

Japanese Foreign and Security Policies under Prime Minister Yukio Hatoyama—Some Changes, A Lot of Continuity

Axel Berkofsky

I. INTRODUCTION

What will be new and what will remain the same on Japanese Prime Minister Yukio Hatoyama's foreign and security policy agenda in the months and years ahead? "Probably very little and most of it" is only a mere possibility. This paper seeks to examine the various issues and policies which could be manoeuvred on the prime minister's foreign and security policy agenda.

Japan's (relatively) new government which took office last September is currently reviewing some of the policy initiatives and policies which gradually, but nonetheless, fundamentally, transformed the quality and impact of Japan's regional and global foreign and security policies initiated and implemented under former prime minister Junichiro Koizumi from 2001-2006. Amongst others, Koizumi back then oversaw Japanese military providing US forces engaged in the war in Afghanistan with logistical support in the Indian Ocean (2001-2010), dispatched military personnel to Iraq (2004-2006), and had his government adopt a series of laws enabling Japan to participate in and contribute to international military missions.

Currently, as will be shown below, parts of that "upgrade" of Japan's regional and global security profile, promoted and indeed taken for granted by previous governments run by the Liberal Democratic Party (LDP), are subject to change and adjustments.

For starters, Prime Minister Hatoyama announced a re-visiting of some of what he called "asymmetries" of the US-Japan security alliance aimed at transforming the alliance into one of

“equal partners”. In fact, an envisioned “emancipation” within the security alliance with Washington was the central issue on his election campaign agenda and along with it were plans to re-visit and possibly change an US-Japan agreement on the re-location of US forces in Japan, possibly further reducing the US military presence in Okinawa. This has been illustrated in the later half of the paper.

Hatoyama’s first foreign policy initiative after taking office last September was to cease the extension of Japan’s refuelling mission in the Indian Ocean. (The mission begun in November 2001 and eventually was terminated on January 1, 2010.) His first months in office were dominated by US-Japan friction over his decision to seek to review an existing US-Japan agreement dealing with the US forces’ realignment plans for Japan in general and the US military presence in Okinawa in particular. In December 2009, the Hatoyama government decided, at least temporarily, to reduce the funds for the development of the envisioned joint US-Japan missile defence system.

The Asian security environment and challenges Prime Minister Hatoyama’s Japan is confronted with will remain unchanged in the months and years ahead, thereby leaving limited room for fundamental or radical changes on Japan’s regional foreign and security policy agenda. In the region, Japan will continue to deal with a “quasi- nuclear” North Korea (which after years of multilateral pressure and negotiations remains reluctant to abandon its nuclear ambitions) and an economically and militarily growing China.

As will be shown below, Japan’s North Korea policies in the months ahead will essentially and by default remain unchanged even if we will probably experience less of what Japan scholar Christopher W. Hughes calls “super-sizing” the North Korean threat to justify increases in the defence equipment purchases. Japan’s policies towards China too are very unlikely to experience fundamental changes in the months ahead and the analysis below will seek to explain why.

II. MIDDLE-POWER DIPLOMACY?

For what it is worth, there is wide agreement amongst analysts that Prime Minister Hatoyama is most probably a supporter of Japan

formulating and implementing so-called “middle-power diplomacy” foreign and security policies, a foreign and security policy concept advocated by Yoshihide Soeya, professor at Keio University in Tokyo amongst others. This concept stresses multilateral diplomacy within Asia while at the same time acknowledging the US-Japan security alliance as the cornerstone of Japanese national and regional security policies.

However, Hatoyama’s path towards effective and result-oriented “middle-power” diplomacy is not free from controversy and is yet suffering from a lack of details. While currently Japan’s US alliance policies is still being dominated by a controversy over a 2006 US-Japan troops re-location agreement, Japan’s envisioned concepts of promoting and indeed leading regional economic and financial integration in general and the establishment of a so-called “East Asian Community” (EAC) in particular are yet fairly vague and short of concrete policy initiatives.

III. REGIONAL INTEGRATION AND THE EAST ASIAN COMMUNITY

Some commentators and analysts attributed a lot of importance to Prime Minister Hatoyama’s announcement during last year’s ASEAN plus 3 summit in Thailand in October to resume the promotion of an East Asian Community (EAC) under Japanese leadership. Some (admittedly over-enthusiastic) analysts referred to that announcement as a “defining moment” in reorienting Japan’s foreign policy under Japan’s new prime minister. However, up to date the Japanese government and prime minister have offered very few details on possible Japanese policy initiatives pointing to a leadership role with regard to Asian integration through the promotion of the envisioned East Asian Community; to be sure, not least because the concept of an East Asian Community itself (discussed once a year on an intergovernmental level on the framework of the East Asian Summit (EAS), taking place in the framework of the yearly ASEAN summit) remains very vague and offers very few tangible details on how an East Asian Community will promote and possibly lay a further basis for the institutionalisation of Asian integration.

