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**WHAT LIES AHEAD FOR JAPAN AND THE**  
**UNITED STATES:**  
An Address by H.E. Kenichiro Sasae, Ambassador of  
Japan to the United States

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## PROCEEDINGS

RICHARD BUSH: Ladies and gentlemen, good afternoon. Thank you for coming. I'm glad we provided a shelter from the January weather. We're very pleased today to be able to host a talk by Japan's ambassador to the United States, the Honorable Kenichiro Sasae. He will be speaking on the topic of "What Lies Ahead for Japan and the United States," which is, I think, a burning topic these days in the wake of Prime Minister Abe Shinzo's visit. The plan is that Ambassador Sasae will speak for as long as he wants and then my colleague, Dr. Mireya Solís will moderate the Q&A.

Ambassador Sasae I think you know very well. His bio was outside when you came in. He is one of Japan's most senior and respected diplomats. I won't go through his career. I will only say that prior to becoming Japan's ambassador to the United States he was the vice minister in the Ministry of Foreign Affairs. And in the Japanese system, the vice minister position is the senior career position and it's a very important one. So without further adieu, please join me in welcoming Ambassador Sasae.

*(Applause)*

AMBASSADOR KENICHIRO SASAE: Well, thank you, Richard, for the nice introduction to me. Today is too good to speak inside the house, you know. The weather is lovely, so I'm putting on this cherry blossom tie. I'll be celebrating the Cherry Blossom Festival tomorrow on. But today I would like to speak about what's ahead for America and Japan working together.

Well, thank you anyway. I'm delighted to be here at Brookings, Washington's original think tank. I have learned this think tank was founded in 1916 - - very old. Today there are think tanks all over the world. We suddenly have more thinking going on, but I don't know if the thinking is any better. And you may be saying the same thing after you hear my speech. But I will do my best to put my perspective for you.

Exactly one month ago, as all of you know, Prime Minister Shinzo Abe visited the town and he had a very good meeting with President Obama. After the meeting, Prime Minister Abe announced to the U.S. audience "Japan is back." Well, today I would like to elaborate on the implications and meaning of Japan's coming back to the Japan-U.S. alliance ahead.

Well, my main message today has three points. Firstly, both Japan and the United States have to revive our economies for our sake and for the world. Secondly, Japan is the best and indispensable partner for the United States as it advances the policy of rebalancing to the Asia-Pacific region. Number three, both

Japan and the United States have to further enhance and expand our alliance collaboration without interruption.

All these may sound obvious to you but at the time of the new start of the second phase of the administration in both of our countries perhaps we need to come back to the basics. First of all, as I said it, Japan and the United States have to revive our economic power. While economic power serves as a fundamental of diplomatic power, as well as a source of vitality in projecting national power outward in the face of global challenges.

In the 1990s, why did the former Soviet Union collapse? Why did the United States, the winner of the Cold War, introduce an aggressive trade policy towards its ally Japan and the U.S. economy was stagnant at the time? Why did China start to promote a more assertive, diplomatic policy stance in recent years calling itself a superpower?

Now, I think some of the answers are related to our country's confidence or vice versa, the lack of confidence in its own economy. I will talk about Japan's economy and Abenomics. You know, the Japanese economy has an image of long-time stagnation. The United States, which still is the number one economic power in the world, has lost the absolute presence it once had. Its economic significance is declining in relative terms. We all know that the United States cannot be the policeman for the world every time, and Japan cannot be the world's largest ODA donor anymore, as we used to be before. But it is now necessary that both Japan and the United States revive our economies and strengthen the basis for exercising once again better and stronger global regional leadership.

The United States cannot be satisfied being the best among the equals, and Japan cannot follow the path of a small oriental country in the Far East. Prime Minister Abe's words "Japan is Back" exactly came from such a mindset. Indeed, the economic situation in both countries has not been satisfactory in the last decade.

But there are also some signs for recovery. With a low birth rate and aging population, Japan's working-age population is decreasing and the GDP growth rate is plummeting. Also, we have had deflation since the end of 1990. Moreover, Japan has gone through the difficulties of the global financial crisis and the Great East Japan Earthquake. Yes, there still exists an underlying strength of the Japanese economy in spite of the old, stagnant, and difficult conditions.

