

JAPAN



FOREIGN RELATIONS: Japan is the world's second-largest economy and a major economic power both in Asia and globally. Japan has diplomatic relations with nearly all independent nations and has been an active member of the United Nations since 1956. Japanese foreign policy has aimed to promote peace and prosperity for the Japanese people by working closely with the West and supporting the United Nations.

In recent years, the Japanese public has shown a substantially greater awareness of security issues and increasing support for the Self Defense Forces. This is in part due to the Self Defense Forces' success in disaster relief, including the 2004 Indian Ocean tsunami, and its participation in peacekeeping operations in Cambodia in the early 1990s and reconstruction/stabilization efforts in Iraq in 2003-2008. However, there are still significant political and psychological constraints on strengthening Japan's security profile. Although a military role for Japan in international affairs is highly constrained by its constitution and government policy, Japanese cooperation with the United States through the 1960 U.S.-Japan Security Treaty has been important to the peace and stability of East Asia. In recent years, there have been domestic discussions about possible reinterpretation or revision of Article 9 of the Japanese constitution. All postwar Japanese governments have relied on a close relationship with the United States as the foundation of their foreign policy and have depended on the Mutual Security Treaty for strategic protection.

While maintaining its relationship with the United States, Japan has diversified and expanded its ties with other nations. Good relations with its neighbors continue to be of vital interest. After the signing of a peace and friendship treaty with China in 1978, ties between the two countries developed rapidly. Japan extended significant economic assistance to the Chinese in various modernization projects and supported Chinese membership in the World Trade Organization (WTO). In recent years, however, Chinese exploitation of gas fields in the East China Sea has raised Japanese concerns given disagreement over the demarcation of their maritime boundary. A long-running boundary dispute involving the Chinese and Taiwanese over the Senkaku (Diaoyu Tai) Islands also continues. Chinese President Hu Jintao's May 2008 visit to Tokyo, the first such visit in 10 years, helped improve relations with China. Japan maintains economic and cultural but not diplomatic relations with Taiwan, with which a strong bilateral trade relationship thrives.

A surprise visit by Prime Minister Koizumi to Pyongyang, North Korea on September 17, 2002, resulted in renewed discussions on contentious bilateral issues--especially that of abductions to North Korea of Japanese citizens--and Japan's agreement to resume normalization talks in the near future. In October 2002, five abductees returned to Japan, but soon after negotiations reached a stalemate over the fate of abductees' families in North Korea. Japan's economic and commercial ties with North Korea plummeted following Kim Jong-il's 2002 admission that D.P.R.K. agents abducted Japanese citizens. Japan strongly supported the United States in its efforts to encourage Pyongyang to abide by the nuclear Non-

Proliferation Treaty and its agreements with the International Atomic Energy Agency (IAEA). In 2006, Japan responded to North Korea's July missile launches and October nuclear test by imposing sanctions and working with the United Nations Security Council. The U.S., Japan, and South Korea closely coordinate and consult trilaterally on policy toward North Korea, and Japan participates in the Six-Party Talks to end North Korea's nuclear arms ambitions. Japan and North Korea reached an agreement in August 2008 in which Pyongyang promised to reinvestigate abduction cases. However, the D.P.R.K. has failed to implement the agreement. Continued North Korean missile tests and bellicose language is viewed with serious concern in Japan.

In recent years, Japan and the Republic of Korea have stepped up high-level diplomatic activity and coordination. However, historical differences, including territorial disputes involving the Liancourt Rocks, complicate Japan's political relations with South Korea despite growing economic and cultural ties.

