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A CHANGING JAPAN IN A CHANGING WORLD

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**Introduction:**

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**Keynote Address:**

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## PROCEEDINGS

MR. BUSH: Good afternoon, ladies and gentlemen.

Welcome to The Brookings Institution. It's our great honor to put on this address by the Ambassador of Japan to the United States, Ichiro Fujisaki. It's been my personal privilege to know Ambassador Fujisaki for 15 years now. Japan has many talented diplomats, but he is included in the very small circle of the very best. And so it's a great pleasure to have him with us today.

Without further ado, I will invite Ambassador Fujisaki to the podium. We will have an opportunity for questions and answers after his address. Thank you very much. Ambassador Fujisaki. (Applause)

AMBASSADOR FUJISAKI: Thank you very much, ladies and gentlemen, for being here. I thought Richard Bush would introduce me 20 minutes so I'd have about 20 minutes rest, but he didn't give me that at all.

I hope you're not here to listen to my predictions of July the 11th election to come, Upper House election. I'm not going to make anything of that. I'm going to listen to your predictions if any one of you make it.

Today I want to talk a bit about changes. There's a saying that a sage in the Orient once said that the world is changing a little bit

more quickly than young people would wish, but it's moving a lot more quickly than old people wish. Following that example maybe some people would say that the world is changing not as quickly as Washington think tanks would say, but it is moving a lot more quick than what a lot of people would really believe.

By the way, please don't Google this old sage saying in the Orient. This is my creation. (Laughter) But it sounds very authentic, doesn't it? (Laughter)

The change. What's curious is that a lot of people say that there's going to be change, but they would put all the preconditions, premise as not changing. But often the basic circumstances change. So the change which was predicted does not happen. Some time ago, we heard that Japan will become the number one country in the world. I wish that was true, but it didn't really happen that way because all the circumstances changed. Maybe the crystal ball is somewhere in Oberhausen Aquarium, but not here. I'm talking about the octopus.

So, Japan is facing many challenges as well. There are changes. There is something which looks like change, but not really change as well. So in coping with the present situation what we have to be doing is really identify what is the real change. How -- and we also have to decide how we should cope with it. Shall we cope with policy

changes? Shall we not? And that's exactly what governments around the world I think are doing, and our government in Tokyo, as well.

I would like to talk about three issues -- security area, economic area, and social issues -- very quickly. Starting from security area. People say that even after the Cold War, instability persists in the Asia Pacific region. Maybe this is an understatement. Unpredictability has increased. Look at what happened only two months ago. North Korea sunk a South Korean ship. And also we do not forget that only last year that country has fired a Taepodong long-range missile over our country and also there was nuclear testing as well.

So, the situation is far from stable. China is our important partner, but I have to say a lot of us in Japan do not know why the Chinese have to continue their military modernization. Their budget as announced has increased annually 15.7 percent for the last 20 years, whereas in Japan it's 0.9 percent annually. So that's a huge difference.

Against such background some academics would say Japan has three choices. One, to increase defense spending and increase the deterrence capability themselves. Second, try to depend on the goodwill of the neighbors. Third, to continue on with the security alliance with the United States.

In any poll -- there are a lot of newspaper reporters here or

television people -- in any poll in Japan a major part of people choose this third option to continue on with the U.S. alliance with the United States. First, because a lot of Japanese know -- still remember the World War II experience and think that they would not want to have offense capability. And they do not think that increased defense capability would bring in peace and stability in the region. Second, people think that in view of the situation we cannot just leave it and have no alliance. Third, if we have an alliance, the United States is seen as the most credible partner with principles and capability. So Japan has continued to ally -- depend on alliance with the United States.

But -- and Japanese think that U.S. presence in the Asia Pacific and in Japan is indispensable. We are grateful to the service of women and men in uniform of this country. I have to make two preconditions or premises. One is that both the U.S. government and Japanese government would continue to exert effort to lessen the burden of bases. This is a treaty obligation. We will have bases, but we have to be always mindful about people surrounding the base. Base is not oxygen. It makes those surrounding people problems and we have to lessen that.

The most important issue here is Okinawa where 75 percent of U.S. bases is concentrated. We have to continue to alleviate, lessen

the burden on Okinawa people. Now, there's a marine base in South Okinawa. We are now agreeing to move it to north of the island also continue to alleviate other burdens as well. Impacts you may call it as well.

Remember Prime Minister Hatoyama, ex-prime minister of Japan, said he'll try to come up with a conclusion by May 31st. A lot of people said this was very difficult, but he tried best and made an agreement at least with the United States on May the 28th. The Japanese cabinet endorsed it so there's an agreement and Prime Minister Kan, who succeeded Prime Minister Hatoyama said he will on the basis of the agreement made on May 28th and will continue to ask the United States to cooperate to lessen the burden on Okinawa people.

