THE BROOKINGS INSTITUTION

EAST ASIA IN THE SPOTLIGHT:

SECRETARY OF STATE CLINTON'S FIRST TRIP ABROAD

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INTRODUCTION:

TED PICCONE
Senior Fellow and Deputy Director, Foreign Policy
The Brookings Institution

MODERATOR:

RICHARD C. BUSH
Senior Fellow and Director
Center for Northeast Asian Policy Studies
The Brookings Institution

PANELISTS:

BALBINA Y. HWANG
Visiting Lecturer, National Defense University
Adjunct Lecturer, Georgetown University

DAVID M. LAMPTON
Director of China Studies and Dean of Faculty
Johns Hopkins School of Advanced International Studies

DAVID MERRILL
President
The United States-Indonesia Society

SHEILA A. SMITH
Senior Fellow for Japan Studies
The Council on Foreign Relations

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Alexandria, VA 22314
Phone (703) 519-7180 Fax (703) 519-7190

P R O C E E D I N G S

TED PICCONE: Good afternoon, and welcome to Brookings on this unusually warm, sunny afternoon. We hope that it will portend good things to come.

Our event today is “East Asia in the Spotlight: Secretary of State Clinton's First Trip Abroad,” and I'm here to welcome you. My name is Ted Piccone. I'm a Senior Fellow and Deputy Director of the Foreign Policy Program.

As you know, Hillary Clinton will depart on February 15th for her first trip abroad as Secretary of State. She will visit South Korea, Japan, China, and Indonesia; and breaking with the norm established by former Secretaries of State, it's interesting that she's taking her first visit to Asia, which I think says something about the rise of Asia as a key player in global affairs and the focus that the Obama administration places on U.S. relations with Asia. I imagine topics of discussion will include, of course, North Korea and the global financial crisis and climate change.

We here at Brookings -- and this event is hosted by the Center for Northeast Asian Policy Studies and the John L. Thornton China

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Center -- have been looking at these issues, of course, for many years, and we're very happy to be gathering this excellent panel in such a timely way. As you may know, Secretary Clinton will be making a speech later this week at the Asia Society major foreign policy speech, so we'll know a lot more then, but in the meantime we have our experts here to give their advice and analysis of what is likely to come out of this trip.

Richard Bush is our host for the panel. Richard is the Director of the Center for Northeast Asian Policy Studies and I'm sure known to many of you. CNAPS, what we call it here, is a center for research, analysis, and debate to focus on policy issues, political, economic, and security issues facing Northeast Asia and the United States. Richard came to Brookings in July of 2002. Previous to that, he was Chairman and Managing Director of the American Institute in Taiwan. I think there's more bio information in the papers you got coming in, so I won't elaborate on that.

I'll just make one final comment, which is: In my own experience in traveling with Secretary Clinton when she was First Lady, I can imagine that she will be extremely well prepared. She will be in a listening mode, and she will be very interested in a comprehensive set of issues -- certainly the security issues but also issues of human

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development and of course economic relations. And I think the trip is particularly important as much for what it will say, the messages it will send to our friends in Asia, but also for the message that will sent back home, especially regarding China and China's rise at this particular moment of great economic turmoil.

Welcome again, and I'll turn it over to Richard.

RICHARD BUSH: Okay. Thank you very much, Ted. Thank you all for coming. This is a great turnout, but I think it will be well worth your while.

While I'm in a thank-you mode, I'd like to express my appreciation to, first of all, Dr. Cheng Li of the Thornton Center for having the idea for this program; the staff of my Center and the China Center and our Communications Department for making it easy. And I'd also like to thank our four presenters here today, because they are the ones who make the program.

As Ted said, you have bio information, so I will just identify who they are. We're going to go in the order of Secretary Clinton's trip -- Japan, Indonesia, South Korea, and China -- and for Japan we have

Dr. Sheila Smith, from the Council on Foreign Relations; for Indonesia, Ambassador David Merrill, who's the president of the U.S.-Indonesia Society; Balbina Hwang, now with National Defense University but previously Christopher Hill's right hand; and then David Michael Lampton at SAIS.

So, finally, I would say for those of you in the back who are getting tired of standing, we do have an overflow room right next door, so you're welcome to go over there, but you're welcome to stay, too.

So, let's start with Sheila. Sheila, why is Tokyo the Secretary's first stop?

SHEILA SMITH: I think it's important -- and I think Ted put that out very nicely at the beginning. I think the most important thing is that it's Asia first, and I think this communicates to the region to all the countries she will visit that this is a priority for the Obama administration, and I think it's a very powerful message. Of course my colleagues in Japan, my Japan watchers here Washington, are delighted that Tokyo is the first stop. Tokyo is a close alliance partner of United States. It continues to work closely with us not only in the security realm but clearly in the economic realm., Wehave a broad agenda ahead of us with Tokyo,

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and so I think it's important that Japan is the first stop both for symbolic reasons but also for substantive reasons.

DR. BUSH: Now, do you think that our agenda and Japan's agenda are aligned with each other?

DR. SMITH: I don't think any two countries' agenda are ever aligned, so we're never perfect, never a perfect match. There's a lot of overlap though, and I think what the Secretary is going to do in Tokyo is to reaffirm that overlap of common interests and common goals. Very clearly in the security realm, the strength of the alliance partnership is key. Japan now finds itself in a very different neighborhood than it did during the cold war, and there's a little bit of anxiety, I think, in Tokyo about that neighborhood. So, reassurance will be critical.

I think also that this is a nice time for us to look forward in the alliance and to deal with some of the dissonances and some of the experiences we've had over the last decade so that we can reformulate our alliance conversation so that it's looking forward and focused on solving problems. Again, very specifically -- we will want to be very careful in our conversation with Tokyo about our North Korea policy, very specifically on how the United States and Japan can work closely, indeed

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seamlessly, in the Six-PartyTalks. I think climate change very clearly is an agenda for our future, but so, too, is the economic crisis and financial stability. So, all of these three issues I think will be focal points for the conversation with Secretary Clinton and her counterparts.

DR. BUSH: Where are the greatest opportunities for sort of enhancing our relationship? What are the pitfalls to be avoided?

DR. SMITH: I think the opportunities are in the issues, as I just suggested. Let me put them in terms of, I would say, priorities for us.

I think there's an opportunity here to learn from the last eight years or so of our dealings with North Korea. I think it's absolutely essential that Tokyo and Washington present a united message to Pyongyang that this is not a relationship that they can cleave and this is not a relationship that they can manipulate. So, that's an important opportunity for Secretary Clinton.

The second opportunity is clearly an opportunity that we've always had, but it has a new urgency in today's economic and financial climate. Prime Minister Aso came to the United States last November clearly committed to strengthening the IMF and to demonstrating that

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Japan is willing to play a crucial role in stabilizing global economic institutions. I think there's an obvious need to continue that close partnership between United States and Japan and to have it work well within the G-20 framework as we approach the next meeting coming up in April.

DR. BUSH: Okay. We've just had an election –

DR. SMITH: Yes.

DR. BUSH: -- that was cleansing and even cathartic in its effect. Japan will have an election sometime between now and mid-September. What's going to be the impact of that election on our relationship and even on Mrs. Clinton's trip?

DR. SMITH: I think the Japanese, both government and public, have more experience with political transitions in Washington than perhaps we have with political transitions in Tokyo. We are at a moment, I think, of very important political change in Tokyo. This upper house election that Richard mentioned is coming sometime this year.

DR. BUSH: Lower house.

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DR. SMITH: At the lower house, right. Sorry, did I say upper house? Lower house election. And it's critical. The major opposition party, the Democratic Party of Japan, is a real contender for power this time. The Liberal Democratic Party is a little bit shaky. The Japanese public will have to make a decision on who they elect to be the majority in Parliament, and therefore the ruling party. I think Washington is more accustomed to relationships with the Liberal Democratic Party, the party that has been in power for most of the past fifty years in Japan. To be quite honest, I think we've fallen a little bit behind in getting to know the opposition leadership in Tokyo. And so I think both governments, as well as the foreign policy community, have a little bit of homework here in terms of making sure that we understand the full spectrum of political opinion and political voice in Tokyo.

