family members to visit Japan, receive an apology from the sitting Foreign Minister and other Japanese Cabinet members, and travel to the sites of their POW camps. Annual trips were held in 2010, 2011, 2012 and 2013.³⁰

In the 112th Congress, three resolutions—S.Res. 333, H.Res. 324, and H.Res. 333—were introduced thanking the government of Japan for its apology and for arranging the visitation program.³¹ The resolutions also encouraged the Japanese to do more for the U.S. POWs, including by continuing and expanding the visitation programs as well as its World War II education efforts. They also called for Japanese companies to apologize for their or their predecessor firms' use of un- or inadequately-compensated forced laborers during the war.

²⁹ By various estimates, approximately 40% held in the Japanese camps died in captivity, compared to 1%-3% of the U.S. prisoners in Nazi Germany's POW camps. Thousands more died in transit to the camps, most notoriously in the 1942 "Bataan Death March," in which the Imperial Japanese military force-marched almost 80,000 starving, sick, and injured Filipino and U.S. troops over 60 miles to prison camps in the Philippines. For more, see CRS Report RL30606, *U.S. Prisoners of War and Civilian American Citizens Captured and Interned by Japan in World War II: The Issue of Compensation by Japan*, by Gary Reynolds, currently out of print but available from the co-authors of this report.

³⁰ For more on the program, see <http://www.us-japandialogueonpows.org/>. Since the mid-1990s, Japan has run similar programs for the POWs of other Allied countries.

³¹ S.Res. 333 (Feinstein) was introduced and passed by unanimous consent on November 17, 2011. H.Res. 324 (Honda) and H.Res. 333 (Honda) were introduced on June 22, 2011, and June 24, 2011, respectively, and referred to the House Foreign Affairs Subcommittee on Asia and the Pacific.

March 2011 “Triple Disaster”

On March 11, 2011, a magnitude 9.0 earthquake jolted a wide swath of Honshu, Japan’s largest island. The quake, with an epicenter located about 230 miles northeast of Tokyo, generated a tsunami that pounded Honshu’s northeastern coast, causing widespread destruction in Miyagi, Iwate, Ibaraki, and Fukushima prefectures. Some 20,000 lives were lost and entire towns were washed away; over 500,000 homes and other buildings and around 3,600 roads were damaged or destroyed. Up to half a million Japanese were displaced. Damage to several reactors at the Fukushima Dai-ichi nuclear power plant complex led the government to declare a state of emergency and evacuate nearly 80,000 residents within a 20 kilometer radius due to dangerous radiation levels.

In many respects, Japan’s response to the multifaceted disaster was remarkable. Over 100,000 troops from the Self Defense Forces (SDF), Japan’s military, were deployed quickly to the region. After rescuing nearly 20,000 individuals in the first week, the troops turned to a humanitarian relief mission in the displaced communities. Construction of temporary housing began a week after the quake. Foreign commentators marveled at Japanese citizens’ calm resilience, the lack of looting, and the orderly response to the strongest earthquake in the nation’s modern history. Japan’s preparedness—strict building codes, a tsunami warning system that alerted many to seek higher ground, and years of public drills—likely saved tens of thousands of lives.

Appreciation for the U.S.-Japan alliance surged after the two militaries worked effectively together to respond to the 2011 earthquake and tsunami. Years of joint training and many interoperable assets facilitated the integrated alliance effort. “Operation Tomodachi,” using the Japanese word for “friend,” was the first time that SDF helicopters used U.S. aircraft carriers to respond to a crisis. The USS *Ronald Reagan* aircraft carrier provided a platform for air operations as well as a refueling base for Japanese SDF and Coast Guard helicopters. Other U.S. vessels transported SDF troops and equipment to the disaster-stricken areas. Communication between the allied forces functioned effectively, according to military observers. For the first time, U.S. military units operated under Japanese command in actual operations. Specifically dedicated liaison officers helped to smooth communication. Although the U.S. military played a critical role, the Americans were careful to emphasize that the Japanese authorities were in the lead.

Despite this response to the initial event, the uncertainty surrounding the nuclear reactor meltdown and the failure to present longer-term reconstruction plans led many to question the government’s handling of the disasters. As reports mounted about heightened levels of radiation in the air, tap water, and produce, criticism emerged regarding the lack of clear guidance from political leadership. Concerns about the government’s excessive dependence on information from Tokyo Electric Power Company (TEPCO), the firm that owns and operates the power plant, amplified public skepticism and elevated criticism about conflicts of interest between regulators and utilities.

Energy and Environmental Issues

Japan and the United States cooperate on a wide range of environmental initiatives both bilaterally and through multilateral organizations. In April 2013, Secretary of State John Kerry and his counterpart launched a new bilateral dialogue to push for a post-2020 international agreement to combat climate change and to cooperate in advancing low-emissions development worldwide. The U.S. Department of Energy and Japan’s Ministry of Energy, Trade, and Industry signed agreements in 2013 to step up civil nuclear cooperation on light-water nuclear reactor R&D and nuclear nonproliferation. The U.S.-Japan Bilateral Commission on Civil Nuclear Cooperation focuses on safety and regulatory matters, emergency management, decommissioning and environmental management, civil nuclear energy R&D, and nuclear security. The U.S.-Japan Clean Energy Policy Dialogue (EPD) focuses on clean energy technology and development. Japan is considered to be closely aligned with the Obama Administration in international climate negotiations in its position that any international climate agreement must be legally binding in a symmetrical way, with all major economies agreeing to the same elements. Tokyo and Washington also cooperate on climate issues in multilateral and regional frameworks such as the International Energy Agency (IEA), the Asia-Pacific Economic Cooperation (APEC), the Clean Energy Ministerial (CEM), the International Energy Forum (IEF), and the East Asian Summit (EAS). However, because of the shutdown of Japan’s nuclear reactors (see below), international

observers have raised concerns about losing Japan as a global partner in promoting nuclear safety and non-proliferation measures, and in reducing greenhouse gas emissions.

Nuclear Energy Policy

Japan is undergoing a national debate on the future of nuclear power, with major implications for businesses operating in Japan, U.S.-Japan nuclear energy cooperation, and nuclear safety and non-proliferation measures worldwide. Prior to 2011, nuclear power was providing roughly 30% of Japan's power generation capacity, and the 2006 "New National Energy Strategy" had set out a goal of significantly increasing Japan's nuclear power generating capacity. However, the policy of expanding nuclear power encountered an abrupt reversal in the aftermath of the March 11, 2011, natural disasters and meltdowns at the Fukushima Daiichi nuclear power plant. Public trust in the safety of nuclear power collapsed, and a vocal anti-nuclear political movement emerged. This movement tapped into an undercurrent of anti-nuclear sentiment in modern Japanese society based on its legacy as the victim of atomic bombing in 1945. As the nation's 54 nuclear reactors were shut down one by one for their annual safety inspections in the months after March 2011, the Japanese government did not restart them (except a temporary reactivation for two reactors at one site in central Japan). Since September 2013, no reactors have been operating.

The drawdown of nuclear power generation resulted in many short- and long-term consequences for Japan: rising electricity costs for residences and businesses; heightened risk of blackouts in the summer, especially in the Kansai region; widespread energy conservation efforts by businesses, government agencies, and ordinary citizens; the possible bankruptcy of major utility companies; and increased fossil fuel imports (see next section). The Institute of Energy Economics, Japan, calculated that the nuclear shutdowns led to the loss of 420,000 jobs and \$25 billion in corporate revenue in 2012.³²

The LDP has promoted a relatively pro-nuclear policy, despite persistent anti-nuclear sentiment among the public. The LDP party platform for the December 2012 election called for the restart of nuclear reactors as soon as new safety regulations are implemented and promised to study Japan's energy situation thoroughly before developing a national policy. In comments to the Diet on January 30, 2013, Abe called the past administration's zero-nuclear energy policy "groundless."³³ Business Monitor International (BMI) predicts that the Japanese government will approve 2-3 reactor restarts per year through 2022, by which time Japan would be operating at almost half of its nuclear power generation capacity.³⁴ The remaining reactors, roughly 30 of them, would likely be decommissioned due to safety concerns or having reached the end of their projected lifespan, BMI assesses.

Yet, approximately 60% of the Japanese public opposes the restart of nuclear reactors, compared to approximately 30% in favor.³⁵ Temporary failures in the safety systems of the crippled Fukushima Daiichi reactors caused nuclear safety fears to resurface in spring 2013. The Abe Cabinet faces a complex challenge: how can Japan balance concerns about energy security,

³² Masakazu Toyoda. "Energy Policy in Japan: Challenges after Fukushima," Institute of Energy Economics, Japan, presentation prepared for delivery on January 24, 2013.

³³ "Abe Aims for Japan to Join Child Custody Pact Soon," *Kyodo News Agency*, January 31, 2013.

