



# Japan-U.S. Relations: Issues for Congress

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## Summary

The post-World War II U.S.-Japan alliance has long been an anchor of the U.S. security role in East Asia. The alliance facilitates the forward deployment of about 36,000 U.S. troops and other U.S. military assets in the Asia-Pacific, thereby undergirding U.S. national security strategy in the region. For Japan, the alliance and the U.S. nuclear umbrella provide maneuvering room in dealing with its neighbors, particularly China and North Korea.

When a devastating earthquake and tsunami hit Japan on March 11, 2011, U.S.-Japan relations were stable but still recovering from a difficult period in 2009-2010. The Democratic Party of Japan's (DPJ's) landslide victory in the August 2009 elections for the Lower House of Japan's legislature marked the end of an era in Japan; it was the first time Japan's Liberal Democratic Party (LDP) was voted out of office. The LDP had ruled Japan virtually uninterrupted since 1955. Since the resignation of the DPJ's first prime minister, Yukio Hatoyama, in June 2010, bilateral relations have been smoother under the leadership of Naoto Kan and Yoshihiko Noda. The party appears to have shifted its strategic thinking after a series of provocations from North Korea and indications of growing assertiveness from the Chinese military in disputed waters in 2010. The massive and immediate relief provided by the United States following the March 11 disaster bolstered the relationship further.

Difficult problems remain in the alliance, particularly in resolving problems related to the stationing of marines on Okinawa. In April 2012 the governments agreed to relocate several thousand marines elsewhere in the region, but have been unable to make serious progress on implementing a 2006 agreement to relocate the controversial Futenma Marine Air Station to a less densely populated location on Okinawa. Futenma Air Base remains open and presents a risk of an accident or crime that could exacerbate local-base relations further. In addition, concerns and uncertainty about the cost of the realignment plans has drawn criticism from several U.S. senators, putting funding at risk.

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, helping to finance the U.S. deficit and reduce upward pressure on U.S. interest rates. Bilateral trade friction has decreased in recent years, partly because U.S. concern about the trade deficit with Japan has been replaced by concern about a much larger deficit with China. One exception was U.S. criticism over Japan's decision in 2003 to ban imports of U.S. beef, which have since resumed, but on a limited basis.

However, the economic problems in Japan and the United States associated with the credit crisis and the related economic recession, together with the impact of the March 11 disasters, have played a role in the bilateral economic agenda. Japan has been hit particularly hard by the financial crisis and the subsequent economic downturn. Japan's gross domestic product (GDP) declined 1.2% in 2008 and 5.3% in 2009 but grew 4.0% in 2010. It declined 0.7% in 2011. However, the major focus of discussions has been on Japan's expressed interest in joining the Trans-Pacific Partnership (TPP) and under what conditions Japan might join.

## Contents

|   |    |
|---|----|
| Most Recent Developments .....  | 1  |
| Prime Minister Noda’s Difficulties.....   | 1  |
| March 2011 “Triple Disaster” .....  | 2  |
| Japan’s Response.....   | 3  |
| Economic Impact.....  | 3  |
| U.S.-Japan Alliance Performance.....  | 3  |
| Recovery and Energy Impact .....  | 4  |
| Major Diplomatic and Security Issues.....   | 6  |
| Regional and Historical Issues .....  | 6  |
| Japan’s Relations with the Korean Peninsula .....                                   | 7  |
| Japan-China Relations .....   | 8  |
| East China Sea Disputes Continue .....  | 9  |
| Japan’s Counter-Piracy Mission in the Gulf of Aden .....                            | 10 |
| Japanese Sanctions on Iran.....   | 11 |
| Afghanistan.....  | 12 |
| International Climate Negotiations.....   | 12 |
| International Child Custody Disputes.....   | 12 |
| Alliance Issues .....   | 13 |
| Futenma Relocation Controversy .....  | 13 |
| Progress on Other Elements of Military Realignment and Alliance Transformation..... | 15 |
| March 2011 Earthquake and Tsunami: U.S.-Japan Alliance Performance.....             | 15 |
| Burden-Sharing Issues.....  | 16 |
| Extended Deterrence .....   | 16 |
| Secret Nuclear Agreement.....   | 17 |
| Article 9 Restrictions.....   | 17 |
| Economic Issues .....   | 18 |
| Overview of the Bilateral Economic Relationship.....                                | 19 |
| Bilateral Trade Issues .....  | 20 |
| Japan’s Ban on U.S. Beef.....   | 20 |
| Japan and the Trans-Pacific Partnership Agreement (TPP).....                        | 21 |
| Insurance .....   | 22 |
| The Byrd Amendment .....  | 22 |
| WTO Dispute .....   | 23 |
| The Doha Development Agenda .....   | 23 |
| Japanese Politics .....   | 24 |
| Structural Rigidities in Japan’s Political System.....                              | 25 |
| Alternative Political Forces: Osaka Governor Hashimoto .....                        | 27 |
| Japan’s Nuclear “Village” .....   | 27 |
| Japan’s Demographic Challenge .....   | 28 |
| Selected Legislation.....   | 28 |
| 112 <sup>th</sup> Congress .....  | 28 |
| 111 <sup>th</sup> Congress.....   | 28 |

## **Figures**

|  |    |
|--|----|
| Figure 1. Map of Japan .....   | 2  |
| Figure 2. Affected Areas from March 11, 2011, Disaster .....           | 5  |
| Figure 3. Map of Sino-Japanese Territorial and Maritime Disputes.....  | 10 |
| Figure 4. Map of Military Facilities in Japan .....                    | 18 |
| Figure 5. Party Affiliation in Japan’s Lower House of Parliament.....  | 26 |
| Figure 6. Party Affiliation in Japan’s Upper House of Parliament ..... | 26 |

## **Tables**

|   |    |
|---|----|
| Table 1. U.S. Trade with Japan, Selected Years..... | 19 |
|---|----|

## **Contacts**

|                                 |    |
|---------------------------------|----|
| Author Contact Information..... | 30 |
|---------------------------------|----|

## **Most Recent Developments**

### **Prime Minister Noda's Difficulties**

Noda continues to face numerous challenges in advancing major pieces of domestic and foreign policy legislation. Noda's Democratic Party of Japan (DPJ) controls only one chamber—the Lower House—of Japan's bicameral parliament. The opposition Liberal Democratic Party (LDP) has used its control over the Upper House to stymie most of Noda's initiatives in an attempt to force him to call early elections. Noda also has been weakened by major divisions within his own Democratic Party of Japan (DPJ), a situation that is likely to worsen after the late April 2012 acquittal of Ichiro Ozawa, a former DPJ leader and Noda nemesis, on charges of violating Japan's campaign finance laws. The political paralysis has taken a toll on the prime minister's approval ratings, which by late April had fallen below 30% in some opinion polls. Noda, who became premier in September 2011, is the third DPJ prime minister since the party came to power in September 2009, and the sixth Japanese prime minister since 2007.

Noda's government is currently being tested on four major issues:

- raising Japan's consumption tax, Noda's top priority, in an attempt to reduce Japan's budget deficit and better prepare for the rapid ageing of Japanese society;
- how to overcome local resistance to restarting Japan's nuclear reactors, virtually all of which have been shut down (primarily for routine repairs) since the March 11, 2011, "triple disasters";
- joining the Trans-Pacific Partnership (TPP) free trade agreement negotiations with the United States and eight other countries; and
- accelerating the reconstruction of the Tohoku region of Japan that was hit by the March 11 earthquake, tsunami, and nuclear meltdown.

Figure 1. Map of Japan



Source: Map Resources. Adapted by CRS.

## March 2011 “Triple Disaster”

On March 11, 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; even a year later, 325,000 people

remained in temporary housing. Damage to several reactors at the Fukushima Dai-ichi nuclear power plant complex led the government to declare a nuclear emergency and evacuate nearly 80,000 residents within a 20 kilometer radius due to dangerous radiation levels.

## **Japan's Response**

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. Commentators marveled at Japanese citizens' calm resilience, the lack of looting, and the orderly response to the worst earthquake in the nation's 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.

Despite this response to the initial event, the uncertainty surrounding the nuclear reactor accident 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 regarding the lack of clear guidance from leadership emerged. Concerns about the government's excessive dependence on Tokyo Electric Power Company (TEPCO), the firm that owns and operates the power plant, amplified public skepticism and elevated criticism about coziness between regulators and utilities.

## **Economic Impact**

The earthquake and tsunami initially had a large negative economic impact on Japan but a lesser effect on world markets. Japan lost considerable physical and human capital. Physical damage has been estimated from \$195 billion to as much as \$305 billion, not including the Fukushima disaster. A shortfall of power in Tokyo and northern Japan led to some mandatory restrictions and inspired individual consumers to voluntarily impose conservation measures. Radiation has apparently affected Japan's food chain, leading Tokyo to impose restrictions on the sale of several products from the affected areas. Due to ongoing safety concerns, the majority of Japan's nuclear reactors are currently offline. Nuclear power generated about 30% of Japan's electricity in the past and was anticipated to provide more than half in the upcoming decades. The uncertainty surrounding the nation's energy profile in the years ahead is among the many problems plaguing Japan in the aftermath of the disasters.

However, global supply chains are recovering more quickly than initially feared, and government spending has driven a slight uptick in growth in Japan. Although the removal of debris in Tohoku remains a mammoth task, all major roads and rail service has been restored to the region.