For the Secretary, I would urge her to be patient, to be cautious, to wait and see what this lower house election brings us in terms of new political leadership in Japan. But there's a list of policy issues that United States and Japan will work on regardless of who wins that election. So, we will develop new patterns of alliance management undoubtedly in the next several years, but until that election takes place I think we want to be rather careful that the alliance doesn't become a football in the political

process in either of our countries.

DR. BUSH: Okay. Thank you very much.

DR. SMITH: Thank you.

DR. BUSH: Let's go south to Indonesia, and Dave, thank you again for being with us. Why do you think Secretary Clinton decided to include Indonesia on this trip?

DAVID MERRILL: Richard, thanks for having me here. I think Secretary Clinton's inclusion of Indonesia on her first trip to Asia sends a number of important signals. Indonesia ranks very high on many issues of global importance and importance to the United States. It's got the world's largest Muslim population. In fact it's the fourth most populous country in the world generally. It's currently a flourishing democracy and has been for the last ten years following some three decades or more of authoritarian rule, and we're responsive to that obviously.

Her trip also demonstrates our realization that Indonesia is a significant economy, a growing economy on the world stage. It's been put in the same category recently with Brazil and Mexico, and it's time for us

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to think of Indonesia in that league. Indonesia's growing at a revised figure of 4.4 percent for the coming year, compared to negative growth in a number of the developed countries. It has good economic management. It has billions of dollars of U.S. investment at stake, particularly in the energy sector, billions of dollars of trade between Indonesia and the United States, some of which creates jobs in the United States, and Indonesia's become an important voice of the developing world in forums that deal with global financial crisis issues.

But perhaps the most important topical problem -- and it seems to be a thread going through many of the countries on her itinerary -- is global climate change. You really can't solve the issue of global climate change without the participation of Indonesia. It's got one of the world's largest remaining tropical rain forests, along with Brazil and Central Africa. It's shown an interest in cooperating with the United States on climate change issues. So, a solution to climate change is going to require Indonesia’s cooperation.

DR. BUSH: Good. Run through, if you will, the key issues in our relationship with Indonesia and where's the opportunity areas. You mentioned climate change. There must be others.

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AMB. MERRILL: Well, there's a big opportunity area that's like the elephant in the room, which is that President Obama spent his formative years, or three years let's say, in Indonesia and so he's familiar with the country, and he already knows more about Indonesia than most Americans who can't, as he said in his book, locate Indonesia on the map. And that has created a tremendous a tremendous outpouring of enthusiasm in Indonesia for the United States.

I mean, when I was there last summer, we had programs about the U.S. elections, because part of our mission is to educate Indonesians about America, and when we asked what is the number one topic of interest to Indonesians, it was the U.S. elections. And in our presentations, we saw there were Barack Obama fan clubs breaking out everywhere, and he was virtually the Indonesian candidate for President.

So, that is a big opportunity if you're going to talk about improving the bilateral relationship. In fact, it carries with it its own problem that the expectations are so high, as are they are in the United States for the Obama administration, that the challenge is to live up to that. But some of the topics are climate change; expanding trade and investment; resolving any remaining issues in the investment climate; working together on the global financial crisis, increasing cooperation on security issues,

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maritime issues, counterterrorism issues.

Indonesia cooperates closely on counterterrorism issues. It found and executed some of the Bali bombers, and if it's a question of terrorism, there's no question where Indonesia stands.

But perhaps most significant, at least to me, is the fact that at a USINDO speech a couple months ago in Washington, President Yudhoyono formally proposed to the Obama administration a partnership with the United States to solve some of these key global issues. He didn't say it had to be only these issues but these were illustrative of the kinds of issues that Indonesia and the United States would like to work on together.

Why is this significant? Indonesia is not in the habit of proposing bilateral partnerships with the United States. If you think back 30 years ago, it was the leader of the Non-Aligned Movement. So, this is a tremendously significant overture, and Secretary Clinton's trip will -- has to be seen as a positive signal of recognition of their overtures to the United States. In fact, Indonesia represents the outstretched hand, not the clenched fist, if you will.

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DR. BUSH: We're in early days. The administration's only been in office three weeks and two days. This is her first trip. What realistically do you think we can expect from her Jakarta stop?

AMB. MERRILL: Well, signal sending and responding to the enthusiasm is a big part of it. It'll show a positive response to the Indonesians' expressed desire for warm relations to the United States, a positive response to their desire for cooperation on global issues. It'll build her personal contacts with the new -- with the government in Indonesia. She's been there before. She knows the country. She knows development issues in the country. But she needs to rebuild her current contacts. And I understand there'll be meetings with the president, there'll be a meeting with the foreign minister, there'll be opportunities to meet civil society leaders, but perhaps the most important thing that most Indonesians are watching is what relationship does this visit have to a possible visit by President Obama. This is seen as a welcome visit, but it's also seen as a prelude. We don't know when that visit will occur but there's a lot of people praying on both sides that it will occur.

DR. BUSH: Thank you very much. Let's go back north to the Republic of Korea. Balbina, what do you think Secretary Clinton should emphasize in her meetings with leaders of the ROK government, bilateral

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relationship or South Korea's regional and global world?

BALBINA HWANG: Well, actually, both. I think the biggest challenge that she has on this trip -- and, frankly, in Korea -- is in a way something that she doesn't quite have in Japan. In Japan -- she's lucky, because I think expectations are pretty low, and surprisingly there's actually a benefit in the sense that because expectations are low it's not that hard for her to carry off a pretty good trip, of which I have pretty good faith in, and that it will be seen very positively.

In South Korea, there's a lot of trepidation, precisely about a country that she is purposely not going to, and that, of course, is North Korea. There are indications that North Korea is going to try to snatch away attention, as it always does, by possibly launching a missile or some other provocative act during her visit. It's probably very likely. And so if that happens, the danger, of course, is that once again North Korea has seized the attention, and North Korea is driving the train in the U.S.-South Korea bilateral relationship. So, to the extent possible, I think she should try to stress certainly all the positive developments that have occurred in the last eight years between the two allies. It was a difficult and challenging period. Much progress was made, quite painfully. But she should show that this administration is willing to work with them and build

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upon those challenges. But then she should also talk about how South Korea can participate and cooperate in a more global function and a global role, very much emphasizing the future beyond North Korea.

DR. BUSH: Okay. Looking at the bilateral relationship per se, what are the bright spots? What are the not-so-bright spots?

DR. HWANG: Well, as I said, one of the things I think that she needs to do is, again, admit or acknowledge that despite the many challenges and difficulties of the last eight years -- they were in fact a testing period for the alliance -- we managed to come through that period. And, again, it was rather painful. But the seeds were sown, I think, for a much healthier, stronger relationship. That garden will have to be tended though, and hopefully, she will emphasize those objectives.

I think the most difficult challenge will be two things. One is somewhat emotional. Many South Koreans I think will be remembering her reaction -- and I think it was around 2003 or 2004 during the period when anti-Americanism became quite the popular sentiment, or at least that's how the media was reporting it -- in South Korea. And some of the audience might remember the episode with protests against the McArthur statue. When this happened, many members of our U.S. Congress

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understandably were quite angry, and Hillary Clinton was one of the senators that came out and made some very strong statements asking why should Americans continue to invest the lives and our resources in a country that doesn't seem to want us. That was not taken very well by South Koreans, and so I think this is an opportunity for her to mend that fence. I don't think it was inappropriate for her to express those remarks back then, given her position as senator. That's her constituency. But she's in a different position now, and I think also that it will be a learning experience for her to go to South Korea and understand that it's a very dynamic country -- it's a site of different points of view.

Very quickly, the other challenge will be the KORUS FTA; and, frankly, that's the one that worries me the most, because there are indications that she may leave South Koreans with the misimpression that this administration will somehow support KORUS FTA. Now, I don't know, -- I certainly don't speak for this administration -- I don't know if they will or not, but it seems to me pretty clear that in this current environment in the United States, given the economy, given everything else that's going on and the atmosphere on the Hill -- that I find it very difficult to try to persuade the American people and our Congress to pursue the FTA at the moment. So, I worry very much that if she isn't careful -- if she sends the wrong signal, that South Koreans will become very enthusiastic and

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pursue, very enthusiastically, trying to get the FTA passed, and I think that that would actually cause quite a deal of friction in the bilateral relationship.

