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# HERITAGE TALKING POINTS

A Checklist on Vital National Issues

## **BUSH'S TRIP TO CANBERRA, SINGAPORE, SEOUL, AND TOKYO**

December 30, 1991 - January 10, 1992

## **REAFFIRMING AMERICA'S COMMITMENT TO ASIA**

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*By Kenneth J. Conboy and  
Richard D. Fisher, Jr.*



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#### INTRODUCTION

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Thirty days after his inauguration, George Bush in February 1989 embarked on his first overseas trip as President. That he chose Asia as his destination sent a clear message about the strong American ties to the three countries on his itinerary, the People's Republic of China, Japan, and the Republic of Korea. And since Bush was a United States envoy to the People's Republic of China in 1975, many felt his Administration would have strong foreign policy interests in the Asia-Pacific region.

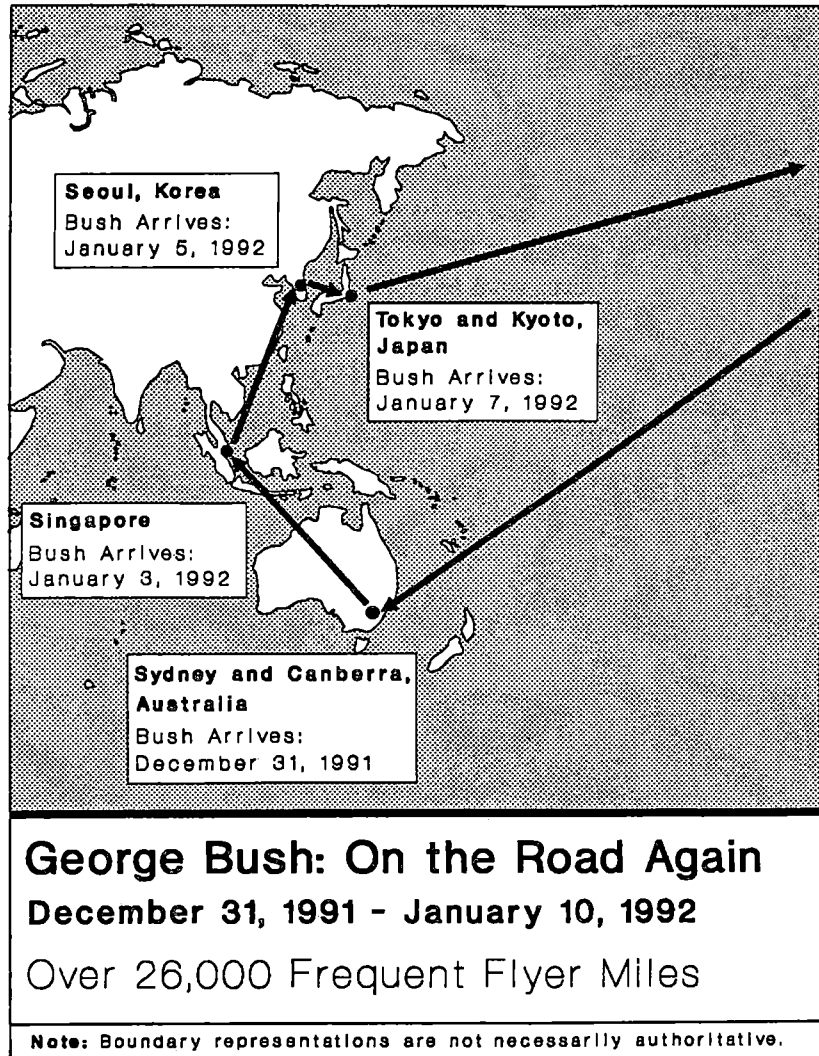
Now, having postponed his trip for one month because of criticism aimed at his handling of domestic priorities, Bush is planning a second trip to Asia. He departs December 30 for an eleven-day swing that will take him to Australia, Singapore, the Republic of Korea, and Japan.

In the nearly three years between Bush's two Asian trips, despite expectations, Asia has not been on the front burner of Bush's foreign policy. First, Asia was overshadowed by the collapse of communism in Eastern Europe. Then last year came the Persian Gulf crisis. And this past summer, Bush faced upheavals in the Soviet Union, while Secretary of State James Baker devoted much of his time to arranging a Middle East peace conference.

Now Bush's trip to Asia comes at a time when he is under increased and justified criticism for neglecting domestic economic issues at the expense of his exhaustive foreign policy activities and travels.

**Major Stake.** Whether Bush now should take the time, in the midst of America's longest post-World War II recession, to head off on a 26,000-mile journey is a legitimate question to raise. Whatever the answer, it cannot be denied that America now more than ever has a major stake in Asia. Last year, U.S.-Asian trade totalled \$310 billion. By contrast, U.S. trade with Europe was only \$220 billion. Just a dozen years ago America had more trade with Europe. By the end of this century, the value of American trade across the Pacific is expected to be at least double that of trade across the Atlantic.

In Asia, the U.S. deploys some 130,000 airmen, marines, sailors, and soldiers at bases in Japan, Korea, and Singapore. (Another 14,000 American servicemen in the Philippines, meanwhile, may leave by 1994 because the Philippine Senate vetoed a new basing agreement this September.) From these forward bases, U.S. troops have helped counterbalance Soviet forces in the Pacific, maintain stability on the Korean Peninsula, and keep open sea lanes of communication



running through Southeast Asia, on which pass 80 percent of the oil and petroleum products destined for America's allies in Northeast Asia.

**Anxious Asians.** With the trip he is about to begin, Bush now has a chance to reaffirm America's special relationship with the Pacific Rim. In many ways, the Asia he will see this time is far different from the one he visited in 1989. There is genuine anxiety in Asia, for example, that the North American Free Trade Agreement (NAFTA), which is expected to be completed next year between the U.S., Canada, and Mexico, will become a trade bloc like the European Community (EC). This has played into the hands of some Asian leaders, like Malaysia's Prime Minister Mahathir bin Mohamad, who advocate an Asia-Pacific trade alliance that excludes the U.S.

Bush also faces a rapidly changing security environment in Asia. For one thing, the Soviet military threat in the Pacific, which alone justified the presence of some 135,000 U.S. military personnel in Asia through the late 1980s, is vastly diminished. For another thing, the U.S. likely will have vacated its major military bases in the Philippines, including Subic Naval Base, by 1994, depriving the U.S. Navy of its major forward deployment site in Southeast Asia.

**Persistent Threats.** America's friends and allies in the region, of course, are worried that America prematurely might be relaxing its security commitment to Asia at a time when threats persist despite the collapse of Soviet communism. These threats include a 1.1 million-man North Korean army which menaces the ROK; a communist insurgency in the Philippines; numerous territorial disputes in the South China Sea; and questions about the future military intentions of China—and even Japan.

At the same time, America faces several economic problems with Asia. Last year, for example, America had trade deficits with all its major Northeast and Southeast Asian trade partners, with the sole exception of Australia. Of these deficits, the \$41 billion trade imbalance in Japan's favor was America's largest deficit with any trade partner.

Washington correctly charges that in many of these cases, restrictive Japanese and other foreign trade practices prevent American goods and services from competing fairly in Asian markets. Washington, too, complains loudly about intellectual property rights violations in Asia, which result in hundreds of millions of dollars in lost American sales when Asians illegally copy and sell copyrighted and trademarked items.

Facing these concerns and problems in Asia, in each of the countries he visits Bush should stress:

- ✓ **The North American Free Trade Agreement will not become an exclusive trade bloc like the European Community, and that Washington would welcome efforts to forge a free trade alliance between the NAFTA and potential Asian counterparts, like the fledgling forum for Asia-Pacific Economic Cooperation (APEC).<sup>1</sup>**
- ✓ **America remains committed to maintaining the conditions in post-Cold War Asia on which rest the region's progress toward democracy, its future as a economic dynamo, and its tranquility. This requires America to strengthen its military alliance in Asia.**
- ✓ **China cannot be ignored. Bush thus should urge Asian leaders to maintain constructive engagement with Beijing. In the post-Cold War era, China may be the only effective brake on North Korea's nuclear ambitions, a return to power in Cambodia by Pol Pot and the Khmer Rouge, and the twin specters of Soviet disintegration and Japanese expansionism.**



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<sup>1</sup> APEC was formed in 1989 and includes the U.S., Australia, Brunei, Canada, the People's Republic of China, the Republic of China, Hong Kong, Indonesia, Japan, the Republic of Korea, Malaysia, New Zealand, the Philippines, Singapore, and Thailand.

To begin his trip, Bush arrives in Canberra on December 31. As members of the ANZUS<sup>2</sup> Alliance, Washington and Canberra traditionally have had close ties. Most recently, Australia demonstrated its loyalty to America by quickly dispatching a naval task force and 1,000 servicemen in August 1990 to join American-led coalition forces in the Persian Gulf. Australia also continues to be an anchor of stability in the South Pacific and is an active ally in promoting global free trade.

**While in Australia, Bush should:**

- ✓ **Thank Australia for its quick support during the Persian Gulf war and urge Canberra to maintain an armed forces capable of reacting to similar threats in the future.**
- ✓ **Ask for continued Australian support to promote free trade in Asia.**
- ✓ **Urge New Zealand to resume ANZUS cooperation.**

Bush then flies to Singapore on January 3. There he will meet with Prime Minister Goh Chok Tong, President Wee Kim Wee, and, of course, former Prime Minister Lee Kuan Yew.

In many respects, U.S.-Singaporean relations are among the best in Asia. Since the early 1980s, for example, Washington and Singapore have cooperated closely in supporting the non-communist resistance forces in Cambodia. Last year, when talks between Washington and Manila concerning American use of Filipino military bases were faltering, Singapore provided timely leverage for Washington by offering basing facilities on Singapore as a replacement for some of the U.S. forces in the Philippines. And when Malaysia earlier this year aggressively began promoting an Asian trade bloc excluding the U.S., Washington and Singapore on October 11 signed a trade and investment pact that could be a stepping stone to a bilateral free trade agreement.

**While in Singapore, Bush should:**

- ✓ **Praise Singapore's support for free trade, and call for discussions to begin on a U.S.-Singapore free trade agreement.**
- ✓ **Voice strong appreciation for U.S.-Singaporean defense cooperation and laud Singapore as a model for American defense relationships in Southeast Asia.**

From Singapore, Bush heads for the Republic of Korea (ROK) on January 5. There he will find a country that has made great progress in building democratic institutions. No longer is Korea run by military strongmen. Already there has

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2 ANZUS, created in 1951, includes the U.S., Australia, and New Zealand.

been one national election and two local elections since the current civilian administration was elected in 1987; presidential and national assembly elections are scheduled for next year. As basic freedoms have grown, Seoul also has maintained a strong economy, with an average annual 7.5 percent increase in gross domestic product since 1989.

The ROK, moreover, has seen continued success in isolating communist North Korea by building diplomatic and trade ties with Beijing and Moscow, Pyongyang's twin patrons. Yet peace on the Korean Peninsula is far from assured. Despite the non-aggression pact that likely will soon be signed between Seoul and Pyongyang, South Korea remains threatened by North Korea's evident determination to build nuclear weapons and maintain a 1.1 million-man armed forces, the fifth largest in the world.

**To reassure Seoul's leaders of U.S. support, Bush should:**

- ✓ **Stress America's admiration of South Korean President Roh Tae-woo's progress toward strengthening Korean democratic institutions.**
- ✓ **Emphasize that the U.S. remains strongly committed to the defense of the ROK.**
- ✓ **Demand that North Korea end its nuclear weapons development program and open all of its nuclear facilities for international inspection.**
- ✓ **Insist that Korea continue reducing trade barriers and resist protectionist "austerity" campaigns.**
- ✓ **Encourage Korea to expand its relations with China.**

Bush's last stop is Japan on January 7. There he will see Emperor Akihito and new Japanese Prime Minister Kiichi Miyazawa, address the Japanese Diet, and visit the city of Kyoto.

