



Ambassador J. Thomas Schieffer
Speech and Question-and-Answer Session

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AMBASSADOR SCHIEFFER: It is a great honor for me to be here today. I have been asked to speak at Japan's National Press Club three times - twice before - and it is an honor I always appreciate. There is no better place to address the great issues of the day than here at your club, and I count it a privilege to do so.

Today, I would like to discuss with you my thoughts on the regional and international order that is emerging and the roles I think the United States and Japan must play if we are to have a peaceful and prosperous world.

Last March when he visited Tokyo, Dr. Henry Kissinger said the center of gravity in the world was shifting toward Asia. I think Dr. Kissinger was right.

Today, the three largest economies in the world are intertwined in Asia. The six largest militaries in the world touch in Asia. Fifty-five percent of the world's population lives in Asia. The great issues of our day- terrorism, non-proliferation, poverty, energy and the environment are paramount in Asia. And the universal values of freedom, democracy and free markets are increasingly being sought by Asians as the pathways to Asia's future peace and prosperity. By any measure, Asia is on the rise and the roles America and Japan will play in Asia's future will be crucial.

But all the news coming out of Asia is not good. The World Bank estimated in 2001, that 70% of all the people in the world who are living on less than \$2 a day are living in Asia. The raw numbers approach 2 billion souls, and out of that number more than 700 million live on less than \$1 per day. In much of Asia corruption is rampant. In China alone, the government claims that from June 2003 to June 2007, it prosecuted almost 170,000 cases of capital embezzlement, bribery and malpractice by public officials which led to the imprisonment or dismissal of almost 200,000 public officials.

Public health issues that we in Japan and the United States take for granted are still at issue in most of Asia. Waterborne diseases, for instance, still kill millions in Asia each year. Hundreds of thousands of Asians, mostly children, go blind each year because the largely rice-based diets they eat do not have enough Vitamin A.

And sadly, Asia is the last place on earth where it is conceivable that Great Powers could still collide. On the Korean Peninsula and in the Taiwan Strait, a "Guns of August" scenario still exists that could take us to nuclear holocaust where hundreds of

millions would perish.

Over the last few years, China and India, the two star performers of the Asian economy, have done a remarkable job of expanding the number of people who benefit from the economic growth occurring in Asia. It is estimated that China alone has developed a middle class of almost 300 million, a number roughly equivalent to the entire population of the United States. But there are still almost a billion Chinese who can only aspire to middle class affluence.

Often we in Japan and the United States attach a certain inevitability to the future prosperity of China. Both of us want China to develop a bigger and better economy. Both of us hope that greater economic power will result in greater political power for the Chinese people. Both of us want the Chinese masses to enjoy a better life than they have today. But, neither of us should assume that progress in China is inevitable. Just to keep up with the demand from rural areas to create more good paying jobs, China will need to create more than 10 million new jobs each year for the foreseeable future. Just to give you an idea of how many jobs that actually is, Australia, the 14th largest economy in the world, has about 9.75 million jobs in all of it. So that means that China must create a new Australia every year, year in and year out so long as we can look into the future.

India, confronting the same kind of pressure from rural areas, will need to create about 11 million new jobs a year to do the same thing, or put another way, create another Australia plus 10%. These are daunting tasks and Asian powers no matter how great their potential are not immune from the economic realities of a globalizing economy.

Tom Friedman in his excellent book, "The World Is Flat", revealed an interesting fact that really has not received as much attention as it should. From 1995 to 2002, the United States lost two million manufacturing jobs. During the same time, Japan lost one and three-quarter million manufacturing jobs. If you asked most Americans and most Japanese what happened to those jobs, I bet their first answer would be "they moved to China"- and while some no doubt did- the interesting fact to note, is that during the same period of time China lost 15 million manufacturing jobs. Clearly, it is taking fewer and fewer hands to do the old work of the world. If China and India are to be successful in the long run, they will have to create more than just manufacturing jobs. Their economies will need to mature and create the same kind of non-manufacturing jobs that

exist in more developed economies like Japan and the United States.

While the economic growth China and India have experienced in recent years has given hope to many millions, it is also having a negative impact on the environment. This year China surpassed the United States as the leading emitter of CO₂ in the world even though its economy is only a fifth the size of the United States'. Pollution is reaching crisis levels in both countries. As an example, just last August the New York Times reported that "an internal, unpublicized report by the Chinese Academy of Environmental Planning in 2003 estimated that 300,000 people died each year from ambient air pollution" and another 110 thousand from "... indoor air pollution". The Times also reported in the same article, that China's environment agency insisted that the World Bank remove Chinese health statistics from one of its reports on the grounds that they might have a negative impact on China's "social stability".

Clearly what happens in the environment will have a direct impact on those who live not only in China and India but Japan and the United States. What we can do together in this part of the world will be important to all of us.

What then are the long-term strategic interests of Japan and the United States in Asia? In my judgment they are two. We must continue to help stabilize Asia and at the same time nurture the values that will allow Asia to sort itself out in a peaceful and prosperous way.

The United States is indispensable to Asia's future success. We are the thread that runs through the stability of the region. Asia without an American presence would be a much more dangerous place- especially North East Asia. For a variety of reasons most North East Asians have come to depend on the United States to keep peace in the neighborhood. South Korea and Japan depend on us to check North Korean aggression. Taiwan looks to us to keep the lid on China. China looks to us to keep the lid on Taiwan. China and South Korea are more comfortable with a Japan allied with the United States than with a Japan isolated and going it alone. On the other hand Japan feels immeasurably more secure as an ally of the United States when facing both North Korea and a rising China. Japan also believes a South Korea in alliance with the United States is less a threat to Japan than a South Korea going it alone. The theme that runs through all of these relationships is the same, when America is engaged in Asia there is peace in the region.

