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Series: Speech File Backup Files
Subseries: Chron File, 1989-1993

OA/ID Number: 13790
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Folder Title:
Welcoming Reception Akashka Prince Hotel--Tokyo 1/9/92 [OA 7565] [1]

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THE WHITE HOUSE

Office of the Press Secretary
(Tokyo, Japan)

For Immediate Release

January 9, 1992

REMARKS BY THE PRESIDENT
AT STATE DINNER

Imperial Palace
Tokyo, Japan

8:10 P.M. (L)

THE PRESIDENT: Your Imperial Majesties and honored guests. On behalf of the American people, we wish to thank you for the warmth of this reception and for your tireless efforts in support of the relationship between our two great nations.

The United States and Japan today stand on the threshold of a new era of cooperation, in which our nations seek to build a new world of freedom and democracy. The task before us is daunting -- one which will require vision and courage. But it is one from which we cannot shrink. Too much depends on us.

As leaders of this new world, we face several challenges together: addressing the new security requirements of a changed world; promoting freedom and democracy; and generating world economic growth and prosperity.

Tonight, we celebrate the essence of this new world order and the opportunity to be true partners in its construction. We see how former enemies can become close allies and friends -- real friends -- each supporting, competing, growing, dreaming. Each understands that we must resolve our differences fairly and constructively.

Our people both believe in work, community, faith and family. We know how democracy supports the cause of peace among nations. We realize that although half a world may separate us, great ties unite us -- ties that are economic and military, moral and intellectual.

Your Majesty, the name you have chosen for your reign can be translated as "achieving peace." That choice signifies your deep personal commitment to this noble aspiration -- and your resolve not to revisit the tragedies of the past. We are now closer to achieving the blessings of peace than we have been at any time in this century.

When the great Japanese novelist Kawabata received the Nobel Prize in Literature, the citation praised him for "building a spiritual bridge spanning East and West." In this changing world where the walls that once divided whole nations from each other are crumbling, we all must become both bridges to and partners in a new world order.

In that spirit and with heartfelt thanks, Your Majesty, for your wonderful hospitality, I ask all of your guests to raise their glasses. To your health, sir, and to the bridge of friendship and common purpose uniting our countries; to those who built it and cross it still; and to the prosperity of our two great peoples.

(A toast is offered.) (Applause.)

END

8:13 P.M. (L)

~~CONFIDENTIAL~~
DECL:OADR

SPEECH TO JAPANESE AND AMERICAN POLITICAL/BUSINESS LEADERS
AT LUNCHEON HOSTED BY OFFICIAL WELCOMING COMMITTEE

SCENESETTER

PURPOSE

To give a major policy speech setting out your vision of the U.S.-Japan relationship, emphasizing the importance we attach to our bilateral relationship, to the need for a more equitable economic relationship, and to the opportunities facing the global partnership.

THE SETTING

The official welcoming committee, chaired by former Prime Minister Kaifu, will be hosting a luncheon for you in the Crystal Room at the Akasaka Prince Hotel, a large, relatively new, luxury-class hotel in close proximity to the Akasaka Detached Palace. There will be between 500-600 guests, including the cream of the political, business, academic and cultural communities in Tokyo and approximately 80 Americans from embassy, military and business circles. While the audience will include distinguished Japanese men and women, spouses will not be invited in keeping with customary Japanese practice. This will be the premier public event of the visit, and there will be extensive media coverage. The speech will be widely viewed and read in Japan, and will help set the tone of the relationship through the 1990's.

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Department of State Guidelines
E.O. 12958, SEC 3.4 (B), July 21, 1997
By tt NARA, Date 06/27/23

SCENESETTER: SPEECH AT OFFICIAL WELCOMING COMMITTEE LUNCH
FOR JAPANESE AND AMERICAN POLITICAL/BUSINESS
LEADERS -- JANUARY 9 (12:30-14:00)
LOCATION: CRYSTAL ROOM, AKASAKA PRINCE HOTEL

Draft: EAP/J:JFScott
SEJPOL 8590 11/26/91

Clearance: EAP:RHSolomon
EAP:DAnderson
EAP/J:RDeming
EAP/P:EYamauchi
P:MMcMillion
C:RWilson
S/P:LKeene
E:WWhyman

~~CONFIDENTIAL~~
DECL:OADR

LUNCH WITH FORMER PM KAIFU

SCENESETTER

PURPOSE

You should use this opportunity to thank Kaifu for his contributions to strengthening relations and resolving economic/trade problems. Kaifu took difficult stands in support of US and multilateral efforts in the Gulf War. He was an advocate of consumer welfare, a break from the traditional GOJ emphasis on producers, that lent considerable momentum to the Structural Impediments Initiative at critical junctures. His public statements were important to progress in the SII talks.

You may also wish to use this occasion to explain to Kaifu and other distinguished guests the broad themes of the visit: shaping the visit to meet the needs of the post-cold war world; demonstrating our global partnership in both the political and economic areas; working together to resolve bilateral economic differences; reaffirming our commitment to the security relationship. As a former prime minister, Kaifu has some influence but is far from the center of party activity and not likely to move closer.

Kaifu and others present will wish to offer their comments on your visit and bilateral relations in general.

THE SETTING

About 18 guests will attend, including Ambassador and Mrs. Armacost and seven members of the President's party. In addition to former PM and Mrs. Kaifu, the GOJ side will include Vice Foreign Minister Owada, North America Director General Matsuura, and Chief of Protocol Nakamura.

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E.O. 12958, SEC 3.4 (B), July 21, 1997
By 18 NARA, Date 06/07/23

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POINTS TO BE MADE AT THE LUNCH WITH
FORMER PRIME MINISTER KAIFU

ACHIEVEMENTS UNDER FORMER PM KAIFU

- I very much appreciated the close personal relationship I enjoyed with you. Under your leadership, Japan has taken unprecedented steps in strengthening relations with the US.
- Japan's support for US and coalition forces in the Gulf War is greatly appreciated in the U.S. Japan's contribution is emblematic of our global partnership.
- Our January 1991 new Host Nation Support (HNS) agreement has reduced Congressional criticism of Japan on burdensharing issues and ensured our ability to maintain our forward deployed strategy.
- Your efforts on the Structural Impediments Initiative can have far-reaching positive effects on our economic integration. We hope to continue to build on your work in SII to achieve results and demonstrate that SII is constructive for both our countries.