If you look at the per capital GDP growth rate, the Japanese economy is growing at a level that is by no means inferior to that of other developed countries. The unemployment rate is lower and R&D investments or patent acquisition is at the highest level in the world. This indicates that Japanese business possesses rich, innovative power even in the low growth period. The reason this power has not resulted in vigorous growth in the overall economy is because investments and consumption have been floundering with prolonged deflations. Abenomics is a quiver

exactly with three arrows consisting of bold monetary policies, flexible fiscal policy, and a growth strategy for promoting private sector investment. It aims for a breakaway from prolonged deflation and for an economic upturn that is accompanied by increased employment and income.

In regard to bold monetary policy, a new policy framework has been introduced, of which the Bank of Japan aimed to achieve a 2 percent price stability target as soon as possible. Mr. Kuroda, the new governor of the Bank of Japan said he would like to put out a clear policy to do anything to get Japan out of deflation. The market is already responding to this positively. The mood of the nation is now high spirited. People are beginning to see the bright part of Japan coming.

I see measures have already been arranged to execute the economic stimulus package. Of course, this will be done while maintaining medium- and long-term targets for fiscal discipline. Moreover, by midyear, Japan aims to formulate a growth strategy that will include measures strengthening competitiveness, overcoming energy constraints, accelerating innovations, and deregulation. Japan's participation in TPP, which I will speak about later, will also back up this growth strategy.

Now, the recovery from the earthquake is also an important aspect of economic revival. I would like to once again express my heartfelt gratitude and for the warm support extended to us two years ago by the American people and the people from the world. There still exist many challenges such as the decommissioning of the Fukushima Nuclear Power Plants and decontamination, but industrial production in the tsunami-affected area has now returned to the same level as before the earthquake. So Japan is strongly recovering both economically and also spiritually.

Now, what about the U.S. economy? The housing markets have now begun to recover as we see in the paper. The employment is steadily increasing. The monetary policy of the Federal Reserve, which has been actively promoting quantitative easing, is also contributing. There is a high probability that economic growth would accelerate for next year. Indeed, if any experts anticipate that the United States economy would eventually recover if it overcomes a negative influence over consumption and investments which might be given by the ongoing fiscal restructuring.

When comparing the United States economy with the Japanese economy, I find that the United States has many strengths, such as dynamic demographics, abundant indigenous energy supplies, flexible labor markets, and a risk-taking business environment. On the other hand, as you all know, mid- to long-term restoration of the U.S. fiscal soundness has been also challenged by the aging population and the increase in social security spending. In short, if you hear all this, Japan and the United States face different but rather similar challenges. Both nations certainly will be able to learn from each other's failure and success in the past and act together for the future by strengthening our economic policy dialogue from the top to the bottom.

I also consider Europe to be similarly important. The strain in the market due to the European sovereign debt crisis has been relieved to some extent, but there is on and off coming up like, you know, listen to events in Cyprus. However, in order to fundamentally resolve the problem, it is imperative for us to rectify imbalances among the Eurozone countries. It is easier said than done, but the European single currency is an ongoing, massive historical experiment. So for the sake of the world, I certainly hope Europe succeeds in this venture.

Japan and the United States and the E.U. 27 countries account for about 55 percent of the world economy. Although the rise of China is, of course, a significant factor, the revival of our industrial economy can strongly lead the global economy once again. With a strong economic comeback, Japan, the United States, Europe must lead emerging and developing economies in promoting the rule of the free market economy, inviting them to become partners for dynamic world economic growth. It is in this context that more trade investment; together with more harmonized structure reform are the order of the day for Japan, the United States, and Europe. It is also in this context that the Japan-E.U. economic partnership agreement, EPA, the U.S.-E.U. Trans-Atlantic Trade and Investment Partnership (TTIP) and Trans-Pacific Partnership Agreement (TPP). These are all strategic to the future global political economy.

Now, the strategic implications of TPP is threefold. One, it helps the revival of both the Japanese and American economy. Two, it supports the advancement of the U.S. rebalancing towards Asia. Three, it provides Japan and the United States with an economic basis of more powerful diplomatic and security engagement, both regional and global.

Prime Minister Abe announced his intention to join the TPP negotiations on March 15<sup>th</sup>. For Japan, TPP could be a good catalyst to advance a growth strategy, the third of the three arrows of Abenomics I just mentioned earlier. Prime Minister Abe spent a great deal of his political capital on the decision to participate in TPP negotiations. This is also an expression of his determination to achieve the goal of reviving the Japanese economy. Likewise, for the United States, Japan's participation in TPP has a large benefit in terms of economic growth and job creation.

