

**JAPAN IN 2016:
DOMESTIC POLITICAL STABILITY,
GREATER EXTERNAL UNCERTAINTY**

LAM Peng Er

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Executive Summary

1. After winning the July 2016 upper house election, Prime Minister Abe Shinzo and his allies have unprecedentedly secured a two-thirds majority in both the lower and upper houses of parliament.
2. This dominance in parliament allows Abe to revise the country's unique post-war pacifist constitution and paves the way for Japan to become a "normal" state playing a larger security role in international affairs.
3. The ruling Liberal Democratic Party (LDP) rewarded Abe for his upper house electoral victory by raising the two-term limit (of three years each) for the LDP president to a maximum of three terms (for a total of nine consecutive years).
4. Abe, who is concurrently the LDP president, is emerging as the most powerful prime minister in a country where most prime ministers in the past three decades had lasted barely a year or so in office.
5. To cope with the problems of a rapidly ageing society and a slowing economy, the Abe administration has liberalised foreign labour to work in Japan. The number of foreign workers in Japan had risen from about 486,000 in 2008 to nearly 908,000 in 2015.
6. More specifically, the Abe administration is planning to bring in more skilled workers for understaffed nursing homes and the forthcoming Tokyo Olympic projects.
7. In December 2016, Prime Minister Abe secured the passage of the controversial Trans-Pacific Partnership (TPP) in parliament but this legislative victory was voided when US President-elect Donald Trump repudiated the TPP.
8. Donald Trump's shocking and stunning victory in the November 2016 US presidential election caused great anxiety and uncertainty in Japan about the future

of its alliance with the United States in the midst of a rising China and power transition in East Asia.

9. If the Trump administration were to adopt a more confrontational approach towards Beijing especially in the South China Sea dispute, Tokyo may be entrapped by its US ally. Conversely, a warm US-China relation for mutual economic benefits (especially massive Chinese investments for infrastructure development in the United States) or a G-2 may sideline Japan.