³⁴ "Rising Fuel Import Costs to Drive Nuclear Restarts," *Business Monitor Online*, January 21, 2014.

³⁵ "Over Half Oppose Japan Engaging in Collective Self-Defense: Survey," *Kyodo News Agency*, January 26, 2014.

promotion of renewable energy sources, the viability of electric utility companies, the health of the overall economy, and public concerns about safety?

U.S. Exports of Liquefied National Gas (LNG) to Japan

Japan imports more LNG than any other country and would be a large market for LNG exports from the United States. Due to the suspension of nuclear power at present, Japan has become increasingly dependent on fossil fuels for electric power generation (see previous section). Japan imported a record 87.5 million metric tons of LNG in 2013, with Australia, Malaysia, and Qatar the leading suppliers. Japanese utility companies are attracted to the large difference between global market prices for natural gas and the much lower price prevailing in North America. The lower price is largely a result of the recent expansion of natural gas production from shale.

As of February 2014, the Department of Energy (DOE) has approved four terminals in the continental United States to export LNG to countries with which the United States does not have a free trade agreement (FTA).³⁶ Although it will require several years for the terminals to construct the infrastructure necessary to liquefy natural gas, experts say that LNG exports will begin soon thereafter. Japanese energy companies have already signed contracts for delivery of LNG in 2017. The 2005 Energy Policy Act requires that DOE issue a permit to export natural gas to non-FTA countries, including Japan, if DOE determines that such export would be in the public interest. A DOE-commissioned study concluded in December 2012 that LNG exports would produce net economic benefits for the United States, but the study has been controversial. Critics of increased exports have raised concerns about the environment and higher gas prices for domestic industries and consumers. As of mid-February 2014, there are 22 terminals awaiting DOE approval to export LNG.

Members of Congress have joined the debate on LNG exports to Japan. On January 31, 2013, Senator John Barrasso introduced a bill (S. 192) “to enhance the energy security of U.S. allies” by having DOE automatically approve natural gas exports to U.S. treaty allies, regardless of their FTA status. Senator Lisa Murkowski reportedly wrote in a letter to the Secretary of Energy Steven Chu, “Exporting LNG, particularly to allies that face emergency or chronic shortages, but with whom we do not have free-trade agreements, is in the public interest.”³⁷ On the other side of the debate, Senator Ron Wyden, chairman of the Senate Energy and Natural Resources Committee, wrote in a letter to Secretary Chu, “The shortcomings of the [DOE] study are numerous and render this study insufficient for the Department to use in any export determination.”³⁸

Japanese Participation in Sanctions on Iran

Over the past decade, concerns over Iran’s nuclear program have led to increased scrutiny of Japan’s long-standing trade with and investments in Iran. Japan is one of the top consumers of Iranian oil exports, albeit now at greatly reduced volumes. As part of their efforts to enhance economic penalties on Iran, the Bush and Obama Administrations have pushed Japan to curtail its

³⁶ The four terminals are Quintana Island in Texas, Cove Point in Maryland, and Sabine Pass and Cameron Parish in Louisiana. Japan currently imports less than 1% of its natural gas supply from Alaska.

³⁷ Geof Koss, “With Eye on Japan, Murkowski Makes Case for Gas Exports,” *CQ Roll Call*, January 25, 2013.

³⁸ Office of Senator Ron Wyden, “Wyden Highlights Flaws in DOE Export Study,” press release, January 10, 2013, <http://www.wyden.senate.gov/news/press-releases/wyden-highlights-flaws-in-doe-export-study->

economic ties with Tehran. In general, although Japan has been a follower rather than a leader in the international campaign to pressure Tehran, Japanese leaders have in recent years increased their cooperation with the U.S.-led effort, reducing significantly what had been a source of tension between Washington and Tokyo during the 1990s and early 2000s. For most of the past decade Iran was Japan's third-largest source of crude oil imports, but it fell to sixth after sanctions took effect in 2011 and Iran accounted for only 5% of Japan's oil imports in 2012-2013.³⁹ Japanese firms have withdrawn from energy sector investments in Iran, and some major companies such as Toyota Motors have ceased doing business there, viewing it as a "controversial market."

In October 2013, the Obama Administration granted Japan another six-month exemption under P.L. 112-81, the National Defense Authorization Act for Fiscal Year 2012, which could have placed strict limitations on the U.S. operations of Japanese banks that process transactions with Iran's Central Bank.⁴⁰ Japan has reduced its imports of Iranian oil over the past several years, despite its increased need for oil imports with the shutdown of virtually all of its nuclear power industry. Japan's crude oil imports from Iran fell by roughly 40% in 2012, and declined a further 6% in 2013.⁴¹ Additionally, Japan has restricted the activities of 21 Iranian banks.⁴²

U.S. sanctions that went into effect in February 2013 pressure banks that deal with the Iranian Central Bank to either prevent repatriation of Iran's foreign currency (non-rial) assets or else be frozen out of the U.S. financial system. Iran can still use the funds to finance trading activities not covered by sanctions, but, since it runs a large trade surplus with Japan (and other Asian oil importers), a significant portion of its oil export earnings are held in Japan and other importing countries.⁴³ An interim agreement on Iran's nuclear program in November 2013 allowed for the repatriation of \$4.2 billion of Iranian foreign currency assets held abroad. The Bank of Japan transferred the first \$550 million of this sum to Iran in February 2014.

Alliance Issues⁴⁴

The U.S.-Japan alliance has long been an anchor of the U.S. security role in Asia. Forged in the U.S. occupation of Japan after its defeat in World War II, the alliance provides a platform for U.S. military readiness in the Pacific. About 53,000 U.S. troops are stationed in Japan and have the exclusive use of 89 facilities. In exchange, the United States guarantees Japan's security, including inclusion under the U.S. "nuclear umbrella." The U.S.-Japan alliance, which many believe has been missing a strategic rationale since the end of the Cold War, may have found a new guiding rationale in shaping the environment for China's rise. In addition to serving as a hub for forward-deployed U.S. forces, Japan provides its own advanced military assets, many of

³⁹ Takeo Kumagai, "Japan's 2013 Crude Imports from Iran Drop 6% on Year to 177,414 b/d," *Platts Commodity News*, February 2, 2014.

⁴⁰ State Department Press Release, "Statement on Significant Reductions of Iranian Crude Oil Purchases," March 20, 2012. For more on Iran sanctions, see CRS Report RS20871, *Iran Sanctions*, by Kenneth Katzman.

⁴¹ "Corrected: Japan Nov Crude Imports from Iran Fall 20.3 Pct yr/yr—METI," *Reuters News*, January 7, 2013.

⁴² Ministry of Economy, Industry, and Trade Press Release, "Addition of an Entity Subject to Accompanying Measures Implemented Pursuant to the UN Resolution Against Iran," March 13, 2012.

⁴³ "Asian Buyers to Deepen Iranian Crude Import Cuts in 2013," *Metis Energy Insider*, December 24, 2012.

⁴⁴ For more information on the U.S.-Japan alliance, see CRS Report RL33740, *The U.S.-Japan Alliance*, by Emma Chanlett-Avery and Ian E. Rinehart.

which complement U.S. forces. The joint response to a 2011 tsunami and earthquake in Japan demonstrated the interoperability of the two militaries.

Since the early 2000s, the United States and Japan have taken significant strides in improving the operational capability of the alliance as a combined force, despite political and legal constraints. Japan's own defense policy has continued to evolve, and major strategic documents reflect a new attention to operational readiness and flexibility. The originally asymmetric arrangement of the alliance has moved toward a more balanced security partnership in the 21st century. Unlike 25 years ago, the Japan Self-Defense Forces (SDF) are now active in overseas missions, including efforts in the 2000s to support U.S.-led coalition operations in Afghanistan and the reconstruction of Iraq. Japanese military contributions to global operations like counter-piracy patrols relieve some of the burden on the U.S. military to manage every security challenge. Due to the co-location of U.S. and Japanese command facilities in recent years, coordination and communication have become more integrated. The United States and Japan have been steadily enhancing bilateral cooperation in many other aspects of the alliance, such as ballistic missile defense, cyber security, and military use of space. In 2013, the two allies agreed to revise the Mutual Defense Guidelines, the main document defining the bilateral defense arrangement, by the end of 2014. The document was last updated in 1997. Alongside these improvements, Japan continues to pay nearly \$2 billion per year to defray the cost of stationing U.S. forces in Japan.

Prime Minister Abe is a strong supporter of the alliance and has an ambitious agenda to increase the capability and flexibility of Japan's military. However, constitutional, legal, fiscal, and political barriers exist to significantly expanded defense cooperation. The most prominent debate involves relaxing or removing the self-imposed ban on Japanese forces participating in collective self-defense. Such measures face opposition from the public and from political parties. In addition, leaders in China and South Korea distrust Abe because of his past statements on Japanese actions in the World War II era. Suspicion from Beijing and Seoul also complicates Japan's efforts to expand its security role.