Japan's GDP is larger than the accumulated size of the current participating countries excluding the United States. Japan is America's fourth largest trading partner. Japan's investment in the United States is almost equal to the total of the other 10 countries. Japan's investment in the United States obviously promotes U.S. employment here and it will boost both the economy if the establishment of TPP will enhance the business alliance and investment in both directions.

American automobile makers have expressed their concerns about Japanese participation. As we all know, Japanese automakers have been promoting

localization since the 1980s. I was heavily involved in trade negotiation in those years as a young director's office. That day is gone, I hope. Well, you know, the Japanese automakers have been promoting localization, now I think. In 2011, Japanese automakers employed 388,000 people in the United States. It's by no means small. A lot of employment. They are American companies now.

We are currently going through bilateral consultations, tackling the remaining agenda items before the U.S. Government makes an official decision to support Japan's participation while the United States Government is welcoming Prime Minister Abe's decision to participate. I hope that the ongoing bilateral talks will be wrapped up soon and we are making the final best efforts now.

Now, this could be the last chance for both of us. I sincerely hope the United States as an ally and friend will support Japan's participation in TPP. The TPP without Japan's participation would not help build the Japan-U.S. Economic Alliance for future regional economic growth and architecture. We need to build the architecture for the entire Asia-Pacific. Without us in TPP, without us in Asia-Pacific Free Trade, there is no sustainable free trade in the Asia-Pacific in the future.

So now let me move to the second question, second message I would like to speak to today. That is how Japan will be vital to America's rebalancing into the Asia-Pacific region. Needless to say, the Japan-U.S. Alliance is a cornerstone of the U.S. presence in Asia, which in turn is the basis of Asia-Pacific peace and stability. The United States and Japan also have a common united vision to seek stable security in a free market economy, to settle conflicts in a peaceful and rule-based manner. This part is especially important in the emerging issues before us. And finally, to respect the universal value of freedom of human rights. The question is always how we do this.

On March 11<sup>th</sup>, National Security Advisory Tom Donilon said during his speech at the Asia Society in New York -- he said this -- "The United States rebalance toward the Asia-Pacific is a response to the strong demand signal from leaders and publics across the region for U.S. leadership, economic engagement, sustained attention to regional institutions and defense of international rules and norms." Yes, that's exactly what we have been hoping for. And Japan, as the most indispensable ally, welcomes the rebalancing and is ready to work together to advance such a challenging agenda.

Well, Japan together with the United States will also deepen partnerships with other Asia-Pacific countries and is keen to strengthen regional organizations development and development of regional architecture. The development of TPP and bearers of regional networks must be the key. We welcome a more active U.S. role and leadership in regional frameworks such as EAS and ALF and other subregional networks involving both Japan and the United States.

In addressing the United States rebalancing the most immediate concern is obviously North Korea. We have negotiated on North Korea's development of nuclear weapons and missiles and its human rights issues since the 1990s. However, and frankly speaking, the situation has gone back and forth and it is a fact that North Korean threats have been increasing, not decreasing. In the early stage of negotiations with North Korea there was a moment when some people thought that the time was on our side, questioning the sustainability of the North Korean regime. However, the passage of time turned out to be a disadvantage now. In response to North Korea's recent test of nuclear devices, as we all know, the United States -- sorry, the U.N. Security Council Resolution tightened sanctions. The Japanese government appreciated and commended the leadership for that.

The United States has also enforced additional sanctions of its own, in financial transactions basically. Likewise, Japan will also soon decide on additional sanctions on top of our extensive ones already in place. While North Korea has been increasing its verbal provocations, it is not clear yet what kind of specific action it will take in responding to pressures from the international community. I strongly hope that North Korea will understand our message correctly, clearly, and change their gears to a more constructive direction. At the moment, though, we cannot tell how they will go. Some people say unpredictability is a part of their strategy.

I think there exists a rough consensus among experts that we need to deploy the dual approach when we deal with North Korea. That is pressure and dialogue or engagement on the other. The question is always a magnitude and timing of such actions, and we are at this moment in the face of increasing the pressure on the North as we all know. But you might ask, will it work this time? Because we have done the pressure so many times in the past. Well, the standard answer is "don't know." Let's hope for it. Our job is to make it work. So let us see how this will be working.

Although it is totally premature at this moment, we eventually need to have a dialogue backed by the pressure. North Korea has two paths ahead. Further isolation and confrontation or more constructive relation with the international community and more lasting peace. I believe that the basic framework can be still found in 2005 joint statement of the six party talks which I myself was involved in negotiations. The first step North Korea should take would be to return to the basics of joint statement with some specific actions demonstrating the seriousness in abandoning their nuclear and missile programs.