For the foreseeable future the EAC will remain what it has been since the first EAS in Kuala Lumpur in 2005: an informal gathering of Asian heads of states agreeing in very vague terms

on the project to deepen regional integration without however committing themselves to equip the EAS with the instruments, mandate, and (legally-binding) authority to implement further (political) integration. In other words, the EAS will in the years ahead not transform itself from a forum to an institution thereby turning a political vision of an EAC into a measurable political reality.

Hatoyama's EAC vision has been criticised for running counter to Japan's traditional endorsement of so-called "open regionalism" as Hatoyama's idea of an EAC does not explicitly include the US (to be sure, while not explicitly excluding it either). However this criticism and fear that Japan could join China in seeking to exclude the US from Asian regional integration is hardly new and first gained prominence in the run-up to the first East Asia Summit in Kuala Lumpur, Malaysia in 2005. Back then, (mainly US) concerns about a possible "exclusion" from Asian integration through the exclusion from the EAS turned out to be very short-lived when it became clear that the EAS is more than anything else an informal gathering of Asian heads of state discussing a very vague and opaque vision of an East Asian Community.

The idea of an EAC, however, will remain just that in the years ahead and the Japanese prime minister's aim to put the establishment of an EAC on top of Tokyo's regional foreign policy agenda is very unlikely to transform the situation. To be sure, Japan, as one of the few Asian democracies, would (at least in theory) be equipped with the means, instruments, and capabilities to foster further (possibly EU-style) Asian political and economic integration, if one subscribes oneself (as this author does) to the theory that democratic structures and the willingness to share assign parts of its sovereignty to institution are the very preconditions for meaningful political integration.

Consequently doubts emerge if other Asian nations which are non-democratic in nature like China will be interested to follow a Japanese lead in fostering Asian political integration, especially if the countries have to give up a part of their political sovereignty like the members of the European Union.

Up to date, Asian regionalism and regional integration is, above all, about (or almost exclusively) economic integration through free trade agreements and other networks of trade, investment, and industrial collaboration. This is very unlikely to

change in the years ahead. However, with Japan's economic and financial resources and capabilities as well as its regional trade and investment relations it would indeed be possible for Tokyo to intensify (or re-activate) its leadership role with regard to regional economic and financial integration.

However, apart from adopting a free trade agreement with ASEAN in 2008, discussion with South Korea (with occasional interruption) have yet to bring out any concrete and relevant Japanese initiatives which could point to a Japanese regional leadership role as regards to economic integration. Also, Hatoyama's vision for Japanese leadership in establishing an Asian monetary fund as well as promoting a common Asian currency has not yet been translated into concrete policy initiatives.¹

Mr. Hatoyama's predecessor Taro Aso also presented himself as an active supporter of expanding the so-called Chiang Mai Initiative, a multilateral system set up in 2000 to enhance multilateral currency swaps.² Prime Minister Hatoyama too is in favour of strengthening regional financial integration but he has yet to offer details on how exactly he would achieve this role. It remains very doubtful that the region (for various reasons, above all due to the lack of an institutional structure equipped with the mandate to manage and implement financial integration) will in the months and most probably years ahead experience further sustainable financial integration, let alone a common Asian currency as envisioned by some in Asia.

¹ See for example John De Boer, "Hatoyama's Vision for a New Japan", *JPRI Critique*, vol. XV, no. 4, November 2009, Japan Policy Research Institute (JPRI), http://www.jpri.org/publications/critiques/critique_XV_4.html; George Mulgan, Aurelia, "Is there a Japanese Concept of an East Asian Community?", *East Asia Forum*, November 6, 2009; John Hemmings, "Understanding Hatoyama's East Asian Community Idea", *East Asia Forum*, Jan 22, 2010, <http://www.eastasiaforum.org/2009/11/06/blurred-vision-is-there-a-japanese-concept-of-an-east-asia-community/>; <http://www.eastasiaforum.org/2010/01/22/understanding-hatoyamas-east-asian-community-idea/>

² See for example Eric Talmadge, "S. Korea, China, Japan Show Unity at First Summit", *The Daily Yomiuri Shimbun*, Dec13, 2008; also "Asian giants agree economic plan", *BBC News*, December 13, 2008, <http://news.bbc.co.uk/2/hi/asia-pacific/7781027.stm>; Jun Hongo, "Tokyo, Beijing, Seoul Unite in Face of crisis", *The Japan Times Online*, Dec14, 2008, <http://search.japantimes.co.jp/cgi-bin/nb20081214a1.html>

IV. HATOYAMA'S ZERO-SUM DIPLOMACY?

In the context of Hatoyama's vision of further concrete regional integration, some US commentators argue that Japan's alleged "new directions" of its foreign policy will be beneficial for both the US and Japan. This assessment is based on the assumption that Japan will assume a more active role in promoting Asian integration (and hence Asian stability), and will automatically serve US political and economic interests in the region. For other US analysts (mostly realist and at times "alarmist"), Tokyo's plans to intensify its regional diplomacy and its promotion of regional integration under Japanese leadership signifies the fact that Japan is "drifting away" from the US-Japan security alliance. According to these "zero-sum" scenarios the expansion of Japan's bilateral ties with Asia (above all with China) would automatically lead to Japan "neglecting" Washington and hence lead to the deterioration of bilateral relations between the United States and Japan.