But America and Japan can provide so much more than just stability in Asia. We can nurture the kind of universal values that will make a difference in individual lives, the values that allow hope to win out over hate. And we can help Asians shape a regional order that promotes cooperation rather than confrontation.

Right now Asia- particularly North East Asia- is in a state of transition. The old order is changing and no one is quite sure how they will fit in when it is over. There has never before been a time when China and Japan have been Great Powers at the same time and neither appears fully comfortable with the notion that such a time can work to their mutual benefit. Both view each other with suspicion and sometimes even fear. The United States can play an enormously beneficial role in reducing those tensions if we understand what we are needed to do. No one benefits from a China or a Japan isolated from the mainstream of the international community. On the contrary, we recognize the valuable contributions each can make to a peaceful world. But we must be careful in how we pursue both relationships.

Back in my home state of Texas, we have an old saying- never trade an old friend for a new friend or you will wind up with no friends. Yet, here in Japan, today, I feel there is a great deal of angst and anxiety over just such a prospect. Many Japanese seem to fear that the United States might trade our old friendship with Japan for a new friendship with China. That is not going to happen because the United States understands the strategic importance of Japan to America.

Ever since the end of World War II, America has known that its security was inextricably tied to the security of Japan. Nothing has occurred with the rise of China that should alter that conclusion. When the U.S.-Japan alliance is strong, a calm settles over Asia. If on the other hand, Japan lost faith in America or came to the conclusion that Japanese interests would be sacrificed by us for the benefit of China, then I think Asia would immediately become more dangerous for Japan and for America. We understand that and we will do everything we can to avoid it.

But America also needs to understand that as we pursue foreign policy in Asia, we will not be able to do everything as we did in Europe.

Since the invention of the nation state, generations of Europeans grew up thinking about

how to balance one nation's interests against another's. This horizontal sharing of power became the mainstay of European foreign policy and the center of gravity in the international order. British foreign policy was grounded on the notion that no nation should be dominant on the European continent. French and Russian foreign policy always wanted the German states to have to contemplate a two front war as a means of moderating German ambitions. Germany from the opposite perspective wanted to avoid encirclement. All looked to others as a means of enhancing their own positions inside Europe and the rest of the world. Now, with the advent of the European Union and the collapse of the Soviet Union all that has changed. But the culture of balancing one nation's interests against another's has not.

America came of age as a Great Power seeing itself in a European mirror. Our foreign policy has largely been Eurocentric. As a result we have often looked at the world in European terms - searching for balance in a European fashion. Simply put, that is a very foreign concept in Asia. Power has not been shared horizontally in Asia, it has been thought of in vertical terms. Someone is above and someone is below.

Europe has been about balance, Asia about hierarchy. The strongest have been on top, the weakest in descending order. Asia will need to get comfortable with the notion that someone's advance does not have to come at the expense of someone else's decline. I find it somewhat amusing but also instructive that America's pop culture phrase of creating a "win-win situation" has caused problems for translators in China, Japan and Korea because I am told there are no words that can be literally translated in any of those languages to convey the thought Americans are trying to express. As a result the English phrase "win-win" has found its way into all three languages. America as it moves forward in this part of the world must pursue a hybrid foreign policy that is more Eurasian than either European or Asian.

One of the things we can do is to talk to our allies and friends about the advantages of addressing problems in a multilateral manner. In the post-war era, American foreign policy in Asia has been largely successful following a hub and spoke model. We have had good bilateral relations with friends and allies that were not dependent on their multilateral cooperation with each other. While such a policy worked well in the past, it is time now to encourage more cooperation between American allies and friends. The success Japan, the United States and Australia have had in pursuing their trilateral strategic dialogue is a case in point. By getting together on a regular basis we have

demonstrated that we are three great democracies that share a common desire for similar outcomes in the Pacific. American allies and friends working together is a proposition that will benefit all of us. And it is also a position that does not threaten China.

America must continually remind the Chinese that we are not trying to contain them, we are trying to integrate them into a new international order where Chinese influence will be recognized in a constructive and productive way. Former Deputy Secretary of State Bob Zoellick was fond of saying that we needed to help China become a "responsible stakeholder" in the international order. And he was right. China benefits from the rule of law, the liberalization of trade and the stability of a world at peace. It should support the international order that makes that system possible. China must not become the last best hope of those who would flaunt the mainstream of a new international order. No one benefits when the same bad actors put the peace and stability of the world at risk for the same bad reasons. It is in China's interest, Japan's interest, America's interest and the world's interest for China to assume the responsibilities as well as the status of a Great Power.

If it does, Chinese influence will not only grow but be welcomed by the rest of the international community.

The United States must also reassure our friends here in Japan that our bilateral relationship will not suffer if America's friendship with others in Asia grows. Just as America's special relationship with the United Kingdom continues even as the British relationship with the European Union grows, our relationship with Japan must continue to deepen even as each of us attempts to broaden our relationship with others. Indeed, the best chance to advance multilateral relationships across the board will come when our bilateral friends and allies believe their special relationships with the United States will be enhanced, not endangered, by dealing with other like-minded nations.

And we should also remember one other thing. The success of the Japanese economy since World War II should not be taken for granted. While Americans frequently look to China and talk about what it offers in future growth potential, we should not overlook the impact Japan already has on our own prosperity today.