## **U.S.-Japan Alliance Performance**

The U.S. response was swift and substantial. U.S. humanitarian assistance totals over \$95 billion, with over \$88 billion of that from the Department of Defense (DOD). The U.S. military dispatched thousands of personnel and hundreds of aircraft and naval vessels, including an aircraft carrier task force, to work alongside SDF forces. The expeditionary capability of the U.S. forces allowed them to provide crucial support from sea as well as logistical coordination from a relief hub at Sendai airport. The existing structure of the SDF and U.S. bases in the region

allowed for effective response to the overwhelming and multi-faceted disaster. (See “Alliance Issues” section for further details.)

As the crisis surrounding the damaged reactors at the Fukushima Dai-ichi facility intensified, the United States stepped up efforts to assist the government of Japan. The Nuclear Regulatory Commission, Department of Energy, and Department of Defense all contributed assistance to help Japan deal with the nuclear crisis. Efforts included on-the-ground expertise, decontamination of assets, monitoring of contamination of food and water, aerial detection capability, high-pressure water pumps, fire trucks, and protective gear from radioactivity. The Marines’ Chemical and Biological Incident Response Force (C-BIRF) also provided training to the Japanese SDF forces operating in the area of the stricken reactor.

## **Recovery and Energy Impact**

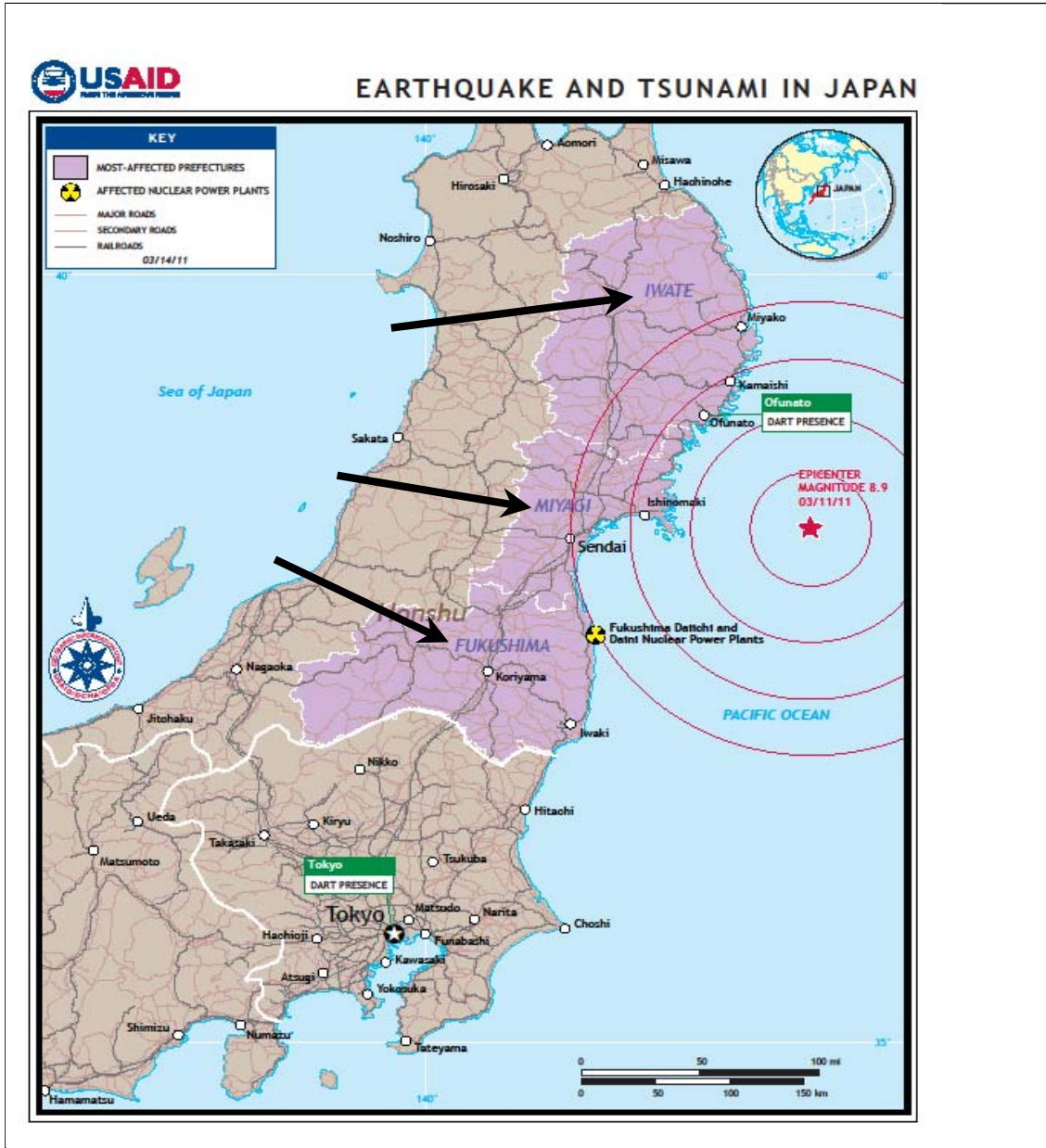
Recovery from the disaster has been hampered by practical obstacles and political dysfunction in Tokyo. Although major highways and high speed rail infrastructure were restored to their full capacity within months, only 5% of the estimated 25 million tons of debris had been removed a year after the events. More dauntingly to the reconstruction process, there is no consensus on how or if to rebuild the small villages that were swept away, which were thinly populated with mostly elderly residents. In some ways, the Fukushima nuclear plant accident took the hardest toll on Japan by deeply damaging the population’s trust in the government’s competence and honesty. Since the disaster, reports have emerged that appear to show that the government delayed releasing data and safety standards and that scenarios such as the evacuation of Tokyo were not disclosed to the public. Many Japanese continue to doubt whether food grown in areas surrounding the Fukushima plant is safe to consume despite official assurances.

The Fukushima disaster has crystallized public opinion in opposition to Japan’s reliance on nuclear energy. Before 3/11, Japan depended on nuclear power for about 30% of its electricity supply and planned to increase that figure to 50% by building 20 more reactors by 2030. Those plans have been abandoned and only one of Japan’s 54 reactors is currently operating. Under Japanese law, all reactors must be shut down every 13 months for routine maintenance; since the disaster, local public officials have refused to restart the reactors that are off-line. The Noda government supports restarting the reactors and has emphasized the use of “stress tests” and other measures to ensure the plants’ safety. However, top officials have also called for the eventual phasing out of the reliance on nuclear energy over the next several years, reflecting the public’s loss of faith in the industry.

In the short term, Japan faces a potential major energy crunch in a time when global energy prices are soaring. With the summer months approaching and the accompanying raised electricity demand, there are concerns that energy supplies will be rationed or cut, despite officials’ assurances to the contrary. More fundamentally, some prominent energy experts, including former International Energy Agency executive director Nobuo Tanaka, warn that Japan’s manufacturing base may pull operations out of the country if they are worried about a consistent energy supply. Concerns about Japan’s excessive reliance on oil supplies from the volatile Middle East have led some in Japan to call for the United States to sell some of its less expensive liquified natural gas (LNG) supply to Japan.



Figure 2. Affected Areas from March 11, 2011, Disaster



Source: U.S. AID.

## Major Diplomatic and Security Issues<sup>1</sup>

The U.S.-Japan relationship is stable but handicapped by the political paralysis in Tokyo. Prime Minister Noda is the sixth leader in as many years, with a series of legislative challenges ahead of him that may threaten his tenure as well. Noda and his two immediate predecessors have stabilized relations with Washington after ties were strained. When the DPJ came into power under Yukio Hatoyama's leadership, U.S. relations got off to a rocky start because of the Futenma issue (see below), but some observers chalked this up to the DPJ's inexperience in governance. Friction in the alliance and stalemate on the Okinawa agreement had been present for several years under previous LDP governments. After a period of rejuvenated defense ties in the first years of the George W. Bush Administration, expectations of a transformed alliance with a more forward-leaning defense posture from Japan diminished. In the final years of the decade, political paralysis and budgetary constraints in Tokyo, Japan's slow-to-little progress in implementing base realignment agreements, Japanese disappointment in Bush's policy on North Korea, and a series of smaller concerns over burden-sharing arrangements led to reduced cooperation and a general sense of unease about the partnership.

Despite the public flap over the relocation of the Futenma airbase between the Obama and Hatoyama Administrations, regional conflicts in 2010 appeared to reset the relationship on more positive footing. Repeated provocations from North Korea and a confrontation with China over a ship collision in disputed waters led to strong statements of mutual support and unity. The alliance seemed to re-focus itself on the changing security contours of the region, with an explicit attention to China's activities. Although major military basing issues remain unresolved, the joint response to the March disasters offered evidence of the underlying strength of the partnership. Repeated public declarations of support from the highest levels of the U.S. government and military, combined with the rapid deployment of resources to aid the victims of the tsunami, presented an alliance apparently unwavering in its fundamental commitment. At the same time, the staggering task of rebuilding for Japan may result in fewer resources to commit to international efforts that are important to the United States.

## Regional and Historical Issues

Historical issues have long dominated Japan's relationships with its neighbors, and particularly China and South Korea, who remain resentful of Japan's occupation and belligerence during the

### Japan Country Data

**Population:** 127.4 million

**% of Population over 64:** 23% (U.S. = 12.4%)

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

**Life Expectancy:** 84 years

**Per Capita GDP:** \$34,300 (2011 est.) purchasing power parity

**Primary Export Partners:** China 19.4%, U.S. 15.7%, South Korea 8.1%, Hong Kong 5.5% (2010)

**Primary Import Partners:** China 22.1%, U.S. 9.9%, Australia 6.5%, Saudi Arabia 5.2%, UAE 4.2%, South Korea 4.1%, Indonesia 4.1% (2010)

**Yen: Dollar Exchange Rate:** 79.67 (2011 est.), 87.78 (2010), 94.5 (2009), 103.58 (2008), 117.99 (2007), 116.18 (2006), 110.22 (2005)

**Foreign Exchange Reserves:** \$1.063 trillion (December 2010 est.)

**Source:** CIA World Factbook, May 2012.

<sup>1</sup> This section was written by Emma Chanlett-Avery.