In late 2013, Japan released two new documents that reflect its concerns with security threats from North Korea and the territorial dispute with China over a set of islets in the East China Sea. The "National Defense Program Guidelines" (NDPG) emphasized Japan's need to upgrade its capabilities to respond to threats to its territory from ongoing Chinese incursions by purchasing a variety of new military hardware and improving its intelligence, surveillance, and reconnaissance (ISR) capabilities. The NDPG also called for a new defense approach termed "Proactive Pacifism" that involves Japan taking a greater role in international operations in concert with other countries. The NDPG was reinforced by the release of Japan's first-ever "National Security Strategy" that calls for Japan's "proactive contribution to peace" and outlines a further increase in defense spending to respond to "complex and grave national security challenges."

Realignment of the U.S. Military Presence on Okinawa⁴⁵

In the last days of 2013, the United States and Japan cleared an important political hurdle in their long-delayed plan to relocate a major U.S. military base on the island of Okinawa. The governor of Okinawa Prefecture, Hirokazu Nakaima, approved construction of an offshore landfill necessary to build the replacement facility. This new base, located in the sparsely populated

⁴⁵ For background information, see CRS Report R42645, *The U.S. Military Presence in Okinawa and the Futenma Base Controversy*, by Emma Chanlett-Avery and Ian E. Rinehart.

Henoko area of Nago City, would replace the functions of Marine Corps Air Station (MCAS) Futenma, located in the center of a crowded town in southern Okinawa. Although the recently re-elected mayor of Nago City has displayed firm opposition to the new facility, most experts agree that his powers to obstruct and delay its construction are limited. The governor's approval of the landfill permit in theory should allow Washington and Tokyo to consummate their agreement to return the land occupied by MCAS Futenma to local authorities, while retaining a similar level of military capability on Okinawa. A U.S.-Japan joint planning document in April 2013 indicated that the new base at Henoko would be completed no earlier than 2022.

Despite the decision by Governor Nakaima, most Okinawans oppose the construction of a new U.S. base for a mix of political, environmental, and quality-of-life reasons. U.S. and Japanese officials on Okinawa asserted in 2013 that law enforcement authorities are prepared to manage disruptive protests, but Okinawan anti-base civic groups may take extreme measures to prevent construction of the facility at Henoko. The Abe Administration, having invested significant time and money in meeting Nakaima's conditions for approval, will likely need to invest additional political capital to ensure that the base construction proceeds without significant delays and without further alienating the Okinawan public. Failure to implement the Futenma relocation could solidify an impression among some American observers that the Japanese political system struggles to follow through with difficult tasks. On the other hand, the risk remains that heavy-handed actions by Tokyo or Washington could lead to stridently anti-base politicians making gains in Okinawa, particularly in the gubernatorial election in late 2014.

Due to the legacy of the U.S. occupation and the island's key strategic location, Okinawa hosts a disproportionate share of the U.S. military presence in Japan. About 25% of all facilities used by U.S. Forces Japan and over half of the U.S. military personnel are located in the prefecture, which comprises less than 1% of Japan's total land area. The attitudes of native Okinawans toward U.S. military bases are generally characterized as negative, reflecting a tumultuous history and complex relationships with "mainland" Japan and with the United States. The anti-base movement remains strong and vocal in Okinawa. Opposition to U.S. military bases derives from two main areas: one, quality-of-life issues such as personal safety, noise, crime, and environmental degradation; and two, pacifism and anti-militarism. These two strands are often interwoven in the rhetoric of the anti-base movement, but not all residents oppose the U.S. military presence on principle. There are those who support the U.S.-Japan security alliance while objecting to the significant and disproportionate "burden" imposed on Okinawa. Because of these widespread concerns among Okinawans, the sustainability of the U.S. military presence in Japan remains a critical challenge for the alliance.

The relocation of the Futenma base is part of a larger bilateral agreement developed by the U.S.-Japan Special Action Committee on Okinawa (SACO) in 1996. In the SACO Final Report, the United States agreed to return approximately 20% of land used for U.S. facilities on Okinawa, including all or parts of a dozen sites. Handover of MCAS Futenma was contingent on "maintaining the airfield's critical military functions and capabilities."⁴⁶ The plan for implementing the SACO agreement evolved over the late 1990s and early 2000s until Washington and Tokyo settled on a "roadmap" in 2006: once Japan constructed the Futenma replacement facility at the Henoko site, the United States would relocate roughly 8,000 marines from Okinawa to Guam, about half of the U.S. Marine Corps (USMC) presence then on Okinawa. In 2012, the

⁴⁶ "The SACO Final Report on Futenma Air Station," Tokyo, Japan, December 2, 1996, <http://www.mofa.go.jp/region/n-america/us/security/96saco2.html>.

allies revised the implementation plan to “de-link” the Futenma relocation and the realignment of marines to Guam; in other words, the construction of a replacement facility was no longer a precondition for deploying marines off Okinawa. The 2012 agreement also revised the USMC realignment into a plan called the “distributed laydown”: 9,000 marines would be relocated from Okinawa; 4,700 to Guam; 2,500 to Australia (on a rotational basis); and the remainder to Hawaii and the continental United States.

The realignment of marines to Guam and elsewhere is now proceeding on its own timeline, separate from the issue of the Futenma replacement facility, but that process has its own challenges. The 2012 “distributed laydown” cut the projected USMC presence on Guam in half, requiring a new set of infrastructure plans and a Supplemental Environmental Impact Statement. Following this two-year environmental study, the U.S. Navy expects to announce a Record of Decision (a key planning milestone) for the Guam realignment no sooner than 2015. Observers report that Department of Defense (DOD) planning for the increased USMC presence on Hawaii is still in its early stages.

The FY2014 National Defense Authorization Act (NDAA, P.L. 113-66) continues the freeze on funding to implement the Okinawa/Guam realignment from the past two NDAs, with key exceptions, until DOD can meet certain requirements. The FY2014 NDAA repeats the unfulfilled FY2013 requirement (P.L. 112-239, Sec. 1068) for DOD to submit to Congress a comprehensive report on military resources necessary to execute U.S. force posture strategy in the Asia-Pacific region. Section 2822 of the FY2014 NDAA also requests master plans for new facilities and infrastructure on Guam and Hawaii, including civilian infrastructure. Although the start of construction on the Futenma replacement facility is not an explicit requirement stated in the NDAA, signs of tangible progress there may give renewed urgency to other parts of the realignment.⁴⁷ The exceptions to the funding freeze in the FY2014 NDAA—exceptions that may allow the realignment to proceed more expeditiously—are that DOD may expend funds to initiate planning and design of construction projects on Guam, to undertake additional environmental studies, and to begin military construction authorized elsewhere in the bill.

Progress on Other Elements of Military Realignment and Alliance Transformation

The relocation of Futenma air station is the largest and most controversial part of a broad overhaul of U.S. force posture in Japan and bilateral military activities, but it is not the only element. In 2002, the U.S. and Japanese governments launched the Defense Policy Review Initiative (DPRI) to review force posture and develop a common security view between the two sides. With the exception of the Henoko relocation, the plan has been largely successful. A training relocation program allows U.S. aircraft to conduct training away from crowded base areas to reduce noise pollution for local residents. U.S. Carrier Air Wing Five is being relocated from Atsugi Naval Air base to the Iwakuni base, where a new dual-use airfield is operational. In 2010, U.S. Army Japan established at Camp Zama (about 25 miles southwest of Tokyo) a forward operational headquarters, which can act as a bilateral joint headquarters to take command of

⁴⁷ Senator John McCain, who in the past had criticized various aspects of the realignment plan, released a statement on December 27, 2013, praising Governor Nakaima’s approval of the landfill permit as a “major achievement” for the U.S.-Japan alliance. The statement said, “After 17 years of hard work and setbacks, today’s action paves the way for the construction of the Futenma Replacement Facility at Camp Schwab, the redeployment of U.S. Marines from Marine Corps Air Station Futenma, and the broader realignment of U.S. forces on Okinawa and in the Asia-Pacific region.”

theater operations in the event of a contingency. The SDF Air Defense Command facility at Yokota U.S. Air Base was recently completed. Since 2006, a bilateral joint operations center at Yokota allows for data-sharing and coordination between the Japanese and U.S. air and missile defense command elements. In 2011 (and again in 2013), the Japanese government relaxed its self-imposed restrictions on arms exports, which date back to the 1960s, paving the way for co-production arrangements with American defense firms.

