

**NOMINATION HEARINGS OF THE  
115TH CONGRESS—FIRST SESSION**

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**HEARINGS**

BEFORE THE

**COMMITTEE ON FOREIGN RELATIONS  
UNITED STATES SENATE**

**ONE HUNDRED FIFTEENTH CONGRESS**

**FIRST SESSION**

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**JANUARY 3, 2017 TO JANUARY 3, 2018**

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## NOMINATION

THURSDAY, MAY 18, 2017

U.S. SENATE,  
COMMITTEE ON FOREIGN RELATIONS,  
*Washington, DC.*

The committee met, pursuant to notice, at 9:30 a.m. in Room SD-419, Dirksen Senate Office Building, Hon. Bob Corker, chairman of the committee, presiding.

Present: Senators Corker, Risch, Flake, Gardner, Young, Barrasso, Portman, Cardin, Menendez, Shaheen, Coons, Murphy, and Merkley.

### OPENING STATEMENT OF HON. BOB CORKER, U.S. SENATOR FROM TENNESSEE

The CHAIRMAN. The committee will come to order.

The ranking member and I will defer on our opening comments out of our tremendous respect for Lamar Alexander, senior Senator from Tennessee, our great friend. We appreciate him being here. Senator Alexander, please take your time in welcoming our distinguished guest today and our friend. When you are finished, you can certainly go about doing your other duties. You do not have to stay.

### STATEMENT OF HON. LAMAR ALEXANDER, U.S. SENATOR FROM TENNESSEE

Senator ALEXANDER. Thank you, Senator Corker, Senator Cardin. It is kind of intimidating to be down here in the witness chair. [Laughter.]

The CHAIRMAN. Well, you have done it before.

Senator ALEXANDER. I have done it before, and I am sure this confirmation hearing will go better than mine did 25 years ago. [Laughter.]

Senator ALEXANDER. I am here today to strongly recommend and respectfully recommend to the committee that it approve the President's nomination of Bill Hagerty as Ambassador to Japan.

In 2013, when Bill Hagerty was the Commissioner of Economic Development for Tennessee, he gave a speech entirely in Japanese at the American embassy in Tokyo. Now, I have looked it up. There have been 16 United States Ambassadors to Tokyo, a very distinguished group, since World War II: A five-star general, two former Senate Majority Leaders, a former Vice President of the United States, and a former Speaker of the House, the daughter of the former President. And so far as I know, none of them were able to do what Bill Hagerty did in 2013 when he made a speech entirely in Japanese at the American embassy in Tokyo. That is just one

reason why I think Bill Hagerty is one of President Trump's best appointments.

He was born in Tennessee, graduated from Vanderbilt University. He was associate editor of the Law Review. He worked as a consultant for the Boston Consulting Group. During his final 3 years, he lived in Tokyo and he served as senior executive managing their clients around Asia. He was selected by President George H.W. Bush to be on his staff. There he worked on trade, commerce, defense and telecommunications issues. He was a White House fellow. He was founder and chairman of a company in private life that became the third largest medical research company. He founded his own private equity and investment firm.

From 2011 to 2015, he was the Commissioner of Economic and Community Development for Tennessee. And in that role, working with Governor Haslam, secured \$15 billion in capital investment and 90,000 jobs for our State. Two of those years, Tennessee was the number one State for economic development and number one State for job creation through foreign direct investment.

He is a distinguished Eagle Scout. He was head of a capital campaign for the scouts. He served on the board of the Far East Council of the scouts, encouraging the growth of Boy Scouts throughout Asia. One way he intends to continue that mission is that his two sons, who are here today, will join their respective troops in Japan following his confirmation. And his wife Chrissy would want me to quickly add that there are two aspiring Girl Scouts in their family who will have their time to do that too.

It is not only one of the best important, one of the most important. There is a reason why we have had such a distinguished list of Ambassadors since World War II, including our former Majority Leader Howard Baker from Tennessee. Mike Mansfield, another former Majority Leader who was Ambassador, used to say in every speech he made that the Japanese-American alliance is the most important two-country relationship in the world, bar none. Ambassador Mansfield said that so often that Americans in Tokyo used to refer to our embassy as the Bar None Ranch.

If you will permit a little parochialism, Mr. Hagerty comes from a State, Tennessee, that has the most important relationship with Japan of any State, bar none. That began about 40 years ago. I remember President Carter saying to me as a new Governor and to the other Governors go to Japan, persuade them to make here what they sell here. Off we all went. During my first 24 months as Governor, I spent 3 weeks in Japan and 8 weeks on Japan-American relations. I explained to Tennesseans that I thought I could do more good for our State in Japan than I could in Washington, D.C. That turned out to be true. Nissan, Bridgestone, Komatsu, other companies came. By the mid-1980s, we had about 10 percent of all the Japanese capital investment in the United States. This has continued. Nissan and Bridgestone have their largest plants—or North America's largest auto plants and tire plants in Tennessee. And with Mr. Hagerty's help, Bridgestone, as well as Nissan, has decided to locate its North American headquarters in our State.

So Bill Hagerty, if approved by the committee, would go to Japan not only able to speak the language but having lived and worked

there and understanding how close ties between Japan and the United States can create bigger paychecks for Americans, as well as for the Japanese.

So my hope is that the committee will promptly approve his nomination and that he will soon be on his job and his children will be in their respective scout troop in Japan.

Thank you very much for allowing me to come this morning.

The CHAIRMAN. Thank you so much for being here. That was an outstanding introduction. And certainly I know you know him well.

I think that Lamar has done an outstanding job of laying out these outstanding credentials, and I agree that you are one of the most outstanding appointments that President Trump has made.

The relationship between our two countries speaks for itself. And having Abe here as one of the first visitors I think speaks to how the Trump administration and our country feel about Japan. I do want to say that the Ambassador, Ambassador Sasae is here with us, a friend, someone that we work with constantly. We welcome him here to this hearing.

To my friends here, I will speak on a little different level about this nominee. I have seen him in business and the outstanding things that he has done there. I have seen him represent our State and cause it to be the most important and most heralded State relative to job creation in our country.

I have seen him come into an administration that had some really tough issues and cleanup that needed to be done on some economic issues. And I have seen him negotiate those in an appropriate and steadfast manner while at the same time bringing people together.

I know his family. I know Lamar mentioned the Boy Scout issues. I was with Bill recently when he was at a weekend Boy Scout event, and it rained the entire weekend and he looked pretty haggard, a little different than he does today. But he is an outstanding family person. He and his wife Chrissy actually met in Japan, so they are coming back to the country in which they met and where he will be heralded much in the way Howard Baker was when he went to Japan.

I visited Japan when Senator Baker was our Ambassador there, and I saw the tremendous ties between our countries. And the fact is that Tennessee is a place that has a very warm spot in Japanese hearts. It really does. And as good a job as Senator Baker did—and we were all so proud of his service—I have a feeling that Bill Hagerty is going to raise the bar. So I am really, really proud of this nomination and so glad that I believe he will be ascending to this position quickly. And I know he will represent the very best of our country.

Senator Cardin.

**STATEMENT OF HON. BENJAMIN L. CARDIN,  
U.S. SENATOR FROM MARYLAND**

Senator CARDIN. Mr. Hagerty, welcome.

Your two Senators are very well respected in this institution, and it is usually an obligation to introduce a person from the State. But we could tell by the way that Senator Alexander and Senator Corker have spoken about you that it comes from their heart and

the deep respect that they have for you, which carries you a long way in this committee and the United States Senate.

So welcome. It is wonderful to have you here. And we welcome your family because this is a family commitment—your public service. So we thank your entire family for being willing to join your venture on behalf of our country.

You have heard the previous Ambassadors to Japan. And it is a very distinguished list. Mike Mansfield, one of the giants in American history, as well as Howard Baker from your own State, leaders in the United States Senate; Speaker Tom Foley; the Vice President, Walter Mondale; and Caroline Kennedy. So it is a distinguished group. So it is a distinguished group. I could go on.

The reason is, as pointed out by Senator Alexander, the relationship between the United States and Japan is critically important to the United States. In the Obama administration, we had the rebalance to Asia because we recognized that the Asia region has always been important to the United States, but it is emerging as one of the most important strategic developments during this time as to America's role globally as to how well we deal with the Asia region. So you are going to play a very, very important role in that regard.

The United States and Japan, the first and third largest economies. We have common values of democracy, human rights. We are going to be calling upon that relationship as we try to expand our influence in that region on labor issues, on environmental issues, on good governance, on human rights. All those matters will very much depend upon on how well the U.S.-Japan relations develop, as its influence in Asia and its global areas.

You will have challenges. You know the challenges of North Korea and what recently has transpired, which has been building up for a long time. Your role as our Ambassador to Japan will play an important role as we try to deal with that challenge.

The rise of China will very much be on your agenda.

How Japan deals with South Korea, which has been a challenge over time. It has gotten better of late, but still not the close relationship we would like to see between two of our close strategic partners in that region in the world.

Maritime security issues are very much dominant, and Japan is right in the middle.

And of course, our security alliance and what we do with Okinawa and Guam are issues that we really need to focus on.

So we welcome you to the committee and we look forward to a discussion as to how we can work together to strengthen America's national security interests.

The CHAIRMAN. Without objection, any written testimony you have will be entered into the record. If you would summarize your comments in about 5 minutes, that would be great. And then we look forward to questions. Again, thank you for your willingness to serve in this capacity and for being here today.

**STATEMENT OF WILLIAM FRANCIS HAGERTY IV, OF TENNESSEE, TO BE AMBASSADOR EXTRAORDINARY AND PLENIPOTENTIARY OF THE UNITED STATES OF AMERICA TO JAPAN**

Mr. HAGERTY. Thank you, Senator. It is very humbling. I appreciate the hospitality.

Mr. Chairman, Ranking Member Cardin, distinguished committee members, it is an honor to be with you today as President Trump's nominee to be the U.S. Ambassador to Japan. I am humbled that the President has entrusted me with this opportunity to lead our engagement with such an important ally. Few nominees are fortunate to testify before their own Senator, and I am privileged to be here today before fellow Tennesseans and good friends, Chairman Corker and Senator Alexander.

Knowing that I have not journeyed here alone, I would like to express my love and my gratitude to my family: my wife Chrissy and my children, William Hagerty, Stephen Hagerty, Tara Hagerty, and Christine Hagerty. In addition, I would like to acknowledge Chrissy's mother Terry, my mother Ruth, and our siblings who are watching from home today. Importantly, I would also like to share my gratitude to our fathers, Chrissy's father Bill Locke-Paddon; my father, Bill Hagerty, who are both with us in spirit here today in this room.

I would also like to thank Ambassador Sasae and the many other friends in the audience today who joined and show their support.

The Trump administration has made clear in words and actions the high priority it places on our alliance, partnership, and friendship with Japan. The President hosted Prime Minister Abe just 3 weeks after his inauguration. The Vice President visited Japan last month. Secretaries Tillerson, Mattis, and Ross traveled to Japan early in their tenures. This rapid, senior-level engagement underscores the strength and importance of our security alliance and overall bilateral relationship.