Realistically, however, Japan's (on paper) plans to strengthen its diplomatic and political relations within Asia cannot be understood in zero-sum terms, due to two reasons. First, Japan will continue to depend on US military protection in the case of a regional military contingency, such as a missile attack from North Korea. Further, the lack of US security guarantees would almost inevitably lead to Japan having to drastically increase its defence budget. Instead, Prime Minister Hatoyama has confirmed Japan's financial commitment to continue jointly developing a regional missile defence system with the US even if some in his government question the effectiveness of that system.

Second, although China and Japan will continue to perceive each other as strategic rival and competitor, however, political relations and exchanges will be far less intensive and more bilateral trade and business ties will take place in the future.

V. US-JAPAN AND THE FUTENMA CONTROVERSY

Japan is hosting roughly 47,000 US troops on Japanese soil, of which 75% are stationed on Okinawa (occupying 20% of Okinawa's territory). Tokyo is co-financing the US presence in Japan, annually contributing roughly \$5 billion.

Throughout his election campaign in 2009, Hatoyama

announced plans to revisit the 2006 Japan-US agreement codifying the re-location of the US Marine Corps Air Station Futenma from the residential area of Ginowan in the southern densely populated part of Okinawa to Henoko, a less densely populated area in the northern part of the island. As part of the agreement (which was signed after 13 years of bilateral and often controversial negotiations), Washington agreed to reduce the number of US military stationed in Japan by re-locating 8,000 marines from Okinawa to Guam by 2014.³

Washington has in recent months increased the pressure on Tokyo to stick to the existing agreement, announcing that the White House might not be able (or willing) to request a budget allocation from the US Congress for the planned transfer of the US marines from Okinawa to Guam in the budget compilations for fiscal year 2011 if Tokyo does not stick to the 2006 agreement.

While Prime Minister Hatoyama has promised to decide by May, whether Tokyo will or will not stick to the existing agreement, numerous US analysts have in recent months been arguing that Hatoyama's decision to resist US pressure on the re-location agreement is putting the US-Japan alliance at risk, eventually jeopardizing Japanese national security.

Realistically, however, US criticism and analysts fearing a rupture of US-Japan security ties can be described as having an unrealistic assessment of Japanese requests to re-negotiate the existing bilateral agreements.

The Pentagon's frustration with Japan after all these years of trying to solve Futenma is probably understandable, but it is not unusual in international politics that a new government reviews bilateral agreements negotiated under the previous governments.

To be sure, re-negotiating the base re-location agreement is not Washington's preferred option (to put it mildly) as US Secretary of State Hillary Clinton let her counterpart Katsuya Okada know in mid-January. At a meeting in Honolulu, Clinton urged Tokyo again (and again) to stick to the existing agreement and Japan's

³ See Axel Berkofsky, "Okinawa Call to Shape new US-Japan Era", *The Asia Times*, Feb 6, 2010, <http://www.atimes.com/atimes/Japan/LB06Dh01.html>; same author, "Tokyo Plays Hard to Get with Washington", *ISN Security Watch*, Dec 18, 2009, <http://www.isn.ethz.ch/isn/Current-Affairs/Security-Watch/Detail/?lng=en&id=110649>

alleged “commitment” to re-locate the marines from Ginowan to Nago. Indeed, the agreement is, at least as far as Washington is concerned, “non-negotiable” as has been stated by US Secretary of Defence Robert Gates during his visit to Tokyo last November.

In Japan in the meantime, there is no shortage of (largely unrealistic) suggestions coming from within the Hatoyama cabinet on where to re-locate the base. Over recent months, amongst other, there has been a suggestion to move the marines to Shimoji, a small island about 280 km southwest of Okinawa’s main island or to Iwoto island close to Tokyo. Furthermore, there was a proposal to leave the US Marine Corps Air Station Futenma in Ginowan and transfer some of its helicopter drills in these areas to a place referred to as “Remote Island”.

Some of these proposals have been categorically rejected by the US in the past and, given the lack of realistic alternatives within Japan, it cannot be excluded that the prime minister might eventually be obliged to stick to the existing agreement. If it turns out in May that the US-Japan base re-location agreement remains unchanged, the Social-Democratic and the New People’s Party, the DPJ’s junior coalition government partners, could in protest decide (as they have threatened last December) to leave the coalition, potentially blocking or at least slowing down Japan’s lawmaking process. Given that there is a very small number of seats in parliament, the DPJ government will not come down if the SDP and the New People’s party decides to leave the coalition. However it would hamper the DPJ’s ability to get bills passed through both chambers of the Japanese parliament as the DPJ does not have the necessary majority in Japan’s Upper House (the second chamber of Japan’s parliament) to turn bills into laws without the approval of the opposition.

