

A U.S.-Japan Dual-Citizen Arrangement Can Benefit Both Countries

By Rei Kataoka Coleman

Although Japan does not recognize dual citizenship, the United States and Japan would both benefit from such an arrangement. A combination of on-the-ground realities of dual citizens in Japan, the emerging needs and capabilities of the Japanese state (namely digitalization of public services and taxation), and the interests of U.S.-based corporations operating in Japan should inspire the United States to encourage dual citizenship initiatives by the Japanese government. The driving forces of globalization and the benefits of exploring new avenues of U.S.-Japan relations combine with domestic developments in Japan to make dual citizenship a “common sense” goal for both countries, at both the institutional and person-to-person level of international diplomacy and mutual understanding.

Just as foreign professionals proved indispensable to modernization in Japan’s Meiji Period (1868 - 1912), bi-national Americans currently on the ground in multinational corporations and other entities in Japan are playing a part in economic and cultural synergy, while contributing to a more well-informed U.S. stance on a number of important bilateral issues. Giving these agents of positive change the benefits of dual citizenship will make their lives in Japan easier and more fulfilling, while inviting more Americans with talent and knowledge to the grand project of mutual cooperation.

In stark contrast to its reputation for rigorous record-keeping, Japan’s government has no count of how many of its nationals actually hold other citizenships. Most recent estimates by the Ministry of Justice hover between 500,000 to 900,000 citizens residing in Japan with more than one citizenship, and there is no attempt to count Japanese dual-citizens overseas. The actual number of U.S.-Japan dual nationals within this accounting is unknown but is likely to be significant given the robust recruitment of international talent by both Japanese and U.S. multinational corporations operating in both countries. Meanwhile, most Japanese citizens holding more than one passport are naturally born into their statuses (e.g., due to the citizenship status of their parents), and those who attained foreign citizenship after birth must forfeit their original Japanese one, though there is no penal regulation for not doing so.

Domestic developments can inspire lawmakers to act. The dual citizenship issue recently garnered media attention and a small constitutional debate when tennis star Naomi Osaka was forced to forfeit her U.S. citizenship and two members of the Japanese Diet (the national legislature) were revealed to have dual citizenships. Taxation is, understandably, uppermost in the minds of any country’s lawmakers, and a push-pull of revenue issues in Japan also invites the introduction of dual citizenship. The “push” comes in part from Japan’s downward dip in population, paired with spikes in its national debt, prompting the recognition that it would be undesirable for the country to lose out on the absolute number of citizens and hidden tax

Rei Coleman, government affairs professional, explains that “Bi-national Americans currently on the ground in multinational corporations and other entities in Japan are playing a part in economic and cultural synergy, while contributing to a more well-informed U.S. stance on a number of important bilateral issues.”

revenue. Meanwhile, even the most socially conservative Japanese politicians understand that the number of multicultural and multinational Japanese people and businesses is only going up.

The taxation "pull" comes from the Suga administration's initiative in taking on the mammoth task of digitizing as much as possible of public sector services. This adds to the government architecture further digital transformations for the private sector, utilizing the new available data (the recent inadequacies in data handling to address the Covid-19 pandemic brought impetus to this effort). One of the tasks is a digitally streamlined taxation process, which makes the administration of revenue from different citizenship statuses much more achievable.

As of early 2021, the right opportunity still exists to add dual citizenship issues and reviewed tax codes and taxation processes to the agenda of the Tax Agency, Ministry of Justice, and nascent Digital Agency which will most likely be up and running before the end of the year. If the ruling coalition is given the right prompt, early discussions can be guided with an understanding of U.S. collaboration within the appropriate party committees. The United States can take the initiative to start discussions for the benefit of both countries.

Many hidden U.S.-Japan dual nationals living in the gray-zone will feel comfortable paying their fair share of taxes to both governments and work toward advancing security and economic ties. Companies with trans-Pacific operations can streamline their processes for hiring the best talent with new pools of candidates confidently revealing both passports.

The simple act of introducing such a system and discussing initial steps toward it can offer a fresh avenue of collaboration outside of security and economic partnerships. The message will surely be a strong one if the United States and Japan together can work toward citizenship transparency, and ultimately toward better international public policy. Sanctioning dual citizenship and encouraging transparency on both sides will go beyond the U.S.-Japan Estate, Inheritance and Gift Tax Treaty for a more comprehensive collaboration between government officials and the private sector across the Pacific. There can be more integrity in how citizens vote, transparency in which citizenships our elected leaders have, and how taxes should be levied.

In summary, no one should doubt Japan's ability to adapt to new international challenges with both pragmatism and creativity, but every major advance of the country in its modern history represents a hard-won victory of vision and courage, typically accomplished in concert with sympathetic foreign advocates having enlightened self-interest. America's dialogue with Japan over the issue of dual citizenship, at once quintessentially internationalist and sensitive to the roots of Japanese identity, does not have to mean U.S. presumptuousness, political or cultural. Rather, like so many inspirations from abroad, it opens a door to domestic Japanese interests to push for genuine reform.

Rei Kataoka Coleman currently works at Salesforce Japan in the Government Affairs team. He holds a master's degree in public policy from the University of Tokyo and has experience working in the Japanese Diet.

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