Mission Japan is staffed by over 700 dedicated men and women working diligently to advance U.S. interests in Japan and throughout Asia. They support some of our Nation's most important partnerships, and I could not be more excited about the opportunity to lead this team, if confirmed. I also look forward to working with the leadership of our distinguished U.S. forces in Japan in managing our all-important alliance. Moreover, our bilateral relationship is supported by many men and women right here in Washington, whether it be our Japan desk at the State Department or the many departments and agencies that work with their counterparts at Mission Japan every day.

This committee and other legislators and their staffs play an active and vital role in guiding this critical relationship, and I would like to underscore my deep appreciation for the leadership and engagement that go into making our relationship with Japan among the strongest any two countries might hope to achieve.

I have seen firsthand the importance of this relationship with my own eyes. These personal connections began when I worked in Tokyo for 3 years in the 1980s and 1990s with the Boston Consulting Group. That time in Tokyo brought home to me our two countries' shared economic interests and security priorities, while

affording me lasting friendships and a deep appreciation of Japanese culture.

Years later, as Commissioner of the Tennessee Department of Economic and Community Development, I managed a number of offices overseas, including one in Japan, with a focus on attracting foreign direct investment, jobs and promoting exports. Our success there was unprecedented. Tennessee became the first State to be ranked number one in economic development 2 years in a row in 2013 and 2014. We were also the top State for job creation from foreign direct investment during my tenure. 60 percent of that foreign direct investment was sourced in Japan.

I hope to bring my experience to bear on a robust economic relationship with Japan. In particular, I intend to promote job-generating Japanese investment in the United States. I would also aim to support new trade opportunities and enhanced access for U.S. firms in the Japanese market to narrow the overall deficit with Japan.

If confirmed, I would seek as well to advance the economic dialogue recently launched by Vice President Pence as a vehicle to strengthen the overall bilateral framework of our economic relations.

While such trade and investment has been a professional focus of mine, I know that the anchor of the overall U.S.-Japan bilateral relationship consists of more than mutual economic benefits.

Foremost in our relationship is the U.S.-Japan Alliance, the cornerstone of regional peace and security, as well as a platform for global cooperation. The deployment of our best military personnel and their best technology to Japan reflects the ironclad commitment of the United States to the alliance and to the peace and stability of the Asia-Pacific region. This commitment is more critical than ever in the face of fast-emerging security challenges, including North Korea's nuclear weapons and ballistic missile programs, as well as China's assertive behavior in the East and South China Seas.

Just as we value the Japanese Government's support for the alliance, so too we must thank the localities that host U.S. forces, particularly in Okinawa. As Ambassador, I will continue to build strong relations with host communities while ensuring our continued capability to fulfill security commitments.

The U.S.-Japan partnership enjoys strong bipartisan support in the Congress and in the Japanese Diet. Through exchange programs, cultural activities, and reconciliation efforts, the United States and Japan have developed a close understanding between our two peoples as an enduring foundation for a strong bilateral relationship. If confirmed, I would aim to strengthen our people-to-people ties even further.

In closing, the U.S. partnership and alliance with Japan is a central pillar in our role in Asia and beyond. Drawing on the strength of the entire U.S. Government, including our outstanding military personnel, the dedicated officers of the U.S. Foreign Service, and the many talented men and women from multiple federal agencies that serve in Japan, I would, as Ambassador, endeavor to deepen our partnership and alliance with Japan so we may respond more effectively to regional and global challenges.

I am honored to be considered for this critical post, and I will focus all my strength on improving the lives and security of my fellow Americans through engagement with our strongest ally in Asia. Thank you, Mr. Chairman.

[Mr. Hagerty's prepared statement follows:]

PREPARED STATEMENT OF WILLIAM F. HAGERTY

Mr. Chairman, Ranking Member Cardin, Distinguished members of the committee, it is an honor to be with you today as President Trump's nominee to be the U.S. Ambassador to Japan. I am humbled that the President has entrusted me with this opportunity to work with the White House, Secretary Tillerson, and our talented and dedicated officers at the State Department and Mission Japan to lead our engagement with such an important ally. Few nominees are fortunate to testify before their own senators, and I am privileged to be here before fellow Tennesseans and good friends, Chairman Corker and Senator Alexander. Knowing that I have not journeyed here alone, I would like to take a moment to express my love and gratitude to my family who are with me today: my wife, Chrissy, and my children, William Hagerty, Stephen Hagerty, Tara Hagerty, and Christine Hagerty. Though they are not with me today, I would like to acknowledge Chrissy's mother, Terry; my mother, Ruth and our siblings who are watching from home. And importantly I would like to acknowledge our fathers Bill Locke-Paddon and Bill Hagerty who are with us in spirit today.

The Trump administration has made clear in words and actions the high priority it places on our alliance, partnership, and friendship with Japan. The President hosted Prime Minister Abe just three weeks after his inauguration. The Vice President visited Japan last month. Secretaries Tillerson, Mattis, and Ross traveled to Japan early in their tenures. This rapid, senior-level engagement underscores the strength and importance of our security alliance and overall bilateral relationship.

Mission Japan is staffed by over 700 dedicated men and women working diligently to advance US interests in Japan and throughout Asia. They support one of our nation's most important partnerships, and I could not be more excited about the opportunity to lead this team, if confirmed. I also look forward to working with the leadership of our distinguished U.S. forces in Japan in managing our all-important Alliance. Moreover, our bilateral relationship is supported by many men and women right here in Washington, whether it be our Japan desk at the State Department or the many departments and agencies that work with their counterparts at Mission Japan every day. This committee and other legislators and their staffs play an active and vital role in guiding this critical relationship and I would like to underscore my deep appreciation for the leadership and engagement that go into making our relationship with Japan among the strongest any two countries might hope to achieve.

I strongly support the administration's approach, having seen firsthand the importance of this relationship through my own experiences with Japan. These personal connections began when I worked in Tokyo for three years in the late 1980s and early 1990s with the Boston Consulting Group. That time in Tokyo brought home to me our two countries' shared economic interests and security priorities, while affording me lasting friendships and a deep appreciation of Japanese culture.

Years later, as Commissioner of the Tennessee Department of Economic and Community Development, I managed a number of offices overseas, including one in Japan, with a focus on attracting foreign investment and jobs to our state and promoting the export of Tennessee goods abroad. Our success was unprecedented. Tennessee became the first state to be ranked number one in economic development two years in a row, in 2013 and 2014. According to IBM's Global Location Trends report, Tennessee was also the top state in the nation for job creation resulting from foreign direct investment for two of the years that I served in the Governor's Cabinet.

We were particularly effective in regard to Japan, as 40,000 Tennesseans are now directly employed by Japanese firms. In fact, Japan accounted for 60 percent of the billions of dollars in total foreign direct investment we brought to our state, outpacing the investment of all other countries combined.

Japanese firms invest in the United States because they see a strong workforce and long-term earnings potential. Likewise, American companies invest in Japan's large domestic markets. In certain sectors, like financial services, American firms generate a significant net surplus. I would also aim to support new trade opportunities and enhanced access for U.S. firms in the Japanese market to narrow the overall deficit with Japan.

As a fellow champion of the rule of law and market principles, Japan has shown its willingness to work with the United States to ensure free, fair, and balanced trade that is governed by high standards. In 2016, the United States exported \$45 billion in goods and \$63.3 billion in services to Japan, our fifth largest export market. The Department of Commerce estimates that these exports supported over 600,000 American jobs at U.S. companies.

I believe we can do even better. If confirmed, I will support U.S. efforts to tap export opportunities in agriculture, defense, manufacturing, traded services, and what I see as a major emerging opportunity in the energy sector. During his recent visit to Japan, Vice President Pence launched a new Economic Dialogue as a vehicle to strengthen the bilateral framework for trade and investment. If confirmed, I look forward to contributing to this endeavor, particularly as a way to address our large trade deficit with Japan in goods. I would also strive to leverage my Tennessee experience to encourage more Japanese investment in the United States, with a view to generating even more jobs, particularly in high-skill sectors. Japanese companies has indicated a strong desire to invest in U.S. manufacturing and infrastructure. Our new Economic Dialogue under the leadership of Vice President Pence and Vice Prime Minister Aso should provide the critical groundwork to advance our joint success.

While trade and investment have been a professional focus of mine, I know that the anchor of the overall U.S.-Japan bilateral relationship consists of more than mutual economic pursuits. This relationship is anchored by a shared commitment to the vision of democratic values. On any given day, you will find the United States and Japan cooperating closely on global priorities, as seen in our joint efforts with policing in Afghanistan, anti-piracy operations in the Gulf of Aden, and humanitarian assistance in the Middle East. The U.S.-Japan partnership enjoys strong bipartisan support in the Congress and in the Japanese Diet, making our bilateral ties even more deeply rooted.

Foremost in our relationship is the U.S.-Japan Alliance, the cornerstone of regional peace and security, as well as a platform for global cooperation. The United States has more than 50,000 U.S. military personnel and some of our most advanced defense assets stationed in Japan. The deployment of our best people and our best technology to Japan reflects the ironclad commitment of the United States to the Alliance—and to the peace and stability of the Asia-Pacific region. This commitment is more critical than ever in the face of fast-emerging security challenges, both in the region and beyond. Most notably, North Korea's nuclear and ballistic missile programs represent the region's most acute threat. We should continue to coordinate closely with Japan and trilaterally with the Republic of Korea in pressuring the Kim Jong-Un regime to abandon its unlawful nuclear, ballistic missile, and proliferation programs. We remain prepared to defend ourselves and our allies, including Japan. The U.S. commitment to defend Japan through the full range of U.S. military capabilities is unwavering.

Japan has also worked closely with the United States to uphold freedom of navigation, overflight, and commerce. The evolving situations in the East and South China Seas represent a source of concern. Japan's commitment to assume larger roles and responsibilities in the Alliance and to play a more active role in international security activities is integral to the U.S. security posture. Japan's desire to do more is in keeping with the imperative to adapt our Alliance to changing times and threats.

Just as we value the Japanese Government's support for the Alliance, so too we must thank the localities that host U.S. forces, particularly in Okinawa. For decades, communities across Japan have offered their friendship to our U.S. service personnel and their families, who aim to reciprocate by being the best neighbors possible. We have pursued measures to reduce the footprint of our military presence in Japan. Aviation training relocation, the transfer of assets to bases outside Okinawa, and the return of base properties are all indicative of this aim. As Ambassador, I would continue to build strong relations with host communities while ensuring our continued capability to fulfill our Security Treaty commitments.

Through exchange programs, cultural activities, and reconciliation efforts, the United States and Japan have developed a close understanding between our two peoples as an enduring foundation for a strong bilateral relationship. As President Trump noted during Prime Minister Abe's visit in February, "the bond between our two nations, and the friendship between our two peoples, runs very, very deep." If confirmed, I would aim to strengthen our people-to-people ties even further. In particular, I envision a revitalization of student exchanges, which have dropped almost 60 percent in the past two decades.