U.S. base issue, this tender base issue. I would like to just make one point regarding this. Towards the beginning of this year there were some people, pundits, saying, hey, this is one base issue. It's not of primary importance. There are a lot more important issues to discuss as well between two countries. I don't agree with that deal. First, this involves basic elements of security arrangements. Second, because it's already involved top leaders, presidents, prime ministers, ministers. So this was a very important issue. And two governments treated it accordingly. It was misleading to say that was not a primary issue.

In dealing with these delicate issues what's important is that we'll try to negotiate, discuss very candidly, frankly between ministers, officials of the two countries. And until they reach agreement they may not be able to come out publicly, but once it's agreed I think they will come out. And that attitude has been there and I think that is important to honor as well. This relations with the people is the first premise that I wanted to make.

The second premise is the credibility of years' deterrence. It's important that leaders give assurance of deterrence, but it's most important that in case where some incidents happen what attitude position will be taken. From that point the U.S. position towards this *Cheonan*, the South Korean Republic of Korea ship, issue is very clear, very strong to stand by the Republic of Korea. That is exactly the same position that we are taking as well.

I think it would not be a nervous statement if I say that whole Asia or the whole world is holding their breath and watching how the leader country will be conducting itself. And I think both the United States and Japan will continue to take the same course as it is taking.

Now, regarding Iran it's a different story. We have been cooperating with the United States on this issue as well. We cannot accept Iran to possess nuclear weapons. That is not the government --

only the government's view, that's the people's view. We will continue to cooperate with the United States in this regard.

In security areas, there are changes, as I said, in circumstances, but all in all this alliance will be honored and we will continue to put the importance on this alliance. It was very assuring that less than two weeks ago I was in Toronto sitting in a meeting between Prime Minister Kan and President Obama. They discussed Iran. They discussed North Korea. But most of all they agreed that our alliance, Japan-U.S. alliance, will continue to be the cornerstone of peace and stability in the region. It was a very good meeting.

So much about security issues. I would like to touch upon economy. Economy. There's a clear change. In 1990, the aggregation of China and India's GDP share in the world was 3 percent. Now it's tripled. CO2 emission at the time was 13 percent. It's now doubled. Clearly emerging countries are emerging.

There are there conditions often we think have to be filled that this will continue. One, countries will have access, free access, to world market. Two, they will have, continue to have access to resources around the world. Third, they will continue to have a society that they are now having stability in the country. I will not go into that issue. Today I'm only talking about Japan, but I sometimes feel that as for resource issue I



wonder why there's no multilateral organization, no forum where we discuss resource issue. We only discuss tariff issue or currency issue, but no resource issue. But that's my personal view and this is not a government view.

Talking about economy. I said Japan -- I'll talk about Japan and I'll talk about Japanese experience. When Japan came into the world economy, that was in the 1960s, '70s, Japan was the only country which you would call *nouveau riche*. How would you say, the new, the arising rich country in the world. So, Japan alone had to deal with establishments in the world. That was the first issue. Of course, we had to adjust our policies in order to meet with the international situation. One example is currency. Japanese yen was 360 yen. With trade surplus accumulating it was not able to hold onto that too long, so, in 1971, at the Smithsonian conference, we agreed to change it to 308. Three hundred eight yen. In 1985, in Plaza Court in New York, it came down from 240 yen to around 140 yen. So it's not a few percent cut; we have seen a drastic appreciation of yen during that time.

Japanese companies however adapted to that situation. They thought rather than just exporting goods they would invest into this country. Japan is now number two country to invest in this country. Number one being the United Kingdom. The Japanese companies are

creating 600,000 jobs in this country. You can say that we are not exporting only goods, but jobs now. This was one of the adjustments that was very successfully made as well.

Now, the second issue is that Japanese companies were caught up by newly emerging countries. That was the Republic of Korea, China, ASEAN countries. They came up and in order to cope with that situation with lower wage was not possible. So Japanese companies began to invest in those countries as well. And those relations have gone well as well.

Talking about that I sometimes talk about a Japanese novel - - a short story, written by author Akutagawa. It's called "A Spider's Thread." One day a Buddha was strolling, taking a walk on the heaven. He looked down upon the pond and from the pond it was like a lens and you could see down to hell. In hell, as you can predict, a lot of criminals were being tortured and he just saw one criminal and thought -- had sympathy towards this criminal. He put down a thread to save him. The criminal, seeing that thread coming down to him, grabbed on and started climbing. Halfway down -- halfway up he saw and seen thousands of other criminals coming up the same thread. Fearful that it would cut off he shouted down, "Hey, don't come up. I want to be the only one coming up."

Of course, Buddha lost all the sympathy to the criminal.