**During his meetings in Japan, Bush should:**

- ✓ **Declare forcefully that the U.S.-Japan security alliance remains the linchpin to peace in Asia.**
- ✓ **Press Miyazawa to give priority to resolving U.S.-Japan trade disputes.**
- ✓ **Press Tokyo to help the U.S. develop a defense against missile attack.**
- ✓ **Urge Tokyo to make more Japanese technology available for the U.S. military.**

When Bush arrives in Australia on December 31, he will find traditionally close Washington-Canberra ties in good shape. In August 1990, for example, Australian Prime Minister Bob Hawke dispatched a naval task force and nearly 1,000 military personnel to fight alongside U.S. forces in the Persian Gulf. Australia remains committed to the 1951 ANZUS Alliance, despite the setback to the partnership in 1985 when New Zealand's Labor government adopted a strict anti-nuclear policy that effectively has barred U.S. warships from entering New Zealand ports.

<b>1991 Australia Databox</b>	
<b>Official Name:</b>	Commonwealth of Australia
<b>Capital:</b>	Canberra
<b>Population:</b>	16,923,000
<b>Head of Government:</b>	Prime Minister Robert Hawke
<b>Gross National Product:</b>	\$310.5 billion
<b>Exports to U.S.:</b>	\$4.4 billion
<b>Imports from U.S.:</b>	\$8.5 billion
<b>Heritage InfoChart</b>	

Bush will find the main challenge confronting Australia is its economic recession. Australian gross domestic product growth may decline from over 4 percent in 1990 to less than 1 percent this year.

Bush will find that trade is Australia's biggest worry, in particular, the impact of foreign agricultural subsidies on Australia's farm exports. Canberra complains loudly that Washington subsidizes 30 percent of America's annual output, and that the European Community and Japan respectively subsidize 38 percent and 72 percent of their yearly agricultural production. By contrast Australia subsidizes only 11 percent of production. Farm products comprise about one-third of Australia's total exports, and Canberra justly complains foreign subsidies provide an unfair advantage by undercutting Australian farm products on the world market. This year, for example, Australia estimates that American subsidies under the Export Enhancement Program, and subsidies of the EC's Common Agricultural Policy, reduced the incomes of Australian wheat farmers by as much as \$138 million and \$339 million, respectively.

Despite its ire over the farm subsidizing issue, Australia is a strong ally in promoting free trade. Since 1983 Australia and New Zealand have been cooperating on a free trade agreement called the Closer Economic Relations (CER) agreement. This agreement has created a much larger consumer market and has spurred free market economic reforms in both countries. In 1989 Hawke played a key role in establishing the Asia Pacific Economic Cooperation (APEC) group. At this November's APEC meeting in South Korea, Canberra pushed hard for lowering trade barriers. As Australia is an active partner in promoting free trade in Asia, and helping to preserve the peace necessary to support this trade, Australia's importance to the U.S. will increase.

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Note: All Databox statistics are from Kenneth Conboy, ed., *U.S. and Asia Statistical Handbook: 1991 Edition*, (Washington, D.C.: The Heritage Foundation, 1991.)

**To affirm this important relationship, Bush should:**

✓ **Thank Australia for its unhesitating support during the Persian Gulf war.**

Australia made a quick decision in August 1990 to dispatch military units to the Persian Gulf. This was the largest force to come from the Pacific region. Bush should praise Canberra for its decisive response. He then should also assure Australians that as the decline of the Soviet threat makes possible American force reductions in Asia, America remains committed to its ANZUS Alliance with Australia. Bush, however, should remind Australian officials that they need to continue to add modern ships and aircraft to their armed forces that are able to deploy rapidly to assist U.S. forces during future emergencies.

✓ **Praise Australia's commitment to greater free trade in Asia.**

Canberra took the lead in promoting trade in Asia when it helped form APEC in 1989. Bush should praise Canberra for its efforts to push APEC's members to lower trade barriers. Bush then should commit the U.S. to work with Australia to lower trade barriers in Asia. In response to Australian complaints about U.S. farm subsidies, Bush should say that Washington remains committed to the position that it has taken in the ongoing Uruguay Round of the General Agreement on Tariffs and Trade (GATT) negotiations to reduce its farm subsidies substantially.

Bush should tell Australian officials that if the Uruguay Round fails, Australia should consider a free trade agreement with the U.S. The goal would be to remove all barriers to trade between Australia and the U.S. This would expand trade and investment opportunities between both countries and serve as an example to Asia of free trade's benefits.

✓ **Urge New Zealand to resume ANZUS cooperation.**

Bush will not be visiting New Zealand during this trip. Yet he can tell Australians that America remains ready to resume military cooperation with New Zealand as soon as New Zealand amends its anti-nuclear law to allow visits by U.S. Navy ships. A resumption of U.S.-New Zealand defense cooperation will strengthen ANZUS—which could play a greater role in responding to possible threats to security in the South Pacific, such as upheavals in China or possible Japanese rearmament, as the U.S. reduces its forces in the Pacific. But Bush should also ask Canberra to encourage New Zealand's current National government not to go ahead with the deep military cuts that it is contemplating. He should tell Australian officials that New Zealand must be prepared to contribute to collective defense if it is to benefit from ANZUS Alliance defense guarantees.

✓ **Urge Australia to participate in programs of the Strategic Defense Initiative.**

Bush should encourage Australian officials to reconsider their 1986 decision not to participate in America's Strategic Defense Initiative, a program to build defenses against nuclear missiles. He should tell Australian officials that the threat from nuclear missile proliferation is going to increase. Bush should suggest that improved U.S.-Australian satellite reconnaissance facilities now in Australia could become an important component of a global missile defense system.

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## SINGAPORE

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In Singapore, Bush will find a country the area of Chicago that has become a major regional power and, in global terms, a very influential nation. Last year's per capita Singaporean income was \$12,720—higher than that in NATO members Portugal, Spain, and Turkey. Singapore's gross national product has racked up higher than 9 percent annual increases since 1965, the highest rate in Southeast Asia. Singapore has become a model of free enterprise for the Third World, and is the world's third largest harbor, handling 113 million freight tons annually, more cargo tonnage than any other port in the world.

U.S.-Singaporean relations today are the best in Southeast Asia. Singapore last year exported \$9.8 billion in goods to the U.S., while importing \$8 billion in U.S. products, making Singapore America's twelfth largest trading partner. What's more, U.S. Trade Representative Carla Hills this October 11 signed a Trade and Investment Framework Agreement with Singapore. This pact calls for regular talks and outlines principles for bilateral trade and investment. It also calls for immediate action to discuss trade in services, copyrights and patents, and dumping. Indeed the agreement is comprehensive enough for the U.S. to begin discussions with Singapore on a free trade pact.

U.S.-Singapore security cooperation is equally close. This is nothing new. In the late 1960s, for example, Singaporean Prime Minister Lee Kuan Yew, in sharp contrast to bitter criticism offered by some of America's NATO allies and other putative friends, strongly supported American efforts to assist the Republic of Vietnam. Since the early 1980s, Singapore and the U.S. cooperated in calling for international assistance for the noncommunist Cambodian resistance against Vietnamese occupation forces.

### 1991 Singapore Databox

**Official Name:** Republic of Singapore

**Capital:** Singapore

**Population:** 2,770,000

**Head of Government:** Prime Minister  
Goh Chok Tong

**Gross National Product:** \$34.59 billion

**Exports to U.S.:** \$9.8 billion

**Imports from U.S.:** \$8.0 billion

Heritage InfoChart

Singapore, moreover, consistently told Manila that the U.S. bases in the Philippines contributed to everyone's security in the region. And when U.S. talks with the Philippines about renewing the bases agreement began crumbling last year, Singapore stepped forward and offered use of its limited air base facilities to American military forces. As a result, beginning this year, U.S. Air Force F-16 *Fighting Falcon* fighter jets will be flying out of airfields in Singapore.

**During his stay in Singapore, Bush should:**

✓ **Praise Singapore's support for free trade and call for discussions on a U.S.-Singapore free trade agreement.**

Like Hong Kong, Singapore has relied completely on free trade for its economic success. At a time when many countries, like those in the European Community, are advocating exclusionary trade blocs, Bush should praise Singapore for its refusal to erect trade barriers. The U.S. last year exported \$8 billion in U.S. goods to Singapore, primarily chemical products, electronic valves, and data processing equipment.

Building on the U.S.-Singapore Trade and Investment Framework Agreement signed this October, Bush should urge that discussions begin on a U.S.-Singapore free trade pact. For Singapore, such an agreement would exempt its goods from U.S. duties and other trade restrictions; Singapore now faces U.S. tariffs of up to 30 percent of the total value of its textile imports, up to 17 percent on its pharmaceutical imports, and up to 10 percent on its electronics imports.

Exemption from these tariffs would make Singapore's products cheaper and more competitive in the U.S. market. This would allow Americans to buy Singaporean goods at lower prices. More important, such a pact could add momentum toward further free trade agreements between the NAFTA and other Asian nations.

✓ **Voice strong appreciation for U.S.-Singaporean defense cooperation and laud Singapore as a model for American defense relationships in Southeast Asia.**

While the diminished threat from the Soviet Union means that America no longer needs large military bases in Southeast Asia, many nations in the region either publicly or privately state that they want America to keep troops in Southeast Asia. This would help offset potential military expansion by mainland China or even Japan. With the possibility of conflict in the South China Sea,<sup>3</sup> moreover, a continued U.S. naval presence in the region would ensure

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3 Among the nations with conflicting territorial claims in the South China Sea are Indonesia, Malaysia, the People's Republic of China, the Philippines, the Republic of China on Taiwan, and Vietnam.

that the trade routes between the Strait of Malacca and Northeast Asia remain open.

The best way for America to keep military forces in the region would be through a series of bilateral agreements allowing for ship repairs, aircraft landing rights, and temporary basing rights in some Southeast Asian nations. In October 1990, the U.S. and Singapore signed such an agreement, allowing for up to six U.S. Air Force F-16 *Fighting Falcon* jet fighters to conduct extended military exercises from Singaporean bases. Bush should praise U.S.-Singaporean defense cooperation and laud Singapore as an example of the type of defense agreements that would be most effective in maintaining Southeast Asian security in the post-Cold War period.

Lastly, Bush should exchange views with Singapore's leaders, including former Prime Minister and veteran statesman Lee Kuan Yew, on issues like how to encourage democratic reforms in China and Vietnam, and how to strengthen the tenuous United Nations-sponsored peace process in Cambodia. Singapore, after all, is among the most diplomatically astute nations in Asia.

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## REPUBLIC OF KOREA

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In the Republic of Korea (ROK), Bush will find Seoul fast maturing as a democracy and an economic power. President Roh Tae-woo is now in the fourth of his five-year term as Korea's elected chief of state. During his tenure, he has institutionalized free and fair elections, expanded civil liberties, including ending most forms of press censorship. Presidential, National Assembly and local elections are planned for 1992. The Korean economy, meanwhile, has seen the gross domestic product more than double from \$90 billion in 1985 to nearly \$224 billion in 1990.

U.S.-Korean trade relations, while suffering some strains, have improved greatly under Roh. The ROK last year was America's seventh largest trading partner, with two-way trade nearing \$33 billion. After many years with the balance of trade favoring the ROK, this year America may sell the ROK over \$1 billion dollars more in goods and services than America buys from the ROK. This is due largely to Seoul's liberalization of trade barriers and increased Korean consumer spending on American products.