US-JAPAN GLOBAL PARTNERSHIP

- The collapse of communism and the Soviet empire represents an historic victory for the forces of democracy and market economics.
- The alliance between Japan and the United States played a critical role in achieving this victory.
- We are faced with new challenges as economic issues become the focus of government and public attention.
- I am confident that the leadership of the US and Japan will meet these challenges. No other bilateral relationship is more important for the future prosperity and stability of the world.

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E.O. 12958, SEC 3.4 (B), July 21, 1997
By 11 NARA, Date 06/07/23

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BILATERAL TENSIONS

- Our global partnership can succeed only if we manage divisive forces in our relationship. The public mood in both countries toward the other is deteriorating.
- We need to demonstrate that the alliance works, and that our people benefit from it; and to step up efforts to resolve trade and investment issues that erode support for the relationship.
- We must also maintain our commitment to fostering understanding between our peoples.
- I am especially grateful for Japan's generous commitment to help expand Japanese-language teaching in our secondary schools, and to improve understanding of Japanese business practices among our business people. These initiatives will stand us all in good stead in the coming years.

ECONOMICS AND TRADE

- I urge Japan to make progress on reducing its global trade surplus, which is destabilizing politically and economically and will fuel protectionist pressures.
- Under your leadership, we made solid progress in the Structural Impediments Initiative (SII). SII brought us closer together on economic issues and can continue to be a constructive factor in our economic relationship. It is essential we continue to expand SII by making new commitments to foster policies that correct imbalances and address the changes in our dynamic economic relationship.
- Stronger market opening efforts in public procurement by your government will set an effective example for the private sector.
- The key to dealing with protectionist pressure is to expand our trade flows and achieve more equitable trade relationships.

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Lunch with Former PM Kaifu

Drafted:EAP/J:RLudan *RL*
sejec 6672 12/3/91 7/3155

Cleared:EAP/J:RDeming

D:JWarlick
P:MMcMillion
E:WWhyman
EB:RHecklinger
S/P:LKeene
EAP:DAnderson
C:RWilson
EB/DCT:SWickman
DOC:Tetheridge
Treas:HWalsh
USTR:EEndean

by RL

~~CONFIDENTIAL~~
DECL:OADR

GET-TOGETHER WITH TOKYO AMERICAN COMMUNITY
Ambassador's Residence, January 7, at 7:00 p.m.

SCENESETTER

PURPOSE

This all-American event provides an opportunity to hear, informally and directly, the views of prominent Americans who live and work in Japan.

THE SETTING

Senior US business executives, our top military commanders, outstanding Americans in the arts and education, and senior embassy personnel will attend this informal get-together on the eve of your first substantive meetings with the Japanese. Ambassador Armacost's reception will provide a good opportunity to hear the views of these prominent Americans, who work at the leading edge of our relationship with Japan and, in many respects, play pivotal roles as decision and opinion makers.

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Department of State Guidelines
E.O. 12958, SEC 3.4 (B), July 21, 1997
By IT NARA, Date 06/07/23

Scenesetter: President's attendance at US community
function, January 7, Ambassador's residence

Draft:EAP/J:RGdeVillafranca

Sejpol 8560 11/25/91

Clearance: EAP/J:RDeming
EAP:DAnderson
EAP/P:EYamauchi
P:MMcMillion
C:RWilson
S/P:LKeene
E:WWhyman
D:JWarlick
EB:SWickman

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DECL:OADR

JOINT PRESS EVENT

Akasaka Detached Palace, January 9, 11:00-11:30 a.m.

SCENESETTER

PURPOSE

You may wish to use the joint press event with the Prime Minister to review for the media the results of your discussions during the visit, and to emphasize the importance of the global partnership in meeting the challenges ahead. The event will also provide an appropriate occasion to announce and distribute the Tokyo Declaration and provide our unilateral (though coordinated) press statements.

THE SETTING

This meeting with the press will be the only time journalists will be able to query you directly, and there will be great media interest in what transpired in your two meetings with the Prime Minister and about the meaning of the Tokyo Declaration.

Owing to the weather, this event will be conducted inside Akasaka detached palace. You and Prime Minister Miyazawa will have just finished your second meeting, focusing on international issues.

We expect the joint press conference to be heavily attended, with several hundred journalists seeking to participate.

Interpretation will be consecutive.

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DECLASSIFIED
Department of State Guidelines
E.O. 12958, SEC 3.4 (B), July 21, 1997
By 11 NARA, Date 06/07/23

SCENESETTER: JOINT PRESS EVENT, JANUARY 9
AKASAKA DETACHED PALACE, 11:00-11:30 a.m.

Draft:EAP/J:RGdeVillafranca
Sejpol 8620 12/5/91 X72813
Clearances:

EAP/J:RDeming
EAP:DAnderson
P:MMcmillion
E:WWhyman
S/P:LKeene
PA:RBoucher
D:JWarlick
EB:SWickman
C:RWilson
EAP/P:EYamauchi

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DECL:OADR

DEPARTURE STATEMENT - JAPAN

(Insert appropriate names):

I have had three very productive and enjoyable days in Japan. Barbara and I saw some of your beautiful country, and we had the opportunity to meet a large number of Japanese from many walks of life. We leave with very fond feelings for Japan and the Japanese people and look forward to returning soon.

Prime Minister Miyazawa and I had a series of very useful discussions on many areas of mutual interest. I was impressed once again with the wide range of issues on which Japan and the United States share a common perspective and cooperate closely. As we move into the post-Cold War era, the importance of such cooperation - of our global partnership - will only increase as we prepare to meet the challenges of the next century.

As my trip to Asia comes to a close, I want to re-emphasize what I hope for most people is obvious -- the United States is a Pacific nation, with deep and strong

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By RMC NARA, Date 11/09/04

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ties to Asia and her peoples. We share many values, and the human, political and economic ties which bind us are strong and growing. We are determined to meet our obligations in the region, and to work with our friends and allies in Japan and elsewhere to strengthen the ties between us and to build a Pacific community.

Barbara and I want to express our appreciation and respect to their Imperial Majesties for their gracious hospitality and to my old friend Prime Minister Miyazawa and Mrs. Miyazawa for the warmth of the reception they extended to us. We look forward to seeing them in the United States soon.