World War II period and earlier. The DPJ government has indicated a willingness to more emphatically address Japan's history of aggression. Under the DPJ, Japan has built upon improvements that began under recent LDP governments. At the outset of the DPJ's rule, relations improved, with ceremonial visits marked by exceptional warmth. The relationship with China, however, has chilled significantly, particularly with developments in the East China Sea. Tokyo-Seoul relations appeared to be on their most positive footing in years, although long-standing territorial disputes continue to dampen the chances for a major breakthrough between the two U.S. allies.

Prime Minister Noda's stance on historical issues is somewhat less clear than his predecessors' positions. Both Hatoyama and Kan pledged not to visit Yasukuni Shrine (a Shinto shrine that honors Japanese soldiers who died in war, including several convicted Class A war criminals), thereby removing an obstacle that strained Tokyo's relationships with Beijing and Seoul in the early and mid-2000s. Noda has also indicated neither he nor his ministers will pay homage at the shrine. In 2005, however, as an opposition lawmaker, Noda stated that he does not believe that the individuals in question should be considered war criminals due to the legal restoration of their honor through the signing of the 1951 San Francisco Peace Treaty and the passage of several related Diet resolutions. This position drew ire from both South Korea and China after Noda's selection as Prime Minister.

## **Japan's Relations with the Korean Peninsula**

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, Pyongyang's string of provocations in 2009-2010 forged a new consensus among Japan, South Korea, and the United States. North Korea's provocations have helped to drive enhanced trilateral defense initiatives between Washington, Tokyo, and Seoul. Japan also appeared to be at least somewhat in synch with the United States in late 2011 and early 2012 when the Obama Administration—with the blessing of the South Korean government—was negotiating agreements with North Korea over the DPRK's nuclear and missile programs and food aid. North Korea's April 13 rocket launch appears likely to re-trigger a period of intense trilateral U.S.-Japan-South Korea consultations, particularly if Pyongyang follows with another action such as a nuclear test.

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 move forward on missile defense cooperation with the United States. The April 13 rocket launch, described by North Korea as a "satellite" launch, captivated attention in Japan. Prior to the launch, which North Korea announced weeks in advance, Japan's Defense Minister Naoki Tanaka ordered the military to shoot down any part of the rocket that threatened to hit Japanese territory. The flight path announced by North Korea would have flown close to Okinawa, though ultimately the rocket exploded over the Yellow Sea between China and the Korean Peninsula about 90 seconds after the launch. The Japanese government has been criticized for its response to the launch, both for taking 40 minutes to make an announcement, and then for Tanaka's performance while briefing reporters.<sup>2</sup>

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<sup>2</sup> Kelly Olsen, "Tokyo Under Fire for North Korea Rocket Response," *The Wall Street Journal's Japan Real Time Blog*, April 16, 2012, 2:02 PM JST.

In addition to Japan's concern about Pyongyang's weapons and delivery systems, the issue of several Japanese citizens abducted by North Korean agents in the 1970s and 1980s remains a top priority for Tokyo in the multinational negotiations. 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 inclusion on the list should be linked to the abduction issue.

Japan's relations with South Korea generally have been on a more positive trajectory since 2008, when South Korean President Lee Myung-bak came into office. During his first three years in office, Lee made efforts to improve relations and—perhaps more significantly—strove to dampen South Korean reactions to perceived inflammatory moves by Japan on sensitive historical and territorial issues. The DPJ has taken some steps to acknowledge the abuses Imperial Japan committed when it occupied the Korean Peninsula from 1910-1945. In addition, North Korea's provocative acts drove closer trilateral cooperation among the United States, Japan, and South Korea. For instance, in the aftermath of North Korea's shelling of South Korea's Yeonpyeong island in November 2010, the South Koreans sent military observers to participate in joint U.S.-Japan defense exercises for the first time in history. In the past, U.S. officials' attempts to foster this coordination were often frustrated because of tension between Seoul and Tokyo.

However, relations have cooled significantly since the spring of 2011. The perennial issues of a territorial dispute and Japanese history textbooks continue to periodically ruffle relations. A group of small islands known as Dokdo in Korean and Takeshima in Japanese (and referred to as the Liancourt Rocks by the United States) remain administered by South Korea but claimed by Japan. Mentions of the claims in Japanese defense documents or local prefectures routinely spark official criticism and public outcry in South Korea. Similarly, Seoul voices regular disapproval of some of the history textbooks approved by Japan's Ministry of Education that South Koreans claim plays down or whitewashes Japan's colonial atrocities. Plans to sign a bilateral agreement to allow for the exchange of military goods and services during peacetime operations appear to have dimmed.

## **Japan-China Relations**

For the past few years, Sino-Japanese relations have been characterized by growing economic interdependence mixed with increased strategic mistrust and rivalry. Official relations have rebounded from the nadir of September 2010, when an incident between Japan and China involving the disputed Senkaku islands (called the Diaoyu islands by China and the Tiaoyutai islands by Taiwan) in the East China Sea sent relations into a deep freeze (see text box below). Since early 2011, the two sides have held a number of relatively uncontroversial high-level visits, including Prime Minister Noda's December 2011 trip to China, the first such visit by a Japanese leader since 2009, and have taken steps to expand bilateral economic ties. The two countries also have expanded trilateral arrangements with South Korea, most notably the opening of a small secretariat for the fledgling "CJK" (China-Japan-South Korea) forum in Seoul.

Despite these efforts, bilateral tensions and ill feelings continue to persist, particularly over conflicting claims in the East China Sea. Even as Prime Minister Noda has made numerous statements stressing the importance of harmonious Japan-China relations, he also has made a number of public comments expressing concern over the lack of transparency in China's military

buildup and increased maritime activities, linking these to growing feelings of insecurity in Japan and the rest of Asia. A number of public opinion polls show that most Japanese continue to hold strong negative feelings toward China.

Overall, officials in Tokyo and Beijing appear to be making determined efforts not to let these lingering tensions, particularly over the East China Sea issues, spill over into the rest of the relationship. These efforts are expected to continue for much of 2012, as both governments are marking the 40<sup>th</sup> anniversary of the normalization of bilateral relations and China is undergoing a leadership transition.

Another feature of the Sino-Japanese relationship that generally cushions the impact of strategic tensions is the growing economic interdependence between the two countries. Over the past decade, for instance, China has emerged as Japan's largest trading partner. Over the past year, the two sides have made efforts to promote direct yen-yuan trade (virtually all bilateral trade is first converted into dollars) and have expanded the "CJK" economic relationship by reaching an agreement on a trilateral investment treaty and moving closer to beginning negotiations over a trilateral free trade agreement (FTA). Japan's first priority remains a decision on whether to seek membership in the TPP, although potential CJK discussions could offer it an alternate route to integrating into regional trade groupings. In a number of sectors, many Japanese companies and policymakers also regard China as an economic competitor. In March 2012, Japan joined with the United States and the European Union in filing a case with the WTO against China's restrictions on its rare earths exports that are critical to a number of products, such as wind turbines and hybrid car batteries, that use advanced technology.

## **East China Sea Disputes Continue**

Both sides continue to assert their claims to various islands and underwater resources in the East China Sea.<sup>3</sup> Chinese fishing and research vessels continue to operate in Japan-administered waters. In a possible sign that the two sides wish to avoid a repeat of the 2010 Senkakus flare-up, Tokyo and Beijing managed a similar incident in November 2011 with a minimal disruption to relations.<sup>4</sup> However, the two sides appear to have made little progress in developing a maritime crisis management system or implementing a 2008 agreement to jointly develop undersea resources in disputed areas. Japanese officials have made repeated calls for progress in both areas.