In its fiscal budget for 2010, Tokyo has allocated 28.8 billion yen for the re-location of the US Futenma air station and has put aside 34.6 billion yen for the transfer of US marines from Okinawa to Guam. Washington and the US Congress have done the same last December by adopting a \$310 million budget for the transfer of US marines from Okinawa to Guam in 2010, not without threatening to delay the allocation of funds beyond 2010, if Tokyo decided not to stick to the 2006 troops re-location agreement.

In sum, Japan’s prime minister is not (at least not yet) prepared to do what the LDP predecessor governments have done

over decades: putting the main burden of US military presence in Japan on Okinawa regardless of decade-long protests and problems associated with and caused by US military presence in Okinawa.

VI. US-JAPAN MISSILE DEFENCE

Hundreds of North Korean missiles are reportedly aimed at Japan (and South Korea) and it is being estimated that Pyongyang's Nodong missiles are able to reach Tokyo in less than 10 minutes. Since 1998, Japan along with the United States is preparing to defend itself better against a (admittedly very unlikely) North Korean missile attack by jointly working on the development and deployment of a regional missile defence system.⁴ The US has urged Japan for years to increase its contributions to the costly missile defence system into which Japan invested \$1.8 billion in 2008.⁵

Currently, some policymakers within the ruling DPJ, notably Foreign Minister Okada, however, (despite the recent successful tests, i.e. the system's ability to intercept and shoot down a missile), question the effectiveness of the system, urging the prime minister to verify whether the invested funds will bring desired results in the years ahead.

While the Hatoyama government remains in principle committed to jointly developing ballistic missile defence (BMD) (with Japan allocating funds in 2010 and beyond) it has in December 2009 announced to suspend the allocation of additional funds requested from Japan's Ministry of Defence for the deployment of new Patriot Advanced Capability-3 (PAC-3) surface-to-air interceptors. These were first requested by Japan's Ministry of Defence after North Korea's missile tests in 2009.

Last December, Japan's cabinet approved defence-spending guidelines for the 2010/11 financial year, which excluded the

⁴ For details see for example Hughes, Christopher W., C Beardsley, Richard K, *Japan's Security Policy and Missile Defence* (Routledge/Curzon, 2008).

⁵ For details see for example Under Fukuda, "Japan Accelerates Ballistic Missile Defense Cooperation with the United States", WMD Insights, February 2008, http://www.wmdinsights.com/I22/I22_EA5_JapanAcceleratesBMD.htm; also "Japan Looking to Expand Missile Defense & Military Spending", *Defense Industry Daily*, Sep 5, 2006. www.defenseindustrydaily.com/japan-looking-to-expand-missile-defense-military-spending-02576/;

allocation of additional funds after April 2011 for additional PAC-3 units envisioned by the previous LDP government. This decision will delay the ministry's plans to deploy PAC-3 units at three more Japanese military bases over the next five years.

The missile shield in Japan—made up of Patriot Advanced Capability-3 (PAC-3) surface-to-air missiles and the warship-installed Standard Missile 3 (SM-3)—had been set for completion by early 2011. In view of the December 2009 budget cuts, however, this seems now unlikely. However, it cannot be excluded that the government's decision to cut funds for PAC-3 will be revised in the course of 2010, should the government reviews its defence policy guidelines and comes to the conclusion that additional PAC-3 capabilities are necessary. While the cost-effectiveness of the PAC-3 element of the ballistic missile defence system is currently discussed controversially amongst policymakers, analysts like Christopher W. Hughes from Warwick University, point out that the Ministry of Defence is likely to make most of the day-to-day choices on procurement, meaning that opponents of the system within the ruling DPJ might not necessarily have a veto over the ministry's decision to expand Japan's missile defence capabilities.

Furthermore, there is overall support for missile defence in Japan and the realisation that Japan can hardly afford to terminate the development of the missile defence system after having invested significant resources for over 10 years.

VII. TIES WITH CHINA

Prime Minister Hatoyama, admittedly like his LDP predecessor Taro Aso, envisions a so-called “strategic partnership” with China, a concept long advocated by the influential DPJ secretary-general Ichiro Ozawa. However, Prime Minister Hatoyama has yet to explain what exactly the “strategic” dimension of this partnership is, and to what extent will be the expansion of existing business and trade ties between them.

Japan and China are committed to and interested in further (economic) Asian integration and have in recent years entered into competition with each other. For example, in the adoption of free trade agreements within Asia. As long as the outcome of Sino-Japanese competition is further Asian economic and trade integration, such competition can be referred to as “healthy”.

For example, Japan has followed China's example of signing a free trade agreement (FTA) with ASEAN in 2007 and is currently envisioning and negotiating other bilateral FTAs.

Aside from territorial disputes (for details see below) and regional rivalry between Japan and Chinese over a leadership role about regional integration, Japan's default strategy will be to continue economic and political engagement with China in East Asia. Bilateral trade between Japan and China amounted to US\$266.4 billion in 2008, Japan remains the biggest investor in China, and more than 10,000 Japanese companies operating in China are employing 11 million Chinese workers.