DR. BUSH: Taking all that into account, where do you see the bilateral relationship going in this administration? Is North Korea going to dominate it?

DR. HWANG: Well, unfortunately, that is a great possibility, and, of course, I think that has always been the challenge of our previous U.S. administrations to not let North Korea drive that train or drive that car. North Korea has experience with the Clinton administrations of the '90s where they were actually quite successful in splitting the relationship between South Korea and the United States -- that was no surprise -- and making quite a bit of headway with the United States. I suspect they think that they can try that again. So, this is an opportunity for her to say "change has come," that in fact this administration is different from the past and that, in fact, that split will not occur. I'm not so sure how genuine that is or how much we can actually bring that to fruition, but it's certainly worth a try sending that message.

DR. BUSH: Okay, thank you very much.

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Let's move west a little bit to China. Mike, if Secretary Clinton called you up and asked you what should she try to achieve on this trip aside from specifics on individual issues, if she asked you what should she try to avoid, what would you say in reply?

DAVID LAMPTON: The first thing I would say is one of the fundamental problems in our bilateral relationship is a lack of strategic trust; that basically the United States still is a society not very certain about how China is going to use its power along multiple dimensions and particularly how much it will exert itself given its current economic crisis, in addition to its usual attitude on some of the common problems of most concern to us. And, conversely, I think the Chinese are not very certain that the United States, in fact, has accepted the reality of an increase in the importance of China. So, the most important outcome would be to set in motion and make a series of statements that would have the result of increasing mutual strategic confidence. That means talking a little about the dialogs that are going to happen. I think one of the good things that President Bush did in this regard is have a very high-level, consistent, personal communication with the Chinese leadership. I think getting certainly military-to-military relations going. That whole domain I think, strategic trust -- she can get the ball rolling in the correct direction.

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Secondly, the Chinese are not certain what our attitudes are on cross-Strait relations, and at the same time that we duly reassure Taiwan in that regard. I think we ought to have both sides fully understand that we find the process of relaxation in the Straits, if that's what's going is -- that's certainly not incompatible with our interests, to put a sort of double construction on it.

But most of all, the Chinese want to hear that our first priority really is economic stabilization, and it's not been given quite the attention, but everybody's mentioned it along the way. I think the first, second, and third priority of the Chinese domestically and in their international relations is a sense that the United States is going to pay a constructive role, an active role in the economic stabilization. It's not that we'll trade off everything else for cooperation in that area, but I think the whole region wants to hear we've got to solve this before we're going to get to climate change in a serious way. So, mutual strategic trust, economic stabilization, and that we're very supportive of developments in the Taiwan Strait as we understand it today.

DR. BUSH: Good. I suppose since Secretary Clinton has a specific problem with respect to China, and that is that she's going to be traveling around the region before she gets there, and the Chinese are

going to be watching very carefully what she says and does in each of those other three countries.

DR. LAMPTON: Right.

DR. BUSH: How should she pitch what she says and does to ensure a better welcome in Beijing?

DR. LAMPTON: Well, I think she's got that problem, but she of course is speaking to ---the whole world is listening and the whole rest of the region at every step is listening as well. So, the best policy is, in fact, to be articulating the same -- many of the same broad themes across the whole trip. So, there is a certain virtue to consistency here, and I would avoid delivering too many messages destined for one audience, not recognizing the full impact it'll have elsewhere. So, I think that's the first thing.

What Balbina said about the North Koreans is relevant to this potentially. Think about the opportunities that might exist in the sense of U.S.-China cooperation if she's in China when one of these untoward events happens or has just transpired. I think that's a phenomenal opportunity to show there's some substance in reality to Sino-U.S.

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cooperation. So I would hope we give some contingency planning to that. I would say be ready to seize an opportunity and move beyond just pure rhetoric and symbolism.

The one other issue that is particularly -- in past administrations, people tended to want to deliver the harsh -- I'll say "harsh" -- human rights message in some country other than China, which is profoundly, distressing -- put it that way -- to the Chinese. I would say let's save the human rights messages broadly speaking or at least directed at China for a private conversation. I think the tone I would put on those kinds of messages would be look, we understand you've got some problems here and legitimate concerns about stability. Recognize the Chinese have some problems. Secondly, we know you're worried about the anniversary of the Tibetan uprising in '59, the June 4th anniversary, and the 60th anniversary of the PRC. We understand you have your concerns. It's not our intention, nor will it be our policy, to make your life more difficult in this regard. But recognize that how you handle these sensitive things are going to affect the whole dynamic in Congress and in our society and so forth.

So I would say that message. I would make it pointed, but I would start out with a recognition that we realize you have some problems here, beyond the normal set, and I would not use other pieces of territory to articulate that message. Okay.

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DR. BUSH: Finally, what China-specific themes and issues do you think she should focus on in her various meetings in Beijing?

DR. LAMPTON: Well, we've got -- first of all, to send the message that we, we meaning the United States, we the administration, we the Congress, will look at the utility, and we're looking at the China relationship, in terms of its utility to solve a whole range of what you might call transnational, global, and regional issues. And we, like you, recognize the centrality of economic stabilization.

DR. BUSH: Mm-hmm.

DR. LAMPTON: We realize there's going to be some need for some change in the international economic architecture. We want to work with you in that direction.

I would say global climate change has come up in several of the preceding remarks, and I think that's going to be a major opportunity. In fact, you can't even meaningfully address the problem without China's cooperation. So I think that's key.

I guess I would also say that in the terms of economic stabilization, we've got to reassure about, I guess broadly, what the Chinese would call protectionism –

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DR. BUSH: Mm-hmm.

DR. LAMPTON: -What we might call beggar-thy-neighbor policies.

And I think it's worth her spending some time trying to maybe just describe the mood -- how far she thinks it's going to go in Congress, what the broad limits are for the administration, as she would understand it at this point.

I think there's already misunderstanding about the Buy America provisions and so on, and I think there are actually some reassuring things that could be said.

DR. BUSH: Okay. All four of our presenters have put a lot on the table. They've done it crisply and so now we are going to move to questions and answers. I will identify the questioners. Please identify yourselves after the mike comes to you, and identify to whom you're asking the question.

And keep in mind that these are all very smart people. You don't have to ask a long question or make a long statement. They'll understand in a couple of sentences what you're about.

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So Chris Nelson for the first short question.

QUESTION: Thank you, Richard. Chris Nelson, the Nelson Report -- the short Nelson Report. You know, I always ask a short question. Mainly to Mike.

I think we can assume that in every stop, she's going to meet the president or the prime minister, but I've been told, at least, that maybe that's not the case in China; that the protocol will be strictly enforced, and she is a Secretary of State. She's a big deal to us, but she's still the Secretary of State. She's not the Vice President.

Is that what you're hearing? Is that going to be a problem? Is that going to put a bit of a pall on the optics of all this -- and then, also, as a substantive issue, because, of course, they, like we, are all wondering how the China portfolio is going to be handled here.

Is she going to be the Paulson of this administration? What are you hearing about that?

You know, because you repeatedly said she's got to talk about economic issues and financial issues, and that's not necessarily her thing. So that was as short as I can get, Richard. Thank you.

DR. BUSH: Thank you. Mike?

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DR. LAMPTON: Well, first of all, I don't know what the Chinese are going to do. So we'll just take that off the table.

But let me put it this way: If the Chinese ask my opinion about what they should do, they ought to recognize that we are at the very formative stage of building confidence. And I think my first task mentioned earlier was to build mutual strategic confidence.

She's the one history has presented to them as an opportunity. They ought to seize that opportunity, and if they stand on protocol, they're making a mistake.

Now that's not the same as anointing her -- and I don't know the state of deliberation and where it's going to come out as to who is going to be a lead on China policy in this administration or there will be multiple and so forth.

So I don't think the Chinese need to think that they're taking a position on our internal affairs by giving her more face time with people that you might not be required to in protocol terms.