At the same time, it is also essential for us to constantly improve deterrence of Japan-U.S. security arrangement to hedge the future risks involved. On March 15<sup>th</sup>, Defense Secretary Hagel announced that the additional deployment of anti-missile interceptors along the Alaska coast of the United States. We also agreed on the swift deployment of the second TYP-2 radar during Prime Minister Abe's visit to Washington. Japan does not have any doubt about the effective functioning of the Japanese-U.S. security arrangement on this score.



Well, let me talk a little bit about China. Obviously, our mid- to long-term challenge is the rise of China. China's role in adopting the recent U.N. Security Council Resolution with sanctions on North Korea was not small. Initially, I think there was a hesitation but at the end of the process it was okay. China's influence on North Korea has been also relatively greater than that of the others, but we have to also remember even this China could not stop North Korea's nuclear tests. So I assume that China recognized that leaving North Korea issues as they are would have some negative impacts on its national interests, which led to its action, more active action in the U.N. Security Council.

It is clear now China has a big role to play in the international community. We welcome that. We would like to see more of the greater Chinese role, both in the region and the world. Setting aside the quality of the Chinese economy, its size surpassed Japan's in GDP in 2010 and became the second largest economy in the world. Every country in some way enjoys benefits from the growth of the Chinese market. We welcome that China will make positive use of its increasing economic power for the region and beyond. Japan and the United States share common interests in China becoming a constructive partner in the Asia-Pacific region, and China developing a genuine win-win relationship with us.

In pursuing such a partnership, several points are pertinent for our discussions. First, President Xi Jinping is aiming at the great renaissance of the Chinese nations. What does this mean? We certainly hope that China will peacefully rise, as they say. After World War II Japan abandoned the path to become a big military power, and we hope that China will also not become a big military power. National Security Advisor Tom Donilon said, "The United States welcomes the rise of a peaceful, prosperous China. We do not want our relationship to become defined by rivalry and confrontation." I agree. Likewise, Prime Minister Abe insists on the advancement of a mutually beneficial relationship based on common strategic interests with China.

Again, the question will be how. How does China's rapid and consistent military buildup fit with this definition or with mutually beneficial relationships with us? The second point is China's external stance, which is becoming more assertive these days. Japan is concerned about the situation surrounding the Senkaku Islands in the East China Sea, as well as in the South China. As you all know, Japan has maintained a red alert stance when it comes to our legitimate sovereignty right in sovereign territory while being calm in its response to Chinese provocation and we will continue to do so.

What Japan demands of China is not that complicated. We are simply asking China to stop further provocation and follow the established rules of the international community. Japan has no intention of making the relationship with China confrontational. China often says it is the responsibility of the other side to improve the relations, improve the situation, but from Japan's point of view it will be

more stable if China could curb its provocative language and behavior such as its steady deployment of government vessels to the waters in and around our Senkaku Islands.

The third point is China's constructive involvement in rulemaking processes regionally and globally. The situation would not be improved simply by saying that China is not fulfilling its responsibility befitting and commensurate with its emerging presence and power. I'm talking about responsibilities regarding challenges such as an often and transparent market economy, the law of the sea, climate change, foreign economic assistance, and resource development overseas. We need to provide good advice and talk with Chinese government people and hold more frequent candid and friendly consultations with China.

The fourth point is how to deal with the growing Chinese nationalism. The management of this Chinese nationalism is a big challenge not only for us but also for the Chinese government itself. As it maintains its peaceful rise policy and patriotic policy. Of course, this is related to China's domestic situation. I certainly hope that the presidency will appropriately and successfully respond to this difficult challenge.

While the Asia-Pacific region is facing a series of difficult challenges, we cannot allow the United States-Japan Alliance to show any weakness. As my third and last message, I would like to emphasize once again the necessity of persistent mutual effort to enhance the alliance in global, regional, and bilateral terms. Japan continues to work together with the United States on a variety of global challenges. As the U.S. government concludes or reduces military involvement in Iraq and Afghanistan, there still exist other important problems such as advanced nuclear development, Middle East peace process, Syria, and climate changes among others. Japan cannot play the same role as the United States obviously, but we are all -- we are and we will continue to be an important and reliable partner in addressing these problems and challenges.