However, growing economic interdependence notwithstanding, Japanese regional defence and security policies will, despite Hatoyama's engagement policies, also be driven and defined by a real or imaginary "China threat" potentially derailing Japan's economic engagement strategy. As long as Prime Minister Hatoyama and his DPJ are in power this risk is probably relatively low, but it cannot be excluded that Hatoyama could have difficulties containing inner-Japan antagonism and mistrust towards China should for example Chinese "research ships" and warships like in the past intrude into Japan's exclusive economic zone (EEZ) in the East China Sea, around the disputed Senkaku Islands (or Diaoyu Islands in Chinese).

In sum, Japan's policies towards China will continue to take place in the framework of a two-dimensional China strategy in a fragile balance influenced by mutual mistrust and antagonism.

VIII. JAPANESE-SINO TERRITORIAL DISPUTES

Tokyo and Beijing have for years and indeed decades argued over territories in the East China Sea referred to as "Senkaku Islands" in Japanese and as "Diaoyu Islands" in Chinese. Not necessarily the islets itself, however, but the natural gas and oil resources around the island are the main issue of the dispute. Japanese-Chinese friction over disputed territories will continue to remain on the Japanese-Chinese agenda in the years ahead and the scope for concessions and compromise will continue to remain very small.

Occasionally causing protests in Tokyo and usually bilateral diplomatic friction, Chinese vessels (Beijing typically refers to them as "research ships") enter into Tokyo's so-called Economic

Exclusive Zone (EEZ), in vicinity of the disputed territories in the East China Sea.⁶ Furthermore, Beijing is being accused by Tokyo of having in the past drilled for oil and gas in the disputed territories.

In 2008, former LDP prime minister Fukuda launched negotiations on concluding a treaty over a joint gas development project in the disputed waters in the East China Sea and ever since (and like never before) Tokyo and Beijing have demonstrated willingness (at least on paper) to seek a “mutually beneficial solution” to the territorial disputes. However, Beijing is yet to officially agree on the idea of institutionalising Sino-Japanese exploration and there are currently no indications that Chinese policymakers are planning to do so anytime soon.

Indeed, given the sensitivities of the territorial issue neither the government in Tokyo nor the one in Beijing could for domestic reasons afford to abandon the claimed territories in the East China Sea. Consequently, possible joint exploration of natural resources in the East China Sea will continue in the years ahead. It is doubtful if Tokyo and China can reach a mutually benefiting solution to this problem in the near future.

IX. NORTH KOREA

Japan’s approach towards North Korea under Japan’s new administration will essentially remain unchanged. Japanese economic sanctions will remain in place unless there is a radical policy shift (which is unlikely) or North Korea resumes the dismantlement of its nuclear facilities as agreed in the framework of the so-called Six-Party Talks, a multilateral forum (US, China, Russia, Japan, South Korea and North Korea) hosted by Beijing since 2003.

Leaving North Korea’s alleged nuclear ambitions aside, another issue which is of importance is the so-called “abduction issue” in Japan. In the 1970s and 1980s, North Korean secret service agents abducted up to 100 Japanese citizens amongst others to “employ” them as Japanese language “instructors” teaching Japanese language to secret service agents.

⁶ See for example Christopher W. Hughes, “Japan’s Response to China’s Rise”, *International Affairs*, vol. 85, no.4, July 2009, Chatham House London.

Kidnapped Japanese

Back in 2002 during the last Japan-North Korea Summit in Pyongyang, North Korea admitted to having abducted Japanese citizens in the 1970 and 1980s and officially apologised for the kidnappings. While Pyongyang considered the issue to be settled through this official apology back then, Tokyo on the other hand continues until the present day to ask for more and more important verifiable information on what happened to the kidnapped Japanese after the abductions decades ago. In 2003, some kidnapped Japanese who were forced to live in North Korea for decades were allowed to return to Japan for what the government in Pyongyang referred to as “holiday”. The “holiday” in Japan, however, turned into a permanent one after Tokyo decided not to let the kidnapped Japanese-turned-North Korean citizens return to North Korea. The episode became even more absurd when Pyongyang accused Japan of having “kidnapped the kidnapped Japanese”.

In 2008, Pyongyang has promised a “re-investigation” of the case, but so far it has not provided Tokyo with information beyond the information available centring around highly implausible explanations that the kidnapped citizens died from rare diseases or car accidents over the last decades.⁷

In view of the strong Japanese public opinion on the abduction issue⁸ no Japanese government could afford to initiate progress towards the normalisation of relations with North Korea without a resolution to the abduction issue on Japan’s terms, meaning that Tokyo’s sanctions imposed on North Korea will very likely remain in place.

⁷ There were almost no limits to what Pyongyang would invent as absurd and non-credible explanations as to what happened to the abductees in North Korea since their abduction from Japan.

⁸ The participation of the Japanese public in Japanese day-to-day politics—domestic and external—is typically very low in Japan. The “abduction issue” is a notable exception in this context.

