

The U.S.-Japan Alliance: More Important Than Ever

(スクリプト全文掲載)

[Dr. Armitage]:

Good morning.

Thank you all for being here. I've got an announcement, first of all, that CSIS wants to put out. I think you've probably seen a video streaming, in addition to welcoming you to the rollout of this report. Before we get started I want to let you know that Mike Green and I are your "responsible officers" noted in the safety video that played before we walked in, so please look to us for direction in case of an emergency and I'll be the guy running out back.

Thanks of course to CSIS for being our landlords here and giving us this great time and I must say I'm delighted to be in the presence of my colleagues here and what turned out to be our fourth Armitage-Nye Report. Never did Joe Nye and I think we were going to be seated here again, doing yet another report. We were finished with that. We were going out the back door of our report writing days. But I think it's fair to say that as we started to think about the future, Joe and I, we had a conversation. We decided our future was a little unclear.

It was unclear for several reasons. One is the transactional America First attitude and orientation of this administration. It's the protectionist policies, combined with the questioning about the value of forward basing and alliances. So, that began to unsettle Joe and I, and this is all happening at the same time, that there seems to be a spreading of what we call 'authoritarian capitalism'. And the fact that there are only two Asia experts - Randi Schriver and Matt Pottinger, who are at high levels in this administration. So there are plenty of reasons for us to have that unsettled feeling.

So we thought it appropriate to indicate that there is a future for our Alliance, we do want to demonstrate to the world and to the region that Japan and the United States share values, we share responsibilities, we share interests. We look at trade and defense alliances, these things that add to us, that bring value to us, they're not something that makes us seem like chumps on the world stage. So we've developed ten specific recommendations and they're in four different baskets: economic, military, technology, cooperation and regional issues.

And we do this not because the eight of us love Japan, I think we all have a great affection for Japan, for the people and for the nation, but we do it, because we love our country and we feel this is so much in our interest. Japan is the most capable US ally in the world and Japan is in the most important area of the world, the most important region and we make the point that unless we're moving forward we're falling behind, because standing still is falling behind. So with that I'll ask my good friend, distinguished co-chair Dr. Joseph Nye. If you'd like to make a few remarks and then we're going to work our way down the panel, five minutes max for each of us and then we'll throw it open to you for Q&A. So Dr. Nye.

[Dr. Nye]:

Thank you very much, Rich. It's interesting to start with the title of our report, 'More Important Than Ever', and the reason that's interesting is that, when Rich and I first started cooperating on this issue way back in the 90s, a quarter of a century ago, you could see the beginning of the rise of Chinese power. But in terms of the global balance of power, in America's position in the world and in East Asia, this has continued and it's probably as important a strategic change as you can see.

When we designed policy at that time we decided we would try to engage China, but the critical point was to reaffirm the US-Japan security treaty. And Mike Green and others helped as we worked on that and I think that meant that we could shape the environment, in which Chinese power grew, and that's more important than ever, in that sense the title of this is as relevant as ever. Rich and I did our other three reports basically to show that there was a bipartisan American support for this, that this was a very broad and deep based national interest and I think that has been borne out over time through many administrations. But there has been concern in the in the last year or two about whether we are seeing a situation, where the Alliance is called into question.

There's particularly, president Trump, who is particularly focused on this issue of burden-sharing and allies doing their bit and even during the campaign of 2016 raised the question of whether we should be involved in this.

I think what's intriguing here is that despite all that, this Alliance is in remarkably good shape. But it could be in danger, both by the economic friction that we're seeing growing out of trade wars, and also by failure to realize that in terms of burden-sharing Japan does an extraordinary amount. We have a phrase in the report pointing out that Japan provides about three-quarters of the costs of American troops in Japan, through host nation support. That is very impressive. If it's in our interest to be present in East Asia, to manage the rise of Chinese power, having a significant ally like Japan, that is willing to pay 3/4 of the costs of our forward presence is more important than ever.

So I would argue before we get into the detailed recommendations in the report, which we will now hear, about the things we can do to strengthen the report, some of the problems we face, some of the things we do strengthen. So it's worth remembering the truth that is embodied in the title of the report – 'More important than ever'.

[Dr.Armitage]:

Michael Green will give us a next position of regional issues

[Mr.Green]

Thank you. A number of us who worked on the report with Rich and Joe are going to provide some strategic context and Zack Cooper will give some of the specific recommendations and I'm going to say something about the broader balance of power, strategic setting in Asia, before turning to Victor to talk about the Korean Peninsula specifically.

I've been on the Nye-Armitage reports since the first one in 2000 and looking at the strategic environment, it's interesting to look back at how things have evolved. In 2000, when we issued the first report, the US was able to operate in the South China Sea with impunity. The East China Sea saw virtually no Chinese Coast Guard or PLA Navy activity. North Korea had launched a Taepodong, but the debate about the North Korean threat was more about American commitment and intentions. There was not a substantial missile threat to Japan like we see today with hundreds of missiles and nuclear weapons. Japan was the second largest economy in the world, the US Air Force and the Japan Air Self-Defense Forces enjoyed dominance in the tactical air over the region around Japan.

All of those have changed, the South China Sea is contested, there are regular, almost daily, if not weekly, Chinese Coast Guard and increasingly PLA Navy activities around the East China Sea that North Korea threatens, as I said Japan's the number three economy and the PLA Air Force

is positioned to possibly have more fifth-generation stealth aircraft operating in East China Sea than the U.S. and Japan have combined, over the next 10 years.

There are some good developments though. In 2000, when we wrote the report it was very much a bilateral report. Japan's relationship with Australia was 99% a trading relationship. Since then, we've had a trilateral and bilateral security relationship between Japan and Australia that's quite advanced, with more to come, but quite advanced. Japan's relationship with India and the U.S. relationship with India was stuck on the nuclear test. India had conducted tests in 1998. Today Japan-India relations are on a steady upward trajectory, the Quad has been mobilized, content to be defined, but on a trilateral basis the US, Japan and India now do more, far more than before.

And maybe most importantly in 2000 the Armitage-Nye report was in some ways a plea or really a pledge to bipartisan support for the Alliance before a major election, at a time, when there was debate within both parties, not between the parties and there I think is very robust consensus in public opinion polls in the Congress and among policy experts about the Alliance.

The balance of power challenges we face have also shifted in some important ways. As Joe said, the original impulse of the Nye Initiative in the Pentagon and the Armitage-Nye Report was positioning the US and Japan better to shape China's choices, China's role in Asia. In some ways, we're well positioned to do that today because of the relationships we have with Australia and India and all the major powers in the region. In some ways, we're worse off because the smaller powers in Southeast Asia are not as resilient, and need, as Matt will discuss, Chinese infrastructure help. We're in a much more challenging environment in a second area, I would briefly mention. You know, we were focused in the earlier reports on shaping Chinese choices, which is, in the military parlance, 'Phase Zero', peacetime. We increasingly have to worry about contingencies and China's ability to pull off success in military contingencies because of the trends I described in PLA military capabilities.

So you'll find in our report, we emphasize the strength of the Alliance, but also the need to move faster in terms of jointness, efficiency, getting more efficiencies from jointness, shared intelligence, shared capabilities. In part to shore up our ability to shape Chinese choices in Phase Zero and peacetime, by working with other major powers, but also because we won't be able to encourage China to move in a positive direction, if the PLA can go into Zhongnanhai and say: 'We can win in a fight', and so the military dimension is important not just for contingencies, but because that's what backstops the peaceful intentions of the Alliance that Joe and I articulated and Rich articulated almost twenty years ago.

[Dr.Armitage]:

Thank you Dr. Green. I'd like to ask Dr. Victor Cha to give us some context on the peninsula, if you would.

[Dr.Cha]:

Thanks, Rich. So again, it was a pleasure to be part of this report, the second time I've had a privilege to work on this report.