In sum, the U.S. partnership and alliance with Japan is a central pillar of our role in Asia and beyond. Drawing on the strength of the entire U.S. Government,



particularly our U.S. military personnel, the devoted officers of our U.S. Foreign Service and the many talented individuals representing multiple agencies of our federal government while serving as part of our Mission in Japan, I would, if confirmed as Ambassador, endeavor to deepen our partnership and alliance with Japan so as to respond effectively to regional and global challenges. I am honored to be considered for this critical post, and I will focus all my strength on improving the lives and security of my fellow Americans through engagement with our strongest ally in Asia.

The CHAIRMAN. Thank you very much.

As is the norm, I will defer to our ranking member and save my time for interjections. I am going to step upstairs for a hearing just for a few minutes at about 9:58 and come back. But to our distinguished ranking member and my friend, Ben Cardin.

Senator CARDIN. Well, thank you, Mr. Chairman.

Mr. Hagerty, you have a very strong background, and you have been nominated to be Ambassador to a country that the United States has a very strong tie and relationship. So that makes this hearing a little bit more challenging for us. But we always find ways to try to inject some important discussions during these hearings.

And as I mentioned in my opening comments, the United States and Japan working together can advance values that we have in common. So when we talk about trade, we can promote labor standards by working together. We can promote intellectual property protections. We can deal with currency manipulation, those issues where Japan and the United States should be able to advance causes together, including good governance and respect for human rights.

So I just really want to mention two areas of concern on human rights. I try to focus on human rights wherever I can because I do think it is one of the real important values that America brings to the global community.

We have had challenges between the relationship with Japan and South Korea in dealing with World War II issues. And I think advancements have been made by both countries, and I congratulate the leaders of both countries. Prime Minister Abe has made great advancements in dealing with South Korea, and I think that was encouraged by the United States and we need to continue those advancements.

But in December 2013, Prime Minister Abe visited a controversial shrine to World War II, which included several class A war criminals. Our embassy spoke out against that visit as being insensitive. And I underscore that because that is a close friend, and yet what we do in our embassy, what our Ambassador does in Japan is an important message about where we need to make sure that we advance our values, even with a friend when we think they are doing something that is inappropriate.

I would just like to get your views as to your role, if confirmed as our Ambassador, to be willing to advance our values even if at times we disagree with the Government of Japan, your willingness to speak out.

Mr. HAGERTY. Senator, I appreciate the challenge that you raise. My job will be to create a sense of trust and fair dealing with the Japanese Government and with the citizens, but also to be a steadfast supporter of our values as Americans and advance American

interests. And I would have no problem speaking to the Japanese and conferring with them on issues that are contrary to our values at the appropriate time and at the appropriate conditions.

Senator CARDIN. Well, sometimes we can advance the agenda, but sometimes the agenda is advanced by the circumstances and requires us to be prepared to speak out even though it may not have been the time that we wanted to because of circumstances.

I am going to be asking you, if confirmed as our Ambassador, to take on those challenges and to work with this committee. This has never been a partisan issue in this committee, our concern about human rights globally. And we will be looking to you to not only help us in regards to Japan, but in regards to the region since Japan is one of our closest allies and shares our values in the Asia-Pacific region.

Mr. HAGERTY. Indeed, Senator, I look forward to working with you and the rest of the members of the committee on that.

Senator CARDIN. I appreciate that.

I want to talk a little bit about Okinawa and Guam and the challenges we have had. Our committee has a direct interest. The Armed Services Committee has a direct interest in this. This is an area that requires diplomacy. The challenges here have grown over time. The base has been there for a long time. The problems have gotten more severe politically particularly for the Japanese politics.

Mr. HAGERTY. Indeed.

Senator CARDIN. But we also have had American politics as to how we deal with where our base should be, what is in the best interests of regional security.

So can you just share with us how you intend to advance that issue if you are confirmed as Ambassador?

Mr. HAGERTY. Senator, I spoke with Admiral Harris just yesterday on this topic. It is a slow advancing topic but one that is making progress in terms of our relocation of the Futenma operation there. Things are moving slowly, but they have begun construction now out near Camp Schwab and I see progress moving in that direction.

The challenge is significant, though. Okinawa has grown up around our base there, and it is now a heavily populated area where we see many military operations happening in a fairly densely populated area there in Okinawa. There are tensions between the Okinawa Government and central government in Japan that we have to be mindful of, but I intend to put my attention to that and work closely with our military forces there to try to continue to advance the cause.

Senator CARDIN. And you are prepared to give your personal time meeting with the community as well as meeting with our military so that we can have seamless communications between the U.S. presence and the local political leadership.

Mr. HAGERTY. Indeed.

Senator CARDIN. Thank you.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you.

Senator Barrasso.

Senator BARRASSO. Thank you very much, Mr. Chairman.

Congratulations, Mr. Hagerty. Welcome to your family as well.

I want to talk about trade, something that we mentioned when we visited with you in my office. The United States is the most competitive supplier of soda ash in the world because of the abundance of raw material, trona, in our country. U.S. natural soda ash is refined from the mineral trona. The Green River Basin in Wyoming has the world's largest known deposits of this naturally occurring trona. It is a key component of glass, detergents, soaps, chemicals. It is also used in many other industrial processes.

American soda ash has long been regarded as the standard of quality, purity, and energy efficiency and production. But currently Japan, as we have discussed, has a 3.3 percent tariff on natural soda ash imports. Eliminating the tariff on naturally sourced soda ash would benefit Japanese manufacturers, as well as U.S. producers.

So will you commit to me to work on eliminating Japan's tariff on U.S. natural soda ash and help make eliminating trade barriers and increasing exports to Japan for all U.S. industries a priority?

Mr. HAGERTY. I will certainly make that a priority, Senator Barrasso.

Senator BARRASSO. And next is Wyoming beef. Expanded trade is critical for the economic growth and competitiveness of our businesses, workers, farmers, ranchers.

In December of 2003, Japan closed its market to U.S. beef imports after a Canadian-born dairy cow in Washington State tested positive for something called BSE. At the time, Japan was the largest export market for U.S. beef. It was valued at over \$1.4 billion a year for the United States.

In 2006, Japan partially reopened their market to U.S. beef that is aged 20 months or younger. They further erased restrictions—or eased restrictions in 2013 by increasing that age barrier to 30 months and younger. But despite the actions, American farmers and ranchers still operate at a competitive disadvantage in the Japanese markets.

So again, American farmers and ranchers produce the highest quality beef in the world. They have clear, consistent standards. We do here at home for animal health, for food safety.

So do you believe it is important to secure strong market access for U.S. beef and other important American commodities in Japan?

Mr. HAGERTY. Indeed, I do, Senator Barrasso. As a boy, I raised cattle myself, and I appreciate the industry and the needs of the industry. When I lived in Japan, I appreciate the quality of American beef, and I would love to have the access to it. The tariff structure is complicated, and I would be delighted to work toward improving that situation.

Senator BARRASSO. And then the final question has to do with energy security. You know, after Fukushima, all of Japan's nuclear reactors were shut down. Since that time, Japan has been working to create a strategic energy mix. The country currently relies on imported coal, oil, liquefied natural gas for more than 80 percent of its energy supply. And as we talked, I was just there a couple of weeks ago talking about energy in Japan. Strategically Japan seeks to ensure its energy security by maintaining as diverse an energy portfolio as possible in terms of both fuels, as well as suppliers.

So do you support the United States increasing our energy exports to Japan? And if confirmed, will you assist U.S. businesses and industries to gain greater access to Japanese markets?

Mr. HAGERTY. I will. And I see that both as an economic and a strategic opportunity, Mr. Senator.

Senator BARRASSO. Thank you.

Thank you, Mr. Chairman.

Senator RISCH [presiding]. Senator Coons.

Senator COONS. Thank you, Mr. Chairman.

Thank you, Mr. Hagerty, and your family. Thank you for your willingness to take your considerable talents and experience and apply them to representing the United States in sustaining and expanding our relationship with this absolutely vital ally that shares a lot of our values, a commitment to rule of law, to a market economy, to democracy in a part of the world where we have a lot of other competing and challenging interests and concerns.

As I mentioned when we met before, I want to briefly touch on three different areas. You have just had to answer searching questions about American beef, and my State is very concerned about American poultry. So we want to make sure that chicken is on the menu at the same time that beef is.

Mr. HAGERTY. Understood, Mr. Senator.

Senator COONS. And as we discussed, in trying to reach a fair trade relationship with Japan we have often struggled to get full market access for American poultry.

Is that something you will make a priority in your service as Ambassador?

Mr. HAGERTY. Indeed, I will, Mr. Senator. I look forward to doing that.

Senator COONS. Any thoughts in particular about how we might address some of the non-tariff barriers faced by American poultry and other agricultural exports?

Mr. HAGERTY. Non-tariff barriers have been prevalent in Japan since I lived there more than 20 years ago. I spent a good deal of time then when I was on the American Chamber of Commerce in Japan working on those issues. I think they are still issues that impede the competitiveness of Japan industry, frankly, as well as impede our ability to export into that market. I look forward to continuing to work on multilayered distributions that are complex—overly complex, I should say—regulations and regulatory frameworks that are not harmonized. And there are many opportunities I think, a lot of low-hanging fruit, frankly, where we can make some advancements.

Senator COONS. One area where China has made sort of striking recent decisions is in banning the trade in ivory. I worked across the aisle with Senator Flake to pass a bill that was signed into law in the last Congress, the End Wildlife Trafficking Act. Japan remains one of the world's largest markets for legal ivory. And I was hoping that you might spend some time on the international traffic in illegal wildlife products because in a number of hearings on this committee in the last two Congresses we have concluded that that helps finance terrorism and international criminal gangs. I just want to draw your attention to my concerns and others' concerns about illegal ivory traffic.

Last, intellectual property is an area where there has been some disagreements between the United States and Japan over the years. Seeking their partnership in strengthening the global intellectual property system is a way both for us to partner as the world's largest and third largest economy and frankly a way for us to put pressure on other countries in the region that really do not respect intellectual property at all.

How would you imagine our working in partnership with Japan to strengthen intellectual property protections? And how do you see our withdrawal from the TPP, especially when it was so far along in terms of ratification and conclusion, affecting our ability to be a successful advocate for protections like intellectual property protections with Japan and in the region?

Mr. HAGERTY. On intellectual property, I would say being from Tennessee, particularly the music producing industry that is so strong in our State, I am very sensitive to the issues surrounding intellectual property. And I think our interests with Japan are aligned. Japan exports more to China than any other country. They have very real concerns about intellectual property protections in that country, as do we. So I would look to continue to find areas of alignment with Japan and continue to push forward in international fora to advance intellectual property rights.

