

Center for Strategic and International Studies

**Conference Call on Japanese Prime Minister Shinzo Abe's
Visit to Washington**

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Date: Wednesday, April 29, 2015

*Transcript By
Superior Transcriptions LLC
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COLM QUINN: Afternoon, everybody. This is Colm Quinn from CSIS. I'm here with our principals for this call we're doing today. I've got Mike Green, our SVP for Asia and our Japan Chair; Matt Goodman, our Simon Chair in Political Economy and senior adviser in Asian economics; as well as Nick Szechenyi, who's our deputy director and senior fellow with the Japan Chair.

I'm going to give it over to Mike Green to begin. And he's going to have some quick remarks and then pass it over to Matt Goodman for his take, and then we'll open up for a Q&A.

MICHAEL J. GREEN: So, hi, thanks. It's Mike Green. I'm going to open up, and then I'll ask my colleague, Matt Goodman, to give comments.

There were three big themes in the trip, and they were all in the prime minister's speech today. First, the issuance of new defense guidelines moving our alliance with Japan into a new era. Second, movement towards the final phase of completing a Trans-Pacific Partnership agreement, which Matt will talk about. And third, in the background for all of this, how the prime minister would address the 70th anniversary of the end of World War II. So let me spend just a few minutes on the first and third, starting with the new defense guidelines.

These were signed or agreed upon Monday, the president and prime minister reaffirmed them yesterday, and it came up in today's speech. The defense guidelines have been issued twice before. These ones address and change the alliance in two ways, really. First, they broaden the areas where we cooperate: cyberspace, outer space, and domains and functional areas where the challenges are clearly more significant than they were a decade or two ago. And the second area where it changes the way we work with Japan as allies is in the integration or tightening of our security cooperation. And that second part, I think, is the most significant dimension of this.

Our alliances with Korea, our alliance with NATO, the NATO alliance, have joint and combined command structures. That means you have American generals or admirals commanding European troops or Korean troops, and vice versa. Our operational plans and our intelligence is fused and joint. The U.S.-Japan alliance from the beginning has been two separate military establishments, in large part because the Japanese, for most of the postwar era, did not want to be involved in any of the Americans' Cold War security operations. And the change here that is most significant is in that respect. We still will not have a joint and combined command like we do with Korea or with NATO, but we're going to come much closer because on July 1st Prime Minister Abe's Cabinet agreed that Japan would recognize the right of collective self-defense, a right in the U.N. Charter given to every country, to come to the assistance of an ally that's under attack with your own forces. And in July, the Cabinet in Japan decided Japan would have that right. It always did – you know, constitution never contradicted it – it just never exercised the right.

So based on that, the guidelines now have real meaning. And Japan will now – pending legislation in Japan, in the Diet, Japan will now have the ability to be integrated into U.S. use of force to protect American property, to defend American forces, to sanitize sea lanes or defend against missiles, if the U.S. military is in operations anywhere in the world. What Japan will not be able to do is engage in offensive operations or attacks against other countries at the pointy end of the spear.

So this is an important step forward. It's not as far as NATO or the U.S.-Korea alliance. It's not a joint and combined command, and Japan will not be involved in offensive operations. But it's a huge relief for the U.S. to have that support, which we've needed for a long time, and it's welcomed everywhere in Asia except China and North Korea. The Korean Defense Ministry, though they have concerns about security, has welcomed it, for example.

Turning briefly to the history issues, it's the 70th anniversary of the war. As a candidate for prime minister, Prime Minister Abe suggested he would think about changing some of the traditional or some of the past official apologies by his predecessors when he issued his own statement on the 70th anniversary of the war. He's largely moved – he's moved away from that.

This was important for the administration, not because Southeast Asia or South Asia are viewing this as an obstacle to cooperation with Japan – Japan has excellent actual polling numbers in that part of Asia – and not entirely because of China, because the Chinese will use this issue to try to keep Japan in a kind of de-legitimized position, but the key thing for the administration was Korea, a U.S. ally and one we want to be doing more with Japan and ourselves jointly. And so it was – the subtext was can the prime minister move the dial with Korea.

Korean Americans protested when he was speaking, but I think most people who follow this thought the prime minister went pretty far. He did not apologize, because I think in his view Japan has apologized a lot. If you Google “Japan apology World War II,” it's several pages of official apologies. And I think Abe and his government view the apology as a political act designed to keep Japan wedded to a more constrained role.