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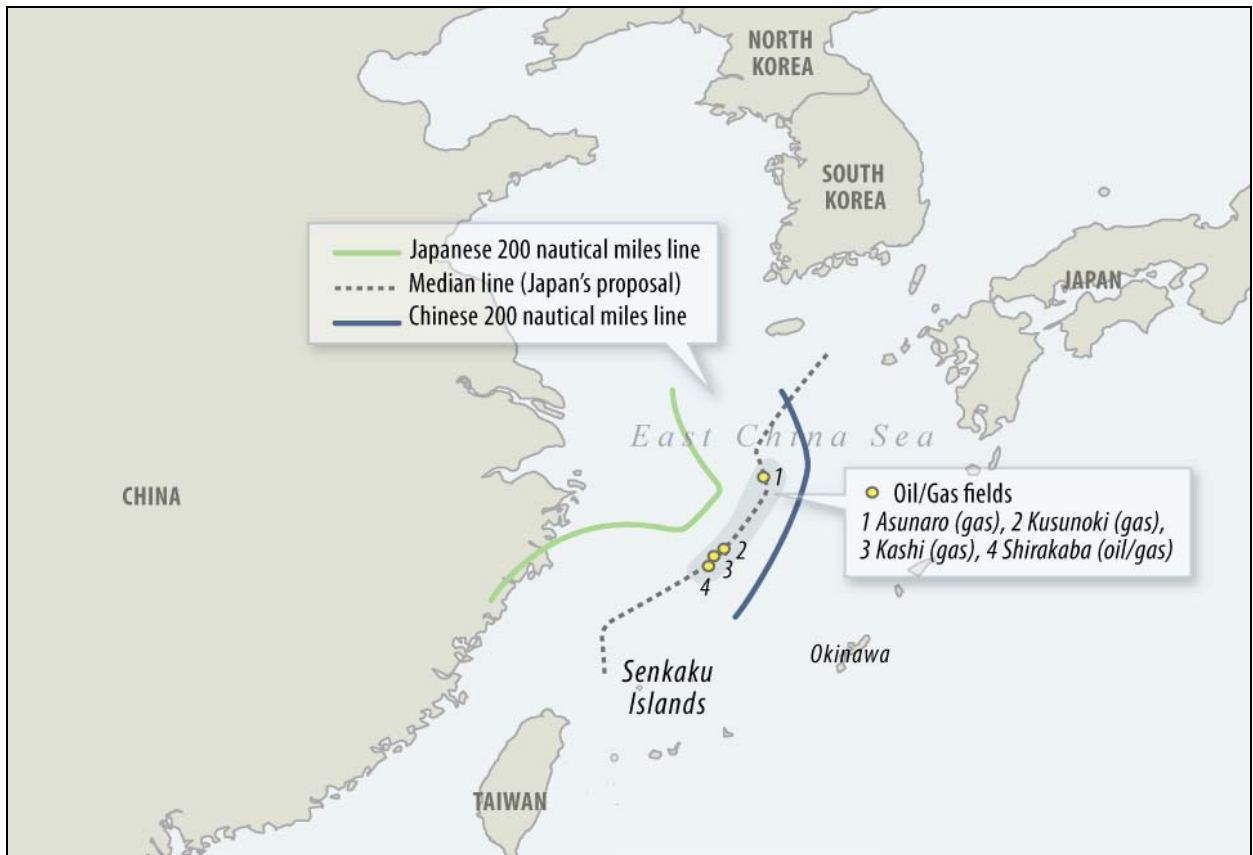
<sup>3</sup> There are essentially three disagreements over territory and boundaries in the East China Sea. The first, and most acrimonious, is the territorial dispute over the Senkaku/Diaoyu islands, which are administered by Japan, but also claimed by China and Taiwan. The second is a dispute over maritime sovereignty (as opposed to territory). While China claims the whole continental shelf to the Okinawa Trough, Japan claims the same shelf to a median line between its undisputed territory and that of China. China has been acting on its claims by exploring and building pipelines in the disputed waters of the East China Sea, under which lie gas and oil reserves. Additionally, there is a maritime dispute over whether Okinotorishima, which lies more than 1,000 miles east of Tokyo, is an island entitled to an Exclusive Economic Zone (EEZ), as Japan claims. China (along with South Korea) argues that it is a rock that cannot sustain human habitation or economic life. Japan's position on Okonorishima is a basis for it to claim a large EEZ in the western Pacific Ocean.

<sup>4</sup> On November 6, a Japanese Coast Guard ship chased, collided with, and took into custody the captain of a Chinese fishing boat. Three days later, Japanese authorities released the man after a 300,000 yen fine was paid for violating Japan's Fishery Law. Beijing took the position that the incident was a "regular fisheries case." For more, see James J. Przystup, "Japan-China Relations: Another New Start," *Comparative Connections*, January 2012.

### The September 2010 Senkakus/Diaoyu Incident

On September 7, 2010, the Japanese Coast Guard arrested the crew of a Chinese fishing vessel after the trawler apparently collided with two Coast Guard ships in the areas surrounding the Senkaku Islands (called the “Diaoyu” islands by the Chinese). The islands, located between Taiwan and Okinawa and reportedly rich in energy deposits, are administered by Japan but claimed by Tokyo, Beijing, and Taipei. After Japan released the crew but kept the captain of the Chinese ship in custody, Chinese officials reacted by cancelling official meetings and exchanges, threatening unspecified “countermeasures,” and, according to many analysts, temporarily halting the export of rare earth minerals that are essential to Japanese automakers’ operations. For nearly a month the case dominated the news in Japan, as China ratcheted up pressure against the ruling DPJ. Eventually, the immediate dispute was resolved when Japanese authorities released the captain. This move came after Obama Administration officials stated that although the United States would not weigh in on territorial disagreements, the islands are subject to Article 5 of the U.S.-Japan security treaty, which stipulates that the United States is bound to protect “the territories under the Administration of Japan.” China’s intense and immediate escalation of rhetoric and action in what could have been a more routine matter also disturbed many regional observers.

**Figure 3. Map of Sino-Japanese Territorial and Maritime Disputes**



### Japan’s Counter-Piracy Mission in the Gulf of Aden

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

military. Although this would be Japan's first foreign base since World War II, the move has sparked little controversy among the generally pacifist Japanese public.

## Japanese Sanctions on Iran

Over the past decade, growing concerns over Iran's nuclear program have led to increased U.S. scrutiny of Japan's longstanding trade with and investments in Iran. Japan is the third-biggest customer for Iranian oil, and for most of the past decade Iran has been Japan's third largest source of crude oil imports, accounting for a little over 10% of the annual total.<sup>5</sup> As part of their efforts to tighten economic penalties on Iran, the Bush and Obama Administrations have pushed Japan to curtail its 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.

Most recently, in March 2012, the Obama Administration granted Japan an 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.<sup>6</sup> 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 over 10% in 2011, and are at about half the level they were in 2003.<sup>7</sup> Iran's share of Japan's oil market has fallen by several percentage points, to less than 8%, a level not seen since 1988.<sup>8</sup> Additionally, Japan has restricted the activities of 21 Iranian banks.<sup>9</sup>

In past measures to cooperate with the United States over Iran, Japan announced in September 2010 that it would impose new restrictions—which exceeded the requirements of United Nations Security Council Resolution 1929 that sanctioned Iran—that included a broad ban on investments in and restrictions on sales to Iran's energy sector, as well as a freeze on certain assets of Iranian banks. They did not deal with Japan's oil imports from Iran. Earlier in the decade, after pressure from the Bush Administration, Japan's quasi-governmental INPEX company dramatically scaled back its involvement in developing Iran's Azadegan oilfield. In October 2010, INPEX announced its complete withdrawal from the project and, as a result, it was granted an exemption from U.S. sanctions under a provision of the Iran Sanctions Act that was added by a July 2010 law (P.L. 111-195). In addition, several major Japanese corporations, including Toyota Motors, viewing

<sup>5</sup> Iran data is from Economist Intelligence Unit, *Iran Country Report*, March 2012. Japan data is a CRS adaptation of data provided in *Japan Statistical Yearbook 2012*, Table 10-13, "Imports of Crude Oil by Region and Country." During the same time period, Saudi Arabia and the United Arab Emirates, Japan's two largest oil suppliers, generally accounted for approximately 29% and 25%, respectively.

<sup>6</sup> 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.

<sup>7</sup> Economist Intelligence Unit, *Iran Country Report*, March 2012.

<sup>8</sup> Ministry of Internal Affairs & Communication: *Historical Statistics of Japan*, "Table 10-12 Imports of Crude Oil by Region and Country (F.Y. 1970-2003)," <http://www.stat.go.jp/english/data/chouki/index.htm>; "Table 10-13, "Imports of Crude Oil by Region and Country," in *Statistical Yearbook of Japan*, 2008, 2010, and 2012. Ministry of Economy, Trade, and Industry, "Preliminary Report on Petroleum Statistics February 2012," <http://www.meti.go.jp/english/statistics/tyo/sekiyuso/index.html>.

<sup>9</sup> 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.

Iran as a “controversial market,” have ceased doing business in Iran even though no U.N., U.S., or Japanese government sanctions would apply to those transactions.

## **Afghanistan**

Japan’s contribution to anti-terrorism and stability operations in Afghanistan has shifted form since the DPJ’s victory in the 2009 Lower House elections. As promised during the campaign, the DPJ government of Yukio Hatoyama in 2009 terminated Japan’s participation in the U.S.-led Operation Enduring Freedom mission. The Japanese Maritime Self Defense Force had been providing fuel and water to other coalition ships in the Indian Ocean since 2001. When in opposition, the DPJ had opposed the deployment on the grounds that the mission fell under the U.S.-led operation and was not authorized by the United Nations. In exchange, Japan pledged up to \$5 billion in civilian aid for Afghanistan’s reconstruction, including funds that have paid much of the costs to sustain the Afghan National Police (ANP). Early on in the international intervention in Afghanistan after 2001, Japan, in partnership with the United Nations, funded a program to disarm local militias. In January 2010, Japan offered \$50 million to start a fund designed to convince militants to give up violence and reintegrate into mainstream society. Japan reportedly considered sending troops to participate in a Provincial Reconstruction Team (PRT) in Afghanistan, but has shied away from such a commitment. A deployment would likely be controversial for the pacifist-leaning Japanese public.

## **International Climate Negotiations**

Tokyo has sought to highlight Japan’s leadership on environmental issues, where Japan has long been recognized as a global leader in energy efficiency and development of clean energy technology, including hybrid cars. Japan is the fourth-largest emitter of greenhouse gases after the United States, the Russian Federation, and China. Under the Kyoto Protocol, which Tokyo ratified in 2002, Japan is obligated to reduce its emissions to 6% below its 1990 levels by 2012, although it is unlikely to meet this goal without purchasing international carbon emission offset credits. Japanese industry shares many of the concerns of U.S. industry about the cost and feasibility of robust emission reductions.

Former Prime Minister Hatoyama pledged to cut Japan’s greenhouse emissions to 25% of 1990 levels by 2020, a goal that some experts in Japan have characterized as unrealistic. Japan is considered to be closely aligned with the Obama Administration in international climate negotiations in its position that any legally binding post-2012 climate agreement must be binding in a symmetrical way, with all major economies agreeing to the same elements. Japan is a strong supporter of the 2009 Copenhagen Accord, as well as the 2010 “Cancun Agreements.”

