

THE FUTURE OF JAPAN

HEARING
BEFORE THE
SUBCOMMITTEE ON ASIA AND THE PACIFIC
OF THE
COMMITTEE ON FOREIGN AFFAIRS
HOUSE OF REPRESENTATIVES
ONE HUNDRED TWELFTH CONGRESS
FIRST SESSION

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MAY 24, 2011
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THE FUTURE OF JAPAN

TUESDAY, MAY 24, 2011

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON ASIA AND THE PACIFIC,
COMMITTEE ON FOREIGN AFFAIRS,
Washington, DC.

The subcommittee met, pursuant to notice, at 2 p.m., in room 2118, Rayburn House Office Building, Hon. Donald A. Manzullo (chairman of the subcommittee) presiding.

Mr. MANZULLO. The Subcommittee on Asia and the Pacific will come to order. Our first witness is Battalion Chief Robert Zoldos, representing Fairfax County, Virginia, Fire and Rescue. Chief Zoldos is in his 17th year with the Fairfax County Fire and Rescue Department. He currently holds the position of chief of the Urban Search and Rescue Team. Prior to his appointment to his current position, he served as the chief of the Technical Rescue Operations Team, the department's local and regional response element. With him is Ms. Massey and Atticus.

Chief Zoldos deployed with the Virginia Task Force One, VATF-1, 11 times in 7 different capacities. His previous deployments include international rescue missions in Kenya, Turkey, Taiwan, Iran, Haiti, and most recently to Japan as a task force leader. Domestically, the chief served as rescue squad officer with VATF-1 at the Pentagon after the September 11, 2001, attack.

He is accompanied today by two members of his team, Jennifer Massey and Atticus Finch, a 5-year-old German shepherd. Ms. Massey and Atticus are integral to Virginia Task Force One and were deployed to Japan as part of the search and rescue team. Ms. Massey has been with VATF-1 since 1999, and she serves as president of the board of directors of the American Rescue Dog Association and as treasurer of the board of directors of the Virginia Search and Rescue Dog Association.

Our next witness is Randy Schriver, one of five founding partners of Armitage International, a consulting firm specializing in international business and development strategies. He is chief executive officer and president of the Project 2049 Institute, a not-for-profit dedicated to the study of security trendlines in Asia. He is also senior associate of the Center for Strategic and International Studies. Immediately prior to his return to the private sector, he served as the Deputy Assistant Secretary of State for East Asian and Pacific Affairs, responsible for the PRC, Taiwan, Mongolia, Hong Kong, Australia, New Zealand, and the Pacific Islands. Prior to joining the Asia Bureau, he served for 2 years as chief of staff and the senior policy adviser to Deputy Secretary of State Richard

Armitage. He joined the Department of State in March 2001 upon the swearing in of Deputy Secretary Armitage.

Our next witness is Michael Green, a senior adviser and Japan chair at CSIS, as well as an associate professor of international relations at Georgetown University. He previously served as Special Assistant to the President for National Security Affairs and Senior Director for Asian Affairs at the National Security Council from January 2004 to December 2005 after joining the NSC in 2001 as Director of Asian Affairs with responsibility for Japan, Korea, Australia, and New Zealand. His current research and writing is focused on Asia regional architecture, Japanese politics, U.S. foreign policy history, the Korean Peninsula, Tibet, Burma and U.S.-India relations.

The next witness is L. Gordon Flake, who joined the Mansfield Foundation in February 1999. He was previously a senior fellow and associate director of the Program on Conflict Resolution at the Atlantic Council of the U.S. and, prior to that, director of research and academic affairs at the Korea Economic Institute of America. He has traveled to North Korea numerous times. He is a member of the London-based International Institute for Strategic Studies and he serves on the Board of the U.S. Committee of the Council for Security Cooperation in the Asia-Pacific.

Your complete written testimonies will be made a part of the record. I will try to keep everybody within the 5-minute clock. We will just do the best we can.

Mr. Zoldos, the floor is yours.

**STATEMENT OF BATTALION CHIEF ROBERT J. ZOLDOS II,
PROGRAM MANAGER, U.S.A.-1/VA-TF1, URBAN SEARCH &
RESCUE, FAIRFAX COUNTY FIRE AND RESCUE DEPARTMENT**

Chief ZOLDOS. Mr. Chairman and members of the committee, thank you for inviting me today to testify at this important hearing. I will focus my testimony today on the rescue efforts and the level of devastation in the aftermath of the tragic earthquake and tsunami.

First I would like to extend my deepest condolences to those who lost loved ones, homes and livelihoods in the affected areas.

On March 11 at 1446 hours in Japan, a magnitude 9.0 earthquake, the fifth largest in the world since 1900, occurred on the east coast off Honshu at a depth of approximately 15 miles. According to the U.S. Geological Survey, the epicenter of the earthquake was located 80 miles east of Sendai, the capital of the Miyagi Prefecture, and 231 miles northeast of Tokyo.

The earthquake generated a large tsunami that struck the Fukushima Prefecture, resulting in additional fatalities and damage. At the time, media reports indicated that the earthquake and the tsunami resulted in at least 300 deaths and injuries.

The United States Agency for International Development maintains agreements with two FEMA-certified urban search and rescue domestic teams, Los Angeles County in California and the Fairfax County team in Virginia. The teams maintain 24/7 readiness to deploy to international disasters when requested by the affected country and the U.S. chief of mission.

Within 3 hours of the earthquake, the U.S. Agency for International Development's Office of Foreign Disaster Assistance gave an alert to the two teams to begin preparing for a possible USAR deployment in Japan. This alert allows us to begin bringing in our team's command and general staff as well as to prepare our equipment for deployment.

USAID requested two USAR teams, one from each department. The two teams were composed of a total of 148 personnel trained in search, rescue, and medical services; and 12 live rescue search canines, like Atticus here—he is usually a little more active than this—who is here today with his handler Jennifer Massey. Working under the direction of experienced handlers like Jennifer, our live search canines are able to locate live victims deep within the rubble.

Along with personnel and canines, we also bring with us a great deal of search and rescue equipment for operating in any type of construction or building. Each team has the capacity for physical, canine, and electronic searches, or what the average person refers to as looking, sniffing and listening.

We also bring a vast emergency medical capacity, which allows for the treatment of injured team members as well as victims we find during operations. Other highly trained specialists on our teams are able to assess damage, determine needs, provide feedback to local officials, and conduct hazardous material surveys and evaluations of affected areas. The teams that deployed to Japan also had a water rescue capability, which was anticipated to be in demand due to the presence of the heavily flooded areas.

USAID deployed two heavy teams to Japan, one from Fairfax and one from Los Angeles. This means that these teams had the highest classification possible under the U.N.-sponsored International Search and Rescue Advisory Group, or INSARAG, and designates the ability to search in any type of building, including reinforced concrete.

The two U.S. teams arrived in Misawa, Japan, on March 13. We landed on a U.S. military airbase there. The military greeted, housed and fed us. Our 60-ton equipment cache was transported on trucks operated by U.S. airmen, all of whom had experienced the quake and were very happy to see a rescue team.

After initial inbrief by local officials, we were immediately dispatched to Ofunato, one of the most affected areas in the Iwate Prefecture in northeastern Japan. The Japanese Ministry of Defense transported a large portion of our equipment from Misawa Air Force Base to where we set up our base of operations at the Setamai school in Sumita. We had had readiness meetings with local authorities to establish operational assignments, search criteria, and incident objectives. And at first light on March 15, the teams headed out to begin search and rescue operations alongside the Japanese and international search and rescue teams.

Our two U.S. teams searched with teams from the United Kingdom, China, and many of our brothers from the Osaka and Ofunato fire departments. House by house and building by building, we scoured the debris-ravaged remains of Ofunato looking for victims.

There were heavy losses in this once thriving community. Large boats and ships were scattered throughout the area, with many

resting between building. Vehicles were all over rooftops, but the majority of the buildings in low-lying areas were simply gone. Some people lost everything, family, friends, their homes and businesses, and yet we were greeted with an outpouring of kindness that none of us will ever forget.

After searching in Ofunato, we were unable to locate any survivors. Local officials asked that we move on in our search to Kamaishi, north of Ofunato. Much like in our previous search, the wall of water generated by the enormous quake destroyed the area surrounding the bay. Houses and buildings were unrecognizable.

As a rescuer combing through the rubble, we were always searching for voids. Even the smallest void space can provide enough room for someone to possibly survive. Both of our teams deployed in the aftermath of the January 2010 earthquake in Haiti, and the U.S. teams were able to make an unprecedented 47 live rescues. Some of these rescues were in void spaces so small and so precarious that I still can't fathom how some of them survived.

But in Japan, we were searching in areas where the tsunami had utterly washed over and through nearly every possible void space. So if one might have survived the earthquake in a void, then they had to beat the odds a second time when the tsunami struck. Compound this with the fact that the weather was often below freezing. We knew the likelihood of finding someone was very, very slim. And yet the U.S. teams and our partners never gave up the search and our hope as we searched every inch of our assigned locations.

We demobilized and returned home on March 20 after searching all locations assigned to us by the Japanese Government. It was difficult to accept that we were unable to find any survivors, but we were honored to have been deployed to help the Japanese in their time of need. Everywhere we went in Japan, we were warmly greeted by a resilient population that extended their arms to embrace our rescue teams even in the face of this utter tragedy.

On behalf of the Urban Search and Rescue Teams in Los Angeles and Fairfax County, I would like to thank the Government of Japan for inviting us and the United States Government for deploying us to assist in the aftermath of this tragic disaster. I would also like to thank the Board of Supervisors for both Fairfax and Los Angeles Counties for their unwavering support of our international search and rescue efforts.

I will be happy to take any questions you may have, sir.

Mr. MANZULLO. Thank you very much.

[The prepared statement of Chief Zoldos follows:]

**Statement of
Battalion Chief Robert J. Zoldos II
Program Manager, U.S.A.-1/VA-TF1
Urban Search & Rescue
Fairfax County Fire and Rescue Department**

**Before the
Committee on Foreign Affairs
Subcommittee on Asia and the Pacific
United States House of Representatives**

May 24, 2011

Mr. Chairman, Ranking Member Faleomavaega, and Members of the Committee, thank you for inviting me to testify today at this very important hearing. I will focus my testimony today on our rescue efforts and the level of devastation in the aftermath of the tragic earthquake and tsunami.

First, I would like to extend my deepest condolences to those who lost loved ones, homes and livelihoods in the affected areas.

On March 11 at 1446 hours in Japan, a magnitude 9.0 earthquake—the fifth largest in the world since 1900—occurred near the east coast of Honshu, at a depth of approximately 15 miles. According to the U.S. Geological Survey, the epicenter of the earthquake was located 80 miles east of Sendai, the capital of Miyagi Prefecture, and 231 miles northeast of Tokyo.

The earthquake generated a large tsunami that struck Fukushima Prefecture, resulting in additional fatalities and damage. At the time, media reports indicated that the earthquake and tsunami resulted in at least 300 deaths and hundreds of injuries.

USAID maintains agreements with two FEMA-certified domestic USAR teams – Los Angeles County in California and Fairfax County in Virginia. The teams maintain twenty-four/seven readiness to deploy to international disasters when requested by the affected country and the U.S. chief of mission.

Within three hours of the earthquake, the U.S. Agency for International Development's Office of U.S. Foreign Disaster Assistance gave an "Alert" to begin preparing for a possible USAR deployment to Japan. This alert allows us to begin bringing in our team's command and general staff and preparing our equipment for deployment.

USAID requested two USAR teams – one from each fire department. The two teams were composed of 148 personnel trained in search, rescue, and medical services and 12 live rescue search canines like Atticus, who is here today with his handler Jennifer Massey. Working under the direction of experienced handlers like Jennifer, our live search canines are able to locate live victims in the rubble.

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There were heavy losses in the once thriving community. Large boats and ships were scattered throughout the area, with many resting between buildings. Vehicles were all over rooftops, but the majority of buildings in the low-lying areas were simply gone. Some people had lost everything: family, friends, their homes and businesses. And yet we were greeted with an outpouring of kindness that none of us will soon forget.

After searching in Ofunato city, we were unable to locate any survivors. Local officials asked that we then move our search location to Kamaishi, north of Ofunato. Much like in our previous search, the wall of water generated by the enormous quake destroyed the area surrounding the bay. Houses and buildings were unrecognizable, and debris was everywhere.

As a rescuer combing through the rubble, we are always searching for voids. Even the smallest void space could provide enough room for someone to possibly survive. The Fairfax and Los Angeles County USAR teams were deployed in the aftermath of the January 2010 earthquake in Haiti, where the U.S. teams were able to make an unprecedented 47 live rescues. Some of these rescues were made in void spaces so small and precarious that I still can't fathom how one survived.

But in Japan, we were also searching in areas where the tsunami had utterly washed over and through nearly every possible void space. So if one might have survived the earthquake in a void, they then had to beat the odds a second time when the tsunami struck. Compound this with the fact that the weather was below freezing, and we knew the likelihood of finding someone alive was very slim. And yet the U.S. teams and our partners never gave up hope as we searched every inch of our assigned locations.

We demobilized and returned home on March 20th after searching all locations assigned to us by the Japanese government. It was difficult to accept that we were unable to find survivors, but we were honored to have been deployed to help the Japanese people in their time of need. Everywhere we went in Japan, we were warmly greeted by a resilient population that extended their arms to embrace our rescue teams, even in the face of such utter tragedy.