So I would just urge the Chinese to see this as an opportunity. I think it was 1995 when she had her last major solo exposure to China, and that was frankly not an entirely happy time for

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either the Chinese and I suppose in some sense for her, because she had benefits and costs to that trip.

And so I think, in historic terms, she's the Secretary of State, but she's a lot of other things in U.S.-China relations.

So I would take this an opportunity. I wouldn't let protocol stand in my way.

DR. BUSH: Okay. I think we had a follow-up right here.

QUESTION: Hi. Dan Newman with Inside U.S. Trade.

Related to that, some people around Washington have suggested that by having the State Department lead China policy as opposed to the Treasury Department, you risk diluting both the economic message coming out of Treasury as well as the human rights message or the non-economic messages coming out of the State Department.

Is that a fair concern? Is that something where you don't want to see the State Department take the lead on, say, macroeconomic or currency issues when China could perhaps play climate change progress off of economic progress in the bilateral relationship?

DR. LAMPTON: Well, I think there are a number of things one has to say here:

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But, first of all, this is the first trip out there, and certainly I remember when she ran for Senate, she was on a listening trip. You know, she hadn't much experience with much of New York.

Well, in some sense, I think she needs to go on a listening trip in China, and without reference to how the administration is finally going to settle out. The situation is actually more complicated than just the State Department and the Treasury Department, as important as that is.

I mean, you have people in the White House -- you know, Mr. Summers and where does that fit in economic policymaking and coordination and so forth? We don't even have a Department of Commerce Secretary yet, and USTR, and so forth.

So I think that to go with I'm in a listening mode, and we're in the process of organizing ourselves. I'm here to listen.

I'll share with you my views, but you should understand, we need to talk again in, six months about some of these organizational issues.

As to the human rights, I can't imagine Mrs. Clinton in the State Department with the Department of DRL and so forth.

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So I don’t see her going now as prejudicing the whole bundle of what you might call human rights issues.

DR. BUSH: Balbina, you want to follow up.

DR. HWANG: Yeah. To address this question, I defer certainly to your expertise on China, but just to point out that the mechanism that we have in place for having very high-levels of building strategic trust, which is what you talked about, is something called the Strategic Dialogue.

And, in fact, in the past years, it has included both the Treasury Secretary and the Secretary of State participating together.

So, by all indications, that kind of approach will continue at very high levels. So I don't think that one should read too much into this, that this trip is, as you say, “preliminary.” China is an important country in the pantheon of foreign countries.

And could I say something else about this listening to Asians--

DR. BUSH: Mm-hmm.

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DR. HWANG: -- because this was a theme that I think came across in each of the countries. It's certainly a theme that you hear -- that I heard, and I'm sure most of you have heard, over and over again in Asia.

When I was there in the fall, I heard this actually from every one of the six parties, including the North Koreans. They wanted the new administration to listen to them. That's understandable, and I certainly agree to the value of that.

But there is also a little bit of a danger, because, if you go and certainly, you listen and you set the right tone of respect and deference. The danger, though, is in raising expectations.

And secondly, when these partners tell us “we want you to listen,” they’re being a bit disingenuous. They want us to do something a little more than listen. They want us to listen, but then follow what they're telling us.

I don’t think they’re going to like it if we listen and then proceed to turn right around and do exactly what they don't want us to do. In some ways, that’s actually worse.

So I think, again, we have to be very careful. I agree, certainly, set the tone of listening, but we also don’t want to get in a

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situation where the Chinese or the Japanese or anybody else is setting the agenda. They've told us what to do and then we go out and we do it. That may not necessarily be in our national interest either, so it's a very difficult challenge to weigh the balance.

DR. BUSH: Okay. Thank you. The gentleman back there in the rust-colored shirt? I think it's rust-colored.

QUESTION: Hi. Bron Percival from SAIS. It's a question for Dave Merrill, really. You described the Secretary's visit as sort of a prelude for Obama's travel to Indonesia, which will probably take place in November, for the APEC Meeting.

My question is: Given southeast Asian views that American attention to southeast Asia is always so erratic, is there something we need to fill in between the Secretary's visit, very soon, and the President's visit in November?

Is there something substantive we need to put in there? What do we need to do to keep things going until he actually -- until the President actually arrives?

AMB. MERRILL: Bronson, thanks for asking that question, and I want to assure the audience this was not pre-arranged; but this is a very good question for me.

There's a lot that we can do. Remember that President Yudhoyono put out publicly that he wants to have a partnership with the United States on global issues. In fact, he called it, at several points in the speech, a strategic partnership with the United States. But I'm avoiding that word for the moment.

So the United States has to respond concretely, not only symbolically or in a signal-sending way, to the request, which was very specific in five areas, which I mentioned earlier.

And there are signs that the administration is starting to grapple with those areas. Of course, it's going to suggest areas of its own. And, of course, when we have confirmed Obama administration appointees in more key positions, they will have opinions of their own.

So I expect there to be a dialogue at the government-to-government level between the Indonesian and U.S. governments on just what should be in this partnership, what shouldn't be; maybe getting a lot of ideas out there. And then, it would be reasonable to expect there would be a narrowing down to, say, five or six major issues.

Now I want to play an appropriate role in that in terms of the U.S.-Indonesia Society. We're organizing a conference here, and probably in mid-April, where we will take the five or six most likely areas for the

partnership. We will try to assemble -- and I would appreciate the help of people in this audience -- we'll try to assemble the two or three top expert practitioners in each of those areas to do presentations on what specifically, substantively, might be options for a strategic partnership.

Now this is not -- this is not officially connected with the two governments, but the two governments will be invited to come; and we hope that moves that process down the road.

DR. BUSH: Okay. Let me go here and then to Garrett and then I'll move back.

QUESTION: Yeah. Chia Chen, freelance correspondent. I would like to ask once (inaudible) receive pro the possibility of the peace treaty among the North Koreans, South Koreans, and the U.S.; and also normalization among these three actors.

DR. HWANG: What do I think of the possibility? Or, I'm sorry. I didn't quite hear the –

DR. BUSH: What is the possibility that she will address that issue?

DR. HWANG: -- ah -- well, that's an excellent question. I don't quite know the answer. That's a very, very tricky question for her to talk about, because it's an extremely sensitive topic.

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Now I suspect that she will certainly address many of South Korea's concerns, because South Korea does have concerns about how this administration will handle North Korea policy.

I suspect that she'll say that no decision has been made and that we will proceed with the way that the six parties have addressed the issue, which is to have preliminary discussions with the parties that are involved, meaning letting the two Koreas lead the discussion, with the U.S. and China playing a supporting role.

So I'm not sure if they've come up with a different formulation. I think it's much too early for that. But I suspect that she won't emphasize that very much, because that's likely to set off lots of reverberations in the region -- that is certainly not welcome at this time.

DR. BUSH: I would say that this is a good issue on which she should listen and not talk?

MS. HWANG: Exactly. That's exactly right. Yes.

MR. BUSH: Gerrit van der Wees?

QUESTION: Gerrit van der Wees, editor of Taiwan Communiqué. But I have a question about Japan to Sheila Smith. You

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mentioned anxiety in Japan about the neighborhood. And one of the things they're anxious about is the military expansion by China -- Senkaku's movement in the direction of a blue water navy. How can the U.S. work more closely with Japan on alleviating these concerns?

And then the counter-question to Mr. Lampton is, how can this issue be addressed in China itself when the Secretary goes to Beijing?

DR. SMITH: Thank you. It's a good question. It's certainly central to the Ministry of Defense's thinking about Japan's own self-defense force development and capability and acquisition.

Later this year, the Japanese Ministry of Defense will go through –a review of what they call their National Defense Program Outline. And it will be an update to their strategic thinking, and their defense planning.

There is a new report, for those of you interested, out by the Tokyo Foundation, and it's available online in English; and it gives you some really good insights into the Japanese thinking or emerging thinking on how to deal with China in the region.

But the U.S. and Japanese governments -- the two defense bureaucracies -- will be talking about their strategic thinking as we go

forward this year.

Very specifically on the Chinese blue water capability, I think the Japanese are particularly worried about anti-submarine warfare capabilities. And the Japanese Navy is highly equipped with ASW capabilities.