But what he did do was use some new language to express his remorse. In the congressional speech he used the word “with deep repentance.” Repentance in a Christian tradition is loaded with a lot of meaning, more than remorse, which is a more passive way of expressing views on wrongdoing in the past. I think a lot of people will pick up on that word, “repentance,” as new. He spent a lot of the speech – I think six paragraphs – about history with the U.S. and with Asia. And in his press conference and meeting at Harvard, he expressed his heartfelt sorrow at the fate of the so-called “comfort women,” women who were recruited to serve as prostitutes for the Imperial Japanese Army, very sensitive issue in Korea.

My sense is this is about as much as the administration expected – maybe not what they wanted, but about what they expected. As I said, it's not an issue, generally,

for the rest of Asia, and the key will be how Korea reacts officially and if there will be a lot of Korean media criticism. And the hope, I think, would be that this moves Korea-Japan relations forward a bit, even if it doesn't completely resolve the very, very sensitive past between those countries.

Matt?

MATTHEW P. GOODMAN: Sure. This is Matt Goodman.

Just to talk for a moment about TPP, as Mike said, this was one of the other big points of interest in this visit, and – this Trans-Pacific Partnership being negotiated among 12 countries in the Asia-Pacific. The U.S. and Japan are by far the biggest members of the group. And in a sense, this agreement is really a bilateral FTA, a free-trade agreement, between the U.S. and Japan, something that has been accomplished with other members of the group, among other members of the group. But the U.S. and Japan is by far the biggest prize here.

The hope had been that the U.S. and Japan would be able to wrap up an agreement bilaterally on market access as a side negotiation to the main TPP 12 negotiations by the time of this trip. That didn't happen, and that's disappointing to some. But in fact, it's clear from the body language of the two leaders that they got very close. The negotiators are very close. They said we made significant progress. And importantly, they highlighted the fact that the two countries are now going to work on the other 10 members of the group to try to get the overall deal across the line. And I think the signaling there is that a lot of the other countries in the group have been using the kind of excuse of the U.S. and Japan not having completed their part of the deal for not putting their final offers on the table. And so now the U.S. and Japan are signaling, look, we're all but done and we just need to get the others on board and get this thing wrapped up, possibly, you know, even within a matter of weeks or – you know, it's always dangerous to predict when trade agreements are actually going to close, but the idea is that there is now momentum behind this. Together with the movement of Trade Promotion Authority, or fast-track authority, in Congress, as that moves forward, that's also given some momentum to the talks. Again, other countries are waiting for that, including Japan, and now that that's moving I think there's a sense that this could be brought together.

Obviously, still not all issues between the U.S. and Japan have been fully resolved. Agriculture or automobile issues remain to be tied up, and then in the broader agreement there are a number of issues that are still to be resolved. And obviously TPP – TPA has to be completed. So this isn't a done deal yet.

But the sense, I think, is that this gives another big push to the overall talks. And again, TPP is really not only a huge economic agreement between in particular the U.S. and Japan, and then bringing in 10 other Asian-Pacific countries, but is also strategically very significant for both the U.S. and Japan in terms of embedding themselves in the region as leaders of a rules-based order and simply updating the rules, which are really

out of date with the realities of global trade and regional trade. So it was essentially significant progress, but not yet done.

MR. GREEN: Thanks, Colm. I think we can take questions for about 15, 20 minutes if there are some and if people can still hear us.

Q: Hello, Colm?

Q: This is –

Q: Go ahead.

Q: This is Angela Greiling Keane with Bloomberg. Thanks for doing the call.

On the – two questions – one for each of you guys, I guess. On the auto component of the TPP talks, obviously, Japan wants lower tariffs for Japanese vehicles imported in the U.S. and they're working the language on that, but Japan already has low tariffs on American cars going over there, but yet nobody in Japan really buys American cars or any foreign cars to speak of. Is there a way to satisfy the U.S. auto industry on that?

And then secondly, on comfort women, does anybody have any sense of how much that was discussed, and what sort of wording was used if it was, during the bilat between the two leaders privately?

MR. GOODMAN: Well, let me take the auto one first. This is Matt Goodman.

So, as you know and implied, automobile trade between the two countries has been a major point of contention in our bilateral relationship, also a major point of trade between our two countries, a significant amount of trade. And I think the issues that are – that are remaining on the table really relate to questions of the U.S. – remaining tariff lines in the U.S., which exist still on automobiles, on trucks and on auto parts.