While a potential trade surplus with Seoul is good news in Washington, it worries Seoul, which this year faces a total trade deficit of \$10 billion. To counter the deficit, Korea consumer groups last year began a public campaign to discourage consumption of foreign goods. This understandably drew harsh criticism from

### 1991 Republic of Korea Databox

**Official Name:** Republic of Korea  
**Capital:** Seoul  
**Head of Government:** President Roh Tae-woo  
**Population:** 43,350,000  
**Gross National Product:** \$223.85 billion  
**Exports to U.S.:** \$18.5 billion  
**Imports from U.S.:** \$14.4 billion

Heritage InfoChart

Washington, which correctly perceived the campaign as government-inspired and aimed specifically at American products.

With an eye on the national elections set for next year, meanwhile, the ROK government in early September approved an "austerity" campaign ostensibly to improve the trade deficit by further depressing public consumption. On September 17, Roh told his cabinet that the government must prevent the campaign from targeting foreign goods, a move that American businessmen fear will have little effect.

**Volatile Flashpoint.** Although the ROK has matured as a democracy and a major player on the world's economic stage, the Korean Peninsula remains the most volatile flashpoint in Asia. North Korean dictator Kim Il-sung refuses to allow any of the economic or political reforms that have undermined communism in Eastern Europe and the Soviet Union. Kim's 1.1 million-man armed forces, with 3,500 tanks and over 700 combat aircraft, remain poised for a blitzkrieg-type attack across the 38th Parallel's De-Militarized Zone into the ROK.

Making matters worse, recent North Korean defectors report that Pyongyang could make its first nuclear bomb in as soon as two years. Once North Korea deploys nuclear weapons, the ROK of course becomes extremely vulnerable, especially following George Bush's September 27 decision to destroy most U.S. tactical nuclear weapons, including those stockpiled in South Korea. Pyongyang, moreover, is developing medium-range ballistic missiles based on the Soviet SCUD design that could be fitted with nuclear warheads. North Korea has already cooperated with Egypt and Iran to develop missile technology, and may have exported SCUDs to Syria. There is also the danger that Pyongyang may sell nuclear weapons.

Countering Kim Il-sung's war machine are 750,000 South Korean soldiers, as well as 40,000 U.S. servicemen, which, because of budgetary cutbacks, are scheduled to be reduced to 37,000 troops by 1993. However, in reaction to North Korea's refusal to begin dismantling its nuclear weapons-making facilities, the U.S. and South Korea on November 20 announced a decision to delay any further U.S. troop reductions. The ROK also is interested in obtaining the U.S. *Patriot* missile, which is capable of shooting down North Korean SCUDs. Next year, joint command of these allied forces will for the first time pass to a South Korean. Seoul has pledged \$150 million to support U.S. forces stationed in the ROK during 1992, and plans to increase support to \$450 million by 1995.

**Pressuring Pyongyang.** While maintaining strong support for the U.S.-Korean defense alliance, Washington also quietly has encouraged Roh's efforts to seek the peaceful reunification of North and South Korea. To pressure Pyongyang, Seoul has greatly improved its relations with the Soviet Union and China, both of which have been strong supporters of Kim Il-sung.

Meanwhile, Roh's persistent efforts have led to five meetings between the prime ministers from both Koreas. The latest meeting led to a broad agreement on December 13 that includes a non-aggression declaration. In it Seoul and Pyongyang pledge to negotiate a peace treaty to replace the 1953 armistice that ended the Korean War, promise a ban on attempts to overthrow the other's government, and agree to

begin talks to expand family contacts between both countries. However, the agreement contains few specifics and does not resolve the issue of Pyongyang's nuclear weapons program.

Since the Reagan Administration, American policy toward the ROK largely has succeeded in both defending and advancing freedom in Korea. Bush should use his visit to Seoul to build on this success.

#### **While in Korea, Bush should:**

✓ **Stress America's admiration of President Roh's steps toward democracy.**

Bush should laud Roh and his government for their impressive democratic reforms, and the Korean people for fulfilling the promise of democracy. Bush then should encourage Koreans to continue on this path. He can do so by praising Roh and the political opposition for beginning to master the democratic art of political compromise and by praising Koreans for their intention to hold three sets of elections next year. In saying this, Bush should underscore the wide disparity between North Korea's oppressive totalitarianism and the ROK's growing freedoms.

✓ **Emphasize that the U.S., while modestly reducing its military forces stationed in Asia, remains strongly committed to the defense of the ROK.**

Bush should stress that Washington will base 37,000 U.S. troops in the ROK as long as Pyongyang continues to field a 1.1 million-man army. He should explain that these forces are still needed in South Korea to deter attack by the North and to assist rapid U.S. reinforcement in case of war. Bush also should praise Seoul for its strong and professional military.

Bush should tell Korean officials that the U.S. remains ready to deploy *Patriot* missiles to counter North Korean SCUD missiles. Bush should encourage South Korean officials to consider greater participation in programs of the U.S. Strategic Defense Initiative (SDI). Bush should emphasize that the best protection against potential North Korean nuclear weapons is a weapon that shoots down incoming nuclear arms. Thus Bush should suggest that Korean companies consider participating in SDI research programs in areas like computers or computer software.

✓ **Demand that North Korea end its nuclear weapons development program and open its nuclear facilities to international inspection.**

Pyongyang in 1985 signed the Nuclear Nonproliferation Treaty (NPT), but refused to allow inspection of its nuclear facilities by the International Atomic Energy Agency (IAEA), as called for in the NPT. Now that Bush has pledged to destroy most U.S. tactical nuclear weapons, including those based in South Korea, he should challenge North Korea to end its nuclear weapons development program. Bush also should underscore Washington's long-standing demand that North Korea permit international inspections of its nuclear facilities.

Bush should tell South Korean leaders that their December 13 accord with North Korea could represent the beginning of real progress toward peace on the Korean Peninsula if North Korea sticks to its pledge and swiftly creates a "hot-line" between military commanders, begins negotiations for a peace treaty, and opens talks to expand trade and family contacts. Then Bush should signal that peaceful gestures by Pyongyang, such as real progress in opening its nuclear facilities to inspection, would elicit a positive response from Washington, like relaxation of the 41-year old U.S. embargo on trade with North Korea.

✓ **Insist that Koreans continue reducing barriers to trade.**

Bush strongly should urge Seoul to continue opening its economy to trade and investment, as it has been doing since the mid-1980s. If Seoul does not, he should say, this will cast a shadow over relations between Washington and Seoul. Bush should praise Korea for already reducing average tariff rates from 23 percent in 1983 to 13 percent in 1990, enacting laws to protect copyrights, liberalizing trade in up to 70 percent of farm and fish products, and agreeing to allow greater competition by U.S. firms in the South Korean telecommunications market.

In private meetings with Korean leaders, Bush should ask that Korea demonstrate continued willingness to negotiate with the U.S. to reduce those ROK fees that make U.S. automobiles far more expensive in Korea than similar autos are in the U.S., to allow greater U.S. access to ROK stock, financial, and banking markets, and to enforce more rigorously laws that protect American patents and copyrights.

In these meetings, Bush also should note that because most of Korea's imported items are used to improve the efficiency of ROK infrastructure and industry, Seoul's growing trade deficit helps Koreans. As such, he should counsel that Seoul's frugality campaigns should not be aimed at foreign luxury goods, which account for about only 3 percent of Korea's trade deficit. Furthermore, he should state that such a campaign will only result in greater pressure in the U.S. Congress for tougher trade laws that may reduce Korean exports to the U.S.

✓ **Encourage Seoul to keep pressing Beijing to convince Pyongyang to halt its nuclear weapons program.**

Bush should praise Seoul's efforts to expand relations with China. Bush should state that the U.S. will continue to seek China's help to pressure North Korea to end its nuclear weapons program. He should also say that China's cooperation in helping to stop North Korea's nuclear threat will be the main opportunity in 1992 for China to prove it is committed to promoting peace in Asia.

In Tokyo, Bush will find a Japan regaining its political stability after months of upheaval. Tokyo's most recent political turmoil ended when Prime Minister Toshiki Kaifu failed to win support in the Diet for political reforms and announced on October 4 that he would not seek reelection. He is replaced by Kiichi Miyazawa, 72, a former Deputy Prime Minister and long-time contender for the top slot.

Miyazawa is a respected economist and is fluent in English, which could give his administration a high international profile that has been lacking in Japan since Yasuhiro Nakasone held office between 1982 and 1987. Miyazawa, moreover, has said that resolving trade disputes with the U.S. will be a priority of his government.

This is welcome news because Japan's continuing trade surplus with America is a major source of U.S.-Japan tension. Last year, Tokyo had a \$41 billion trade surplus with Washington, exporting \$89.7 billion of goods to the U.S. while importing only \$48.6 billion. While this surplus has fallen from \$59.8 billion in 1987, it remains the largest of any American trading partner.

To help bridge the trade gap, the U.S. and Japan in September 1989 began the Structural Impediments Initiative (SII) talks aimed at identifying and solving structural problems in both countries that may impede trade. In these talks, Tokyo agreed to increase spending on its infrastructure, allow greater foreign access to its construction market, and slowly allow some large U.S. retailers, like Toys-R-Us, to open branches in Japan.

**Cosmetic Results.** Most of the results of these highly publicized talks, however, remain cosmetic. Little has been done to get Japan to open its markets as much to American goods and services as America is to Japanese goods and services. American automobile parts manufacturers, for example, say they are prevented from gaining a foothold in the Japanese market. The same could be said for American financial services and construction firms.

U.S.-Japan security ties, too, while still close, are strained. Since 1951, when Washington signed its first security agreement with Tokyo, the U.S.-Japan defense alliance has been the most important in Asia. Although these ties were the object of violent Japanese protests in the 1950s and 1960s, by the time of the Reagan Administration there was strong bilateral agreement that this alliance was a linchpin to stability in Asia. Today, the U.S. has its largest Asian military bases in Japan, with 50,800 servicemen deployed at seven air bases, four naval bases, one army base, and one marine base.

### 1991 Japan Databox

**Official Name:** Japan  
**Capital:** Tokyo  
**Population:** 123,642,000  
**Head of Government:** Prime Minister  
Kiichi Miyazawa  
**Gross National Product:** \$2963.0 billion  
**Exports to U.S.:** \$89.7 billion  
**Imports from U.S.:** \$48.6 billion

Heritage InfoChart

While U.S. forces in Japan have been a major factor in maintaining stability in the region, the diminished Soviet threat in the Pacific has raised questions on both sides of the Pacific as to what, if any, U.S. military presence still is needed in Japan. Younger Japanese, in particular, question why U.S. forces still must be based in Japan, an issue that will become sharper with the official disintegration of the Soviet Union. Budgetary pressure in Washington, moreover, dictates that U.S. forces in Asia be reduced by 15,000 by 1993, which could force the closure of some U.S. bases in Japan.

**During his three days in Japan, Bush should:**

✓ **Declare forcefully that the U.S.-Japan security alliance remains the linchpin to peace in Asia.**

Although the forces once commanded by the Soviet Union are today diminishing as a military threat, Bush must emphasize the continued benefits of the U.S.-Japan defense partnership. Bush, in fact, will be doing so when he signs in Tokyo the so-called Pacific Charter, a joint declaration that will in general terms restate the ongoing importance of the partnership. Tokyo derives its principal source of security from the alliance, while Washington uses its Japanese bases to protect its influential position in a region, whose importance will increase over time.