Japan's relations with Russia are hampered by the two sides' inability to resolve their territorial dispute over the islands that make up the Northern Territories (Southern Kuriles) seized by the U.S.S.R. at the end of World War II. The stalemate over territorial issues has prevented conclusion of a peace treaty formally ending the war between Japan and Russia. The United States recognizes Japanese sovereignty over the islands. Russian Coast Guard boats sometimes seize Japanese fishing vessels operating in waters surrounding the disputed area. In August 2006, a Russian patrol shot at a Japanese fishing vessel, claiming the vessel was in Russian waters, killing one crewmember and taking three seamen into custody. In October 2007, Russia raised objections to U.S.-Japan cooperation on missile defense, and in February 2008, Tokyo protested the incursion into Japanese airspace of a Russian bomber. Then-Prime Minister Aso and Russian President Medvedev held inconclusive discussions on the issue during a March 2009 meeting. During his initial meeting with Medvedev in September 2009, Prime Minister Hatoyama said he wanted to resolve the issue and sign a peace treaty. Despite the lack of progress in resolving the Northern Territories and other disputes, however, Japan and Russia continue to develop other aspects of the overall relationship, including two large, multi-billion dollar oil-natural gas consortium projects on Sakhalin Island.

Japan has pursued a more active foreign policy in recent years, recognizing the responsibility that accompanies its economic strength, and has expanded ties with the Middle East, which provides most of its oil. In 2006, Japan's Ground Self Defense Force completed a successful two-year mission in Iraq, and the Diet extended the Anti-Terrorism Special Measures Law which allowed for Japan's Maritime Self Defense Force refueling activities in support of Operation Enduring Freedom in the Indian Ocean. The Air Self-Defense Force's (ASDF) airlift support mission in Iraq formally ended in December 2008.

Japan increasingly is active in Africa and Latin America--recently concluding negotiations with Mexico and Chile on an Economic Partnership Agreement (EPA) and undertaking negotiations with Peru--and has extended significant support to development projects in both regions. Japan's economic engagement with its neighbors is increasing, as evidenced by the conclusion of EPAs with Singapore, the Philippines, Thailand, Malaysia, Indonesia, and Vietnam.

As host of the G8 Summit in July 2008, Japan focused on four themes: environment and climate change, development and Africa, the world economy, and political issues including non-proliferation. Since 2007 successive Japanese prime ministers have announced their support for initiatives to address greenhouse gas emissions and to mitigate the impact of energy consumption on climate. In September 2009, Prime Minister Hatoyama strengthened the Japanese Government's commitment to this effort by pledging to reduce Japan's greenhouse gas emissions by 25% by 2020 from 1990 levels.

U.S.-JAPAN RELATIONS: The U.S.-Japan alliance is the cornerstone of U.S. security interests in Asia and is fundamental to regional stability and prosperity. Despite the changes in the post-Cold War strategic landscape, the U.S.-Japan alliance continues to be based on shared vital interests and values. These include stability in the Asia-Pacific region, the preservation and promotion of political and economic freedoms, support for human rights and democratic institutions, and securing of prosperity for the people of both countries and the international community as a whole.

Japan provides bases and financial and material support to U.S. forward-deployed forces, which are essential for maintaining stability in the region. Under the U.S.-Japan Treaty of Mutual Cooperation and Security, Japan hosts a carrier battle group, the III Marine Expeditionary Force, the 5th Air Force, and elements of the Army's I Corps. The United States currently maintains approximately 50,000 troops in Japan, about half of whom are stationed in Okinawa.

Over the past decade the alliance has been strengthened through revised Defense Guidelines, which expand Japan's noncombatant role in a regional contingency, the renewal of our agreement on Host Nation Support of U.S. forces stationed in Japan, and an ongoing process called the Defense Policy Review Initiative (DPRI). The DPRI redefines roles, missions, and capabilities of alliance forces and outlines key realignment and transformation initiatives, including reducing the number of troops stationed in Okinawa, enhancing interoperability and communication between our respective commands, and broadening our cooperation in the area of ballistic missile defense. In February 2009 Secretary of State Clinton and then-Foreign Minister Nakasone signed the Guam International Agreement (GIA) in Tokyo. The GIA commits both nations to completing the transfer of approximately 8,000 U.S. Marines from bases in Okinawa to new facilities in Guam built with the assistance of Japan.

Implementation of these agreements will strengthen our capabilities and make our alliance more sustainable. After the tragic events of September 11, 2001, Japan has participated significantly in counterterrorism efforts by providing major logistical support for U.S. and coalition forces in the Indian Ocean.