Japanese Economic Aid and Sanctions

After the official apology was offered to Japan by North Korea for kidnapping Japanese citizens, Japan had hoped that this apology will be followed by an explanation of exactly what happened to the kidnapped Japanese in North Korean captivity over the decades. Therefore, Tokyo had offered Pyongyang a large-scale economic aid package in return for progress on the denuclearisation and abduction issues. However, Pyongyang considered the issue to be settled through this official apology back then. After an establishment of diplomatic relations with North Korea, Tokyo was reportedly considering an economic aid package in the range of \$5-\$10 billion, which in proportion would have corresponded to what Japan offered South Korea after diplomatic relations in 1965. Japan's comprehensive assistance package would have consisted of grants, low-interest long-term loans, humanitarian assistance, and financing credit for private firms. The amount of funds considered would have been a very significant amount of money given that the entire North Korean economy was estimated to be worth \$20 billion in 2003.⁹

The current Japanese economic sanctions on North Korea were first imposed in 2006, when North Korea conducted a long-range missile test in July of that year.¹⁰ The sanctions included banning all North Korean imports and stopping its ships entering Japanese territorial waters.¹¹ It had considerable impact on North Korea's export of produce like clams and mushrooms, which earned foreign currency in Japanese markets. The sanctions were banning port calls by a ferry that ethnic Koreans in Japan used to send hard currency back to their homeland. Over decades these shipments have been an important source of hard currency revenues in North Korea and it is estimated that up to \$250 million dollars per year—mostly gained from the lucrative pachinko business run

⁹ For details see for example Mark Manyin, "Japan-North Korea relations - Selected Issues", CRS Report for Congress, November 26, 2003, <http://fpc.state.gov/documents/organization/27531.pdf>.

¹⁰ See "Japan extends sanctions against North Korea", *CCN*, April 10, 2009.

¹¹ See for example "Japan announces N Korea sanctions", *BBC World Service*, 11 October 2006.

by ethnic Koreans in Japan—were shipped to North Korea on an annual basis.¹²

In June 2008—after an interruption of almost one year—Tokyo and Pyongyang resumed bilateral talks after Pyongyang North Korea promised a “re-investigation” of the fate of Japanese citizens abducted by Pyongyang in the 1970s and 1980s.¹³ Furthermore, Pyongyang for the first time voiced its willingness to hand over to Japan the four remaining members of the nine hijackers of a Japan Airlines jet in 1970. In return, Tokyo agreed to partially lift sanctions against Pyongyang, allowing certain North Korean ships to make port calls in Japan.¹⁴ Tokyo was also ready to lift restrictions on individual travel and charter flights between the countries.¹⁵ After North Korea’s rocket launch in April 2009, Japan then announced to extend economic sanctions by one year, including the ban on imports imposed in 2006. Tokyo also announced to tighten oversight of fund transfers from Japan to North Korea and decided to strengthen a ban on selling luxury goods to North Korea, including pricey beef, caviar, alcohol, and cars.¹⁶ The Japanese cabinet back then also approved measures to tighten monetary transmission rules to North Korea requesting that any monetary transmission to North Korea over 10 million yen (\$100,000) and cash delivery over 300,000 yen (\$3,000) has to be reported to the government.

¹² Roughly half of Japan’s pachinko parlors (pachinko is a pinball form of gambling generating huge amounts of revenue) are owned by ethnic Koreans in Japan. Other sources, on the other hand claim that North Korean remittances are much lower than that having declined to as little as \$30-million level since the early 1990s, following the bursting of Japan’s economic “bubble” and the decade-long economic crisis throughout the 1990s. Fact is that many of Chosen Soren’s credit unions went into bankruptcy in the 1990s and several of these have been when revelations surfaced that some credit unions had transferred money to the regime in Pyongyang.

¹³ See Kin, Kwan Weng, “Japan lifting some curbs on North Korea”, *The Straits Times*, August 14, 2008, <http://www.asianewsnet.net/news.php?id=812&sec=1>.

¹⁴ See David Kang, Lee-Ji-Young, “Japan-Korea relations: tentative improvement through pragmatism” Comparative Connections, Pacific Forum, CSIS, Hawaii, July 2008, http://www.csis.org/media/csis/pubs/0802qjapan_korea.pdf

¹⁵ “N. Korea, Japan agree to investigation terms”, *China Post*, August 13, 2008.

¹⁶ See “Japan strengthens North Korea sanctions”, *Wall Street Journal*, April 9, 2009.

During a Japan-South Korea summit late last year, Prime Minister Hatoyama supported South Korea's President Lee's proposal of a "grand bargain" to resolve the nuclear crisis indefinitely. Such a "grand bargain" calls on the North to take irreversible steps to dismantle its nuclear programs in return for a security guarantee and economic aid from US-led negotiating partners, including South Korea, Japan, China, and Russia. This is, in essence, what North Korea has already agreed to do (but failed to implement) in the framework of so-called February 2007 "Nuclear Agreement" negotiated and in the framework of the Six-Party Talks in Beijing.