On the TPP, I am well aware of the issues raised by our withdrawal. But I also am well aware of the progress that was made through the course of those negotiations. I would look to find areas of common ground that have already been established and try to build on those that make the most sense for America and for our joint relationship and continue in a bilateral framework to try to advance our Nation's interests.

Senator COONS. I will take my last minute and ask what role you think Japan should play in helping our shared challenge in confronting North Korea's aggressive nuclear weapons program.

Mr. HAGERTY. Japan is a very important bilateral partner here, and there is an important trilateral relationship as well with South Korea. I think Japan is fully aligned, as we discussed privately in your offices. I do not see any daylight between our position and the Japanese position. They are obviously in closer proximity to the threat of North Korea and very concerned about it. But I think that we are completely aligned.

As I mentioned a minute ago, I spoke with Admiral Harris yesterday, and this is one of the issues we spent a good deal of time talking about. And my sense from him as well is that there is great alignment there.

Senator COONS. Good.

Well, I look forward to supporting your service as our next Ambassador and appreciate that we are sending someone with your background and skill and expertise.

Mr. HAGERTY. Thank you very much, Senator.

Senator RISCH. Senator Portman, you are up.

Senator PORTMAN. Thank you, Mr. Chairman.

And first, Mr. Hagerty, thanks for your willingness to serve. And I want to commend you for your statements you have made today about the importance of the relationship and how you intend to focus your efforts, should you be confirmed. I believe you will.

Mostly, though, I want to commend William, Stephen, Tara, and Christine for their patience and their decorum this morning. They are going to be great in Japan as ambassadors for you. So you guys must be really proud of your dad.

I was just in Japan on a congressional delegation trip. We had an opportunity to visit with a number of officials, including our military leadership there, including General Martinez. I also got a chance to meet with the trade minister who I have gotten to know a little bit over the years, Minister Seko, and also we met with the Chief Cabinet Secretary Suga who you probably know who is in an incredibly important position right now with relationship to the ongoing discussion between Vice President Pence and Foreign Minister Aso and the administration trying to rekindle some of these trade talks we talked about.

I appreciate what you said about TPP. You know, one of our concerns about TPP, from those of us in auto-producing States, including Tennessee where you also have American manufacturers, is this notion of what the rules of origin would be, in other words, cars produced in other countries affect because of the number of parts that would come into Japan would be considered Japanese cars and would get the benefit of the TPP. So I hope you will focus on that issue if we continue negotiations with Japan, which I hope we will, on a bilateral relationship.

Another one is just the frustration that we feel about Japan not opening their market to U.S. automobiles. This is something that I hope you will focus on in your new role. Let me give you some numbers about this. Japan is one of the largest auto markets in the world. In fact, it is the third biggest I am told, 5 million annual sales. It is the second only behind the United States and China, which is consistent with the size of their economy. Imports from the United States, Europe, and the rest of the world account for 6.7 percent—6.7 percent of the cars in Japan. And by the way, the U.S. does not export as many cars as the Europeans do to Japan. So it is 6.7 percent, a paltry amount, but if you go to the U.S. market, it is even smaller. Japan domestic automakers export about half the vehicles that they build, and this includes 1.6 million vehicles to the United States in 2015.

So there is no other developed country in the world that has such a small share of import penetration. The U.S. is about 45 percent imported automobiles. That is roughly equivalent to the other OECD countries.

So, one, why do you think that penetration of U.S. vehicles is so low? Why are we not able to break through that market and have great automobiles produced in States like my home State of Ohio being driven in Japan? And what are you willing to do about it in what, again, I think will be an opportunity you will have both as Ambassador and as someone who has good relationships with the Government and has a business background to be able to be effective? What will you do?

Mr. HAGERTY. Well, Senator, it is a very complicated question you raise, and I appreciate the issue.

I think it goes back to some of the structural barriers that we were discussing earlier. When I lived in Japan a number of years ago, the automotive market has a very complex distribution system

there. There is also the harmonization of standards. That is an issue. Again, I think this is an area where we can find common ground.

I am fortunate to have Nissan headquartered in our home State, their North American operations, and a very close relationship with their team not only in the U.S. but in Japan. And their president is the head of Japan Auto Association. I look forward to getting to work with that group there as well on harmonization issues and finding opportunities where we might be able to ease some of these structural impediments that exist. But I think it is not just tariff, but it is structural barriers.

Senator PORTMAN. You mentioned harmonization of standards. In their free trade discussions with the Europeans, my understanding is they have already agreed to accept the European safety standards as an example. We have the best safety standards in the world here in the United States of America. And yet, the Japanese will not accept our safety standards, which is a non-tariff barrier. And it makes it much more expensive for us to sell a car in Japan because it has to conform to different safety standards that we do not believe are based on good science.

So that is an example where we would expect you to stand up for us and to open up that market more in the context of a bilateral trade negotiation certainly. But even in the absence of that, to be sure with one of our greatest allies in the world that we have access to their market as they have access to ours.

Mr. HAGERTY. Understood, Senator. Thank you.

Senator PORTMAN. Just briefly with regard to security relationship, again, incredibly important right now. And as you indicated, they are a force multiplier for us. And we have about 40,000 to 45,000 troops, I understand, in Japan today.

One of the concerns that I have, having been there recently, is the degree to which we are able to protect our own troops. There are certain restrictions with regard to what we are able to do offensively, as an example, if we perceive a threat. Have you thought about that issue and do you have any suggestions as to how we can ensure that on all of our bases in Japan, we have the ability to help protect the Japanese people from potential threats from North Korea today, which has been a focus obviously, but also to ensure that we can protect our own troops from the possibility of conventional or even nuclear missiles?

Mr. HAGERTY. Well, Senator, if I am fortunate to be confirmed as Ambassador, my top priority is going to be safety and security of Americans on Japanese soil. And I was fortunate to speak with Admiral Harris yesterday about this, particularly about what might happen further if the deterioration and the situation in North Korea gets worse, how we might think about movement of Americans in that situation and the threat that exists. It is something that I need to study a good deal more to give you a definitive answer, but it is something that I will put my foremost attention to.

Senator PORTMAN. I was struck in my recent visit—I think you probably will be too—that we have an incredible military presence there of brave men and women in uniform who are there in part to defend Japan, and Japan is starting to step up more, which we

want to see more of, to be able to protect themselves. But we also got to be sure that our own troops have adequate protection.

And I thank you again for your willingness to serve and look forward to continuing the conversation in your new role as Ambassador to Japan.

Mr. HAGERTY. Thank you very much, Senator.

The Chairman [presiding]: Senator Menendez?

Senator MENENDEZ. Thank you.

Congratulations on your nomination. I appreciated your visit with me in my office.

Japan is, as I said to you then, one of the most important strategic and economic partners that the United States has in the world. It is the fourth largest trading partner. It is the number one hold of U.S. treasuries. Always important. And obviously, particularly in the region, incredibly important to us.

And since the end of World War II, the United States and Japan have built an important relationship that serves both of our strategic interests. And I am impressed with your background, certainly your knowledge of the language, and all of the commercial and trade issues that you have led there. But I want to explore with you a little bit of the non-commercial trade issues because those are equally important in this bilateral relationship.

And as a prelude to that, I wonder if you can share with me when the President was a candidate, his assessment of Japan is that Japan has, quote, not taken care of us properly. Have you spoken with the President about his view of our relationship with Japan? And has that position changed since his taking office?

Mr. HAGERTY. I have spoken with the President about his views. Most of our conversations have focused on trade. The discussion that you raise I think has to do with our security and with the contributions and the relative contributions of American investment in that region, as well as the Japanese investment in the area.

What I am heartened by is that the President, since making those comments that you reference, has spent a good deal of time with Prime Minister Abe. Vice President Pence has traveled over. We have had three cabinet members in country in Japan. So I think that we are working to get much closer in terms of our understanding of what needs to be done and what the opportunities might be.

Senator MENENDEZ. So you see that statement as more of a spending by Japan in the military context for their defense, as well as the joint defense with us, than anything else.

Mr. HAGERTY. That is my interpretation of it, Senator.

Senator MENENDEZ. Let me ask you the next question. On the campaign trail, the President as a candidate said in an interview with Chris Wallace of Fox News that North Korea has nukes. Maybe they would—meaning Japan—be in fact better off if they defend themselves from North Korea, including with nukes. As you go to a country that has a history here of not pursuing nuclear power for those purposes and considering the consequences of the potential of igniting a race for nuclear weapons in the region, what views do you take with a view to Japan as it relates to should they or should they not be pursuing nuclear weapons?



Mr. HAGERTY. Prime Minister Abe just very recently has made an unequivocal statement that they will not be pursuing nuclear weapons in Japan. And I respect that. They have a very unique history in Japan, having been the only country to receive the results of a nuclear weapon, and I think that sensitivity is something that I appreciate and hold close.

Senator MENENDEZ. And we are not going to be urging them to pursue nuclear weapons, I assume, if you are confirmed.

Mr. HAGERTY. I have no intention to do that.

Senator MENENDEZ. Now, with reference to Russia, Prime Minister Abe has pursued a closer relationship with Russia, including efforts to resolve some longstanding territorial disputes over islands in the Kuril chain and to conclude a peace treaty from World War II. They seem benign, but do you believe these efforts at reconciliation—Russia with Japan—or having a more strategic relationship between Japan and Russia is in the national interests and security of the United States?

Mr. HAGERTY. The situation with the islands I think is very close to the Prime Minister's heart, and I know he has invested a good deal of time on that territorial dispute. I also know that the Prime Minister, at least in what I have read, is concerned about the proximity of Russia and China becoming even more close. So I know that there might be many reasons for his engagement, but I know that they are very strong allies with Japan. And my sense is that they continue to support us in our position with Russia with respect to Ukraine and other vital strategic interests that are different. So I am not as concerned perhaps as others that we will not be able to get a good result with this.

Senator MENENDEZ. So you think that Abe is doing this beyond his affinity for the islands and the territorial dispute because he seeks to create a greater distance between Russia and China?

Mr. HAGERTY. I am not certain of that, sir. I am just interpolating from what I have read, but I would like to study that more.

Senator MENENDEZ. Yes. Well, I hope you will pay attention to that as we go along because so far, Russia has not proven itself to be anything but an adversary of the United States in a whole different sort of way, violating the international order, cyber attacking the United States in its elections, and a whole host of other things. So while I have a great affinity for Japan, I also want our people to be keeping abreast of what they are doing as it relates to what they may perceive as their national interests but may affect ours.

Mr. HAGERTY. I appreciate your sensitivity.

Senator MENENDEZ. Thank you.

The CHAIRMAN. Thank you.

Senator Merkley.

Senator MERKLEY. Thank you, Mr. Chair.

And thank you for your testimony today.

I want to go back to the trade side. I caught a little bit of Senator Portman's comments as I was walking in the door related to autos. But I believe that the Trump team has announced that they would like to pursue a bilateral arrangement with the Japanese. At least that has been expressed. Is that correct?