Automatically the thread was cut off. Everyone, including the criminal, went off to hell and Buddha just continued his stroll as if nothing has happened. Meaning that everyone wants to come up. This is inevitable. We will have to take that as it is. We can accommodate.

The third issue that we met was accumulation of wealth. And this accumulation of wealth was translated into inflation of assets and eventually to bubble. This made a lot of nonperforming loans, bad loans to financial institutions and we had experienced the last decade.

Turning of this century, in order to meet globalism, deregulations, reforms were introduced. The economy began to catch up a bit, but there was a political impact as well. In any deregulation there would be winners and losers or I might say leftovers. It's like Wall Street and Main Street. There -- of course, there are only a few groups of -- a few people, winners, like Wall Street. Political frustrations were there together with what we call 2008 financial shocks started from this country. It brought a huge political change in Japan as well.

Well, political changes happened elsewhere. Now, it's continuing on in the U.K. It happened in Turkey, Korea, United States. It was a very difficult time for governing parties. I will point out just two big problems that Japanese economies are facing. One is -- and these are the same with other developed countries. One is a balance between

growth and fiscal situation. How to strike the right balance.

In the Japanese case it's most (inaudible) our government that is close to 100 percent now. Tax revenue for 2010 budget was 40 percent of government spending. A lot of people say America's situation is very bad, but in America tax revenue is 60 percent still of government spending so it's worse than your case.

The gap is filled by government bond. The difference with this country is that here 50 percent of government bond is sold to other countries, bought by other countries. In Japan, 95 percent is consumed in Japan. However, that's a debt to future generations. This cannot be continued. That is why Prime Minister Kan has said we have to really change the tide. This cannot be continued.

We are aiming at reducing primary balance deficit to half what it is now by 2015. And his philosophy is that by meeting challenges such as environment, new emerging countries with Asia, the need to create jobs in the local community, aging society, human resource development, you can create jobs. You can create growth. That is what we should be doing squarely.

Also in Japan now streamline government budget and try to cut off unnecessary budget is supported. It is widely supported in Japan. It's very imperative. I agree that it's important to cut unnecessary budget.

At the same time we have to remember that unnecessary budget is not a synonym of non-quick result projects. For example, cultural exchanges. We have jet program with this country. With this city we have cherry blossoms. We don't have government budget for that, but these long-term exchanges are very important. So just a footnote. I would add my view on that.

Second, the economic issue that we are facing is how to keep a technological lead. This is easy to say, but that's not easy to keep as well. About 35 percent altogether of our manufacturing is automobile and electric -- electronics. This will continue to be an important pillar of Japanese industry. Japanese companies have the lead in some areas. For example, in LCD Japanese companies have 60 percent share. In semiconductor components we have 70 percent share. We have 80 percent share in forged parts of nuclear power plant as well.

You have to be always engaged in production, manufacturing to have this lead. I think there are many areas where Japan and the U.S. didn't cooperate. I will just name some. One, energy efficiency. As you know, Japan is the most energy efficient country for more than two decades. In order to produce a dollar of GDP, if Japan needed one unit of energy. I'm sorry to say, but you need twice. You need twice. China needs nine times. However, now 60 percent of

international energy agencies' country spending on research and development in energy, public finance and energy, is done by two countries: 30 percent by Japan, 30 percent by U.S. So we have special responsibility. And Prime Minister of Japan and President Obama agreed that we'll work on smart grid, electric cars, and other areas together. Carbon capture and storage as well. This is a promising area.

The second area I would mention is the nuclear power plant. U.S. is by far the number one country with 104 nuclear power plants. But as you know, after Three Mile, the U.S. has made no power plant in 30 years. Japan has made 29 in the last 30 years. Number one. Now Japan and the United States' top companies are cooperating. President Obama started to give insurance and U.S. Congress is approving this. I hope that Japan and the U.S. can cooperate in this field.

The third area I would like to mention is high-speed railway. We had a seminar here in January. Only two weeks ago we had a seminar in Chicago, too, with our minister in charge. Mr. Maehara was there. I had the privilege of speaking as well. I said that you Americans have made -- invented cars together with Germans maybe. You made airplane. You made television. You made computer. Recently you are making Kindle and iPad as well. Why not can we offer one thing and maybe high-speed railway? So I said I'm not going to long lecture, but just

please remember six Es of Japanese high-speed railway. The first E is experience and safety. Experience is 46 years. The longest and no passenger casualty in 46 years.

The second E, E for exactness. Average delay time per year is less than one minute. This morning I was in New York. I'm a great fan of your Acela and Amtrak, but my train was canceled. (Laughter) I hope that my friends in Amtrak will not see C-SPAN.

The third is economic efficiency. Fourth E is environment friendliness or eco friendliness. The fifth E is employment creating. Our railcars are -- railcar makers are all over the United States.