Pyongyang has in May 2009, conducted an underground nuclear test after its first nuclear test in October 2006. A day after the May 2009 nuclear test, Pyongyang test-fired two short-range missiles off an east coast base in North Korea, followed by the test firing of another two short-range missiles into the Sea of Japan on May 27, 2009. Part of Japan's defence establishment will continue to use the potential military threat from North Korea as justification (or pretence as the critics claim) to request an upgrade of Japan's military capabilities. "Super-sizing" the North Korea threat is a part of the defence establishment's strategy to justify and request an upgrade of Japan's defence capabilities as Japan scholar Christopher W. Hughes puts it in a paper published by Asian Survey in 2009.¹⁷ That strategy, however, is unlikely to be successful under Japan's new administration, not least due to the shortage of funds in view of Japan's soaring public debt amounting to 200% of the GDP's in 2009.

X. JAPAN'S "PEACE CONSTITUTION"

The main reason why Tokyo refers to its armed forces since their establishment in 1954 as "Self-Defence Forces" (*jietai* in Japanese) is because of Article 9 of the Japanese Constitution which does not permit Japan to maintain armed forces. A minority of left-leaning scholars and activists continue to question the constitutionality of Japan's armed forces, but the political mainstream and large parts

¹⁷ See Christopher W. Hughes, "Supersizing the DPRK Threat-Japan's Evolving Military Posture and North Korea", *Asian Survey*, vol. XLIX, no.2, March/April 2009.

of the country's population have accepted the existence of Japan's armed forces decades ago.¹⁸

Constitutional Revision—

Revising Article 9 of Japan's Constitution

In order to solve the contradiction between the existence of Japan's armed forces and the pacifist Article 9 of Japan's Constitution, Japanese governments led by the Liberal-Democratic Party (LDP) have sought since the early 1990s, to put constitutional revision in the top of Japan's domestic policy agenda. The *Yomiuri Shimbun*, Japan's biggest daily newspaper, and the country's defence establishment have been supporting these plans and over the last 10 years numerous parliamentary studies and expert groups have presented various draft constitutions and proposals on how to revise the constitution. The proposals centre around the revision of Article 9 in order to make Japan's armed forces constitutionally and formally legal.

However, it is doubtful if Japan's constitution will be revised any time soon, unless the legal requirement of how to change or amend the Japanese Constitution will be changed. A two-third majority in both chambers of the Japanese parliament (Lower House and Upper House) is required to change the constitution, which is virtually impossible given the current political constellations in Japan. This two-third majority in both chambers of the parliament would then have to be followed by a popular referendum and even if the Japanese voters increasingly lean towards constitutional revision per se, recent survey data has shown that the majority of the public would not vote for the abolition of Article 9 of the Constitution.

¹⁸ For a critical assessment see for example Martin, Graig, "The Case Against 'Revising Interpretations' of the Japanese Constitution", *Japan Focus*, http://japanfocus.org/_Craig_Martin-The_Case_Against; also Samuels, Richard, "Politics, Security Policy, and Japan's Cabinet Legislation Bureau: Who Elected These Guys, Anyway?", JPRI Working Paper No. 99 (March 2004), Japan Policy Research Institute (JPRI), <http://www.jpri.org/publications/workingpapers/wp99.html>; Axel Berkofsky, "Japan's New Army to the Rescue of US Forces", *The Asia Times Online*, April 3, 2004, <http://atimes.com/atimes/Japan/FD03Dh02.html>

Prime Minister Hatoyama is officially in favour of constitutional revision and has repeatedly voiced his intention to deal with constitutional revision on his domestic policy agenda.¹⁹ Realistically, however, constitutional revision is very unlikely to make it anywhere near the top of the country's policy agenda in the months ahead, not least in view of the problems associated with Japan's current economic crisis and other important issues.

The last Japanese prime minister who sought to put constitutional revision on top of Japan's policy agenda was Shinzo Abe who governed Japan for more than one year from 2006/2007. Abe back then did not get any support from the Japanese electorate for his plans to push constitutional revision on the domestic policy agenda and was (rightly) accused of setting the wrong priorities in times of economic transformation in Japan (Abe resigned in September 2007).

XI. HATOYAMA AND JAPAN'S INTERNATIONAL MISSIONS

A. Refuelling Mission on the Indian Ocean

Authorised by Japan's 2001 so-called Anti-Terrorism Special Measures Law the Japanese navy has since November 2001 been refuelling US, British, and other nations' vessels engaged in the war in Afghanistan. The law expired after one year and was consequently submitted to the parliament and was adopted several times from 2001 till present. The last time this was adopted was in December 2008 when the then-governing LDP used its two-third majority in Japan's Lower House for over-ruling the political opposition's Upper House majority, thereby enabling the refuelling mission to continue until January 2010.²⁰

At the end of 2009, Japan's new government decided not to re-submit the bill to the parliament, instead announcing that Japan's refuelling mission would end on January 1, 2010. Hatoyama's decision late last year to end Tokyo's refuelling mission in the Indian Ocean is without a doubt an indication that Japan led by

¹⁹ See for example Funabashi Yoichi, "Tokyo Trials", *Foreign Affairs*, Nov/Dec 2009.