I think the larger question for the U.S. and Japan, and, by extension, U.S., Japan, and China, is how we manage the increasing military incursions or bumping up against each other -- let's use that word instead -- that you see happening in the South China Sea.

Clearly, the Chinese are interested in moving forward from a coastal Navy. In response, the Japanese want to draw a line around their defense perimeter. And I think the two governments, U.S. and Japan, and then, by extending that out to China, need to, at some point, come up with a set of guidelines for crisis management in that region.

Each country's militaries are in very close proximity to each other, and I'm not sure we have a reliable understanding of how to manage that.

Our own experience with the EP-3 incident, for example, may give us a sense of how critical this could be if we had a miscalculation by military commanders in the waters between China and

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Japan. Over the longer term, I think the U.S. and Japan work quite closely in maritime and naval coordination.

DR. BUSH: Mike, you want to?

DR. LAMPTON: I think that's an excellent question. I associate myself with Sheila's remarks. I would just add three things.

If you think about the big messages that she might be delivering, one, I would hope, would be a recognition that there is no significant global or regional problem that can't benefit from the cooperation of the United States, China, and Japan. And, in fact, that makes me a little nervous about this G2 talk, because it leaves so many others out to sort of wonder what that's about.

But a recognition that the United States believes it to be in its interest to see a higher degree of Japanese-U.S.-China cooperation and less tension in the Sino-Japanese relationship is a message I hope there will be more than one opportunity to deliver. So that's the first thing.

The second thing is I would be encouraging both the Japanese and the Chinese to do what the policy of the Chinese is, namely to have more military confidence building and exchanges and joint exercises and humanitarian missions and so forth; at the speed that the traffic will bear. Encourage that and say that's certainly compatible with

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the U.S. understanding of its interests. So I would go in that direction.

Finally, this global climate change area. If you look at the pattern of overseas development assistance from Japan, the climate and environment, and particularly environment, has been a feature for more than a decade -- much more than a decade of Japanese ODA. And I think getting a Sino-Japanese-American cooperation in this area is a really good, positive opportunity.

I would notice that Japan-China relations are better than they were three years ago, just to have a kind of marker on it -- so, encouraging that movement and direction and seeing it as a trilateral relationship that isn't just zero-sum in a security sense, but is positive-sum in many other regards.

DR. BUSH: Okay. The gentleman in the red sweater there?

QUESTION: Bernard Cord, the University of New Hampshire. This is for Sheila Smith. I would have said before the last question was raised that there was very little attention being paid so far today to Japan. But that maybe has been corrected.

Ms. Smith, in the past several months, even before the outcome of the election was known, the tenor of what I've been seeing and reading in Japan has been very much a breathless concern that,

again, Japan is being forgotten and so on and so on and so on.

In the last week, I think it was Yomiuri who came out with -- and that was surprising -- with a call for an EPA. Is that -- is there some reality to that or is that really a -- just a dead issue or some -- is it an attempt to say to Washington, “We are still here”?

DR. SMITH: Well, I think all of us are aware that over the course of the presidential election campaign that there was great ambivalence and nervousness in Tokyo about what was coming in our political transition. I think that's calmed down significantly.

And I think, specific to your question about the EPA, that idea, in fact, has been around for quite some time. And the business leadership in Tokyo see that that's an avenue -- Keidanren and other groups have put that forward as a possible framework for strengthening the future of the partnership between the United States and Japan.

And the point that they make -- I don't know the point that Yomiuri makes -- but the point that they make and the Ministry of Economics and Trade also support this -- but the point is that Asia is increasingly dynamic. Japanese investment is moving in that direction. Policy attention is moving in that direction. And there's a fear that the United States will be left out of the dynamics, the burgeoning regionalism, economic regionalism, in Asia.

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So an EPA with Tokyo, an EPA between the United States and Japan, would be a foothold ensuring a healthy American engagement at the forefront of that economic dynamism.

So I think there's a kind of a sense that will pull America into the region that comes from that argument in the past.

More recently, clearly, there is a worry about the U.S.-Japan Alliance -- the long-term viability and sustainability of this relationship. And economics and our common economic interests have always been a very good cement, even in troubled times, for the largest and the second largest world economies.

So I think if the tenor is shifting towards seeing an EPA as a mechanism to improve our relationship, then it may simply be that this is an area of concern of the Japanese about laying foundations -- security foundations, but also economic foundations -- that will continue to hold this partnership together as we go forward. I'm not sure if that's answered your question.

DR. BUSH: The question way in the back and then we'll come forward. Right there. Yes.

QUESTION: Hi. My name is Ezekiel Tan. I'm from the

Center for Defense Information. And my question is for Mr. Merrill concerning Indonesia.

Indonesia is a key member state of ASEAN, the Association of Southeast Asian Nations. So I was wondering whether the Secretary's visit would usher in and enhance U.S. involvement with the regional organizations, such as ASEAN, and whether the ASEAN will play a larger role in economic and national security issues in the whole East Asia region? Thank you.

AMB. MERRILL: Thanks. I'm pretty confident that the fact that Indonesia is in ASEAN and, as I said, represents about half the population of ASEAN, must have entered into the Secretary's calculations. But whether she's going to do anything specific on her trip as concerns ASEAN, the State Department has not leaked to me yet, so we'll just have to see.

DR. BUSH: Do you think the United States should sign the Treaty of Amity and Cooperation?

AMB. MERRILL: USINDO has no opinions on those kinds of issues.

DR. BUSH: What about your personal opinion, or you're not allowed to have a personal opinion?

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AMB. MERRILL: Well, personally -- personally, I think it's time.

DR. BUSH: Okay. Okay. Nadia?

QUESTION: Hi. Nadia Tsao, with the Liberty Times. I have a question for Professor Lampton, and maybe, Richard, you can answer there, because every time when there is a high-level dialogue, arms sales to Taiwan has always been raised most of the time by Chinese counterparts.

If during this trip, the Chinese raise that arms sales question again, you know, requesting to terminate U.S. arms sales to Taiwan and maybe arguing that with the relaxation of the tension in the Taiwan Strait, the U.S. should change its policy. I wonder what kind of advice would you give, you know, to Secretary Clinton? Should she, you know, break new ground or basically stick to, you know, the policy that has been there for 30 years?

DR. LAMPTON: Well, I certainly don't think this is the time to be breaking new ground. So that would be the first thing. Nor do I mean to imply there that I see sometime that it would be. I think we have a rather sound policy that's always been based on the notion that U.S. policy in the security realm is related to threat in the Taiwan Strait.

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And one of the messages that we probably ought to be conveying to Beijing is that certainly, in general, we are in favor of the relaxation; and we would like to see you taking more measures to reduce the Taiwan people's sense of threat, whether it's missiles and other deployments.

So I think I would emphasize that our policy has always been calibrated to the tension in the region, and we'd like to see China reducing that threat. And that would be the message I'd concentrate on. I certainly wouldn't be moving in the direction your question asked.

DR. BUSH: If I could -- I'll just say one thing: I think the most likely thing that will happen is that China will reiterate its view that the United States should respect China's core interests. And it will specify, as it has, Taiwan and Tibet as part of those core interests, because it's connected with sovereignty and territorial integrity. I suspect that Beijing is more concerned about Tibet right now than it is about Taiwan.

Let's take the woman in the back, and then we'll come up there.

QUESTION: Phoenix TV, Chi-ling So. I have a quick question for Professor Lampton. At what level of Chinese officer you think is going to -- the Secretary is going to meet in China on this trip? Is it

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going to be Prime Minister Wen?

DR. LAMPTON: Well, that question was asked at the very beginning, and I said I don't know. But I thought the Chinese should pull out all the stops in who meets with her.

DR. BUSH: Okay. Right here.

QUESTION: Thank you. Zhou Ming with 21st Century Business Herald. This is a Chinese business newspaper. I have a question for David Lampton -- well, two questions.

First of all, on the trade protectionism, what should Hillary Clinton say to assure the Chinese from the fear of trade protectionism? And should she respond to the currency manipulation that is mentioned by Treasury Secretary a few weeks ago?

And the second question is, I mean, the fact that Hillary Clinton is traveling as the first Secretary in this new administration to China and that she's going to address the economic issues has already put her, you know, ahead of the other Secretaries, such as the Treasury or the Commerce or USTR, on the economic diplomacy to China.