Japan is our largest overseas agricultural market, and our largest aviation market. American insurance companies receive more than \$50 billion a year in premium income

from Japan. Japanese tourists are often our most common visitors. Japanese students come to American universities to be educated by the hundreds of thousands. Toyota employs more Americans than Texas Instruments or Cisco Systems. In surveys we are Japan's favorite foreigners. You respect us and support us in international fora around the world. Between us we already produce 40% of the world's GDP. If our two economies were integrated even more, we would both create more jobs for our respective citizens. We must never forget nor take for granted the friendship Japan has shown America since the devastating days of World War II. You are a good people who have been our good friends and we must remember to thank you for your friendship.

America welcomes Japan's desire to speak with a louder voice in international affairs. That is why we have said that Japan deserves a permanent seat on the United Nations Security Council. But, leadership in the international community depends upon more than having a loud voice. Right now, the ships of many nations are in the Indian Ocean in a United Nations sanctioned effort to deny combatants, contraband, narcotics and weapons to terrorists- terrorists that would kill innocent citizens of every nation just as they killed 24 citizens of Japan on the morning of September 11, 2001. Over the last six years sailors of those ships boarded more than 12,000 vessels that were suspected of terrorist activities. Each and every time those sailors did their jobs they put their lives at risk for all of us. Japan contributed to that effort by providing some of the fuel to the ships that carried those sailors. Now, Japan must decide whether it will continue those efforts or leave the job to others.

As always, America will stand shoulder to shoulder with Japan no matter what the answer is. But, we do hope you understand that defeating terrorism is not just an American responsibility. The entire international community must do its part to keep people from hijacking planes, detonating car bombs and arming suicide bombers to kill innocent citizens of the world no matter what their nationality. Terrorism is the bane of our time and we all have a stake in defeating it.

America respects Japan. We believe you have been a model citizen of the international community for more than sixty years. That is why we want to coordinate our respective aid programs so that each of us can have a greater impact on reducing poverty and disease in the world. That is why we want to strengthen our alliance by transforming our forces so that they will be ready to meet the security threats of the 21st century.

Former Prime Minister Koizumi used to say that there was no such thing as a U.S.-Japan alliance that was too close. And, he was right. The international order is in the process of redefining itself. The Asian order is in the process of redefining itself. Asia and the world can be a dangerous place. This is no time for America and Japan to be drifting apart.

Japan and America share the same strategic interests in the world. We both benefit from an international order that supports the rule of law, protects the rights of property, promotes free trade and free markets, and most of all nurtures the kinds of universal values that bring out the best in human nature and not the worst.

Japan and the United States have accomplished so much since the devastating days of World War II. We have built the two greatest economies in the world and helped to transform Asia into a land of promise and opportunity. We accomplished those things together. There is so much more to be done in Asia and the world, and there is no better way to do it than to do it together. Two peoples with one purpose: to create a world at peace with the prosperity to feed and clothe the many with dignity and respect. America can find no better partner than Japan, and Japan can find no better partner than America. Let us continue down the path so many have pointed us to in the past. Let us realize that our destinies must still be fulfilled together and not apart.

QUESTION: Thank you, Ambassador Schieffer. What is going to happen for entire Asian region? In what way is the United States going to be engaged and involved in Asia? How important is our bilateral alliance? And then you referred to the discontinuation of the resupply by Japan in the Indian Ocean. In Japan right at this moment, with regard to the resupply of the vessels, there is big doubt that the oil

supplied by Japan was used in the war against Iraq. Without the resolution, there is a big debate in the Diet at this moment between the ruling party and opposition. The State Department has denied that it has been used for the war against Iraq. Having said that, clear proof or evidence has not been shown. They have explained that it is extremely difficult to show the proof or show the tracking. But if there were clear evidence or tracking, it would have been easier to convince the Japanese people. Without the evidence, it is difficult to convince the Japanese. So my first question is, you cannot further clarify the situation, that there is no supply to the war against Iraq?

AMBASSADOR SCHIEFFER: I would be glad to reaffirm once again that no fuel has been diverted to Iraq by the United States. I would like as evidence of that proposition to offer a couple of thoughts. Number one, the United States does not require Japan to give it a fuel for Iraq. We can do that on our own. The second part is that what has happened is we have traced the fuel, and we believe have shown that the fuel was not used in Iraq. Every ship that received fuel from Japan - from the United States, that the United States got that fuel from Japan - was involved in Operation Enduring Freedom. That's the Afghanistan part. We received fuel from Japan and delivered to those ships that fuel. Now the problem that some in Japan are trying to - what some in Japan are trying to characterize - is the way the fuel is received. When a ship that is involved directly in Operation Enduring Freedom receives that oil directly from a Japanese oiler, that's pretty easy to see the connection. There are other times when an American oiler will take on fuel from a Japanese oiler. It will then also have oil in it from American sources or from other sources around the world.

What we have verified is that all of the oil that has been received - all the amount of oil that has been received from Japan - has been given ships involved in Operation Enduring Freedom. What we receive the oil, we do not put it in a separate tank from other oil that we receive in other places. But we do have a quantity of oil that we have received that we know has come from Japan, and we have more than demonstrated that that quantity has gone to ships in Operation Enduring Freedom.