The sixth E is earthquake proof. As a country with a lot of earthquakes we know to stop the car as soon as there is a seismic wave. So maybe not so useful here, but in California it could be useful as well. So, all these areas I think we could cooperate and we can also cooperate through APEC and other areas as well.

Lastly, I think I've spoken a little too long, but let me touch up on social issues as well. Here again we are facing a similar issue as other countries, other developed countries. Birthrate dropping and life expectancy is prolonged, so birth rate is now 1.37, the lowest among developed countries.

In order to have reproduction you need 2.08 and the U.S.

has 2.12. Average life expectancy in Japan is 79 for men, 85 for women, the longest in the world. As a result, people over the age of 65 is 22 percent in Japan compared to the United States, 13 percent. I'm approaching that age and I feel we're not so bad. It's good, but still it's not too good for social security system.

We have quite a good -- up until now -- social security system. I know that this is a touchy area here, but I'll still touch up on health care. We have universal health care. Its cost in comparison to GDP, it's 8 percent, one-half of that of the United States the ratio is. We also have universal health care nationwide long-term care insurance system. Senior people can stay home and get treatment, day care, short stay. Ten percent of the cost the senior has to bear himself. The rest will be half and half by insurance premium of those people between 40 and 64 and government subsidy.

I was very gratified for that because my father passed away 4 years ago at the age of 91. Because those people came to my house everyday to take him for a walk, to let him take a bath, change, he was able to stay at home until his death. And my mother was so grateful for that social service system.

However, this will not be possible for too long I think because if this tendency continues, people over 65 will be 40 percent of



the population by 2055. In that case, people under -- 1.4 people under 65 have to take care of people over 65. Nearly 1-to-1 ratio. And that's a very difficult project to plan.

We have continuously tried to lessen the burden of this, but always these benefits have outpaced national income and it's about a quarter of national income now. This is why, as I said, the prime minister said this cannot continue, so we have to create new waves, new tide, to change the system. And in new growth strategy, that was announced recently predicting that we will make \$500 billion market, 2.8 million jobs for these cares.

And in order to turn the pace of birth rate as well, government -- this is a long-term plan -- government is trying to give out monthly \$150 per child, regardless of income of household per child, monthly. So this is huge money, but in order to lessen the burden on household.

Talking about changes internally. Education -- and the government is making the high school tuition free now. I think what's also needed, in my personal view, is that we have to improve our English-speaking capability in Japan. Now, English has become, it's apparent, an international language. My plan -- eventually I hope sometime will happen -- is that we'll send off all the middle school, junior high school teachers,

young people, to this country to home stay, to go to college for a year or two. If you take -- send everyone, it'll need only two 747. It's about 1,000 people, so I think that's possible eventually. But that's my dream.

Lastly, about relations with local governments and central government. It is true that if you go to visit Japan, in smaller cities, smaller towns it's becoming deserted. People are moving out. We have to give more authority, decentralize the government. This is exactly what government is looking at, and try to bundle all the budgets, which was given piecemeal to local governments and try to increase the discretion of local governments. This is what the government is trying to push.

This is part of the changes that is occurring in Japan. As I said, there are changes. There are changes -- or changes, but not really changing, or -- we have to fortify what we are doing as well.

This was just a rough sketch and I was told that even after -- well, I think I've spoken about 50 minutes or so. Still, 30 minutes or so is left. And I was told that this is a barbeque day to grill the Ambassador. So, I think I'm ready for that.

Thank you very much. (Applause)

MR. BUSH: Thank you, Ambassador Fujisaki, for those very thoughtful remarks. I think that the subject you addressed -- the competing priorities of growth, security, and welfare, particularly in a time

of soaring government debt -- is one of the major challenges facing all advanced countries. And it's a challenge that our two countries share.

I'd like to now open up the discussion to the audience.

When I call on you, if I don't identify you, please identify yourself. Please wait for the microphone that the staff will bring.

Who would like to ask the first question?

AMBASSADOR FUJISAKI: Can I just make one? I think a lot of my good old friends -- academics, ex-diplomats, diplomats, journalists -- if you know the answer better than I do -- business people as well -- please don't be shy. Answer them directly. I will not be offended. Thank you very much.

MR. BUSH: Okay. Michael Yahuda from George Washington University.

MR. YAHUDA: Thank you very much. It's been a pleasure to sit here and learn from you.

But there's one area I'd like to hear you address more fully, and that is the relationship with China. And you mentioned very much the issue of the importance of the alliance with the United States and you mentioned problems with North Korea. But I wonder if you have more to say about the relationship with China.