So do you think that she in the future will lead the economic diplomacy to China? And, if so, do you think she's prepared? Thank you.

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DR. LAMPTON: Oh, a lot of questions there. Broadly speaking, I think there are a few things she can say, but she should feel very free to say we don't have our economic team, particularly at the Secretary level, fully in place. So, I mean, I wouldn't give more certainty than the current situation allows. And I think everybody can see that. That's the first thing.

Secondly, I think she can, you know--Secretary Geithner's remarks on currency manipulation came in for a lot of criticism, and we can talk about that. But if you looked at his response to all of the questions he was asked, in the written testimony there were some very important phrases that didn't get the kind of attention that I think she could easily point to.

One is that we should do more good than harm in our economic policies, and that ought to play an important role. Also we have issues that are maybe more pressing actually than the currency issue, one of which is how we maintain growth in both of our societies.

And if I were her, I'd be articulating that while we have some problems with the ways in which the Chinese are trying to keep growth going, you know, tax rebates to support exports and so forth, on balance, we see the Chinese policy moving in a constructive direction that isn't based on a beggar-thy-neighbor philosophy, and it's increasing domestic

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consumption, investment in infrastructure, and so forth.

So I think there are positives and negatives she can say there. She can point to some of the positive things in Mr. Geithner's testimony as well as the things that were more worrisome.

But at the end of the day, the Chinese have no problem telling Americans when they haven't reached a policy conclusion in some domain.

And I don't see why we ought to be more reluctant about that than they are. In fact, they use it often as a way to avoid talking about what they don't want to.

DR. SMITH: Richard, can I –

DR. BUSH: Yeah, please.

DR. SMITH: Just a small point and it's not specific to the China part of the visit. I think Secretary Clinton is going to be asked about our economic management strategy and about the Obama administration's economic policy at every stop, because the Asian markets in the last several days have declined considerably. The global markets are not responding and there is a great deal of domestic criticism inside these countries: Japan, I don't know about Indonesia specifically, but

South Korea, China – of US economic policy.

So I think you are going to find public interest in all of these countries of Asia on economics, and the media will ask the Secretary to comment on the Obama Administration's policies. And I think she will be forced at some point to make some statements along the line Professor Lampton suggested. The Obama Administration is moving forward, but she will be the first representative of this new administration in Asia. And so, everybody will be asking her these questions.

DR. BUSH: Okay. Right here.

QUESTION: Thank you. Stephen Richer with the University of Chicago. You mentioned real briefly at the end the Buy America provision of the stimulus package with respects to China and I was wondering if some of the other panelists could talk about the ramifications of that in relationships.

DR. SMITH: Just briefly. It's a follow on to what I was just saying. I think the Buy America part of that piece of the package, at least in Japan where it's where I feel more comfortable, but you know, it all has to do with the exports. Japanese exports have gone down significantly.

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This fear of American protectionism throughout the region, throughout the globe in fact, is something that I think many people are going to be very worried about in Asia. The perception that protectionism is on the rise in the United States and that a protectionist agenda is going to be pursued by this administration needs to be nipped in the bud very quickly, I think. And I think she is going to confront those kinds of questions.

DR. BUSH: Anybody else? Balbina.

DR. HWANG: Well, just in Korea it takes a very specific tenor and of course it's tied to the KORUS FTA. So that will be the specific concern of the South Koreans and how that is going to impact the possibility of KORUS.

DR. BUSH: Okay. The gentleman back there.

QUESTION: I'm Satoshi Ogawa of the Yomiuri Shimbun in Japan. And I would like to ask about Japan. Secretary Clinton is likely planning to meet opposition party leader Mr. Ichiro Ozawa. As leader of the Democratic Party of Japan, Mr. Ozawa has opposed expanding U.S.-Japan military cooperation including the dispatch of the Self Defense Force to Iraq and Indian Ocean. How do you evaluate that meeting and

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the impact of that meeting?

DR. SMITH: Thank you. It's a question that I have gotten a lot of the last couple of days. I don't know if Secretary Clinton has decided to meet Mr. Ozawa or not. Mr. Ozawa as you know is the leader of the Democratic Party of Japan, the opposition political party.

My sense is and it is related to the comments I made earlier about Japan's own political change. In almost every democracy around the world senior American policymakers will meet with opposition party leaders. Likewise, we should want to understand the concerns of the whole range of the Japanese political spectrum. I think to the extent that political leaders reflect the views of important constituencies inside their countries, US leaders should make an effort to meet with them.

She absolutely should meet with the opposition party leader of Japan. With a small caveat however, and that is that she be very careful that the meeting is structured in such a way that their conversation on the alliance and her visit with Mr. Ozawa don't turn into a kind of a media circus

But I think in all seriousness, I think Mr. Ozawa and

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Secretary Clinton would derive great benefit from having a deep conversation about their views on the alliance and on how a potential DPJ victory might affect Japan's foreign policy.

DR. BUSH: Okay. Way in the back.

QUESTION: Yes, hello. Martin Klingst from the German weekly *Die Zeit*. Yesterday there was a hearing in the Foreign Affairs and all experts agreed on one point and they say the most critical development that they see at the moment is the one is South Asia, Japan to one and South Korea.

And that's one of the reason's Clinton is going there because they are afraid of the implications of the economic crisis on foreign policies. So I would like to know you opinion about that. And in China, will Clinton also talk about the Iran question? Because this is also very crucial point at the moment and China could become an influential voice because of its own economic links to Iran.

DR. SMITH: Thank you. On the economic side I think it is key that we also consider regional efforts.– When Prime Minister Aso came to Washington last November with Japan's offer of $100 billion

support for the IMF, he also had a secondary message. And that was that Asian economic regionalism, in other words, regional mechanisms for dealing with the economic crisis, should also be strengthened. He was arguing that the currency swaps carried out under the Chiang Mai Initiative were appropriate ways of helping regional economies in trouble. Japan is very much in support of this and wants to get China much more engaged in, especially with regard to South Korea.

Last December in Fukuoka, the Japanese, South Korean, and Chinese leaders met. This need for support for South Korea was part of that conversation and I hope to see a much more robust engagement by China in the Chiang Mai Initiative. I think that's addresses the economic side of your question, I think.

DR. BUSH: Mike on Iran?

DR. LAMPTON: Well, I think there's a larger class of concern beyond Iran, conceding it's one of the most important within the class. Certainly as Balbina was suggesting, the North Koreans might inject themselves way up the priority list here and that become the sort of proliferation technology, weapons of mass destruction discussion. But certainly I think there is going to be a class of things that would be talked

about, or should be talked about if time permits, and Iran would there--our worries about technology transfer, proliferation, appropriate ways to provide positive and negative inducements to Iran to be more helpful on proliferation issues, to put it mildly.

But we have other things that we need talk to the Chinese about in that nexus. Pakistan of course. The Chinese have enormous comparative history with the Pakistanis and influence and economic and technological relations with them. Pakistan is very important, it would seem to me, to be talking about. We have some concerns with Afghanistan and access for, you know, conducting the war there, and so forth. So presumably that could be on the agenda.

So I think Iran is in a category of things. The North Koreans may suck the oxygen out for the others on that category, but it certainly will be there in the Sino-American discussion and I think the Chinese understand that.

DR. BUSH: If I could—

DR. LAMPTON: Yeah.

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DR. BUSH: --rather generalize your point and it seems to me that most of the challenges that the new administration faces do not come from East Asia with the exception of North Korea. But on just about all of them there are issues on which Asian allies and friends can make a contribution to addressing them.

DR. LAMPTON: Right.

DR. BUSH: And that is one of the important things about this trip is to start the conversation about how we can work in concert on these questions.

DR. LAMPTON: If I could just enlarge on that, which is the point I made earlier was essentially our bilateral relationship needs to be viewed within the context of how it helps us deal with transnational and third party issues.

DR. SMITH: Richard, could I just—

DR. BUSH: Sure.

