



## U.S.-Japan Relations: Partnership and Progress

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Mr. Chairman, Mr. Manzullo, and Members of the Subcommittee, it is a privilege to appear before you today. In less than one month, Japan will host the G8 Summit at Lake Toya on its northern island of Hokkaido. The Summit provides an excellent opportunity for Japan to showcase its growing regional and global leadership role, as well as an opportunity to strengthen the U.S.-Japanese partnership on a wide range of key issues.

The U.S. and Japan will celebrate the 50<sup>th</sup> anniversary of our Treaty of Mutual Cooperation and Security in 2010. This historic milestone is not just an occasion to reflect on the successes of the past six decades, but an opportunity to look forward toward future challenges and possibilities. Our Alliance with Japan has not only enhanced our own security and that of the region; it has blossomed into a political and economic partnership based on shared values and shared vision that provides substantial benefits to both countries and to people throughout the Asia-Pacific region.

Japan is one of our most important trading partners and a staunch and reliable ally in fora ranging from the United Nations to the Six-Party Talks. Men and women from Japan's Self-Defense Forces support U.S. and coalition partners in Iraqi reconstruction and humanitarian assistance operations and Operation Enduring Freedom. We work together on important issues throughout Asia such as increasing regional economic integration, promoting democracy and human rights and coordinating humanitarian assistance and disaster relief. Japan is also becoming a more active partner in global affairs, and our bilateral and multilateral cooperation transcends the Asia-Pacific region to include African development, promoting peace in the Middle-East and combating climate change.

Whatever challenges the next 50 years beyond 2010 may bring, I am confident our relationship with Japan will deepen and evolve so that it will contribute to peace, prosperity and security for the region and beyond.

### **Japanese Domestic Politics**

Mr. Chairman, a brief look at the current domestic political situation in Japan may help provide context for a broader discussion of U.S.-Japan security alliance issues and political and economic issues.

Prime Minister Yasuo Fukuda assumed office in September of 2007, after the ruling Liberal Democratic Party (LDP) lost its majority in the Upper House in the July 2007 elections. Due to the electoral cycle, Japan may face a few years of legislative uncertainty, which will certainly affect the speed of government decision making. This is the first time since before the Second World War that Japan has been governed by a divided Diet; and the Fukuda Cabinet, the LDP, and the main opposition party – the Democratic Party of Japan (DPJ) – are navigating uncharted waters. As the largest party in the Upper House of the Diet, the DPJ now has the power to greatly hinder legislation. While the LDP can technically override the Upper House and enact legislation due to their supra-majority in the Lower House, as a practical matter there are severe constraints on the Fukuda cabinet's ability to employ this tactic. This is especially true on issues with a high public profile, deemed to require substantial debate and compromise before passage into law.

However, the DPJ would like to demonstrate to the Japanese people that it can govern effectively. Thus, there is room for compromise and incentive to do so. Progress on a range of issues of both domestic and international importance is possible, but the rationale for action is occasionally less clear than it has been in the past.

### **U.S.-Japan Security Alliance**

The Treaty of Mutual Cooperation and Security was signed between the United States and Japan in 1960 during a very different era—at the height of the Cold War—and was marked by uncertainty in the United States over the treaty's real strategic value and by protests and demonstrations in Japan over the very concept of entering into a formal alliance with a former adversary. The strategic relationship has evolved over the years into the linchpin of American security policy in the Pacific and a core element of Japan's national security policy. Japan's provision of bases allows the United States to project military power into this critical region and contribute to the defense of Japan. It also provides a platform for the forward deployment of U.S. forces that enhances our ability to meet other regional responsibilities and objectives that the U.S. and Japan share such as the stability of the Korean peninsula and maritime security in the region's critical sea lanes. Opinion polls in Japan consistently show strong support for our continued presence, and the Government of Japan makes significant contributions to the basing of our forces. A Special Measures Agreement concluded this past December will provide approximately \$4 billion through 2010 for the basing of U.S. Forces in Japan (USFJ).

There are more than 48,000 American military personnel deployed in Japan, including our only forward deployed carrier strike group, the 5<sup>th</sup> Air Force, and the III Marine Expeditionary Force. This August, the *USS George Washington* is scheduled to deploy to Japan, the first American nuclear-powered aircraft carrier to be forward deployed outside of the United States. The *George Washington*'s deployment is just one element of a broader effort to transform and realign American forces in Japan. Through the Defense Policy Review Initiative (DPR), the United States and Japan made a landmark alliance commitment under the 2006 U.S.-Japan Realignment Roadmap to implement a coherent package of force posture realignments that will have far-reaching benefits for the Alliance. These changes will help strengthen the flexibility and deterrent capability of U.S. forces while creating the conditions for a more sustainable U.S. military presence in the region. The transformation includes the relocation of approximately 8,000 Marines from Okinawa to Guam, force posture relocations and land returns on Okinawa, and other realignments and combined capability changes on mainland Japan (e.g., increased interoperability, as well as collaboration on ballistic missile defense). This realignment will strengthen both countries' ability to meet current responsibilities and create an Alliance that is more flexible, capable, and better able to work together to address common security concerns, whether in the region or globally.