²⁰ See Yamaguchi, Mari, "Japan OKs extension of anti-terror navy mission", *The Yomiuri Shimibun*, Dec12; Kato, Jun, Shima, Chikara, Ogawa, Satoshi, "Law's enactment renews commitment; MSDF's refueling mission unlikely to provide solution to Afghan problems", *The Daily Yomiuri Shimibun*, Dec13, 2008; also, "Japan extends Afghan mission", *BBC World Service*, Dec12, 2008.

the DPJ and Hatoyama is decisively less prepared than LDP-led predecessor governments to contribute to the US-led war against terrorism (strong US pressure “helped” Japan’s former prime minister Junichiro Koizumi to adopt the Anti-Terrorism Special Measures Law back in November 2001).

Even though it was widely agreed over the years that Japan’s refuelling operations is a merely “symbolic” contribution to the ongoing war in Afghanistan, Washington has nonetheless (and unsurprisingly) reacted negatively to the termination of Japan’s refuelling mission in the Indian Ocean.

B. Anti-Piracy Mission in the Gulf of Aden

Japan’s anti-piracy mission in the Gulf of Aden, which began in March 2009, will continue in the months ahead. Piracy in the Gulf of Aden off the coast of Somalia has a direct impact on Japan’s economic and energy security and is being perceived as such by large parts of the Japanese public. More than 2,000 Japanese commercial vessels are sailing through the Gulf of Aden shipping above all crude oil to Japan.

The DPJ, at least for now, is committed to continue the navy’s anti-piracy-mission even if there is no consensus within the ruling DPJ, let alone amongst the coalition partners, whether and to what extent the Japanese navy is authorised to use military force.

C. Afghanistan

The Japanese prime minister announced in January 2010, to assign an additional \$5 billion in reconstruction aid to Afghanistan over the next three to four years. Out of the \$5 billion, Tokyo will provide assistance to Afghanistan of roughly \$800 million in 2010. The Japanese government plans to focus the funds towards 1) enhancing Afghanistan’s capability to maintain security (such as e.g., providing training for police and security personnel), 2) reintegration of former insurgents and 3) advancement of sustainable and self-reliant development (in sectors such as agriculture, education, infrastructure development). From a US perspective, Hatoyama’s recent pledge of \$5 billion in reconstruction aid to Afghanistan over the next four years stands for Tokyo’s willingness to support US in their global security objectives. From a Japanese perspective, however, Hatoyama’s initiative to increase Japan’s financial and personnel contribution to the reconstruction

and pacification of Afghanistan is not necessarily a Japanese contribution to the US-led war against terrorism but rather (at least according to the government's official rhetoric) a Japanese "soft" and "civilian power" contribution to global peace and security.

XII. CONCLUSIONS

As shown above, much of what has been formulated and "done" in terms of regional and global Japanese foreign and security policies in recent years will most probably continue to be done in the future; therefore, leaving limited room and opportunities for Tokyo to initiate qualitatively and fundamentally "new" regional and global foreign and security policies.

Nonetheless, the Japanese prime minister's plan to seek to re-negotiate the existing 2006 US forces relocation agreement and his decision to end the navy's refuelling mission in the Indian Ocean in favour of expanding Japan's civilian engagement in Afghanistan are indications that unlike his LDP predecessors, he is not prepared to follow a regional and global US foreign policy lead unconditionally. What's more, Tokyo's plans to change the so-called US-Japan Status of Forces agreement which protects American troops from legal prosecution in Japan and the government re-emerging requests to reduce Japan's so-called "Host Nation Support", i.e. Japan's financial support for US military in Japan, are further signs that Tokyo alliance policies under Prime Minister Yukio Hatoyama might no longer be "business as usual".

As regards Tokyo's alleged "new" and regional economic and political integration policies discussed above, it must be concluded that as long as more details and concrete Japanese policy initiatives do not emerge, Hatoyama's rhetoric suggesting a Japanese leadership role in the framework of an East Asian Community will remain a vague political vision as opposed to the reality of Japan's foreign and security policy agenda. However, it is still "early days" of the Hatoyama government and it should not be excluded that the Japanese prime minister will in the months ahead make more concrete proposals on the kind of Japanese leadership role with regard to regional economic, political, and financial integration he envisions.

Leaving territorial disputes and yet unresolved disagreements over the interpretation of World War II history aside, Tokyo's China policies will, in view of the bilateral economic interdependence, continue to be centred around economic and political engagement. Nonetheless, the territorial disputes discussed above will continue to have the potential to occasionally derail Japan's economic engagement policies.

Tokyo's North Korea policies too are bound to remain unchanged in the months ahead unless Pyongyang turns to giving Tokyo what it wants: reliable as opposed to bogus information on the abductees and the suspension and dismantlement of its nuclear program and facilities. Both of which are unlikely to take place any time soon.

Professor Dr. Axel Berkofsky is Gianni Mazzocchi Fellow at The University of Pavia, Italy and Senior Associate Research Fellow at the Milan-based Istituto per Gli Studi di Politica Internazionale (ISPI).