



**Bureau of East Asian and Pacific Affairs  
Statement by Assistant Secretary Christopher R. Hill**

**September 29, 2005**

Madam Chairman, members of the Subcommittee on East Asia and Pacific Affairs, I am pleased to be with you today to discuss U.S. relations with Japan, our close friend and key ally in Asia and the world.

Japan is remarkable for its transformation and development in the 60 years since the end of World War II. We share with Japan a commitment to democracy at home, to the universal principle of human rights and to the promotion of free markets abroad. Through the tremendous efforts of its people, Japan is now the world's second-largest economy, the world's second-largest provider of international assistance and the second-largest contributor to the United Nations. Japan is, in many ways, a model for what we hope many countries around the world can and will achieve.

Japan is a key ally of the United States in Asia and around the world. Like us, Japan is dedicated to maintaining regional security and to promoting peace and stability around the globe. But our alliance represents more than a defensive balance of power. It is also a positive force for progress. We now have a historic opportunity to transform our alliance to meet the challenges of the 21<sup>st</sup> century – including both traditional and new security, economic, and transnational challenges. We are working very closely with the Department of Defense, led by my colleague Richard Lawless, to use this opportunity to transform our alliance to meet those challenges.

Our alliance was founded in response to the threat from the Soviet Union. Today, we view our alliance as an opportunity to pool our capabilities in the face of new challenges and opportunities, from terrorism to the tsunami relief

efforts to HIV/AIDS to our new Asia Asia-Pacific Partnership on Clean Development and Climate. We are working hard to restructure our forces and forge a long-term commitment from both countries and both peoples to allow our alliance to adapt, grow, and meet these and other challenges for the years ahead.

Japan faces certain constraints, such as its policy on collective self-defense and Article 9 of the Constitution. These are issues for the Japanese people to work out for themselves, through ongoing public and Diet debate. With continued close consultations and further refinement of shared goals, we intend to do everything we can to keep this alliance as vital and effective over the course of the next 50 years as it has been over the previous 50.

Today, Japan stands with us from East Asia to Afghanistan. For example, Japan is a vital partner in the Six-Party Talks and played a key role in the negotiation in Beijing earlier this month of a Joint Statement, in which the Democratic People's Republic of Korea (DPRK) committed to abandoning all nuclear weapons and existing nuclear programs, and returning, at an early date, to the Nuclear Nonproliferation Treaty (NPT) and International Atomic Energy Agency (IAEA) safeguards. Japan joined the U.S. and other parties in making clear that discussion with the DPRK about peaceful nuclear energy could take place only after the DPRK came into full compliance with relevant international agreements, including returning to the NPT and full implementation of IAEA safeguards. The Japanese had direct discussions with their DPRK counterparts on issues of concern such as abductions and human rights. I will give the Committee a full read-out of the discussions in Beijing on October 5.

Elsewhere in the world, Japan is helping us to do the hard work that will create the necessary environment for the expansion of markets, the development of democracy, and the protection of human rights. As it works with us, Japan is changing its own role in the international system. It has made essential contributions to Iraq, Afghanistan and the War on Terror. Japan worked side-by-side with us and others to respond to last December's horrific earthquake and tsunami; Japan is working with us today to implement an early warning system for the Indian Ocean. Secretary Rice and Foreign Minister Machimura just launched our new Strategic Development Alliance (SDA), which will further strengthen our coordination in the crucial area of international aid and development.

In Iraq, in addition to the nearly \$5 billion pledged by Japan and the \$1.5 billion it has spent so far on reconstruction, the Japanese Self Defense Force engineering battalion deployed in Samawah has built or rebuilt several water treatments facilities and power stations, repaired hospitals, and provided ambulances, medical equipment and emergency medical supplies. The Iraqi government has made clear its appreciation; we, too, greatly appreciate Japan's steadfast commitment. Japan has also taken a higher profile role in the Middle East Peace Process, aiding the Palestinian people with humanitarian assistance, and helping to reform the Palestinian Authority and implement confidence-building measures.

In Afghanistan, Japan has contributed nearly \$1 billion in aid and its Overseas Development Assistance (ODA) personnel are working with us and Afghans to rebuild the Kandahar-Herat Ring Road and revitalize infrastructure that has been virtually non-existent for years. Japan has been a significant contributor to the War on Terror, providing at-sea refueling to Coalition vessels from twelve countries performing maritime interdiction operations in the Indian Ocean. Without the 103 million gallons Japan has provided to date – worth about \$150 million – some Coalition members would not have been able to participate at all. We applaud the Government of Japan's recently announced intention to seek legislative branch approval to extend that operation for another year. This is the most significant military mission that Japan now undertakes in the war on terror.