Thank you very much.

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DEPARTURE STATEMENT, JANUARY 10, 1992
TOKYO (HANEDA AIRPORT)

Draft: EAP/J:JFScott
SEJPOL 8592 11/26/91

Clearance: EAP/J:RDeming
EAP:DAnderson
EAP/P:EYamauchi
PA/PRS:JSnyder
P:MMcMillion
C:RWilson
S/P:LKeene
E:WWhyman

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DECL:OADR

ARRIVAL STATEMENT - JAPAN

Prime Minister Kaifu, (insert other appropriate names), distinguished friends:

Barbara and I are delighted to be here today and deeply appreciate your coming out to greet us. We left Washington over a week ago to come to Asia for meetings and discussions with some of our key friends and allies in the region. No ally and friend is more important than Japan.

As you know, I made my first overseas trip as President to Japan in 1989. We had hoped to be able to follow up that visit last year, and I'm sorry it took us so long to get back. I appreciate your patience and understanding for the delays.

Over the next few days I will be meeting with Prime Minister Miyazawa and other Japanese leaders to discuss the full range of issues on which the US and Japan

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By RMC NARA, Date 11/09/04

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cooperate and to explore ways to strengthen even further the sound, vibrant relationship between our two countries.

The changes that have taken place around the world in the past two years present us with a tremendous challenge to build a new international structure to promote democracy, prosperity, and a stable and peaceful world. As the world's two strongest economies and industrialized democracies, Japan and the United States have a special role to play in meeting these challenges. I firmly believe that, working together, we will meet them.

Again, Barbara and I are grateful to you all for being here to meet us and to get our visit to Japan off to a good start. Thank you very much.

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ARRIVAL STATEMENT, JANUARY 7, 1992
OSAKA (ITAMI AIRPORT)

Draft: EAP/J:JFScott *for*
SEJPOL 8591 11/26/91

Clearance: EAP/J:RDeming *for*
EAP:DAnderson *for*
EAP/P:EYamauchi
PA/PRS:JSnyder
P:MMcMillion
C:RWilson
S/P:LKeene
E:WWhyman *for*

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DECL:OADR

AUDIENCE WITH THEIR IMPERIAL MAJESTIES
EMPEROR AKIHITO AND EMPRESS MICHIKO

SCENESETTER

PURPOSE

To highlight the close bonds between the American and Japanese people.

THE SETTING

You last met the Emperor and Empress in February 1989 at the state funeral for the late Emperor Showa (Hirohito). January 7 was the second anniversary of his death. The Emperor will have completed extensive, and tiring, ceremonies the evening of the 7th to mark that anniversary.

This audience is purely ceremonial. Conversation is appropriately limited to expressions of mutual respect and commitment to friendly relations between the two countries.

PARTICIPANTS

US

President Bush
Mrs. Bush

Japan

Emperor Akihito
Empress Michiko
Grand Master of
Ceremonies
TBD

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Department of State Guidelines
E.O. 12958, SEC 3.4 (B), July 21, 1997
By 11 NARA, Date 06/27/23

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POINTS TO BE MADE

AUDIENCE WITH THEIR IMPERIAL MAJESTIES
EMPEROR AKIHITO AND EMPRESS MICHIKO

- Mrs. Bush and I are delighted to meet again with Your Imperial Majesties and enjoy your hospitality and that of your beautiful country.
- Please allow us to express our deepest condolences to Your Imperial Majesties and all members of the Imperial Family on occasion of the second anniversary on January 7 of the passing away of the late Emperor Showa.
- It is always a pleasure to visit Japan and renew our friendships here.
- We are impressed and gratified as always by the great sense of warmth and goodwill we feel from the Japanese people.
- We hope that you will do us the honor of visiting the United States at a convenient time for you, so that we can reciprocate your hospitality.
- Kyoto was the perfect place to begin our stay in Japan. In our hectic schedule, our brief stop in Kyoto offered a very relaxing and contemplative break for us.
- We would like to congratulate you on the birth of your first grandchild. We understand that both the mother and the baby girl are doing well.
- I am looking forward to our tennis match.

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Department of State Guidelines
E.O. 12958, SEC 3.4 (B), July 21, 1997
By H NARA; Date 06/07/23

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AUDIENCE WITH EMPEROR OF JAPAN

Drafted: EAP/J:JPHyland

SEJPOL 8564 7-2914 12/11/91

Cleared: EAP:DAnderson

EAP/J:RMDeming

P:MMcMillion

C:RWilson

D:JWarlick

S/P:LKeene

CPR:JFitzgerald

~~CONFIDENTIAL~~

DECL:OADR

INFORMAL LUNCH WITH THE PRIME MINISTER

Akasaka Palace Annex, January 9, 1:15-2:30 p.m.

SCENESETTER

PURPOSE

This informal luncheon marks the end of your substantive work with the Prime Minister. It offers an opportunity to address any discussion items remaining after your two official meetings with the Prime Minister, as well as the chance to establish a solid personal relationship with him. Prime Minister Miyazawa will probably use English during the luncheon.

THE SETTING

The luncheon, at a Japanese style annex on the palace grounds, will follow your joint press event with the Prime Minister.

We expect 18 persons to attend, including you and Mrs. Bush, Ambassador and Mrs. Armacost, and five members of your party. On the Japanese side, Prime Minister and Mrs. Miyazawa, Foreign Minister and Mrs. Watanabe, Chief Cabinet Secretary Kato, Vice Foreign Minister Kakizawa, Ambassador Murata, North American Affairs Director General Matsuura, and Chief of Protocol Nakamura will attend.

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Department of State Guidelines
E.O. 12958, SEC 3.4 (B), July 21, 1997
By it NARA, Date 04/07/20

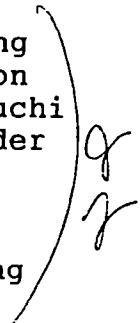
REMARKS, PRIME MINISTER'S JANUARY 8 LUNCHEON

Drafted:EAP/J:RGdevillafranca *RV*

SEJPOL 8628

12/5/91 x72813

CLEARANCE:EAP/J:RDeming
EAP:DAnderson
EAP/P:EYamauchi
PA/PRS:JSnyder
C:RWilson
S/P:LKeene
E:WWhyman
PM/DRSA:TLyng
S/NP:HLevin

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DECL:OADR

IMPERIAL STATE DINNER

SCENESETTER

PURPOSE

To provide a ceremonial expression of good will and friendship to you and Mrs. Bush, and the American people, during your visit to Japan.