Deployment of the MV-22 Osprey Aircraft to Japan

The U.S. Marine Corps replaced the 24 CH-46E “Sea Knight” helicopters stationed at the Futenma base with 24 MV-22 “Osprey” tilt-rotor aircraft in 2012 and 2013. The deployment of the first 12 Osprey aircraft to Japan in mid-2012 created a public outcry in Okinawa and mainland base-hosting communities. Japanese politicians and civil society groups strongly opposed introduction of MV-22 to Japan due to the aircraft’s safety record.⁴⁸ The crashes of V-22 tilt-rotor aircraft in training exercises in Morocco and Florida in early 2012 reminded Okinawans of the U.S. military helicopter crash on the grounds of a school near Futenma Air Station in August 2004. In response to these concerns, the Japanese Ministry of Defense conducted its own investigation of the aircraft’s safety. The investigation cleared the MV-22 for deployment, but Japan requested that Osprey pilots adhere to a set of operational guidelines to reduce the risk of accidents in populated areas. The introduction of these advanced aircraft to Okinawa reportedly will enhance the operational capability of the Marines based there, particularly in a rapid response scenario.

Constitutional Constraints

Several legal factors restrict Japan’s ability to cooperate more robustly with the United States. The most prominent and fundamental restriction 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 national 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 United Nations 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 they would exceed the minimum necessary use of force to defend Japan itself. Participation in non-combat logistical operations and rear area support of other nations, however, has been considered outside the realm of collective self-defense. Prime Minister Abe has repeatedly proposed that this restriction be reconsidered, a move that has been welcomed by U.S. officials in the past.

⁴⁸ During its development phase, the Osprey suffered several highly publicized crashes. Since the aircraft achieved initial operational capability in 2007, the Class-A mishap rate is slightly better than the Marine Corps average. See the CRS Report RL31384, *V-22 Osprey Tilt-Rotor Aircraft Program*, by Jeremiah Gertler, for more information.

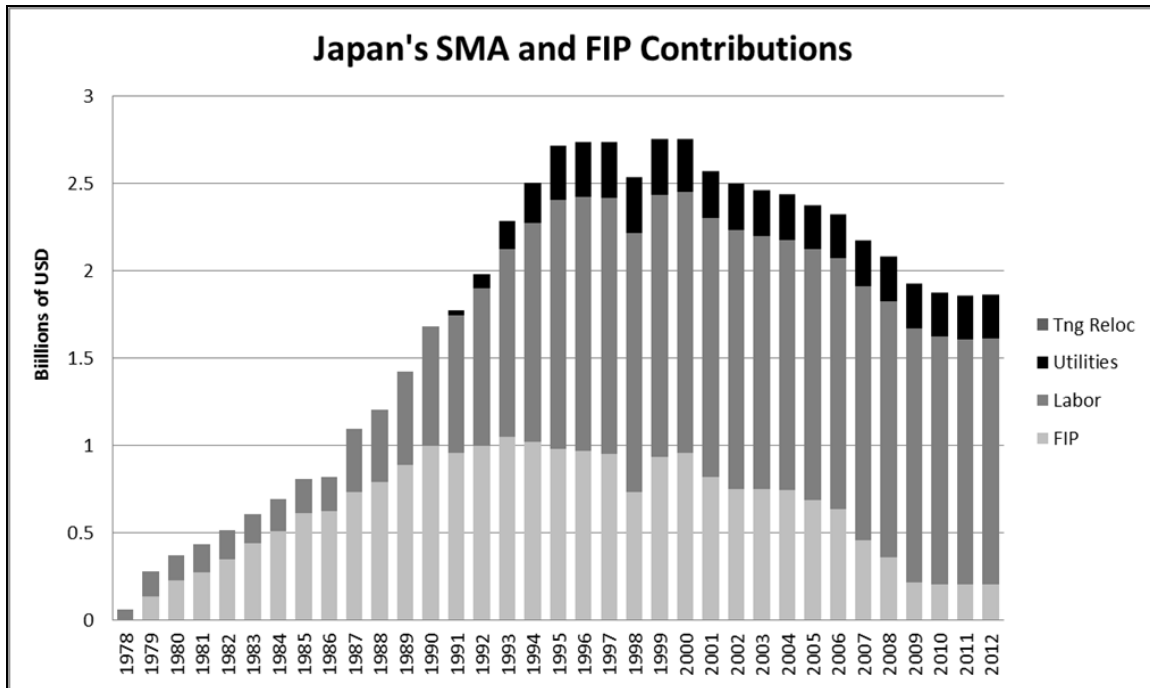
During the deployment of Japanese forces to Iraq, the interpretation prevented the SDF from defending other nations' troops. Some Japanese critics have charged that Japanese Aegis destroyers should not use their radar in the vicinity of American warships, as they would not be allowed to respond to an 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.

Burden-Sharing Issues

The Japanese government provides nearly \$2 billion per year to offset the cost of stationing U.S. forces in Japan. The United States spends an additional \$2 billion per year (on top of the Japanese contribution) on non-personnel costs for troops stationed in Japan.⁴⁹ Japanese host nation support is comprised of two funding sources: Special Measures Agreements (SMAs) and the Facilities Improvement Program (FIP). Each SMA is a bilateral agreement, generally covering five years, that obligates Japan to pay a certain amount for utility and labor costs of U.S. bases and for relocating training exercises away from populated areas. The current SMA, which runs from 2011-2015, allows a gradual decline in Japan's contributions to labor and utility costs, although U.S. costs are slowly rising, according to a April 2013 report issued by the Senate Armed Services Committee (SASC).⁵⁰ The amount of FIP funding is not strictly defined, other than an agreed minimum of \$200 million per year, and thus the Japanese government adjusts the total at its discretion. Tokyo also decides which projects receive FIP funding, taking into account, but not necessarily deferring to, U.S. priorities.

⁴⁹ U.S. Congress, Senate Committee on Armed Services, *Inquiry into U.S. Costs and Allied Contributions to Support the U.S. Military Presence Overseas*, 113th Cong., April 15, 2013, S.Rept. 113-12 (Washington: GPO, 2013).

⁵⁰ *Ibid.*

Figure 2. Host Nation Support for USFJ

Source: U.S. Congress, Senate Committee on Armed Services, Inquiry into U.S. Costs and Allied Contributions to Support the U.S. Military Presence Overseas, 113th Congress, April 15, 2013, S.Rept. 113-12 (Washington: GPO, 2013).

Notes: Chart from U.S. Forces Japan, Presentation: Special Measures Agreement Overview (June 27, 2012). Tng Reloc = Training Relocation.

Extended Deterrence

The growing concerns in Tokyo about North Korean nuclear weapons development and China's modernization of its nuclear arsenal in the 2000s provoked renewed attention to the U.S. policy of extended deterrence, commonly known as the "nuclear umbrella." The United States and Japan initiated the bilateral Extended Deterrence Dialogue in 2010, recognizing that Japanese perceptions of the credibility of U.S. extended deterrence were critical to its effectiveness. The dialogue is a forum for the United States to assure its ally and for both sides to exchange assessments of the strategic environment. The views of Japanese policymakers (among others) influenced the development of the 2010 U.S. Nuclear Posture Review.⁵¹ Reportedly, Tokyo discouraged a proposal to declare that the "sole purpose" of U.S. nuclear weapons is to deter nuclear attack.

Japan also plays an active role in extended deterrence through its BMD capabilities. The number of U.S. and Japanese BMD interceptors are judged to be sufficient for deterring North Korea

⁵¹ Brad Roberts, "Extended Deterrence and Strategic Stability in Northeast Asia," National Institute of Defense Studies (Japan), Visiting Scholar Paper Series, No. 1, August 9, 2013, p. 24.

without affecting strategic stability with China. In the future, Japan may develop a conventional strike capability with the intent to augment extended deterrence.⁵² Japanese diplomatic support for nuclear non-proliferation is another element of cooperation to reduce nuclear threats over the long-term.

Maritime Defense Cooperation

The Japanese Maritime Self-Defense Forces (MSDF) is one of the most capable navies in the world and cooperates closely with its U.S. counterparts. U.S. Navy officials have claimed that they have a closer daily relationship with the MSDF than with any other navy, conducting over 100 joint exercises annually. During the Cold War, the U.S. Navy and MSDF developed strong combined anti-submarine warfare cooperation that played a key role in countering the Soviet threat in the Pacific. The navies also protect key sea lines of communication (SLOCs), although Japan's constitution prohibits the MSDF from defending allied vessels in international waters. The most significant help extended by Japan in support of U.S. operations has come from the MSDF: refueling coalition vessels in the Indian Ocean active in Operation Enduring Freedom and, at times, an Aegis destroyer escort; the dispatch of several ships, helicopters, and transport aircraft to assist in disaster relief after the December 2004 Indian Ocean tsunami; participation in the Proliferation Security Initiative (PSI) multinational exercises; and the deployment of MSDF vessels for anti-piracy missions off the coast of Somalia.

The MSDF has been engaged in counter-piracy activities in the Gulf of Aden since March 2009. Japanese vessels and P-3C patrol aircraft have escorted over 3,000 commercial ships and conducted over 1,000 surveillance flights.⁵³ MSDF and ASDF personnel are stationed at a base constructed in 2011 in Djibouti, where Japan has deployed a total of roughly 600 SDF personnel since 2009.⁵⁴ Although the Djibouti facility is Japan's first overseas base since World War II, the move has sparked little controversy among the Japanese public.