The new U.S.-Japan Strategic Development Alliance (SDA) will allow us to discuss and better coordinate our assistance priorities and programs in the context of the geopolitical situation, and in accordance with our common views on development. Secretary Rice and Foreign Minister Machimura released a set of shared principles for results-oriented development assistance during the UN General Assembly meetings in New York earlier this month. Yesterday, Under Secretary Shiner and Deputy Foreign Minister Yabunaka held the first meeting under the SDA, discussing job creation and business climate reform in Indonesia and education and workforce development in Pakistan, activities which have the common goal of creating sustainable jobs for the people of these key Asian countries to give their people greater opportunity.

Japan's growing global role is evident in many ways. Japan was a core member of the tsunami relief effort and has been at the forefront of nations working to establish an early warning tsunami system in Asia. Japan's global role is also evident at the UN. We believe Japan's role in the world, not to mention its

significant contributions to UN operations, warrant a permanent seat on the Council, and we have long supported a permanent seat for Japan. However, as the Secretary said at the General Assembly on September 17, our challenge now is to enact the vital reforms that will make the United Nations more accountable to its members, more suited to new challenges and more faithful to its founding purposes. Real progress on fundamental reforms will prove that the United Nations can tackle even bigger and more complex changes – in particular, the reform of the Security Council, including a seat for Japan and greater representation for developing countries.

Closer to home, healthy relations among Japan and its neighbors, particularly China, are essential to stability and prosperity in East Asia, and thus in the interests of all countries in the region and of the U.S. as well. Japan and China are more economically dependent on each other than ever – particularly on the trade front – with China now Japan’s largest trading partner; two-way trade between the two countries was over \$170 billion in 2004.

However, frictions remain, fed by territorial disagreements, including East China Sea energy exploration; historical disputes; and other issues of concern. For its part, Beijing shares with some of its neighbors, including the Republic of Korea, a lingering distrust of Japan’s view of its past. Tokyo, in return, is concerned about inaccuracies in and the anti-Japanese tone of textbooks in China and Korea. Given the growing common interests of the nations of Northeast Asia, these differences constitute unfortunate obstacles to taking full advantage of the tremendous opportunities that exist in the region. As Deputy Secretary Zoellick suggested last week, part of the solution is greater dialogue. For our part, we will continue to stress to our allies and partners in the region the importance of finding mutually satisfactory and amicable solutions to these issues.

On September 11, 2005, Prime Minister Koizumi won a landslide victory. He has stressed his determination to pursue further reforms, which we hope will include redoubled efforts for economic reform. Much progress has been made, but there are still areas within the Japanese economy that remain heavily regulated. We will continue to support the Japanese effort to make further reforms in sectors such as pharmaceuticals and medical devices, telecommunications and health care, and, of course, we strongly urge Japan to resume beef imports from the United States without further delay. It has been a year since we reached agreement on a framework intended to accomplish that.

Despite repeated interventions at the highest-level by the U.S. Government, it has not happened yet. This should change.

As you know, it was the defeat of Prime Minister Koizumi's top reform priority, the privatization of Japan Post, that prompted him to call an election; with the large majority now enjoyed by the ruling coalition in the Lower House of the Diet and political momentum behind the Prime Minister, most Japanese observers believe it likely this legislation will pass quickly. Beyond mail services, Japan Post also includes huge banking and insurance operations. We will monitor developments closely; we want to ensure that Japan Post's insurance arm, which is subject to a set of laws and regulations that differ from those governing the private sector, will not be allowed to issue its own new products until a fair and level playing field has been established between it and its private sector competitors, which include a number of large American insurers. We have similar concerns in the express mail and banking sectors.

The United States and Japan are also perhaps the world's two most technologically advanced societies – and we are cooperating in this area as well. One example is climate change. The U.S. and Japan are founding members of the Asia-Pacific Partnership on Clean Development and Climate, announced by Deputy Secretary Zoellick in July. In this Partnership, the U.S. and Japan, with fellow members China, India, Korea and Australia, will use our scientific and technological expertise to encourage accelerated deployment of cleaner, more efficient energy technologies to meet national pollution reduction, energy security and climate change concerns.

In another scientific area, Japan and the United States are at the forefront of the effort to monitor avian influenza. We are working together in both APEC and the International Partnership on Avian and Pandemic Influenza, announced by the President earlier this month, to try to prevent an epidemic among humans from occurring – and to be ready to combat the disease should an epidemic nevertheless occur.

We look forward to continued close cooperation with Japan, as both nations realize that we can accomplish so much more when working together and complementing each other's efforts. This relationship is strong, broad and deep, and we seek to make it even more so while adapting it to the new challenges of a new era. From the hundreds of thousands of visitors from Japan each year, to the success of exchanges that bring Americans to live and work in Japan, we have a relationship that goes well beyond the meetings of our leaders

and government officials. We will build on this human dimension as we work together to secure peace, stability and prosperity in Asia and around the world.