With regard to Korea, as you all know, since 1969, but even before 1969, when Nixon and Sato signed a joint communique that has something called the Korea clause in it, Korea has always been connected to Japan's security and the security of the US-Japan Alliance.

Today I think the United States, Japan and South Korea share the goals of diplomatic resolution of the North Korea issue, as well as the complete verifiable, whatever we call it now,

complete verifiable permanent denuclearization of the Korean Peninsula. But we are clearly diplomatically moving into uncharted territory. Nuclear threats but also love letters that are being sent back and forth.

But the threats are very real and, as Mike said, these threats are very real to not just South Korea, but to the second and third largest economies in the world, the United States and Japan. So it's important, as we move forward in terms of this uncharted diplomacy, that trilateral cooperation and coordination among the US, Japan and South Korea increase, not decrease, it has kind of dropped off frankly, quite a bit, over the past couple of years. And this is not just trilateral coordination for the sake of trilateral coordination, but really trying to align expectations and views on things like verification and what we seek as the United States and South Korea enter these negotiations with North Korea.

It's also important, not only that there be coordination among Washington, Seoul and Tokyo, but that there be better coordination between Seoul and Tokyo. The Japan-Korea leg of this triangular relationship. If the other two lines are solid lines, this has always been the dotted line and the more that we can do to fill in that dotted line with better information sharing, a better coordination in terms of our militaries, would be something that would not just be good for Japan and Korea, but would be good for the overall state of both US-Japan and US-South Korea bilateral Alliance relationships.

Again, even as the diplomacy moves forward, the threats are still very real. From the North in terms of the ballistic missile, nuclear artillery threats, and for this reason, trilateral coordination should not just be on diplomacy about what should be the line going into the next set of negotiations that are to take place, but it should also be about better trilateral exercising in terms of enhancing nuclear deterrence, extended deterrence, better trilateral coordination on missile defense, as well as better coordination on counter proliferation of North Korean capabilities.

But I think probably the most important recommendation - going forward, because we don't know where all this is going to go, but based on what we've seen thus far is that it is incumbent, indeed, imperative that the Allies agree that as we move forward with negotiations with North Korea, that we do not prematurely sacrifice any core alliance equities. Which you know, I think some would argue, was one of the things that happened in the last meeting, the Singapore Summit, with this decision to suspend exercises. So, going forward, there are of course, things that we can look for in terms of verification, of any denuclearization that takes place, but there should be really no premature surrendering of core Alliance capabilities, either between the US and Japan, the US-ROK, or trilaterally.

[Dr.Armitage]:

Thank you, Dr. Cha. I've asked Dr. Sheila Smith to make some comments about the politics in both Japan and here. So, Sheila.

[Dr.Smith]:

Kevin's helping me with my microphone, thank you. I'm delighted to be here, this is my first time to participate and in five minutes I'll tell you all about the politics that surround this relationship.

Now to be serious here, obviously, how our citizens view the value of this alliance is the foundational piece of the puzzle and we have had some unsettling politics in Japan over the last decade, as well as here in the United States. And we, I would say, both of our democracies have questions about some of the principles of our Alliance, they have questioned the way we implement alliance cooperation, but I have pretty strong faith that we have the ability to speak to

new leaders, to speak to those who don't have expertise in the region, to advocate on behalf of this partnership, which I think we all here believe in strongly.

The DPJ came into power in 2009 and many of you were here and know it rattled Washington pretty significantly. Now we are seeing the same kind of reaction in Tokyo to our presidential election. Some of my friends said to me: 'Japan is never in American politics, Japan has never discussed any more. Does this mean Japan is not important to the United States?' Well, in 2016 our Alliance with Japan was back in the spotlight in a rather uncomfortable way, but I think since we have the new administration events have largely shaped public perceptions of the value of this partnership. Again, North Korea, the behavior also of China, both in the economic and strategic realm have shaped American perceptions of how important these Alliances are to our security and our well-being.

The Chicago Council just put out a poll, just this week in fact, and it is the highest number of Americans who have responded that the United States should be engaged in world affairs, since they began polling in the mid-1970s. So I think, just to reassure you here, I think our public has a very high regard both for Japan, but also for our Alliance with Japan and our Alliances more broadly.

I think when we were having this discussion that led to the report, which I hope you will read more carefully, we all understood that one of the pieces of the puzzle that has bothered us is the lack of the emphasis of our shared values, the lack of the emphasis of the foundational aspects of our democracy, rule of law, our commitment to the global institutions that we have led, Japan and the United States, over the last half century or more, but also that basically inform our collaboration across the Asia Pacific and indeed across the globe. And I think that's one of the pieces of the puzzle that we want to emphasize in this report. that regardless of how our elections may go, one year or the next, that this partnership is based on profound belief in some of the underpinnings of democracy and the rule of law.

I think the regard that many of us around the region and around the globe have for Prime Minister Abe, in fact has been based on his continued behavior on the global stage as well as in the Asia Pacific to make sure that these shared values continue to be at the forefront of the way we would look at the world, but also the way we define our partnership.

Let me just say a couple comments about elections, we have had a couple in Japan, we are about to have a big one here in the United States. In Japan, the LDP leadership election, the LDP voted for continuity and stability. Prime Minister Abe now, will probably be the longest-serving Japanese Prime Minister in post-war history, he obviously continues to make the Japanese people feel that the Japanese foreign policy is one of the primary movers of their future security and stability.

In Okinawa too, however, voters also opted for continuity. The death of a governor in Okinawa, Mr. Onaga, created a special election, the All-Okinawa Social Movement candidate, his successor in some ways, was voted into office overwhelmingly on September 30th. So again, I think our Alliance has to take care that we understand the sentiments in Okinawa and that we continue to work on this particular focal point for our relationship.

We are going to have a midterm election in November, I don't think anybody in the audience doesn't know that fact. It is not necessarily a referendum on our foreign policy, least of all our relationship with Japan, but I do think it will be a referendum by the American people and the ideas and the decisions that have been made by President Trump. I think it's a complex time in

our politics, I wouldn't want to try to predict the outcome here or even to tell you how the outcome might shape the Alliance, but I think it's important and in efforts like this that we continue to make sure that this conversation about the value of our partnership with Japan continues to be part of the way that the American people understand the decision-making here in Washington.

We have in the polling, I've noted earlier, a a pretty broad consensus in this country that we must remain engaged in the world, we have in the Pew poll that was released and discussed here yesterday I believe, also a suggestion that the Japanese people are increasingly worried about our long term commitment and our long term influence in the region, although they overwhelmingly support the Japanese partnership with the United States. So these elections matter, these efforts to speak more broadly to the American people and to the Japanese people about the value of our partnership also matter. And so, I'm delighted to be part of this effort. Thank you, Rich.

[Dr.Armitage]:

Thank you very much, Dr. Smith. With the first and third largest economies in the world, it's clear that economics and finance have to take a big spot in our report, so we've decided to have two experts do the heavy lifting, so I'll ask Kevin Nealer, first of all, to start and then we'll go on to Matt Goodman. Kevin.

[Mr.Nealer]:

Thanks so much and thank you, Dr. Nye for your leadership once again and Dr.Cooper, for the discipline he brought to this whole process and exercise without which it would not be possible.

Those of us, who had the privilege of participating since 2000 in the incipient stage of this report on the economic and trade policy side, I think we've achieved a kind of rough justice and appropriate modesty about our role and the role of those themes. We get that security diplomacy are the bones and muscle of the relationship, but Matt and I, I think are prideful that economics and the financial architecture is the skin that covers it and that presents the face to the world that everybody in Asia and indeed globally sees of US-Japan relationship on a day-to-day basis. It's sustained by American corporations, Japanese corporations and again by the financial architecture that we share and have put together as a matter of self-interest.