THE SETTING

You and Mrs. Bush will be hosted by Emperor Akihito and Empress Michiko at a formal state dinner at the Imperial Palace on your last evening in Japan. This black-tie event will be attended by approximately 140 people. Invitees will include Prime Minister and Mrs. Miyazawa, other members of the Imperial family, former prime ministers, foreign ministers and Japanese ambassadors to the US, in addition to Japanese cultural and economic leaders.

The Emperor will make five-minute remarks and offer a toast, stressing the long bonds of friendship that the US and Japan share.

You will return the toast, highlighting the spirit of friendship that has made our partnership work, and the responsibilities that we share in making the new world a peaceful and prosperous one.

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By it NARA, Date 04/27/23

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DRAFT TOAST
IMPERIAL STATE DINNER

Your Imperial Majesties Emperor Akihito and Empress Michiko, Prime Minister and Mrs. Miyazawa, distinguished guests:

On behalf of Barbara and myself, I would like to extend our warmest appreciation to Their Imperial Majesties Emperor Akihito and Empress Michiko for welcoming us to Japan and for hosting this beautiful evening.

We have been overwhelmed with the warm reception that the Japanese people have extended to us during our visit. The kind hospitality shown to us by every person we have met in Japan has been one of the highlights of our visit, attesting to the deep bonds of friendship that link our two countries.

Their Imperial Majesties have cultivated this spirit of friendship that our two nations enjoy, through their education, their international travel, and the hospitality with which they receive American guests like ourselves. I sincerely hope that Their Imperial Majesties will accept our invitation to visit the United States, so that we can reciprocate with some old-fashioned American hospitality.

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E.O. 12958, SEC 3.4 (B), July 21, 1997
By JPW NARA, Date 11/09/04

As I look out at this distinguished gathering, I see the faces of friends and colleagues with whom we have worked over many years to build the close ties between our governments and peoples that we enjoy today.

Our efforts have succeeded beyond our greatest expectations. It is a tribute to our fundamental good will and dedication that two nations so different in culture and history, that once fought a terrible war against the other, have been able to forge such enduring bonds. Because of our differences, we benefit all the more from our close ties -- learning from one another, and contributing our own strengths in the common pursuit of peace, stability and prosperity.

We, and all our citizens, recognize that the principles of political and economic freedom, democracy, the rule of law, and respect for human rights are shared values and form an integral part of our relationship. We have witnessed great changes in the world that promise to make the future of our children, and of our children's children, a better, more peaceful one. The shadow of potential nuclear annihilation under which our generation has lived is receding. The rule of law is increasingly upheld in relations between nations.

Yet our joint endeavor -- this historic collaboration -- has only just begun. The United States and Japan share a heavy responsibility to see the promise of this new era is fulfilled. Through continued close bilateral cooperation the United States and Japan can help shape a new world that will ensure the safety and prosperity of our people, indeed of all peoples.

Tonight, as we reflect upon the good fortune, dedication and sacrifice that have brought our two nations together, and on the challenges we must face, we also rededicate ourselves to the spirit of friendship so much a part of this global partnership.

I would like to propose a toast to the good health of their Imperial Majesties Emperor Akihito and Empress Michiko and the Imperial Family, and to the spirit of friendship that guides us in our endeavors.

PRESIDENT'S JANUARY 1992 STATE VISIT: IMPERIAL STATE DINNER

Drafted:EAP/J:JPhyland (97)

SEJPOL 8565 7-2914 12/11/91

Cleared:EAP:DAnderson

EAP/J:RMDeming

C:RWilson

P:MMcMillion

S/P:LKeene

E:WWhyman

EAP/P:EYamauchi

PA/PRS:JSnyder

REMARKS: INFORMAL LUNCH WITH THE PRIME MINISTER

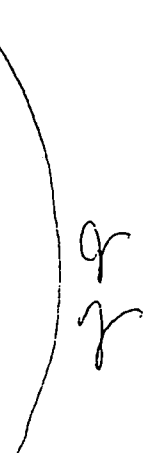
- o Honored by your hospitality.
 - Appreciate the efforts you and members of your staff have gone to, shortening or even forgoing your new year holidays to bid us welcome.
- o We are both dedicated to further strengthening US-Japan relationship and turning it into a true global partnership.
 - We are fortunate to have the benefit of your leadership, wisdom, great experience, and unsurpassed international insight at the helm in Japan as we prepare to meet the challenges of the 1990's.
- o Last year the world faced down the threat of Saddam Hussein and his invasion of Kuwait.
 - Japanese financial contributions helped restore peace.
 - Japanese Self-Defense Force minesweepers helped clear the Persian Gulf.
- o The world seems more peaceful now. But it is a world in transition, and it is marked by the emergence of new challenges that need to be addressed.
 - Maintaining an open global trading regime that will help enrich all countries.
 - The North Korean nuclear threat.
 - Human rights abuses in China.
 - Making peace work in Cambodia.
 - The disintegration of the Soviet Union.
 - Supporting the development of democracy and free market economies in Eastern Europe and Central America.
 - Supporting the Middle East peace process.
- o We can face these challenges with the knowledge that the US-Japan global partnership offers the world a powerful engine for progress, and with confidence that we are doing our utmost to make that partnership strong and effective.
- o But to sustain public support for global partnership, we need to deal effectively with trade and investment issues. Appreciate your efforts on these problems.

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REMARKS, PRIME MINISTER'S JANUARY 8 LUNCHEON

Drafted:EAP/J:RGdeVillafranca *gr*
SEJPOL 8628
12/5/91 x72813

CLEARANCE:EAP/J:RDeming
EAP:DAnderson
EAP/P:EYamauchi
PA/PRS:JSnyder
C:RWilson
S/P:LKeene
E:WWhyman
PM:SMartel
S/NP:HLevin
D:JWarlick
P:MMcMillion
EB/DCT:SWickman
CPR:JFitzgerald



BREAKFAST WITH U.S. AND JAPANESE BUSINESS LEADERS

SCENESETTER

PURPOSE

You should use your breakfast meeting with U.S. and Japanese executives to: 1) emphasize the mutual benefits of U.S.-Japan business ties; 2) stress the central role of business in U.S.-Japan relations; 3) urge greater receptiveness of Japanese firms to U.S. goods and services; and 4) remind that Japanese firms benefit greatly from an open trading system and should give strongest support for GOJ liberalization measures in the Round.