On behalf of the USAR teams in Los Angeles and Fairfax, I would like to thank the government of Japan for inviting us and the U.S. Government for deploying us to assist in the aftermath of this tragic disaster. I would also like to thank the Board of Supervisors in Fairfax and Los Angeles counties for their unwavering support of our international search and rescue efforts.

I am happy to take any questions you may have.

Mr. MANZULLO. Mr. Schriver.

**STATEMENT OF MR. RANDALL SCHRIVER, PARTNER,
ARMITAGE INTERNATIONAL**

Mr. SCHRIVER. Mr. Chairman, thank you very much for the invitation to address this committee. I am quite honored, and I am honored to be seated with my fellow panelists Mr. Zoldos on the front lines and my good friends Mike and Gordon.

Let me add to the expressions of condolence that have also been made. The tragedy is 2 months past, but there are still people suffering in very dire circumstances, so it is important that we keep people in our thoughts and prayers.

Let me just make two points up front. From time to time, we hear people question whether or not Japan will recover and reconstitute. I think we should dispense with that notion. Japan will recover. It is a great country, a great society, a great nation, and has a history, as the Ambassador said, of coming back from previous tragedy. The real question, the salient issue, is the pace and what trajectory. Will Japan slide into a middle power status given these not only recent events, but some of the other challenges they faced, or will they truly have the wherewithal to emerge to a regional and global status to where they have been for the past several decades?

The second point I want to make up front, we should be very, very clear that it is in our interests in the United States for Japan to follow that second path, to the path of recovery to regional and global leadership. It is important to us not only because of our alliance and our affinity with our friends in Japan, but our regional strategy, in many ways our global strategy, is dependent on a

strong alliance, what we are doing on the Korean Peninsula, our obligations in the Taiwan Strait, our mutual support for freedom of navigation and so forth. We need Japan to recover, and as a friend and ally, we need to be seeking out ways that we can help them make that fast recovery and return to a position of prominence.

Japan, of course, has many of the immediate challenges that were already mentioned: The recovery of the immediate affected areas, relocation of population, dealing with the energy situation, and I would add to the comments already made about how impressed everyone is with how the Japanese citizens have responded, their strength in the face of this crisis, their benevolence to fellow citizens and to hosting our people.

Let me also say in the immediate response, a congratulations and support is also noted for the Obama administration and how well they have done, and particularly our military services who responded alongside brothers in arms and rescue workers. So this was a joint effort extremely well done, and we should acknowledge that.

The medium term, of course, and the longer term, there are some uncertainties. I think Japan's essential choice about turning inward or seeking to still retain positions of regional and global influence, these are real questions, and the discrete policy decisions that will be made in the present and in the near term will impact that.

Again, our aspirations are for a strong Japan. We can't have and should not be complacent about Japan looking inward. But I would also add there are a few voices who have talked about a reorientation opportunity for Japan, some high-profile op-eds maybe, about looking at reorienting away from the alliance and maybe toward China.

I just want to say that while China will surely be part of the recovery and will surely be part of Japan's trajectory out of this crisis, this would not be a very wise move, in my opinion. China is not the same kind of partner that the United States will be now and looking forward; at best, an unreliable partner. We only need to look at the events of 2010 to see China's more assertive sovereignty claims; vis-à-vis Japan, their cutting off of rare earth materials when Japan was in need; and in general, an attitude of supporting the adversaries of Japan, like North Korea. So I hope it is not an inward turn, but I also hope it is not a reorientation away from the alliance. I very much believe in the future of this alliance.

I also just want to say, although most of us are consumed about talking about Japan's challenges and the uncertainties in Japan and decisions that they have to make, there are some uncertainties about the United States that we have to be realistic about. And if you are sitting in Tokyo or anywhere else in the region, there are questions about our own wherewithal.

Japan looks at us, I am sure, and sees we are involved in a third war in the Middle East now. And will our attention be once again diverted away from Asia? They follow our budget debates and understand that there may be defense cuts coming. What would that mean for the alliance? What would that mean for the region? They wonder about our support for trade liberalization, a long hallmark of U.S. leadership in Asia. Now we are hardly in the game, as oth-

ers are pursuing it in a robust manner. And they look at things like our own engagement of China, and they see something like the strategic and economic dialogue and the number of Cabinet secretaries and the President himself, their level of involvement with that. We have nothing like that with respect to our best ally in the region with Japan. So they look at these things, and they wonder about us. So I think as we think about how to help Japan, we also need to think about our own policies and our own positioning.

So, again, I think it is absolutely vital that we invest in the future of this alliance for reasons that I have articulated and others have articulated. It does require the time and attention of our seniormost leaders. It does require, I think, for us to be a leader on trade, not a reluctant participant. And I think we should have high aspirations and expectations for this alliance, not give Japan a pass or in any way be implicit in an inward look on their part.

Thank you.

Mr. MANZULLO. Thank you.

[The prepared statement of Mr. Schriver follows:]

TESTIMONY OF RANDALL G. SCHRIVER
FOUNDING PARTNER, ARMITAGE INTERNATIONAL AND PRESIDENT OF THE PROJECT 2049 INSTITUTE

PRESENTED: TUESDAY, MAY 24TH 2011
HOUSE COMMITTEE ON FOREIGN AFFAIRS: SUBCOMMITTEE ON ASIA AND THE PACIFIC
DONALD A. MANZULLO (R-IL), CHAIRMAN
ENI FALCOMAVAEGA (D-AS), RANKING MEMBER

Mr. Chairman and esteemed committee members, I would like to express my sincere appreciation for the opportunity to address this committee and briefly discuss the future of Japan and the U.S.-Japan Alliance – a true strategic partnership.

Let me begin with an expression of condolence and support to friends in Japan. Although over two months have passed since Japan suffered one of the largest and most devastating natural disasters in recent memory, many Japanese citizens are still struggling and remain in dire circumstances. Our thoughts and prayers are with the people of Japan.

The world watched with great admiration as the Japanese people persevered through the tremendous challenges and adversity confronting their nation. Their fortitude and stoic resolve in the face of such great hardship is truly inspiring.

And while we should by no means underestimate the magnitude of this disaster or the impact of its devastation, we should also be clear about one thing – Japan will recover and reconstitute. Japan is a great nation, a great society and a great culture. The people of Japan have found new opportunity and prosperity in the ashes of past tragedy. And we are witnessing once again the dignity, patience, and benevolence of the Japanese in the aftermath of this tragedy. Their response gives us all good reason to be confident in their resilience and prospects for recovery.

That said, it is appropriate to ask the very legitimate questions about the pace of Japan's recovery, and its ultimate trajectory as a global political and economic power. Japanese leaders have important decisions to make at this critical juncture. And it is not hyperbole to state that decisions made today could very well determine whether Japan slides into a middling power status with limited reach and influence, or whether Japan will once again ascend to a position of regional and global leadership. Japanese leaders were confronting difficult choices even before the triple disasters of March that would impact its trajectory in either of the aforementioned directions. But now in the aftermath of the disasters, the imperative for action is much clearer, and a sense of urgency is rightfully pervasive. Japan, and thus our alliance, has arrived at an inflection point.

We should be clear about one more matter before discussing recent events in greater detail – it is in the interest of the United State for Japan to recover quickly, and to find opportunity out of this crisis to emerge as a stronger, more confident alliance partner. In light of Japan's alternative futures

described above, the United States should do all that we can to promote Japan's swift return to a leadership, great power status.

I have been asked to discuss the impact of the recent natural catastrophes on Japan's domestic economy, political system, and the subsequent implications for the region. I aim to address what I see as Japan's short and mid-term reconstruction goals, the role the United States should play going forward, the impact of the crisis on regional dynamics, and the overall strategic importance of the U.S.-Japan alliance.

In the short-run the Japanese government is focused on resettling families and individuals displaced by the disaster into permanent housing, ensuring food and water supplies, reconstructing ports and roads, and reopening refineries. Looking forward, Japan needs to engage in a serious dialog about the future of its domestic energy production, weighing the benefits and dangers of nuclear power, and exploring the feasibility of alternative forms of energy creation. Currently, the IAEA reports that nuclear power accounts for roughly 30 percent of Japan's electricity production. Pre-crisis planners had hoped to increase that to 50 percent by 2030, but plans to build fourteen new nuclear reactors over the next twenty years have been put on hold. Renewable energy, mainly in the form of geothermal, solar, and wind power, accounts for only 2.4 percent of present electricity production, making any sweeping transition away from conventional fossil fuels unlikely in the near future.

Japan will most likely fall back on imports of liquid natural gas (LNG) and coal to fill the void left by nuclear power, while simultaneously attempting to transition to cleaner forms of renewable energy. Domestic supplies of coal and LNG are not sufficient to compensate for their electricity capacity shortfalls, so Japan will be forced to substantially increase its energy imports (mainly from Australia). Recent increases in global demand for coal (prior to the crisis) have placed significant upward pressure on the price of coal and LNG. This trend has only been reinforced by increased demand from Japan. Short-run spikes in energy costs will pose yet another hurdle along their road to recovery.

Japan should prioritize efforts to provide direct recovery assistance to private industry. Such programs could take many forms, but an emphasis should be placed on repairing infrastructure and reestablishing a friendly investment environment for foreign capital. Damaged physical infrastructure, a displaced workforce, uncertain energy supplies, and damaged distribution networks all contribute to the uncertainty surrounding Japan's future. Reassuring investors will go a long way in expediting an economic recovery and bringing it out of its current recession.

The United States should stand ready to assist our ally, and reassure our friend that they will not be abandoned in this time of need. But even further – we should communicate through both words and actions that we have high aspirations for the alliance.

I commend the Obama administration's swift response to the crisis, and for our friends in Congress that enabled the Administration to do so. USAID and the Department of Defense have pledged and delivered millions in humanitarian financial support. Specialized American search and rescue teams

were deployed in the immediate aftermath of the disaster. The U.S. has provided over 227 tons of relief supplies including 60,000 daily servings of food and water, and the U.S. Pacific Command deployed marine units to assist Japanese self-defense forces. As the nuclear crisis was unfolding and other nations evacuated their embassy staff we increased our presence in Tokyo. This did not go unnoticed. It is fitting that our joint assistance operation in support of disaster relief efforts was named "Operation Tomodachi," from the Japanese word for "friend(s)."

Looking forward, it is clear that these recent events present important policy decisions, not only to our friends in Tokyo, but for the United States as well. Even prior to the current crisis some commentators had begun to question the value of our strategic partnership with Japan, forecasting its decline into middle power status as a rising China surpassed it economically and became the region's chief political power. Only time will tell if Japan will emerge from its reconstruction revitalized and reinvigorated, but our aspirations for their swift and complete recovery cannot waiver. In my view, Japan should remain at the core of any American regional strategy. A diminished Japan will inevitably weaken American regional influence at a time when articulating our interests clearly and forcefully could not be more paramount.

Japan and the United States are natural allies, united by common values and shared economic and security interests. Both nations share a belief in economic prosperity based on market principles, value free and open trade, prioritize the protection of intellectual property rights, and maintain high labor and environmental standards. Last year Japan imported over \$60 billion worth of U.S. goods and they are the second largest foreign direct investor in the U.S. economy with about \$259.6 billion in investments in 2009. We share an interest in promoting a Southeast Asia this is a partner in the development of democracy and human rights. A strong Japan serves as a hedge against every probable security threat in the region. Japan has been a strong advocate for the denuclearization of the Korean Peninsula. Japan and the United States have publicly articulated a shared interest in peace and stability in the Taiwan Strait, and the U.S. presence in Japan is key to ensuring the United States can meet our Taiwan Relations Act requirements. And Japan and the United States both understand the value of freedom of navigation though international waters and airspace, to include contended areas such as the South China Sea.

Our robust and dynamic alliance has not only paid dividends regionally. Japan has assisted American liberation and reconstruction efforts in Iraq, and has remained an active contributor to the promotion of peace in Afghanistan. Japan remains the second-largest donor to the United Nations, the World Bank, the International Monetary Fund (IMF), and the Asian Development Bank. This alliance has proved to be nothing but beneficial to our security interests abroad and our economic prosperity at home.

The call for new policy options in Washington that would give Japan a pass and pursue alternative regional strategies may attract some. Japan faces several significant roadblocks to recovery. Increasing death rates and diminished birth rates have earned Japan the highest proportion of elderly citizens over the age of 65 (29.9 percent) of any nation on earth. They have the highest public debt to

GDP ratio of any nation currently 225.8 percent of GDP, and long term deflationary pressures are driving down wages and stifling economic growth. Members of Congress and in the Washington policy community are rightly concerned that these existing concerns coupled with this latest crisis will compel Japan to turn inward and retreat from its role as a regional and global power.

However, uncertainties are not only generated by conditions in Japan. The Japanese are not without their reservations about U.S. commitments in the region. They well-know that American forces are engaged in conflicts in Iraq, Afghanistan, and Libya and that our attention is once again diverted from Asia. They watch as the U.S. engagement of China seems to reflect place of priority and a growing interest in partnering with Beijing to solve regional and global challenges. They see an Administration in Washington that has lost interest in trade liberalization at a time when such efforts are accelerating throughout the Asia-Pacific. And they follow the debate about U.S. budgets and wonder what future defense cuts might mean for the U.S. presence in Asia.