DR. SMITH: Just a brief footnote on that one. I think it is

also important that we pay attention to the last several days of preparation for Secretary Clinton's Asia trip and since you were mentioning, Afghanistan and Pakistan, one of the one interesting development is that Japan and South Korea have just had a conversation speaking very specifically about how they might get together and work on Afghanistan.

So I think the region is getting ready for Secretary Clinton when she comes to talk about issues beyond North Korea, beyond the specifics of Northeast Asia. That's very interesting to watch.

DR. HWANG: Somali pirates. Piracy is the other one—

DR. SMITH: -- as well.

DR. LAMPTON: Yeah.

DR. HWANG: --where China and Japan and Korea have room for cooperation—

DR. BUSH: The gentleman here has been waiting patiently for a long time.

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QUESTION: Hi. My name is Seth Katz and I'm just concerned citizen and I'm not really affiliated with anyone. My question, is I mean as long we're on a listening tour. One of the things that I remember right after Obama took office that China offered, which isn't, you know it's not a deal we should take. But it basically said we'll have more military cooperation with you if you stop this arms sale.

Now we've already talked about that we don't want to do the specifics about the arms sale with Taiwan, but do you think we could ignore that part and do the greater military cooperation? Do you think was an offer to explore that opportunity to kind of make us sort of military allies as well as economic allies or do you think that was really saying getting away from Taiwan?

DR. LAMPTON: You know, my inclination would be not even to address that proposition, the first one you had. Military cooperation and mutual understanding is in our mutual interest. And I would maintain that, you know, without reference to a whole range of things.

They should want to do it and I think there are many forces, not all forces in China, but the forces that, let us say, are most

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constructive, recognize it's in their interest.

DR. BUSH: Doug Spellman.

QUESTION: Doug Spellman at the Woodrow Wilson Center. You've already gotten to where I was going to go. I was going to mention that the discussion so far has been mostly bilateral relations or regional, but the rest of the world is there and this certainly with China, but also with all of the other countries has become a major topic area – if you will. So I just wondered, perhaps a little more on Africa, Latin America, how much do you think this will come up particularly in the discussions with China but also with the others?

DR. BUSH: Do you want to start?

DR. LAMPTON: Well, you mentioned Africa in particular and I think that's a good place to make a general kind of proposition. And that is the Chinese are becoming much more involved commercially through investment, weapons sales; light weapons for the most part, in Africa; they are becoming more involved in development assistance.

In short China, what China does in Africa has a

consequence for the African people, for stability there, and we don't want to see a race to the bottom of competitive actions that may make sense in some strictly economic sense from the Chinese viewpoint in the short run, but we want to cooperate more. Our combined efforts in Africa are developmentally useful and promote humane governance and so forth. I put it at a rather high level of generalization, but I'd put that in the human rights, humane governance and economic realm.

But I think it is an issue and it bears on how is China going to be a responsible stakeholder in the international system. And I think it is going to be in China's interest, both for its own activities in Africa and elsewhere in the world, and in its bilateral relationship, that it be seen as a more responsible big power with peripheral vision.

So I don't know how long I'd spend on that issue in this context, but, if somebody asked the question that would be the direction I'd answer it.

DR. BUSH: Anybody else?

DR. SMITH: Just one point. Clearly the global agenda has been part of the U.S.-Japan agenda now for several decades.

One aspect we haven't talked about and I think it's worth noting, specifically for the Japanese-US relationship and that is Secretary Clinton has articulated a "smart power" approach to diplomacy – meaning that America will now take a broader and more comprehensive view of both the causes of conflict and also out tools that we will bring to bear on working with countries around the globe.

And I think this is an opportunity for Japan frankly. Smart power is Japan's approach also, although they've used different terms such as "comprehensive security". They've talked about their civilian power. But clearly these are the instruments and the goals of the Japanese have felt most comfortable with globally.

So I think there is an opportunity here for Secretary Clinton when she arrives in Tokyo to translate this into a reinvigoration of the global agenda that we have with Japan. The Japanese have been active in post-conflict reconstruction, including in Afghanistan where. they've committed $2 billion. They've lead the effort in Iraq, for example. They are active in Africa (TCAD) and global health initiatives.

So Japan has an opportunity here to show its strengths and

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show ways in which those strengths can be complimentary to Secretary Clinton and President Obama's goals.

DR. BUSH: Right here.

QUESTION: Thank you. Ishikawa, Stimson Center, Japan's Self Defense Force. And I understand Secretary Clinton basically maintained a listening mode during her trip, but I'm wondering as for North Koreans long range missile preparations she has to coordinate with each country, regional countries; China, Korea, and Dr. Smith what kind of coordination do expect during her trip?

DR. SMITH: Thank you. She – oh sorry, I'll start but the others can clearly add to this. She made a clear statement on Tuesday to Pyongyang. I think in the meantime there have been conversations with countries in the region. As I mentioned earlier, Japan and South Korea have had talks and have also discussed a common united front vis-à-vis North Korea. So I think the region is responding to Pyongyang, but they are also in preparation for a very strong U.S.-South Korea-Tokyo united front vis-à-vis North Korea.

I think the consolidation of the alliances at the moment is

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underway in preparation for her visit.

If there is missile test while she's there, I would suggest that Pyongyang is miscalculating badly, because I think it will fortify the alliances and certainly create an opportunity for a very strong united front including China, among the other five parties of the Six-Party Talks.

DR. BUSH: Balbina.

DR. HWANG: Yeah, I agree completely with what Sheila said and I think, you know, what I would like to personally see is some kind of initiative from this administration that calls for immediate and high level tri-lateral dialogue with Japan and South Korea, the two allies, formal allies of the United States.

One of the challenges that she has on this trip is that it's still unclear exactly how North Korea policy will be handled. There is some indication that she may make an announcement tomorrow, Friday, perhaps about having nominated an envoy. But there's still not in place – it's unclear who will be running it and at what level. Will it still be State Department driven? Will it be broader agency coordination and so on?

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So while we are waiting for all of this to be settled, I think it is very important to send a message to Pyongyang and frankly to Beijing. And that message is that the alliances, you know, U.S. policy in East Asia begins with alliances and it's sort of reaffirming that. And that is also signifying a very important shift from the last administration.

DR. LAMPTON: I guess I feel a little differently. I agree that the alliances are important, but I think when we have issues that bring people together on their core national interest we ought to emphasize and build the broadest possible coalition to deal with the issue. And therefore, on the issue of North Korea nuclear weapons, I think we ought to stick more with the—

DR. HWANG: It's called the Six-Party Talks.

DR. LAMPTON: The Six-Party Talks, yeah, but that includes China which isn't an ally. And therefore, while I wouldn't try to sweep alliances under some imaginary carpet. I think we ought to look for building the biggest coalition we can – particularly the ones who will help us actually accomplish something. So I would like to see a vocabulary that was not, on this issue at least, so much about the alliances as about the problem and what's the coordinated big power behavior we can

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marshal to get things moving in a more positive direction.

So certainly when Korea and Japan and alliance issues are important are fine, but this is a global issue; it's a regional issue, and then it's got its alliance dimension. I guess I would enlarge the number of people that we're bringing into the coalition.

DR. BUSH: Go ahead.

DR. HWANG: Just a quick rejoinder to that. I don't disagree with you but first of all the Six-Party Talks exists. She's already indicated that they will continue with some format of the Six-Party Talks. There will be a working group meeting next week, in fact in Moscow.

But the point is, is that at least the perception in the region, especially among our allies is precisely the reason the Six-Party Talks has not been as effective as it could because we haven't had the kind of cooperation and communication and trust among the allies particularly that one part of that three-legged stool. And so therefore, I completely agree with you. Of course, it has to include China and Russia. But we've got to go back to rebuilding that basis because their perception again was, that's exactly why we didn't get as far as we did.

DR. LAMPTON: Certainly I have no problem with rebuilding our alliances with being more effective there. I'm just saying maybe we have to operate at two levels and walk and chew gum at the same time here, but recognize though while we need to strengthen those alliances we also need to identify problems that bring people in that aren't in the alliances and –

DR. BUSH: I would say specifically that when it comes to a missile test, should it occur, the important perception will be how North Korea interprets China's reaction.

DR. LAMPTON: Right.

DR. BUSH: Is China giving them a pass for this kind of behavior?