THE SETTING

You will give opening remarks to an audience of top executives from U.S. and Japanese companies doing business in Japan.

Your opening remarks will provide the opportunity to highlight the benefits to U.S. firms that make the effort to establish a presence in the high-cost Japanese market. Although start-up costs seem prohibitive, long-term benefits to U.S. investors in Japan include access to Japan's cutting-edge research and development and the ability to service Japan's very demanding customers. Japan's market gives U.S. business one of the highest returns on foreign investment in the world.

You should also point out that Japan's business environment can be difficult for foreign newcomers. Inefficient transportation, agricultural, construction and distribution sectors hamper U.S. exports and investment and keep Japanese costs high for domestic firms as well. This is compounded by long-term relationships among Japanese firms which may inhibit their willingness to purchase foreign products that are competitive in price and quality. These complaints have been echoed by Japan's Asian trading partners.

Trade into and out of Japan is highly concentrated among a few firms. In 1987, Japan's nine leading trading companies handled 74% of Japan's imports and 42% of its exports. In the early 1980's, Japanese trading companies handled as much as 10% of all of all U.S. exports. The business leaders in your audience have it in their power to significantly affect U.S.-Japan trade. You may wish to ask their views on what is needed to increase the presence of U.S. firms in the Japanese market.

Finally, you want to underscore the importance to Japan of open global markets--which requires Japan to protect its global interests and exercise the leadership necessary to bring the Uruguay Round to a successful conclusion, including on tariffication.

PARTICIPANTS - TBD

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Department of State Guidelines
E.O. 12958, SEC 3.4 (B), July 21, 1997
By yt NARA, Date 06/07/23

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DECL: OADR

POINTS TO BE MADE AT THE MEETING
WITH U.S. AND JAPANESE BUSINESS LEADERS

U.S.-JAPAN BUSINESS COOPERATION

- As I look out at this distinguished audience, I find it encouraging to see so many American and Japanese business leaders sitting side-by-side, partners in our shared goal of ensuring the continued economic prosperity enjoyed by both of our countries.
- I want to commend you for the valuable contributions you and your firms make every day to the welfare of Americans and Japanese alike.
- I would especially like to recognize the American firms represented here today, for their success in developing a strong presence in Japan, one of the world's most important commercial markets.
- The strong and growing presence of U.S. firms in the Japanese market shows that your hard work and perseverance can make many American firms household names in Japan.
- It is often said the Japanese market is one of the toughest in the world to crack. Labor and land costs are high, and certain structural impediments work against foreign entry into the market.

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E.O. 12958, SEC 3.4 (B), July 21, 1997
By JK NARA, Date 06/07/23

- o In particular, overregulation and inefficiency in the transportation, agricultural, construction and distribution sectors hamper U.S. exports and investment and keep costs high for domestic firms as well.
- I call upon you business leaders of Japan, American and Japanese alike, to make the case to your elected officials that free trade and open markets are the best hope for our continued prosperity.
- I applaud recent efforts by the Japanese Government to deregulate certain sectors of the economy and promote healthy competition through better enforcement of its anti-monopoly laws.
- o I also welcome MITI's proposal for a Global Business Partnership, which would expand its import promotion program to include efforts to promote local sourcing for overseas transplants. The success of that effort will depend on the cooperation of our private sectors.
- However, more work needs to be done on eliminating structural impediments to the Japanese market. While efforts by U.S. companies have resulted in strong trade surpluses with the European Community and other important markets, the U.S. trade balance with Japan is worsening.

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- 3 -

- o I will continue to request that Japanese leaders take steps to facilitate entry of U.S. firms into Japan.

- I strongly urge the Japanese companies represented here today to purchase American products that are competitive in price and quality, and I ask that Japanese firms do their part in our global business partnership by opening up their supplier networks to U.S. firms.

- o You will be the determining factor in making MITI's import promotion program successful, which will bring Japan into more constructive relations with the United States.

- Of course, my focus is not limited to the Japanese market alone. Successful conclusion of the Uruguay Round trade negotiations will lead to more open markets around the world, offering new opportunities for U.S. and Japanese firms alike.

- o The U.S. and Japanese business communities have the greatest stake in the Round's success.

- o American and Japanese leadership is essential to achieve this goal, and I urge you to give your

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strongest support for the Uruguay Round to elected officials both in Tokyo and Washington.

-- I hope the Japanese Government will act now to protect its interests in maintaining an open global economy by exercising leadership in the Round.

-- I want to thank you for this opportunity to meet with you today, and I would be interested in hearing your thoughts on what is needed to promote the presence of U.S. firms in the Japanese market.

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BREAKFAST WITH U.S. AND JAPANESE BUSINESS LEADERS

12-2-91

Sejec 6663

Drafted:EAP/J:HKenworthy 7-4459

Cleared:EAP/J:RLudan, RDeming

EAP:JAndre, Acting

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E:WWhyman

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C:RWilson

S/P:MO'Neal

D:JWarlick

USTR:EEndean

Commerce:TEthridge

Treasury:HWalsh

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DECL: OADR

VISIT TO JAPANESE HIGH SCHOOL

SCENESETTER

PURPOSE

Your visit to the Japanese High School is an excellent occasion to reaffirm your commitment to superior, universal education, which has been the basis for U.S. strength and competitiveness.

THE SETTING

You will visit Mita High School and be greeted by Education Minister Hatoyama and other officials. You will tour classrooms for 15-20 minutes, including a science laboratory and an English or math class. There will be media coverage of your conversations with students in these classes. You will proceed to a small auditorium to meet with about 200-300 students, parents and teachers and will make brief remarks and take questions from the audience with simultaneous interpretation. There will be live television coverage.