Japan may not have viable alternatives to the United States as a strong partner, and thus the choice may be to turn inward. But some have begun to suggest that this inflection point is an opportunity to reorient Japan's regional and international profile, particularly by strengthening Japan's ties with Beijing. While there is no doubt that China has a role to play in Japan's road to recovery, I'd caution strongly against any thoughts in Japan of a pivot away from the United States and toward Beijing. One needn't look further than the events of 2010 to see that China is at best unreliable, and at worst may be actively seeking a diminished Japan. Last year, China chose to cut-off its supply of rare earth minerals at a crucial time for Japan's economic recovery. China openly backed North Korea after provocative military actions. And China chose to aggressively push sovereignty claims over Japanese objections at a time when they believed there were fissures developing in the US-Japan relationship. China will not be a good friend and partner to Japan.

Thus it is crucial that the U.S. challenges do not divert attention or handicap our activities in East Asia. While the aftermath of the crisis in Japan is largely Japan's to deal with (and they have both the resources and the technical know-how to pursue a robust recovery), the United States can play the role of a strong advocate for Japan and provide the necessary reassurance that Japan remains central to our future in Asia.

It is important that both words and deeds send the right signals to Japan, and to the rest of the region. We can start by making a significant investment of the most precious resource in Washington – the time and attention of our senior most leaders. I watched with some bemusement as the Obama Administration finished another round of the S&ED with China last week, and as our President and over half our cabinet committed considerable time and energy to events that produced very little. Shouldn't we give at least as much attention to our ally in Tokyo during this time of challenge?

The United States should also make the hard decisions that are required for the long term viability of our leadership position in Asia. We should commit the defense resources necessary to be the dominant power in a region where hard power still matters. We should be a leader on trade

liberalization, not a reluctant participant. And we should continue to push a robust bilateral agenda for our military alliance with Japan – not in an effort to force Tokyo’s hand, but to proudly convey that we have high aspirations and expectation for our alliance.

I hope the Obama Administration will share this outlook, and that friends in Congress will as well. Thank you again Mr. Chairman for the opportunity to participate in your hearing today, and to offer these thoughts.

Mr. MANZULLO. Mr. Green.

**STATEMENT OF MICHAEL J. GREEN, PH.D., SENIOR ADVISER
AND JAPAN CHAIR, CENTER FOR STRATEGIC AND INTER-
NATIONAL STUDIES**

Mr. GREEN. Mr. Chairman, thank you for inviting me. Thank you for focusing on our ally in its time of need and support.

The triple disaster of March 11 has been the greatest crisis Japan has faced since the war. More than 24,000 dead and missing. More than 400,000 displaced. More than 70,000 who have lost their jobs. I lived for a time as a student not far from the area where our colleagues from Fairfax were deployed in the Iwate Prefecture, and it has been personally heartbreaking for me to see this beautiful coast eliminated by the power of nature.

For all the reasons my friend Randy Schriver said, Japan is our indispensable linchpin not only in the Pacific, but globally; the second largest contributor to the World Bank, the IMF, the United Nations. I worked for 5 years on the National Security Council staff. We could not do anything we do in the Pacific and beyond if we didn’t have Japan as our ally. Americans know that.

In the first month, \$250 million was raised by private U.S. citizens. Thousands of Americans have gone to help. 20,000 from the U.S. military. For our part, at the Center for Strategic and International Studies, we have established a task force called the Partnership for Recovery with Japan’s Business Federation Keidanren. The task force is chaired by the CEO of Boeing Jim McNerney, and we have about 25 prominent Americans at that level from civil society think tanks and the corporate sector, and we are working with our colleagues in Japan to come up with ideas and areas where the U.S. can help as Japan charts its recovery and moves on a trajectory to a strong economic position and strong role in the world. And we would be very happy to brief you, and the members of the committee, and your staffs as we move forward and get some concrete ideas out on the table. We will be traveling to Japan in June.

I have seen some of the opportunities and challenges Japan will face coming out of this. I would like to focus on what I would say are three strengths and three problems, three challenges. The three strengths are things that people who knew Japan understood. But I think for much of the world, the Japanese public’s response to this crisis has really spotlighted some resilience that much of our media had forgotten about.

First is the esteem and respect with which Japan is viewed around the world. Public opinion polls taken globally have always ranked Japan in the top three countries or four countries, often first, in terms of respect worldwide. Well over 100 countries have responded, rich countries like the United States or Britain or Australia, but countries like Afghanistan, where people from Kandahar who have benefited from Japanese aid have sent money, sent rugs and blankets to help. It is played back in the Japanese media, and people appreciate this in Japan. It has, I think, given a new sense of how important Japan is to the world, to the Japanese themselves.

Secondly, Randy touched on this, it really is important, the performance of the Japanese Self-Defense Forces and the U.S. military with them in a supporting role was exemplary. Operation Tomodachi, which means "friend," is the largest joint and combined operation we have ever done with Japan. And our friends and adversaries alike will take note of the fact that in 3 days we rebuilt Sendai airport, which had been absolutely devastated. That is no insignificant interoperability incapacity. It reassures our friends; and as I said, our adversaries will take note of how close we are.

Third, the Japanese youth, which has been dismissed in recent writings as sort of lost and without a goal, has been incredible in this crisis. Over 300,000 people have volunteered from within Japan to go north. Companies and schools are giving volunteer vacations. I teach at Georgetown, and just about every Japanese student I have ever had or intern I have ever had has dropped what they are doing and has gone north really speaks well to the next generation of Japanese leadership.

Three challenges. The economic one is quite clear. As the Ambassador said and Randy said, Japan will recover. The fiscal situation is stressful. They will manage that. There will be some hollowing out in Tohoku as companies diversify their risk from production. Twenty to thirty percent of production may not come back to that region, but that is an opportunity to rebuild a new kind of economic model in that part of Japan.

Secondly, energy. The rolling blackouts are over. Energy supply is adequate. But in the long run, Japan had planned on moving from 30 percent of energy supply from nuclear to 50 percent. That is going to be hard. Japanese public support nuclear, but they are going to have to look at this. I think if Japan investigates and reports on this experience, it will be well positioned to lead the world in defining new safety requirements for peaceful nuclear energy.

Finally, politically this has stressed the Japanese Government. There are a lot of ideas, a lot of plans. There is no centralized planning process yet. It will come. It is a challenge. I think the opportunity is that we have seen in this crisis some new political stars start to rise and some real energy in all the major parties.

We will stand with Japan, all of us. This committee has set the example. Ultimately Japanese leaders will make the decisions, make the calls, but the fact the United States is there with them to offer support, ideas, and assistance will matter enormously. So I thank you for calling this hearing and for your support as well.

Mr. MANZULLO. Thank you.

[The prepared statement of Mr. Green follows:]

**Statement before the House Foreign Affairs Committee,
Subcommittee on Asia and the Pacific**

***“CRISIS AS OPPORTUNITY:
THE FUTURE OF JAPAN AFTER 3-11”***

A Statement by

Michael J. Green

Senior Advisor and Japan Chair,
Center for Strategic and International Studies (CSIS)

Associate Professor,
Edmund A. Walsh School of Foreign Service
Georgetown University

May 24, 2011

2247 Rayburn House Office Building

The March 11, 2011 triple disaster of a 9.0 magnitude earthquake, a massive tsunami, and then partial meltdown at the Fukushima Dai Ichi reactor has created the greatest crisis Japan has faced since the Second World War. More than 24,000 people are dead or missing, including two young Americans on the Japan English Teacher (JET) program who were living in the stricken Tohoku region. More than 409,000 people have been displaced and over 70,000 jobs lost. Japan's real GDP for the January-March quarter of 2011 fell 0.9% from the previous quarter, or an annualized rate of 3.7% according to a Japanese Cabinet Office report of May 19. The International Monetary Fund (IMF) has lowered its projection for Japanese economic growth from 1.6% to 1.4% for this year. Private economists like Masaaki Kanno of JP Morgan Securities in Tokyo think the economic picture could be even worse, projecting that GDP will only grow 0.8% for 2011.

This tragic blow comes at a time when the Japanese people were already growing frustrated with their political leadership, despondent about the impact of negative debt and demographic trends on an already sluggish economy, and alarmed at new Chinese, Russian and North Korean assertiveness in their backyard. Recovery from "3-11" will force the Japanese government to stretch fiscal resources and reach new political consensus, two things that have been in short supply of late. And yet, the tragedy has also revealed hidden strengths and new resolve in the Japanese society that bode well for the future of the country.

The United States has an enormous stake in Japan's recovery. As a matter of national security and economic strategy, we rely heavily on Japan as the indispensable lynchpin of our forward military and diplomatic presence in Asia and the foundation of a stable strategic equilibrium in the region as Chinese power rises. Japan hosts our major Navy, Air and Marine Corps assets in the Western Pacific. Japan is the second largest contributor to the IMF, the World Bank, the United Nations, Afghan reconstruction and numerous other international efforts at peace building and development. Japan's standing as an advanced economy and democracy has been critical to encouraging other states in Asia to follow the same path, rather than an authoritarian development model. The Republic of Korea, Australia, India and other states in Asia are growing in importance to U.S. foreign policy and to Japan's as well, but no other ally or partner in the region could possibly substitute for what Japan provides in terms of support and influence.

The American people have also demonstrated their personal stake in Japan's recovery. Opinion polls show that Americans have never felt more positive or trusting towards Japan, a remarkable development considering that in the late-1980s Americans feared Japan's economic power more than the Soviet Union. This overwhelmingly positive view of Japan begins at the grass roots level, where hundreds of thousands of Americans have studied in Japan, worked as JETs, or served with the U.S. military --and comparable numbers of Americans have worked for the Japanese companies that began building factories across the United States in the 1980s. According to the Chronicle of Philanthropy, in the first month after the earthquake and tsunami, Americans raised \$250 million for relief and recovery. Numerous U.S. non-governmental organizations like the

Red Cross and Mercy Corps have dispatched experts to help their Japanese counterparts with relief and recovery. My own students at Georgetown University and in schools across the country have taken time out of their studies to organize relief events and sell wrist bands emblazoned with the words “Hope for Japan” to raise cash for the people of Tohoku. This entire experience has been deeply moving for me personally, as I lived and worked for a time in Iwate, one of the three stricken prefectures.

The Center for Strategic and International Studies (CSIS) has also drawn on our expertise to offer assistance as Japan plans for recovery and reconstruction. On April 11 CSIS announced the establishment of the Partnership for Recovery, a task force chaired by Boeing President and CEO Jim McNerney and made up of prominent representatives from the corporate sector, civil society and think tanks. Working in close collaboration with a Special Committee for Recovery set up under Japan’s Business Federation Keidanren, we will examine ways that the United States can assist with Japan’s efforts as the Japanese people rebuild. Our intention is to learn from the intensive planning of our Japanese colleagues and to offer ideas that reinforce Japan’s strategy and reinvigorate our partnership. We have already organized working groups focused on seven areas: disaster relief and preparedness, energy strategy, civil society, economic planning, health, and alliance management. Next month an expert delegation from the CSIS task force will travel to Japan to meet with our Keidanren counterparts and with government and civil society leaders and to travel to the stricken Tohoku region. We expect to put out a series of recommendations in October and interim suggestions along the way and we look forward to briefing the staff and members of this committee on our findings at your convenience.

The CSIS-Keidanren collaboration is just getting underway, but if I may offer my personal observations thus far, I would suggest that Japan faces three great strengths and three significant challenges rebuilding in the months and years ahead.

The first strength is the enormous esteem with which Japan is viewed around the world. The British Broadcasting World Service country rating polls have consistently ranked Japan as among the most respected countries in the world for the past five years. The new survey released on March 7, 2011 saw Japan dip to 5th place, but I would expect that the incredible example of the Japanese peoples’ stoic and steadfast response to March 11 will cause that ranking to rise again. Gallop polling on 100 countries’ performance in the world in 2011 found Japan ranked fourth in terms of worldwide favorability ratings. As UN Secretary General Ban Ki-moon stated on March 11, “Japan is one of the most generous and strongest benefactors coming to the assistance of those in need the world over. In that spirit, the United Nations will stand by the people of Japan, and we will do anything and everything we can at this very difficult time.” Within a week of the disaster, 102 countries and 14 international organizations had sent assistance and the number is even higher today. This includes the richest and poorest nations in the world, among them Afghanistan, where citizens raised money to say thank you after Japan’s economic assistance to that country in its moment of need. Following Japanese media and speaking frequently with Japanese political leaders, I believe this international outpouring has struck a real chord in Japan and will encourage Japan’s

political leaders and people to continue their country's role as a leading contributor to international society.

A second strength that was revealed in this tragedy was the professionalism and effectiveness of Japan's Self Defense Forces (JSDF) and their partnership with the U.S. military. 100,000 JSDF personnel have been involved with disaster relief operations, often in dangerous and difficult circumstances. They were joined by about 20,000 U.S. personnel through Operation *Tomodachi* ("friend"). This teamwork has captured the imagination and appreciation of the Japanese press after a politically contentious and sometimes divisive focus on plans to relocate U.S. forces on Okinawa. More importantly, the operations saved numerous lives in the Tohoku area. This has been the largest joint and combined operation in the history of the U.S.-Japan alliance. Particularly illustrative to friends and foes alike was the speed with which U.S. and Japanese forces put a badly damaged Sendai airport back in service. The operation began with the U.S. Air Force 320th Special Tactics Squadron parachuting into Miyagi to begin removing debris on March 16. By March 20 a U.S. Air Force C-17 landed with supplies and on March 22 an Australia C-17 landed with a badly needed cooling pump for Fukushima Daiichi nuclear power plant. Japan's defense budget will be under pressure in the years ahead, but this example showed that interoperability and jointness count as much as spending in terms of deterrence, dissuasion and reassurance. I have no doubt that both militaries and both governments will build on this positive experience in the years ahead.