AMBASSADOR FUJISAKI: Thank you very much. China is

very important partner for us. It's the biggest trading partner as well, and it's one of the closest countries, too. So, it's very important for us and in dealing with issues such as North Korea, such as Iran, we need China's cooperation in the United Security Council as well. So, we have to continue to engage China. We have to continue to have the partnership, and that is exactly what a lot of Japanese are thinking.

At the same time, it is true that there are issues as well. These issues arise between partners, and what's important is we should not try to make it too much enthusiastic issue as you try to deal with it. But also, it's very squarely as well. And I think up to now we are doing a good job.

Thank you.

MR. BUSH: Mike Billington.

MR. BILLINGTON: Thank you. Mike Billington with Executive Intelligence Review.

I saw that your three leading electricity companies and your three leading nuclear construction firms have come together with some sort of government backing to try to overcome the gap or the failure of Japan's nuclear exports over the recent years. Perhaps spurred by Korea's taking a very aggressive approach. I wonder if you could address that, and in particular your view of Japan's potential for providing nuclear

power for the developing sector in Africa and Asia.

Thank you.

AMBASSADOR FUJISAKI: Thank you very much.

Yes, you're right that Japanese bank, JBIC, has -- was allowed to give coverage for this gap that you have just referred to. And I think that I really hope it will help Japanese and American companies get their projects, because it's very important not only for United States but for Japan as well. And other countries who has nuclear power plants have these sort of official bank insurance as well, and I think in huge projects like nuclear power plant, that is necessary.

As for other countries, I think we cannot just say how we should go. It has to be dealt country by country. It has to be first a member of IAEA and will have to examine the issue case by case.

Thank you very much.

MR. BUSH: That gentleman right here? Right there.

MR. OGATA: I'm Toshi Ogata with Asahi, a Japanese newspaper. I have two questions on economy. One is about free trade agreement between United States and Japan; another is about our lost decades.

So, the first question is about the FTA. Obama -- President Obama announced his intention to have free trade agreement with Korea

by the end of this year. And in the light of his announcement, I think Japan's DPJs, one of the major problems for them when they had a general election last year was to have free trade agreement with the United States. But since then, we haven't really heard from -- those kind of remarks from ministers and prime ministers in Japan. What's the position of Japanese government on the issue? And Japan is really serious about those.

And in the context of that, I'd like to ask about the two outstanding issues between the two countries: one is the beef import issue from the United States, and also another is privatization of postal service. I just want to have the comment on that as well.

The second question is from bigger picture. It's about -- so we all know that the Japanese economy has been suffering for almost two decades. And as Japan is suffering from this, our strategic power and influence has been also declining. And one of the major questions from the U.S. side will be how Japan can get out of this situation. Can DPJ government change the direction or tide of this? And how can they do that? And especially Prime Minister Kan has been saying these days that he will have more tax and will create more jobs than that will feel the economic growth. But that doesn't really sound persuasive for the rest of the world. How can you appreciate your counterparts on that?

AMBASSADOR FUJISAKI: Thank you very much. It looks like (inaudible) all the answers, but, I'm sorry, before privatization of postal -- what did you say? Beef?

MR. OGATA: (inaudible) beef.

AMBASSADOR FUJISAKI: That's right. What extensive and intensive questions. (Laughter)

I think -- can I have about 60 minutes? (Laughter)

MR. BUSH: Go ahead.

AMBASSADOR FUJISAKI: As for FTA, I don't think any negotiations have been started. I have not been involved in this study you've -- Japan-U.S. FTA. But I was involved in FTA negotiations with ASEAN countries and Korea. When I was deputy minister about five years ago, I negotiated all of those negotiations.

The conclusion I had, personally -- maybe this is not a straightforward answer to you -- is that we have to have a lot of preparation. We have to really -- both sides have to be convinced of the merits and demerits and see what kind of agreement would really become win-win. We can just say win-win, but we have to identify very carefully. So, in order to do these important negotiations I think preparations are necessary.

Point two, about beef. I think this issue has to be discussed

between governments. And Ogata-san, you know a lot better than I do. But we often focus on beef because of BSE, we are not importing as we used to. However, United States remains the number one agricultural exporter in our market. Your share in our market -- import market -- is 33 percent. U.S. is number one in pork, soybean, corn. In corn, U.S. share is 99 percent. I don't know where 1 percent is coming from, but -- so U.S. is by far the most important agriculture country for us. And except for NAFTA, Canada, and Mexico, Japan remains the number one (speaking Japanese), or the customer for United States.

Privatization of postal issues -- system. This is a -- will be discussed in Japanese dyad, so, I'm sorry, I will not go into that at this stage. This is what has to be discussed politically.

Now, influence of Japan going down. I hope this will not be the case. And for that we have to have sound economy, robust finance system, like Mr. Kan says, and growth strategy.