## **International Child Custody Disputes**

The issue of overseas Japanese women in failed marriages taking children to Japan without the consent of the foreign husband or ex-husband has become an issue in bilateral relations. Sometimes, these women have acted in contravention of foreign custody settlements and, after arriving in Japan, have prevented the children from meeting their fathers. With cases involving over 269 children, the United States reportedly has the largest number of such disputes with



Japan.<sup>10</sup> Legally, Japan only recognizes sole parental authority, under which only one parent has parental 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.<sup>11</sup>

In September 2010, the House of Representatives passed a resolution (H.Res. 1326) calling on Japan to address the problem, provide access to the children to the parents, and join the 1980 Hague Convention on the Civil Aspects of International Child Abduction. The increased publicity has raised awareness of the issue in Japan, particularly among Diet members. In May 2011, the government announced that it intended to accede to the Convention, and in March 2012 submitted a bill that would adjust Japanese domestic law to allow Tokyo to sign the treaty. However, press reports indicate that passage of the bill is uncertain due to reservations in both the opposition and ruling parties, in addition to preoccupation with other legislative issues.

## **Alliance Issues<sup>12</sup>**

Japan and the United States are military allies under a security treaty concluded in 1951 and revised in 1960. Under the treaty, Japan grants the United States military base rights on its territory in return for a U.S. pledge to protect Japan’s security. Although defense officials had hoped that the 50<sup>th</sup> anniversary of the treaty would compel Tokyo and Washington to work on additional agreements to enhance bilateral defense cooperation, a rocky start under the Democratic Party of Japan (DPJ) government generated concern about the future of the bilateral alliance. The coordinated response to the disaster by the U.S. and SDF militaries made a strong statement about the strength and the value of the bilateral alliance, and commitment from top U.S. leadership to continue to assist the nation in its recovery may have assuaged fears that the alliance was adrift after a series of public disagreements in the past two years. On the other hand, the crisis response did little to change the fundamental challenges of the thorny base relocation issue in Okinawa. Although the governments have now amended the plan to allow several thousand marines to depart Okinawa in order to ease local frustrations, fundamental questions about the existence of problematic military facilities and the political sustainability of the Marine presence on the island remain.

## **Futenma Relocation Controversy**

A prominent controversy over the relocation of a Marine base in Okinawa has consumed the alliance for years. While a comprehensive resolution remains elusive, the two governments have adjusted the plan in a way that removes the issue from the center of the strategic relationship. The 2006 agreement between the U.S. and Japanese governments to relocate the Futenma Marine Air Station from its current location in crowded Ginowan to Camp Schwab, in a less congested part of the island, was envisioned as the centerpiece of a planned realignment of U.S. forces in

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<sup>10</sup> “U.S. House Demands Japan Act on Parental Abduction,” Kyodo News. September 30, 2010.

<sup>11</sup> 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.

<sup>12</sup> For more information on the U.S.-Japan alliance, see CRS Report RL33740, *The U.S.-Japan Alliance*, by Emma Chanlett-Avery.

Japan.<sup>13</sup> Under the original agreement, 8,000 marines and their dependents would be redeployed out of Okinawa in exchange for progress on constructing the new Marine facility at Camp Schwab, located in Henoko. Problematic from the start, the relocation developed into a major point of contention between Tokyo and Washington after Prime Minister Hatoyama became Prime Minister in 2009; Hatoyama had promised Okinawans during the campaign that he would oppose the relocation. Although Hatoyama and his DPJ successors all eventually endorsed the plan, local opposition and management missteps by Tokyo appeared to render the plan unworkable.

Essentially conceding that the agreement appeared unlikely to move forward, the United States and Japan officially changed the policy in April 2012 by “de-linking” the transfer of marines with progress on the new base in Henoko. The announcement by the defense and diplomatic leaders of both countries also stipulated that arrangements to return some land used by U.S. forces to Okinawa would not be contingent on the relocation. In order to ease the burden on Okinawan residents, about 9,000 U.S. marines would be transferred to relocations outside of Japan: to Guam, Hawaii, and on a rotation basis to Australia. Alliance officials packaged the move as in line with their goal of making U.S. force posture in Asia “more geographically distributed, operationally resilient, and politically sustainable.”

After the announcement, three senators (Carl Levin, Democratic chairman of the Armed Services Committee; John McCain, ranking minority member of that committee; and Jim Webb, Democratic chairman of the Foreign Relations subcommittee on East Asia) who had earlier criticized the realignment plan as “unrealistic, unworkable, and unaffordable,” wrote in a letter to Defense Secretary Leon Panetta that, “No new basing proposal can be considered final until it has the support of Congress, which has important oversight and funding responsibilities.” Concern about the ballooning costs of the Guam construction drove Congress to zero out the Administration’s request for military construction funding in the FY2012 National Defense Authorization Act, P.L. 112-81. Section 2207 prohibits funds authorized under the act, as well as funds provided by the Japanese government military construction activities on land under DOD’s jurisdiction, from being obligated to implement the planned realignment of Marine Corps forces from Okinawa to Guam until certain justifications and assessments are provided. According to congressional staffers, none of these demands have been fully satisfied, and it is unclear whether the latest policy adjustments will change the terms of the congressional requirements.

Significant obstacles remain in Japan as well. Public opposition has hardened considerably in Okinawa, with all the major political figures involved in the permit process declaring opposition to the plan. The Futenma base remains operational, but concerns about another accident or crime involving U.S. personnel are heightened as units return to the area after tours in the Middle East. The U.S. military plans to deploy MV-22 Osprey transport aircraft to Futenma as early as summer or fall 2012, a move anticipated to draw local protests because of safety concerns. The fundamental problem of hosting foreign troops on a crowded urban landscape, and the sense of grievance that the Okinawans in particular have harbored for decades, seems unlikely to fade.

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<sup>13</sup> Per the agreement, the redeployment of some units of the III Marine Expeditionary Force (III MEF), which includes 8,000 U.S. personnel and their dependents, to new facilities in Guam would lead to the return of thousands of acres of land to Japan. Japan agreed to pay around 60% of the \$10.3 billion estimated costs. Before the policy change in 2012, the transfer was contingent upon finding replacement facilities for the Futenma base. After 13 years of negotiations, U.S. and Japanese officials settled on Camp Schwab because of its location in Henoko, a far less congested area of Okinawa.

The reduction of Marines on Okinawa seeks to quell the political controversy that has surrounded the presence of U.S. forces in the southernmost part of Japan for years. Public outcry against the bases has continued since the 1995 rape of a Japanese schoolgirl by an American serviceman, and was renewed after a U.S. military helicopter crashed into a crowded university campus in 2004. Though constituting less than 1% of Japan's land mass, Okinawa currently hosts 65% of the total U.S. forces in Japan. The current controversy reflects a fundamental tension in the relationship between Okinawa and the central government in Tokyo: while the country reaps the benefit of the U.S. security guarantee, the Okinawans must bear the burden of hosting thousands of foreign troops. Although the host cities are economically dependent on the bases, residents' grievances include noise, petty and occasionally violent crime, and environmental degradation stemming from the U.S. presence.

### **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 the stationing of U.S. forces in Japan and the ways in which the Japanese and American militaries operate, 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. U.S. Carrier Air Wing Five is being relocated from Atsugi Naval Air base to the Iwakuni base, where a new airfield is operational. The transfer of 300 American soldiers from Washington state to Camp Zama to establish a forward operational headquarters is in progress (though delayed by deployments to the Middle East), and an Air Self Defense Force facility at Yokota U.S. Air Base has been completed. A training relocation program allows U.S. aircraft to conduct training away from crowded base areas to reduce noise pollution for local residents. Since 2006, a bilateral and joint operations center at Yokota allows for data-sharing and coordination between the Japanese and U.S. air and missile defense command elements. In June 2011, a long-sought agreement for Japan to allow for the transfer of jointly-developed missile components to third parties was announced, representing an exception to Japan's ban on arms exports.

### **March 2011 Earthquake and Tsunami: U.S.-Japan Alliance Performance**

DOD's relief effort was designated "Operation Tomodachi," using the Japanese word for "friend." U.S. airlift capability was particularly valuable in reaching survivors in the devastated areas. U.S. efforts focused heavily on transport of relief supplies, SDF personnel and equipment; surveillance of the affected area to search for stranded victims; and restoration of critical infrastructure, such as damaged airfields, in order to sustain operations. The U.S. airbase Misawa, located in Aomori prefecture in northeastern Japan, was shaken violently by the earthquake but escaped with only minor damage. The facility was used as a forward operating base for both U.S. and SDF forces.

Years of joint training and many interoperable assets facilitated the integrated alliance effort. Operation Tomodachi was the first time that SDF helicopters used U.S. aircraft carriers to respond to a crisis. The USS *Ronald Reagan* 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, such as the USS *Tortuga*, which left the

dock at the U.S. Naval Base in Sasebo to pick up 90 SDF vehicles and nearly 300 SDF soldiers from the northern island of Hokkaido to transport them to northern Honshu for relief work. After delivery, it served as a mobile operating base for helicopter missions.

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; three Marine SDF officers served on board the USS *Reagan*, parallel to three U.S. Navy liaison officers on the JS *Hyuga*, a Japanese vessel. A small group of Japanese soldiers coordinated relief efforts between the civilian Sendai airport authority and the U.S. Marines helping to reopen the devastated runways. Although the U.S. military played a critical role, the Americans were careful to emphasize that the Japanese authorities were in the lead.