Because of the two countries' combined economic and technological impact on the world, the U.S.-Japan relationship has become global in scope. The United States and Japan cooperate on a broad range of global issues, including development assistance, combating communicable disease such as the spread of HIV/AIDS and avian influenza, and protecting the environment and natural resources. Both countries also collaborate in science and technology in such areas as mapping the human genome, research on aging, and international space exploration. As one of Asia's most successful democracies and its largest economy, Japan contributes irreplaceable political, financial, and moral support to U.S.-Japan diplomatic

efforts. The United States consults closely with Japan and the Republic of Korea on policy regarding North Korea. The United States works closely with Japan and Australia under the auspices of the Trilateral Strategic Dialogue and the Security and Defense Cooperation Forum to exchange views and increase coordination on global and regional initiatives. In Southeast Asia, U.S.-Japan cooperation is vital for stability and for political and economic reform. Outside Asia, Japanese political and financial support has substantially strengthened the U.S. position on a variety of global geopolitical problems, including the Gulf, Middle East peace efforts, and the Balkans. Japan, currently a member of the United Nations Security Council for the 2009-2010 term, is an indispensable partner in the UN and the second-largest contributor to the UN budget. Japan broadly supports the United States on nonproliferation and nuclear issues.

GOVERNING JUSTLY AND DEMOCRATICALLY: Japan is a constitutional monarchy with a parliamentary government. There is universal adult suffrage with a secret ballot for all elective offices. Sovereignty, previously embodied in the emperor, is vested in the Japanese people, and the Emperor is defined as the symbol of the state.

Japan's government is a parliamentary democracy, with a House of Representatives (also known as the Lower House) and a House of Councillors (sometimes called the Upper House). Executive power is vested in a cabinet composed of a prime minister and ministers of state, all of whom must be civilians. The prime minister must be a member of the Diet and is designated by his colleagues. The prime minister has the power to appoint and remove ministers, a majority of whom must be Diet members. The judiciary is independent.

The seven major political parties represented in the National Diet are the Democratic Party of Japan (DPJ), the Social Democratic Party (SDP), the People's New Party (PNP), the Liberal Democratic Party (LDP), the New Clean Government Party (Komeito), the Japan Communist Party (JCP), and Your Party (YP).

Japan's judicial system, drawn from customary law, civil law, and Anglo-American common law, consists of several levels of courts, with the Supreme Court as the final judicial authority. The Japanese constitution includes a bill of rights similar to the U.S. Bill of Rights, and the Supreme Court has the right of judicial review. Japanese courts do not use a jury system, and there are no administrative courts or claims courts. Because of the judicial system's basis, court decisions are made in accordance with legal statutes. Only Supreme Court decisions have any direct effect on later interpretation of the law.

Japan does not have a federal system, and its 47 prefectures are not sovereign entities in the sense that U.S. states are. Most depend on the central government for subsidies. Governors of prefectures, mayors of municipalities, and prefectural and municipal assembly members are popularly elected to 4-year terms.

INVESTING IN PEOPLE: Japan's population, currently just over 127 million, has experienced a phenomenal growth rate during the past 100 years as a result of scientific, industrial, and sociological changes, but this has recently slowed due to falling birth rates. In 2005, Japan's population declined for the first time, two years earlier than predicted. High sanitary and health standards produce a life expectancy exceeding that of the United States.

Japan is an urban society with only about 4% of the labor force engaged in agriculture. Many farmers supplement their income with part-time jobs in nearby towns and cities. About 80 million of the urban population is heavily concentrated on the Pacific shore of Honshu and in northern Kyushu. Major population centers include: Metropolitan Tokyo with approximately 12.7 million; Yokohama with 3.6 million; Osaka with 2.6 million; Nagoya with 2.2 million; Sapporo with 1.8 million; Kyoto and Kobe with 1.5 million each; Kawasaki and Fukuoka with 1.4 million each, and Saitama with 1.2 million. Japan faces the same problems that confront urban industrialized societies throughout the world: overcrowded cities, congested roads, air pollution, and rising juvenile delinquency.