Among the things that everybody knows is that we both lost ground to China's ambitions in the region. I'd remind you that the United States invests roughly three times in Southeast Asia what China does, Japan has a similar lead. And so, we set out to look at, as Sheila just said, look at some of the advantages, to assess them and see what they mean for our shared interest in advancing those interests, mindful of the fact that we've been chasing by the loss of two foundational pieces of energy in the trade liberalization processes, both the Doha Round and the TPP. So what comes next, how should we think about amplifying our interest and, protectively, how should we think about making sure that we prepare for the inevitable next crisis?

We're looking at unacceptable mountains of debt in both countries, that's a risk we share and we've actually seen trade growth level off in the last couple of months, which is, I'll need Matt to explain that, I can't, but I just posed you the question. What a different world it would have been if the US and Japan weren't playing the role that they played in 1987 and again in 2008 to put a floor underneath risk in the world markets. So with that as a predicate and, I should be very clear, Matt provided the intellectual leadership for this effort and a lot of and a lot of the language, so over to you, Rich.

[Dr.Armitage]:

Matt.

[Mr. Goodman]:

Thanks. Thank you. Honored to be part of this, my first time actually participating in this, although I've been an avid reader of it for the last 18 years, so delighted to be part of it now.

I was told that my role was to explain what Kevin really meant, so. But seriously, I just want to make two points.

One. Economics is at the heart of the US-Japan Alliance. I have a little parlor game that I play with my National Security-oriented friends and ask them: 'What does Article 2 of the US-Japan Security Treaty talk about?' and most of them think it has to do with military affairs or peace related issues and in fact, it's about economics. In addition to talking about strengthening free institutions, it says: 'The parties will seek to eliminate conflict in their international economic policies and will encourage economic collaboration between them'. So that's Article 2, not Article 22. So it's very much at the heart of what we're supposed to be working together on and both of those points, eliminating conflict and working together in collaboration is really what has inspired our work here and what we've said in the report.

So I think it's significant, the very first recommendation I want to steal, Zach's thunder, because he's going to go through the specific recommendations, but the very first recommendation is about economics and it's really about this point that we need to, in fact, the headline is, we need to recommit to an open trade and investment regime and I think that's really fundamental to making the Alliance strong and on the back of that, we have other specific ideas but really what they're about is extending our shared interests, values and our complementary skills in the now-named Indo-Pacific region in particular, on economic rulemaking and norm setting and standard setting.

And so, a lot of our recommendations have to do first and foremost with finding a way back to, for the United States, back to TPP. That's not going to happen in the short term, but I think getting back to TPP is a critical issue. In the meantime, Japan can work to advance the unpronounceable new version of TPP, the Comprehensive Partnership, which was a showed leadership in actually producing and getting other partners to sign on to. So there's a lot of work to be done bilaterally, regionally, through APEC, with other partners like Australia and Korea, and globally through institutions, like the G20 and the WTO and other organizations, where we are important, critical players.

And we talk about really the core substantive issues that we think we have particular stake in, together, and those relate to things like the digital economy and establishing the rules and standards in that space is critically important to both countries, in disciplines on state-owned enterprises and the role of the state in the marketplace is another critical interest for us, intellectual property standards, market opening. These are all things that we have aligned views on and we should be working more actively together to advance those things through all of those different forums.

Then, on infrastructure, we have a separate recommendation, this is obviously something where both the United States and Japan have a strong interest in - promoting high quality infrastructure across the Indo-Pacific region and beyond and so we have thoughts on that as well.

Bottom line: though I think we need to avoid distractions like trade frictions that are not based on true underlying interests and certainly not on false relations to national security issues, which a lot of these issues have been linked to, and so we need to move on, away from those issues

towards actually working together cooperatively in third countries on Economic Cooperation as Article 2 mandates. Thanks.

[Dr.Armitage]:

Thank you, Matt. Can I ask Dr. Zack Cooper to give us an exposé of the recommendations that we have in our report, very briefly. You can read about them, but I think a little explanation from Zack will be extraordinarily helpful.

[Dr.Cooper]:

Great, I'll be as quick as possible. At first, I want to just say that I appreciate so much the opportunity to be in this group of mentors and role models, it's fantastic to get to work with people such as those on this stage, and many of these recommendations come from people not only on the stage, but also some in the audience and others who have worked on the Alliance over many years.

In the pursuit of an ambitious agenda for the Alliance, we prioritized three imperatives and you can see these in the report. The first is strategic effectiveness, particularly in terms of warfighting and deterrence capabilities. The second is long-term political sustainability, and the third is resource efficiency, because we know that just spending more isn't enough, we have to spend smartly. And with that in mind we came up with four broad buckets of ideas and ten specific recommendations, which you can read about in the report. And they seek to strengthen bilateral economic ties, to deepen operational coordination, to advance joint technology development and to expand cooperation with regional partners. So I'll walk through just each one of those briefly and you can see much more detail on the report. I'm sure it'll come up in the Q&A as well.

So first, as Matt mentioned, to strengthen bilateral economic ties, we recommend that the Allies recommit to an open trade and investment regime, and in particular, we suggest that the two governments establish a business and government dialogue, bringing together American and Japanese CEOs with senior officials from both capitals to set a practical agenda, to address remaining structural issues between the two economies. In addition, to deepen operational cooperation, we recommend that the Allies operate from combined bases. This is something that's been talked about in previous reports and we believe that this would minimize the impact on host populations, whilst maximizing deterrence and warfighting capabilities.

We also recommend that the United States establish a standing Combined Joint Task Force, which would focus primarily on the Western Pacific, and it would decrease the burden that's currently on the Commander of the Indo-Pacific Command, and it would help give Japanese commanders more clear lines for them to exchange information and operational details with their counterparts.

We also recommend that Japan should create a Joint Operations Command and this would decrease the burden on the Japanese Self-Defense Forces' Chief of Staff and help its commanders to better manage crises and the strain of increasingly high-tempo operations.

And then, finally, within the deepening operational coordination bucket, we recommend that the Allies conduct combined contingency planning to respond quickly to acts of aggression by improving the speed and coordination of allied decision-making.

In our third bucket, to advance joint technology development, we recommend that the Allies build on the success of SM-3 block IIA by co-developing defense equipment. Potentially in

areas, such as advanced radars, anti-ship missiles, maritime domain awareness, undersea systems, future surface combatants and amphibious vehicles.

We also recommend that the allies should expand high technology cooperation, particularly by working more closely on intelligence-sharing, cyberspace and artificial intelligence, which should help both of our countries to lead eventually towards the world, in which we could imagine Japan being included in the Five Eyes intelligence sharing arrangement. And then, finally, to expand cooperation with regional partners, we have three recommendations.

First, we recommend that the Allies reinvigorate the trilateral security cooperation and Victor talked about this in some detail. We focus in particular on information sharing and the servicing of military equipment across all three countries, but also that we should look to expand trilateral exercises, where that's possible.

We also recommend that the Allies should work together to launch a regional infrastructure fund, to provide investment options that emphasize high standards, employment of local labor, social and environmental safeguards, open procurement practices and reliable returns on investment.

And our final recommendation is that we forge a broader regional economic strategy by leveraging existing leadership in trade, investment, development and financial services to enhance rules on things like digital commerce, state enterprises and intellectual property protections. So that's a very quick overview, but we think that put together, this isn't certainly an ambitious agenda that will take a certain amount of time, but we think it's necessary to prepare the Alliance for the challenges that it will face in the years ahead.

[Dr.Armitage]:

Thank you, Dr.Cooper. Now hitting cleanup. We have on a second Nye- Armitage report to Kara Bue.

[Ms.Bue]:

Thank you. What Zack just outlined is a tall order by any standard and as with most things, however, real change happens in a step-by-step process. So, in that vein, we wanted to highlight some potential specific next steps that should be considered.