A third strength has been the energy and unity of purpose among Japan's youth. I saw this clearly in the way my own students were mobilized and energized by the disaster and thought it was a striking counterpoint to the growing argument that Japan's next generation is becoming listless and un-ambitious. Almost 300,000 Japanese have volunteered to go to Tohoku to help with relief and recovery efforts. The Japanese government and firms have responded by offering "volunteer holidays." I don't know of any young Japanese who worked for me or studied under me who hasn't volunteered. This galvanizing experience will produce a new generation of leadership with real purpose and drive.

These are strengths that were not fully appreciated by the world before 3-11. There are also enormous challenges ahead, of course. Yet even these challenges contain within them the potential seeds of a stronger Japanese role in the world.

The first challenge will obviously be economic. After 3-11 there was initial concern that Japan would not have the domestic savings pool to raise the funds necessary for reconstruction—estimated to be somewhere above \$600 billion—because of Japan's large debt-to-GDP ratio (now close to 200%). However, most analysts, ratings agencies and international financial institutions now assess that the Japanese people do have the savings necessary and the readiness to pay for reconstruction through special taxes or disaster bonds. The larger risk may be further "hollowing out" of the Japanese economic structure. The interruption to global supply chains caused by 3-11 revealed how crucial Japanese inputs are to high technology goods produced from Korea to California. The

experience also shook Japanese corporate leaders, who recognized a far greater risk from earthquakes and tsunamis than they had anticipated. The Ministry of International Trade and Economy (METI) has begun a major study with Japanese manufacturers on how to avoid “hollowing out” of the Japanese economy in the event that production is now moved to other parts of Asia or North America to reduce risk. However, most corporate leaders I have spoke with from Japan do expect at least a partial shift of production out of the main island of Honshu in the years ahead. This should prompt Japanese political leaders to take a harder look at increasing competitiveness in the service and IT sectors. That debate was underway before 3-11 in response to Prime Minister Kan’s proposal that Japan join the Trans-Pacific Partnership (TPP) free trade negotiations and it will only intensify given the new pressures on Japan’s manufacturing base.

Second, Japan’s assumptions about energy resources may now come under stress. Japan has always had a serious national strategic approach to energy, given the lack of natural resources and heavy reliance on imports, especially of oil and coal. Japan operates 54 nuclear power reactors that provide about 30% of electricity and the government had proposed building 14 new reactors and increasing reliance on nuclear for 50% of energy by 2030. Public opinion polls still show almost surprising levels of support for nuclear power in Japan even after the disaster at the Fukushima Daiichi power plant. However, Japan will now face both near-term and long-term energy shortfalls. In the near-term, rolling power outages continued for weeks after 3-11 and could resume, depending on summer peak demand. Japan will likely increase LNG in the short-term, but the cost will be high. Nuclear will remain a part of the mix in the longer-term, but there will be significant debate about whether the 50% target for nuclear is still realistic. As Japan adjusts its energy strategy, however, there may be opportunities for new demonstrations of leadership. For example, if the Japanese government authorizes a thorough and independent review of what happened at Fukushima Daiichi, Japan would be well placed to lead international discussions on improving safety and accountability standards for civilian nuclear power plants around the world.

Third and finally, Japan faces some near-term challenges building political consensus and leadership for recovery and reconstruction. Prime Minister Naoto Kan is Japan’s fifth prime minister in as many years. Many political commentators thought his premiership was heading into its final weeks before 3-11. In current public opinion polls his government receives a two or three-to-one disapproval rating over its approval rating. However, the public also has expressed the opinion in polling that it is not appropriate to replace the Prime Minister in the midst of this initial relief and recovery stage. This political uncertainty could begin to hamper planning. Thus far the government and opposition have not been able to agree in the Diet on how to organize reconstruction – Prime Minister Kan wants to lead the effort with an expanded cabinet and the opposition wants the immediate establishment of a new super-agency to design and implement recovery plans with greater autonomy from the other cabinet ministers.

Nevertheless, it would be a mistake to assume from this current uncertainty that Japan is incapable of producing strong leaders needed to move forward. Shigeru Yoshida, Yasuhiro Nakasone and Junichiro Koizumi are three who left a strong stamp on

Japan in the past fifty years and they will not be the last. Moreover, the crisis has spotlighted the leadership skills and competence of a number of up-and-coming politicians in all the major political parties. The structural problem is that the earthquake and tsunami of March 11 hit as Japan was slowly transitioning to a new post-Cold War model of politics. That hurts in the near-term. Yet we may also find in the coming months that this accelerates the process of political realignment and produces the decisive leadership that the Japanese public has been waiting for since Junichiro Koizumi stepped down after six successful years as prime minister in 2006

In short, even the challenges Japan will face in terms of political leadership, economic planning and energy strategy offer opportunities for renewed leadership on the domestic and world stage. These will obviously be Japan's choices and Japanese leaders alone will have to articulate and implement a way forward with their citizens. At the same time, however, this crisis has also revealed the unique depth of America's alliance with Japan and the ties between the American and Japanese people. If we stand squarely with Japan it will make a difference in the months and years ahead – for Japan, for us and for the world. This hearing is an important part of that effort and I thank the Chairman and members of the committee for inviting me today and for their leadership in bringing Congressional focus to Japan at this critical juncture.

Mr. MANZULLO. Mr. Flake?

STATEMENT OF MR. L. GORDON FLAKE, EXECUTIVE DIRECTOR, THE MAUREEN AND MIKE MANSFIELD FOUNDATION

Mr. FLAKE. Thank you, Mr. Chairman. I, too, am honored to join my fellow panelists in addressing this important topic at this time.

With your lead, I will just summarize a few of the key points from my written testimony. But first and foremost, I want to very much associate myself with the comments of my fellow panelists. I very much agree with them, and in my written comments you will see that there are similar veins in terms of our relative optimism about the recovery of Japan and the potential of this tragic event to in a positive way affect the trajectory of Japan as a nation and as an ally of the United States.

As I understand, the underlying assumption of the panel and the reason we are holding it today is that the events of March 11, as tragic as they were, have the potential to alter Japan's trajectory, and there is some concern that it may cause Japan to kind of pull inward. With an already difficult fiscal situation in Japan, with a tremendous cost incurred by this tragedy, there is concern that Japan will no longer be willing or able to engage with us in the region as we have done in the past. And I think that is a very important issue for us to address, given the importance of Japan as our ally in Asia and how much we rely on things that we do jointly.

I think if you look at my written testimony and the comments made earlier, I am generally optimistic that that won't be the case. But rather than speak about the issue more broadly, I think it is useful to look at one very specific and important example in the region itself. So I, in my written remarks and today, will choose to focus really on Japan-South Korea relations as two of our most important allies in the region.

So as a way to sort of use a litmus test to kind of test the assumption that Japan might be retrenching—and I think, again, looking at the case of Korea gives you perhaps exactly the opposite answer—that the events of March 11, as horrific as they may be, actually in the short and long run will likely have a positive influence on relationships between our two most important allies that at times in the past have been troubled, and this is a rare and important opportunity for us to improve those relations and for Japan and Korea to work together as they go forward.

I would note that many of the issues that we were asked to address in this panel are also directly relevant to that core relationship in Northeast Asia: The question of denuclearization, particularly in North Korea; the question of human rights, again, with North Korea being first and foremost; free trade. Obviously we are at the cusp, hopefully, of passing the Korea-U.S. Free Trade Agreement, the KORUS. It is something that would have a tremendous impact on U.S.-Japan trade relations and, of course, on Korea-Japan trade relations going forward. The broader question of the role of China in the region. All of these things really are tied up in that relationship between these two core allies that we have in Japan and Korea.

I would note that prior to the events of March 11, the Korea-Japan relations were on a historic upswing. Political changes in

both Japan and Korea really resulted in a remarkable improvement in the political relationship, which had been difficult because of historical legacy and other issues, territorial disputes, et cetera. But there was remarkably close coordination with Washington on North Korea; on North Korea policy; on joint responses to actions by North Korea; on actions and inactions by China in the region, everything from China's ignoring the sinking of the Cheonan or the Yeonpyeong shelling to China's actions in the Senkaku Islands or their statements on the South China Sea. These all serve to push Korea and Japan as allies of the United States ever closer together.

And you had some real positive developments on the security front with some historic developments in South Korea and Japan military-to-military relationships, with South Korea and defense officials attending and observing U.S.-Japan naval exercises and vice versa.

So again, we are on the uptick. So the question really would be for this panel today, how did the events of this past March affect that trajectory?

It is important to note that Korea was the first country to have a search and rescue team on the ground in Japan. It was partly due to proximity, but it is a remarkable statement of how things have changed in that relationship. Some 76 percent of the Korean public polled shortly thereafter were highly supportive of that deployment and of gathering aid to send to Japan, again which tells you how dramatically things have shifted in that relationship in a positive direction, and that included some very high-profile entertainers and others. They are emblematic of the changes in that relationship as you go forward.

I would note, if you look at, again, some of the fundamental questions that the committee has raised, there really is, as a result of the events of March 11, no change in policy coordination toward North Korea. That will continue unabated. Just this past weekend there was a very successful Japan-South Korea-China summit meeting in Japan where, as the Ambassador mentioned, they went jointly to the disaster area where they began to push for a free trade agreement.

The Ambassador also mentioned Japan's commitment to consider TPP. I would urge that if the United States is successful at passing the Korea-U.S. Free Trade Agreement, it would be a tremendous driver for cooperation between Japan and Korea in the region on free trade and other issues that we have a great interest in here in the United States as well.

Also issues such as human rights, of course, are not resource-driven. So at least in the Korea-Japan relationship, the premise that somehow Japan deprived of resources is going to turn inward, I think, is probably going to be the exact opposite. The Ambassador gave a very telling statistic that, despite this historic and devastating earthquake, tsunami, and nuclear crisis, they are only planning to cut their foreign aid 7 percent. And in these days of budget cutting in Washington, DC, 7 percent seems like an awfully small number to me in that regard as you go forward. Again, it is emblematic of Japan's commitment to the region as we go forward.

I would just say that the United States can do nothing better than to continue to support these trends that I have just outlined

in the trilateral relationship between the United States and its two important allies in Asia.

Thank you very much.

Mr. MANZULLO. Thank you.

[The prepared statement of Mr. Flake follows:]



THE MAUREEN AND MIKE MANSFIELD FOUNDATION

Testimony of

L. Gordon Flake

**Executive Director
The Maureen and Mike Mansfield Foundation**

May 24, 2011

**Before the
House Committee on Foreign Affairs, Subcommittee on Asia and the
Pacific**

Hearing on

“The Future of Japan”

Now that over two months have passed since the tragic events of March 11, 2011 in Japan, attention is understandably turning from rescue and relief operations to the challenge of recovery. While the most immediate tasks involve continuing efforts to secure the troubled nuclear power plant in Fukushima and the process of rebuilding many devastated communities, this hearing provides a much-needed opportunity to explore the broader implications of the tragedy for Japan's role in the region and in the world.

Given the very real fiscal constraints which the Japanese government was facing even prior to the events of March 11, a common presumption is that Japan may now be forced to focus its already scarce resources on domestic concerns and will thus be unable to play an active role in the region. This presumption is particularly concerning in that even prior to the earthquake and tsunami there was significant evidence of trends suggesting that Japan was increasingly looking inward. In early 2010, the Mansfield Foundation published a report by Visiting Fellow Mizuki Yamanaka which documented in some detail the relative decline in the number of Japanese students studying in the U.S. and Japanese business representatives traveling to the U.S. and in the general level of Japan's engagement with the United States, the region, and the world.¹ Whether the events of this spring accelerate or reverse these trends in the coming months and years will be a key indicator of Japan's trajectory and its role in the region.

In the context of the international community's response to Japan's challenges, however, there are already some indications of possible positive trends. To begin with, it is worth noting that in regards to international offers of support, the response of the Japanese government to the Great Eastern Japan Earthquake and tsunami in 2011 was fundamentally different to the then Japanese government's response to the Kobe Earthquake in 1995. In 1995 Japan initially refused international offers of assistance, citing language differences and the lack of Japanese medical certifications for foreign doctors, etc. This time, however, Japan willingly and gratefully accepted offers of assistance from across the globe and by all accounts the Japanese media and the Japanese people were truly impressed by the

¹ Mizuki Yamanaka, "Change in Human Flows between the United States and Japan: Report and Policy Implications," Mansfield Foundation, March 2010.
http://www.mansfieldfdn.org/pubs/pub_pdfs/usjapanexchanges.pdf

tremendous outpouring of concern and support. Surveys such as the Chicago Council on Global Affairs' 2008 report on *Soft Power in Asia*² and the Center for Strategic and International Studies' 2009 report on *Strategic Views on Asian Regionalism*³ have long made it clear that, with the exception of Korea and China where historical legacies linger, Japan is one of the most widely respected and positively viewed countries in the world. Hopefully the events of the past few months have driven that message home to the Japanese public. While it is again too early to tell, yet another important indicator in the coming months and years will be whether this generous international response will inspire a resurgence of interest in international affairs among the rising generation in Japan.

While seemingly a minor matter, praise in the Japanese media for Foreign Minister Takeaki Matsumoto's decision to travel to the U.S., Europe and Africa in early May to express Japan's gratitude for international support—despite the fact that the Diet was in the middle of drafting a supplementary budget and parliamentary conventions in Japan which would normally require all Cabinet members to attend Diet sessions—is a potentially meaningful development. Similarly, while there may be no direct correlation, the announcement by Chief Cabinet Secretary Yukio Edano this past Friday May 20 that the government of Japan has decided to prepare to ratify the 1980 Hague Convention on Civil Aspects of International Child Abduction is a potentially significant development on a difficult and sensitive issue that must in part be viewed in the context of how Japan views the broader international community.