Mr. HAGERTY. The structure that Vice President Pence has put in place is an economic dialogue. It is the foundation for a bilateral discussion. I do not think that we have gone to the point of assessing that we are going to an FTA at this point.

Senator MERKLEY. So often in the conversation about trade, people ponder a lot about China, about Mexico. But the trade deficit with Japan is larger than that with Mexico, I believe the second largest in the world, about \$69 billion last year. And they range from services and goods and ag all put together.

Why have we allowed such a longstanding structural deficit in our trade with Japan, and what should we do about it?

Mr. HAGERTY. Senator, if confirmed, my hope is to focus a great deal of attention to closing that trade deficit barrier. I think as we discussed earlier, there are a number of not only tariff issues and harmonization issues but also structural issues within the country of Japan that make it hard for us to penetrate.

When I was the Secretary of Commerce for my home State, I was responsible for an office in Japan. And we opened a new effort to try and expand trade. It is frustrating. It takes considerable investment to put in place customer service networks, distribution networks, and the type of facilities necessary to properly serve a market. Localization requirements are also challenging because of the language difference. But I think that those are all areas that I would like to see us make more gains on.

Also, I would say I am very optimistic about the potential to export energy to Japan, and I think that could have a very immediate effect on our trade deficit.

Senator MERKLEY. So the conversation about the barriers in the Japanese economy has gone on for decades. We push; they resist. We push; they resist. And essentially they get to continue running this vast advantage in trade with us.

What can be done differently now that has not been done before?

Mr. HAGERTY. That I think will be the focus of the new bilateral relationship that Vice President Pence is establishing, and I look forward, if I am confirmed, to becoming a member of the team to work very hard on that.

Senator MERKLEY. One of the things that you mentioned, when we were talking in my office, was that women in Japan are an underutilized part of the economic potential. Would you like to share any comments or thoughts or insights about that?

Mr. HAGERTY. Indeed, Senator, we had a good conversation on that. An observation that I made some 20-plus years ago when I was with the Boston Consulting Group is working with Western companies in Japan. As we assessed the performance of those staff, we found that women employees did a very good job. We also found that it was difficult for Western companies to compete against traditional Japanese companies to recruit male graduates from the top universities. So we, in fact, put in place for many of the Western firms doing business in Japan a strategy to recruit women into the workforce, and that worked very well. I am pleased to see that that is now migrated all the way into the broader workforce there because I think it has great opportunity.

Senator MERKLEY. Another area that we pay some attention to is the conflict between Japan and China in regard to islands in the

East China Sea. And we have recognized that the islands were covered by article 5 of the U.S.-Japanese treaty. The Chinese do not recognize that.

What is the status of that dispute? And do any new efforts need to be made in that area?

Mr. HAGERTY. I was speaking with Admiral Harris yesterday about article 5, our responsibilities to that area in the East China Sea. I think we certainly have been unwavering in our commitment under that security treaty and our willingness to support Japan against any sort of unilateral effort to disrupt their administration of that island. I think the concern comes and probably will come later this summer as fishing season approaches, and that is something that we will watch very closely as we see more activity in those waters.

Senator MERKLEY. One of the things that we were involved in recently was a joint exercise with Japan at the same time we were doing a joint exercise, a sea exercise, with South Korea to essentially draw attention to our military presence in the context of pressure being applied to North Korea. Do you anticipate there will be more joint, if you will, efforts to draw attention to the strength of the connection between U.S., South Korea, and Japan as we attempt to persuade North Korea to abandon its nuclear program?

Mr. HAGERTY. Senator, I commend the exercises that took place. I think they achieved a very strong purpose. I look forward to studying that more because I am not certain what our future plans are, but I look forward to working very closely with our military command in the area to get a better assessment of that.

Senator MERKLEY. Thank you.

Mr. HAGERTY. Thank you.

Senator RISCH [presiding]. Thank you very much.

Senator Young.

Senator YOUNG. Mr. Hagerty, thanks so much for your interest in serving. I really enjoyed our time together in the office. Just a few questions based on your written statement here today.

You indicate that you strive as the Ambassador for the United States to Japan to encourage more Japanese investment in the United States with a view to generating even more jobs. Indiana, as we mentioned when we visited, is home to major Japanese brand automakers, Subaru, Honda, Toyota. Thousands of Hoosiers are employed there. They are really the centerpiece of many of our communities.

And so I would just like to get your thoughts. You are on the record about what specific recommendations you have about how the United States and Japan might work in a more effective manner together to increase Japanese investment in the U.S.

Mr. HAGERTY. Well, Senator, thank you very much for raising that. I think we could not have a better person in Vice President Pence to help advance this cause. As you mentioned, he certainly gets it, and his success in Indiana is renowned around the country, if not the globe.

So I think with the Vice President at the point of this, we have opened a new door, and we have the ability to take ourselves to a new level in terms of attracting more foreign direct investment because the Vice President understands, as do I, that we can build

not only important economic ties but important strategic ties by increasing that foreign direct investment.

There is an excess of capital in Japan, and I think the opportunity to earn returns in a market like the United States is very positive. I think that makes sense for their pensioners and their economy. I also think it helps the Japanese economy to expand more to the markets where they sell their goods. It helps to erase trade deficits. Localization lowers cost. It is better for consumers. There are many, many good reasons to do this.

The Japanese are practitioners of the Kanban, the just-in-time technique of managing their supply chain. And it is very obvious the closer you can get your suppliers to the OEMs, the shorter your supply chain, again the lower your cost. This is how we sold it in Tennessee. I am sure this is how Vice President Pence sold it in Indiana, and I think we can do a lot more of that.

Senator YOUNG. Do you see opportunities in the area of infrastructure? There is a lot of talk around this town about a major infrastructure package. Would this be one of the major targets of opportunity where a lot of Japanese capital, which is on the sidelines or earning learning a very low rate of return, might be put to a higher value use to the benefit of Americans?

Mr. HAGERTY. I think that is a great opportunity. It has certainly been something that has been discussed a good deal recently, whether it be a maglev train or other types of infrastructure investment where Japanese technology and capital could both be brought to bear in this country.

Senator YOUNG. Very well.

You just invoked our Governor, now our Vice President, Mike Pence. I am glad you did that because as you know, he, along with Deputy Prime Minister Aso, has played a very important role in establishing this U.S.-Japan economic dialogue. As you know, it has three pillars of activity: common strategy on trade and investment rules and issues; cooperation in economic and structural policies; and lastly, sectoral cooperation. In your prepared remarks, you state that you look forward to contributing to this endeavor.

How do you envision this program being carried out? What are top U.S. priorities? And what do you expect maybe some points of contention might be with respect to this?

Mr. HAGERTY. Probably the biggest opportunity would lie in looking to those things that have already been negotiated and advanced through some of the TPP discussions to determine which of those elements might make a good bilateral foundation for our ongoing arrangements.

I would also look to the sector-specific opportunities because I think when you can take an industry-specific situation and then begin to work through it, you actually have a chance to make real progress as opposed to having more hypothetical approaches.

Energy is an area that I see great potential. We have the opportunity to work with liquid natural gas, with other exports now we did not have before. And Japan is the number one importer, for example, of LNG. I think it is the number three importer of oil. But the United States has resources there that I think can very quickly be put into place. We need to invest in infrastructure on our side

and on the Japanese side to make that happen. But I see that as a big and immediate opportunity.

Agriculture has been a concern since I was there 25 years ago. It is going to remain a concern. It is something that I intend to focus on intently while I am there.

Senator YOUNG. Hoosiers farmers will be very happy to hear that. So thank you so much.

And with that, I yield back.

Senator RISCH. Jeanne, welcome. Senator Shaheen, you are up. Senator SHAHEEN. Thank you very much, Senator Risch.

Welcome, Mr. Hagerty. Congratulations on your nomination. We all appreciate your willingness to serve the country.

I wanted to follow up a little bit. I think Senator Young was asking about trade and what areas might be ripe for trade. I did not hear the beginning of that question. But I wanted to follow up on some of those trade issues.

I heard that a number of the TPP countries are meeting actually today to talk about where to go given the U.S. withdrawal from that effort. Can you talk about if our withdrawal from the TPP has affected our relationship with Japan and what the perceptions are of what opportunities might still exist with the countries that we had been negotiating with?

Mr. HAGERTY. I appreciate your concern, Senator, and I think the Japanese Government has invested a lot of political capital in terms of bringing the TPP forward that relate to the negotiations, but I think Prime Minister Abe took it on and worked very hard to advance those discussions within his own country. They are in a position now where the United States has withdrawn from the TPP, but I am encouraged.

The reason I am encouraged is that the Prime Minister and President have both met early on within 3 weeks I think of the inauguration. The President hosted Prime Minister Abe here in the United States. Vice President Pence has begun an economic dialogue with the Vice Prime Minister of Japan. We have had three cabinet members, Mattis, Tillerson, and Ross, all visit in country already. So at a personal level, at a relationship level, I see advancement taking place that encourages me that we will be able to still achieve a good deal of what we had hoped to accomplish in the TPP, what might have been hoped before, but also to find other areas, perhaps structural areas, that we can add to that and make significant advancements that work in a more bilateral framework.

Senator SHAHEEN. And how important is it for us to continue to do that given China's growing role in many of the Southeast Asian countries?

Mr. HAGERTY. Evermore important I think. My hope is that we can continue to strengthen our alliance. Japan and the United States together, I think we are about 30 percent of the world's GDP. What concerns me is that China continues to flex its economic muscle, its strategic muscle in the area, and the last thing I think we want is the Chinese to be setting the rules of the road in Asia.

Senator SHAHEEN. Absolutely. I certainly agree with that. We want to be part of that discussion.

Mr. HAGERTY. Thank you, Senator.

Senator SHAHEEN. We all are very aware of the growing threat that not only the United States faces but certainly the Asian region that Japan is in from North Korea's continued nuclear efforts. So can you talk about how we might better leverage our relationship with Japan to address what is happening in North Korea? Are there things that we can be doing to better engage Japan in trying to address what is happening in North Korea?

Mr. HAGERTY. I feel that that is underway, Senator. I had the benefit of speaking with Admiral Harris about this yesterday. Our coordination with Japan is getting ever tighter. They have undertaken new interpretations of their constitution to enable them to work more closely with our military exercises. I think that what we see is not only an increase in military spending but also—and I think more important in my view—an increase in the interdependency and the coordination that is happening with our own forces. That I think yields great opportunity. The movements that have most recently occurred in the area of the Korean Peninsula with the U.S. military vessels, as well as Japanese, I think show a lot in terms of our combined strength and our partnership. And I think we will probably see more of that.

Senator SHAHEEN. And are there ways in which Japan can be helpful working with us on engaging China in trying to encourage them to recognize that it is in the region's interests to demilitarize North Korea—denuclearize North Korea?