The first has to do with, as Japan moves forward with its Mid-Term Defense Program and its National Defense Program Guidelines, we encourage the US and Japan to coordinate closely during the process as a means to improve our joint ability to fight and defend. In connection with our recommendation on combined bases, we suggest that the US and Japan should study the lessons from existing combined bases, such as Misawa, to identify and learn how to overcome legal, operational and cultural challenges. To expand high technology cooperation, we encourage Pentagon acquisition officials, including officials at DARPA, to work with Japan to quickly identify a new project or even set of projects for joint development and acquisition.

With regard to bilateral contingency planning, we encourage elevating the level and expanding the number of Japanese officers from the Self-Defense Forces, embedded within relevant US units, including the planning staff at the Indo-Pacific Command. And finally, while many of our recommendations require action from the US and Japanese governments, the onus of Alliance maintenance does not fall only on them. The private sector also has an important role to play and we encourage its full consideration of the recommendations raised in the report, particularly with regard to strengthening bilateral economic ties and joint technology development.

As an example of how the private sector can work together to better the Alliance, one of the recommendations in the report that Zack outlined, had to do with a business government dialogue and we'd encourage the US and Japan to move forward on that score. So with those specific ideas I'd like to shift the discussion back to ambassador Armitage and Dr. Nye and then to the audience for any questions.

[Dr.Armitage]:

Thank you very much, Kara, two final comments and then we'll turn it over to you. First, I want to acknowledge that we have here today our good friend, my good friend, best career ambassador we've ever had as a nation, Marc Grossman, who's here and I welcome you, Marc, and thank you very much for your presence here. I think you by your presence bestow on the US-Japan relationship an idea of the importance of that relationship force, so thank you.

Look, we're not naïve, we're not foolish, we know what we've done with these recommendations. These are hard, these are farsighted. Some are just aspirational right now, like the adding to Five Eyes and having Japan, that will be Six Eyes. It means Japan has to do a lot more. What they've already done in the protection of their technology. But we are about to determine as far as we can make humanly possible to push the boundaries. Look, in our Defense Department, except for the two officials Pottinger and Schriver, whom I've mentioned, we don't have officers, who have served their careers in Asia, like we had in the past. We have officers, who know a lot about the Middle East, about Afghanistan, about Iraq, about Syria, but they've not served in Asia. So this is why we've made it so bold - to give them what we think is kind of a farsighted outline, realizing that they're going to have to really stretch themselves and our Japanese allies are going to have to really stretch themselves to reach these. But if we do, we'll be much better able to do, as Joseph and Mike suggests, to deter, and to shape, but if necessary to fight, to protect our interests, so I'm going to turn it over to you. As usual, we'll have folks with microphones, I think. And there's first and I'll feel the questions and sort them out to our staff.

[Intel Analyst]:

I'm Peter Humphrey [phonetic], Intel analyst and a former diplomat. I see nothing that would stop China from loading up an expeditionary force with 50 barges, full of concrete, going out to the Senkakus and creating a base by next weekend. And I don't see under any circumstances the United States is going to war to defend Japan's ownership of those islands. So this, you know, this, we keep ignoring this, but what's the bottom line here, when Japan goes by itself to defend its territory calls the US and then the US says: 'I don't think so'.

[Dr.Armitage]

Thank you. Dr. Green.

[Dr. Green]:

It's a more complicated problem today than it was three years ago, the East China Sea will be more complicated three years from now, but I see a lot of things that stop the PLA from loading up barges, starting with the Seventh Fleet, the Maritime Self-Defense Forces and the geopolitical and economic consequences to China of taking on the 1st and 3rd largest economies in the world, at a time, when China has no shortage of internal challenges of its own. So I think the cost to China would be enormous and that will be the case for a long time and if there's any doubt about US intentions, the fact that every administration since Bill Clinton, including President Obama himself, has stated that Article 5 of our Treaty applies to the Senkakus, that's a pretty clear message. That's why I think, you see, China maintaining a high level of operations but careful, and where Beijing is probing more is in the sort of soft underbelly of the first island chain, which is in the South

China Sea, that's where I'd be more worried. But I think in the East China Sea, there's a pretty robust series of military, political and economic obstacles to Chinese ambitions.

[Dr.Armitage]:

Thank you, Mike. Could you identify yourself? We've got one down front. Please, lady.

[Audience member]:

Thank you very much for an informative forum. China's power play in Asia. They've chosen the One Belt One Road as one of their major vehicles for international viability and visibility, and a number of us believe, in the West and the South Asia and Europe, that these are the trade that's going to lead to country dependence, then that means that China is going to move to protect their investments and invariably leading to expansion in their influence and domestic policies, related to these countries. And then eventually an increase in the presence in those particular countries. How do we restrict Chinese imperialism, if we will, and promote economic and international development in the world by US-Japan Alliances.

[Dr.Nye]:

One has to be careful to take One Belt One Road and separate the advertising function and the slogan from the reality. When you look at One Belt One Road, people sometimes say it's like the Marshall Plan: trillion dollars of investment, and so forth. That's nonsense. The Marshall Plan in fact had the Europeans come together on a coherent program and the Chinese don't want that at all. The Marshall Plan was grants. Chinese program is loans. The net effect of this is you have a hodgepodge of different projects, which lead to indebtedness on the number of countries, which leads to local reactions. Look at Sri Lanka, look at the airport where nobody flies in, the port where nobody sends ships. This has created a reaction, You're even getting a reaction from Pakistan as well. So you have to, you have to separate the sloganeering of One Belt One Road from the reality.

Will China have influence through spending money on infrastructure in a lot of countries, not just in the Belt Road countries? Yes. Can we do something about that? Yes, we can expose what it is and second, as we recommend in the report, the more we, the US-Japan and allies, provide help with infrastructure in these countries, the more you can provide an alternative. So, my first point is that discount One Belt One Road for all the hot air that's in it and you'll find there's a lot less there than meets the eye.

[Dr.Armitage]:

Matt did you want to revise and extend your remarks.

[Mr.Goodman]:

Sure. Joe has said it well and I would just say, I think that's a big misunderstanding about Belt and Road is that Xi Jinping put this banner, this headline on top of something that was really a bottom-up phenomenon of Chinese state-owned enterprises and construction and steel and concrete and things that needed outlets for their excess capacity and so they were pushing projects and trying to get funding from Beijing, from the China Development Bank and China Export Import Bank and going out and doing these projects really initially for that reason. And I think Xi Jinping saw an opportunity to brand this as something that was a big Chinese contribution to the world, to create a community of common destiny, I think that is the slogan that's attached to it.

What was missing was in between - a lot of coordination and you know, real planning, as Joe implied. And they've gotten themselves into some real problems in terms of projects that aren't generating return and they say they want to get a return on their investments that are creating these

various forms of blowback. And so, it's going to be a lot smaller and more troubled. Infrastructure investments are difficult everywhere, if you've rode the metro to get here, I think you have some understanding of that. But imagine, in that part of the world, how much additionally difficult it is. So it's a tough business.

But you know, China's going to continue doing it, it's a legacy item for Xi Jinping and I think they will continue to do it and we have to have a response and pushing back and stopping them is not going to be the answer, because the recipient countries want infrastructure. But we can bring things to the table. We bring great companies with great products and services that are embedded in that, the rule of law and we bring capacity, training, we bring high standards of social and environmental safeguards, debt sustainability, approaches and norms, open procurement practices and various organizations that we lead and drive that promote those things. So I think there's a lot we can bring to the table and if we can liberate pension monies and insurance monies that are looking for long-term investments, that'll far trump what China is doing in terms of, you know, the supposed trillion dollars.

[Dr.Armitage]:

Your question has provoked quite a response. Kevin, do you want to pile on?