I think there's – my sense is that there's been a basic understanding on the automobile and truck tariffs and a – with a lengthy phase out that will be based on whatever's agreed in the overall 12-party talks. The auto parts tariff, which is 2 ½ percent, is still the issue in contention, and I think the – as I understand it, they – Japan is hoping that that will be phased out much more quickly. But that's the remaining issue here.

On the Japanese side, I think there is a sense that the Japanese market has been a difficult one to penetrate, but in terms of clear, identifiable obstacles, as you said, there are not high tariffs in Japan. There are not any direct measures taken by the government to prevent American automobiles penetrating that market, and so some of this is legacy challenges in that market. But certainly those are the things that I think are the final issues to be resolved, again, alongside the agricultural issues.

MR. GREEN: I'm told by the Japanese delegation that when the prime minister was in Boston, after the question of comfort women was raised in his roundtable with students, that then over dinner with Secretary Kerry it was – the history issue broadly was a major topic of conversation. It was a subtext for the whole meeting. (Coughs.) After the whole visit – excuse me – the prime minister went to the Holocaust Museum. He went to the Lincoln Memorial with the famous “with malice toward none” speech on one wall. And so I think it was a subtext for the entire visit.

I don't get the feeling that the administration was heavy handed or that the Japanese felt it was heavy handed, in part because this has been a dialogue that's been going on for as long as Prime Minister Abe's been in charge, and in part because I think the administration recognizes that the Japanese have apologized. The important thing was to reiterate the official apology, which the prime minister did in his speech to Congress.

And then the Korean side is somewhat divided. The civil society movements want compensation and apology, a personal apology to each of the surviving comfort women. The Korean government recognizes, I think, that that's not going to happen because their bilateral treaty waived reparations. And so President Park has wanted some statement of sincerity on this issue. And the prime minister reiterating in front of Congress that he will stick with the previous apologies and talking about in his Harvard and his press availability his heartfelt remorse and repentance and so forth, my guess would be that the administration will tell the Korean side, look, it's not everything you wanted, but this is a basis at least for moving forward, because the two leaders have not had a formal meeting. And this, in spite of the fact Abe's had two bilaterals with Xi Jinping of China and President Park of Korea has offered to have a bilateral with Kim Jong-un of North Korea.

So I think the administration probably think they have enough to not resolve the issue, but encourage a summit meeting, encourage some more progress between Japan and Korea, including some important defense and trade agreements we need them to cooperate on.

Q: I was wondering – can I ask a question now?

MR. GREEN: Please.

Q: Yeah, this is David Brunnstorm from Reuters.

This is a question really for Mike and Nick. On the guidelines, just wondering what potential difference you see the guidelines making in the South China Sea, and whether or not whatever comes of greater cooperation between Japan and the United States there would – you know, can act as a deterrent against China.

MR. GREEN: It's a good question because the Chinese – the PLA Navy and the Chinese Coast Guard has rough parity with the Japanese. And when it's the U.S. and Japan it's – we have a – still have a pretty strong advantage in terms of fire power and numbers of ships and quality of ships.

But when you line up the PLA Navy or just the Coast Guard against Vietnam or the Philippines, it isn't even close. The Philippines have four ships, and really only two of them are ocean-going. And the Chinese have dozens and dozens – you know, last summer they deployed over a hundred in support of their mobile oil platform to keep the Vietnamese at bay. Many of those were former PLA frigates that were painted white.

So the U.S. and Japan have clearly identified in this process that the vulnerability of these other states, even though they're not all treaty allies, is a problem for us because the Chinese will, in the old proverb, kill the chicken to scare the monkey. They'll start undermining the credibility of the American security commitment and of Japan's ability to deal with China as they, you know, start picking off the smaller powers.

So I think you will see in the defense guidelines that Japan would be more willing to provide logistical and other rear-air support for the U.S. The U.S. doesn't want to go into a war-fighting stance, but when we do what we call freedom of navigation exercises, send our ships through to show that we can, that China's not sealed up this area as their lake, I think you'll see more visible Japanese support for that.

And I think you'll see a lot more shared capacity building, where the Japanese use changes in their development assistance charter to provide funding to help countries in the region have better maritime domain awareness, better airports and ports so that they are a little more in control of their own affairs. But in terms of war-fighting or military stances, I think the U.S. and Japan are going to, you know, try to use as many non-military options as possible.

Q: I mean, just to follow up, I mean, do you think it has the potential to change the equation? Obviously China is steaming ahead while this – you know, these guidelines were being discussed and sort of et cetera. And they still need to get some legislation in Japan. And meanwhile, you know, more and more reefs are being developed.