Prior to the war in Iraq, Japan supplied a little less than 20% of the oil that was involved in Operation Enduring Freedom. After the war in Iraq, Japan provided a little more than 7% of the oil that was involved in Operation Enduring Freedom. Japan is not supplying all of the oil to Operation Enduring Freedom. We appreciate the oil that Japan has provided. We believe that we have accounted for that. We have had officials from the

Japanese Maritime Self-Defense Force that has certified that the oil was going to ships that were involved in Operation Enduring Freedom. The Americans have certified that. We believe that we have complied with the agreement. And I think there also has to be a realization on someone's part at some point in time that no matter what we are able to provide, there are some people that are not going to be satisfied with the explanation, because for political reasons, they would like to see this operation cease. And I don't know what the United States can do to rectify that situation.

QUESTION: Thank you very much. I probably have explained that details to the Japanese government, but with the minister of defense and for ourselves, when we ask the same question, the Japanese government are not that convincing when they respond to our questions. When we listen to our minister of defense, it is not sufficiently convincing when they try to explain to ourselves, including the public, if there was a more definite question based on written documents, if there was sufficient explanation from the US government, the explanation from the minister of defense would have been more stronger. Would you say that the Japanese government is already convinced enough with your response?

AMBASSADOR SCHIEFFER: You'll have to characterize whether the Japanese government is convincing or not. The Japanese government is convincing to me, and I hope we have been convincing to the Japanese government that we have provided the information. This is all very transparent. We're not trying to hide anything. But it is somewhat troubling that the word of the United States is continually doubted on this matter. We believe that we have provided the information. We're continuing to provide the information. But at some point in time, people are going to have to make a judgment as to whether we're telling the truth or not. I believe that we have shown that we are telling the truth. This is a matter of credibility of the American people, and the American people made an agreement with Japan that we would not divert oil to Iraq that we received from Japan, and we have honored that agreement.

QUESTION: Thank you very much. If this situation continues, the resupply by Japan in the Indian Ocean will have to be discontinued as of November 2. Although this is not in the interest only of the United States but is in the interest of the entire world that Japan continues its resupply. But if Japan does suspend the resupply, then what do you think would be the impact or the consequence? What would be the global community's perception? And as you have emphasized, what might be the impact on our bilateral

alliance? What would be the influence, the degree of erosion onto our relationship?

AMBASSADOR SCHIEFFER: First of all, I think you're absolutely right in characterizing it as not an issue that is solely between the United States and Japan. This is an issue that the international community as a whole is involved in, because the international community has received this oil and put it to use to fight terrorism. So I think if Japan stops doing this on a permanent basis, I think it would be sending a very bad message to the international community and to terrorists, because I think it would be saying that Japan is opting out of the war on terror for whatever reason. And I hope that doesn't happen. I think it is important for Japan to stay engaged in this war on terror, because Japan has a stake in it.

On September 11, Japan lost 24 of its citizens. Their only sin was that they were going to work that morning to try to earn a living, to try to do their best that day, and they were killed like citizens of countries around the world, because a group of terrorists hijacked some airplanes and flew them into the World Trade Center. That made terrorism an issue not just for America but for the whole world. And if we are going to be successful in meeting that terrorist threat, the whole world is going to have to help in the process, and I hope the Japan will continue to help and will continue to try to make an effort to see that the terrorists don't win.

QUESTION: Thank you very much. In mid-November, Prime Minister Fukuda will visit the USA for the first time since taking office. Our bilateral relationship of course is highly important and emphasized, but there are some tensions, including Futenma Base, or the "comfort women" issue, or the potential of the suspension of the resupply. And some people perceive that we do have quite some problems in our bilateral relationship, but Prime Minister Fukuda has decided that he will visit USA. So how will this visit be perceived on your side? What might be the important pressing issue that might be discussed during this summit in mid-November? What are the expectations of your side towards the visit of our prime minister? Thank you.

AMBASSADOR SCHIEFFER: Number one, I think the United States would look forward to Prime Minister Fukuda's visit whenever he can make it. President Bush, I know, is very excited about the prospect of having a chance to sit down and talk to him about the strategic issues that face our two countries. The president is very strong on the US-Japan alliance. He realizes that it is the linchpin of American foreign policy in this

part of the world and is central to our own security. So I'm sure that he would want to discuss with Prime Minister Fukuda any number of issues that might affect it. I think he also knows that Prime Minister Fukuda has a great range of experience in this part of the world. He's a very skilled diplomat. His father was a very noted diplomat, as well as prime minister here. So I think that the president looks forward to getting to have a personal relationship with the prime minister and to discuss many, many different kinds of issues that might be involved in our relationship. And I don't think there's any particular one that would necessarily come to the front. I think it would be a series of things that they would talk about.

QUESTION: Thank you very much. The other day, you had a meeting with Mr. Ozawa, the head of the DPJ. Ozawa-san said about the absence of a UN resolution, or in other words he said that if there was a UN resolution, Japan could be engaged. Without a UN resolution, Ozawa-san said Japan cannot be involved. Ozawa-san has a very clear and rigorous principle about that. So Mr. Ozawa - in fact the Upper House of Japan now is controlled by the opposition, and therefore Mr. Ozawa is so influential. So Ambassador Schieffer, what do you think about this rigorous principle [inaudible] going to Ozawa-san.

AMBASSADOR SCHIEFFER: Ozawa-san and I differ on what constitutes a UN resolution, because there have been a multitude of UN resolutions from the very beginning to one as recently as a few weeks ago, Resolution 1776, which the UN Security Council passed that endorsed the very Operation Enduring Freedom that we're talking about. There was a resolution in March that endorsed that resolution as well. So when Ozawa-san says that there has been no UN sanction of this effort, I just beg to differ; I think there has been.