But with budget cuts and growing calls in Washington for American isolationism, the future of the U.S. forward presence in Asia increasingly is being determined by domestic American politics. Bush should remind Japanese leaders that now more than ever, Americans must remain convinced that Tokyo is ready to be a genuine, full partner with the U.S. As probably the last American President to have fought against Japan in World War II, Bush should appeal directly to older generations of Japanese while emphasizing the stability which the U.S.-Japan security alliance has helped bring to post-war Asia.

Toward the younger Japanese who do not remember World War II or its humiliating aftermath, Bush should emphasize that the Washington-Tokyo security partnership will be a key instrument in maintaining stability in an Asia full of security threats despite the end of the Cold War.

✓ **Press Miyazawa to keep his promise about giving priority to resolving U.S.-Japan trade disputes.**

Bush specifically should urge Tokyo to allow American automobile parts makers greater access to the Japanese market. Bush also should press Japan to enact long-promised reforms that would lower the Japanese-imposed impediments that deny American investors equal footing in competing in the Japanese financial market. Finally, Bush should tell Tokyo that, while he opposes retaliatory measures like the so-called Super 301 clause of the 1988 Trade Law, protectionists in the U.S. Congress may increase Japan bashing during the upcoming election year if Tokyo does not further open its markets.

✓ **Press Tokyo to help the U.S. develop a defense against missile attack.**

With Prime Minister Nakasone's 1986 agreement to participate in research on America's Strategic Defense Initiative, the base for such cooperation already exists. The Pentagon's SDI Office has awarded contracts to Japanese corporations in such areas as superconductivity and magnetic field technology.

Japan now needs to do more. Bush thus should invite Japan to become a major partner in the effort to build an antimissile system. He should point to the suitability of SDI, a defensive weapons system, to Japan's constitutional limits on weapons that can be used for power projection, like aircraft carriers, or first-strike attacks, like ballistic missiles. He also should note Japan's nearly total vulnerability to ballistic weapons, which are finding their way into ever more hands. Japan, for example, remains vulnerable to Chinese, and potentially North Korean, missiles.

✓ **Urge Tokyo to make more Japanese technology available for the U.S. military.**

Tokyo's 1983 decision to allow export of military technology to America in theory allows for increased availability of advanced Japanese technologies. This would reduce significantly production costs for the U.S. and decrease substantially the long intervals that typically separate the completion of research and development for U.S. weapons systems from their actual production.

Already five committees of American and Japanese officials are working on agreements for the exchange of military technologies. These discussions would be spurred if Bush emphasized the importance that America attaches to their success. He should raise the matter when he meets with Miyazawa and propose that the discussions be elevated from their current staff levels.

✓ **Tell Japanese leaders that the U.S. will remain engaged with China.**

Bush should tell Tokyo that Washington will continue to engage Beijing constructively on a wide range of issues of concern to Asians. Bush should say that he will work to expand U.S.-China trade relations. He should also encourage Japan to continue its efforts to pressure China to curb its sale of ballistic missiles to rogue countries like Syria. Last August former Japanese Prime Minister Toshiki Kaifu unsuccessfully tried to convince China to do so; this must be continued by the Miyazawa government.

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## **CONCLUSION**

During his visit to Asia, George Bush will have the opportunity to reaffirm America's commitment to a stable and prosperous Asia. This affirmation of American intent sorely is needed at a time when some Asians are flirting with the notion of an exclusive Asian trade bloc and others question Washington's willingness to keep military forces in the Far East. It comes at a time, too, when some in

America are calling for Washington to concentrate on domestic issues instead of foreign policy concerns.

In affirming American policy on Asia, Bush should articulate a vision of expanded free trade between the Far East and the U.S., offering increased trade opportunities and economic prosperity for both shores of the Pacific. He should suggest that the forum for Asia-Pacific Economic Cooperation become a principal organization for reducing trade barriers between Asia and America. He, too, should stress that the U.S.-Mexican-Canadian North American Free Trade Agreement will not mimic the trade barriers of the European Community. Bush, moreover, should underscore to Asian leaders that reductions of trade barriers, especially in Japan and Korea, will help counter mounting protectionist sentiment in the U.S.

**Reassuring Asia.** Bush also must remind Americans and Asians alike that they must be wary of the threat to stability in the Far East from a heavily armed North Korea and from other potential expansionist countries. By reaffirming American commitment to deterring North Korean aggression and strengthening U.S. military ties with Australia, Japan, Korea, and Singapore, Bush can reassure Asia that America remains committed to preserving peace in that part of the world. Also important is the need to reassure Asian leaders that America will continue to encourage China to play a positive role in Asia, such as helping to end North Korea's nuclear program and ending China's sale of ballistic missiles to rogue states.

By building on these twin pillars of free trade and continued American support for Asian security, Bush can reverse the image that his Administration has neglected Asia for nearly three years and once again begin building a strong, innovative U.S. policy toward the Far East.

Kenneth J. Conboy  
Deputy Director  
Asian Studies Center

and

Richard D. Fisher, Jr.  
Policy Analyst  
Asian Studies Center

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## POSSIBLE THEMES FOR SPEECH IN SINGAPORE

### Security/New World Order

-- My generation fought a world war -- in Asia and the Pacific, in Europe, in North Africa. Those of us who experienced that war vowed that it would be the last world war, that the forces of totalitarianism must be resisted and their aggressive designs frustrated. As visionaries, we founded the United Nations; as prudent men and women, we also established a structure of alliances to contain totalitarianism.

-- In the largest sense, we have achieved our goals. Despite -- and perhaps in some ways because of -- the advent of weapons of mass destruction, the threat of global war today is smaller than at any time since 1945; indeed, it has almost vanished. The specter of world communism has disappeared; state-controlled economies are discredited; the democratic tide is higher than it has ever been, with elected governments in many nations on all continents; the advantages of the free-market system are evident worldwide.

-- For many years the United States, by its military presence and its influence, has fostered stability in several parts of the world. Nowhere have the benefits of that stability been greater than here in East Asia, where many nations have prospered to a degree beyond anything that might have been imagined 20 years ago: first Japan; then the Dynamic Asian Economies of Singapore, Hong Kong, the Republic of Korea and Taiwan; and now Malaysia and Thailand. Others such as Indonesia are following rapidly. Economic growth in East Asia today far outstrips growth anywhere else in the world.

-- The alliance structure succeeded in containing totalitarianism and preventing global conflict, but it did not preclude smaller wars or other kinds of regional or local conflict. We are still dealing with some of those situations, but the end of superpower rivalry has made the search for solutions more productive. We have reached a stage at which we can realistically discuss what I have called the New World Order, under which nations will resolve their disputes without resort to the use of force.

-- We have already seen the United Nations take on new vitality and begin to exercise the role its founders intended for it, most notably in rolling back the invasion of a small state, Kuwait, by a much larger one, Iraq. We have enjoyed good cooperation from the Soviet Union in convening a historic Middle East peace conference.

-- Here in Southeast Asia multilateral diplomacy has achieved what we trust will be a notable and lasting success: the case of Cambodia. I will not try to trace here the history of that

unhappy country -- a history in which the United States itself is of course involved. But I want to record my appreciation for the solidarity of Singapore and four other ASEAN members with Thailand, the nation immediately threatened in the 1970s and 1980s by the potential spillover of combat. More recently, another ASEAN member, Indonesia, together with France, has led the search for a settlement, in which the four other Permanent Members of the Security Council have joined, together with the United Nations, Australia, Japan and other governments. That long search reached a milestone six weeks ago in Paris with the signing of the settlement documents.

-- A settlement in Cambodia truly means the start of a new era. For virtually the first time since World War II, Southeast Asia is without serious conflict. For the United States, that settlement makes possible a process of healing in our relations with the states of Indochina: representation in Cambodia for the first time since 1975, accredited to the Supreme National Council headed by Prince Norodom Sihanouk; a restoration of our diplomatic relations with Laos -- never broken -- to the pre-1975 level; and the start of the process of normalization with Vietnam. Just how far and how fast we move in that process with Vietnam will depend on progress in resolving the cases of our military personnel missing in action -- but the trend in recent months has been decidedly positive.

-- For the people and the governments of Indochina, the settlement in Cambodia holds great promise. The embargos on trade and investment which many governments imposed can now be lifted; travel and communications can be opened up; the international financial institutions will be able to lend freely for worthwhile projects. Most important, perhaps, Vietnam, Laos and Cambodia will be able to emerge from their isolation and, if they chose, free themselves of the policy constraints that have hindered their development. In fact, Laos and Vietnam in recent times have both shown a receptiveness to foreign private investment. The United States looks forward to this new era, as, I am sure, do the peoples of Singapore and the other five ASEAN nations.

-- Clearly, then, the situation in East Asia has improved in recent months, as has the world situation generally. But we remain in a transitional phase; we cannot wish away continuing threats to peace and stability in such areas as the Korean peninsula, and we cannot rule out sudden threats to world peace and the rule of law such as the one that arose in the Persian Gulf only sixteen months ago.

-- For those reasons, the United States will remain engaged militarily in East Asia and the Pacific for the foreseeable future. Here, as in Europe, we will take advantage of reduced

levels of threat and of increases in the speed, range and lift capability of our ships and aircraft to slim down our forward-deployed forces and the number of our bases. The character of our presence will change; we will place more reliance on access to a larger number of facilities owned and controlled by others. Our total numbers may be reduced, but our presence in the region could be more widespread and more frequent.

-- The agreement signed in Tokyo a year ago by then-Prime Minister Lee Kwan Yew and Vice President Dan Quayle exemplifies this new type of arrangement. Under its terms, our ships and aircraft -- based elsewhere -- are making increased use of Singaporean military facilities. They exercise jointly with Singapore's forces as well as on their own. They are gaining familiarity with the geography and the operating conditions of this part of Asia. We are open to the possibility of similar arrangements with other nations of the region.

-- The eruption of Mount Pinatubo in the Philippines in June settled the fate of Clark Air Base there. If we are able to remain at Subic Bay, we shall do so, but if not we shall continue to honor our treaty commitments. We have already relocated headquarters, troops and equipment to Guam. Meanwhile, United States forces will remain in Japan and Korea. Our treaty relationship with Australia, the country I shall visit next, is stronger than it has ever been. We hope the day will come when New Zealand allows us to resume defense cooperation under the historic ANZUS alliance.

-- In short, we will stay on the scene in East Asia. The test of our security policy, or of any nation's, is not the size or location of our forces; rather, it is the ability to deal with any and all likely threats to the peace, and to deal quickly and decisively with unpredictable crises, and that is precisely how the United States and its partners in the multinational coalition -- acting through the United Nations -- dealt with the Iraqi invasion of Kuwait.

### Economic Cooperation

-- Interdependence and cooperation are equally important in the world economy. That lesson is fully understood here in Singapore, where total trade is three (??) times the value of your gross domestic product. If the prosperity that so much of East Asia already enjoys is to continue and spread, we must have an open global trading system. To reach that goal, we need a framework for economic integration, and we must avoid regional fragmentation.

-- Trade across the Pacific has expanded dramatically in recent years, in step with dramatic economic growth in many East Asian countries. Some ten years ago America's trade with the Pacific surpassed our trade across the Atlantic; today, it is nearly one-third larger. The ASEAN countries, taken together, constitute America's fifth-largest trading partner. Singapore alone is a bigger export market for U.S. goods than Italy, Spain or the USSR. Nations on the eastern rim of the Pacific, from Mexico to Chile, are eager to join in this booming trans-Pacific commerce. I urge U.S. firms take advantage of these dynamic markets and to redouble their efforts to export to and invest in the ASEAN countries.