Mr. HAGERTY. I am certain that that is the case. China is Japan's largest export market. They have a very vested interest in that region. Japan certainly is closer to the threat in North Korea than we are, but they have very close economic ties with China as well. So I think together Japan and the United States can act as a unified front in moving China in the right direction in this situation.

Senator SHAHEEN. And can you give us any update on any efforts so far that Japan might have engaged in with China on North Korea?

Mr. HAGERTY. I need to study that further, Senator, to give you a more definitive answer.

Senator SHAHEEN. Thank you.

And just a final question. I know that Japan's Government is engaging in efforts to increase women's economic empowerment and participation. Can you talk about what impact these efforts have had and what you will do as Ambassador to try and encourage Japan to continue to move in this direction?

Mr. HAGERTY. Senator, I have seen the impact of women engagement in Japan on a firsthand basis. More than 20 years ago, I was living in that country working with the Boston Consulting Group and working very often with Western companies, who then, at that time, found it very difficult to recruit top male graduates from the top universities, but they were able to recruit female graduates. As we evaluated their performance, we realized that female graduates could perform as well or better in many cases than their male counterparts. So we put together a concentrated program to help Western companies recruit females in that market more than 20 years ago. So it comes as no surprise to me that they are adding

a great deal to the economy and I think the potential there is even greater.

Senator SHAHEEN. Thank you.

Thank you, Mr. Chairman.

Senator RISCH. Mr. Hagerty, thank you so much for being here, and I really appreciate you coming by the office so we could talk about the parochial Idaho questions. We are amused in Idaho when we see the stories about the potato chip shortage. I do not know if you have ever been to Idaho. We got potatoes.

Mr. HAGERTY. I have been fortunate to be in Idaho, sir, and I love the potatoes there.

Senator RISCH. Well, and my family is in the ranching business. So beef has also been an important issue for us. We had a good discussion about those things. And those trade issues are certainly important.

You bring really unique qualifications to this job, and I really appreciate your willingness to take this on. Our relationship with Japan is so good, and it really is aspirational I think for all of us to have that kind of a relationship with every country in the world. We get along so well.

And your counterpart, Ambassador Sasae, thank you so much for being here today. The Ambassador has been incredibly gracious and a great host when we have visited with him. So I know you represent us the same way when you are in Japan.

Mr. HAGERTY. Indeed. I am privilege to have a colleague like Ambassador Sasae to look to.

Senator RISCH. Thank you.

Let me just say that we look forward to—and there is absolutely no reason why our relationship with Japan will not continue as it is. But as with any country, every country looks after its own interests first. That is particularly true when it comes to trade. And so these are delicate trade issues that need to be resolved, but it is in the interest of both countries to resolve trade issues between the countries. And after listening to you, I have every confidence that you will be able to do that.

Finally, let me say there has been discussed here briefly the difficulties in the neighborhood with the North Koreans. You have instability and the insecurity and just misbehavior and bad things that that country is doing—its administration, its current regime. It cannot go on. I mean, this is going to be resolved, and I suspect it is going to be resolved on your watch one way or another, particularly with the President that we have is dedicated to bringing it to some kind of a resolution. We, obviously, hope it can be done peacefully. There are certainly some signs that we can be some—there would be some optimism that that can happen. Obviously, the Chinese are going to play an important role it. But then so will the Japanese play an important role. Again, I have every confidence that you can thread that needle.

So thank you so much. Anything else you want to say for the record, the microphone is all yours.

Mr. HAGERTY. Thank you very much for the opportunity, Senator. I appreciate being here, and if I am confirmed, I look forward to advancing our relationship with the most important relationship that I can imagine abroad.

Senator RISCH. Thank you, Mr. Hagerty.

Kids, are you ready to go the lunch? Yeah, I bet you are.

All right. With that, the record will stay open until close of business on Friday for questions for the record. Mr. Hagerty, I know you know that the quicker you can get those back, the quicker this committee can act.

Mr. HAGERTY. Understood.

Senator RISCH. And the more we can stand this government up, the better off we will be. And we are going to make every effort to do that as quickly as we can.

So with that, again, thank you again to you for your willingness to serve. Thank you to your family for taking this on because there are obviously sacrifices that go with that.

And with that, I will declare the meeting adjourned.

[Whereupon, at 10:35 a.m., the hearing was adjourned.]

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## Additional Material Submitted for the Record

RESPONSES TO ADDITIONAL QUESTIONS FOR THE RECORD  
SUBMITTED TO WILLIAM F. HAGERTY BY SENATOR JAMES E. RISCH

*Question 1.* In 2005, the United States and Japan signed an agreement that allowed the import of chipping potatoes from about a dozen U.S. states. However, for more than ten years, Idaho has been denied access to the Japanese market while all other states in the agreement have had access. For the past two years, Idaho worked with Japanese officials to finally resolve any concerns they had about the import of Idaho potatoes. Having met all of their requirements, Idaho growers have waited for months for final approval from the Japanese Ministry of Agriculture, Forestry, and Fisheries.

- If confirmed, what will you do to ensure Idaho is able to receive the same market access that the other states in the agreement enjoy?

*Answer.* If confirmed, I will work to expand market access for U.S. agricultural exports to Japan, including for Idaho potatoes. I believe the Japanese market presents important opportunities for U.S. exporters. Furthermore, I would support pursuit of these opportunities and enhanced market access for U.S. firms in the Japanese market as part of the administration's broader effort to reduce the overall trade deficit with Japan. I will make this particular matter a priority.

*Question 2.* For the past two years, Japan and South Korea have held a series of meetings and signed agreements in order to deepen cooperation and improve their relationship including establishing a hot line between their ministers of defense, re-instituting civil servant exchanges, and restarting a trilateral summit with China. However, there are concerns that with new political leadership in Seoul some of this rapprochement may slow down or stop.

- Do you believe there are valid concerns about South Korea stepping back from any of these agreements? If so, which agreements do you believe are the most crucial for continuing to move forward?

*Answer.* I was heartened to see media reports of the Republic of Korea's President Moon's phone call with Japanese Prime Minister Abe, in which the leaders reaffirmed the need for close coordination in response to North Korea's unlawful ballistic missile, nuclear, and proliferation programs. Japan and the Republic of Korea are two of our most important allies in the Asia-Pacific region, and we recently have seen significant progress in our trilateral cooperation. Our three countries have carried out trilateral military exercises, and the General Security of Military Information Agreement (GSOMIA) recently signed by Japan and the Republic of Korea has established a new basis for sharing defense-related information. I believe there is scope to strengthen our security cooperation further, and if confirmed I will work to that end.

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RESPONSES TO ADDITIONAL QUESTIONS FOR THE RECORD  
 SUBMITTED TO WILLIAM F. HAGERTY BY SENATOR BENJAMIN L. CARDIN

*Question 1.* What are the most important actions you have taken in your career to date to promote human rights and democracy? What has been the impact of your actions?

*Answer.* On a volunteer basis, I have worked hard to instill the values of American democracy in our youth. I have served for decades as a volunteer leader in the Boy Scouts of America organization. This service included my role on the Board of the Far East Council in Japan, where we delivered a first-rate values-based program to youth in Japan. I have served as a BSA merit badge counselor for Scouting's Citizenship in the Community, Citizenship in the Nation and Citizenship in the World programs. By instructing American youth in the fundamental precepts of citizenship, it is my hope that the principles of American democracy permeate their lives and their future impact on humanitarian issues as they may encounter them around the globe.

Over many years as a donor, I have been privileged to support my friend who is a world-leading urologic surgeon, Dr. Jay Smith (Vanderbilt University Medical Center). Dr. Smith travels annually in Africa with the Urological Cancer Foundation, a 501(c)3, to perform complex urinary reconstruction for women who are victims of extreme sexual violence in eastern Democratic Republic of Congo. Jay and his team have worked with victims of Joseph Kony and the Lord's Resistance Army.

The Foundation also works to stand up durable training programs in countries vastly underserved with surgical specialists. The most successful programs have been in Liberia and Malawi.

Dr. Smith and his colleagues have performed hundreds of operations for patients who had no other options for surgical care. The foundation has sponsored 23 different surgical mission trips to Africa. In the process, they have trained local surgeons and there are 7 surgeons practicing in those countries whose training has been greatly facilitated by their efforts and there are currently more in the pipeline.

My recent public service as the Tennessee Commissioner of Economic and Community Development was largely focused on advancing the interests of Tennesseans across our state, the nation and the world. The overseas offices/representatives under my purview were advocates for Tennessee interests. A derivative of promoting Tennessee presence in other countries is that American values can translate through American economic engagement overseas.

*Question 2.* Are you committed to meeting with human rights, civil society and other non-governmental organizations in the U.S. and with local human rights NGOs in Japan?

*Answer.* Yes. As Ambassador, I would look forward to establishing robust relations with human rights groups, civil society, and other non-governmental organizations both in the United States and in Japan. I understand Mission Japan has built a great network of relationships with many different groups across the spectrum of human rights issues, and I would look to build upon that cooperation.

*Question 3.* Will you engage with Japan on matters of human rights, civil rights and governance as part of your bilateral mission?

*Answer.* Yes. The U.S.-Japan relationship is anchored by a shared commitment to democratic values and human rights. As Ambassador, I would look to coordinate closely with Japan in promoting human rights regionally and globally, including with a focus on the dire human rights situation in North Korea.

*Question 4.* Over the past several years China has made frequent incursions into the Japanese-claimed territorial waters around the Senkaku Islands in an apparent escalation of pressure by Beijing. What is the U.S. Government's position on the Senkaku Islands and how can we support a peaceful outcome while standing by our alliance commitments to Japan?

*Answer.* The United States' position on the Senkaku Islands is clear and long-standing and was reaffirmed by President Trump in February. While the United States does not take a position with respect to sovereignty, the Senkaku Islands have been under Japanese administration since the reversion of Okinawa in 1972; as such, they fall within the scope of Article 5 of the 1960 U.S.-Japan Treaty of Mutual Cooperation and Security. The United States opposes any unilateral action that seeks to undermine Japan's administration of the Senkaku Islands. If confirmed, I will diligently continue to monitor the situation in the Senkakus and consult closely with Japan as allies.

*Question 5.* Earlier this week, Pyongyang announced that it had conducted another ballistic missile test. As you know, North Korea's provocations threaten Japan

as much as they do South Korea. A successful policy requires sustained diplomatic engagement to strengthen our alliances and partnerships with Japan, which would bolster our deterrence capabilities and help achieve our goal of a denuclearized Peninsula. How would you assess the threat North Korea poses to Japan? How would you advise the Trump administration to clearly define our bottom lines with Pyongyang and to effectively leverage a multidimensional approach that knits together military pressure, alliances, economic sanctions, human rights and diplomatic engagement?