DR. LAMPTON: Right.

DR. BUSH: And so it's incumbent on all of us to ensure that the Chinese reaction is—

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DR. LAMPTON: Responsive.

DR. BUSH: Clear and unmistakable and muscular.

DR. SMITH: Just a footnote to that, too. We have learned much from Pyongyang'smissile tests, you know, the Taepodong-1 in 1998 significantly awoke the Japanese to the threat. Since then we had aother long-range missile test and then we had a nuclear device detonated by North Korea. As a result, we are now in a different place, and we need to sit back and think about the message that needs to be delivered to Pyongyang. And I don't think any of us here is suggesting that alliances are the only mechanism for dealing with that.

DR. HWANG: Right, not at all.

DR. SMITH: But I think just to reiterate the point here - absolutely we must have a united front with Beijing as similarly as we must with Tokyo and Seoul, but the tensions and the vulnerabilities are perceived in the alliances. Less so, I think, and to the success of the diplomacy thus far between Beijing and Washington, with Beijing.

So I think there's a slight corrective needed there and I think

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it's not an either or other choice. It is not a collective response versus use of alliances kind of choice.

DR. LAMPTON: Right.

DR. SMITH: But we need to repair a little bit of the wobbly table and make sure that Pyongyang does not see a wedge that it can use. And Japanese perceptions, I think, are a little bit of a vulnerability there. So I think we need to work on that.

DR. BUSH: The gentlemen there and then we'll go back to Bronson.

QUESTION: My name is (inaudible). It seems that the trust is the major issue. There was a session this morning about hedge fund and financial systems and talking about the trust on Wall Street and you're talking about this international relationship.

It has been mentioned several times about this strategic mistrust between China and the U.S. Do you think those are legit concerns? And if so, what specifically are they and what specific steps can be taken to resolve it? Because if you don't have this basic trust, you

have the economic crisis, you have climate change, a lot of things and the countries need to work together. And almost there is no time as you see things kind of getting more dire and dire, especially on the economic front.

And I also wonder, do you think there's for any particular reason on either side, there's special interests that are wanting to prolong this mistrust to prevent the two countries from coming together. Thanks.

DR. BUSH: Go ahead.

DR. LAMPTON: Well, you raise the $64,000 question. It's one thing to observe we have strategic mistrust; how do you begin to push it into a positive direction in any kind of timeframe that's going to help us get out of immediate problems?

I think first of all, as President Obama, Candidate Obama did during the campaign, is recognize, the Bush Administration did some positive things in this particular direction. One of the positive things that was beginning, and I see Bonnie Glaser back there, but beginning to have a discussion with the Chinese about how we're managing our strategic forces. Look at each other at the strategic level. To begin to talk about how can we establish a stable equilibrium, in the security sense, at the

lowest possible level? That would be the way I'd put the problem.

And so I think carrying on a strategic, and I mean that in a military security sense, and beginning to get our Armed Forces more involved, whether it's Chinese in our military education training institutions in some capacity and vice versa in a reciprocal way.

So that would be one way I would begin to deal with this strategic mistrust. But fundamentally, if you're talking about who is distrustful, the Chinese standing committee of the Politburo, you start with what are they listening for us to say? How do they look at our intentions?

So it's very important that we get the two tops of our system talking on a regular basis. Because you actually breed confidence by solving problems. And so, I would like to see, and I think President Bush, between correspondence and telephone calls and meetings was really quite good – I don't think most of the public is quite aware of how frequently that connection occurred.

And so I would say if there is a short run way to begin to address that it is very, frequent diversified contact by our top leaders. And so, this long-term strategic discussion and then more interaction at the very top of our systems. Those would be two things that I – it's obviously

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not going to solve all of the problems.

DR. BUSH: Bronson.

QUESTION: It's for Dave Merrill again. You know, Indonesia straddles two worlds. It's not just of Asia, but as you mentioned it's a part of the larger Muslim world. And certainly, President Obama has talked about a new relationship with the Muslim world.

Is there any indication that the Department's thinking creatively about using the Secretary's visit to send any particular message to the Muslim world, rather than just East Asia?

AMB. MERRILL: I have had no indication of that, no. I mean, there's obvious implications of it, but I have heard nothing that that's specifically part of the intent.

DR. BUSH: Question back there?

QUESTION: Yue Wen from CSS. Just a follow up question to the gentleman, second from, yeah, that.

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(Laughter)

QUESTION: It looks like President Obama has a (inaudible) personal relationship with Indonesia because as he has the half-sister is there and also, I went to one of the events. Not a long time ago, I mean last week there was Vice President of Indonesia come here to make the speech at the Asia Society.

AMB. MERRILL: It was at USINDO.

QUESTION: Yeah. It looks like the Indonesia as one of the Asian countries right now become more active after the new administration here in the United States. I wonder is there, is not part of the, I mean the (inaudible) I mean the Secretary Clinton there but for the future policy towards the Indonesia and Asia is any (inaudible) for the new administration to those kinds of things? Thank you.

AMB. MERRILL: Well, first of all let's just put it in perspective that the trip of the President of Indonesia to Washington in November was in connection with the G20 talks primarily, but he did agree to do a speech with us and he gave a very specific and welcome speech.

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And similarly the visit of the Vice President was primarily motivated by attendance at the prayer breakfast that same morning. But again, he agreed to give a speech and it was a good speech.

But the overtures in the Yudhoyono speech were very important and very specific. And I think irrespective of those, the Obama Administration on its own would have figured out the importance of Indonesia. So there's an openness coming from both sides, I would say.

DR. BUSH: One last question.

QUESTION: Larry Bruser, Mitsui USA. A question for Sheila Smith. You spoke about some wobbles in U.S.-Japan relationship regarding North Korea. How do you assess the prospects for the Obama Administration to close the gap between the two countries on the abductee issue?

DR. SMITH: Thank you. I'm not 100 percent sure closing the gap on the issue is the way I would phrase it. I think very clearly inside Japan there is great attention to this question, this unresolved question in the bilateral conversation between Pyongyang and Tokyo, about the fate of the Japanese citizens abducted by the North Koreans.

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There has yet to be in that conversation an acceptable premise for moving forward that comes out of Pyongyang and so I think the Japanese Ministry of Foreign Affairs has been very arduous in trying to talk to Pyongyang about what would be an acceptable way of understanding the evidence and the claims by North Korea that these people are dead.

As you know there are families of the people still believed to perhaps be in North Korea. These families have been very active in the Japanese media, the Japanese public is deeply, deeply sensitive to this issue. And so the Japanese government has to pay very close attention to this question of the Japanese abductees and the issue of trying to move forward the bilateral normalization process with Pyongyang.

In that context I think President Obama before he was elected made very clear and I think it was his speech last October, that he is deeply sympathetic to the question of abductions. Not just Japanese abductions, but also abductions of South Korean citizens. And at that point in time urged the then Bush Administration to use all diplomatic, economic leverage at the American disposal to help both Japan and South Korea get North Korea to be more forthcoming on this issue.

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This will always be part of a comprehensive approach, which is the approach as we look forward in the six-party process. So I fully expect the Obama Administration will be lock-step in conversation with Tokyo and with South Korea about how best to use that leverage to the benefit of those two capitals as they try and resolve this issue. But I don't think it's a closing the gap issue in the bilateral relationship. I think , we'll be consulting on how best to use our leverage in concert with the Japanese government. Again, as we will with South Korea.

The last couple of days the diplomacy between Japan and South Korea I thought was very interesting because there you had a conversation between the highest levels of the Japanese and South Korean governments on how they are going to work together, again, to work on this issue specifically of abductees. But to use that relationship also in a united way to continue to put pressure on Pyongyang.

The answers on the abductees are in Pyongyang and I think that's the real task ahead of us for our coordination, both with Tokyo and with Seoul.

DR. BUSH: This session has, I think, given all of us a

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framework for looking at the trip of the Secretary next week. I'd like to thank each of the speakers, Mike Lampton, Balbina Hwang, Dave Merrill, and Sheila Smith, for stimulating such a good discussion. Thank you for your questions and I look for to having you again sometime in the future.

Thanks a lot.

(Applause)

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