One area in which U.S. troops played a key role was the re-opening of airfields in order to allow more supplies to flow to the affected areas. Sendai's airport appeared devastated in the immediate aftermath of the earthquake; a day after the tsunami struck, it was still under eight feet of water. An Okinawa-based U.S. Special Operations Group that specializes in establishing forward supply bases in war-torn areas performed the initial work of removing debris, including over 5,000 cars that had washed onto the runways, allowing other aircraft to land. Some 260 Marines worked side by side with Japanese troops. The airport began receiving relief supplies on March 15, and was re-opened to commercial flights on April 13.

## **Burden-Sharing Issues**

In December 2010, Japan agreed to continue Host Nation Support (HNS), the funds provided to contribute to the cost of stationing U.S. troops in Japan, at current levels for the next five years, starting in FY2011. The agreement came as a compromise, as the Kan government had been pressured to cut Japan's contribution due to Japan's ailing fiscal health. Japan pays for most of the salaries of about 25,000 Japanese employees at U.S. military installations. The current agreement calls for Japan to pay about 188 billion yen annually (about \$2.2 billion at 82 yen to one USD) through FY2016 to defray the costs of stationing troops in Japan. The new agreement also commits to reducing the number of Japanese nationals working for the U.S. military and affirms that the proportion of utility costs paid by the Japanese government will fall from 76% to 72% over a five-year period.

## **Extended Deterrence**

Another source of strategic anxiety in Tokyo concerns the U.S. extended deterrence, or "nuclear umbrella," for Japan. The Bush Administration's shift in negotiations with Pyongyang triggered fears in Tokyo that Washington might eventually accept a nuclear armed North Korea and thus somehow diminish the U.S. security guarantee for Japan. These anxieties have persisted despite repeated statements by both the Bush and Obama Administrations to reassure Tokyo of the continued U.S. commitment to defend Japan. However, Japan's sense of vulnerability is augmented by the fact that its own ability to deter threats is limited by its largely defensive-oriented military posture. Given Japan's reliance on U.S. extended deterrence, Tokyo is wary of any change in U.S. policy—however subtle—that might alter the nuclear status quo in East Asia.

## **Secret Nuclear Agreement**

Early in the DPJ rule, a former vice foreign minister disclosed a secret agreement signed in the 1960s between Tokyo and Washington that tacitly allowed the United States to transit nuclear weapons through Japan without prior approval. The practice was in clear violation of the terms of the 1960 bilateral security treaty and Japan's three non-nuclear principles (not to possess, produce, or transit nuclear weapons on Japanese territory). Japanese officials who had knowledge of the practice have consistently denied, even in Diet testimony, that it took place. The controversy has raised questions about the integrity of Japan's non-nuclear principles as well as the apparent lack of transparency in the government's decision-making process. An experts panel convened by the DPJ reported in March 2010 confirmed this tacit agreement had existed. In April 2010, Foreign Minister Okada apologized for the past governments' policy and reaffirmed Japan's three non-nuclear principles policy.

## **Article 9 Restrictions**

In general, Japan's U.S.-drafted constitution remains an obstacle to closer U.S.-Japan defense cooperation because of a prevailing constitutional interpretation of Article 9 that forbids engaging in "collective self-defense"; that is, combat cooperation with the United States against a third country. Article 9 outlaws war as a "sovereign right" of Japan and prohibits "the right of belligerency." Whereas in the past Japanese public opinion strongly supported the limitations placed on the Self-Defense Force (SDF), this opposition has softened considerably in recent years. The new ruling coalition in Tokyo remains deeply divided on amending Article 9 of the constitution and is unlikely to take up deliberation of the issue in the near term. Since 1991, Japan has allowed the SDF to participate in non-combat roles in a number of United Nations peacekeeping missions and in the U.S.-led coalition in Iraq.

Figure 4. Map of Military Facilities in Japan



Source: Map Resources. Adapted by CRS.

## Economic Issues<sup>14</sup>

Trade and other economic ties with Japan remain highly important to U.S. national interests and, therefore, to the U.S. Congress.<sup>15</sup> 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 2011. Furthermore, their economies are intertwined by merchandise trade, trade in services, and foreign investments.

<sup>14</sup> This section was written by William Cooper.

<sup>15</sup> 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.

## Overview of the Bilateral Economic Relationship

Although Japan remains important economically to the United States, its importance has slid as it has been edged out by other trade 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 2011. These numbers probably underestimate the importance of the United States to Japan's trade since a significant portion of Japanese exports to China are used as inputs to China's exports to the United States and, therefore, are dependent on U.S. demand for China's exports.

The United States was Japan's second-largest export market and second-largest source of imports as of the end of 2011. The global economic downturn has had a significant impact on U.S.-Japan trade. In 2009, U.S. exports declined by 23.1% from 2008 and imports from Japan declined by 31.1 % causing the U.S. bilateral deficit with Japan to \$44.8 billion. The pace of U.S. exports to and imports from Japan increased in 2010 and in 2011. (See **Table 1.**)

**Table 1. U.S. 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    |
| 2010 | 60.5    | 120.3   | -59.8    |
| 2011 | 66.2    | 128.8   | -62.2    |

**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 be contributing to this trend: Japan's economic problems in the 1990s and in the first few years of this decade changed the general U.S. perception of Japan as an economic "threat" to one of a country with problems; the rise of China as an economic power 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 depoliticized disputes and helped to reduce friction; and the emphasis in the bilateral relationship has shifted from economic to security matters.

Japan was hit by two economic crises in the last few years that have had an effect on U.S.-Japan economic relations. The first has been the effects the global financial crisis which began to hit in

2008 and intensified in 2009. The impact on Japan was more indirect than in the case of the United States and other industrialized countries—Japanese banks were not heavily invested in the failed U.S. mortgage-backed derivatives that have been largely identified as the trigger for the crisis. Nevertheless, the impact on Japan was no less severe. Japan was hit hard by the decline in global demand for its exports that resulted from the crisis, 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. As a result, Japan experienced a 1.1% *decline* in GDP in 2008 and a decline of 5.5% in 2009. However, in 2010, Japan’s GDP increased 4.5% with the introduction of several stimulus packages and a rebound in demand for Japanese exports in East Asia, particularly China, which continued to experience rapid economic growth during the crisis.<sup>16</sup>

The second crisis involved the effects of the March 11, 2011, earthquake and subsequent tsunami and nuclear accidents in Northeast Japan. (See section on the earthquake.) 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 has had to search for alternative sources of power, including increased oil imports. The Bank of Japan, Japan’s central bank, has also responded by keeping interest very low. In 2011, Japan’s GDP declined 0.7% but is projected to increase 1.5% in 2012 and modestly in the medium term.<sup>17</sup>

Besides the aftereffects of the two crises, Japan must grapple with other factors that could continue to dampen economic growth. One factor is the high exchange rate of the yen relative to the dollar which hit a 15-year high, adversely affecting Japanese exports to the United States and other countries and contributed to the downturn in Japanese economic growth. In January 2007, the monthly average value of the yen was ¥120.5. By the end of March 2012, the average was ¥82.5. The stronger yen is a result of investors in Europe and elsewhere seeking a “safe haven” to wait out the volatility of the European debt crisis. It is also the product of so-called “carry trade” whereby investors borrow money in Japan where interest rates are very low and invest in securities in higher interest-bearing assets abroad. The stronger yen increases the cost of Japanese exports and makes imports cheaper. In 2011, increases in imports, particularly of oil, and a decrease in exports resulted in Japan’s first merchandise trade deficit since 1980.<sup>18</sup>

## **Bilateral Trade Issues**

### **Japan’s Ban on U.S. Beef<sup>19</sup>**

In December 2003, 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

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<sup>16</sup> OECD, *Economic Surveys: Japan*, 2011, p. 22-23.

<sup>17</sup> Economist Intelligence Unit databank, accessed April 11, 2012.

<sup>18</sup> World Trade Atlas.

<sup>19</sup> For more information, see CRS Report RS21709, *Mad Cow Disease and U.S. Beef Trade*, by Charles E. Hanrahan and Geoffrey S. Becker, (archived).



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 to have arrived from the United States after the ban was lifted. 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. The then-U.S. Secretary of Agriculture Johanns expressed regret that the prohibited material had entered the shipments.

In July 2006, Japan announced it would resume imports of U.S. beef from cattle 20 months old or younger. While praising the decision, some officials have called on Japan to broaden the procedures to include beef from older cattle. The first shipments arrived in August 2006. Members of Congress have pressed Japan to lift restrictions on imports of U.S. beef further. U.S. officials met with Japanese agricultural officials September 14-15, 2010, for technical discussions on getting Japan to loosen its restrictions even further, but produced with no clear indication of resolution of the issue. On August 4, 2011, a bipartisan group of Senators sent a letter to Secretary of Agriculture Vilsack and to USTR Ron Kirk, urging them to press Japan (and China) to restrictions on imports of U.S. beef. In December 2011 Japan announced that it was reassessing its BSE-related restrictions with the objective to raise the maximum age of cattle from which U.S. beef can be exported to Japan. U.S. trade officials consider this a positive sign.

### **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 P-4), the TPP is now an agreement under negotiation among the original four countries plus United States, Australia, Peru, Vietnam, and Malaysia. The nine TPP partners have conducted 11 rounds of discussions, and the next round is scheduled to take place in May 2012 in Dallas, Texas. 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 the "21<sup>st</sup> 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 nine 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 Japan within the political leadership and among other stakeholders. Japan took a major step toward that end when Prime Minister Noda announced at a press conference on November 11, 2011, that "[Japan would] enter into consultations toward participating in the TPP negotiations with the [TPP] countries concerned."