The economic achievements of the U.S. and Japan are rooted in the universality and competence of their respective educational systems. As we enter an era in which cooperation between the two countries becomes increasingly crucial to world stability, our need to learn about each other and from each other takes on major new significance.

Our respective strengths can assist each other as we reform and improve our educational systems. The strong community sense and high level of achievement that are features of elementary and secondary level Japanese education are balanced by the extraordinary creativity and scholarship of post-secondary American education.

The high school visit and town meeting with parents, teachers and children offers a unique framework within which to focus on the positive benefits our close bilateral relationship can provide to both nations.

PARTICIPANTS

US

President Bush
Mrs. Bush
Ambassador Armacost

Japan

Minister of Education Hatoyama
Other MOFA and Education
officials
Japanese students, teachers,
parents

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POINTS TO BE MADE AT THE VISIT
TO THE JAPANESE HIGH SCHOOL

U.S.-JAPAN EDUCATIONAL EXCELLENCE

- The economic achievements of the U.S. and Japan are rooted in the universality and competence of their respective educational systems.
- Our commitment to major national investment in superior, universal education must be renewed.
- As we enter an era in which cooperation between the two countries becomes increasingly crucial to world stability, our need to learn about each other and from each other takes on new significance.
- As we reform our educational systems to meet the needs of the twenty-first century, we should learn from each other's educational successes.
 - o Japan's disciplined, achievement-oriented primary and secondary education system is virtually unmatched the world over; I believe the creativity and scholarship of American university system is equally unparalleled.
- We need to expand our knowledge of each other through increased educational exchanges and language study. Fulbright, Japan Exchange Teachers (JET), and the Center for Global Partnership are examples of programs that encourage this.
- The number of Japanese students studying in the U.S. is nearly forty times larger than the number of Americans studying in Japan. This imbalance should be corrected.
- We need to coordinate policies and support each other in our joint efforts to ensure a peaceful and prosperous world. Since this process relies on mutual respect and understanding, we must begin this effort in the education of our children.

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By 14 NARA, Date 06/07/23

VISIT TO JAPANESE HIGH SCHOOL

12-5-91

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Drafted:EAP/J:HKenworthy~~*~~ 7-4459

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**United States
Information
Agency**

Washington, D.C. 20547

FACSIMILE TRANSMITTAL

U.S. Information Agency
Office of East Asian and Pacific Affairs (EA)
WASHINGTON, D.C. 20547
FAX (202) 619-6684



DATE : December 16, 1991
MEMORANDUM FOR: Jennifer Grossman
FAX NUMBER : 456-6218
FROM : Helen e. McKee
SUBJECT : Material for Japan speeches
REFERENCE : McKee fax of 12/13
TOTAL PAGES, INCLUDING COVER PAGE: 4

Here is some more material from Robin Berrington. Let me know if you have any questions. Helen

December 14, 1991

Memorandum for: USIS/EA - Helen McKee
From: CAO Barrington
Subject: More notes for Presidential speeches

Below is a second try with some "local color" for the President's speeches in Japan. I apologize for the delay: I have been really tied up with getting Mrs. Bush's schedule together--visiting sites, meeting MOFA types, etc.

Forget some of what I wrote before since the new timing may render some of them inappropriate. Also I have also done further research which leads me to change my mind on some items. So throw out the first memo and consider only the following--which includes a number of repeats from the last memo! Regards.

New Years

The most common new years greeting is

Akenashite o-medeto gozaimasu (pronounced ah-kay-mah'sh-teh oh-meh-deh-toe go-zyy-ee-mahs)

Let me revise one I have already sent. "Mukai sannin ryodonari" means one's closest and best neighbors. They are the three across the street and the one on each side of your house. An old new year's custom was to make one's first calls on those people and to deliver small gifts. In coming to Japan so soon after the new year, the President is in effect paying his respects on one of America's closest and best friends, the one which is across the ocean.

Year of the monkey

1992 will be the year of the monkey. In this year four sayings may have relevance depending on the circumstances:

- 1) "Saru mo ki kara ochiru" ("even monkeys fall from trees") which means even professionals make mistakes.
- 2) "Saru ni ki nobori o oshieru" ("teaching a monkey to climb a tree") which is like teaching a professional to suck eggs, or telling people how to do something they probably already know.
- 3) "Inu to saru" ("the relations between dog and monkey") which is to say very bad relations

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4) "Mizaru, kikazaru, iwazaru" ("See no evil, hear no evil, speak no evil"). It is relevant in this year of the monkey because the common sound in each word, "-zaru," has the same

Differences and similarities

There are a lot of differences between our two countries
-- you drive on the left side of the road, we drive on the right
-- you pull the saw, we push it
-- you soap up outside of the bathtub, we do it in the bathtub
-- your traffic lights are horizontal, ours are vertical
-- your unlucky number is 4, ours is 13
-- you see a rabbit in the moon, we see a man
but, there are perhaps even more similarities
-- we both face the Pacific
-- we both have extremes of climate, hot and cold, from Hokkaido to Okinawa or from Minnesota to Texas
-- we both came to world prominence in this century
-- we both have capitalist, market economies
-- we both have democratic systems with a vigorous, free press
-- we both have modern, fast changing societies
-- we both have superior educational systems
-- we are both crazy about baseball
pronunciation as the Japanese word for monkey, "saru." The meaning is self-explanatory; if you do that you keep out of trouble.
-- and both our political leaders are bad linguists--few Americans can speak Japanese and few Japanese can speak English--except for Mr. Miyazawa!

Japanese sayings

^{Hachi}
"Bokuju no tenarai" ("to study calligraphy at ⁸50" or it is never too late to learn) is applicable as we embark on a national crusade to improve our own educational system.

"Okame hachimoku" (concerns the kibitzer who sees better plays in Japanese chess than the player himself) meaning an outsider can often see the solutions better than an insider.

Baase haiku

"Nearing autumn's close
My neighbor--
How does he live?
I wonder."

Even though it is now winter, this haiku may be appropriate at any time of the year.

- 3 -

HUMOR

There is a lot of talk about Japan "bashing." American bashers can't compete with the biggest basher of all, your own Godzilla. A new Godzilla movie is out and once again he levels Tokyo. Maybe some American companies could get the construction contracts for the work that needs to be done after a visit by Godzilla. A lot of Japanese may regard Lee Iacocca as an American version of Godzilla.