Answer. North Korea's nuclear, ballistic missile, and proliferation programs represent a direct threat to Japan and U.S. troops stationed in Japan. North Korea openly states that its ballistic missiles are intended to deliver nuclear weapons to strike cities in the United States, the Republic of Korea, and Japan. The potential for a North Korean attack on South Korea or Japan is real. If confirmed, I will work to coordinate closely with Japan to align our diplomatic, military, and economic response to North Korea's bellicose behavior, with the goal of pressuring the regime in Pyongyang to abandon its UN-proscribed nuclear, ballistic missile, and proliferation programs. I will also continue to promote trilateral cooperation among the United States, Japan, and South Korea, as well as diplomatic coordination with partners around the world, to counter the threats posed by North Korea to international peace and stability. Questions for the Record Submitted to

*Question 6.* Helping to support Japan and South Korea as they have sought reconciliation over "history issues" and the Comfort Women has been an important priority for the United States over the past several years, especially given the importance of deepening trilateral cooperation to deal with North Korea and other regional security challenges. How do you see your role, if confirmed, in helping to continue to support reconciliation between our two allies, friends and partners?

Answer. Japan and the Republic of Korea are two of our most important allies in the Asia-Pacific region, and our trilateral cooperation is critical in responding to the North Korean threat. If confirmed, I would encourage all parties to work together to address history issues in a way that promotes healing and reconciliation.

*Question 7.* What specific steps, if any, will the Trump administration take to help Tokyo and Seoul put their often-tense relations on a sounder footing, especially on security issues?

Answer. If confirmed, I will support stronger relations between Tokyo and Seoul, particularly as a basis for deeper trilateral cooperation among our three countries. Close trilateral coordination is crucial in particular to address threats posed by the DPRK. I think there is scope to strengthen our security cooperation, through information sharing and joint exercises. I would also push for closer collaboration on other regional and global issues, such as humanitarian development and women's empowerment, which will allow us to leverage the efforts of two of our allies while building working-level contacts and patterns of cooperation between the Japanese and South Koreans.

*Question 8.* Your two immediate predecessors, Caroline Kennedy and John Roos, both visited Hiroshima and Nagasaki on the anniversaries of the atomic bombing of those cities. In 2016, Obama became the first sitting U.S. president to visit Hiroshima. If confirmed, do you plan to continue the practice of visiting these cities on the anniversary of the bombing?

Answer. I understand Ambassadors Kennedy and Roos' attendance at these anniversary commemorations was very positive and promoted reconciliation efforts. If confirmed, I would confer with the White House and Department of State in considering the benefits of my participation.

*Question 9.* After the nuclear disaster at Fukushima, the United States provided Japan with various means of assistance to help contain the damage, dispose of radioactive waste, and remediate the area. And in the years since, we have continued to work with Japan on ways to promote methods of energy production that do not carry the risk of polluting our air, land, or oceans. Given the increased emphasis on clean energy following the Fukushima disaster, how will you prioritize clean energy cooperation with our Japanese allies and ensure that U.S. exporters and innovators in the industry take full advantage of the related commercial opportunities?

Answer. U.S.-Japan cooperation on clean energy is wide-ranging and, if confirmed, it will continue to be a priority of mine. The initiation of U.S. LNG exports to Japan has created a significant new link between our countries in the energy sector. I support increasing energy exports, to include clean energy solutions, to Japan and see energy cooperation as economically and strategically advantageous. I also welcome Prime Minister Abe's efforts to restart Japan's nuclear reactors on a safe and sus-

tainable basis, and as Ambassador I would seek ways to assist this. Energy has also been identified as a focus area for cooperation under the recently launched bilateral economic dialogue.

*Question 10.* What is the appropriate role for the Japanese Government to play in addressing gender issues in the workplace? If confirmed, do you plan to support this campaign, known as “womenomics”?

Answer. Women’s issues have long been an area of interest and effort for me. The United States and Japan have cooperated in promoting women’s economic empowerment in our two countries and beyond. We have supported Tokyo’s annual World Assembly for Women (WAW), sending substantial U.S. delegations, both from Washington and from our Embassy in Tokyo. The U.S. Government also welcomed Japan’s identification of women’s empowerment as a priority during its G-7 chairmanship year in 2016. Through the Asia Pacific Economic Forum, moreover, our two countries are actively elevating the role of women in the economy. If confirmed, I would continue to support healthy cooperation in this area and look for new opportunities.

I have seen the impact of women’s economic empowerment in Japan on a first-hand basis. During my time with the Boston Consulting Group in Tokyo, more than 20 years ago, we put together a focused program to help Western companies recruit Japanese women. It comes as no surprise to me that women are adding a great deal of value to Japan’s economy. We know that even greater potential exists with women’s sustained participation in the workforce, in leadership positions, and in the science, technology, engineering, and mathematics (STEM) fields. Government efforts to raise awareness of the challenges women face in the workplace, together with continued private-sector coordination, should enable more women to enter, remain, and advance in the workforce.

*Question 11.* Prime Minister Abe has pursued a closer relationship with Russia, including efforts to resolve a longstanding territorial dispute over four islands north of Hokkaido in the Kuril Chain (known in Japan as the Northern Territories) and to conclude a peace treaty from World War II. Do you support these efforts at reconciliation with Russia? Is it in the U.S. strategic interest for Japan and Russia to develop a closer relationship?

Answer. Japan opposes Russia’s attempted annexation and occupation of Crimea and its acts of aggression in eastern Ukraine. Together with the United States, European Union, and the G-7, Japan has taken the position of maintaining sanctions against Russia until it implements the Minsk agreements in full. Japan also has its own bilateral concerns with Russia and its own geostrategic concerns in the region. As PM Abe’s Government attempts to achieve progress with Russia on the longstanding Northern Territories dispute, I will make it a priority to ensure that U.S. and Japanese policies toward Russia remain closely coordinated.

*Question 12.* The Trans-Pacific Partnership would have set regional ground rules on issues such as intellectual property, currency manipulation, and labor and environmental standards, and would have resulted in increased market access for American firms in Japan. Without TPP, what avenues will you use to engage with your Japanese counterparts on these issues, and how soon can we expect results?

Answer. If confirmed, I would seek to advance the U.S.-Japan Economic Dialogue recently launched by Vice President Pence as a vehicle to strengthen the overall bilateral framework of our economic relations, covering trade, macroeconomic, and sectoral issues. I will support efforts by the administration to seek freer and fairer trade with Japan.

*Question 13.* Is the administration’s position that it still intends to seek bilateral deals to replace the TPP?

Answer. The administration’s overall goal is to advance free and fair trade and investment that promotes U.S. economic and job growth. The President and senior officials believe this goal can be more effectively achieved through a bilateral approach, and, if confirmed, I will engage with Japan to achieve this important outcome. I defer to administration officials on whether or not that would include negotiations on a bilateral free trade agreement.

*Question 14.* Have any countries agreed to engage with the US bilaterally?

Answer. I defer to current administration officials on the status of bilateral trade discussions with foreign governments.

*Question 15.* What is Japan’s current position on this issue?

Answer. I defer to current administration officials on the status of Japan’s current position on this issue.

I will note that our two countries share many economic interests, as seen over many decades of extensive trade and two-way investment. Our new U.S.-Japan Economic Dialogue under the leadership of Vice President Pence and Deputy Prime Minister Aso should provide the critical groundwork to strengthen the bilateral framework for trade and investment and to promote our joint prosperity.

As President Trump and Prime Minister Abe said during their February Summit, we "share an interest in sustaining a strong global economy, ensuring financial stability, and growing job opportunities."

*Question 16.* Since the TPP agreement was premised on cross-cutting concessions among the twelve parties, how can the US convince individual countries to return to the table for a series of smaller deals, without the regional rule-setting that was the hallmark of the TPP?

Answer. If confirmed, I will work with Secretary Tillerson and other U.S. agencies to support the President's commitment to expand economic opportunities for American businesses in Japan and throughout the region, including by addressing candidly any issues that present obstacles to that objective. I would look to identify and build upon areas of common ground that would benefit the United States in advancing our economic relationship.

*Question 17.* Will you commit to providing information to this committee if you become aware of emoluments from foreign governments or government-owned companies being directed to the President, his immediate family, or anyone else in the executive branch?

Answer. I will comply with the law regarding all such issues and will provide information to Congress when appropriate.

*Question 18.* Research from private industry demonstrates that, when managed well, diversity makes business teams better both in terms of creativity and productivity. What will you do at the Mission to promote, mentor and support your staff that come from diverse backgrounds and underrepresented groups in the Foreign and Civil Service? What steps will you take to ensure each of the supervisors at the Embassy are fostering an environment that's diverse and inclusive?

Answer. I agree that well-managed diverse teams perform better, and I understand the Department of State is committed to recruiting and retaining a diverse, talented workforce that advances U.S. values, interests and goals around the world.

If confirmed, I will seek through the Foreign Service assignments process to promote the recruitment of under-represented groups for Mission Japan. In addition, I will take my role as a leader and mentor of all employees seriously. I will ensure that all employees are aware, understand, and abide by Equal Employment Opportunity (EEO) principles and that managers receive mandatory EEO training. This is an important issue, and I look forward to working with you and the committee to advance this shared objective.

*Question 19.* In 2016, Japan adopted The Convention on the Civil Aspects of International Child Abduction. This international treaty, which the U.S. has also ratified, provides a civil mechanism to promptly return children who have been taken out of the country of habitual residence in violation of custodial rights. It is my hope that through this mechanism we will be able to quickly resolve international abduction cases between the United States and Japan. However, there are more than 30 pre-Convention abduction cases that remain unresolved. If confirmed, will you assure me that you will seek to engage with your Japanese counterparts to resolve these pre-Convention cases?

Answer. Yes. If confirmed as Ambassador, I will seek the Japanese Government's most robust efforts to resolve pre-Convention cases. The resolution of these, and all parental child abduction cases, will be a top priority.

*Question 20.* As Commissioner of Economic and Community Development from 2011 to 2015, you oversaw Tennessee's Department of Economic and Community Development, which administers the state-funded TNInvestco program. Did you play a role in the establishment of TNInvestco?

Answer. I did not play a role in the establishment of this program. It was established by statute, designed and implemented under the administration of then-Governor Phil Bredesen (D) in 2009.

*Question 21.* What were the goals of TNInvestco, and were those goals met?

Answer. The program was designed to increase the flow of capital to companies in Tennessee in the early stages of their development. Since the program's implementation, Tennessee has moved up the league tables in early stage risk capital deployment from #45 in 2010 to #22 in 2016, according to the Milken Institute State Technology and Science Index.

*Question 22.* What was your role in providing oversight and monitoring of TNInvestco?

Answer. While I had responsibility for the Department of Economic and Community Development, all day-to-day responsibility for oversight and monitoring of the TNInvestco program was delegated to department officials. As such, I had no direct role in oversight or monitoring this program.

*Question 23.* In July of 2016, you took a leave of absence from Hagerty Peterson to serve as Director of Presidential Appointments for the 2016 Trump Presidential Transition Team. This position involved oversight on the first group of prominent board, commission, Cabinet and other appointments that President-elect Trump would make. What role did you play in the decision to bring on Lt. Gen. Michael Flynn to serve as National Security Advisor?