QUESTION: Thank you very much. At this moment, as I said, the Upper House is controlled by the DPJ, and in the Lower House the ruling party has a majority, so we call this a distorted situation between the two houses. It's the first time ever in the political scene in Japan. But in the USA, there is a party of the president, and of course there's a difference in the majority in your House. And in France, for example, the party of the president and the prime minister are different. And therefore this is not a rare case outside of Japan, maybe. But what might you think about this situation in Japan? If you are used to this situation rather than ourselves, what might you think about this situation, the different party from the prime minister is ruling one of the houses in the Diet?

AMBASSADOR SCHIEFFER: The Constitution in Japan is very different from the Constitution in the United States, and it's probably easier for the United States to operate in a situation in which the president and one or more of the houses of Congress are in different political hands. I really don't offer any advice for Japan on this one. This is uncharted waters for the Japanese, and I wish them well I'm getting used to it, but I think it is for Japan to decide how they will react to the political situation that they now find themselves in.

QUESTION: Thank you very much. About the DPRK and the abduction. Ever since you've taken your position, Ambassador Schieffer, you have been very kindly working hard to resolve the abduction issue. You have visited Niigata Prefecture, where abduction took place. You have provided advice to President Bush, and when Mrs. Sakie Yokota managed to see you, we are sure that it was largely due to your very kind contribution, your work behind the scenes. And this background, the concern in Japan is that the USA seems that so far there was a camp Japan-US versus DPRK. However, gradually, maybe, between DPRK your contact is becoming even deeper and stronger, and maybe Japan is going to be left behind, which means that abduction problem might be left behind. That is a concern emerging in Japan. So in the entire picture, there should be a comprehensive resolution, including the nuclear matters and others. But if you remove the DPRK from the list of terrorism-supporting states, maybe that is going to happen soon. So in that progress, what is your stance about abduction? Has the stance of the US government changed about abduction?

AMBASSADOR SCHIEFFER: I don't think the stance of United States has changed about abductions. What we have said from the very beginning is that we believe that there has to be substantial progress on the abduction issue for North Korea to rejoin the mainstream of the international community. And we would hope that that would occur. The negotiations that are going on with the DPRK are very important. They're very important to Japan and to the United States and to the other parties that are sitting at the table. They are important because nuclear weapons on the Korean Peninsula would have a very destabilizing effect in this part of the world. It would increase the pressure on South Korea and Japan to consider nuclear weapons themselves. We don't want that to happen. We want this to be a Korean Peninsula free of nuclear weapons, and that's our ultimate goal. We're a long ways from there, but we've made some progress in recent weeks, and I think we need to see how that plays out as we go forward.

But the United States and Japan are not going to be divided, in my judgment, over this issue. I think we're going to find ways that we can work together, because I think both of us believe that the most important issue that we deal with it is the fact that North Korea is trying to acquire nuclear weapons. I think that the other issues are also very, very important, and are also part of the whole package that will be addressed ultimately if North Korea is to rejoin the family of nations.

And we hope that that will happen, and I think we use as an example that it could happen the experience that we've had with Libya. Libya is now going to sit on the United Nations Security Council. If you had said that was a possibility five years, or 10 years, or 15 or 20 years ago, I don't think anybody would have believed it. But Libya changed its policy, and Libya decided it wanted to rejoin the family of nations and to be treated not as a rogue nation but as a member of the international community. Libya made that choice, and when they made that choice, we helped open the door to them. And that is the same kind of situation that you have in North Korea. If North Korea is prepared to rejoin the international order and act as a responsible nation, then we are prepared to help them do that.

QUESTION: Thank you very much. This might be a rather personal question to you, but in the past, you were a Democrat. Now, today, which party do you belong to?

AMBASSADOR SCHIEFFER: I'm still a Democrat. I've always been a Democrat. I've also been a Democrat who supported George Bush when he ran for governor of Texas and George Bush when he ran for president. I know it's a difficult concept for some in Japan to understand. It was also difficult concept for some in Australia to understand, of how I got to be Ambassador to Australia or Ambassador to Japan, because I was of a different party than the president.

The easiest way to explain it is that I think in America, we have a long tradition of bipartisan service, particularly when it comes to matters of foreign policy. And I always like to remind my friends when I'm abroad that during the height of World War II, President Roosevelt's Secretary of War and Secretary of the Navy - which are today combined into what we would call the Secretary of Defense - both of those men were Republicans, and they served the country faithfully in a Democratic administration. And that's the tradition that I'd like to think that I serve in, that I'm trying to do what's best

for my country, not what is necessarily best for my party.

QUESTION: Thank you very much. There is a reason why I asked that kind of question, and that is because you are facing a presidential election, and there is Hillary Clinton and Barack Obama. They are fighting for the candidacy now. Ambassador Schieffer, are you going to support Hillary or Mr. Obama? That's the question that I wanted to ask. That's why I confirmed your position beforehand.

AMBASSADOR SCHIEFFER: I appreciate you giving me the chance to answer that question. I've got my hands full right here in Japan doing my job that I do every day, so I think I'm going to leave the Democratic Party and the Republican Party the option of nominating whoever they want to, and then I'll look at who I want to vote for after that.

QUESTION: Thank you. Yoshitomi of Mainichi Shimbun. Thank you for coming today. My first question is about the resignation of Prime Minister Abe. Prime Minister Abe, when he announced his resignation, said that by resigning himself he wanted to overcome this deadlock in particular about the special law for counterterrorism, when the Diet was in a deadlock. Prime Minister Abe said that if he leaves, the situation might be resolved. So as we look at this situation, the resignation of Mr. Abe, do you think it has made some contribution to resolving the situation, if any, or for our bilateral relationship? Was that a big loss that he resigned? That's question number one, and there are two further questions.