⁵² Ibid, p. 20.

⁵³ "Djibouti to Be Provided Patrol Ships for Security," *Kyodo News Agency*, August 28, 2013.

⁵⁴ "Japanese PM on Official Visit to Djibouti," *Xinhua News Agency*, African News, August 28, 2013, http://news.xinhuanet.com/english/africa/2013-08/28/c_132670904.htm.

Figure 3. Map of U.S. Military Facilities in Japan



Source: Map Resources. Adapted by CRS.

Notes: MCAS is the abbreviation for Marine Corps Air Station. NAF is Naval Air Facility.

* This map reflects geographic place name policies set forth by the United States Board on Geographic Names pursuant to P.L. 80-242. In applying these policies to the case of the sea separating the Korean Peninsula and the Japanese Archipelago, the Board has determined that the "Sea of Japan" is the appropriate standard name for use in U.S. Government publications. The Republic of Korea refers to this body of water as the "East Sea." It refers to the "Yellow Sea" as the "West Sea."

Economic Issues⁵⁵

Trade and other economic ties with Japan remain highly important to U.S. national interests and, therefore, to the U.S. Congress.⁵⁶ By the most conventional method of measurement, the United States and Japan are the world's largest and third-largest economies (China is number two), accounting for around 30% of the world's gross domestic product (GDP) in 2012. Furthermore, their economies are intertwined by trade in goods and services and by foreign investments.

Overview of the Bilateral Economic Relationship

Japan is an important economic partner of the United States, but its importance has slid as it has been edged out by other partners. Japan was the United States' fourth-largest merchandise export market (behind Canada, Mexico, and China) and the fourth-largest source for U.S. merchandise imports (behind China, Canada, and Mexico) at the end of 2013. These numbers probably underestimate the importance of Japan in U.S. trade since Japan exports intermediate goods to China that are then used to manufacture finished goods that China exports to the United States.

The United States was Japan's largest export market and second-largest source of imports as of the end of 2013. The global economic downturn had a significant impact on U.S.-Japan trade: both exports and imports declined in 2009 from 2008. U.S.-Japan bilateral trade increased since 2009 and until 2012, but declined in 2013. (See **Table 1.**)

Table 1. U.S. Merchandise Trade with Japan, Selected Years
(\$ billions)

Year	Exports	Imports	Balances
1995	64.3	123.5	-59.1
2000	65.3	146.6	-81.3
2003	52.1	118.0	-66.0
2004	54.4	129.6	-75.2
2005	55.4	138.1	-82.7
2006	59.6	148.1	-88.4
2007	62.7	145.5	-82.8
2008	66.6	139.2	-72.3
2009	51.2	95.9	-44.8

⁵⁵ This section was written by William Cooper.

⁵⁶ For a more complete treatment of U.S.-Japan economic ties, see CRS Report RL32649, *U.S.-Japan Economic Relations: Significance, Prospects, and Policy Options*, by William H. Cooper.

Year	Exports	Imports	Balances
2010	60.5	120.3	-59.8
2011	66.2	128.8	-62.2
2012	70.0	146.4	-76.3
2013	65.1	138.5	-73.4

Source: U.S. Commerce Department, Census Bureau. FT900. Exports are total exports valued on a free alongside ship (f.a.s.) basis. Imports are general imports valued on a customs basis.

Despite some outstanding issues, tensions in the U.S.-Japan bilateral economic relationship have been much lower than was the case in the 1970s, 1980s, and early 1990s. A number of factors may have contributed to this trend:

- Japan’s slow, if not stagnant, economic growth, which began with the burst of the asset bubble in the latter half of the 1990s and continued as a result of the 2008-2009 economic downturn and the 2011 disasters, has changed the general U.S. perception of Japan from one as an economic competitor to one as a “humbled” economic power;
- the rise of China as an economic power and trade partner has caused U.S. policymakers to shift attention from Japan to China as a source of concern;
- the increased use by both Japan and the United States of the WTO as a forum for resolving trade disputes has de-politicized disputes and helped to reduce friction;
- shifts in U.S. and Japanese trade strategies that have expanded the formation of bilateral and regional trade areas with other countries have lessened the focus on their bilateral ties; and
- the rise of China as a military power and the continued threat of North Korea have forced U.S. and Japanese leaders to give more weight to security issues within the bilateral alliance.

Japan was hit by two economic crises in the last few years that affected U.S.-Japan economic relations. The first was the global financial crisis which began to hit in 2008 and intensified in 2009. Japan was hit hard by the decline in global demand for its exports, particularly in the United States and Europe. Japan had become dependent on net export growth as the engine for overall GDP growth, as domestic consumer demand and investment lagged.

The second crisis was the March 11, 2011, earthquake, tsunami, and nuclear reactor meltdowns in northeast Japan. (See section on the March 2011 “Triple Disaster.”) The Japanese government has responded with a series of four supplemental fiscal packages to finance reconstruction. The implementation of the reconstruction efforts has been slower than expected, dampening the stimulus effect on economic growth. In addition the country has had to cope with electricity shortages and search for alternative sources of power, including increased fossil fuel imports.

The two crises and the economic problems in Europe, among other factors, have adversely affected Japan’s economic growth. Japan incurred growth rates of -1.1% in 2008 and -5.5% in 2009 but recovered in 2010 to expand by 4.7%. The recovery proved short-lived as Japan experienced -0.4% growth in 2011, only 1.4% in 2012, and 1.6% in 2013.

Prime Minister Abe has made it a priority of his administration to boost economic growth and to eliminate deflation, which has plagued Japan for many years. Abe is promoting a three-pronged, or “three arrow,” economic program. The first arrow consisted of a \$122 billion fiscal stimulus package aimed at spending on infrastructure, particularly in areas affected by the March 2011 disaster. While the package appears to have boosted growth somewhat, its effects appear to have largely run their course and it has added to Japan’s already large public debt, which at over 200% of the country’s gross domestic product (GDP) is the highest of any advanced economy.

The second arrow consists of monetary stimulus to arrest deflation. As a result, under pressure from Abe, the independent central bank (Bank of Japan, or BOJ) announced in the spring of 2013 a continued loose monetary policy with interest rates of 0%, quantitative easing measures, and a target inflation rate of 2%. The Japanese yen rapidly dropped in value against the U.S. dollar and other major currencies after that announcement. Although few observers think that the BOJ will reach its target in the short term, according to a number of measures it appears that inflationary pressures have re-emerged in the economy, at least in part due to the rise in import prices resulting from the yen’s depreciation.

The third arrow consists of economic reforms that are and will be aimed at restructuring the agricultural, medical services, and electricity sectors (among others) and the promotion of new services and industries. For Abe, Japan’s participation in the TPP is a catalyst for those growth-promoting reforms, but many of the established economic interests are deeply entrenched, particularly within his own party, the LDP. Critics argue that Abe has pursued structural reforms cautiously, and has backtracked on many of them, such as liberalizing the sale of pharmaceuticals. Abe’s government has said that in the spring of 2014 it will create a number of special economic zones (SEZs), areas that have lower taxes and fewer regulations, in order to stimulate private-sector investment.

A likely by-product of these measures will be weakening of the yen. For the past five years, the yen had exhibited unprecedented strength in terms of the dollar. In January 2007 the yen’s average value was ¥120.46=\$1 during the month, but after rapid appreciation, it reached as high as ¥76.65=\$1 in October 2011. Since that time, it has depreciated to ¥102.3=\$1 on February 7, 2014.

Bilateral Trade Issues

Japan’s Ban on U.S. Beef⁵⁷

On February 1, 2013, the Japanese government loosened its restrictions on beef imports from the United States to allow beef from cattle 30 months or younger for the first time since December 2003. According to a joint press release from the Office of the United States Trade Representative and the Department of Agriculture, the Japanese government’s Food Safety Commission would continue to monitor shipments of U.S. beef and would consider the possibility of allowing U.S. beef from cattle of any age to be imported into Japan. These steps would appear to provide the opportunity for growth in U.S. beef imports to Japan and to resolve an issue that had been a major irritant in the bilateral trade relationship.

⁵⁷ For more information, see CRS Report RS21709, *Mad Cow Disease and U.S. Beef Trade*, by Charles E. Hanrahan and Geoffrey S. Becker.

The issue arose in December 2003 when Japan imposed a ban on imported U.S. beef in response to the discovery of the first U.S. case of bovine spongiform encephalopathy (BSE or “mad cow disease”) in Washington State. In the months before the diagnosis in the United States, nearly a dozen Japanese cows infected with BSE had been discovered, creating a scandal over the Agricultural Ministry’s handling of the issue (several more Japanese BSE cases have since emerged). Japan had retained the ban despite ongoing negotiations and public pressure from Bush Administration officials, a reported framework agreement (issued jointly by both governments) in October 2004 to end it, and periodic assurances afterward by Japanese officials to their U.S. counterparts that it would be lifted soon.