Kyoto

One of the big concerns in Kyoto now is the rapid development of the city that may be obliterating those aspects of the city that make it a unique artistic treasure. Two particular projects, the new Kyoto Hotel and the new Kyoto JR Station, have sparked heated debate on whether they are too large and inappropriate for the ancient city. On the one side are the temples, Buddhist priests, scholars, some representatives of the tourist industry. On the other are the business community and city hall. While the President cannot and should not get in the middle of this, a few oblique or indirect remarks may be appropriate. This would provide support for those crying out for sensible development alongside sensible preservation and would be immensely popular with most Japanese.

He could refer to the fact that Kyoto was one of the few cities spared from the bombing of World War II because of its considerable historic, artistic and architectural value. He could also add that in an age when name of Japan is becoming increasingly synonymous with bullet trains, VCRs and high technology it is reassuring to see in ancient Kyoto a Japanese concern with preserving its artistic heritage. For the legacy of Kyoto belongs not just to the Japanese people but to the world at large. While the hustle and bustle of great modern cities like Tokyo are exhilarating and important to contemporary 20th century life, the serenity and look over the shoulder to one's past--the different pace and style of life in Kyoto--provide the necessary stability and identity every nation needs. As long as there is a Kyoto, there will be a Japan.

Helen: that's it for now. I'll try to get more out early next week.

-- 31 years ago this month, on a cold, snowy day in Washington, newly elected American President John Kennedy articulated Americas commitment to our friends and allies throughout the world. That we would stand with them in their efforts to resist Communism, embrace freedom and support efforts to develop economically and thus improve the lives of their people.

-- It was a commitment that was to bear a heavy price, over 58,000 dead in Indochina and billions of dollars spent on assistance and maintaining a military presence in the region.

-- But it was a commitment that has been shared by Republican and Democratic presidents alike.

-- It is appropriate that standing here now in a country which represents one of the most remarkable economic success stories in the world, we can look back and see that the outcome we all worked and sacrificed for has indeed become a reality.

-- It is with great pride that I say that history will record that America did indeed keep its commitment to its friends in SE Asia and that together we have built a region which is at once free, at peace, and experiencing unprecedented prosperity, part of the new world order which offers the promise of enduring global stability.

-- To judge just how far we have come and to see what we have accomplished, it is instructive to look back 25 years and recall the situation in SE Asia at the time Singapore was first charting its independent course.

-- In January 1967, the concern was about the rapid spread of Communist ideology. Almost every country in SE Asia had or was about to have an active Communist insurgency.

-- As the war in Vietnam raged, from Jakarta to Rangoon and from Bangkok to Manila, the worry was about falling dominoes. The nightmare vision was of a radical ideology being imposed throughout the region.

-- It is important to keep in mind that while there was a large U.S. military presence in the region in the mid 60's, U.S. economic interaction with Southeast Asia was still rather small.

-- On the eve of the Tet offensive, the U.S. had a higher trade turnover with Latin America than with East Asia.

-- Today, the situation is dramatically reversed. The steadfastness of our military commitments and the

stability which they promoted, gave the countries of the region time to grow economically and deal effectively with the political challenge. Having collapsed in Europe and the Soviet Union, Communist is no longer a viable threat, and is acknowledged as a failed and bankrupt economic and political philosophy.

-- Democracy, personal freedom and free market economies are demonstrably the keys to real improvement in the quality of people's lives.

-- And this has been accompanied by an explosion in trade between the U.S. and Southeast Asia, particularly the ASEAN countries.

U.S. two way trade with Singapore grew from 2 billion dollars to 20 billion dollars since the end of the Vietnam War.

In the same period, Thailand went from 700 million dollars to 9 billion dollars.

-- This has made the U.S. ASEAN's number one customer. We take one fifth of all of ASEAN's exports, while ASEAN imports from the U.S. have increased 1600 percent since 1975.

-- As a result, today U.S. two way trade with ASEAN stands at over 46 billion dollars - just about equal to our commerce with Germany - and exceeded by only three other U.S. trading partners.

-- To put it in better perspective, in 1990 the U.S. exported:

More to Singapore than to Italy or Spain

More to Thailand than to India

More to Malaysia than the Soviet Union

More to Indonesia than all the rest of Eastern Europe put together.

-- But it is not just trade that has brought us closer together.

-- Satellites and the expansion of telecommunication technology mean that more messages and images are going back and forth between our people than ever before.

who is this
from

In 1975 there were about 300,000 T.V. sets in Indonesia, today there are 7 million (and it seems at least that many more for sale in all of Singapore shopping malls.)

Direct dial long distance phones and FAX machines means someone in Manila, the Philippines can place an order in Manila, Iowa in less than a minute.

-- We understand each other because of the flow of people between us.

In 1975 there was only slightly more than a million Americans of Southeast Asian origin.

Today that figure has quadrupled to over 4 million, including one senior member of my White House staff Sicwan Siv who survived the horrors of the Khmer Rouge run Cambodia.

Based on this population of SE Asian origin, the U.S. would rank as the fifth largest ASEAN country.

There are more Lao in the U.S. than in Vientiane

There are more Filipinos in California than in Cebu.

-- All of these developments - people telecommunications, jet aircraft, trade, investment, security commitments, and common belief in economics and freedom have created a web of interaction, knitting us together as never before.

-- Our challenge is to use this structure to promote continued peace, stability and increased economic progress. And common efforts to deal with the challenges we face in terms of the environment, narcotics, human rights and other scientific and technical areas such as public health.

-- There are two mechanisms which promote and enhance this new reality:

The ASEAN-Post Ministerial Dialogue in which our foreign ministers and those of ASEAN's other dialogue partners meet to discuss issues and coordinate approaches to dealing with problems;

and

APEC, which offers the increasingly real promise of cooperation on the full range of economic issues across the entire Asian-Pacific region.

-- Having invested so much in this region in terms of American lives and national treasure and having attained, together with you, so many of our policy goals, the U.S. is not now going to turn its back on South East Asia.

-- The U.S. is committed to meeting its obligations in SE Asia and will continue to play the positive role by maintaining our military presence, even with our three year phase out from Subic Bay.

Our new Access Agreement with Singapore contributes importantly to this goal.