Question number two: Earlier there was a reference to the presidential election that is coming. So Senator Clinton in "Foreign Affairs" has written that there was an emphasis on the relationship between China and the USA. As you have mentioned earlier, there is the Sino-USA and Japanese-USA relationships, and regardless of the outcome of the election, you believe that the two bilateral relationships will continue as they are.

Question three is about Myanmar. So democratization of Myanmar is sought. Should Japan strengthen sanctions vis-a-vis Myanmar? And in Thailand, there are refugees from Myanmar, and should the Japanese government accept the refugees as refugees here in Japan, as a third-country, refugee-accepting country? Thank you.

AMBASSADOR SCHIEFFER: You give me a full day's work here. Prime Minister Abe was a great friend of the United States. He believed in the importance of the

US-Japan alliance, and on a personal basis I certainly had great sympathy for him when he resigned. But I think that the relationship between the United States and Japan goes beyond what any individual leader is all about. I think that our interests are so closely tied to one another that they survive from one particular prime minister to another. I think that the same thing goes when you answer the question on the American side, when you talk about Senator Clinton talked about the relationship that her husband had with China during his administration. I don't think that there is a Republican or Democratic policy on Japan. I don't think there is a Republican or Democratic policy on China. I believe Americans really do share a common view that America has to be engaged in Asia, has to have a presence in Asia. And if you're going to have a presence in Asia and you're going to be here in Asia, the first thing you're going to do is be sure that the US-Japan alliance is strong, because when the US-Japan alliance is strong, everything else falls into place. If, however, it were weakened, I think that it would weaken your whole ability to conduct foreign policy in this part of the world. So I don't think there would be a dramatic change in either party's approach to this part of the world.

With regard to Burma, the United States feels very strongly that all of the international community must do what it can to help foster and nurture democracy in Burma. What happened there a few days ago is terrible. And you saw people dying in the streets as the reaction that the government had to their demonstrating for their civil rights. That is unfortunate, and we hope that all countries - Japan included - will do what they can to ameliorate that situation and to alleviate the suffering that has occurred in Burma.

As to whether Japan should take more refugees and what-not, that really is a Japanese decision, and we would follow it with interest.

QUESTION: Sam Jameson, formerly with the Los Angeles Times. In that extraordinarily wide-ranging speech you just gave was one issue that you did not mention that you mentioned at this club a year ago on October 27.

AMBASSADOR SCHIEFFER: You're not supposed to read the stuff that I've given before.

QUESTION: In 2006 there was a question about what Japan would do if a missile flies over the country headed for the United States, versus a missile headed for Japan, and

you said the answer to that question would be absolutely critical to the function and future of our alliance. Since you did not mention that today, has this issue disappeared?

AMBASSADOR SCHIEFFER: No. No, Sam, it hasn't disappeared. Missile defense is going to be central to what we do together in the future, and I think we're going to have to work out exactly how that will function. There is a lot more work that has to be done - how the information is going to be shared, what kind of command structure will be implemented. Those are all issues that will be vitally important. They are complicated issues. They're ones that are being worked on. They're just not resolved yet. But I hope that they will be, because I think that it is important to the effectiveness of the United States foreign policy and Japanese foreign policy and the security of Japan and the security of the United States.

QUESTION: Miyazawa of Asahi Shimbun. Earlier there was a discussion about the resupply in the Indian Ocean, but I would like to ask a question about Iraq. The Ground Self-Defense Force that was dispatched in Iraq and is now withdrawn. Now the Air Self-Defense Force is still remaining in Iraq. The other day, the DPJ offered Japan discussed that we should withdraw the air force of the SDF. That bill has been presented. Now if the SDF does withdraw entirely, what might be the impact, if any, on our bilateral relationship? And what has to be kept in mind with that event is that the domestic American policy and political arena because the Democrats in the USA are also calling for the withdrawal of American forces from Iraqi land. And if the Japanese SDF does withdraw, what might be the impact on the bilateral relationship, and what would be the signal to the global community? Thank you.

AMBASSADOR SCHIEFFER: I think it would be a disappointment if Japan decided to withdraw its forces in Iraq. Japan is flying some C-130s in and out of Iraq. We very much appreciate that. We recognize it as a contribution that Japan is trying to make to ensure a peaceful Iraq. We continue to believe that Iraq is central to success in the Middle East. If we can leave a democratic - if we can nurture and foster a democratic government in Iraq, one that can protect its citizens and protect the sovereignty of its borders, that can create jobs and be a model for the rest of the Middle East, that can have a transforming effect not only on Iraq but on the whole Middle East. But Iraq is tough. It'll be years before you can get a result that makes it all worthwhile, but we think that's still attainable.

The situation in Iraq has somewhat stabilized since the "surge" strategy has been employed. I think that you have seen that reflected in the reaction that some Americans have had to it. There's no question that many Americans want to withdraw from Iraq. Many more Americans, I think, recognize that a precipitous withdrawal from Iraq would have huge consequences on the whole region, and I think that's what you have to - everyone has to contemplate when they talk about whether they're going to participate in Iraq or not. Japan gets 90% of its oil out of the Middle East. I don't see how Japan's interests would be enhanced if Iraq just went - if the Iraqi government collapsed and it had chaos there. I think you would have a bloodbath in Iraq. I don't see that that's in anyone's interest. It doesn't mean that it's not hard; it doesn't mean that it's not tough; it doesn't mean that the United States hasn't made mistakes there in the past. But I think this administration believes that we have to stay the course, and that we have to do everything we can to allow Iraq enough time to become a real member of the international community that avails itself of the democratic processes so that it can be a normal country again. We're not there yet. It's going to be a while before we get there, but we appreciate all the help that we can get out of Japan and others to help make it so.