[Mr.Nealer]:

I do, but I'm mindful of our time. Thank you for the question. With just two quick footnotes to Joe and Matt's views. One is that the country that is reacting very badly to a lot of the packaging of and where antibodies are being generated to Belt and Road notions is China. This is a country where in no major city can you drink the water from the tap. You might be surprised to know Chinese citizens have noticed this. So and not completely unknown in our political culture, there's starting to be in the netizens world a real conversation about what if you want to improve the quality of life. I can't breathe the air, I can't drink the water and so forth. Those of you who do work and travel there a lot know exactly what this is about.

The other thing is, as our firm does a lot of deal-based work in emerging markets and I've got to tell you, the list that Matt just ran through, it's tempting in the policy community to say: 'Yeah, there's all that financial architecture stuff', that matters enormously, as does branding, predictability and those notions like rule of law, to whether or not you can get a deal done. And to how, Rich and I were just out in Indonesia together, to how people perceive Japanese and American companies and what they bring to the game. It would be a serious mistake as a practical matter to undervalue that.

[Dr.Armitage]:

Right here, second row, please. We've got time, we'll get to you. Would you identify yourself please?

[Audience Member]:

Good morning, my name is Gerald Han [phonetic]. I've come from Boston, of New England. Uncle Sam has always been dispassionate about anything, about foreign policy, about public affairs, domestic policy, until the Japanese attacked Pearl Harbor and then we know we got Hiroshima and Nagasaki. When General MacArthur laid down the peaceful Constitution for Japan, he preserved the Emperor so that they can continue to worship the Emperor and build their Japanese society as is and not as in the past. So finally what happened was, now at this time, Premier Shinzo Abe has got what we called the Rearmament Acts of the Japanese Diet or Parliament. Strangely but paradoxically, in Okinawa we have an Uncle Sam marine son, who ran for election and following a page of speaker Tip O'Neill: 'All politics is local', he won the election. He won the

election in Okinawa Island on a single principle: 'Remove the military base! Remove Uncle Sam's military base!' So my question is, would all of this position, Shinzo Abe's position and this young marine sons' position, would it enhance the Alliance between the USA and Japan in relationship with the ASEAN countries, who suffered terribly during the Japanese war?

[Dr.Armitage]:

Thank you, thank you. The troop presence in Okinawa has been difficult for a long time now. More broadly, in Japan our troops are fairly welcomed. If you look carefully at the recommendations we have, we are looking for ways to relieve burdens on places, which are crowded. I noticed that the new governor has now said he's willing to talk to the government in Tokyo. We don't want to be, that is the United States, the meat in the sandwich between Tokyo and a prefecture, which happens to be the poorest in Japan. And I suspect we'll avoid that, but Sheila, would you like to...

[Dr.Smith]:

So, there's a lot I could talk about in your comment, but let me just focus in on two pieces. One is the Constitution and the LDP proposal, which was passed by the party this summer. It has four elements, one of which you've pointed to, it was Article 9 and Prime Minister Abe, as we all know, has suggested adding a third paragraph to Article 9, with a sentence that would simply say: 'The Self-Defense Forces are constitutional'. I suspect this came out of the 2015 experience of his party and him, when the new legislation was passed, that he felt that it needed to be said straight and to the point, in the constitution. But you will also be aware that there are many people in the LDP and outside, who actually think that more 'wholesale' rewriting of Article 9 would be a better idea. So, I think we're going to watch this Diet session into the spring and then obviously in next summer's Upper House election, how that conversation unfolds. I don't think we should assume that Mr. Abe is the only driver of the debate on constitutional revision in Japan. If you look at the public opinion polling on this, you will see that there's a pretty broad appetite in Japan for this debate. Now, not everybody endorses the LDP's four suggestions, other parties have other ideas. Privacy protections for example, environmental protections, what I would call more 21st century ideas about what needs to be added to the Constitution. But I think you're about to see the Japanese people have a very serious conversation about the document. And they want the imprimatur of a Japanese voice on that conversation.

Now, whether it ends up being a referendum, I don't know. Whether it gets out of the Diet, who knows, and I don't think we'll actually know what the Japanese people think until and if we see a national referendum in Japan.

But I think it's important, whether we're sitting in Washington or we're sitting in Beijing or we're sitting anywhere around the world, that we understand that the Japanese Constitution is the Japanese Constitution and our policymakers here may have opinions on what they'd like to see the Self-Defense Forces do, but ultimately, it's a debate that will happen across Japan and will be resolved by the people of Japan. I think it's a fascinating time to be watching Japanese politics, but I don't think we should be fearful of the process.

[To Dr.Armitage] Did you want me to speak about Okinawa? No? Very briefly, I can. I'll just, very briefly, on Mr. Tamaki. You know, he was a member of the Liberal Party, for those of you who don't know, this is the new governor of Okinawa. He was elected to the Lower House in 2009, he is the son of a US marine and an Okinawan mother. He is bicultural in every way. He's a very interesting man. I'm sure that when he comes to Washington, which all Okinawan governors do, we will all enjoy meeting him and getting to know him better.

I do think though that the conversation between Tokyo and Naha is an important one and I agree actually with Rich that we shouldn't insert ourselves in the middle of it, but I think we should respect it and we should understand that he didn't win by a narrow margin. He won by a significant electoral margin. And for me, leaving the base issue aside, he's an important new next generation face in Okinawan politics. And it's not just on the main islands of Japan, where you're seeing new people come into politics, a new generation of leaders in Japan, you're also seeing it in Okinawa and we need to learn a little bit more about what they think.

[Dr.Armitage]:

Thank you, Sheila. Mike.

[Mr.Green]:

The question also raised Japan's relationship with Southeast Asia and I wanted to briefly point out one more change, important change from the 2000 report to today. And that is, in virtually every poll you look at, Japan is listed as the most trusted country in Southeast Asia, ahead of Australia, the US, China, which is a remarkable change, an asset for the US, frankly, and for Japan. There was a Lowy Institute poll in Australia recently that asked: 'What leader do you trust to do the right thing?' and they had our president and many other leaders. After Malcolm Turnbull, who was Prime Minister at the time, Australians said they trusted Shinzo Abe the most, to do the right thing. So that's quite a transformation, it doesn't mean history's over, doesn't mean there are sensitive issues, that are not there. But that's an asset for Japan and therefore for the US. By the way, Malcolm Turnbull is speaking here tomorrow at CSIS, for those of you who like Australian politics.

[Dr.Armitage]:

We have two here and then I'll get back over to the middle. Chris Nelson.

[Chris Nelson]:

Thanks so much, Chris Nelson, Nelson Report. As usual, fantastic report, so many possible questions. But, I found myself worried increasingly about the trilateral aspects of it, with our Korean friends especially. I would like to hear more, especially from Mike and Victor, who have been on this kind of thing. What are the potential disconnects you're worried about, with the next set of things, with the North, of the North and between the North and the South and how can we fit the management of those potential disconnects into what we're talking about here, because you know you can't get there if you fall into a hole there.

And I worry about domestic political will. You know, we're all the pros, we do all the trade and all the military and all this stuff, so you don't have to sell us on the Alliance and we don't sell each other, but you look at the absurdities, like, you know Osaka, you know 'defriending' San Francisco, right? And you go, what the hell is going on here? Are there any adults in charge? And our South Korean friends, similarly. Do they really actually want to be tight with Japan? You worry about that, it isn't just us elites, it's actual real people. So two separate questions. How do we compensate for, and what do you see as potential disconnects that have to be managed? Thanks.

[Natividad Fernandez]:

Thank you very much, my name is Natividad Fernandes, Georgetown University, and my question is related to the situation in Korea, so I wonder how far or how close is the reunification of Korea, because according to some political statements, someday it seems that is very close. So my question is, how will this reunification will impact on the relationship, on the US-Japan Alliance and also on the trilateral relationship? Thank you.