The particular challenge of this hearing is that in the scant two months since March 11, there has been little opportunity to Japanese officials to do anything but crisis management at home and thus few opportunities to assess the likely trajectory of Japan in the mid- to long-term. However, on May 1, Foreign Minister Matsumoto authored an oped in the *International Herald Tribune* declaring that Japan was open for business, but also promising that “Japan will reshape itself into a more dynamic country, harnessing the support and solidarity offered to us from all over the world.”⁴ Similar sentiments were expressed on May 22 following this

² http://www.thechicagoCouncil.org/Files/Studies_Publications/POS/POS2008/Soft_Power_in_Asia.aspx

³ http://csis.org/files/media/CSIS/pubs/090217_gill_stratviews_web.pdf

⁴ <http://www.mofa.go.jp/mofaj/press/iken/110430en.html>

past weekend's two-day summit in Tokyo between Japanese Prime Minister Naoto Kan, Chinese Premier Wen Jiabao and South Korean President Lee Myung Bak, and one might expect further expression from Prime Minister Naoto Kan when he attends the G-8 Summit in France this week. While such proclamations must ultimately be followed by actions, they do help frame the context of a post-3/11 Japan and give cause for hope that Japan will be more rather than less engaged internationally.

Of most immediate concern to the United States, the events of March 11 also served to cast the U.S.-Japan alliance in a new light. Put simply, despite some declared preferences for issue-based "coalitions of the willing" over the past decade, in a very tangible way the U.S. response to the emergency in Japan demonstrated that "alliances matter." Decades of close coordination and cooperation coupled with the proximity resources of U.S. forces stationed in Japan allowed United States to support Japanese rescue, relief and recovery efforts in an unprecedented manner. An editorial in the *Asahi Shimbun* in Japan described the U.S. forces' disaster relief mission, Operation Tomodachi, as "a powerful demonstration of the depth and strength of the relationship the two countries have built up since the end of World War II."⁵

This is particularly meaningful in that, in contrast to the situation in the Republic of Korea where the role and benefit of U.S. forces stationed on the peninsula has always been clear, there has been far too little effort made to articulate to the Japanese public a core justification for the presence of U.S. forces in Japan. The combination of rising Japanese concerns about the role of China in the region stoked by last year's confrontation over the Senkaku Islands and the proactive and public role that U.S. forces have played in disaster relief both promise to deepen what were already record-high levels of public support in Japan for the U.S.-Japan alliance. This is not to dismiss the very real fiscal constraints which both Japan and the U.S. will face for the foreseeable future. However, there is reason to believe that the events of March 11 provide both Japan and the United States an

⁵ <http://www.asahi.com/english/TKY201105020148.html>

opportunity to explore areas of expanded cooperation and joint activity that could potentially result in greater efficiencies for both parties.

As the other witnesses at this hearing have tremendous expertise in Japan and in China, I will instead focus my remarks on Japan's relationship with another key ally in Northeast Asia, the Republic of Korea. While it is too early to draw any firm conclusions about the broader future of Japan or the trajectory of its role in the region, Japan's relationship with South Korea will be an important early indicator of this likely future trajectory.

Despite a troubled history of bilateral relations, in the past several years there have been some rather significant improvements in Korea-Japan relations. Changes of governments in both Seoul and Tokyo have led to a relative alignment in outlook, and other developments in the region have only served to emphasize the shared perspective, interests, and even values between Japan and Korea. Japan was an early and vocal supporter of South Korea after the tragic sinking of the South Korean Corvette the *Cheonan* in March of last year, as well as after the shelling of the Yeonpyeong Island by North Korea in November of last year. Likewise Japan shared in South Korea's frustration at the unwillingness on the part of China to respond to or even recognize North Korea's role in and responsibility for these actions. Furthermore, China's harsh reaction to incidents surrounding the Senkaku Islands and its strongly stated position on the South China Sea only served to further reinforce a sense of commonality between Korea and Japan.

Partially in response to these developments, last year officers from Japan's Self-Defense Forces observed U.S. South Korean military exercises and South Korean military officers likewise participated as observers in U.S.-Japan military exercises. In January 2011, Japanese Defense Minister Toshimi Kitazawa became the first Japanese defense minister to visit South Korea in six years and the Republic of Korea and Japan agreed to start discussions on an Acquisition and Cross-Servicing Agreement (ACSA) as well as a General Security of Military Information Agreement. Also of note, there was significant cooperation between Korean and Japanese forces in responding to the earlier earthquake in Haiti. While these may be small steps, in the Korea-Japan context they represent significant developments and help set the stage for Korea's response to the events of March 11.

Aided in part by proximity, the Korean government's decision to dispatch a rescue team to the disaster area within days of the earthquake was the earliest action by any government. Korea also very early on sent boric acid to help control the Fukushima nuclear facilities and the individual and collective response of Korean citizens and celebrities alike was remarkable. A poll by the Seoul-based East Asia Institute in March found that 76.4 percent of Koreans surveyed supported the collection of funds for dispatching rescuers to Japan.⁶

There are of course still strains in the Korea-Japan relationship. Even as Korea was providing emergency assistance to Japan the territorial dispute over the Dokdo/ Takeshima Islands threatened Korean goodwill as new Japanese textbooks were released repeating Japan's claims. However, if the Korea-Japan relationship is used to measure the likely trajectory of Japan in the coming months and years the early indicators are mostly positive. There is no sign of any change in Japanese cooperation with the U.S. and South Korea on coordinating a common trilateral position on North Korea, the prospects for Japan-Korea security cooperation look good, and judging from the agenda of the summit meeting between Prime Minister Kan and President Lee Myung Bak this past weekend, there are even brighter prospects for Japan-Korea information-sharing, cooperation on nuclear safety and development, and on ongoing recovery efforts, all developments that should be welcome in Washington.

⁶ http://www.eai.or.kr/type/panelView.asp?bytag=n&code=eng_eaiinmedia&idx=9972&page=1

Mr. MANZULLO. The congressional district that I represent has over 2,000 factories. It is one of the most densely populated manufacturing areas in the country, with quite a bit of Japanese foreign direct investment. Mitsubishi, known for automobiles and rockets, actually owns the only American production facility of rice crackers, which are made in Rockford, Illinois. Nippon Sharyo broke ground to build a massive \$40 million facility to build cars for the Chicago Metro. Rockwell Fasteners. We could go on and on with the extent of the massive investments by the Japanese into the United States.

I am concerned over the issue of the United States, quite frankly, focusing a lot on China and not focusing enough on our friend for years and years. Mr. Schriver, you had mentioned the fact that China had cut off the supply of rare earth minerals at a time when here in this country we have a tremendous shortage in the permanent magnets, neodymium iron boron and samarium cobalt. China has a 97 percent share of manufacturing those items, and, of course, they are used in electronics and guidance systems and in batteries for hybrid and battery-driven automobiles.

My question is: Are we just sitting on the sidelines watching things happen, watching China continue to dominate or try to dominate the manufacturing sector, and neglecting our bilateral relationship with Japan? It is kind of a tough question, but you guys didn't think I would throw a softball, did you? Does anybody want to take a stab at that? Mr. Schriver?

Mr. SCHRIVER. Well, I guess I introduced the topic partially. I think there are a number of ways to measure support and sort of take the temperature of a relationship. Certainly when it comes to the time and attention of our seniormost leaders, it looks like sort of a sinocentric approach to the region, that strategic and economic dialogue which we are now in our third round of that. At one point last year during our visit to Beijing in conjunction with that dialogue, over half the U.S. Cabinet was in China. And I think in terms of measuring the relationship in that regard, we just aren't doing that same kind of investment with our closest allies.

So I think people watch that. And you could say, well, that is process, and it is symbolic. It is not substance. But I think in some cases, the symbolic gestures do affect substance, and certainly affect impressions and perceptions. So I think more time and attention to our best ally, first among equals for sure in Asia, warrant it.

Mr. MANZULLO. But how do you do that?

Mr. SCHRIVER. Well, we have been unable to schedule a two-plus-two meeting, which is the Foreign Minister/Defense Minister meeting. Why has it taken so long to do that and have that kind of meeting at a time when I think it would be very welcome? We need to be creative about putting the U.S.-Japan alliance in a leadership role when it comes to regional and global problem solving, not relying on China, some people have gone so far as to suggest a G-2 with China. So it is an investment in sort of the bureaucratic infrastructure, but it is really outlook, and it is really aspirations for the alliance, and I think our aspirations for the alliance could be higher.

Mr. MANZULLO. Mr. Flake.

Mr. FLAKE. Well, I would very much agree with Mr. Schriver that there needs to be more attention paid to Japan. I would caution against trying to measure relative importance just by the amount of time spent on an issue. I think the amount of time we spent on China is more representative of the difficulties that we face in that relationship in that regard.

And I would point out that tragic events like that of March 11th really do tend to bring home the level of importance and the level of closeness in the relationship. And so in this case alliances matter. The notion that we could have that level of close coordination on relief efforts, as both the Ambassador and Dr. Green highlighted in terms of this Operation Tomodachi, with a country where we didn't have 40 years of close—50 years of close alliance, coordination, and cooperation, it is kind of fanciful in that regard. And I do think that events that we have seen right now have tended to focus the attention of the United States on the importance of that ally.

So the amount of bureaucratic and other attention paid to Japan in the month immediately following the tsunami, earthquake and nuclear crisis, I think, was unprecedented in terms of the teams that went out there. Obviously the key right now is to sustain that.

Mr. GREEN. If I may, when George Shultz was Secretary of State, he said that our security in the Pacific and across the Atlantic depends on our allies. But the diplomacy of alliances is like tending a garden; you have got to get up every morning, you have to pull the weeds. It is labor-intensive; it is not always dramatic or not always in the press. When have you difficult big relationships like we have with China, that all gets in the press. And so there is a natural tendency for senior officials to want to get the headlines, to go for the big win in relations with China. But in the long run our ability to manage China's rising power will depend on how much gardening we do in the alliances.

And there are issues. Randy mentioned scheduling the two-plus-two, the senior meetings; defense making a decision on its next fighter, and we are going to have to work through the bureaucratic process of helping them hopefully decide on an American aircraft, for example. There is just a lot of this kind of gardening.

Frankly, to the extent that Congress is engaged in this dialog, it is keeping the spotlight on it with the administration, that helps a lot, because, as I said, the gardening part is not always going to get the headlines, but in the long run that is what really counts.

And you can see the results in Operation Tomodachi and the way our militaries operated together, this huge joint and combined operation. We can do that about almost no one else in the same way. So it is not as if people haven't put in the work, but with fewer time on the calendar, this alliance management is going to need a renewed energy from the administration, State Department, Pentagon, but across the board.

Mr. MANZULLO. Thank you.

Mr. Johnson.

Mr. JOHNSON. Thank you, Mr. Chairman. I appreciate the opportunity and thank the panel for being with us today.

What long-term effects—and any of you can respond to this—what long-term effects, if any, will the disasters have on the com-

petitiveness of Japanese companies, particularly in the auto and electronic sector? And how does the disaster impact the U.S. manufacturing sector and jobs? Because we get quite a few raw materials from Japan, particularly in the steel industry, that are needed here. So what long-term impacts do you see there?

Mr. GREEN. The Japanese manufacturing sector, the production chains were interrupted. My wife and I tried to buy a car recently, and we were told, at Japanese auto dealerships, Mitsubishi, Toyota, and so forth, there is a 3- to 6-month waiting list. It wasn't just final manufactured and sold cars. Korea has terrific wireless and cell phone technology, but you open up any Samsung or Lucky Goldstar cellphone, and the critical semiconductors inside are Japanese.

I was recently in Seoul and talked to the president of a major chaebol, a major conglomerate, and he said very candidly when they were interrupted—Korean production was interrupted because they couldn't get these critical components from Japan—they looked seriously at creating that capacity themselves in Korea and concluded it was 5- to 10-year enormously expensive effort. And they didn't try because they figured Japan would be back on track within a matter of months.

So I think Japan will retain that competitive edge in these critical subcomponents. But what I am hearing from Japanese executives I have talked to is they are going to diversify a bit. The number I keep hearing is 20 percent, 30 percent of the production, and manufacturing that was in northern Japan is going to be moved. Some of that may come to the U.S., some of it will go to India, some of it will go to China. But the business community is becoming wary of China. Because the Chinese side overplayed its hand when it took this mercantilist step of cutting off rare earth exports because of a diplomatic flap, that sent a message to the whole world and the marketplace. So the Japanese are going to look at India and Vietnam, and they will diversify and hedge their risk.

In the long run I think that means the economy will be back on track. There may be more jobs for us. We can count on Japan as a supplier. It creates possibly a different economic model in northern Japan, possibly an opportunity. They are going to have to rebuild, they can create a new IT, a different kind of economic model there.

So there will be changes, but I think competitiveness is going to be restored and maintained.

Mr. JOHNSON. Kind of a corollary to that, the Japanese Government recently announced that it would have to postpone its decision on whether to participate in the negotiations of the Trans-Pacific Partnership, or TPP. How would the lack of Japan's participation affect the effectiveness of the TPP negotiations? And is Japan's participation necessary, in your view, for the success of the TPP?

Mr. GREEN. If my colleagues don't mind, the reality—my first job in government was in USTR, so I know how they think. The reality is that negotiating with Japan is tough, the third largest economy, the second largest OECD advanced industrial economy. TPP right now in countries like New Zealand, Singapore are easier to negotiate with.