In December 2005 Japan lifted the ban after many months of bilateral negotiations but re-imposed it in January 2006 after Japanese government inspectors found bone material among the first beef shipments. The presence of the bone material violated the procedures U.S. and Japanese officials had agreed upon that allowed the resumption of the U.S. beef shipments in the first place.

Japan and the Trans-Pacific Partnership Agreement (TPP)

The TPP is an evolving regional free trade agreement (FTA). Originally formed as an FTA among Singapore, New Zealand, Chile, and Brunei, the TPP is now an agreement under negotiation among the original four countries plus the United States, Australia, Canada, Mexico, Peru, Malaysia, Vietnam, and Japan. The negotiators envision a comprehensive arrangement to liberalize trade and to cover broad range of trade and trade-related activities. But they also envision the TPP to be a “21st century” framework for conducting trade within the Asia-Pacific region and, therefore, addressing cross-cutting issues that are relevant now and will be in the future. These issues include regulatory coherence; competitiveness and business facilitation, also known as transnational supply and production chains; issues pertaining to small and medium-sized companies; economic development; and the operations of state-owned enterprises. Therefore, while the 12 TPP countries negotiate the agreement, they expect other economies in the region will seek to join in those negotiations or will accede to the agreement after it has been concluded.

As the second-largest East Asian economy and a crucial link in the Asian production networks, Japan would seem to be a logical candidate for the TPP. Japan’s participation in the TPP was and continues to be the subject of debate within the Japanese political leadership and among other Japanese stakeholders. In making the decision to seek participation in the TPP, Prime Minister Abe had to confront influential domestic interests that argued against the move. Among the most vocal have been Japanese farmers, especially rice farmers, and their representatives. They have argued that Japanese agriculture would be severely harmed by foreign competition as Japan would have to negotiate away high tariffs and other protective measures on imports of agricultural products. Some Japanese health providers have argued that Japan’s national health insurance system would be adversely affected because, they claim, the TPP would force Japanese citizens to buy foreign-produced pharmaceuticals and medical devices. Prime Minister Abe acknowledged those domestic sensitivities, but also insisted that Japan needed to take advantage of “this last window of opportunity” to enter the negotiations, if it is to grow economically. Other Japanese business interests, including manufacturers, strongly support the TPP.

Prior to Japan’s joining the TPP negotiations, the Obama Administration identified three issues that Japan needed to address as “confidence building measures” if the United States were to support Japan’s entry into the TPP: Japanese restrictions on imports of U.S. beef; market access

for U.S.-made cars; and insurance and express delivery issues. The beef issues appeared to be addressed when Japan loosened restrictions in 2013.

In July 2013, Japan joined the United States and the 10 other members of the Trans-Pacific Partnership (TPP) free trade agreement (FTA) negotiations. If an agreement is reached, Japan's membership in the TPP would constitute a de facto U.S.-Japan FTA. Japan's participation enhances the clout and viability of the TPP, which is a core component of Obama Administration efforts to rebalance U.S. foreign policy priorities toward the Asia-Pacific region. When Japan entered the talks, the share of the world economy accounted for by TPP countries rose from around about 30% to about 38%. If successful, the negotiations could reinvigorate a bilateral economic relationship that has remained steady but stagnant by forcing the two countries to address longstanding, difficult trade issues. On the other hand, failure to resolve these bilateral issues could indicate that the underlying problems are too fundamental to overcome, which could set back the relationship.

Underlying Abe's decision to enter the TPP talks is a growing feeling among many Japanese that, after two decades of relatively sluggish growth, Japan's economic and political influence is waning in comparison with China and with middle powers such as South Korea. The rapid aging and gradual shrinking of Japan's population have added to a sense among many in Japan that the country needs to develop new sources of growth to maintain, if not increase, the country's living standards.

Parallel U.S.-Japan Negotiations

Because Japan joined the TPP talks after they had begun, it was required to reach agreements with the 11 other members over the terms of its entry. As a result of its discussions with the United States, Japan in April 2013 made a number of concessions and agreed to address a number of other outstanding issues in separate talks with the United States that would occur in parallel with the main TPP negotiations. Among other steps, Japan agreed that under the proposed TPP, U.S. tariffs on imports of Japanese motor vehicles will be phased out over a period equal to the longest phase-out period in the agreement. Japan also agreed to increase the number of U.S.-made vehicles that can be imported into Japan under its Preferential Handling Procedure (PHP), from 2,000 per vehicle type to 5,000 per vehicle type. In addition, the two countries agreed to convene separate negotiations that will address issues regarding non-tariff measures (NTMs) pertaining to auto trade. Furthermore, the two sides agreed to hold another separate set of bilateral negotiations, parallel to the TPP talks, to address issues regarding NTMs in insurance, government procurement, competition policy, express delivery, and sanitary and phytosanitary measures. The parallel negotiations are to achieve "tangible and meaningful" results by the completion of the main TPP negotiations and will be legally binding at the time a TPP agreement would enter into force.

In addition, Japan, along with the 10 members of the Association of Southeast Asian Nations (ASEAN), China, South Korea, Australia, New Zealand, and India, announced on November 20, 2012, their intention to begin negotiations to form a trade arrangement—the Regional Comprehensive Economic Partnership (RCEP). While not ostensibly in conflict with the TPP, some have suggested the RCEP could be a less ambitious alternative to the more comprehensive TPP. While RCEP would include some TPP partners, it is noteworthy for the absence of the United States and the inclusion of China.⁵⁸

⁵⁸ See, for example, Pakpahan, Beginda, "Will RCEP Compete with the TPP?" *EastAsiaForum*, <http://www.eastasiaforum.org>.

Insurance

Japan is the world's second-largest insurance market, next to the United States. U.S.-based insurance providers have found it difficult to access the Japanese market especially in life and annuity insurance. They have been concerned about favorable regulatory treatment that the government gives to the insurance subsidiary of Japan Post, the national postal system that holds a large share of this market. For example, they cite subsidies to the insurance operations from revenues from other Japan Post operations. Also, Japan Post-owned insurance companies are not subject to the same regulations as other, privately-owned insurance providers, both domestic and foreign-owned. On October 1, 2007, the government of then-Prime Minister Junichiro Koizumi introduced reforms as part of a privatization process. However, the successor government, led by the Democratic Party of Japan (DPJ), took steps to roll back the reforms. On April 27, 2012, the Diet passed legislation that appears to loosen regulatory requirements, according to U.S. industry sources.⁵⁹ The bill is reportedly a compromise package by the lawmakers from the DPJ, the LDP, and the New Komeito party.⁶⁰ The United States is also concerned about insurance sold by cooperatives that, they claim, are regulated more leniently than private firms. The United States considers Japan's treatment of insurance to be a confidence-building measure that must be addressed if Japan is to be considered for participation in the TPP.

Japanese Politics⁶¹

The Stabilization of Japanese Politics Around the LDP

From 2007 to 2012, Japanese politics was plagued by instability. The premiership changed hands six times in those six years, and no party has controlled both the Lower and Upper Houses of the parliament for more than a few months. This period of turmoil appears to have been brought to an end with the LDP coalition's dominant election victories in December 2012 and July 2013. The former event, elections for Japan's Lower House, returned the LDP and its coalition partner, the New Komeito party, into power after three years in the minority. The latter consolidated the LDP coalition's hold by giving it a majority in the Upper House. (See **Figure 4** and **Figure 5** for a display of major parties' strength in Japan's parliament, which is called the Diet.) At the time of the election, Abe's public approval ratings were generally in the 60%-70% range, which polls attributed to voters' support for his economic policies. The fact that parliamentary elections do not have to be held until the summer of 2016 presumably gives Abe and the LDP a relatively prolonged period in which to promote their agenda. The LDP has ruled Japan for all but about four years since 1955.

Abe's Priorities

Abe has made improving Japan's economy his top priority. In a previous stint as prime minister, from 2006-2007, widespread feelings that his government was paying insufficient attention to

⁵⁹ *Inside U.S. Trade*, April 27, 2012.

⁶⁰ *World Trade Online*, April 5, 2012.

⁶¹ This section was written by Mark Manyin and Emma Chanlett-Avery. For more, see CRS Report R40758, *Japan's Historic 2009 Elections: Implications for U.S. Interests*, by Weston S. Konishi.

economic and social welfare issues contributed to low public approval ratings and his LDP's defeat in 2007 Upper House elections. For much of 2013, Abe's cabinet enjoyed poll numbers above 60%. They declined slightly in the fall, in part due to unease among many Japanese about the LDP's passage of a new state secrets law and the manner in which the party pushed it through the Diet. By early 2014, the government's approval ratings appeared to have stabilized at the 50%-60% level, buoyed in part by continued support for his economic stewardship.