[Dr.Armitage]:

Dr.Chan, would you like to field the first and then Dr. Green.

[Dr.Chan]:

So I think that it's important to remember that for the three, for Washington, Seoul and Tokyo, we have to look at this problem in terms of the full spectrum of threats that are presented. I mean, this is not simply an issue of some recently tested missiles that are not even in the production phase yet. And it's not only about artillery. It's about everything in between those things and, presumably, if these negotiations move forward, as people talk about them moving forward, any sort of settlement would be addressing not just one aspect of the threat, but multiple aspects of the threat.

Now, is there a chance for delinking or decoupling? Certainly, there is. You know, there is that chance. But that is why trilateral coordination is so important. That is why this has to be not simply something that is on the to-do list that you just checkoff, like mowing the lawn, but it's something that becomes a normal part of practice of doing diplomacy, doing this nuclear diplomacy in Asia. And there are benefits to it, it's not just the negative side of avoiding decoupling. Japan, if there is any solution that includes the lifting of sanctions on North Korea and the provision of assistance, Japan would be an integral part of that, Japan and South Korea would be an integral part of that. It would be hard to imagine that they wouldn't be in an integral part.

On the notion of a peace declaration, again, I think this is something, where we could potentially see delinking. But then it's also in none of the countries' interest to see a peace declaration for a bad deal. A peace declaration in return for something that does not meet minimum standards of verification, minimum standards of whether it's on the nuclear side or conventional force threat reduction, on the conventional side. So there, I think, there's a lot more in common among the three countries, than we normally think of, because everybody's focused on one party moving very quickly, while the other party, the United States, is sort of trailing behind except for the president, who says we've achieved everything we haven't yet negotiated. And then there's Japan that seems to be very far back. I think actually if you look at this, if you lay out what the interests are, there's a lot more commonality than it's generally appreciated.

And then, finally, in terms of the domestic will of a progressive government, the first progressive government in South Korea in terms of Japan-Korea relations. As Rich said at the end of the initial remarks. You know, we're not naïve, we know some of the things that we look for in this report are not easy. But in the long term, whether you're talking about a united Korea or a Korea that is trying to reconcile with North Korea, the relationship, backstopping any of that flux with strong trilateral Alliance coordination, there is no downside to that that I can think of. And while progressive governments are generally less willing to engage in sort of bilateral and trilateral coordination, they also understand it's a necessity. Whether we're talking about security agreements or we're talking about economic agreements going into the future.

[Dr.Green]:

The atmospheric and the pageantry around South Korean president Moon Jae-In's Pyongyang declaration and summit with Kim Jong-un evokes all of the Korean people's natural desire for unification, singing Arirang, the flag with the Korean Peninsula. But the reality is, the South Korean Constitution says: 'there will be one Korea and South Korea's in charge' and the North Korean Constitution says: 'there will be one Korea and North Korea's in charge' and the possibility of this leading to a peaceful unification or even confederation is, in my view and I think Victor would agree, very very remote. But change can come very quickly to the Korean Peninsula and when it does, it will likely not be controlled, it will likely be very quickly. And when that happens, there's a scenario, where it leads to cooperation among the big powers, to peacefully unify the

peninsula and make sure it's denuclearized and make sure that there's a multilateral framework for confidence-building and trade and everything else. But there's also a scenario where the sudden change on the Korean Peninsula brings out all the worst geopolitical rivalries of three millennia between Japan, Russia, China and the US.

So one more reason that the trilateral US-Japan-Korea relationship is so important, is because, I think, it stabilizes that, it makes it less likely there will be the geopolitical rivalry. Polls pretty consistently show most Koreans want a US-Korea Alliance after unification. China's position is that unification should be what Beijing calls 'independent unification', which means the Korean Peninsula is independent from the US, there no Alliance. So that is going to be the crux of the matter. And if there is not a relationship between Japan and Korea that's positive, between the US-Japan Alliance and US-Korea Alliance that's positive, that's going to leave open a kind of wedge or an opening, where Beijing will be tempted to try to push for independent unification. So I think it's in Korea's interest ultimately to demonstrate - not containment of China, but a solidarity with Japan, just to dissuade China from thinking it can push for what it appears most Koreans don't want, which is a separation from the US after unification. So in the long run, all of this trilateral stuff matters a lot.

[Dr.Chan]:

Just a quick, I mean just a quick data point. One of our projects here at CSIS, something called 'beyond parallel' looks at the question of unification, where we've interviewed a whole bunch of experts in government affairs, maybe some of you in the audience have filled out our surveys, if you have, thank you very much, if you haven't, shame on you. But one of the things that we found from that, when we asked experts and officials from all the countries in the region how they felt about unification, the alignment of US Japan and South Korean views on all sorts of questions, ranging from denuclearization to health conditions, to infrastructure, there was more alignment among those three countries, than any others in the region.

[Dr.Nye]:

Chris, let me just go to your second point quickly. On public opinion, the thing that strikes me is that how much more resilient it's been than we might have expected. A lot of people interpreted the 2016 election as a populist reaction against American Alliances, where we've been taken advantage of. And what's intriguing and, remember, this is in the context of candidate Trump telling David Sanger that maybe Japan and Korea should get their own nuclear weapons, that is totally vanished. There's no public opinion in support of that and what's more, when you look at public opinion in support of the US-Japan Alliance, it's proven substantially resilient. And I think a lot of us are going to be in Tokyo next week for the Mount Fuji Dialogue and the Nikkei events. But when Rich and I did this a year ago, I was amazed at how strong the support was for the Alliance. I don't think that's changed. So, in a sense of the most intriguing thing about public opinion might be the old Sherlock Holmes saying the dog that didn't bark.

[Dr.Armitage]:

Can we go to the middle here, someone in the fourth row? One two three four. You've been very patient. And then we'll go to Keio University.

[Satoru Nagao]:

Thank you very much, my name is Satoru Nagao, Hudson Institute. This recommendation mentioned the conduct combined.

[Dr.Armitage]:

I don't think we can hear you

[Technical issues]

[Satoru Nagao]:

Thank you very much that I will speak from the beginning. My name is Satoru Nagao, this recommendation mentioned the conduct combined contingency planning. This recommendation is very important I think, but at the same time with all respect, it looks like this recommendation only applies in the Northeast Asia, so if Doklam-type incident in the Indochina border area was a crisis, happening in the Maldives, what kind of combined contingency planning the United States and Japan can conduct? It's my question, thank you very much.

[Dr.Cooper]

A great question and Dr. Nagao, thanks for your work on Japan-India relations.

I would say we do think combined contingency planning is important, but we have to understand that there are legal restrictions in Japan to the scope of that kind of contingency planning. And we want to be very respectful, as Sheila said, to Japan deciding where and how it wants to interpret its own rules and legislation. And so, we have not been specific about where the combined contingency planning should occur, I would say, I think as a first step that the East China Sea is the place to begin simply because that's where we're under the most pressure and that's the most important place for the Alliance to be particularly strong. There's no question that we've been doing more outside this China Sea, you know, we've been talking a lot about South China Sea and we've seen Japan operate there into the Indian Ocean as well. But I think as a beginning point, what we would say is, let's begin in the East China Sea and be able to respond quickly to any kind of Chinese escalation there and then we can see where things go, depending on how Tokyo and Washington believe the matter should be settled. Thanks.

[Dr. Nakayama]:

My name is Toshi Nakayama, from Keio University. I am now at the Wilson Center until next summer.