On Afghanistan, we have so far provided development assistance to the amount of more than \$4 billion USD. At the Tokyo Conference on Afghan last July, we announced our commitment of further assistance of up to \$3 billion for the next three years. This is by no means small. We also support our U.S. and European friends in implementing sanctions against Iran, though Japan is not a member of 5+1 talks. Regarding the climate change issues, we have recently started bilateral consultations on how to develop the emerging positive U.S. stance shown by President Obama's address into the post-Kyoto protocol framework. Though Japan does not always share exactly the same view on every individual issue, well, we share an overarching strategic interest with the United States and will coordinate our policy as a reliable partner.

Now, let me speak briefly about Futenma Air Station replacement issue or the realignment of the U.S. forces in Japan because this has been on our agenda for some years and we need to resolve these issues. As you know, we have a roadmap on

the realignment which would reduce the footprint of the U.S. forces in Okinawa while maintaining significant deterrence. Implementations of this commitment is essential to advance our security collaboration. As both our leaders agreed we will expedite the process. In doing so, both Japan and the United States need to carefully respect and understand the sensitivity of other.

The sensitivity of the Okinawa people also needs to be understood. In this context, I would like to report to you today the government of Japan submitted a landfill permit request to the Okinawa Prefectural Government. If permitted, this step would allow us to move Futenma Air Station to the northern and less populated part of Okinawa, namely Henoko, Nago City. This would also facilitate the relocation of Marines from Okinawa to Guam and the consolidation of bases and return of land south of Kadena. There is going to be a huge benefit for Okinawa.

May I have a glass of water, right, Senator Marco Rubio? *(Laughter)*  
My voice is getting hoarse. Sorry. Right. Well, where was I saying?  
In the same way, we need to understand the increasing budgetary measures on the U.S. Sorry, the increasing budgetary pressure on the United States. Some people are concerned that the sequestration may have a negative impact on the United States' forces posture in the Asia-Pacific, but I have confidence that the United States military presence in the region will be strong and sufficient in the future. We must work together to keep this alliance robust, facing difficult challenges as the duo. We should keep in close communications, paying due attention to the domestic voices of each country and not taking our cooperation for granted. And of course, every piece of the jigsaw puzzle of the alliance is made up of individual citizens of both countries. Networking, drawing together the various strands of the United States-Japan relationship, is central to my role as an ambassador.

Let me bring this to a close saying that I feel our task is to add value to the Japan-U.S. relationship through our own individual positions. The added value will take concrete shape in our daily effort to realize a common bureau policy. It is a very modest but meaningful task. Tomorrow we will welcome the opening ceremonies at the National Cherry Blossom Festival.

When I was in Tokyo, the former Japanese ambassador to the United States told me they became pretty much consumed by this Cherry Blossom Festival. You know, I was thinking what a pleasant job the ambassador to the United States is. Of course. Now, knowing how much hard work I have to do, I have totally reconsidered my perception. But I am totally grateful for the long history of friendship that my predecessors have handed over to me.

Let me close and summarize my speech by paraphrasing the Prime Mister and say, "Japan's Cherry Blossoms are back." Thank you very much for your attention.

*(Applause)*

MIREYA SOLIS: Thank you very much, Ambassador Sasae, for such a comprehensive and insightful presentation. We are now going to turn to the Q&A portion of the program. We are just going to give some time to the ambassador to have a seat and they need to put a microphone on him.

So I actually want to take the opportunity to ask you, Mr. Ambassador, the first question of this afternoon. And I think that the announcement by Prime Minister Abe exactly a week ago that Japan will seek membership in the TPP negotiations is really a huge step forward. I believe that Japan's membership in the TPP is a win-win proposition that both the United States and Japan stand to win from Japan's participation. I think that having on board Asia's largest economy or second largest economy will allow the TPP to constitute a very significant vehicle for Asia-Pacific integration. I think that the United States and Japan can collaborate in very meaningful ways in the rules area of these negotiations because they see eye-to-eye in many issues like services, investment, and so forth. And I think going back to some of your earlier remarks, I think that the TPP can really help Japan make progress in what I regard as the most important component of Prime Minister Abe's economic strategy, and that is structural reform.

But Japan is not yet in the TPP, and if and when Japan joins it is going to come late into these negotiations because they are in the final stage. So I think that this makes it imperative for Japan to hit the ground running, so to speak. When Japan eventually, if it makes it to the negotiation table, it has to make sure that it can make a lot of progress fast.