Japan is now engaged in bilateral discussions with the United States, Australia, and New Zealand on the possibility of Japan entering the negotiations. All nine TPP partners would have to agree for Japan to be able to participate in the negotiations. Japan has already completed discussions with the other six partners, which have expressed their support. Japan's participation would have important implications for the TPP itself—it would triple the combined GDP of the non-U.S. TPP countries. It would have important consequences for Japan, forcing its leaders to confront sensitive issues such as reform in the agricultural sector.

Japan's participation in the TPP would also likely have a crucial impact on the U.S.-Japan economic relationship because U.S. stakeholders have indicated that U.S. and Japanese negotiators need to address some long-standing complaints about Japan's trade barriers either prior to or as part of the TPP negotiations.

## **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 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 Koizumi government introduced reforms as part of a privatization process. However, the successor government led by the Democratic Party of Japan (DPJ) have taken steps to roll back the reforms. On March 30, 2012, the government introduced a bill in to the Diet, Japan's legislature, that would appear to loosen regulatory requirements, according to U.S. industry sources.<sup>20</sup> The bill is reportedly a compromise package by the lawmakers from the DPJ, the LDP, and the Komeito Party.<sup>21</sup> The United States is also concerned about insurance sold by cooperatives that, they claim, are regulated more leniently than private firms.

## **The Byrd Amendment**

Japan, together with other major trading partners, challenged U.S. trade laws and actions in the World Trade Organization (WTO). For example, Japan and others challenged the so-called Byrd Amendment (which allows revenues from countervailing duty and antidumping orders to be distributed to those who had been injured). The WTO ruled in Japan's favor. In November 2004, the WTO authorized Japan and the other complainant-countries to impose sanctions against the United States. In September 2005, Japan imposed 15% tariffs on selected imports of U.S. steel products as retaliation, joining the EU and Canada. It is the first time that Japan had imposed punitive tariffs on U.S. products. In the meantime, a repeal of the Byrd Amendment was included in the conference report for S. 1932, the Deficit Reduction Act of 2005, that was signed by the President into law (P.L. 109-171) on February 8, 2006. The measure phases out the program over

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<sup>20</sup> Coalition of Service Industries, *Proposed Japanese Legislation Complicates Entry in to the TPP*, press release, April 6, 2012.

<sup>21</sup> *World Trade Online*, April 5, 2012.

a period ending October 1, 2007.<sup>22</sup> Although Japan has praised the repeal of the Byrd Amendment, it criticized the delayed termination of the program and has maintained the sanctions on imports from the United States. Consequently, Japan announced in August 2006 that it would maintain the tariff sanctions until October 1, 2007. On August 30, 2011, Japan notified the WTO that it would extend the sanctions for another year but reduced the amount to less than half of the original amount.

## WTO Dispute

On January 10, 2008, Japan requested permission from the WTO to impose sanctions on U.S. imports valued at around \$250 million in retaliation for the failure of the United States to comply with a January 2007 WTO decision against the U.S. practice of “zeroing” in antidumping duty determinations. On April 24, 2009, a WTO compliance panel agreed with Japan that the United States was not in compliance with the original WTO ruling. On August 18, 2009, the WTO Appellate Body, having heard the U.S. appeal of the compliance panel decision, announced its decision that the United States was not in compliance with the earlier determination, thus upholding the compliance panel decision, opening the way for Japanese sanctions against the United States.<sup>23</sup> The practice of zeroing is one under which the U.S. Department of Commerce treats prices of targeted imports that are above fair market value as zero dumping margin rather than a negative margin. It results in higher overall dumping margins and U.S. trading partners have claimed and the WTO has ruled that the practice violates WTO rules.<sup>24</sup> On May 5, 2010, Japan asked the WTO to proceed with determining if Japan can impose the sanctions. However, the United States and Japan decided to try to resolve the issue informally and requested the WTO arbitration panel to suspend its work until September 8, 2011, at which time the suspension would terminate and the panel would proceed.<sup>25</sup> Japan subsequently announced that it would postpone reactivation of the proceeding until November 7.<sup>26</sup> On February 6, 2012, the Office of the USTR announced that the United States had reached an agreement with Japan whereby the United States would end the use of zeroing in its antidumping duty calculations and would also recalculate antidumping duty margins in certain cases involving Japanese imports. Japan would withdraw its request for permission to impose sanctions against the United States. A similar agreement was reached with the European Union.

## The Doha Development Agenda

Japan and the United States are major supporters of the Doha Development Agenda (DDA), the latest round of negotiations in the WTO. Yet, the two have taken divergent positions in some critical areas of the agenda. For example, the United States, Australia, and other major agricultural exporting countries have pressed for the reduction or removal of barriers to agricultural imports and subsidies of agricultural production, a position strongly resisted by Japan and the European Union. At the same time, Japan and others have argued that national

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<sup>22</sup> For more information on the Byrd Amendment, see CRS Report RL33045, *The Continued Dumping and Subsidy Offset Act ("Byrd Amendment")*, by Jeanne J. Grimmett and Vivian C. Jones.

<sup>23</sup> *International Trade Reporter*, July 23, 2009.

<sup>24</sup> *International Trade Reporter*, January 17, 2008.

<sup>25</sup> *International Trade Daily*, December 16, 2010.

<sup>26</sup> *Inside U.S. Trade*, September 16, 2011.

antidumping laws and actions that member countries have taken should be examined during the DDA, with the possibility of changing them, a position that the United States has opposed.

In July 2006, WTO Director-General Pascal Lamy suspended the negotiations because, among other reasons, the major participants could not agree on the modalities that negotiators would use to determine how much they would liberalize their agricultural markets and reduce agricultural subsidies. Negotiators had been meeting from time to time to try to resuscitate the talks. However, Lamy's attempt to hold a ministerial meeting in December 2008 failed when the major parties to the negotiators could not resolve their differences over establishing modalities in agricultural and non-agricultural negotiations. Various groups of WTO members have been meeting to try to establish a foundation for completing the negotiations without success to date. Smaller groups of WTO members have been meeting to explore options other than a comprehensive agreement, such as a plurilateral services agreement. Japan and the United States are involved in those discussions.

## Japanese Politics<sup>27</sup>

Since 2007, Japanese politics has been rocked by instability. Six men have been prime minister, including the current occupant of the post, Yoshihiko Noda, who has served since early September 2011. Noda is the third premier since Japan's current ruling party, the Democratic Party of Japan (DPJ), won a sweeping electoral victory in 2009, ending over 50 years of rule by the Liberal Democratic Party (LDP), which now is the largest opposition group. The nearly annual turnover in the *kantei* (the residence and office of Japan's prime minister) has made coherent policy formation in Tokyo difficult and has complicated many aspects of U.S.-Japan relations, as shown most prominently in Japan's difficulty in moving forward with the planned relocation of the Futenma air base in Okinawa and in deciding whether it will join the Trans-Pacific Partnership (TPP) free trade agreement negotiations.

Noda's government is currently being tested by four different issues. Paralysis on all of them has caused the public approval ratings for Noda's government to be below the 50% level, according to many polls, since late 2011:

1. *Japan's consumption tax*: To try to reduce Japan's public debt levels, which at over 200% of nominal GDP are the highest in the industrialized world, Noda's Cabinet has adopted a plan to double the national consumption tax, currently at 5%, by 2015. The plan still needs parliamentary approval. Many within his ruling DPJ fiercely oppose the proposal, particularly a sizeable group led by former DPJ leader Ichiro Ozawa, a highly unpopular political heavyweight and longtime foe of Noda's who likely will be emboldened by his acquittal in April 2012 on charges of violating Japan's campaign finance laws. Although many within the LDP support the tax hike in principle, the LDP has often used its control of the Upper House to bring legislative deliberations to a halt, in an attempt to force the DPJ to call early elections. (Lower House elections do not have to be held until 2013.)<sup>28</sup>

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<sup>27</sup> 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.

<sup>28</sup> Complicating matters is a 2011 Supreme Court ruling that there are unconstitutional disparities between electoral (continued...)

2. *Japan's nuclear energy sector:* Noda's government has been unable to begin to restart Japan's 50 or so nuclear reactors, nearly all of which have been shut down for maintenance since the triple disasters of March 11, 2011. Before the disasters, nuclear power accounted for nearly 30% of Japan's power capacity, and the government's inability to overcome opposition—particularly from localities that host the nuclear plants—is exacting a cost on Japan's economy. (For more on these points, see the energy and economic sections of this report.)
3. *Japan's entry into the TPP talks:* Noda has pushed to have Japan enter the TPP talks, a move that has divided his ruling DPJ.
4. *Post-3/11 reconstruction:* Additionally, the government has come under criticism for the allegedly slow pace of reconstruction for areas devastated by the March 11 tsunami. Although much of this criticism is natural, there is a lingering mistrust of the government's early lack of transparency about the depth of the crisis.

### **Structural Rigidities in Japan's Political System**

The turmoil at the top of Japan's political structure also has compounded Japan's normal political peculiarities. 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 Junichiro Koizumi (who served from 2001 to 2006) and his immediate predecessors increased politicians' influence relative to Japan's 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 has experienced for the past six years.

Indeed, the DPJ was voted into power in 2009 after campaigning to transform the process of Japanese policymaking by, among other steps, increasing the authority of Japan's politicians over its bureaucrats. However, in many cases what appears to have happened is that the first two DPJ governments weakened Japan's traditional bureaucrat-centered method of coordinating the policy-making process without creating a functioning replacement. Noda, the third DPJ Prime Minister, has not trumpeted the theme of politician-led government and has reinstated many of the governing processes that were used in the LDP era.