One short comment and one short question. Despite what Professor Nye said in the first and the second and third report, which came out, we were quite confident that it was an all-American voice. But this time around I think there's doubts. And yes, I do agree that most of the Japanese people support the Alliance. But there's this sense, I call it 'Shyou ga nai' realism, it's there's no other option realism, so I have I think you have to sort of you know take into account the Japanese doubts, to a certain degree. And I'm sure all my friends are watching this event, back home on the website, I hope you can address... on this specific point, you recommended that including Japan into the five eyes and in the first report you said the Japanese intelligence community has to do more. So are you now confident that you could sort of propose, you know, including Japan into the Five Eyes? Because we don't see the intelligence cooperation, when we're outside. Is there a sort of common feeling that intelligence cooperation, at least between the US, has sort of you know, been improved and you're comfortable that you, now you can propose including Japan to the Five Eyes? So that would be my question thank you very much.

[Dr.Armitage]:

Dr. Nakayama, as I understand it, you want to know how serious we are about Five Eyes, adding to it, and what is the realistic possibilities? Let me be clear. It is our view that just doing what we've been doing for the past several years is not sufficient. We make the point that if you're standing still, you're falling behind. And I made the comment that part of what we talk about, like Five Eyes, is aspirational. There has to be a lot of change on the Japanese side. But from my point

of view and knowing what I know about the intelligence sharing between the United States and Japan, we're pretty far along, we're pretty far along. Now, I think, some of the other members of the Five Eyes would have some questions. Not everybody would immediately come along, but I don't think anybody would question what we say in the report that Japan is our most important ally in the most important region of the world. Therefore, I think policymakers in the United States and intelligence officials in the United States could make a very good case, if Japan has all the protections necessary in place to really make a good argument for Six Eyes for Japan.

[Mitsuo Nakai]:

Thank you. My name is Mitsuo Nakai, Reagan Foundation.

This one is for you, Rich. I want to talk about the balance of power in the Asia Pacific. I'm talking about China now. The security treaty that was signed between the two countries helped protect Japan, as you know. However, Japan was up here but now China is up here, spending military budget, something like 7.9% of their GDP. And now because of North Korea Japan is beginning to spend more money in the military to protect themselves, I know that. This is for you, Rich, can you talk about China and balance of power?

[Dr.Armitage]:

I'm probably not the best suited but I can talk to it. First of all, it is right that Japan is spending more on defense, as you suggest. But the Abe Administration for the past several years has been adding the defense budget, not just about North Korea, more generally. And when we look at Japan, when we think about it, we don't look at Japan standing alone, we see Japan with the United States and the combination is able to deter, we have been able to deter. And that is the view of all of our friends. Mike talked about the view in Southeast Asia, they all have that view. And that doesn't mean that we should slack in the efforts or anything like that.

We have to also not see China, I think, as 10 feet tall. My personal view is, Xi Jinping is powerful, he's secure in his position but he's brittle. There are questions in this society about how he's spending his money, there are questions in society about OBOR, which has been spoken about up here. There are questions about why the people's armed police are growing a pace, why do you need so many for domestic enforcement. So we have to do the best we can with our relationship, not see our possible adversary and I'm not right yet calling China an adversary, if we do our job and if great diplomats like Marc Grossman do their job, we will prevent a China from becoming an adversary. But it's not for sure, it's not for sure. Mike or anybody, want to add?

[Henry Newsom]:

Henry Newsom. People can hear me? Central Gulf Lines are CJL's partners, NYK, Japanese based global shipping giant, I'm also a Seventh Fleet veteran. Japan has a chronic energy thirst and it's particularly acute post-Fukushima. The US is experienced in energy renaissance, blessed with shale and we're on route to becoming a dominant global natural gas exporter and also a strong oil exporter. Why was energy cooperation not addressed in the report, in addition to energy and economic implications, an energy agreement might be linked to strengthening American Sealift, which is critical to our lives, and it has been in long-term decline.

[Mr.Green]

In the previous report, I think the previous two reports, we emphasized energy, in particular LNG and recommended, in effect, an LNG Alliance. The way the rules work in the US, as you know, you have to have a free trade agreement to get the permits to, you know, import LNG from the US and we recommended moving ahead with an agreement that would be something like what you're describing, with the benefits you described. Secure sources for Japan, the basis for cooperating on

merchant marine transportation and security through the MSDF and the Navy. And helping Japan wean from its own dependence on less secure areas of the world for natural gas. You know, we try to keep the report brief, I think, it's fair to say but all of us, who participated, last time made that a key point and I think you're right to raise it. It's an area where we should be cooperating.

[Dr.Armitage]:

I'd like to make a point here, if I may. I was talking about the aspirational nature of at least one of our recommendations and the difficult nature of a lot of them. But if you were to look at all three of our reports and look at all the different recommendations, at the time people were saying: 'oh it's too difficult, can't be done', and I don't think any of them have failed to be accomplished. And I'm looking forward to the same happening over time, to this. I'll just put that out there for you. We've got about three more questions.

[Audience member]:

Steve Winters, independent consultant and formerly foreign researcher at Kyoto University.

The US military doctrine has evolved towards an emphasis on joint force operations. I've seen the comment made many times that in terms of the Japanese Self-Defense Forces, they don't have that level of integration in their operations that the US forces do. So when you're proposing joint commands and so forth and so on, have you addressed the issue that the actual military doctrines would need to be reconciled more than they are now?

[Dr.Cooper]:

Yeah, I think that's an absolutely critical point, you know, over the last 20 years the United States has done an immense amount of work to make the US military much more joint. And Japan has been working on jointness for the last decade as well, but has a lot farther to go. And we certainly recognize that and I think that's part of the idea behind the Joint Operations Command. Part of what's been so valuable in, say, Australia, where they actually have a Joint Operations Command, is that they've been able to deal not only with some of the challenges relating to actual day-to-day operations, but also to training, to readiness issues, by having more innovative command structures.

So part of our recommendation for the Joint Operations Command isn't just to- many people often think of this as something like the INDOPACOM Command. That's not what we're talking about, we're talking about something that combines both operations and training and exercise to get at the underlying jointness that we need to see from Japan. And that also will help them be able to work more easily with US forces, which are extremely joint and still working to get more so.

[Mr.Green]:

And there is no real doctrinal or legal barrier to jointness among the three Japanese Self-Defense Forces, and in fact in recent years there's been a joint base in Djibouti, there's been a Joint Missile Defense command, and the Joint Staff in Japan has actually put forward, for the first time, joint requirements, Global Hawk, that are not service-specific. So within Japan it's really more of a cultural issue, which you know is understandable. We have not since Goldwater-Nichols completely gone 'purple' ourselves.

Bilateral jointness, the biggest obstacle is probably the ban on collective self-defense and the change in interpretation a few years ago has helped to remove that. So I'd say it's mainly cultural and to some extent budgetary. That's why we're pushing this Joint Operational Command idea a little bit, because there are supporters within Japan but the obstacles are more budget and culture.

We have a paper we did here at CSIS, put out by an Australian Colonel, on their experience with their JOC and they had cultural and budgetary issues too. It's doable. This is not the most ambitious of our recommendations, I think.

[Phyllis Yoshida]:

Thank You. Phyllis Yoshida, Sasakawa USA, a retired US Department of Energy. More probably to Matt, as he and I have spent many years of our career negotiating bilateral trade agreements and technology cooperation agreements. If you could speak a little bit more I think than the panel has, to the recent announcement of renewed bilateral trade negotiations, pros/cons, outcomes. And then second, given that that will probably be a time of a little bit more escalating bilateral tension, as those of us who worked in the 80s saw. What are some of the good merging, good news, issues that perhaps the panel sees to offset some of that, sort of that likely-ed [phonetic] science in the 90s. Thank you.