Shintoism and Buddhism are Japan's two principal religions. Shintoism is founded on myths and legends emanating from the early animistic worship of natural phenomena. Since it was unconcerned with problems of afterlife which dominate Buddhist thought, and since Buddhism easily accommodated itself to local faiths, the two religions comfortably coexisted, and Shinto shrines and Buddhist temples often became administratively linked. Today many Japanese are adherents of both faiths. From the 16th to the 19th century Shintoism flourished.

Adopted by the leaders of the Meiji restoration, Shintoism received state support and was cultivated as a spur to patriotic and nationalistic feelings. Following World War II, state support was discontinued, and the emperor disavowed divinity. Today Shintoism plays a more peripheral role in the life of the Japanese people. The numerous shrines are visited regularly by a few believers and, if they are historically famous or known for natural beauty, by many sightseers. Many marriages are held in the shrines, and children are brought there after birth and on certain anniversary dates; special shrine days are celebrated for certain occasions, and numerous festivals are held throughout the year. Many homes have "god shelves" where offerings can be made to Shinto deities.

Buddhism first came to Japan in the 6th century and for the next 10 centuries exerted profound influence on its intellectual, artistic, social, and political life. Most funerals are conducted by Buddhist priests, and many Japanese visit family graves and Buddhist temples to pay respects to ancestors.

Confucianism arrived with the first great wave of Chinese influence into Japan between the 6th and 9th centuries. Overshadowed by Buddhism, it survived as an organized philosophy into the late 19th century and remains today as an important influence on Japanese thought and values.

Christianity, first introduced into Japan in 1549, was virtually stamped out by the government a century later; it was reintroduced in the late 1800s and has spread slowly. Today Christianity has an estimated 3 million adherents throughout Japan.

Beyond the three traditional religions, many Japanese today are turning to a great variety of popular religious movements normally lumped together under the name "new religions." These religions draw on the concept of Shinto, Buddhism, and folk superstition and have developed in part to meet the social needs of elements of the population. The officially recognized new religions number in the hundreds and total membership is reportedly in the tens of millions.

FOCUS ON PERFORMANCE: The post-World War II years saw tremendous economic growth in Japan, with the political system dominated by the Liberal Democratic Party (LDP). That total domination lasted until the Diet lower house elections in July 1993, in which the LDP failed for the first time to win a majority. The LDP returned to power in 1994, with majorities in both houses of the Diet. In elections in July 2007, the LDP lost its majority in the upper house. The DPJ followed up on this advance with a landslide victory in the lower house elections of August 2009, giving the DPJ a majority in the more powerful lower house and a leading coalition in the upper house, overturning the post-World War II political order.

Domestically, the DPJ has signaled that it wishes to overturn the system of policy-making established under the LDP whereby the bureaucracy took the lead in policy formation. Prime Minister Yukio Hatoyama pledged during the campaign to place more politicians at the heads of ministries to shift power away from the bureaucrats. In addition, the DPJ has proposed creating the National Strategy Bureau, to be comprised of public and private sector officials, envisioned by the DPJ as becoming the government's key policy-making and budgetary body.

ECONOMIC GROWTH: Japan's industrialized, free-market economy is the second-largest in the world. Its economy is highly efficient and competitive in areas linked to international trade, but productivity is far lower in protected areas such as agriculture, distribution, and services. Japan's reservoir of industrial leadership and technicians, well-educated and industrious work force, high savings and investment rates, and intensive promotion of industrial development and foreign trade produced a mature industrial economy. Japan has few natural resources, and trade helps it earn the foreign exchange needed to purchase raw materials for its economy.

After achieving one of the highest economic growth rates in the world from the 1960s through the 1980s, the Japanese economy slowed dramatically in the early 1990s, when the "bubble economy" collapsed, marked by plummeting stock and real estate prices. Japan eventually recovered from its worst period of economic stagnation since World War II. Real GDP in Japan grew at an average of roughly 1% yearly in the 1990s, compared to growth in the 1980s of about 4% per year. After sustaining several consecutive years of growth earlier this decade, the Japanese economy began to slow in line with global economic conditions, and the country fell into its first recession in roughly six years in 2008 as worldwide demand for its goods tumbled. The Bank of Japan reported real GDP growth of -1.8% in FY 2008 and has forecast a decline of 2.0% in 2009.