-- The Pacific Basin is a natural trading region, and it is logical that the governments of the region concert to promote that trade by eliminating barriers and establishing common policies. An excellent forum for doing so already exists: the Asia-Pacific Economic Cooperation, or APEC, grouping. The concept had occurred to a number of people in several countries, but it was Prime Minister Bob Hawke of Australia who developed the idea and convoked the first APEC ministerial meeting in Canberra two years ago.

-- APEC has since met twice more, here in Singapore last year and again last month in Seoul. Its original group of twelve participants has grown substantially with the simultaneous addition of China, Hong Kong and Taiwan, and APEC can look forward to further growth in the years ahead.

-- APEC is performing many useful functions, but none is more important than mobilizing the support of all fifteen participants for a successful conclusion of the Uruguay Round of multilateral trade negotiations to update and extend the system known as the General Agreement on Tariffs and Trade. The nations of APEC are convinced that the GATT system must cover world trade in agricultural products, as it has long covered manufactured goods, and that it must be extended to new realms such as intellectual property rights, services, and investment.

-- The alternative is a likely failure of the global trading system, a reversion to exclusionary trading blocs, and, eventually, the constriction of world trade. It is incumbent on all of us -- in North America, in Asia, in Europe -- to overcome parochial interests, abandon protectionist rules and tactics, and expose our economies to the rigors of competition.

-- Even while we pursue reform of the global system in the Uruguay Round, we can reduce and eliminate barriers to trade with our immediate neighbors. That is what the United States and Canada are doing right now, and what we and Canada propose

to do with Mexico, thereby creating a North American Free Trade Area, or NAFTA, which will have few internal barriers and will be more accessible than at present to other world traders such as Singapore.

-- Thailand has proposed that ASEAN establish a free-trade area of its own over the next fifteen years, and the other five governments have agreed. Such action is the direct parallel of what we in North America are doing in NAFTA, and the United States applauds this decision by the ASEAN nations.

### The Spread of Democracy

-- The most inspiring single event of the last few years was the tearing down of the Berlin Wall. The Wall symbolized the worst of totalitarianism, and its destruction stands for the desire of people everywhere to control their destinies and to be governed only by their own consent.

-- To a gratifying degree, that is happening. The democratic impulse is alive, whether fed by relative prosperity, as seemed to be the case in China, or by economic failure, as in the Soviet Union and Eastern Europe. And in many places the impulse is flourishing. In recent years elected governments have come to office everywhere from the Philippines to Poland and from Nicaragua to Mongolia.

-- There are basic human rights, universally recognized though not universally observed, but there is no copyright on democracy and no one form of government or set of practices to which every nation must adhere. The United States recognizes the legitimacy of diversity.

-- What the United States cannot condone, however, is the suppression of the popular will -- and that is what has occurred in Burma, where the military leadership permitted elections last year but, when the results proved not to the military's liking, refused to allow the winners to take their rightful seats and organize a government. So long as this situation continues, the people of Burma will remain victims, subject to torture and intimidation and deprived of the chance to share in the general prosperity and well-being which so many of their neighbors already enjoy.

(NEEDS CONCLUSION)

TO: SCOWCROFT

FROM: SUPER, K

DOC DATE: 16 DEC 91  
SOURCE REF:

KEYWORDS: AP

JAPAN

PERSONS:

SUBJECT: REQUEST PRES VISIT TECHNICAL CENTER OF DUPONT JAPAN LTD  
DURING VISIT TO JAPAN

ACTION: APPROPRIATE ACTION

DUE DATE: 18 DEC 91

STATUS: S

STAFF OFFICER: SITTMANN

LOGREF:

FILES: WH

NSCP:

CODES:

DOCUMENT DISTRIBUTION

FOR ACTION  
SITTMANN

FOR CONCURRENCE

FOR INFO  
CARNEY  
EMERY  
HILLIARD  
PAAL  
PATTERSON

*Tony Snow -  
Reference to  
Dupont would be good  
in remarks at  
Kodak in Japan -  
over another success story...  
"Just flesh"*

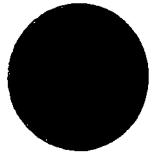
COMMENTS:

DISPATCHED BY \_\_\_\_\_ DATE \_\_\_\_\_ BY HAND W/ATTCH

OPENED BY: NSJWD      CLOSED BY:      DOC 1 OF 2

9158

THE WHITE HOUSE  
WASHINGTON



RESPONSE DUE DATE: December 18, 1991

REQUEST FOR SCHEDULING RECOMMENDATION

MEMORANDUM FOR:

- |  |   |
|--|---|
| <input type="checkbox"/> GOVERNOR SUNUNU   | <input type="checkbox"/> PHILLIP BRADY              |
| <input type="checkbox"/> ANDREW CARD, JR   | <input type="checkbox"/> DAVID DEMAREST             |
| <input type="checkbox"/> ROGER PORTER      | <input type="checkbox"/> MARLIN FITZWATER           |
| <input type="checkbox"/> SIG ROGICH        | <input type="checkbox"/> FREDERICK MCCLURE          |
| <input type="checkbox"/> SUSAN PORTER ROSE | <input type="checkbox"/> TIM MCBRIDE                |
| <input type="checkbox"/> EDE HOLIDAY       | <input checked="" type="checkbox"/> BRENT SCOWCROFT |
| <input type="checkbox"/> CONSTANCE HORNER  | <input type="checkbox"/> C. BOYDEN GRAY             |
| <input type="checkbox"/> GREGG PETERSMEYER | <input type="checkbox"/> _____                      |
| <input type="checkbox"/> DORRANCE SMITH    | <input type="checkbox"/> _____                      |

FROM: KATHY L. SUPER  
PRESIDENTIAL APPOINTMENTS AND SCHEDULING

Please provide your recommendation the following scheduling request:

EVENT: Visit the Technical Center of DuPont Japan Ltd.  
DATE: January 1992  
LOCATION: Yokohama, Japan

Additional information concerning this event is attached.

YOUR RECOMMENDATION:

- |                                 |                                 |                                    |   |
|---------------------------------|---------------------------------|------------------------------------|---|
| Accept <input type="checkbox"/> | Regret <input type="checkbox"/> | Surrogate <input type="checkbox"/> | Message <input type="checkbox"/>        |
|                                 |                                 | Priority <input type="checkbox"/>  | Video <input type="checkbox"/>          |
|                                 |                                 | Routine <input type="checkbox"/>   | Satellite <input type="checkbox"/>      |
|                                 |                                 |                                    | Teleconference <input type="checkbox"/> |
|                                 |                                 |                                    | Written <input type="checkbox"/>        |

If your commendation is to accept, please cite reasons below

PLEASE RETURN TO WINDY WHITE, ROOM 182. OEOB, BY THE RESPONSE DUE DATE ABOVE SO THAT YOUR COMMENTS MAY BE CONSIDERED AS WE PROCEED WITH IS REQUEST.  
THANK YOU



293430

WILMINGTON, DELAWARE 19898

CHAIRMAN OF THE BOARD

*Scheduling  
1/92*

December 5, 1991

The President  
The White House  
Washington, DC 20500

Dear Mr. President:

I am aware through reports in the press and other public information that you intend to visit a U.S. company operating in Japan during your visit to that country in January. I am writing specifically to invite you to visit the Technical Center of Du Pont Japan Ltd.

The Du Pont Technical Center is in Kohoku New Town, Yokohama. The center is conveniently located between Kawasaki and Yokohama and can be reached by helicopter from Tokyo in 10-15 minutes. It is the largest research facility of any foreign company operating in Japan and represents an investment in excess of \$100 million. It is a major regional technology center serving Du Pont customers throughout the Asia-Pacific area. The primary focus of the research there is the evaluation of photo-resist films used in the manufacture of printed circuits, and the center has its own circuit board production line. Staffed by 250 researchers from Japan, the U.S., and Asian countries, the Du Pont Technical Center is a prime example of a U.S.-based firm committing to — and competing in — the high-tech markets of Japan and Asia.

As only the second company ever to receive a National Medal of Technology, Du Pont would be privileged to demonstrate to you how our scientific legacy of creating "better things for better living" has been transplanted so successfully into the heart of one of the world's most competitive and advanced high-technology markets.

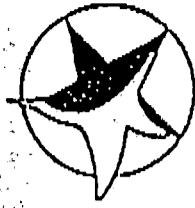
We hope you will accept our invitation. I would be happy to discuss this matter with your staff or to provide additional information as you plan the itinerary for your trip.

Sincerely,

*E. S. Woolard, Jr.*  
E. S. Woolard, Jr.

ESW:mlb

U.S.-Japan Business Council, Inc.  
1020 19th Street, N.W., Suite 130  
Washington, D.C. 20036  
Phone: (202)728-0068  
Fax: (202)728-0073



TELEFAX TRANSMITTAL FORM  
URGENT, PLEASE HAND DELIVER:

TO: Doug Paal  
COMPANY: NSC/White House  
FAX #: 395-3380  
FROM: Roger Swanson  
DATE: 12/16/91

MESSAGE

*TP has copy*

Photocopy-Preservation

TO: Doug Paal  
 FROM: Roger Swanson *RS*  
 DATE: December 13, 1991

*Tony Snow*  
*Note reaction at*  
*sidekick*  
*D Paal*

Although the train has not yet left the station, I want to thank you and Torkel for your efficiency and thoughtfulness concerning arrangements for the President's trip to Japan. I shall refrain from commenting on the efficiency some of those folks at Commerce.

Incidentally, one of my Board members, Henry Wendt, Chairman of SmithKline Beecham, was present at President Bush's AEA December 4 speech. It was extremely well received. *u*

I will be in further touch on many things I'm sure, but I did want to take advantage of this breather to thank you. Our Council's intention is the same as when you and I first spoke - to wholeheartedly work with and support the President on these absolutely crucial trade and competitiveness issues.

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TS -  
DRAFT FOR  
KOREA TOAST!  
ALL WE HAVE NOW -  
JB

# PRESIDENTIAL TOAST

## STATE DINNER

Mr. President, Mrs. Roh, ladies and gentlemen. Tonight we have many things to celebrate. First and foremost is our solid partnership. It was born in the turmoil of war as together we deterred aggression. And while we continue to work together for that purpose, our partnership has solidified and matured during the ensuing years into a broad-based political, economic, and security relationship. And I can assure you of our commitment to ensure that it will continue into the 21st century.

Second is the Republic of Korea's emergence as a major actor on the world stage. Through hard work and a commitment to development seldom matched in world history, your nation has moved from a war-ravaged past to a prosperous and enviable present. The future promises even more as you join the world community in helping create a more open trade regime which will bring long-term benefits to all the world's peoples.

(IF APPLICABLE) Third is the progress you have made in resolving your differences with North Korea. While the road to unification remains long, I can only admire your steadfastness and commitment to resolving your differences peacefully. If your brothers in the North can finally do the same while abandoning their belligerence and their nuclear weapons program, I assure you, Mr. President, that we will all we can to help assure that peace and unification on terms acceptable to all the Korean people finally come to this divided land.

Finally, and central to all of the above, are the many accomplishments of our host this evening. Mr. President, I know you are a modest man. Thus it is important that those who know you well, such as myself, emphasize properly the historic role you have played in leading the Republic of Korea during this period of incredible change.

I would only note a few of important events during your presidency. Hosting the 1988 Olympics; hosting the 1991 APEC conference; your ground-breaking and courageous non-nuclear policy statement; your nation's entry into the United Nations in 1991; the many successes of your Nordpolitik policy, including enhanced relations with Russia and China and an active dialogue with North Korea; strengthening and assuring the success of democratization throughout your nation; the breathtaking growth in your nation's economy; your commitment to full cooperation in completing the Uruguay round, and many more.