And as I say, our companies have to be -- continue to be leading the world with United States and others -- Korea, China. Of course we have to share the world market, but we cannot just let things go. And I think we have a very -- as I said, we -- our companies have technology, and government is -- if you look at research and development growth estimates, research and development -- that means public and



private together R&D -- U.S. is number one in the world, Japan is number two. If you looked at patent application to WIPO, international patent application, U.S. is by far number one, Japan is number two.

So, our -- I think private business still is strong. And I hope that they will be so.

Thank you very much.

MR. BUSH: Mr. Ogata, I would note as a practical matter that the President of the United States does not have trade promotion authority right now. And so negotiating an FTA is probably not feasible until he has it.

The gentleman right over here.

SPEAKER: That's not what I said. That's what (inaudible).

MR. BUSH: You invited me to -- gentleman right over here.

MR. WINNIE: Thanks. Ralph Winnie with the Eurasia Center.

You had mentioned North Korea. What steps are being taken by the Japanese government to deal with the issue of the abductees and what would you like to see the U.S. do in that capacity?

AMBASSADOR FUJISAKI: Thank you very much.

Japanese position is that three issues, namely nuclear issue, missile issue, abduction issue, have to be solved comprehensively. This is same

with the government change. That position has not been changed. This reflects not one politician's view, but this is national consensus.

We are grateful for United States to be supportive of our position. At the same time, it's important that we should not really rush and we really continue to work on North Korea and make our points. And we think -- we are very appreciative of U.S. cooperation in that regard.

Thank you very much.

MR. BUSH: Another question? Gentleman right here, and then it'll come to you.

MR. BROOKS: Harry Brooks, just an interested American.

I've noticed that you made many references to people, and you seem to have a lower level look in society. As I look at Japanese movies and in the news, there's a big shortage of doctors in Japan, it seems. Or the doctors are being overtaxed. Are you aware of anything that's going on to correct that shortage or to give them a normal family life so that they don't have to work very long hours?

AMBASSADOR FUJISAKI: Are you talking about medical doctors?

MR. BUSH: Yes.

MR. BROOKS: Yes.

AMBASSADOR FUJISAKI: Some of us here -- journalists,

bureaucrats, business people -- think that -- they'd hope that you'd be so sympathetic to them as well.

But I think yes, it's true that medical doctors should not be really overused. There are some cases that they have overworked and lost their life as well. And there's also the issue of discrepancy. In some areas there are -- in big cities there are doctors, but in islands and all that, there are not enough doctors as well. This is maybe a universal issue, but I think this issue has to be really addressed. I agree with you that this is a very important issue.

MR. BUSH: Lady right here? Mic is coming.

MS. CHURY: Hi, I am Amy Chury with BNA. I wanted to ask about Japan's interest in participating in the Trans-Pacific Partnership negotiations that are going on right now, and note that there's a relatively limited time period that USTR has said that other countries could be interested in joining that.

AMBASSADOR FUJISAKI: Miss, we are watching this TPP negotiations carefully. We have not made any decisions on this.

But one thing I may point out is that Japan has FTA with ASEAN. Japan is negotiating FTA with Republic of Korea, India, Australia, and some others as well. We have already one with Mexico and Chile, too. So we are not totally out of FTAs.

But one thing maybe you'd like to know -- and maybe you know already -- FTA, do you know how FTA started? When GATT was concluded in 1947, smaller countries wanted to have some exclusion exceptions. Netherlands, Belgium, Luxembourg wanted customs union in order to compete with larger countries. I don't know -- Middle Eastern countries, some of them, wanted to have FTA, free trade area.

At that time, in 1947 or in 1950s, 1960s, '70s, no one thought big country like Canada, Mexico, and one more country would try to conclude such an -- use that FTA. Started -- FTA started from '94. So, everyone until that was thinking GATT was sufficient. Now people are rushing -- we had to go. We were late starters, but it started in 2000. It started with Singapore and went to other ASEAN countries.

But in the beginning there was a philosophy in Japan that, let's stick to GATT because that would have a -- if we start FTA we'll have two negative effects: one is spaghetti bowl effect; the other is that there will be left-behinds who would not have the chance to be asked to negotiate, not asked to dance, this. But now there's no more of that, and we'll be very forthcoming to FTA. But looking back at history is interesting as well.

Thank you.

MR. BUSH: Scott Herald and then I'll come here.

MR. HERALD: Mr. Ambassador, Scott Herald of the RAND Corporation. Thank you very much for your remarks today.

I have two questions for you. The first is, I'd like to hear your thoughts on how to strengthen the images of Japan in the United States and the United States in Japan. In particular, I'm sure you know Americans consume enormous amounts of Japanese cultural products, Japanese exports of computers, technology, automobiles, and certainly in Japan there are a large number of Americans living, working, studying. So the two societies are very heavily inter-penetrated, but yet in the United States we often hear talk about China, about East Asia, but not as much recognition of the important role that Japan plays in our culture, in our economy, and in our foreign relations.