QUESTION: My name is Naito, a freelance reporter. Two questions. About the sub-prime loan crisis. In the USA, you are the hegemonic leader in this economic area as well. From that perspective, there are other non-performing assets owned by the banks, there are the bankers who have leant and those assets have become so rotten, they have become non-performing assets, but they have securitized these pieces of assets and they have sold and re-sold to other creditors which means the American banking institutions have spread the germ, so to say, and have triggered the entire crisis across the world so the world financial order has been confused by some of the financial institutions in the USA. Could the US government not impose any policy of check and control? Are there any consideration? Of course, it's a liberal market economy, so sometimes should these things happen, is it laissez-faire? Is the US not going to impose any policy to check and balance the situation so that securitizing this non-performing assets by the American banking institutions and therefore the global financial order has been destabilized and the anxiety is increasing because of the American banking institutions they have securitized a piece of bad rotten assets and the rating agencies did not rate appropriately. They have been so kind and generous in their ratings and this has caused this crisis so is there any policy that is contemplated in order to check these actions in the USA? The other day, there was the G-7 meeting of the central bankers and the finance ministers in Washington. At G-7, there was no convincing policy that was

announced. We were all so disappointed. The market reacted by lowering the stock price. So, considering this situation, what might be the responsibility of the USA? What, if any, might be the future policies to check the situation?

And the second question is, this morning, a US helicopter, believing that there was an extremist in the location, made an attack, and 11 Iraqis have been killed by that attack and out of those eleven that were killed, there were five females and one child, according to media reports. It so happens that in Japan, we have the ancient chronicles of Japan and it says that you should be extra careful about the arrow that might return and the Old Testament also talks about similar situations when you attack someone you should be frightened about the attack that retaliates. So if one person is killed in Iraq, there are ten families who might retaliate so, for those who have been killed, the people's grievances and vengeance will increase, and therefore the situation in Iraq if you look at that, we will have to say that it's a quagmire, that's the perception of the Japanese. So, how can we contain the situation, what might the US do? By what timing do you think the USA can resolve the entire quagmire in Iraq? If you can give us your perspective, thank you.

AMBASSADOR SCHIEFFER: With regard to the subprime situation, I think Secretary Paulson is talking about putting together a package that hopefully will resolve the anxiety in the markets. With regard to the helicopter, we're involved in a war. I don't know what the peculiar situation is with regard to the incident that happened this morning. This is the first time I've heard of it. But we never take lightly the fact that innocent people can be killed, and we do everything we can to hope that that can be avoided. Is it a foolproof system? No, it isn't, but that is what war does sometimes, and we try to reduce the prospects that that will happen, we go through endless lists of trying to ensure that it won't happen and we don't want it to happen, but Iraq is a very dangerous place.

It is a dangerous place because of sectarian violence and because of elements of al-Qaeda being there, who are out there blowing up marketplaces, killing people with car bombs, using improvised explosive devices to kill innocent people day in and day out. That's what we're trying to stop from happening, and we have to pay the price for that, because American blood and American treasure is being spent in that effort and it is a difficult thing for us to do, because it is very difficult to go to places as I have, like Walter Reid Army Hospital, or the Bethesda Naval Center, and see these beautiful

young men and women whose lives have been shattered because they've been disfigured and lost limbs or sight or loved ones in the war in Iraq. But we're doing that because we believe we have to and we are doing it because we can believe that we can make a difference in the Middle East and hopefully save generations from continued slaughter as they've had in the past. So, that difficult burden is carried by the American people and we understand that we must be very careful in how we wage war, and we do our best.

QUESTION: Hirata, of Nikkei Shimbun. Free trade agreement between our two countries - what do you think is the necessity of a bilateral FTA? Do you think it is urgently necessary or maybe do you think that it is not that necessary? And if we do decide to enter into an FTA, to make it effective, do you believe that agriculture products including rice should also be opened in a large way? Thank you.

AMBASSADOR SCHIEFFER: I think an FTA is a good idea. I think it would be a situation that would create great prosperity in both the United States and Japan, but we're a long way from being able to achieve that agreement because we have differing views on what would be necessary before entering into negotiations on it, or, I say that we might have differing views. From the United States' standpoint, in order for us to negotiate a free trade agreement, we have to be assured that all sectors would be included in the agreement. Frankly, there are so many people, so many countries around the world, that want to negotiate free trade agreements with the United States, we simply don't have the resources to negotiate with countries if they're not prepared to include all sectors in the FTA. So what does that mean here in Japan? It means that if the Japanese people are prepared to address the issue of agriculture, if agriculture is on the table and could be a part of a free trade agreement, then I think the prospects of doing a deal or beginning the negotiation with the United States would be pretty good.