Some have said that you have focused too much of your time on foreign policy and that domestic problems should get more of your attention. I can, believe me, Mr. President, empathize with you when you hear such criticism.

But we both understand that foreign policy and domestic policy are inextricably intertwined, that good relations with your neighbors and the international community are essential in the emerging new world order. The world is growing smaller every day, and all the world's people are becoming more and more inter-dependent. Our cooperation for our mutual benefit is essential if we are to truly begin a new era of peace and security in the world.

The same is true for our relationship, Mr. President, and I have not the slightest doubt that cooperation for our mutual benefit will continue to be the essential underpinning of our partnership, our friendship.

Mr. President, in a matter of months you will be passing the reins to your successor. Until then I know that you will continue to lead Korea further toward peace and prosperity. And I also know that history will look back upon your years in office as among the most eventful and positive in the long history of your great nation.

So, Mr. President, I would like now to raise my glass to toast our firm partnership, peace and unification in Korea, the rise to prominence of your nation, and, finally, your leadership of the Republic of Korea during this period of historic events.

## **ECONOMIC THEMES FOR THE PRESIDENT'S TRIP TO ASIA**

### **Both the U.S. and Asia benefit from free trade and open markets:**

- o Our economic relationship is not a zero-sum game for either partner.
- o The American economy and American jobs increasingly depend on free trade and open markets.
  - In the United States, nearly half (49%) of our GNP growth between 1985 and 1990 was attributable to exports.
  - In 1991, U.S. will export close to \$700 billion worth of merchandise and services.
  - Record 7.2 million jobs were supported directly and indirectly by U.S. merchandise exports alone in 1990.
    - More than 19,000 jobs are supported per billion dollars of U.S. exports.
- o Asia's stake in the trading system is greater than ours. The export strength and economic growth of Asian economies will continue to be dependent upon open international markets for goods, services, and investment.
  - Asian economies are relatively more dependent than the U.S. economy on exports and imports.
  - In 1990, exports amounted to 32% of GNP in Korea and 15% of GNP in Japan; by comparison, U.S. figure is 10%.
- o If the open trading system cannot be preserved and expanded in the Uruguay Round, Asia's prosperity could be jeopardized by stagnant world trade.

### **Asia is increasingly important to the U.S. economy:**

- o The United States is a Pacific power, with vital economic, as well as political, interests in the region.
- o Asia is an important and growing market for U.S. exports and a source of U.S. job creation.
  - Japan (#2), Korea (#6), and Taiwan (#9) were among top 10 markets for U.S. exports in 1990.
  - In 1990, U.S. manufacturers sold \$115 billion of goods in the Asia-Pacific region (29% of total U.S. exports); by comparison, \$113 billion in goods were sold in Western Europe.

- Exports to Japan and the four Asian NIE's alone support an estimated 1.7 million U.S. jobs.
- o Trade with Asia accounts for large and growing proportion of total U.S. trade.
  - In 1980, U.S.-Asia trade accounted for 24% of total U.S. trade (imports and exports). By 1990, Asia accounted for 34% of total trade.
- o Asia is also a large consumer of U.S. services, including financial services, an area in which the United States has special expertise.
  - In 1990, U.S. sold \$22.9 billion in services to Japan and Australia alone.
- o The westward shift of U.S. population, immigration patterns, and increased cultural diversity in the United States point to ever closer economic relations with Asia and the Pacific.
  - The U.S. population is increasingly concentrated in the Western states (21.2% of total U.S. population in 1990).
  - A large and increasing share of U.S. GNP is produced in the Western states.
  - Asians represent growing share of U.S. population (6.9 million in 1990 or 2.8% of total vs. 1.6% in 1980) and growing share of U.S. immigration.

**Asia needs our exports:**

- o Asia's demand for imports -- our exports -- will increase as Asian economies grow wealthier.
- o Asian consumers need access to foreign goods and services if they are to raise their standard of living and enjoy the fruits of their labors.
  - Japanese Prime Minister Miyazawa, for example, recently stated that Japan should become a "lifestyle superpower". This will benefit our economy by increasing opportunities for U.S. exporters.

**Asian countries have cooperated with the U.S.:**

- o The U.S.-Asia relationship helps reinforce global cooperation for the benefit of citizens of all nations.
- o Several Asian nations helped shoulder the economic burden of

the international effort to counter Iraq's aggression.

- \$10.4 billion was committed by Japan (\$10.0 billion) and Korea (\$355 million) to offset U.S. military costs of Operation Desert Storm.
- \$2.8 billion in economic assistance was committed by Australia (\$14 million), Japan (\$2.7 billion), and Korea (\$115 million) to ease impact of Gulf Crisis on the frontline states in the Middle East (Egypt, Turkey, and Jordan).
- o In the G-7 and Economic Summit fora, Japan has helped foster sustainable world growth with low inflation.
- o Japan has also supported U.S. initiatives to resolve the international debt problems of the developing nations. For example:
  - It pledged \$500 million for the Multilateral Investment Fund (MIF) for Latin America, one third of total MIF funding.
  - Japan contributed almost \$500 million to international efforts to clear the arrears owed by Panama, Nicaragua, and Panama to the international financial institutions.
- o Asian countries have helped the U.S. in efforts to strengthen market forces in Eastern Europe and in developing countries. This will help open up these economies for U.S. trade and investment.

Treasury Department  
December 10, 1991

## KOREA

### FINANCIAL SERVICES

- o The Korean financial system is antiquated, over-regulated, and ill-suited to the needs of Korea's dynamic economy.
- o U.S. banks and securities firms face numerous barriers to entering and operating in the Korean market.
- o In addition, elimination of Korea's pervasive controls over interest rates, credit allocation, and capital flows is essential if U.S. financial institutions are to enjoy long-term competitiveness in Korea, and U.S. businesses are to find adequate funding sources.
- o The Treasury Department and Korean Ministry of Finance have made some progress in bilateral talks in addressing both specific national treatment issues and broader financial liberalization. However, much work remains to be done.
- o The USG has also sought Korean cooperation in bringing about a strong financial services agreement in the Uruguay Round; Korea's support thus far has been very disappointing.
- o Our specific objectives for the President's trip include:
  - A public statement by the ROKG of its commitment to financial liberalization, including support for a strong Uruguay Round financial services agreement.
  - Issuance of a comprehensive blueprint for financial market liberalization, with a clear timetable for implementation.
  - Implementation of a commitment last spring to ease restrictions on deferred payment terms for imports by the end of 1991.

Treasury Department  
December 10, 1991

## JAPAN

### ECONOMIC THEMES

- o The U.S. and Japan have the single most important bilateral economic relationship in the world.
  - With the world's two largest economies, their actions impact many other nations, as well.
- o Despite disputes over trade issues, Japan has cooperated closely with the U.S. (e.g. in the Economic Summit and G-7 framework) to foster sustainable world growth with low inflation, and has been very supportive of a number of U.S. initiatives, including resolving the debt crisis in developing countries.
- o However, a number of contentious economic issues in the area of trade, financial services, and investment plague the bilateral relationship, despite continuous bilateral consultations.

#### Uruguay Round:

- o Agriculture is the key to compromise; Japanese need to show leadership and contribute to a successful conclusion.
- o Also need liberalization in financial services area.

#### Japan's External Surpluses:

- o We are concerned about Japan's rising current account surplus
  - Surplus is expected to rise from \$36 billion in 1990 to \$68 billion in 1991, according to the IMF). This imbalance can disturb financial markets and feed protectionism.
- o Although the U.S. trade deficit with Japan fell from a peak of \$57 billion in 1987 to about \$42 billion last year, it is beginning to increase again and still accounted for two-thirds of the overall U.S. trade deficit through September, 1991.
- o This highlights need for Japanese to maintain economic growth and open markets.

#### Export Dependency and Bilateral Trade:

- o Although both the U.S. and Japan have major stakes in preserving the open trading system, Japan is somewhat more dependent on exports than the U.S.

- Japan's exports of goods and services accounted for 15 percent of GNP in 1990. For the U.S., the figure was 10 percent.
- The U.S. is Japan's most important market, accounting for almost 32% of Japan's exports and almost 22% of Japan's imports in 1990.
- Japan is the U.S.' second most important market, accounting for 12% of U.S. exports and 18% of U.S. imports in 1990.
- In finance-related service transactions (royalties and license fees, financial services and insurance) the U.S. has a surplus with Japan. U.S. receipts amounted to \$4.0 billion in 1990, compared to payments of \$1.4 billion.

#### Foreign Investment:

- o The U.S. market is far more open to foreign direct investment than Japan's. This has fed Congressional and popular concern in the U.S.
- o Cumulative direct investment inflows into the U.S. during the period 1981-90 amounted to \$355 billion (\$80 billion from Japan alone), compared with only \$6 billion in the same ten year period into Japan from all sources.
  - During the period 1981-90, cumulative foreign direct investment in the U.S. represented about 5.7% of total U.S. fixed investment. In Japan, the equivalent number was 0.1%, a difference of more than 50:1.

#### Exchange Rate:

- o Yen/dollar rate has been quite stable since October 1991 G-7 Ministers meeting.
- o U.S. believes rates in G-7 countries are consistent with balance of payments adjustment needs and underlying economic fundamentals.

#### Japanese Financial Markets:

- o Despite U.S. efforts to open up Japan's financial markets, Japanese banks are far more important in the U.S. than U.S. banks in Japan. Japanese banks in the U.S. hold 11% of U.S. banking assets; U.S. banks in Japan hold less than 1% of Japanese bank assets.

- o We have been negotiating with the Japanese since 1984 to liberalize financial markets. Significant progress has been achieved, but more needs to be done.
- o Recent financial scandals are symptomatic of the continued lack of transparency and competition in the Japanese market. Japan needs to take steps to reform its system and restore international confidence.

Structural Impediments Initiative (SII):

- o SII represents an important initiative to reduce impediments to competition and adjustment of external imbalances. SII success can help to head off protectionism.
  - For example, U.S. has urged Japan to: increase public infrastructure investment to improve economic well being; reduce monopolistic effects of keiretsu business practices; and open up distribution system to imports,
- o Some progress has been achieved, but it is essential that we re-energize the SII process by introducing new commitments on both sides.

Treasury Department  
December 10, 1991

## **AUSTRALIA**

### **ECONOMIC THEMES**

- o Australia has been an invaluable negotiating partner in the Uruguay Round, especially on agricultural issues like the CAP.
- o Facing its fourth year of declining agricultural income, Australia has pressed the U.S. on farm issues:
  - It has complained about U.S. subsidized wheat sales, is unhappy with having to negotiate with the U.S. a voluntary restraint agreement on beef, and is concerned about a 34% cut in its sugar import quota due to increased U.S. production.
- o Australia's financial markets have been relatively closed to foreign entry. However, under reforms recommended to Parliament in November, foreign banks would be allowed easier entry and operation.

Treasury Department  
December 10, 1991

## **SINGAPORE**

### **FINANCIAL SERVICES**

- o Singapore is an important offshore financial center, and maintains a relatively open market for foreign firms.
- o However, U.S. firms face discrimination in the significantly smaller domestic market.
- o The U.S. seeks Singapore's support for a strong financial services agreement in the Uruguay Round. At a minimum, the U.S. would like to see Singapore stop blocking progress and play a more constructive leadership role.
  - The lack of support from Singapore and the other ASEAN countries for a strong financial services agreement in the Uruguay Round has been very disappointing.
- o In the bilateral financial services negotiations, the U.S. seeks a commitment from Singapore for a level local playing field in both the banking and securities sectors.