Now, the problem is that in the past Japan's negotiation setup has not been particularly conducive for very speedy negotiations because many bureaucratic interests are represented. And I think that the Japanese government is very much aware of this problem and going back to current news, the newspaper today announced that a 100-member secretariat will be established precisely for the purpose of addressing the TPP talks.

So finally, to my question, Ambassador Sasae. So in your mind, if you can share with us please your thoughts as to what kind of preparations can Japan make to make sure that if and when it comes to the TPP negotiation table it is prepared to act quickly and decisively because there will be so little time left. And more generally, I have to say that Prime Minister Abe has had such a strong start with Abenomics with an early decision on the TPP with very strong rates of support. And going by this example of the TPP secretariat, my general question is can we also be hopeful that there will be very decisive executive leadership in breaking through these legendary bureaucratic rivalries and can Japan therefore become a very agile trade negotiator in the TPP framework?

AMB. SASAE: Thank you, firstly, on the first question is Japan ready to do the work quickly and contribute to the entire process of TPP. Well, I think there

is a strong will, first of all, on the part of the prime minister. That is a very important thing. Unless a leader is determined, it is very hard. You talk about all this bureaucracy and some of the different kinds of interests. I don't think this is unique to Japan to be frank. I mean, every country has its own problems. The United States has its own problems and very sensitive products, industrial, and we have also some sensitivity in agriculture as you know. And even other countries, like Australia, Canada, Mexico, they have all some sensitive parts. But the important point is that we need to try to keep the goal high. You know, that is the objective of this TPP exercise because we are going after the higher free flow of trade and investment in the future, and in doing so we have to work on the various kinds of, you know, benchmarks, especially when it comes to service rate and nontariff areas. And that is a place where I think there should be more attention going on.

When it comes to tariffs, industrial tariffs are already lower, especially among the developed countries and also with those countries involving the bilateral FTA. So I think the challenge is more on first dealing with the sensitive sectors. Number two is dealing with the service and other areas where the international norms and rules are not really, you know, worked out in the region. And also there are differences in the development stage. So you have to take into account the various kinds of differences of the problem facing each country. So what I'm saying is that some of the problems we have in terms of getting support from the old bureaucracy and different kinds of interest is not unique to Japan.

And number three, having said it, but still I think you might think that since the previous round of talks and others and also some history of the bilateral negotiation between Tokyo and Washington, you might be getting again the same impression that Japanese bureaucracy is playing hardball. But I'm part of the bureaucracy, or used to be. But I think things are changing these days. As you know, the Japanese bureaucracy is not as strong as you used to have before anymore, and I think the political leadership is in place. And I think people are now working more in unison under the strong leadership of the prime minister. And also the business and industries are also supporting, and lastly, the most important thing is the public is supporting. As you know, more than 60 percent of Japanese people are supporting this process. That is very important, although we also have to be very careful to the sensitive feeling and the very delicate part of the interests involved. But that doesn't mean that we would pull the leg of the other partners in advance in their own negotiation. We will be contributing factors and we would try to cooperate with setting a high standard benchmark for rulemaking. I think this rulemaking is an especially important part. But over the years I think, especially between the United States and Japan, I think as a result of successive rounds of bilateral talks I think we have agreed more or less to fundamental things, very high standard rules already when it comes to intellectual property, dispute settlement, and government procurements. Whatever there is I think we have the history of negotiating well with each other. So I don't have any worries about it, to be frank. What worries me is that some people might be overreacting to the possible timeframe we have to work in there. But I agree with you that we are coming a little bit late. But it doesn't mean that it would take the

same timeframe you have been working already I think because as I told you we have already known most of the things which have been addressed and discussed in the ongoing TPP talks. So once we know the details -- we don't know the details because we are not a part of the membership yet. So we digest it quickly and move on to quickly the negotiation.

DR. SOLIS: Thank you so much, Mr. Ambassador. All right. So now the floor is open. And because our time today is very limited, I'm going to collect three or four questions at a time and then ask the ambassador to respond. I would like you to please wait till the microphone reaches you and to identify yourself and to try to keep your question very concise for questions of time. Chris Nelson, here.

QUESTION: Thank you so much, Professor. Chris Nelson, Nelson Report. Thank you, Mr. Ambassador. A really comprehensive speech. In many ways it's a parallel to Donilon's speech and to other things that go along with the whole pivot and what we are doing together. So thank you for that.