Abe's popularity may be challenged in 2014 due to some economic issues. In April, Japan's consumption tax will rise from 5% to 8%, potentially curtailing economic growth at a time when many of the benefits of "Abenomics" have run their course. Also, many analysts—and Abe himself—argue that longer term economic growth will require structural reforms, which critics argue that Abe has pursued tentatively, in part due to opposition from entrenched interests, including elements within the LDP.

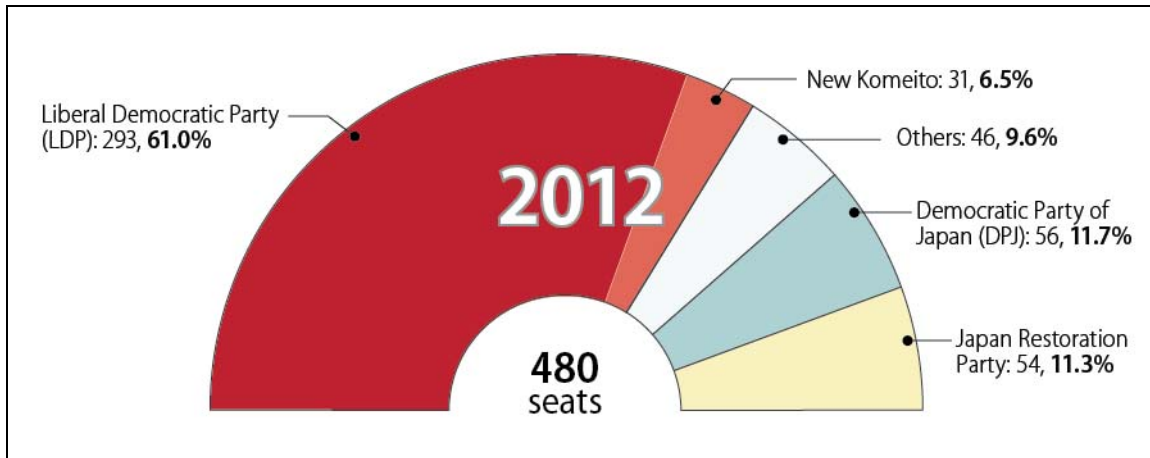
On security issues, as discussed earlier, Abe has been acting on his pledges to boost Japan's security capabilities, such as through the creation of a national security council in the prime minister's office. These moves are generally popular in the LDP, which has steadily become more hawkish on national security matters, as well as more revisionist on historical matters over the past twenty years.

Despite these trends within the LDP, Abe has said he will not prioritize his far-reaching proposals to amend the constitution's security-related clauses such as Article 9. This decision is likely based upon a number of political calculations. For one, the July 2013 elections did not give the LDP the two-thirds majority that Abe would need to amend Japan's constitution. Second, the LDP's coalition partner, New Komeito, opposes efforts to weaken or do away with Japan's collective self-defense ban, though New Komeito leaders often have placed a greater priority on maintaining their coalition with the LDP than upholding the party's pacifist principles in matters of national security. Thus, the LDP's ruling coalition is unlikely to be in jeopardy if Abe pushed forward with his agenda of loosening or abandoning some legal and political restrictions on the operations of Japanese military forces. However, New Komeito's stance means that Abe would have to rely upon votes from conservatives in other parties to make progress on his security agenda. Finally, while public support for amending the constitution's security provisions has increased in recent years, it remains a highly controversial topic that divides the Japanese electorate.

The LDP's fortunes appear to have been boosted in February when the candidate it supported, Yoichi Masuzoe, easily won an election to be governor of Tokyo. The victory was notable in part because it featured an attempt by former prime minister Koizumi Junichiro (2001-2006) to re-emerge as a political force. Koizumi, who left office as one of the most popular prime ministers in Japan's post-war history, backed the candidacy of former prime minister Hosokawa Morihiro (1993-1994) to be governor. The two campaigned on a platform of opposing the restart of Japan's nuclear reactors, a position supported by a majority of Japanese, according to public opinion polls.

Figure 4. Party Affiliation in Japan's Lower House of Parliament

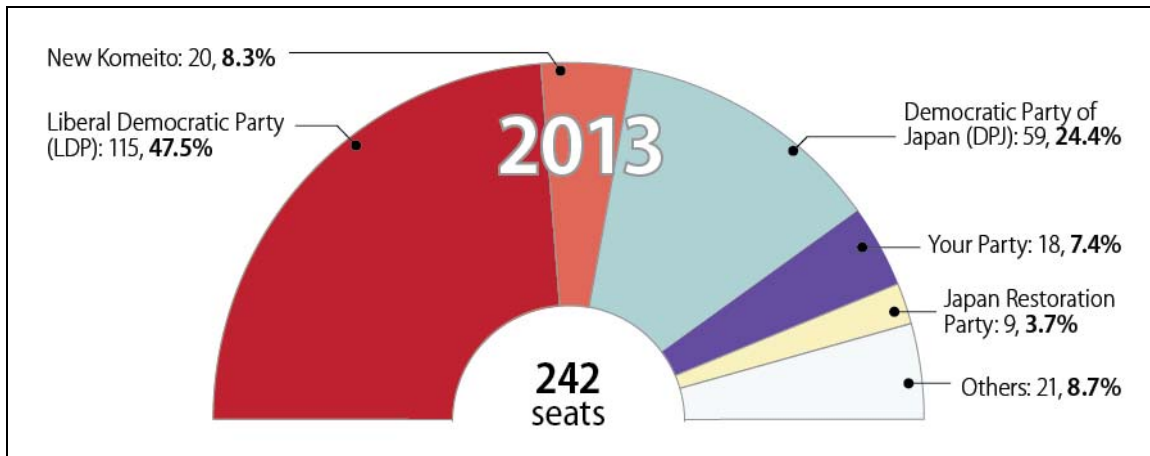
The LDP and its partner, New Komeito, control the Lower House, which elects the prime minister



Source: Kyodo News, December 26, 2012.

Figure 5. Party Affiliation in Japan's Upper House of Parliament

The LDP-New Komeito coalition controls the Upper House



Source: Yomiuri Shimbun, July 22, 2013.

The DPJ and Alternative Political Forces

The December 2012 and July 2013 parliamentary elections drastically reduced the size of Japan's largest opposition party, the Democratic Party of Japan (DPJ), which was the ruling party from 2009-2012. In the Lower House election, the DPJ's seat total tumbled from 230 seats to 57, and a number of prominent DPJ leaders lost their seats. In the July Upper House election, the DPJ seat total fell by nearly half, from 106 to 59 seats. The DPJ's public approval numbers have remained in the single digits since it lost its hold on power.

Over the past 20 years, growing frustration with Japan's political status quo has periodically given rise to small-to-moderate protest movements. Until the spring of 2013, many Japanese seemed to embrace alternative leaders such as Osaka mayor Toru Hashimoto, who since mid-2011 has captured national attention as the *de facto* leader of a populist deregulatory and

decentralization movement. Together with former Tokyo mayor Shintaro Ishihara, Toru Hashimoto formed the Japan Restoration Party (JRP, also known as *Ishin No Kai*) in the fall of 2012 and captured enough seats to almost overtake the DPJ as the leading opposition party in the Lower House. Both Hashimoto and Ishihara are known to support nationalist positions on matters of security and history, and thus were thought to perhaps be natural ad hoc allies for Abe on these issues. However, the JRP's poll numbers fell dramatically after Hashimoto made statements in early May 2013 that many interpreted as condoning Imperial Japan's "comfort women" system of forced prostitution. Although the party gained seats in the July Upper House elections, its performance was weaker than many had expected before the mayor's remarks, and it has polled at or below the DPJ's levels ever since.

In a seemingly contradictory trend, Tokyo's gubernatorial election also saw a surprisingly strong result for Toshio Tamogami, who many consider to be an extreme nationalist. A former chief of Japan's air force, Tamogami won more than 10% of the vote, including nearly a quarter of those in their 20s, according to one exit poll. Tamogami was dismissed from the military in 2008 after he wrote an essay playing down Imperial Japan's military conduct during World War II and arguing that the United States and China drew Japan into the war.

Structural Rigidities in Japan's Political System

Compared to most industrialized democracies, the Japanese parliament is structurally weak, as is the office of the prime minister and his cabinet. Though former Prime Minister Koizumi and his immediate predecessors increased politicians' influence relative to bureaucrats', with important exceptions Japan's policymaking process tends to be compartmentalized and bureaucratized, making it difficult to make trade-offs among competing constituencies on divisive issues. The result is often paralysis or incremental changes at the margins of policy, particularly during periods of weak premierships such as the one Japan experienced from 2006-2013. These difficulties were a major reason Abe took the unprecedented decision in early 2013 to house Japan's TPP negotiating team in the Prime Minister's office, in the hopes that this would help overcome the bureaucratic obstacles to making the trade-offs that are likely to be necessary to enable Japan's joining a final agreement, if one is reached.