In addition to unifying his fractious DPJ and combating an opposition alliance that many consider obstructionist in the extreme, Noda confronts a major structural challenge: overcoming a divided parliament. Japan's Diet, as its legislature is called, is divided into two chambers, the Lower House and the Upper House. Although the Lower House is the more powerful—among other powers, it chooses the Prime Minister—in reality, it is numerically and politically difficult for it to exert its will over the Upper House. For decades after World War II, the Upper House's effective veto was not an issue because one party, the Liberal Democratic Party (LDP), controlled both chambers. However, in recent years, the Diet's two chambers have been controlled by

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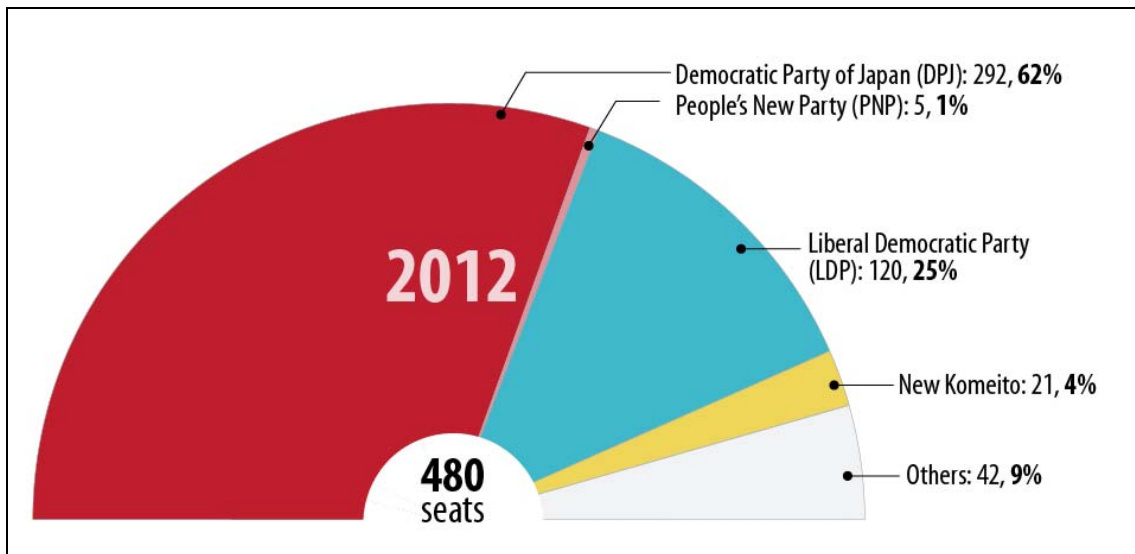
(...continued)

districts – to the advantage of rural areas – that must be resolved before the next general election. Fixing the problem, however, has proved to be difficult in the current climate, in which the DPJ and LDP blocs appear to have little incentive to cooperate.

different parties. From 2007-2009, the LDP was ascendant in the Lower House (and therefore the ruling party), with the DPJ in control of the Upper House. Since the middle of 2010, the reverse has been true. (See **Figure 5** and **Figure 6**.) Both times, the party in control of the Upper House has blocked most of the ruling party's bills, in an attempt to force the prime minister to hold early elections. As long as the LDP is ahead or even with the DPJ in public opinion polls, as has been the case since early 2011, the LDP and its coalition partners have many incentives to use their Upper House majority to block the DPJ's initiatives.

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

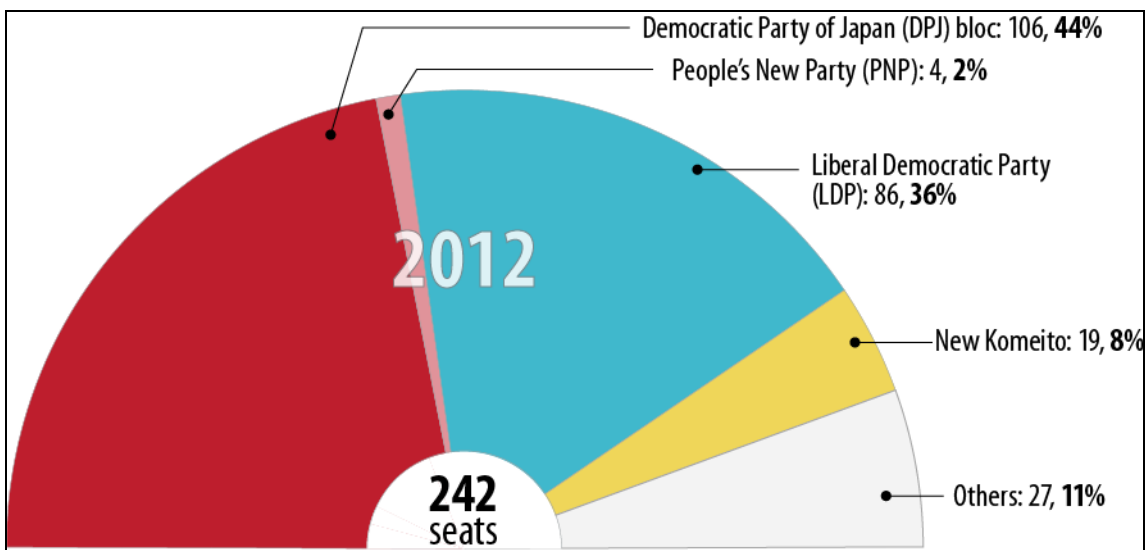
The DPJ and its partner, the PNP, control the Lower House, which elects the Prime Minister



Source: Derived from the *Asahi Shimbun*, January 19, 2012.

**Figure 6. Party Affiliation in Japan's Upper House of Parliament**

The LDP-New Komeito coalition, with other opposition parties, control the Upper House



Source: Derived from the *Asahi Shimbun*, January 19, 2012.

## Alternative Political Forces: Osaka Governor Hashimoto

Over the past twenty years, growing frustration with Japan's political status quo has periodically given rise to small-to-moderate protest movements. One such wave resulted in the defeat of the LDP in the 2009 Lower House elections, ushering in the DPJ's rein. Now, voter anger appears to be turning against both the DPJ and the LDP. Many have embraced 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 movement. Hashimoto, who is believed to have nationalist leanings on foreign policy issues, has formed a new party and has announced his intention to recruit candidates to compete in the next Diet general election. He has said that his party will stage a campaign of "all-out confrontation" with the DPJ due to the Noda government's efforts to restart reactors at the Oi nuclear power plant near Osaka.<sup>29</sup>

## Japan's Nuclear "Village"

The Fukushima crisis has thrown a spotlight on Japan's "nuclear village," consisting of the power industry, nuclear regulators, bureaucrats overseeing the industry, the political establishment, and even the courts. Many in Japan believe that over the decades, a culture of collusion supporting nuclear power has emerged among these groups. In particular, Japan's nuclear regulator, the Nuclear and Industrial Safety Agency (NISA), is part of the Ministry of Economy, Trade, and Industry (METI), the ministry charged with promoting nuclear power. Officials are often transferred between NISA and METI's nuclear promotion divisions, leading to accusations that the lines between policing and supporting the nuclear power industry were often blurred. In 2011, the DPJ unveiled a plan to restructure Japan's nuclear regulatory regime, which would be centered under a new Nuclear Regulatory Agency, to be part of the Ministry of the Environment. However, as of mid-April 2012, the Diet had not begun formal deliberations over the DPJ's plan, due to LDP opposition and to the overall political situation. On April 18, the LDP submitted its own proposal for making Japan's main nuclear regulator more independent.

Another conflict of interest stems from the practice known as *amakudari* (descent from heaven), in which high-level METI officials routinely receive senior posts in one of Japan's 10 power utilities, with the more senior officials generally securing positions at TEPCO.<sup>30</sup> The DPJ came into power in 2009 promising to limit the use of *amakudari*, but it is not clear that its efforts to fulfill its campaign promises have had many systemic effects, particularly in the power sector. Separately, in a move that was interpreted as a sign his government will act more forcefully against the power industry and its supporters, Kan in mid-May took the unusual step of ordering the Chubu Electric Power Company to suspend operations at the coastal Hamaoka nuclear plant about 120 miles southwest of Tokyo until greater disaster contingency measures can be taken. According to many scientists, the plant is located directly above an active earthquake zone.

TEPCO has come under severe criticism for not revealing information quickly or completely, and for not offering adequate compensation to those who have been affected by the Fukushima

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<sup>29</sup> "Ishin no Kai to Face Off with DPJ," *Asahi Shimbun*, April 15, 2012, translation provided by U.S. Embassy Tokyo.

<sup>30</sup> Critics say insularity also has a bottom-up dynamic. In a process known as *amaagari* (ascent to heaven), technical experts who often work for or advise NISA are often retired or active engineers from the nuclear industry. Critics charge that this makes the engineers reluctant to criticize their current or former employers. Norimitsu Onishi and Ken Belson, "Culture of Complicity Tied To Stricken Nuclear Plant," *New York Times*, April 27, 2011.

Daiichi crisis. Even before March 11, the company was under a cloud of suspicion for several accidents and scandals, including faking safety reports, over the past two decades.

## **Japan's Demographic Challenge**

Japan's combination of a low birth rate, strict immigration practices, and a 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 birthrate has fallen to 1.25, far below the 2.1 rate necessary to sustain a population size. Japan's current population of 128 million is projected to fall to about 100 million by mid-century. Concerns about a huge shortfall in the labor force have grown, particularly as the elderly demand more care. Japan's National Institute of Population and Social Security Research projects that the working-age population will fall from 85 million in 2005 to 70 million by 2030. Japan's immigration policies have traditionally been strictly limited, but policy adjustments have allowed for a larger foreign labor force. With government encouragement, some private firms offer incentives to employees with children.

## **Selected Legislation**

### **112<sup>th</sup> 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.

### **111<sup>th</sup> 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 50<sup>th</sup> 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 50<sup>th</sup> 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.

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