So I wonder if you could give us your thoughts on that. And just an aside on that, I wonder if you could give us your thoughts on the impact and the understanding of the impact that Japan's participation in international whaling is having on your image in our country.

Secondly, if you could address ways in which the United States could help Japan to improve its communications and collaboration with other U.S. allies in Asia, including the Republic of Korea, the Philippines, and our defense cooperative efforts with Taiwan, such that Japan can play as maximum a role as it can in helping produce and

preserve the security that we all benefit from in Asia.

Thank you very much.

AMBASSADOR FUJISAKI: Thank you very much. This is, again, a very extensive area. But I'll try to answer.

Japan-U.S. relations. This is a very important year now. Fifty-year commemoration of U.S. security arrangements, 150 years anniversary of the first diplomatic mission. This year is very important, but two years from now very important. Do you know? 2012? That's 100 years anniversary of cherry blossoms.

Now, you see, two weeks, March and April are not -- I'm really totally absorbed in cherry blossoms. It's so nice, people are really happy and I think we -- I'm very grateful. I'll pray to all my ancestors who have given that 98 years ago. So, we are now trying to work on this cherry blossoms, 2012, to make it nationwide as well, not only here.

There are a lot of opportunities. But if I may say, Japan and U.S. relations are unique. First, security arrangements, as you know. Second, economic relations, as I said, is so close. Global issues, for example, for reconstruction of Iraq, Afghanistan, Pakistan, number one country contributor is United States. Number two is Japan. So, we are closely cooperating. Third, we share values: democracy, freedom of speech, human rights.

Fourth, most important. In any polls, 80 percent of Americans say they like Japanese; 80 percent of Japanese say they like Americans. If you look around the world, if there are any two countries like that, they are not too many, I think, with all these four features. So it's very, I think, unique and important.

But in order to have good relations this is -- always I'm repeating the same thing. But we have to keep in mind three nos. I'm sorry to those who have heard it 200 times, but first no is no surprise between governments. We have to really share our views. Second no is no over politicization. Those issues who can be treated discretely should be treated accordingly. Third no is no take for granted. After 50 or 60 years of marriage, you take each other for granted sometimes -- maybe not in your home -- so, we have to be very careful about that.

Now, whaling. I think we have to take the issue from a scientific point of view. I know that there are emotional issues involved in some places as well, but research has to be seen from scientific view. And we appreciate U.S. stance on this issue.

Lastly, on relations between other countries in the region. I think -- you're from RAND, so you know very well. But Japan has an obligation. We cannot defend other countries, so we cannot be in collective security, like NATO or other institutions. The only security

arrangement we have is United States. So, of course, we have good relations with the Republic of Korea. But as for security, I think some sort of arrangements is not foreseen at this juncture.

Thank you very much.

MR. BUSH: Thank you. The gentleman right over here?

Mic is coming.

MR. BUSIS: Thank you, Ambassador Fujisaki. I'd like --

MR. BUSH: Identify yourself:

MR. BUSIS: Oh, I'm sorry. Jim Busis from the AJC.

I'd like you to follow up on your very welcome statement that Japan will not accept an Iran with nuclear weapons. And I'd appreciate it if you could comment on what steps or actions Japan could do to help ensure that Iran does not get nuclear weapons. And more specifically, the recent U.N. Security Council sanctions resolution, as welcome as it was, had to be watered down to ensure passage, as a result of which the U.S. and some European countries either haven't acted or are looking at enacting additional unilateral sanctions. The South Koreans recently cancelled a major deal with Iran and I wanted to know, what are the prospects for Japan taking similar actions in terms of unilateral sanctions or actions.

Thank you.



AMBASSADOR FUJISAKI: Thank you very much.

Yes, U.N. Security Council Resolution 1292, we will be abiding by -- to this very faithfully. In addition to this, what we'll do, this we have -- we'll just look at it, but we have not made any decisions on this issue. You have said that -- about investment into this Iran. A few years ago, a Japanese company's share in one of the oil fields, which was called Azaragan was 75 percent. Now it's down to 10 percent.

The reason I say that we cannot accept Iran to possess nuclear weapon is that we think -- we hope that all the countries should become member of NPT, Nuclear Nonproliferation Treaty, IAEA. If a major country like that starts to have, there will be followers. Countries surrounding them will think that they have to have them as well, and I don't think that's what a lot of people in the international community would like to see. So I think this is a watershed period. We have to be firm.

Thank you.

MR. BUSH: Could I follow up? I have a follow-up. Mr. Ambassador, has Japan been concerned that, although it has shown restraint on energy investment in Iran, that other countries might come in behind Japan and exploit your departure?