Professor Solis, I, Larry Bruser, and several of us were just at a closed Sasakawa lunch with a major U.S. manufacturing interest -- I think we're allowed to say -- and the argument probably would have depressed you because his adamant opposition to Japan joining TPP at this time was based on both assumptions and presumptions that Abe-san is not interested in TPP as a domestic reform measure; that Abe-san is telling Japan that the president basically agreed to let Japan have its carve outs on the ag products and other things. That's how they're selling it in Japan. Don't you believe that they're going to, you know. But what really was striking, I lost track of the number of times that he got -- that he said currency manipulation isn't even part of TPP. Mary, was it four or five times? And Larry, what do you -- it just kept coming up again and again, you know. There's 25 percent since the last four months and TPP is not going to deal with that. So his bottom-line was no way can Japan be allowed in TPP because it's not sincere about reform; it's not going to help free trade.

I know you talked a lot about that but it was so interesting to hear that from a major American industry that has a lot of clout on the hill. So perhaps a little bit of comment about how to confront that sort of statement would be extremely helpful. Thank you sir.

DR. SOLIS: Thank you. So we'll take two more questions and then we'll ask -- over there.

QUESTION: Matt Ropeke, TV Tokyo. Ambassador, thank you very much for your time. I'd like to ask about your stance on climate change. You were speaking about it before, and I think Japan's commitment to fighting this problem is admirable.

I'd like to ask about the danger of overfishing of blue fin tuna stocks. Japan is well known for loving tuna. I mean, so do I for that matter. But Japan's

consumption of that fish is greater than any country in the world to the point where the global supply of the fish is dangerously low, even compared to 20 years ago. So is Japan's climate change initiative, will that include some reforms on -- perhaps on commercial fishing rules?

DR. SOLIS: One more question. Bernie Gordon. Bernie, wait for the microphone, please.

QUESTION: Bernard Gordon, University of New Hampshire. Mr. Ambassador, let me shift a little bit to the issue of the domestic growth in the economy. One of the bankers in Tokyo said yesterday that Koroza-san's expectations are doomed to not succeed largely because, in his view, the fundamental declining population issue in Japan. Now, I lived in Japan three different years -- in Kokovee, Kilito, and Yagatashi, so I'm familiar with some of the attitudes about immigration. But the point of this banker's statement, I suppose, was to suggest again broadly that Japan cannot come out of the present situation with the continuation of the issue of a declining population. Is there any realistic likelihood and any popular support under the new circumstances for a different attitude on immigration? Thank you.

DR. SOLIS: Mr. Ambassador, if you have some comments.

AMB. SASAE: Okay. How about Mr. Nelson's question on especially the voice of opposition from the United States, some sector, a major sector. Well, first of all, I would like to say this. As I said in my earlier speech, the trade war we had before around the auto, we don't have to repeat that anymore. You know, when it comes to tariffs, you know, the Japanese auto tariff, you know, is almost zero as you know. And as far as the United States maintains some steel tariff, but there is a reason for that. The fact is that I admit that you are not really selling a lot of American cars in the market in Japan, but is that because of the closed nature of the market? There should be some argument to that. And there are lots of European cars coming and I don't want to talk about which side is more competitive or not. But to be frank, I think in general, the market is open. So I think the important part of that is we have to address the remaining barriers, if there are any. We need to address that question. And that is what we need to be candid about.

Number two I think is still, finally we address all these questions. We recognize some of the important roles to be played by some major industries here, so we want to be attentive to what they are worried about. But how we could do it, and that I think we have to see as we move forward. There are two stages of that. One is how we would do it before we come into negotiations, and the second part is what we would do after negotiation. So in that perspective I think we are still talking with the United States government, how we would look at each other and what we can do. At this moment there are still discussions on the way, so I cannot really talk in detail but I think we are also sensitive to what the oldest industrial voices are here.

In the same token, I hope you would also be sensitive to what our, you know, agriculture people are saying, and they are also sensitive. Since we are allies as far as trying to seek the high level standard of the agreement in the future, we have to be faced with the political reality and politics. I think that's what the president and the prime minister had discussed and agreed. We need to look into each other's sensitive part and try to pursue the higher goal. I think that is the balance we are now striking.

Now, so I would simply hope that when it comes to how you would support, you have to see the, I would say, wider interests and that is not simply American exports but more in terms of regional economic architecture and order in the future. And I just told that aspect in my speech as you know. And that aspect needs to be also taken into account when you make all these decisions.