[Mr. Goodman]:

Well, I think in the current environment, here, in Washington it strikes me that we're always looking kind of through a second-best lens at these issues and so I'd say, first best is the US shouldn't have pulled out of TPP and we should have been working with Japan on these issues in that context. But given that we did do that and we're where we are, I think this agreement with Japan is not bad. At least it protects against some of the things that we were all worried about, at least it seems to for now. Like the prospect of applying tariffs on automobiles from Japan and elsewhere, for supposed national security reasons, which is going to be interesting to see how the Commerce Department, where you used to work, I'm sure you feel for your successors there, how they're going to justify that. But it seems like Japan's dodged that bullet, Japan's also protected some of its red lines on agriculture and so forth.

But the US has gotten what it wanted, which was a bilateral discussion. And so we'll see where that leads and we do mention it, it was the last thing we added to the report. We had to stop the presses to make reference to this deal and we said we're not sure where it's going to go, but it's not a bad thing. And then I don't know whether your question was about other irritants that are beyond economics, just other good news opportunities like science, medicine, other things? I mean, I think there's lots of good stuff there and that's the kind of thing we ought to be promoting, but I don't know whether...

[Mr. Nealer]:

Yeah, I mean if we haven't emphasized this enough, I would just add Japan's leadership in picking up the broken shards and pieces of TPP and moving forward. That was not inevitable, was it? We're grateful, hopefully you can leave part of the door open. One cautionary note on both the Japan agreement and the Europe agreement. I would just note with concern, this is the trade lawyer in me, that February of next year is the deadline, the notional deadline on the '232 process'. I don't think we've heard the end of this. I thought it was interesting that in whatever we're calling NAFTA 2.0, it included protective language for Mexico and Canada in the event of auto trade limits. Well, you're a trade negotiator, why do you put those kind of things in, in the belief, if not certainty, that the risk persists?

[Dr. Armitage]:

Two more, you sir and then over there and then we'll call it a day. Right up here please.

[Vago Muradian]:

Hi, terrific panel, Vago Muradian from Defense and Aerospace Report. Rich, I want to pick up on a point that you made about the use of language, right? It is not an adversary, whereas this administration looks like it's leaned a lot further to label China as a potential adversary. Which then colors everything. The economic conflict now, the Chinese feel like they can't back down because that's still a proxy confrontation with the United States. What is the role of language in this? And more broadly, what do you think the strategy has to be, because all of you have addressed different elements of this from the economic to the strategic, not to invoke Graham Allison in the Thucydides Trap here a little bit, but you know there's a little bit of a concern about that. But you can address that anyway, I know what your thoughts on that are, but I do that was just to give you a chance to address that. But more broadly, what does the language need to be here, do we need to be a little bit less strident on the language in order to be able to get all the lines of national power aligned, what's the role of rhetoric here?

[Dr.Armitage]:

Well, to me language does matter. I won't say that China will never be an adversary, but I think my colleagues have all dedicated ourselves to do what's reasonable, logical and supportive of our alliances to keep them from becoming an adversary, so I do use terms as a competitor, sometimes we can cooperate. But if we see them as an adversary, we do tend to put them in a box, we tend to see, for instance, this tariff regime, which I'm not opposed to correcting the economic playing field or leveling the playing field and certainly I'm not opposed to protection of our intellectual property rights, there's no question about it.

But there's an irony in my view, my colleagues may not share this, in our tariff approach to China. If China were to do everything that we asked China to do economically, China would be much stronger. China would be economically more powerful. China would be able to put more money into security. So, it's a matter of emphasis, it seems to me, rather than just blanket approaches...Joe, you look like you're going to jump on.

[Dr.Nye]:

I take your point that language is important. We've got to learn to walk and chew gum at the same time as a country, and we seem to always have to have a pendulum, either they're a total adversary or they're a close partner. That's ridiculous, they're going to be both and what we have to learn is that we're going to have areas, where we need to cooperate with them and areas where we're going to compete. You're going to have fall outs and cooperation on climate at the same time, because those are both things that are important and we should in principle be able to do both.

The danger I see is we get too hung upon language or metaphors, like the Thucydides Trap. We get ourselves into a trap. Thucydides Trap is often used to say: 'Well this is going to be like the way Germany caused a threat to Britain at the turn of the last century, which created anxiety in Britain, which led to World War I'. Well, there are two things to note about what the Thucydides said: one was the rise of a new power, the other is the fear it created. And if we let ourselves overstimulate the fear, we can have a self-fulfilling prophecy. It's worth remembering that Germany had already passed Britain in industrial strength by 1900, 14 years before World War I. China has not passed the United States. You know, purchasing power parity, you don't import jet engines at purchasing power parity, and if you look instead at exchange rates we're still a twenty trillion dollar economy, they're about a 12 trillion dollar economy.

It doesn't mean Chinese power isn't growing and won't continue to grow, but if we get ourselves into you know, a dither about 'China's passed us!' and 'The threat is here!' so forth. We can talk ourselves into something we don't want. What we're saying in this report is working with Japan and Australia and India and others, we can shape the environment, where China has to

moderate some of its power ambitions. That's perfectly doable. This is not like World War I, it's not a Thucydides Trap. People say they're going to drive us past the first island chain. Excuse, me, Japan is part of the first island chain. So, the language we use can get us into deeper trouble than we need, as I said we're going to have to learn to walk and chew gum at the same time.

[Dr.Armitage]:

We have one last question.

[Audience Member]

Jun [inaudible], a visiting scholar at the George Washington University. I'm from the Korean Exim bank. Well, we are witnessing the negative side effects of China money invading small and poor states with no further consideration of the synergy effects after investments. Well, the small and poor states need to stop this at least for the development of their domestic consumption market and trading partners' relations. How can you make your infrastructure investment fund or regional economic cooperation plan more attractive than China money plan over those small states?

[Mr.Goodman]:

Well, I mean I think you know, money isn't everything. Money is important, but I mean, we do need to spend more money and I think some of the things that the Trump administration is doing, working with Congress and encouraging it in this regard. There's a piece of legislation called the 'Build Act', which is basically doubling the size of the OPIC, where Kevin used to sit on the board, he can talk about that if he wants, and allowing them to take more active positions in some of these projects.

So we're doing little things, we have a USAID, Japan has JICA that does a lot of work, that isn't that expensive [in terms of] capacity building and training. If you go to Myanmar as I did last spring, and you go to the Development Ministry there, and you visit this Former General, who's the guy everybody tells you to go and see, because he's the smart guy, who's kind of figuring all this out for Myanmar, a really impressive guy. You walk past the JICA office, where there's a Japanese man I think, his name is Mr. Ueda, who's wearing a sarong and he gives you his card and he's embedded in this Ministry, trying to help Myanmar plan and execute its development strategy. This is something China doesn't do. We do this well and I think we can do more of that together without spending huge amounts of money, so I think there's a lot we can do.

[Mr.Nealer]:

Yeah, indeed, Matt's right money isn't everything, but as my favorite economist Madonna says: 'Money changes everything' and everything that Matt talked about in response to your question, it's yes, but we, and I mean US and Japan, have to adequately resource these efforts, it's not just about financial architecture and technology and whatnot. The money does have to be there in the end in order to create the energy in the interest and to sustain the way we want to be doing business. I think we have a tremendous advantage, it would be up to us to lose it by the indifference, and that's part of what this report is about, I think indifference or inattention could create that problem.

[Dr.Armitage]:

Well, it remains to me to first of all, along with Dr. Nye, to thank our panelists for their activities. Great to work with and I can't promise you we won't have a fifth Armitage-Nye. But some of us are getting a little longer in the tooth, so I think it's unlikely. Second, I'd like to thank CSIS for their stewardship of this, they're putting together this excellent report and for their general housekeeping for the last hour and a half. But most of all I want to thank all of you who had enough

interest, enough kindness to stay here for an hour and a half and listen to us. And hopefully if you agree, disagree, that's all fine as long as we've all thought a little bit about this issue. So, thank you very much.