MR. GREEN: You know, it's a really good question. And my hunch is that it is not enough. It's necessary, but not sufficient, that the Chinese ambitions are not being deterred or dissuaded by this yet. It's an important pillar that probably is long overdue, but there are other dimensions that are critical. Building the capacity of these countries to be more resilient, to control their airspace and their maritime space, or at least to have domain awareness, as it's called, to know who's coming in and out of these hundreds and hundreds of Philippine Islands or in the South China Sea.

It's going to take diplomatic efforts to back up ASEAN in the Southeast Asian – Association of South East Asian Nations. Just yesterday the Chinese were able, through

proxy members of ASEAN, to break up a consensus on supporting the Philippines diplomatically. So it's going to be a diplomatic game. There's a – the Chinese are using mercantile tools, banana embargos. You can take them to the World Trade Organization and 18 months later, when the crisis has passed, you might be a result.

So this is going to be an all-of-government effort. This – these new defense guidelines are not primarily about the South China Sea, but they do add an important pillar of the strategy. But I think this is one the next president's going to be dealing with. And TPP will help, if we get it. And I think, in my own view, we're going to need more defense spending. We're going to need resources.

The Pentagon has made that clear, that they need more resources to deal with this problem. And I think that Congress is willing to support it on balance, but the administration has not yet put together a comprehensive strategy. So we'll be dealing with this in the next presidency.

Q: Thank you.

Q: Geoff Dyer at the FT here.

Quick question for Mike, just on how Congress viewed the speech. I mean, just how sensitive are they to these history issues and how do you think it will have played? Will it have pleased or disappointed?

MR. GREEN: Mike Honda from California, who has a large number of Korean-American constituents and has been active on the comfort women's plight for a long time, issued a statement saying he was not happy and asking – saying the prime minister's going to have to do more. I think that's very much the exception, though, and not the rule. I've in advance of the visit had a chance, so has Matt, to speak with some of the ranking members and to testify. And my sense is there's pretty robust support for Japan.

I think there's a uniform feeling in the Congress that they need Japan's help to reconcile with Korea. It's important for many of them, because they have Korean-American constituencies. And for the ones who follow the Asia-Pacific, they know that this tension between Seoul and Tokyo is a strategic problem for us, even on the trade side, because of course the expectation is at some point that Koreans will dock into TPP.

Looking at the room and having talked to a lot of the – not a lot, but some of the key members interested in Asia beforehand, I think the prime minister did what he had to do. I think he was well-received, with the exception of Mike Honda and, we'll see, maybe one or two others who raise a legitimate issue, the comfort women issue. But I think overall, very well-received.

Q: Kiyon Kuk with the Segye Times.

Is question for Mike. What's the best option for Park Geun-hye administration of South Korea given the situation that Mr. Abe keeps, you know, resist to the pressure to apologize for the wartime atrocity, including comfort women issue?

MR. GREEN: Well, you know, I – let me put it this way. If the Park government had a best chance on this issue, it was this week in Washington, because the U.S.-Japan alliance is so central to the Japanese government's political standing and standing in the region that this was the time. And what you heard from the prime minister in terms of reiterating his commitment to the previous apologies, his new language about repentance and deep remorse is, I think, the most that the Park government is likely to get out of Tokyo.

And so if it's not enough for President Park to satisfy the Korean people, the question is, is it enough to at least make some modest progress on issues of mutual interest. And I think the prevailing feeling here in Washington is that hopefully it should, that – you know, that President Park and Li Keqiang, the premier in China, and Abe are supposed to have some time this year a trilateral, that it should be enough for that and for a meeting between President Park and Prime Minister Abe, that the dialogue between Japan and Korean is not over on the comfort women issue, that there should be some more room for progress there going forward.

And of course, the actual statement on the 70th anniversary of the war is in August – August 15th. And I think Korea has a basis for continuing to encourage Japan to do and say more. But I think it would – it would be – there will be no progress in Japan-Korea relations if Seoul waits until after August 15th. I think the expectation in Washington, in the administration, is that there needs to be some incremental progress, at least. And then hopefully that will build momentum for more progress after the – for a better statement on August 15th and more progress after that. But in terms of an apology, I personally don't see Prime Minister Abe going much beyond what he said in Congress.

Q: Hi. This is Jeremy from The Straits Times of Singapore.

Mike, can I just ask you what do you think the message was for – from this visit to China? And what do you think China's reaction will be?

MR. GREEN: I think the message – the TPP message to China's important. And Matt should speak to that, because this is important – an important development in our economic relationship with China.