So I think negotiating with Japan will be tough. And there are some who are, I think, in the U.S. Government and other governments in TPP on the fence about whether they want to get into that big scrum in the Japanese Government because they are good negotiators.

Strategically, however, in the longer term, if we don't get Japan in TPP, it doesn't accomplish what we should really want, which is building a trans-Pacific trade architecture. It ensures that as Asia integrates, we are in, and that we have access and opportunities. So sooner or later it is, I think, undeniably in U.S. interests for Japan to be in.

Mr. JOHNSON. So basically if I understand what you are saying correctly, TPP, its effectiveness in ultimately achieving what we were trying to achieve with TPP, it is essential that—

Mr. GREEN. Eventually, that is right.

Mr. JOHNSON. If Japan is not going to be a part of it, we are not going to get out of it what we are looking for.

Mr. GREEN. That is right. If it is going to really define trade rules across the Pacific, eventually we have got to have Japan.

Mr. JOHNSON. Thank you, Mr. Chairman. I yield back.

Mr. MANZULLO. Mr. Kelly, who knows a little bit about automobiles.

Mr. KELLY. Thank you, Mr. Chairman.

I am an automobile dealer, and we can help you with that car you can't find. We do have some Korean models that probably will fit in there real well.

Chief, I want to congratulate you on the efforts as I think that the United States has always been the first responder. No matter where the disaster takes place in the world, no matter what the issue may be, we always seem to be the first one there with the most help. Any lessons learned?

Chief ZOLDOS. A couple major lessons learned. That was the first time our team had actually been collocated with two other major teams. The Fairfax Team, USA Team 1; and USA Team 2, the Los Angeles team; and the United Kingdom's ISAR team were all put at one location and really operate as a triple team, if you will. That combined with the fact that the Japanese LEMA, local emergency management, was very well defined and had the situation very well detailed as far as operational assignments. Those two together really mapped out our day far more than we are normally used to. Our last mission was to Haiti, and obviously that was much more of an open rescue environment.

I think one of the takeaways is that when we are working in that sort of—those restrictions and how well the day is laid out, we really look farther down the road, because our first operational assignment was 1 square kilometer for the entire day. Obviously we can knock that out with 74 people in just a matter of hours.

So it is getting the understanding of what our team's capabilities are out there. Our team is an international classified; there are only 21 teams like that. And with that goes a fact sheet, goes some understanding of what our team can do. I think the more teams operate with the Japanese, with the Chinese and other teams that are out there, that understanding of our capabilities will allow for more seamless operation.

Mr. KELLY. And I know for about 50 years we have had a great alliance with Japan. I know there has been some fear on the Japanese side that somehow they may get abandoned by the United States. Certainly our response and our commitment smoothed over some of those fears. Were you able to detect that at all while were you there?

Chief ZOLDOS. Well, the one interesting part was, and we have said this many times, firefighters are firefighters worldwide. And we were welcomed as part of the team, and really it was seamless. Our briefings were at 8 p.m. Every night, and the Osaka Fire Department ran that operational area. They brought their people up, and they were the commanding general staff. And we were at the table just like everyone else was. So there was sort of a comfort level between fire rescue professionals there.

Mr. KELLY. From an economic standpoint, I am a very big backer of the KORUS agreement. I am not sure that our approach to it makes sense. I think we approach everything that we do as having some type of a political push on one side or the other. By having hearings like this, and Mr. Blake, Mr. Green and Mr. Schriver have been able to address that.

The upside of a free trade agreement with Korea right now is so critical to the United States and our economic recovery. I just wonder a little bit, because you made, I think, a very good statement saying that we are the custodians or we are the stewards of what we have right now, which we really don't own anything; it is just put in our care and custody until the time we actually have control. The idea is to make it better for that next generation coming after us.

I am really worried right now that we have again back-burnered a trade agreement that is absolutely—it is not an option, this is essential. We are talking a \$10–\$12 billion upside for the United States, and we made it political to see who is going to blink first as to whether we pass that or not.

If you could—because these are the type of hearings that shed some light for the American people as to what is actually going on—just if you could, give a little bit of a walkthrough for us of what the upside of that KORUS agreement would be, not in addition to Panama and Colombia, but I do know firsthand with Korea and how it would stabilize that part of the world for us. I mean, we have got two very good allies that we have to rely on in an area that is really under great duress right now by an aggressive Chinese President. So if you could give just us a little upside of that.

Mr. FLAKE. Let me start off with that and say first and foremost I agree with you completely. If you were looking at further upsides in the Korea-U.S Free Trade Agreement above and beyond the jobs, which again, obviously, on a domestic level is most important, but on a broader strategic level there really is a competition in some level going on between the United States and China in this region. One of the subtexts of this hearing is what is going to happen if Japan is no longer engaged? Does that not cede the ground to China?

If we fail to ratify a free trade agreement of this magnitude with one of our closest allies in the region, what does that say about American economic leadership in the region when all the other

countries are watching this deal? The notion that we could go forward with the Trans-Pacific Partnership, the TPP, if we fail to get KORUS is fanciful, right?

On the flip side of that, if we do ratify KORUS and move forward on that front, it puts tremendous pressure on Japan—actually in some ways not pressure, it actually opens the field for Japan to move forward in working with us on TPP. Obviously Korea's free trade agreement is what we call a gold standard, a high-level, high-quality free trade agreement, and Koreans would almost automatically be in the TPP in that process. And the notion that Japan then could sit on the sidelines again kind of misses the broader kind of strategic realities in the region.

So I think from our own national interests, from our leadership in the region, from these competing models of free trade and economic development in the region between us and China, and from the relationship with our two allies on a strategic level, I can't think of anything we could do better at this point. I agree with you wholeheartedly.

Mr. GREEN. We are all friends of long standing; Gordon worked for the Obama campaign, Randy and I worked for the McCain campaign, but you would be very hard pressed, in fact I think you could not find an expert on Asia who spends time in the region and thinks about it, Independent, Republican or Democrat, who is opposed to the KORUS FTA. It is critical to our future in the region. As you mentioned, 10-plus billion dollars in new economic activity.

But in Asia there are, depending on how you count, well over 100 FTAs now signed or being negotiated. We are in about three or four of them. If we don't ratify this free trade agreement, we are not going to have the credibility to get into any trade negotiations in Asia in the future.

What does that mean? I mean, not only are we going to miss opportunities to reduce barriers to trade in terms of tariffs, these are the free trade agreements and the arrangements that are going to write the rules for everything from services, to labor protection, to environment, to what kind of access and contract—I mean, everything. It is much more than just the tariffs involved. It is about rulemaking in the most dynamic economic region in the world.

So, you know, our friends, all of us experience this. Our friends in Asia are sort of perplexed why we are not moving expeditiously to pass this. I know the reason, not as well as you all do, but free trade agreements are hard. But in terms of our position in Asia, it frankly is a no-brainer to most people who follow the region.

Mr. SCHRIEVER. I will just add to that very briefly, because I agree 100 percent with my colleagues. A lot of us, even on the other side of the aisle, worked on the Republicans when the Obama administration came in and said we are back in Asia. We were grateful to see that and grateful to see the time and attention. But you cannot be back in Asia without a trade agenda, you cannot be back in Asia if you are not part of the discussion and the dialogue about trade and commerce, because that is the lifeblood of this region, and we are not in the game right now. KORUS is important for the economic and the trade benefits, but it is of strategic value for us and for the alliance.

You know, there is an expression about warfare: It is too important to be left to the generals and the military. This trade policy right now needs to transcend trade officials, it needs to transcend politics. We need leadership, and we need to get it done, and we need to do TPP as well. Otherwise we are not back, and we are not in the game.

Mr. KELLY. I sure hope we move in that direction, because we all know this. The strength of the alliance is the strength of each member, and the strength of each member is on the strength of the alliance. So we have got to work together, and we have got to move forward. This is not a political; this is an American solution to American needs. So thank you very much for coming here today.

Mr. MANZULLO. This last February I was in Christchurch, New Zealand, along with seven other Members of Congress, and we left 2 hours and 21 minutes before the massive earthquake.

I think, frankly, there is no foreign trade policy of the Obama administration. Let me just throw this out to you, what we found to be extraordinarily disturbing. New Zealand is a very interesting country. It is a small country. We got into some very earnest discussions with the Speaker of the House Mr. Smith and others in the government over the fact that New Zealand was almost willing to close their eyes to infringement on software by China in exchange for more trade with China.

That really was the purpose of my congressional delegation, because we also had a similar problem with Australia, but not as extreme as what we are experiencing with New Zealand. Our mission there was to try to impress upon the people in both those countries the absolute importance of protecting intellectual property.

There was a study that just came down, I believe, from either a think tank or a government agency—that said that the Chinese were responsible just in the past year for \$40 billion of lost profits as a result of violating intellectual property. That is extraordinarily disturbing because it continues unabated.

We held a hearing with the people from Fellowes, Inc. They make paper shredders out of Congressman Roskam's district. They just lost \$190 million worth of property in China in a total takeover by one of their supposed partners. No one complains about that. The trade missions continue, and people want to form these partnerships. China is going in the opposite direction on openness, on enhancing economic freedom, on the manner in which people are treated and human rights, and, as far as I am concerned, in terms of their business dealings.

I know this hearing is about Japan, but it goes to show here we have Japan, which is a democracy. It is a light in that part of the world where there are very few democracies, and I think that we should be doing everything we can to help Japan as opposed to letting China continue unabated with a ruthless dictatorship, because somewhere down the line we are not going to be able to have light and darkness in the same room with people who have that sense of core values.

That was more of a statement than a question, but if any of you want to comment on that, I would be open to that.

Mr. SCHRIVER. Congressman, we appreciated your trip to New Zealand. I was actually in Christchurch as part of the Track 2 dele-

gation. I did not quite get out in time before the earthquake, but your mission—

Mr. MANZULLO. We almost thought we would see Atticus and the team down there.

Mr. SCHRIVER. Your mission was very well received there, because I think, right to your point, people want an alternative.

Of course China's going to be extremely important to the region, and we can't begrudge China for their strategy to not only engage in these trade relationships for their economic benefit, but they are seeking political gain, and trying to improve their lie—in the golf sense—and improve their lie in the region. We can't begrudge them for that, but we have to be giving an alternative to our friends and allies, and that is what I am afraid we are not doing right now.

I think Japan, just to return to that topic, you know, in an odd way it might be a good thing that they can't join the TPP discussions at this juncture because I think it probably would have made the goal of having a framework agreement by APEC and November 11th a little bit beyond our reach. It is still a tough road to get to Hawaii in November and have that framework agreement. But if we get it, and we get KORUS, then Japan well have that tough choice are we in or are we out, and I think they will be in, and that will be to everyone's benefit.

But we have to exert leadership and we have to give the alternatives; otherwise how could we blame these smaller countries when they look at the market—

Mr. MANZULLO. Well, perhaps it would be not only good in diplomacy, but in terms of enhancing trade for us to encourage Japan to continue in these talks. This TPP is not going to come to a final agreement this year. It is not going to happen. But I think perhaps one of the things we should do is continue to work with the Ambassador and our other colleagues in Japan to have them be part of those talks so they are not on the outside and nothing is strange to them whenever we come to any type of an agreement.

Mr. GREEN. I think that is right, Mr. Chairman. We do have to be a bit sensitive that we don't appear to the Japanese press to be thrusting them at them against their will. There is plenty of support in Japan for this. I think it will be generated from within. We should do what we can to encourage and facilitate Japan's participation.

This connects, I think, to your first point about how we maintain strong relations with our allies and don't all rush to China.

Randy and I both have small kids, and when you watch them play soccer, the coach tells them, you are the fullback, you are the goalie; and then the ball goes on the field, and they all run to the ball. And frequently our Asia policy looks like that. The ball is China now, and everyone is running there. But if we invest more time in encouraging progress on TPP, and passing the free trade agreement, and talking to Japan about the future of their participation in TPP, we will be in a much better position.

On intellectual property rights, Randy and I butted our heads against that issue in government for 5 years. If we have a region-wide consensus through trade agreements we are leading on about the need to protect intellectual property rights—because Australia and New Zealand have their interests, which are primarily agri-

culture. They are not going to fight that fight for us. I think your trip helped.

But Japan and Korea, they do have real concerns about intellectual property rights; not software, but manufacturing process technology. So if we have got a broad consensus in the region about the rules for protecting intellectual property rights, that is worth much more than 10 of these strategic and economic dialogues where half the Cabinet cajoles the Chinese for a day. If the rules are being written in a way the Chinese, are we in or out, I think they will come in, they will start coming around, in part because I think the Chinese leadership knows that if they don't have a better system for protecting intellectual property rights, they are not going to move up the development chain themselves. They are not going to develop the next generation of companies and technology if you can just rip off software and technology the way you can in China now.

So it is not as if the system in China is going to be 100 percent against this. If they see the rules are being written a certain way across Asia, I think that will put us in a much better position.

Mr. FLAKE. I could very briefly say that I very much appreciate you raising this issue in the context of the U.S.-Japan relationship, because really there is a competition for what the standards and the norms of the region and the globe are going to be. In that regard Japan's full recovery and their active participation in setting those is very much in our interest.

When you look at questions like intellectual property rights, the rule of law, the basic questions and value of standards and norms, this is an area where Japan's recovery is our recovery in that regard, because it is by working together with our allies where we have these shared values, standards and norms that I think we have much more influence not just in the region, but in the globe at large. So it puts it very much in the context of what we are talking about.