AMBASSADOR FUJISAKI: I think that should not happen.

Thank you very much. (Laughter)

MR. BUSH: The gentleman in the back, and then it'll come here.

SPEAKER: Thank you. My name is Alvin, I'm from Denmark. I'm just an interesting person -- sorry, an interested person. Sorry.

I wanted to ask a question about immigration policy and what kind of a role that will play in a growing -- trying to grow the Japanese economy. Does that play any role whatsoever in the new strategy from the Japanese government?

AMBASSADOR FUJISAKI: It is true that we have not had an immigration as much as other countries, like United States. And there are some criticisms, I know, about that as well.

One very small opening that is occurring is through free trade area agreement, FTA. Some nurses, caretakers are coming. But as I -- I admit that this is very, very narrow, very small. So -- but eventually, I think there will be more understanding on this issue. But at the moment, I think it's -- there are people who think that what we have been doing should be continued as well. Let us see.

Thank you very much.

MR. BUSH: The gentleman right here. Right in there, yeah.

MR. ODOM: Trip Odom with the U.S. Chamber of

Commerce.

First of all, I'd like to -- as a former U.S. Senate Youth Exchange member, thank you for your continued support of such programs. My question is actually about Japan and China. I think that China's trade agreements in the past 10 years are already in the triple digits. What is Japan going to do to further take advantage of its position as the most developed country in the region close to the expanding Chinese economy?

AMBASSADOR FUJISAKI: I have no clear figure on that issue. But it's true that Japanese economic growth now recovery is thanks to Chinese economic growth, because we are exporting to China. And so we need growth of United States, growth of China, because we are not depending on trade as much as, for example, a country like Germany which has more -- about 40 percent of GDP share is trade. Ours is around 10 percent or so, so it's not big.

However, there are a lot of trade-related areas as well. So, we -- and there's investment going into that country, too. So we hope that there's a coexistence between Chinese industry and Japanese industry. Of course there should be competition, and so that is why I said Japanese companies need to keep an edge and lead in industry -- in areas they have. And -- but as I said, those coming up the ladder or the thread is

how I see it as coming up, and we have to see the way to cooperate.

Thank you very much.

If I -- for example, 20 years ago when Japan was coming up the ladder for the first one, those who -- some of the countries in Europe didn't like that too much and closed the market to us. Some countries opened up. For our investments, our companies went to that country and invested from them to European countries. Those who did not accept and asked to -- all the goods have to go through inland customs I think have lost a great opportunity. So, I think we have to all adapt to the new situation.

Thank you very much.

MR. BUSH: The gentleman here and I'll come back to Mike.

MR. GRINDSTAFF: Hugh Grindstaff. I spent seven years in Okinawa, so I can talk about the Okinawa position. But really, India is coming up and it's becoming industrialized. How do you see the Japanese-India relationship? And the triangle of Japan, India, and the U.S.?

AMBASSADOR FUJISAKI: India is also a very important partner. I think that's one of the biggest recipient was the recipient -- biggest recipient of our official development assistance, ODA, our loans.

I have gone myself and discussed the possibility of large

scale projects as well. We're talking about the plan of transportation between Mumbai and Delhi and those places as well, the important -- to connect important cities. India has a huge potential and, as you say -- and we think like China, we want to cooperate with India. And it's the biggest democracy in the world and we respect that country very much.

Thank you.

MR. BUSH: Mike? You -- this will be the last question.

MIKE: Thank you, Ambassador. A brief follow-up on Iran.

I know that Japan was attempting to make an offer -- or did make an offer to Iran similar to the original Russian proposal and like that now being pursued by Turkey and Brazil to facilitate taking in the nuclear material and reprocessing it and returning it. Could you comment on that and where that stands or where -- how you view the current Turkish proposal?

AMBASSADOR FUJISAKI: As for the Turkish-Brazil proposal, we think that was a significant step. So, we commend the effort of the two countries.

However, whilst 20 percent enrichment is continuing, we need to show that international community is not accepting that. So, we support it firmly, this resolution 1292 in U.N. Security Council. It's a different story. But still we think the effort done by the countries should be

commended as well.

Thank you very much.

MR. BUSH: Mr. Ambassador, thank you for exposing yourself to so many questions. I hope the flames of the barbeque were not too hot. (Laughter)

AMBASSADOR FUJISAKI: Do I have to finish? Can I have two more hours?

MR. BUSH: You can take three. Please join me in thanking the ambassador for his precious time. (Applause)

MR. BUSH: And if I could ask the audience to remain seated for just one minute so that I can get the Ambassador Fujisaki out and onto his next meeting. But thank you again, Ambassador.

AMBASSADOR FUJISAKI: Thank you.

MR. BUSH: Okay, thanks a lot.

AMBASSADOR FUJISAKI: Thank you.

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