And number two is what this climate change and the blue fin tuna? Okay. Yes. Thirty years ago I was a young officer in Tokyo. I was one of the team negotiating with the American government on the catch of blue fin tuna in the Mexican Gulf of Mexico. Another time I think our Japanese fishing vessels were in there catching the blue fin tuna. But there was always the oppositions and difficulties involved there. Do you know why? Most of the American catch was coming from, you know, this sport fishing, not necessarily eating blue fin tuna so much. So I think the result of all the talks we think we agreed not to fish in the Gulf of Mexico. And then I think there was a discussion taking place that our vessels were fishing in the water closer to the United States, but as a result of our talks I think our fishing vessel also disappeared. We thought it was also mutually beneficial to try to take it into the interests of the United States.

Now I think globally, I don't know how much increase of eating tuna by Japanese people these days, but it's obvious that people globally begin to eat tuna, partly because of Japanese sushi and other cuisine is popular around the world. Before people in the Middle East were not eating all this raw fish. So I think you have to figure out where is the basic I would say, you know, reason for growing demand of this tuna fish. But I agree with you. I think we can't really exhaust all this important tuna resources. So I think there are some international arrangements in both the Pacific and also Atlantic try to regulate the level of fishing.

And finally come to actual perspective in the context of climate change. I'm not necessarily totally sure how this catching of blue fin tuna would be related to climate change, but I agree with you that whatever the ocean resources are when it comes to conservation of nature and protection of the environment, we have to take a balance between the proper use of the resources on the one hand and also the proper attention to the environment and protection of the resources. So from that angle I think I agree with you that I think that have to be good discussions on this issue also in the context of preserving the environment.

Now, about the climate change, I think we very much expect the second term of the Obama administration will be more positive. And there are two



things I want to say. One is that we very much hope the American government people would try to step up its policy to try to curb the emissions of carbon dioxide domestically. Otherwise, it is very hard to convince the other emerging countries like China and India and others to curb their own CO<sub>2</sub> production and emissions. So it's good for us to see the effort to be underway in the United States that would give the strengths of the American position when it comes to work to restrain and regulate the international volume of the CO<sub>2</sub>. And the very important thing is that we need to put the most -- the biggest CO<sub>2</sub> producer from around the world onboard, including China, India, and others.

And it is easy to say and difficult to do. As I said in my speech, I think China is, for example, still developing. And they are suffering themselves. If you go to Beijing, I mean, so they know themselves. And I think what we need to do is to try to cooperate with the Chinese government and people on how to strengthen the anti-pollution measures both by extending our own experience and know-hows, including the advanced energy saving technology and support. I think that is already on the way.

But I think since the population is big and the country is large, we understand that you will be taking some time to get to more efficient environmental policy. But I think the direction is fine possibly. What we need to see more is the acceleration of this effort on the part of China and other emerging economies. But in doing so I think it's necessary for us to have our own benchmark to justify what we are asking them to do.

DR. SOLIS: Thank you very much. The immigration?

AMB. SASAE: Oh, sorry. Yeah. Immigration. Well, I think this is the subject of big debate in Japan for some years. You know, this growing aging population, we have less number of children, so the government is trying to give incentive to young couple to have more babies and improving the facilities for keeping your babies while you are working outside. But apart from this, I would say what you said about more of the immigrations. As a matter of fact, I think there are lots of, you know, the labor forces coming from the countries in Asia, including countries like China and other ASEAN countries. And also Brazil. They are basically coming as either, you know, trainees, you know, learning some skills, but not the same as you have here in the United States, like a big flow of immigrants coming in. And at this moment I think the government policy is that we welcome the skilled labor but not necessarily the labor without any skill. But in the future as we are aging and more old people and less young people and have more social, you know, entitlement programs spending more and pressure up on the government finance, I think there might be more incentive and the people of Japan and the government might feel that we might have to consider to having more of the people coming from abroad. And on that question I think we haven't really come to a conclusion, but I think that this is a very important matter which will continue to be, I think, in the minds of policymakers. Now, on -- yeah, I think I answered, right?

DR. SOLIS: Yes, you did. Thank you so much, Mr. Ambassador.

DR. BUSH: Ambassador Sasae, thank you very much for your talk and your full answers. We know that you have a busy schedule and you've been very generous with your time, so we don't want to abuse your generosity. Before we conclude the session I have two requests of the audience -- first of all, that you remain in your seats so that the ambassador can make an expeditious exit. Second, please join me in thanking Ambassador Sasae for being with us today.

*(Applause)*

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