Mr. MANZULLO. We want to thank you all for coming. Atticus, did he take a snooze over there? He is just taking it easy over there. He is named after Atticus Finch in "To Kill a Mockingbird." He stood up. We want to thank you all for coming. I have never really talked to a dog like this in a hearing before. But we want to thank you all for coming.

I think it was extraordinary that the Ambassador came here today and bared his soul. You could tell the pain of the disaster is written all over his face because he is an extraordinarily sensitive individual. I have had the opportunity to get to know him very, very well. He is such a man of honor, and for him to speak here today and then talk about the needs of his country was magnanimous on his part, and also on the part of the Japanese Government that fully participated, wanting to get out the message that Japan is on its way back.

Chief, we want to thank you for the work that you do, and the reason that we had you come here is to really lay the scene as to the extent of the damage, and the waste, and the heaviness that is on your heart and your fellow workers' that went over there, and the obvious disappointment that you couldn't find anybody alive. I think that statement more than anything pointed out the nature and the extent of the devastation. So, we want to thank you. We

want to thank each of the panelists for taking the time to spend with us this afternoon.

This subcommittee is adjourned.

[Whereupon, at 4 p.m., the subcommittee was adjourned.]

A P P E N D I X



MATERIAL SUBMITTED FOR THE HEARING RECORD

SUBCOMMITTEE HEARING NOTICE
COMMITTEE ON FOREIGN AFFAIRS
U.S. HOUSE OF REPRESENTATIVES
WASHINGTON, D.C. 20515-0128

Subcommittee on Asia and the Pacific
Donald A. Manzullo (R-IL), Chairman

May 23, 2011

You are respectfully requested to attend an OPEN hearing of the Committee on Foreign Affairs, Subcommittee on Asia and the Pacific, to be held in **Room 2118 of the Rayburn House Office Building** (and available live, via the **WEBCAST link on the Committee website at <http://www.hcfa.house.gov>**):

DATE: Tuesday, May 24, 2011

TIME: 2:00 p.m.

SUBJECT: The Future of Japan

WITNESSES: Battalion Chief Robert J. Zoldos II
Program Manager
U.S.A.-I/VA-TF1
Urban Search & Rescue
Fairfax County Fire and Rescue Department

Mr. Randall Schriver
Partner
Armitage International

Michael J. Green, Ph.D.
Senior Adviser and Japan Chair
Center for Strategic and International Studies

Mr. L. Gordon Flack
Executive Director
The Maureen and Mike Mansfield Foundation

By Direction of the Chairman

The Committee on Foreign Affairs seeks to make its facilities accessible to persons with disabilities. If you are in need of special accommodations, please call 202/225-5021 at least four business days in advance of the event, whenever practicable. Questions with regard to special accommodations in general (including availability of Committee materials in alternative formats and assistive listening devices) may be directed to the Committee.

COMMITTEE ON FOREIGN AFFAIRS

MINUTES OF SUBCOMMITTEE ON Asia and the Pacific HEARINGDay Tuesday Date May 24, 2011 Room Rayburn 2118Starting Time 2:03 pm Ending Time 4:00 pmRecesses (2:20 to 2:41) (to) (to) (to) (to) (to)

Presiding Member(s)

Chairman Donald Manzullo

Check all of the following that apply:

Open Session Executive (closed) Session Televised Electronically Recorded (taped) Stenographic Record

TITLE OF HEARING:

"The Future of Japan"

SUBCOMMITTEE MEMBERS PRESENT:

Donald Manzullo, Jeff Duncan, Bill Johnson, Mike Kelly, Steve Chabot

NON-SUBCOMMITTEE MEMBERS PRESENT: (Mark with an * if they are not members of full committee.)

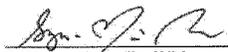
*N/A*HEARING WITNESSES: Same as meeting notice attached? Yes No
(If "no", please list below and include title, agency, department, or organization.)

STATEMENTS FOR THE RECORD: (List any statements submitted for the record.)

1. Chairman Manzullo - Opening statement
2. Prepared testimony of Battalion Chief Robert J. Zoldos II, Mr. Randall Schriver, Michael J. Green, Ph.D., and Mr. L. Gordon Flake
3. Ranking Member Faleomavaega - Statement for the record
4. Anthony Buhl, Ph.D. - Statement for the record, personal biography, company profile

TIME SCHEDULED TO RECONVENE _____

or

TIME ADJOURNED 4:00 pm

 Subcommittee Staff Director

STATEMENT OF
THE HONORABLE DONALD A. MANZULLO
CHAIRMAN
SUBCOMMITTEE ON ASIA AND THE PACIFIC

“The Future of Japan”

May 24, 2011

On March 11, 2011, an enormous earthquake, measuring 9.0 on the Richter scale struck 80 miles east of Sendai and 231 miles northeast of Tokyo in Japan’s northeast. Shortly after, a tsunami of catastrophic proportions rushed towards Japan and fanned out across the Pacific Ocean. In an instant, entire communities were swept away, and the destruction was so complete that evidence of their very existence remains hard to find. No one will forget the image of a monstrous wall of water spreading across the countryside swallowing everything in its path.

Prime Minister Kan said the combined destruction of an earthquake, a tsunami, and nuclear emergency made this disaster the worst Japan has experienced since World War II. The response of the people in Japan is best characterized as one of utmost dignity and perseverance, and our hearts break at the thought of their losses.

The physical damage of this disaster is estimated at between \$195 billion to as much as \$305 billion dollars, which by comparison, is double of New Zealand’s gross domestic product (GDP). More than 23,000 people were killed, or still listed as missing, and more than 400,000 homes and buildings were totally or partially destroyed. Of this number, 1,669 public schools in two prefectures, representing 69 percent of the total schools in that area, have been destroyed. The total impact of the quake is expected to reduce global economic growth by approximately half a percent.

Rebuilding from this disaster will require tremendous focus, resources, and determination by the people of Japan. Restarting Japan’s manufacturing sector, from automobiles to high-tech equipment, is critical to overall economic recovery. Japan, for example, is the only place in the world that makes certain specialty paint pigments used to produce a “glitter effect” in automobile paints. The plant, owned by a German corporation, is situated near the Fukushima nuclear power plant and forced to shut down for some time. The supply disruption caused Chrysler, Ford,

and other car companies to temporarily halt the availability of certain color schemes.

Damage to high-tech factories producing important automobile microchips, which control many of the electronics found in modern cars, was substantial as a result of the earthquake. The worst of the damage was inflicted on U.S.-based Freescale Semiconductor's plant near Sendai. The plant suffered so much damage that it will not be reopened. Given the lack of standardization in many of the high-tech industries, a sudden shortfall in supply translates into higher prices for consumers worldwide.

Another important decision the Government must make is how best to supply the country's electricity needs given the meltdown at the Fukushima plant, which represents 20 percent of utility giant Tokyo Electric Power Company's generating capacity, and the government-imposed shut down of the Hamaoka nuclear power plant. Long-term rolling blackouts have a detrimental effect on business productivity.

Making up the shortfall in energy availability is a particularly difficult challenge for Japan given the fact that the country maintains two different electric cycles and the capacity of connectors are very limited. Eastern Japan uses a German model that has a 50-cycle electrical power grid, while western Japan follows the American model and has a 60-cycle grid. Transmitting power from one grid to another requires a very expensive facility, and there are only three connections between eastern and western Japan. This infrastructure limitation will mean that rolling blackouts will continue for the foreseeable future and have a negative impact on the economy. Add to these difficulties the fact that Japan's national debt is already at 200 percent of its GDP and we begin to grasp the magnitude of the challenge.

Despite these challenges, I know Japan will rebound from this terrible tragedy with vigor and conviction. Japan's Parliament passed a \$48 billion reconstruction budget on May 3. Prime Minister Naoto Kan also announced that his administration is working with Tokyo Electric Power Company on a roadmap to shut down all four damaged reactors at the Fukushima nuclear plant, and to provide more detail regarding when residents evacuated from the affected areas will be able to return home. Without a doubt, Japan remains open for business, open for tourism, and open to growth.

**STATEMENT OF
THE HONORABLE ENI F.H. FALEOMAVAEGA
RANKING MEMBER**

**before the
SUBCOMMITTEE ON ASIA AND THE PACIFIC**

“The Future of Japan”

May 24, 2011

Mr. Chairman:

Due to a flight cancellation out of Samoa, I am unable to be at today’s important hearing regarding the future of Japan. However, I have asked that my statement be included for the record.

I especially want to offer my deepest condolences and sympathy to the people of Japan as recovery efforts continue. The people of American Samoa know first-hand what Japan is going through as we, too, were struck by a tsunami of a smaller scale on September 29, 2009. The toll is indescribable, and I join with my colleagues in pledging my support to do all we can to help Japan rebuild.

As the world now knows, on March 11, 2011, Japan was struck by the 4th strongest earthquake on record which measured 9.0 on the Richter scale and set off a massive tsunami that devastated the northern part of the country and caused a nuclear meltdown at the Fukushima Daiichi power plant that has serious consequences for Japan, its neighbors, and us.

According to many reports, the amount of radiation leakage from Japan’s nuclear meltdown could exceed that of Chernobyl, triggering widespread health and environment effects for Japan and beyond. Already it is estimated that it could take up to 100 years to bring the Fukushima nuclear plant under control.

It has also been suggested that this is the most expensive disaster in history, with reconstruction costs over \$600 billion. With thousands dead and thousands missing, the human loss remains incalculable.

Prior to the disaster, U.S.-Japan ties were strained by disputes over military bases. Today, U.S. assistance to Japan from the U.S. Nuclear Regulatory Commission to the Department of Energy, the Department of Defense (DoD) and the Department of State has re-

instilled goodwill. In a strong show of support, the U.S. has also sent over 20,000 troops and countless ships and aircraft to Japan.

Given that Japan is one of our most important partners -- economically, strategically and otherwise -- Japan has the assurance of this subcommittee and the U.S. government that we will continue to be an anchor for recovery efforts, and I have every confidence that Japan will emerge stronger in the aftermath of this crisis.

Once more, I extend my sincerest regards and best wishes to the government and people of Japan, and I thank Chairman Manzullo for holding this historic hearing.

MATERIAL SUBMITTED FOR THE RECORD BY THE HONORABLE ENI F.H.
FALEOMAVAEGA, A REPRESENTATIVE IN CONGRESS FROM AMERICAN SAMOA

Dr. Anthony Buhl

EnergX, LLC

Testimony to the House Committee on Foreign Affairs
Subcommittee on Asia and the Pacific

Good afternoon Mr. Chairman, Ranking Member Faleomavaega, distinguished Members of the Subcommittee. Thank you for this opportunity to submit testimony and share some thoughts regarding the impact of the nuclear crisis in Japan and the future of Japan after the devastating earthquake and tsunami on March 11. My name is Dr. Anthony Buhl and I am the President of EnergX, a Service-Disabled Veteran-owned Small Business (“SDVOSB”) focused on environmental cleanup and nuclear waste management, among other things. I would like to take the opportunity to give the Subcommittee a brief background on my experience as it relates to policy issues associated with environmental management and severe accidents with nuclear power plants. I have worked in the nuclear industry for more than 40 years and have served in my present capacity for nearly 15 years.

Early on in my career, I spent several years in Washington, D.C., first as the Chief of Reactor Systems for the Department of Energy (“DOE”) and then as the Director of the Risk Assessment Division of the Nuclear Regulatory Commission (“NRC”). In fact, I worked at the Nuclear Regulatory Commission when the Three Mile Island accident occurred. I was in the control room throughout the recovery of that accident until all the pumps were shut down and the plant was in a safe condition. I also spent 5 years leading the Industry Degraded Core Rulemaking (“IDCOR”) Program that analyzed the Three Mile Island accident and the potential severe accidents for all reactor types in the United States, and developed the “Lessons Learned” for some 60 stakeholders. These stakeholders included all of the nuclear utilities in the United States, four reactor vendors, and 7 foreign countries, including Japan.

Additionally, I was very heavily involved with the recovery from the Chernobyl nuclear accident in the Soviet Union. I was also on the Institute of Nuclear Power Operations (“INPO”) Emergency Response Team that responded to the accident at Crystal River Nuclear Plant in Florida.

Further, I spent nearly 10 years as a key person in the removal of the Rocky Flats Nuclear Weapons Plant in Colorado. This was the U.S. Department of Energy’s largest single environmental cleanup project ever, in which we removed some 700 structures – a small city with over 7000 workers – just north of Denver, Colorado. I also led and managed the Action Center for starting up the fuel removal of nearly 2000 tons of plutonium fuel off of the Hanford site in Washington State, located in the Columbia River basin.

I served for five years as the General Manager of the Transuranic Waste Processing Site for the Department of Energy in Oak Ridge, Tennessee. There we process, package and ship highly radioactive materials for permanent disposal. I have been involved in the cleanup efforts of nearly every major nuclear accident and some of the large environmental projects in recent history, and would like to share my thoughts on the cleanup efforts for Japan.

Albert Einstein once said, “No problem can be solved from the same level of consciousness that created it.” That statement left a huge impression on me. When taking on a new environmental problem, there are two questions I always ask my staff: How did we get into this mess? And, how do we get out?

To answer such crudely stated, but gut- level questions, a few policy level steps are always necessary, whether responding to accidents or cleaning up major environmental sites.