Treasury Department  
December 10, 1991

## SII - U.S. Commitments

### Issue:

GOJ officials have criticized the USG for not following through on as many of its commitments as the GOJ has done. By their count, Japan has completed 80 percent of its commitments, while the USG has completed 20 percent, at best.

### Suggested Talking Points:

- What matters most in SII is the significance of the undertakings, not the quantity.
- The U.S. deserves credit for making substantial progress on its commitments, which, in many respects, have been more difficult politically than those that Japan has undertaken.
- There is an asymmetry to U.S. and Japanese undertakings. In many cases, Japan is being asked to open up its economy and improve the lifestyle of its people, while the U.S. is trying to cut public expenditures to reduce its budget deficit and stave off protectionist pressure to close the U.S. market.
- The GOJ may have passed a larger number of pieces of SII legislation than in the U.S., but the U.S. has resisted a larger number of protectionist and budget-busting bills than Japan.
- In both countries, we are trying to deal with ingrained structural problems in a way which will have a lasting effect, even if it takes some time for their effects to be felt.
- The two most important efforts by the United States include:
  - o undertaking major budget reforms, which are holding the line on deficit spending, even in a difficult recession year;
    - This package included tax increases that were undertaken at great political cost, and an even tighter rein on discretionary spending.
    - We haven't seen a sustained reduction in the deficit numbers yet; nor has Japan in its trade numbers. The U.S. budget deficit will come down, though, and the reduction will be lasting.
    - In comparison, the parallel Japanese commitment to increase public infrastructure spending benefits numerous Japanese constituencies and is politically popular.

- o **vigorously defending open investment policy;**
  - Administration has maintained its open investment policy in the face of numerous protectionist proposals and growing mood of isolationism.
  - In contrast, Japan's commitments are aimed at opening its markets, with benefits for the consumer.

[May wish to note Presidential Statement strongly reaffirming open investment policy, if released.]

-- In addition, U.S. has taken a number of other measures:

- o **intensified export promotion efforts, with a particular focus on Japan;**
- o **embarked on an ambitious program to improve workforce education and training;**
  - In April 1991, President Bush outlined strategy to achieve national education goals, called "America 2000," which involves major reforms to primary and secondary education system.
- o **increased Federal support for research and development efforts;**

-- The FY 1992 budget proposed to allocate about \$76 billion for R&D in 1992, an increase of over \$8 billion, or 13 percent over 1991 levels. This is the highest level ever.

and

- o **continued to work toward strengthening incentives for private saving and long-term investment (e.g., reduction of capital gains tax; enhanced IRAs; Family Savings Accounts), despite strong political resistance.**

-- U.S. intends to intensify these efforts.

12/9/91  
Treasury

## THEMES FOR ASIA TRIP

### Overall

- America is an Asia-Pacific partner for the long haul  
(America will not retreat into isolationism/protectionism)
  - Economically
  - Politically
  - Security

- As outlined in the President's Asia Society speech, there are six keys to America's long-term vision for the Asia Pacific. The trip will highlight each of these:

#### **I. PROGRESSIVE TRADE LIBERALIZATION**

- Aggressively pursue Uruguay Round Settlement (if still pending) (Japan, Korea, Australia)
- Promote APEC (All countries)
- Push access for American products and services (Japan, Korea)
- Encourage American investment in the region (Singapore, Japan, Korea)

#### **II. SECURITY COOPERATION**

- Maintain pressure on DPRK nuclear program. Stress need for united action against DPRK nuclear program (all countries; encourage Singapore to get ASEAN action during upcoming ASEAN Summit)
- U.S. will restructure, but remain engaged
  - Continued air and naval presence at current levels in Japan for the foreseeable future
  - Korea presence dependent on progress for lasting peace on the peninsula; however, envision long-term air presence for regional deterrence into the future
  - Singapore agreement as model for access arrangements of the future in other parts of the region

#### **III. A SHARED COMMITMENT TO DEMOCRACY AND HUMAN RIGHTS**

- Continue pressure on ROK (last visit by Pres. Bush made a difference)
- Lay out position on Vietnam (Singapore)
- Highlight China if necessary

**IV EDUCATIONAL AND SCIENTIFIC INNOVATION**

- Show link between domestic agenda and foreign policy
- Highlight S&T progress (all countries)
- Examine educational differences that we can learn from (Japan, Korea)

**V RESPECT FOR THE ENVIRONMENT**

- Note progress made and areas for improvement (Japan, Korea)
- Announce SE Asia initiative (if ready)

**VI APPRECIATION OF DISTINCT CULTURAL HERITAGES**

- Announce various cultural exchange initiatives (all countries)



## FACSIMILE TRANSMISSION

1815 North Lynn Street  
Arlington, Virginia 22209  
(703) 841-5300  
Fax: (703) 841-1283

TO: Tony Snow, White House Communications  
FAX: (202) 456-6218  
FROM: Lori Forman, Director of Program Development/Pacific Region  
DATE: 19 December 1991  
SUBJECT: The President's Trip to Japan

PAGE 1 of 3

Dear Mr. Snow:

I am following up on a referral from Chase Untermeyer (correspondence attached), regarding information for one of the President's speeches when he travels to Japan.

By way of background: I am in charge of Japan programs at The Nature Conservancy. Our goal is to actively include Japanese partners in all aspects of our international conservation projects. Everything is going surprisingly well, with both the Ministry of Foreign Affairs, and with the corporate community in Japan. Yes, it's unusual for Japan to collaborate with an environmental group, but then, the TNC's collaborative, non-confrontational history of success is a relatively easy message to deliver in Japan.

It was in this context -- and because of my prior experience at USAID in coordinating US-Japan foreign aid collaboration programs -- that I was contacted in August by colleagues at AID and the State Department. We talked about suggestions and proposals for a "joint US-Japan environmental initiative" to be announced when the President goes to Japan. In line with the Administration's "points of light" philosophy, I of course highlighted the valuable role the private and non-profit sector can play in this field.

One thing I have found over the last few years is that "encouraging collaboration" alone isn't enough; instead, progress happens when there's an example provided of what specifically we want done, and with whom. This is particularly true in the case of encouraging collaboration with "environmental groups." Unless specific examples to the contrary are provided, the general immediate reaction is that we are asking the corporate community of Japan to support confrontational green groups which are going to turn around and protest against their very sponsors. The best way to get the message across ~~that~~ is to provide a specific example of the right kind of group (e.g. The Nature Conservancy) that they should collaborate with, or even emulate.

Fax to Tony Snow  
19 December 1991  
Page 2

TNC is an excellent example not only because of our operating philosophy (and not only because President Bush is a member), but also because the Japanese have already decided that -- as a long-range goal -- they would like to emulate our operations. We are in discussions right now with KEIDANREN, The Federation of Economic Organization in Japan, as to how best accomplish this goal. To have established a functional partnership with KEIDANREN this quickly is something we at TNC are quite proud of, and gladly offer it as an example of the kind of private sector collaboration that should be encouraged. I can also substantiate this by forwarding copies of Japanese newspaper articles about KEIDANREN-TNC collaboration if you wish; however, the articles are in Japanese.

If it is useful, I will talk to our corporate partners to see if they would be willing to have their company name used as an example. Short of that -- and perhaps even better in the consensus-oriented world of Japan -- it would be useful to say:

We encourage the private sectors of our countries -- including the non-profit and non-governmental organizations -- to join in this important effort to protect our global resources. We applaud collaborative efforts which are being devised, such as those between The Nature Conservancy and KEIDANREN.

Our president, John Sawhill, and some of our board members (e.g. John Smale, Procter & Gamble) have already communicated with President Bush and appropriate policy staff regarding TNC and our Japan efforts. If you have any questions, please contact me directly. I would also appreciate knowing whether or not it will be possible to include such sentences in the President's remarks or communiques; if so, I will be back in touch with our Japanese partners to accelerate progress on our negotiations. You can contact me by calling 703-841-4839; if I am not there, please leave a message on my voice mail and I will return the call as soon as possible.

Regards,



Lori A. Forman  
Director of Program Development/Pacific Region

Attachment: Note from Chase

*Tony - Dug up a few things for Joe - thought you could use them also.*  
Sincerely,

EXCERPTS FROM JOHNSON SPEECHES. (JOHNSON FIRST PRES TO VISIT AUSTRALIA.)

- From Johnson speech in Canberra (October 21, 1966) --  
" . . . he serves his nation who understands his times."
- Johnson also relayed these words of a Chinese philosopher:  
"Of a great leader, who talks little,  
When his work is done, his aim fulfilled,  
They will all say  
'We did this ourselves!'"
- Non-isolationism reference from Johnson speech (October 22, 1966 at Art Gallery in New South Wales): "I have had an old lesson reinforced in my mind during the past few days that I have been away from my country. A great society cannot end at the water's edge in New York or in Los Angeles -- nor can it end at the water's edge in Sydney or in Perth. A truly great society can exist only in a great and unifying world that is dedicated to bringing out the best in people from all over the world."

More color --

- Letter excerpt from convict after arriving in Australia:  
"Blessed and sweet Liberty, that I had been doomed to forfeit in a place of unparalleled torture and sin, now appeared to me in all its grandeur."
- Possible tie-in with yesterday's anniversary of our Bill of Rights. The Constitution for the Commonwealth of Australia came to force on January 1, 1901 (POTUS speech on January 2 -- 91 years later -- an anniversary reference also)
- The first landing of convicts occurred in 1788, with the arrival of the First Fleet at Botany Bay -- "the Noah's ark of small-time criminality" -- and continued until the last ship in 1868
- "Australia is so good that, just tickle her with a hoe, and she laughs with a harvest." -- Douglas Jerrold
- Thomas Paine said at the time of our country's great Revolution -- "If there must be trouble, let it be in my day, that my child may have peace."

United States Department of State  
Bureau of Public Affairs

# Office of the Historian

## HIGHLIGHTS IN RELATIONS BETWEEN THE UNITED STATES AND AUSTRALIA, 1792-1989

1792: The merchant ship Philadelphia was the first American ship to call at Port Jackson in New South Wales.

May 20, 1836: James H. Williams of Boston was appointed the first American Consul at Sydney. He served until 1858.

August 20-September 18, 1908: The U.S. Navy's "Great White Fleet" received an enthusiastic welcome when it visited Australia during its round-the-world cruise.

May 27-30, 1918: Prime Minister William M. Hughes met with President Woodrow Wilson in Washington en route to wartime meetings in London. Hughes was the first Australian Prime Minister to visit the United States.

July 4, 1918: The first U.S.-Australian military cooperation took place when elements of the U.S. 33rd Division joined Australian troops in the capture of Le Hamel, France.

September 1918: Trade Commissioner Mark Sheldon became Australia's first official representative in the United States.

July 9, 1935: Prime Minister John A. Lyons met with President Franklin D. Roosevelt during a visit to the United States. They discussed prospects for reducing trade barriers.

January 8, 1940: The United States and Australia announced the establishment of diplomatic relations. Australian Minister Richard G. Casey presented his credentials on March 5, and U.S. Minister Clarence E. Gauss did so on July 17.

December 22, 1941: The first U.S. Army personnel arrived at Brisbane. With most of its armed forces serving in the Mediterranean, Australia was obliged to rely primarily on the United States for its defense during the war in the Pacific. Nearly 500,000 U.S. military personnel were stationed in Australia during World War II.

March 17, 1942: General Douglas MacArthur arrived in Australia six days after leaving the Philippines. As Supreme Commander of the Southwest Pacific Area (SWPA), MacArthur maintained his headquarters in Australia until October 1944. Australian General Sir Thomas Blamey commanded SWPA's ground forces. U.S. and Australian forces fought side by side in the Southwest Pacific, notably in New Guinea.