Japan's Demographic Challenge

Japan's combination of a low birth rate, strict immigration practices, and a shrinking and rapidly aging population presents policymakers with a significant challenge. Polls suggest that Japanese women are avoiding marriage and child-bearing because of the difficulty of combining career and family in Japan; the fertility rate has fallen to 1.25, far below the 2.1 rate necessary to sustain population size. Japan's population growth rate is -0.1%, and its current population of 127 million is projected to fall to about 95 million by mid-century. Concerns about a huge shortfall in the labor force have grown, particularly as the elderly demand more care. The ratio of working age persons to retirees is projected to fall from 5:2 around 2010 to 3:2 in 2040, reducing the resources available to pay for the government social safety net.⁶² Japan's immigration policies have traditionally been strictly limited, closing one potential source of new workers. Prime Minister

⁶² Lynann Butkiewicz, "Implications of Japan's Changing Demographics," National Bureau of Asian Research, Washington, DC, October 2012.

Abe has discussed ways to mobilize greater women's participation in the workforce through such means as improving the availability of child care.

Selected Legislation

113th Congress

H.R. 44 (Bordallo). Recognizes the suffering and the loyalty of the residents of Guam during the Japanese occupation of Guam in World War II. Directs the Secretary of the Treasury to establish a fund for the payment of claims submitted by compensable Guam victims and survivors of compensable Guam decedents. Directs the secretary to make specified payments to (1) living Guam residents who were raped, injured, interned, or subjected to forced labor or marches, or internment resulting from, or incident to, such occupation and subsequent liberation; and (2) survivors of compensable residents who died in the war (such payments to be made after payments have been made to surviving Guam residents). Referred to House subcommittee on January 31, 2013. Status: Referred to the Subcommittee on Fisheries, Wildlife, Oceans, and Insular Affairs.

H.Res. 65 (Royce). Condemning the Government of North Korea for its flagrant and repeated violations of multiple United Nations Security Council resolutions, for its repeated provocations that threaten international peace and stability, and for its February 12, 2013, test of a nuclear device. Passed/agreed to in the House on February 15, 2013. Status: On motion to suspend the rules and agree to the resolution, as amended Agreed to by the Yeas and Nays: (2/3 required): 412-2 (Roll no. 45). Latest Action: 2/15/2013 Motion to reconsider laid on the table agreed to without objection.

S. 192 (Barrasso). Expedited LNG for American Allies Act of 2013; the exportation of natural gas to Japan shall be deemed to be consistent with the public ... during only such period as the Treaty of Mutual Cooperation and Security, signed at Washington January 19, 1960, and entered into force June 23, 1960 between the United States and Japan, remains in effect. Referred to Senate committee on January 31, 2013.

112th Congress

H.Res. 172 (Honda). Expressing heartfelt condolences and support for assistance to the people of Japan and all those affected in the aftermath of the deadly earthquake and tsunamis of March 11, 2011. Subcommittee hearings held.

S.Res. 101 (Reid). A resolution expressing the sense of the Senate relating to the March 11, 2011, earthquake and tsunami in Japan. Passed/agreed to in Senate on March 14, 2011.

S.Res. 333 (Feinstein). A resolution welcoming and commending the Government of Japan for extending an official apology to all United States former prisoners of war from the Pacific War and establishing in 2010 a visitation program to Japan for surviving veterans, family members, and descendants. Submitted in the Senate, considered, and agreed to without amendment and with a preamble by Unanimous Consent on November 17, 2011.

S.Res. 543 (Boxer). A resolution expressing the sense of the Senate condemning the international parental abduction of all children. Passed/agreed to with an amendment and an amended preamble in Senate on December 4, 2012.

111th Congress

H.R. 44 (Bordallo). Sought recognition of the loyalty and suffering of the residents of Guam who suffered unspeakable harm as a result of the occupation of Guam by Imperial Japanese military forces during World War II, by being subjected to death, rape, severe personal injury, personal injury, forced labor, forced march, or internment, as well as payments for death, personal injury, forced labor, forced march, and internment. Referred to Senate Committee on the Judiciary on March 5, 2009.

H.R. 423 (Mica). Sought to provide compensation for certain World War II veterans who survived the Bataan Death March and were held as prisoners of war by the Japanese. Referred to House Subcommittee on Military Personnel on February 6, 2009.

H.R. 2055 (Thompson) and S. 817 (Cantwell). The Pacific Salmon Stronghold Conservation Act of 2009. Among other items, authorized the sharing of status and trends data, innovative conservation strategies, conservation planning methodologies, and other information with North Pacific countries, including Japan, to promote salmon conservation and habitat. In April 2009, the House bill was referred to House Natural Resources Committee's Subcommittee on Insular Affairs, Oceans and Wildlife, which held a hearing on the bill on June 16, 2009. The Senate bill was referred to the Senate Committee on Commerce, Science, and Transportation in April 2009.

H.R. 2647 (Skelton) and S. 1390 (Levin); P.L. 111-84. The National Defense Authorization Act for FY2010. Signed into law October 28, 2009. On July 21, 2009, the Senate passed (58-40, Record Vote Number: 235) an amendment (S.Amdt. 1469) to S. 1390, the FY2010 National Defense Authorization Act, that eliminated funding for additional F-22 aircraft production. In conference, this provision was deleted, but both chambers agreed not to authorize funding for additional procurement of the F-22 in FY2010. Section 1250 requires the Secretary of Defense to report to Congress on the potential for foreign military sales of the F-22A fighter aircraft. Section 2835 establishes an Interagency Coordination Group of Inspectors General for Guam Realignment, which among other items, is required to submit by February 1 an annual report on Japan's budgetary contribution to the relocation of military personnel on Guam. The conference committee deleted the portion (in Section 2833) of the House version of H.R. 2647 that would have required construction firms that get contracts for projects associated with the expansion of U.S. military facilities on Guam to pay their workers wages consistent with the labor rates in Hawaii.

H.Res. 933 (Dingell). Commended the Government of Japan for its current policy against currency manipulation and encouraged the Government of Japan to continue in this policy. Introduced November 19, 2009; referred to House Ways and Means Committee.

H.Res. 125 (C. Smith). Called on Brazil in accordance with its obligations under the 1980 Hague Convention on the Civil Aspects of International Child Abduction to obtain, as a matter of extreme urgency, the return of Sean Goldman to his father David Goldman in the United States; urging the governments of all countries that are partners with the United States to the Hague Convention to fulfill their obligations to return abducted children to the United States; and recommended that all other nations, including Japan, that have unresolved international child

abduction cases join the Hague Convention and establish procedures to promptly and equitably address the tragedy of international child abductions. Passed/agreed to in House on March 11, 2009.

H.Res. 997 (Sutton). Expressed the sense of the House of Representatives regarding unfair and discriminatory practices of the government of Japan in its failure to apply its current and planned extension of the Government's Eco-friendly Vehicle Purchase and scrappage program to imported vehicles made by U.S. automakers. Introduced January 5, 2010; referred to the Committee on Ways and Means, and in addition to the Committee on Foreign Affairs, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

S.Res. 388 (Stabenow). Expressed the sense of the Senate regarding unfair and discriminatory measures of the Government of Japan in failing to apply the Eco-Friendly Vehicle Purchase Program to vehicles made by United States automakers. Introduced January 20, 2010; referred to the Committee on Finance.

H.Res. 1464 (Ros-Lehtinen). Recognized the 50th anniversary of the conclusion of the United States-Japan Treaty of Mutual Cooperation and Security and expressing appreciation to the Government of Japan and the Japanese people for enhancing peace, prosperity, and security in the Asia-Pacific region. Passed/agreed to in House on June 24, 2010.

S.Res. 564 (Webb). Recognized the 50th anniversary of the ratification of the Treaty of Mutual Security and Cooperation with Japan, and affirmed support for the United States-Japan security alliance and relationship. Resolution agreed to in Senate without amendment and with a preamble by Unanimous Consent on June 29, 2010.

H.Res. 1326 (Moran). Called on the Government of Japan to immediately address the growing problem of abduction to and retention of United States citizen minor children in Japan, to work closely with the Government of the United States to return these children to their custodial parent or to the original jurisdiction for a custody determination in the United States, to provide left-behind parents immediate access to their children, and to adopt without delay the 1980 Hague Convention on the Civil Aspects of International Child Abduction. Passed in the House on September 29, 2010.

Author Contact Information

Emma Chanlett-Avery
Specialist in Asian Affairs
echanlettavery@crs.loc.gov, 7-7748

William H. Cooper
Specialist in International Trade and Finance
wcooper@crs.loc.gov, 7-7749

Mark E. Manyin
Specialist in Asian Affairs
mmanyin@crs.loc.gov, 7-7653

Ian E. Rinehart
Analyst in Asian Affairs
irinehart@crs.loc.gov, 7-0345