On the security side, I think this sends a message that the U.S. Japan alliance is indivisible. You know, earlier in this second term senior Obama administration officials were embracing Xi Jinping's proposal for a new model of great power relations between the U.S. and China. And the Japanese protested. India and other governments protested because the formulation does not include Japan as a great power. It's the U.S., China and Russia – and sometimes the EU.

So there were some, I think, expectations, perhaps, in Beijing that they could, you know, manipulate the alliance in a way to sort of weaken the mutual trust, to sort of elevate the U.S.-China relationship to a higher level and therefore have more leverage on Japan on the Senkakus. I don't think Beijing thinks that anymore. I think this summit and the defense guidelines and TPP show how the U.S.-Japan alliance is really central to our approach to Asia. And that's very important strategically. And the TPP part is not insignificant.

MR. GOODMAN: Yeah. You know – as you know, the Chinese view of TPP has evolved over time. They were – initially, I think, thought it was just a small insignificant thing. Then they thought it was containment of China. And it was actually just about at the time when Japan joined TPP in, you know, early 2013 that China's view of TPP really flipped. That was also the time there was a new administration coming in in Beijing. And I think the – what changed in Beijing was they saw TPP as a potential tool to help drive their domestic reform. And anyway, it was happening and it was where the rules were being written and they needed to understand and maybe be part of it in some way.

And so I think this progress this week, while it didn't resolve the issue and therefore I think China's still going to have some doubts about whether this is actually going to happen – as, in a sense, we all do – but now that it looks like this is closer I think China's going to starting to talk about and think about themselves how they get involved in this – in this new sort of rules – system of rules in the region. So that's the – I think that's the good news, because it's intended to sort of incentivize them to want to be part of this conversation, and not to exclude them, as many people think.

You know, it's true that some of these statements that the president and others in the administration are using to try to sell TPP domestically may sound a little scratchy to China, because there's talk about, you know, writing the rules before China writes the rules. I think a lot of that has to be discounted as part of the domestic political debate.

But you know, there is something about the fact that the U.S. and Japan have a pretty clear and common agreement on what high-standard rules mean in things like intellectual property and the role of the state and the economy and regulate – good regulatory policy and labor and environmental standards. And it's important for the U.S. and Japan to really nail those things and be the champions of those things in the region. And I'm sure China – you know, China is listening to that.

MR. GREEN: You know, the Chinese were very unhappy and protested when President Obama last year in April in Tokyo said that the U.S.-Japan alliance, specifically Article 5 of the alliance, would apply to the Senkakus because they're under the territorial control of Japan. And then in November, Xi Jinping and Prime Minister Abe had a summit. And last week, Xi and Abe had a summit as well, and a rather positive summit. And the Chinese knew full-well these defense guidelines were coming. Nothing in it was surprising.

So I think a steady and consistent demonstration that the U.S.-Japan alliance is strong and is not going to be picked apart or replaced by a new model of great power relations or G-2 is really essential for the U.S. and Japan to have productive diplomacy with China. And if you look back in history, the presidents who put Japan at the center – Ronald Reagan in particular, but when Clinton did this at certain points and President Bush – we always had more productive U.S.-China relations after.

The problem is when we – when it's unclear where we stand. And when, you know, American affection is something that the big powers compete for. When it's clear we stand by Japan as a maritime power, a democracy, an ally, the host of our major overseas forces and the second-largest contributor to the international financial institutions – when that's clear and we're unequivocal about it, U.S. China relations tend to stabilize and improve.

So I think this will, in the short term, perhaps, elicit some unhappiness from Beijing, but will probably contribute to more productive U.S.-China relations, including when Xi Jinping comes in September.

I think we're going to wrap up. If this was useful – if this was useful let Colm know, because we'll try to do this when President Park comes in June and when President Xi comes in September. And if it wasn't useful, let Colm know and he just won't tell us. (Laughter.) Is that right, Colm? We good?

MR. QUINN: That's all of our time. Thanks a lot, you guys. If there's any follow up you guys need, you guys have my email: cquinn@csis.org. And please get in touch with me if you have anything more, but I hope this was useful for you guys.

MR. GREEN: And we're putting out a sort of new analysis of the speech in about half an hour, which goes into a bit more detail.

MR. QUINN: All right. So watch your inboxes for that. Thanks a lot, you guys. And we will be posting the audio to this on our website later on as well, along with a transcript, for anyone who needs it.

OK, thanks a lot.

Q: Thank you.

Q: Thank you.

(END)