*May 1942 Battle of Coral Sea*

*52  
years*

September 3, 1942: The United States and Great Britain signed an agreement providing for Lend-Lease aid to Australia.

July 9, 1946: The United States and Australia raised their Legations to the rank of Embassies. Australian Ambassador Norman J. O. Makin presented his credentials on September 11; U.S. Ambassador Robert Butler did so on September 25.

October 1950: Australian troops began serving with the British Commonwealth Brigade in the Korean War. The last Australian military personnel left the U.N. Command in Korea in August 1957.

September 1, 1951: The ANZUS security treaty between Australia, New Zealand, and the United States was signed at San Francisco.

September 8, 1954: Australia was one of the signatories of the Southeast Asia Collective Defense Treaty (SEATO).

March 9-14, 1957: John Foster Dulles became the first U.S. Secretary of State to visit Australia when he attended a SEATO ministerial meeting in Canberra.

February 25, 1960: The United States and Australia signed an agreement establishing tracking stations used in manned space flight programs.

*not notated* May 3, 1963: The United States and Australia signed an agreement establishing a U.S. naval communications center *Whenuapai New Zealand*

June 1965: The first Australian soldiers arrived in South Vietnam. The last were withdrawn on March 1, 1972.

October 20-23, 1966: Lyndon B. Johnson became the first U.S. President to visit Australia. In December 1967 he returned to attend memorial services for Prime Minister Harold Holt.

July 27-29, 1976: Prime Minister J. Malcolm Fraser made the first of several visits to the United States. He and President Gerald Ford stressed the need for continued cooperation between the ANZUS countries.

May 1, 1982: Vice President George Bush visited Australia to commemorate the 30th anniversary of the ANZUS Treaty.

July 15, 1985: Secretary of State George P. Shultz and Australian Minister for Foreign Affairs Bill Hayden issued a joint statement in Canberra reaffirming the importance of the ANZUS Treaty and expressing hopes for full cooperation between all its signatories.

*1988-89 Australia celebrated bicentenary of European settlement*  
June 24-27, 1989: Prime Minister Robert Hawke made his fifth visit to Washington and met with President George Bush.



## FAX TRANSMISSION

American Embassy Singapore  
Economic/Political Section  
30 Hill Street  
Singapore 0617

Tel. (65) 338-0251, Ext. 309  
FAX (65) 338-4550

TO: Ms. Michelle Nix

DATE: December 12, 1991

White House

FAX #: 202-456-6218

NO. OF PAGES 5

FROM: C. Lawrence Greenwood  
Economic/Political Counselor

Art Kobler asked me to send you some information on the Singapore lecture. I have enclosed a pamphlet from last year's lecture and a mock-up of the one the Institute is planning to use for the President's address. The pamphlet explains the background of the lecture series and includes the past lecturers. Let me know if you have questions on this. I think Art mentioned that we have sent a number of cables outlining themes the President may want to raise in the speech. If you're having trouble locating them, Pepper Richhart on the desk at State (647-3278) can help you.

The **Institute of Southeast Asian Studies** was established as an autonomous organization in 1968. It is a regional research centre for scholars and other specialists concerned with modern Southeast Asia, particularly the multi-faceted problems of stability and security, economic development, and political and social change.

The Institute is governed by a twenty-two-member Board of Trustees comprising nominees from the Singapore Government, the National University of Singapore, the various Chambers of Commerce, and professional and civic organizations. A ten-man Executive Committee oversees day-to-day operations; it is chaired by the Director, the Institute's chief academic and administrative officer.

The **Singapore Lecture Series** was inaugurated by the Institute in 1980 with a founding endowment from the Monetary Authority of Singapore (MAS), which has since been augmented with a generous donation from Mobil Oil Singapore.

## INTERNATIONAL ECONOMIC DEVELOPMENTS

UNDER THE DISTINGUISHED CHAIRMANSHIP OF

**MR S. RAJARATNAM**  
FORMER SENIOR MINISTER  
(PRIME MINISTER'S OFFICE)  
SINGAPORE

WEDNESDAY, 3 APRIL 1991  
SINGAPORE CONFERENCE HALL

P. 3 The Singapore Lecture is designed to provide the opportunity for distinguished statesmen, scholars and writers, and other similarly highly qualified individuals specializing in banking, commerce, international economics and finance, and philosophical and world strategic affairs, to visit Singapore. The presence of such eminent personalities will allow Singaporeans, especially the younger executives and decision-makers in both the public and private sectors, to have the benefit of exposure to — through the Lecture, televised discussions, and private consultations — leaders of thought and knowledge in various fields, thereby enabling them to widen their experience and perspectives.



Rudolphus (Ruud) Franciscus Marie Lubbers was born on 7 May 1939 in Rotterdam and educated at the Canisius College in Nijmegen and the Netherlands School of Economics (the predecessor of the University of Rotterdam), where he studied Economics. As suggested by the title of his 1962 thesis — "The influence of differing productivity trends in various countries on the current account of the balance of payments" — his main interest was in monetary affairs.

He originally planned an academic career, but was compelled by family circumstances to join the management of Lubbers Construction Workshops and Machinefabriek Hollandia BV.

In 1964 he became Chairman of the Young Christian Employers Association, later becoming Chairman of the Catholic Association of Metalwork Employers and a member of the board of the Netherlands Christian Employers Federation.

From 11 May 1973 to 19 December 1977 he was Minister for Economic Affairs in the Den Uyl government and a member of the Catholic People's Party (KVP).

He chose to return to Parliament on the formation of the Van Agt government in 1977, becoming Senior Deputy Parliamentary Leader of the Christian Democratic Alliance (CDA), the alliance between the KVP and the other two main denominational parties. In the autumn of 1978 he became Parliamentary Leader of the Alliance. From 4 November 1982 to 14 July 1986 and from 14 July 1986 to 7 November 1989 he was Prime Minister of the first and second Lubbers government. On the latter date Her Majesty the Queen reappointed him Prime Minister to lead the third Lubbers government. He also holds the post of Minister for General Affairs. From 7 to 14 November 1989 he was (pending a permanent arrangement) Minister for Netherlands Antillean and Aruban Affairs.

Mr Lubbers is the longest-serving post-war Prime Minister of the Netherlands.

He will concurrently be President of the European Council from July to December 1991. He is now part of the Troika for European Political Co-operation dealing with matters of regional and global concern.

Mr Lubbers is married to M.E.J. Hoogewegen and they have two sons and a daughter.

- 7.00 p.m. Arrival of guests
- 7.40 p.m. All guests to be seated
- 8.00 p.m. Introductory Remarks by the Chairman, Mr S. Rajaratnam, followed by the Lecture by the Hon. Mr R.F.M. Lubbers



11th Singapore Lecture  
3 April 1991

*International Economic  
Developments*  
by R.F.M. LUBBERS



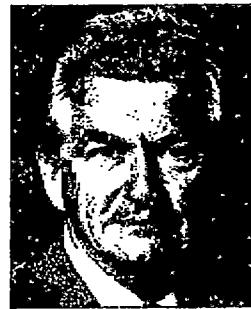
10th Singapore Lecture  
15 October 1989

*Trade Outlook:  
Globalization or  
Regionalization*  
by BRIAN MULRONEY



9th Singapore Lecture  
14 December 1988

*Regionalism, Globalism  
and Spheres of Influence:  
ASEAN and the  
Challenge of Change  
into the 21st Century*  
by MAHATHIR BIN  
MOHAMAD



8th Singapore Lecture  
27 November 1987

*The Challenge of Change  
in the Asia-Pacific Region*  
by BOB HAWKE



7th Singapore Lecture  
25 November 1986

*Trends in the  
International Financial  
System*  
by RAYMOND BARRE



6th Singapore Lecture  
5 December 1985

*Deficits, Debts and  
Demographics: Three  
Fundamentals  
Affecting Our Long-term  
Economic Future*  
by PETER G. PETERSO



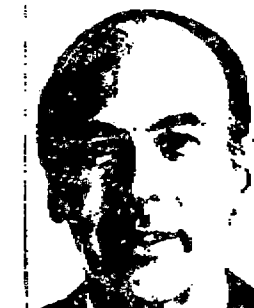
5th Singapore Lecture  
8 November 1984

*The Future of the  
Western Alliance and  
Its Implications for Asia*  
by JOSEPH LUNS



4th Singapore Lecture  
10 November 1983

*The Soviet Union:  
Challenges and  
Responses as Seen  
from the European  
Point of View*  
by HELMUT SCHMIDT



3rd Singapore Lecture  
2 December 1982

*Peace and East-West  
Relations*  
by GISCARD D'ESTAING



2nd Singapore Lecture  
30 October 1981

*American Foreign Policy:  
A Global View*  
by HENRY KISSINGER



Inaugural  
Singapore Lecture  
14 October 1980

*The Invisible Hand in  
Economics and Politics*  
by MILTON FRIEDMAN

The Singapore Lecture is designed to provide the opportunity for distinguished statesmen, scholars and writers, and other similarly highly qualified individuals specializing in banking, commerce, international economics and finance, and philosophical and world strategic affairs, to visit Singapore. The presence of such eminent personalities will allow Singaporeans, especially the younger executives and decision-makers in both the public and private sectors, to have the benefit of exposure to — through the Lecture, televised discussions, and private consultations — leaders of thought and knowledge in various fields, thereby enabling them to widen their experience and perspectives.

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## H.E. MR GEORGE BUSH

George Herbert Walker Bush is the 41st President of the United States, the first incumbent vice-president to move up to the presidency through the choice of the voters since 1836.

He was born on 12 June 1924 in Milton, Massachusetts, and received his high school education at the prestigious Phillips Academy in Massachusetts. On his eighteenth birthday in June, 1942, soon after graduation, he enlisted in the navy. He was still eighteen when he received his wings and became the youngest pilot in the U.S. Navy at that time. Later Mr Bush was awarded a Distinguished Flying Cross and three Air Medals.

When World War II ended, he went on to study at Yale University and earned a degree in economics in only two-and-a-half years. He received a Phi Beta Kappa key in recognition of his outstanding academic record.

Mr Bush began his career in business, in 1948, as an oilfield supply salesman. In 1951 he co-founded the Bush-Overbay Oil Development Company. In 1953 he and two other friends founded Zapata Petroleum Corporation, and six years later started Zapata Offshore Company, one of America's pioneer offshore oil-drilling enterprises. He also served as Executive Committee Chairman of the First International Bank of Houston during 1977-78.

Subsequently Mr Bush decided to leave the business world and enter politics, and in 1966 was elected to the U.S. House of Representatives from Houston's 7th District and was re-elected two years later.

In December 1970 President Richard Nixon asked Mr Bush to become the U.S. ambassador to the United Nations, a position he held until January, 1973. When Mr Nixon was forced to resign, and Mr Gerald Ford became the new president, Mr Bush was appointed head of the U.S. Liaison Office in the People's Republic of China, 1974-75. From 1976 to 1977, he served as Director of the Central Intelligence Agency.

In 1980 Mr Bush sought the Republican nomination for president. He became Mr Ronald Reagan's strongest rival, but later withdrew from the race and asked his delegates to shift their support to Mr Reagan. Mr Reagan subsequently asked Mr Bush to be his vice-presidential running mate. In the November election, the Reagan-Bush team won a landslide victory.

Mr Bush served for eight years as vice-president. In the area of foreign affairs, he was head of the Reagan Administration's "crisis management" team. He also acted as a special emissary for the president.

In August, 1988 Mr Bush was nominated as candidate for the U.S. presidency by his party at their convention. He and his vice-presidential candidate, Mr Dan Quayle, then went on to win the U.S. election in November 1988.

He is married to Barbara Pierce and they have four sons and one daughter.