1. Establish: A compelling vision and experienced leadership must be established at the highest level.
2. Determine and Maintain: Mechanism to determine and maintain an accurate and transparent understanding of the current reality must be established.
3. Require Transition Plan: The Transition Plan taking the “mess” to achieving the vision is required.
4. State Clearly: Values must be stated clearly at the policy level.
5. Define Clearly: The safety culture must be clearly defined and included in all aspects of recovery and cleanup. Public health and safety and doing all work safely must be the overriding value in every aspect of the work.

I believe that the first step to any massive environmental problem, whether it be a catastrophic accident in a nuclear power plant or an environmental cleanup of a massive scale such as the Rocky Flats experience, is to create a vision that has a timeline and is clearly defined. At the highest policy level, it is necessary to establish an experiential vision from the heart – This is Step 1. It must be subjected to stakeholder consensus building, and clearly define where you would like to be in the next 3 or perhaps 5 years. Creating this vision can be time consuming, however it must be a vision that is embraced by everyone involved, whether it is a person working on a specific project, a regulator, an entire state, or an entire nation as was the case with Three Mile Island.

Second, and perhaps most difficult, is to determine and maintain a process for tracking the current reality of the situation. That is, defining exactly where the cleanup, or the accident problem, is on a day to day basis. I have found that the most practical way to do this is to establish a set of Action Centers that are specifically focused and integrated at the highest level. In both the Three Mile Island and Rocky Flats situations, many individuals, organizations, regulators and stakeholders were involved. Once the Action Centers are created, the question becomes, “How do you manage the Action Centers in a transparent manner where you know that you know the current reality?” You must also ensure that the public is made aware, and updated, on the situation from a single source in the most trustworthy and understandable way.

Third, a Transition Plan must be quickly developed that bridges the gap between the changing current reality and the vision endstates. Such a plan serves as the framework for making decisions at all levels. A top level Transition Plan at the policy

level clearly explains the path to success and informs, motivates and creates stakeholder involvement.

Fourth, Values must be articulated and ingrained into the culture for any accident response or cleanup. These values tell everyone how we want to act along the path from the current reality until our vision is achieved.

Fifth, after many years of working in this industry, I have learned that the number one priority and value must always be safety and public health. Any debate that weighs “production over safety” must be completely eliminated. Establishing a “culture of safety” is extremely important and must be done at all levels of the accident response or cleanup efforts. Further, implementing a centralized management structure, where responsibilities are clear and concise, is at the core of that culture.

First, let’s briefly discuss the “lessons learned” at Three Mile Island (“TMI”). They are well documented by the Kimmeny Commission and in the TMI Lessons Learned NRC task force report, which is NUREG-0585. I think the President of the United States gave us some key insight at the beginning of the accident recovery. First and foremost was to have federal government resources available to respond quickly; second was complete transparency and honesty; and third was that the President wanted to be personally advised of events at all times. This allowed for the most senior person in government to have direct knowledge of what was happening in real time. As I said earlier, the most effective way to accomplish these lines of communication and real-time information flow is through Action Centers, whereby information is transparent and very current. The many lessons of TMI I will not recount here; however, I think one of the most fundamental lessons learned at Three Mile Island in operational safety had to do with the human element and its fundamental role in preventing, and responding to, accidents. Having a mechanism that can report real-time information and establishing a vision and outcome for complete public safety is extremely important.

Moving on to Chernobyl, the “lessons learned” have once again been well established. Let me begin by saying that Fukushima is not a Chernobyl. Fukushima is not a huge public health catastrophe as some of the media have suggested. The impact is somewhat inconsequential compared to the devastation the earthquake and tsunami had on the country as a whole. Nonetheless, Fukushima is indeed a major accident. In fact, to quote my friend Harold Denton, “TMI was a piece of cake compared to the problems that the Japanese are facing at Fukushima.” Chernobyl, as we all know, was a major disaster. The accident resulted in unprecedented nuclear exposure to the Russian and Ukrainian population. It was a unique accident in many ways, which we have no time to recount today. However, the accident certainly convinced everyone that the cost of dealing with the accident consequences were much greater than the cost of insuring the safety of nuclear facilities. It should be noted, this truth has been the case in all the nuclear accidents.

Similar to, in effect, my experiences at Three Mile Island and Chernobyl, books and many documents have been written about lessons learned from the experiences of

Rocky Flats. Rocky Flats was a small city located about ten miles north of Denver, Colorado, that had produced plutonium nuclear weapons for this country for over 50 years. There were approximately 7000 employees when we arrived to remove Rocky Flats from the face of the earth. One of the major issues at Rocky Flats had to do with the culture and communications. The success lessons at Rocky Flats can be applied to all other major environmental cleanup or accident recoveries. The first thing we had to do was to establish a "closure vision." Communication and understanding of the real conditions, setting up transparent centralized systems in order to know real-time events, and maintaining those communications with the government and the regulators was extremely important. Also, the Department of Energy had an unprecedented commitment to fund the efforts at Rocky Flats and to prevent interruptions in the 10- year timeframe. Our initial emphasis was on the people carrying out the cleanup, establishing the safety culture, and focusing very clearly on what work had to be done. We changed the culture by moving from a Quality Control-driven system to one in which "Doing Work Safely" was the mantra for the site. It was critical to ensure that our vision of timing and goals was embraced by everyone involved. The leadership of Rocky Flats and the Department of Energy made it clear that we were going to turn the entire site of some 700 structures, 8 cafeterias, hospitals, so forth and so on, into prairie grass within 10 years. This was an extremely difficult vision to execute until it became a very visceral experience. So again, knowing where we were going to be at what time, the vision, and knowing the current reality made it easier to establish a transition plan to closure. Getting from knowledge of a continuously changing current reality to the final vision requires an excellent transition plan and that is where Japan, in my view, must focus.

Moving on to removing more than 2000 tons of spent Plutonium fuel from the nine large reactors in Hanford, Washington was again a difficult challenge. "Lessons learned" were very, very similar again. Establishing the vision which required moving fuel by a date certain and into new green fuel facilities, establishing an Action Center in which the current reality was established across the board, and in which we tracked all changes and managed all communication with all stakeholders through a single organization, through a single spokesperson was extremely important.

So, having said all of this about those experiences one asks how does this apply to the environmental disaster in Japan. In particular let us first talk about the Fukushima nuclear plant accident. One of the things that helped a great deal in the United States accident was establishing a Presidential commitment to prepare an objective and independent investigation of the causes and consequences. Our understanding is that Japan is thinking along the same lines, and I applaud the Japanese leadership for this approach. Except in this case, an international group would create additional credibility.

Second, an emerging issue is public information. We live in a global and interconnected world where the flow of information has become critical to success, or the hampering of success. The Japanese are clearly paramount in information flow, impact and priority. However, this is an environmental and safety effort of international consequence. It must be treated as such or whatever domestic satisfaction and resolution is reached will be undoubtedly revisited over and over without international validations.

At least in the United States it continues to be difficult to really understand what is happening in Japan. That is understandable given the current situation there and the disaster caused by the earthquake and the tsunami. Remember, it took the U.S. almost 10 years to really understand and implement the lessons from TMI.

An interesting point has to do with natural phenomena, i.e., reviewing sites, looking at design basis, and answering questions about the real effects of natural events like earthquakes and tsunamis. For some time now the United States has been focused on seismology, in the east and the central United States specifically.

Another issue that is surfacing that has been discussed for some time is that of waterproofing certain safety systems, such as generators and backup power. In the risk analysis we have done in this country it has been extremely important to look at the location of safety systems and to some extent, in simple terms, waterproofing those systems.

The boiling water reactor ("BWR") Mark 1 is, by the way, where I took operator training when I was young. Also, I have visited all of the Fukushima plants in the past. The design of this plant has created some concerns which were addressed in this country by the Nuclear Regulatory Commission and those changes are well documented. I will not talk about those changes today, but those design issues and how they were addressed bear on the Japanese recovery today. The need for more power - particularly increased battery capacity and the ability to bring on site diesel generators to produce and insure the availability of AC power - is a critical need and has been a serious problem in Japan.

Social costs are difficult to quantify in terms of safety goals for operating hazardous facilities such as nuclear power plants. Evacuations are extremely expensive and life disrupting. Offsite issues must be addressed again with the same transparency and clarity that have been discussed before. The United States Environmental Protection Agency ("EPA") has provided guidance, hundreds of pages of guidance, on the business of offsite evacuation. Screening of people in the evacuation zone is something that again has surfaced. The appropriate level for screening individuals during evacuation is certainly an open question at this point. Also, there are questions from our drinking water act about people consuming water, what's appropriate vs. what's not appropriate. And permissible doses have been defined, but occupational workers and the doses of occupational workers is not understood by most of us here in America.

We offer our heartfelt sympathy to the people in Japan and we realize that we cannot even comprehend what we see on the television. Those suffering such enormous devastation and lifestyle disruption and in particular those who have lost loved ones have our prayers and best wishes.



Dr. Anthony Buhl, PhD, PE

Dr. Anthony R. Buhl, Ph.D. (Engineering), Registered Professional Engineer

Dr. Buhl has led many successful turnarounds of major projects and organizations, with special emphasis on facilitating changes in their safety cultures. He has provided technical and executive support to small businesses, large corporations, and Federal agencies for more than 30 years. He served as the corporate site-wide ESH&Q Vice-

President at two large high risk Department of Energy closure sites-Rocky Flats and Hanford. He has served as President and Chief Executive Officer of a public company that provided management consulting, engineering, and software development. He also was CEO of a private company that offered environmental restoration and risk assessment products and services. He has served on several corporate boards.

In 1997 he co-founded EnergyX, LLC, a service disabled veteran owned small business supporting the U.S. Department of Energy (DOE) and electric utilities nationwide from three regional locations. He continues to serve as President and CEO today. Dr. Buhl has served as a Senior Executive at both the DOE and the Nuclear Regulatory Commission (NRC). He was the first Director of Risk Assessment at NRC. He has led many complex independent oversight assessments of high risk projects and activities that led to major safety culture modifications. He was a member of the first Emergency Response Team at the Institute of Nuclear Operations (INPO).

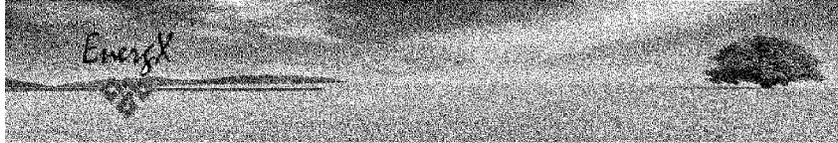
Dr. Buhl was in the control room throughout the recovery from the accident at TMI. For 5 years, Dr. Buhl managed the Industry Degraded Core Rulemaking (IDCOR) Program, the power industry's response to the accident at Three Mile Island. A USA consortium of 63 electric utilities, NSSS suppliers and architect-engineering firms supported this international program. The program was supported by Finland, Germany, Italy, Japan, Korea, Sweden, and Taiwan. IDCOR established comprehensive, integrated, well-documented, and technically sound positions on all issues related to severe accidents in commercial nuclear power plants and thus provided the basis for industry participation in their resolution. He served as the industry spokesperson with the NRC to resolve severe accident issues --- cultural, hardware and infrastructure. More than 100 experts and operators supported IDCOR, which became part of the baseline for the cultural evolution of the nuclear power industry.

He was a member of the first Emergency Response Team that INPO assembled to recover the Crystal River plant following an accident with the identical sequence of the TMI accident. These are identical reactors.

He also supported the recovery efforts and safety evaluations in Russia following the Chernobyl accident. He has visited 39 countries.

In 1985, he was elected a Fellow of the American Nuclear Society for his contributions and expertise in safety, risk assessment and risk management.

He served as a Captain in the Army and is a Service Disabled Veteran.



EnergX, LLC

EnergX, LLC is a Service-Disabled Veteran-Owned Small Business (SDVOSB) established in 1997 by world-class, highly experienced and respected professionals, to fill a need in the environmental and commercial nuclear industry for technical and managerial leadership.

EnergX is an internationally recognized company with experience and qualifications in the commercial nuclear safety arena. Our experts have successfully led reactor accident recovery operations and investigation of the causal and contributing factors at the Three Mile Island and Crystal River accidents as well as the Chernobyl accident.

In 2008, EnergX was awarded the International Standard Organization (ISO) 14001 certification in recognition of outstanding work as an Environmental Management Company. ISO is a non-governmental developer of world standards for business, government, and society. ISO 14001 is a family of standards focused primarily on excellence in environmental management.

In 2010, the U.S. Department of Energy (DOE) awarded its Voluntary Protection Program (VPP) "Star of Excellence" to EnergX. EnergX was the first Oak Ridge DOE environmental management program contractor to achieve VPP "Star" status in May 2009. The "Star of Excellence" award signifies that EnergX has sustained an outstanding level of performance and far exceeds industry averages in established safety and health benchmarks. The purpose of DOE's VPP Program is to recognize contractor organizations that have maintained successful safety and health programs.

EnergX is focused on delivering world-class services to the federal government and its contractors as well as the commercial nuclear industry. Our core competencies include:

- Nuclear Safety Consulting
- Waste Management
- Decontamination and Decommissioning Support Services
- Nuclear Facility Management and Operation
- Safety and Risk Reduction
- Technical and Professional Training

EnergX, LLC was established to fill a need in the environmental and commercial nuclear industry for technical and managerial leadership. We apply experienced perspective – developed over time spent embedded with our customers – to deliver tailored services that ultimately ensure the success of your work. Time and time again, we have exceeded expectations with forward thinking and the ability to create solutions where the need arises. Like other successful companies, EnergX is built on the hard work of dedicated employees who want to do the right thing and have a passion for making a positive difference. We have the ability to respond to client needs with innovative solutions.