### **The U.S.-Japan Economic Relationship**

Mr. Chairman, the United States and Japan are the world's largest economies, together generating over a third of global output. We owe much of our prosperity to our bilateral economic relationship. Japan and the United States exchange the equivalent of \$760 million in goods and services every day; Japanese companies in the United States employed 613,500 American workers in 2005; and U.S. firms provided jobs for over 242,000 Japanese workers. Our economic relationship is more cooperative and less confrontational than in the past. We recognize that to sustain productive, growing domestic economies and maintain a strong international system based on free markets, opportunity, and effective and responsible economic governance, we need to work together. We are global leaders, and we are finding more and more that our engagement is global in scope as we tackle issues like energy security and climate change; protect intellectual property rights; deepen and strengthen the Asia-Pacific economic community; and address critical development needs in Iraq, Afghanistan, Africa and elsewhere. To alleviate the burden of sharply higher food prices on the world's poor, in May the United States announced substantial new food aid. We also agreed that Japan could release to countries in need a portion of the rice imported under WTO Uruguay Round commitments on an exceptional basis this year. We believe this will help calm the international rice market, and we continue to discuss the

causes of these high food prices.

As important as our global economic relationship has become, we also need to continue our efforts to expand trade and investment between us. Our trade with Japan is not growing at the same rate as our trade with other countries in the region, and we continue to urge Japan to make meaningful market access commitments in the Doha Development Round negotiations. We are working hard to reopen the Japanese market to U.S. beef, consistent with the standards of the World Organization for Animal Health. In its policies and public statements, Japan should create and maintain a climate that welcomes foreign investment. We are also in close touch with the Japanese Government as the ten-year process to privatize Japan Post proceeds. The first steps began last October, opening up new opportunities for highly competitive American firms to serve Japanese consumers in the banking, insurance, and express delivery sectors. We are also pleased with our growing efforts with Japan to establish strong trade security protections, which will be essential to the movement of goods.

#### ***Global Partnership Issues***

The influence of the U.S.-Japan partnership is increasingly felt around the world. We appreciate Japan's strong support for the war on terror, particularly in Iraq and Afghanistan. We are both committed to helping build a democratic, pluralistic, and unified Iraq. The successful deployment of Japan's Self-Defense Forces to southern Iraq was a historic milestone for U.S.-Japan cooperation, and the Coalition in Iraq appreciates Japan's continuing contribution of transport aircraft. We deeply value Japan's leading role as a provider of financial and humanitarian assistance to the Iraqi government and people. Japan also plays an important role in rebuilding Afghanistan through its generous reconstruction and humanitarian assistance, including a commitment to rebuild the southern portion of the Kabul-Kandahar-Herat road. The United States is grateful for Japan's ongoing refueling mission in the Indian Ocean in support of Operation Enduring Freedom. These contributions have demonstrated that Japan has much to offer the world in the security arena, and the world has shown that it welcomes continued increases in Japan's international security roles.

Our cooperation extends beyond security. We stand together at the forefront of efforts to help countries in the wake of devastating natural disasters, including the Indian Ocean tsunami in December 2004, the Pakistan earthquake in October 2005, the Central Java earthquake in 2006, and most recently, the cyclone in Burma and earthquake in western China. In the wake of Cyclone Nargis, Japan joined the United States in offering assistance and in advocating for greater access for international aid experts to conduct independent assessments and to help assistance reach those in need as quickly and effectively as possible. Japan has provided \$10 million in humanitarian assistance, and joined the international community in calling for the Burmese authorities to be fully transparent and accountable in their management of relief efforts. Japan's material assistance to China in the wake of the Sichuan earthquake has so far totaled \$12 million. In addition, close to 100 Japanese rescue workers and medical specialists have been dispatched.

We are also working together with Japan and others to develop a new regional initiative to promote good governance, democratic values and human rights in the Asia Pacific region. Japan has been a key partner in these regional efforts to date and we expect their leadership to grow in this area.

#### ***Japan's G8 Priorities***

Mr. Chairman, Japan's G8 Presidency presents an opportunity to work together to achieve our common goals. Japan is focusing on four key themes: environment and climate change, development and Africa, the world economy, and political issues including nonproliferation. We are working with the government of Japan to enhance G8 accountability for follow-through on past commitments on Africa, health, anticorruption, and other areas. Japan will also host, on July 9, a Major Economies Leaders' meeting to discuss energy security and climate change.

Thank you very much. I look forward to your questions.

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