Answer. I served prior to the President's inauguration as a volunteer in the role of Director of Presidential Appointments for the transition team, which was a separate legal entity from the campaign. My team and I were primarily focused on candidates for Cabinet positions. The selection of members of the White House staff was generally handled separately.

In light of the confidentiality interests that attach to executive branch decision-making, I am unable to answer this question further.

*Question 24.* Were you aware before President Trump's inauguration that Lt. Gen. Flynn was under federal investigation for secretly working as a paid lobbyist for Turkey during the 2016 presidential campaign, or the nature and extent of his contacts and financial arrangements with Russia?

Answer. In light of the confidentiality interests that attach to executive branch decision making, I am unable to answer this question.

*Question 25.* What role did you play in the decision to bring on Sebastian Gorka as deputy assistant to the president?

Answer. In light of the confidentiality interests that attach to executive branch decision-making, I am unable to answer this question.

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RESPONSES TO ADDITIONAL QUESTIONS FOR THE RECORD  
SUBMITTED TO WILLIAM F. HAGERTY BY SENATOR EDWARD J. MARKEY

*Question 1.* Do you support the renegotiation of our civil nuclear cooperation agreement with Japan to put greater constraints on Japanese reprocessing of U.S.-obligated spent fuel?

Answer. The United States has a long history of productive cooperation with Japan on nuclear safety, nuclear security and nonproliferation. If confirmed, I am committed to maintaining this cooperation. The United States has a longstanding policy that has generally sought to prevent the spread of enrichment and reprocessing technologies to states not already possessing them.

*Question 2.* If confirmed, will you regularly convey to Japanese leaders that reprocessing is dangerous for Japan and dangerous for global nonproliferation?

Answer. It is my understanding that since reprocessing leads to separated plutonium and, in principle, separated plutonium can be used to make nuclear weapons, generally less reprocessing in the world is better than more. If confirmed, I will indeed share this concern in the course of regular discussions on such matters with Japanese leaders.

*Question 3.* If confirmed, will you make clear to Japan that there are safer and more economical alternatives to disposing of spent-fuel?

Answer. I understand that the United States has concluded that reprocessing in the United States is not desirable at present, neither from the perspective of energy security, nor that of commercial competitiveness. Rather, U.S. industry has been able to rely on interim dry storage of spent fuel. If confirmed, I will share the views of the United States and our conclusions with Japan.

*Question 4.* If confirmed, will you work with the Secretary of State and with the U.S. Ambassadors in China and South Korea to coordinate a multilateral "pause" on commercial spent-fuel reprocessing by Japan, China, and South Korea?

Answer. I understand that the United States has in recent years maintained ongoing dialogues with Japan, China, and South Korea in the interest of limiting the spread of fissile materials and their production. I support the continuation of these dialogues.

*Question 5.* If confirmed as ambassador, will you work to incorporate Japanese input into U.S. diplomatic strategy, and to gain Japan's support for direct negotiations between the United States and North Korea aimed at securing the peaceful denuclearization of the Korean peninsula?

Answer. The administration is in close coordination with Japan on our approach to the DPRK. If confirmed, I will work with Japan to align our diplomatic, military, and economic response to North Korea, with the goal of pressuring North Korea to abandon its UN-proscribed nuclear, ballistic missile, and proliferation programs. I believe that Japan is in agreement with the administration's current policy approach—North Korea must take concrete steps to reduce the threat that its unlawful weapons programs pose to the United States and our allies, including Japan, before we can even consider talks.

*Question 6.* If confirmed as Ambassador, how will you work with Japan to reduce whaling in accordance with international standards?

Answer. If confirmed as Ambassador, I would continue to support the moratorium on commercial whaling adopted by the International Whaling Commission as a necessary measure for the conservation of large whales. I would welcome the opportunity to discuss with Japan and other interested governments ways to improve the International Whaling Commission and seek ways to cooperate on initiatives to conserve and recover the world's large whales.

*Question 7.* If confirmed, what will you do to assure Japanese leaders that the United States will protect any sensitive information they provide to us?

Answer. If confirmed, I will work closely with the U.S. intelligence community to ensure that our Japanese partners can be confident that the United States will safeguard their sensitive information. I will continue to emphasize the long-standing and close working relationship and trust developed between our military and intelligence communities, and will consult at the highest levels to ensure that sensitive information critical to the security of both of our countries is protected.

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RESPONSES TO ADDITIONAL QUESTIONS FOR THE RECORD  
SUBMITTED TO WILLIAM F. HAGERTY BY SENATOR CORY BOOKER

*Extent of Mr. Hagerty's knowledge of Flynn's Russian and Turkish dealings as a senior transition official responsible for personnel*

*Question 1.* After Vice President Elect Pence received the November 18, 2016 letter from Congressman Cummings regarding Flynn's lobbying for Turkish interests and paid appearance with Russian President Vladimir Putin, were you made aware of this letter?

Answer. I served prior to the President's Inauguration as a volunteer in the role of Director of Presidential Appointments for the transition team, which was a separate legal entity from the campaign. My team and I were primarily focused on candidates for Cabinet positions.

In light of the confidentiality interests that attach to executive branch decision-making and communications with the Vice President-elect, I am unable to answer this question.

*Question 2.* Did you ever discuss Ranking Member Cummings November 18, 2016 letter to Vice President Pence with Vice President Pence? If so, when? Please provide details on the nature of those conversations if they took place.

Answer. In light of the confidentiality interests that attach to executive branch decision-making and communications with the Vice President-elect, I am unable to answer this question.

*Question 3.* Were you ever in contact with Vice President elect Pence, transition official Marshall Billingslea or other transition officials about Flynn's work on behalf of Turkey or Russian payments?

Answer. In light of the confidentiality interests that attach to executive branch decision-making and communications with the Vice President-elect, I am unable to answer this question.

*Question 4.* Did you ever speak to transition official Marshall Billingslea about his meeting with Flynn in late November 2016 where Billingslea expressed concern to Flynn about his contacts with Russian ambassador Sergey Kislyak?

Answer. In light of the confidentiality interests that attach to executive branch decision-making, I am unable to answer this question.

*Question 5.* Did you participate in any transition team meetings with Obama officials regarding Flynn?

Answer. In light of the confidentiality interests that attach to executive branch decision-making, I am unable to answer this question.

*Question 6.* Were you aware of Flynn's conversation with Russian ambassador Sergey Kislyak on December 29, 2016 at any point before Vice President Pence's interview with CBS' "Face the nation" on January 15, 2017? If you were aware of Flynn's conversation with the Russian ambassador prior to Pence's interview, did you discuss Flynn's contact with Kislyak with Pence or any other senior transition officials?

Answer. In light of the confidentiality interests that attach to executive branch decision-making and communications with the Vice President, I am unable to answer this question.

#### *TN InvesCo Fund*

*Question 7.* What was your role in the establishment of TN InvesCo Fund?

Answer. I did not play a role in the establishment of this program. It was established by statute, designed and implemented under the administration of then-Governor Phil Bredesen (D) in 2009.

*Question 8.* Were you involved in the legislation that created the TN InvestCo fund?

Answer. No, the legislation that created the TN InvestCo fund was passed, signed into law and implemented in 2009, prior to my government service, which was from 2011–2015.

*Question 9.* Did your private investment fund—Hagerty Peterson—benefit financially from the TN InvestCo Fund?

Answer. No. In 2009, I became a limited partner with a minority stake in one of the ten funds that were selected under the TNInvestco program. That fund was separate from Hagerty Peterson and made no investments in any Hagerty Peterson portfolio companies. Nor did any of the other funds selected under the TNInvestco program. Prior to my entering government service in 2011, Hagerty Peterson became inactive. When I entered government in 2011, my interests in the fund were placed into a blind trust. In addition, all responsibility for oversight of the TNInvestco program was delegated to other officials, in consultation with the Governor's counsel.

*Question 10.* Did the companies that received money through InvestCo have any oversight, reporting, or other monitoring and evaluation protocols?

Answer. The reporting requirements for the companies that received funds were specified by the legislation and had to do with the location of the companies, the capital invested and associated employment. All day-to-day responsibility for oversight and monitoring of the TNInvestco program was delegated to department officials. As such, I had no direct role in oversight or monitoring this program.

*Question 11.* What were the goals of the InvestCo Fund? Were those goals met? Was there any reported accounting of the activities that found this program created jobs or contributed to economic development for TN?

Answer. The program was designed to increase the flow of capital to companies in Tennessee in the early stages of their development. Since the program's implementation, Tennessee has moved up the league tables in early stage risk capital deployment from #45 in 2010 to #22 in 2016, according to the Milken Institute State Technology and Science Index.

#### RESPONSE TO FOLLOW-UP QUESTION FOR THE RECORD SUBMITTED TO WILLIAM F. HAGERTY BY SENATOR CORY BOOKER

*Extent of Mr. Hagerty's knowledge of former National Security Advisor Michael Flynn's Russian and Turkish dealings as a senior transition official responsible for personnel.*

*Question 1.* Thank you for your response to the questions for the record I submitted on May 18, 2017. In reference to your knowledge of a November 18, 2016 letter from Congressman Cummings regarding Michael Flynn's lobbying on behalf of Turkey and a paid appearance with Russian President Vladimir Putin, you replied that you were unable to answer the question, "in light of the confidentiality interests that attach to executive branch decision-making and communications with the Vice President-elect."

You also cited confidentiality interests that attach to executive branch decision making as the reason you opted not to answer my questions about discussions you may have had with Vice President-elect Pence about Congressman Cummings' letter as well as any discussions you may have had with other transition officials regarding former National Security Advisor Michael Flynn's communications and relationships with Russia and Turkey. All of the discussions or other information that I asked you about took place prior to President Trump and Vice President Pence taking office on January 20, 2017.

Accordingly, below are a few follow-up questions to clarify the reasons why you are choosing not to answer my initial questions for the record.

- Please identify the legally recognized privilege (or privileges) that you are asserting as the basis for your refusal to answer the questions regarding your contacts with Vice President-elect Pence?
- If you are citing executive privilege (or any other privilege held by the chief executive or federal agencies), please explain the legal basis for claiming that privilege as a private citizen who was volunteering on a transition team prior to inauguration.
- If you are not citing executive privilege, please specify in detail the legal theory upon which you are basing your refusal to answer these questions.
- If upon reflection and legal review, you recognize that you do not have a sound legal theory upon which to rely, please provide full answers to the aforementioned questions for the record from my May 18 submission.

Answer. I served in the role of Director of Presidential Appointments for the transition team, which was a separate legal entity from the campaign. My team and I were primarily focused on candidates for Cabinet positions. The selection of members of the White House staff was generally handled separately. As noted in my responses to your earlier questions, I was unable to respond in light of the confidentiality interests that attach to executive branch decision-making. Given those interests, I am unable to respond further to your follow-up questions.

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