But if agriculture is not going to be on the table, then the prospects of doing a deal in Japan are pretty remote. Now, what stimulated the free trade agreement negotiations in Korea was an indication on the Korean government's part that they were prepared to address agricultural issues, and we did. Rice was largely left untouched in the Korean agreement, but many other areas were included. All of us - every country has its own items that are particularly sacred to it. I was the ambassador of the United States to Australia when we did a free trade agreement with the Australians. And basically, sugar and dairy were in the free trade agreement: sugar, not all; dairy, in a limited way. All other sectors were included and will eventually go to free-trade status. I mention those

two sectors because there were special rules allocated for them. If Japan has special needs, then that's something we can talk about. But if Japan is not prepared to put agriculture as a whole on the table, then I think that the chances of us doing a free trade agreement with the Japanese is pretty remote.

QUESTION: Mr. Ishiai of Asahi Shimbun. There are two questions about the Special Measures Law against counter-terrorism. Last week, on the 19th, the Pentagon issued a statement, and basically they said that there was no diversion of the oil supplied from Japan. Now, on the side of Japan, is this the final answer to the question by Japan about the (USS) Kitty Hawk and others? There were further explanations before that statement. Now, at the Pentagon and Ambassador Schieffer, if there is further necessity, there will be further explanations? Or do you think that was the final response? Do you think that there is good trust between the bilateral relationship, and there is no further explanation required? Was that the end of the explanation? That's question number one.

And question number two: in the past, when I asked you in an interview beforehand regarding the special law against terrorism, is it necessary, you said that you will be prepared to do a classified briefing in front of all the members of the parliament. Now - today - unfortunately, if you look at the parliament in Japan, the passage of the bill seems to be extremely difficult. And the DPJ is opposing, with the reason - they have a lot of reasons - to oppose; and just because you do a classified briefing does not seem that it would be convincing for the DPJ at this moment. Now under this situation, Ambassador Schieffer, do you think that you are prepared to do a classified briefing at some timing? Do you think it would still be useful? Thank you.

AMBASSADOR SCHIEFFER: With regard to explanations, I don't want to say that the United States will give no more explanations, because I don't know what questions might be asked. But we believe that we have answered the question that was asked. And the question that was asked was, was fuel delivered by Japan diverted to Iraq or to the operations in Iraq? We have looked at the records - thousands of pages of records - and have determined that that was not the case. And I hope that that will be sufficient to carry the day. With regard to the briefing, I think it would still be helpful to have a briefing made available to Diet members, because I think our case is strong. As I said this morning, there have been over 12,000 vessels that have been boarded by members of this task force. There have been hundreds of thousands of inquiries that they have made to try to see what on ships that were going through the Indian Ocean. That has to

provide safety for Japan as well as the rest of the civilized world against terrorism. I have often thought that the mission in the Indian Ocean was similar to putting metal detectors at the airport. You intuitively know that having those metal detectors at the airport keeps some people from going and getting on airplanes with dangerous material. It's the same thing with the mission that's going on in the Indian Ocean. You just intuitively know when it is that comprehensive, that it is making it harder for terrorists to do their work. And that is in the interest of Japan, it's in the interest of America, and it's in the interest of whole international community.

QUESTION: Nishimura, Hokkaido Shimbun. Also about the resupply in the Indian Ocean, if that is suspended, can you be specific about the impact on the bilateral relationship? So this resupply in the Indian Ocean, that is discussed by the 2+2. In the 2+2, it is discussed that, in terms of the roles and competence - roles, missions, and capabilities - in that context, it has been discussed in the 2+2. And therefore, the resupply is considered to be highly significant. That has always been the position. Now, next time when the 2+2 takes place, about this roles, missions, and competence, would that be reviewed? Would the language be reviewed, or would be continued as the same? In particular, ever since the Koizumi administration, in order to maintain the security in the Asian region, in addition to that, it is the bilateral alliance in the global context. So this language has been prepared so that we can be engaged in counterterrorism, both for this regional stability and for the global stability. But if we are going to change the language, will there be a shift to more emphasis on regional stability rather than global stability? Or would both pillars be maintained? In that event, if the Ground Self-Defense Force already has withdrawn from Iraq, and if the resupply by the Maritime Self-Defense Force also withdraws, one of the pillars might be lost. So what might you think about the bilateral security relationship?

AMBASSADOR SCHIEFFER: I think if the mission stops, the impact it would have on the bilateral relationship would be regrettable. And I think it would be hard to make an argument that it strengthens the relationship if Japan ceased the operations in the Indian Ocean. With regard to the 2+2 and the roles, missions, and capabilities, I don't know what the effect would be on that in the future negotiations. Hopefully, it wouldn't have a great impact, because both the United States and Japan want to do more together. But this would be a demonstration that we were unable to do something in the Indian Ocean, and that, as I said, would be regrettable. So I don't know what the real impact would be in that regard. With regard to a global context or regional or global security,

Japan has to decide what role it wants to play in an international community. It's not for the United States to determine what role Japan wants to play in the international community. I just think this particular issue in the Indian Ocean involves so many nations, and it is such a clear indication that Japan does want to be a part of global response to terrorism, that the discontinuation of this mission would send a bad message to the rest of the international community. And I hope that's a message that Japan winds up not sending.

QUESTION: As a prerogative of a moderator, I would like to ask the last question myself. Tomorrow morning, in the World Series, the Rockies and the Red Sox are going to fight. Which will win?

AMBASSADOR SCHIEFFER: (Laughs.) I think it will be a great World Series. It will be the first time that the World Series has gone to Colorado, and that will be exciting. It might be a cold World Series, too, because both Boston and Colorado can get pretty cold toward the end of October. So it will be fun to see. I know that there are so many Japanese players involved that Japan's loyalties might be split here (laughter) on who should win, but it should be a great World Series. It's been a great baseball season; it's one I've enjoyed, and I look forward to seeing the World Series, too.