-- The U.S. is committed to a successful transition to a freely elected government in Cambodia. In that regard, I am today announcing that the U.S. has lifted its trade embargo and all other economic restrictions against Cambodia. This should permit increased economic activity which will help solidify and maintain the process.

-- The U.S. is prepared to move forward in our relationship with Vietnam, provided that progress continues to be made in Cambodia and on our POW/MIA issue.

The countries of Indochina have real promise for economic growth if there can finally be an end to violence and they join the rest of the region in emphasizing development.

-- The U.S. is committed to working productively with our friends in addressing global problems and so therefore I am today announcing a new environmental initiative aimed at enhancing our work together in preserving our planet and natural resources.

-- We are truly embarking on a new era - one in which the last remnants of the Cold War are being put behind us

-- For America, our Vietnam syndrome is a thing of the past.

FOREIGN AFFAIRS ESSAY -- Winter, 1991

AMERICA IN ASIA: EMERGING ARCHITECTURE FOR A NEW ERA

James A. Baker III

Introduction: A New Cycle of History**DRAFT**

In Asia as in Europe, we are in the midst of the first transformation of the international system in this century that is not the direct result of a global conflagration.

This rare, and perhaps brief, moment in history presents us with new possibilities for reshaping international relationships in Asia -- and with new challenges.

President Bush's forthcoming trip to East Asia intersects with a seam in history: the commemoration of the fiftieth anniversary of the attack on Pearl Harbor; the end of the Cold War confrontation; and -- with our military success in the Gulf and the recent conclusion of a peace accord on Cambodia -- the prospect of laying to rest the Vietnam War era. Thus, the end of 1991 will see the closing off of several tragic, defining episodes of the American experience in Asia, and open a new chapter of U.S. engagement in the region as we approach the 21st. Century.

I have presented elsewhere¹ the administration's ideas about the new post-Cold War architecture of the Euro-Atlantic community. But America's destiny, lies no less across the Pacific than the Atlantic. We have fought three major wars over the past half-century in the Asia/Pacific theater. U.S. economic involvement and

- 2 -

defense commitments in the region have been -- and remain -- defining realities; and we have large and growing interests in human and material developments in the region as well as its security. Our success in forging a new international system depends no less on our sustained engagement in this remarkably diverse and dynamic part of the world than it does in Europe and the Americas.

The same global trends that are reshaping Europe and the former Soviet Union -- the bankruptcy of communism as an economic and political system; global economic integration sparked by spectacular technological change; and a worldwide movement towards democracy and market-oriented economics -- have long been at work in the Asia/Pacific region. And the dark counter-trends that, as President Bush pointed out in his speech to the U.N. General Assembly, are reviving history are also evident in this relatively stable region: the re-emergence of ethnic rivalries, nationalist aspirations and territorial or political disputes which were suppressed during the Cold War years.

These global factors for change are playing themselves out in Asia in the region's unique rhythm and in their own special way. In contrast to Eastern Europe and the USSR, where change has been driven by economic failure, much of the ferment in Asia is a product of the region's dramatic economic success.

Barely twenty years ago East Asia was engulfed in war and great power confrontation, burdened with widespread

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poverty, and challenged by insurgent communist movements. Our trade then with the region was smaller than our commerce with Latin America.

The subsequent two decades brought unrivaled progress to East Asia and the Pacific, leading many to speak of a coming "Pacific Century". Today, the region is largely at peace. Its social and political progress is impressive by any standard. Together, the economies of East Asia are now roughly equal in size to that of the United States.

Indeed, throughout the 1980s, East Asia led the world in the transformations of the Information Age: Japan's emergence as an economic superpower; the rapid, high-tech growth of the newly emerging industrial economies of South Korea, Taiwan, Hong Kong, and Singapore; Deng Xiaoping's economic opening of China; and the transitions to democracy in the Philippines, Korea, Taiwan, and most recently, Mongolia.

The recent seachange in Soviet foreign policy has also been a catalytic factor in many of the new patterns of international relations emerging in East Asia, ranging from the Sino-Soviet rapprochement, the opening of Soviet relations with the Republic of Korea, the admission to the U.N. of both Korean states, the emergence of a democratic Mongolia, and a political settlement in Cambodia which can, if realized, bring a new era to Indochina.

For all the progress, however, some legacies of the past remain as impediments to a more promising future. Most prominently, the heavily-armed stand-off on the

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Korean Peninsula is still one of the world's most dangerous flashpoints, one now intensified by the ominous threat of nuclear proliferation. In Burma, the tyranny of a brutal military dictatorship endures, despite a clear expression of popular will in the elections of 1990. China, along with the other residual Asian communist regimes, resists political reform and clings to the Leninist anachronism. And despite Mr. Gorbachev's historic visit to Tokyo last April, the dispute over Japan's Northern Territories continue to constrain a major improvement in Soviet-Japanese relations.

These Asian realities -- the elements of a promising future and the difficult legacies of times past -- now shape the challenges before us. The successes of our policies and those of our friends in the region mean that many of our partners have also become robust economic competitors. Successful allies such as Japan and Korea have become important political and economic players in the emerging international system in their own right.

The Cold War dimension of our forward deployed security presence -- never the sole organizing principle in the Asian context -- is now gone. The "Soviet counterweight" rationale to our relationship with China has given way to preoccupation with a set of economic, humanitarian, and foreign policy concerns now defining the relationship, without a clear strategic imperative for the relationship. The region's remarkable economic dynamism places it centerstage in the world trade and financial system, yet the future of the relatively

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open global trading system which facilitated East Asia's dramatic decades of growth now faces the uncertain fate of the Uruguay Round of the GATT.

Given the challenges and opportunities we now face in Asia, the keys to a viable architecture for a stable and prosperous Pacific community are threefold. ^① First, fostering a framework for ~~economic integration~~ which will support an open global trading system is vital to sustaining the region's economic dynamism and avoiding regional economic fragmentation ^② Second, sustaining the trend towards ~~economic integration~~ is important to deepening the shared values which will reinforce a sense of community. ^③ Third, defining a ~~security structure~~ for the Asia/Pacific that reflects the region's diverse concerns and mitigates intra-regional fears and suspicions is a prerequisite for maintaining the stability required for economic and political progress.

U.S. and Asia

The starting point in defining U.S. policy towards the Asia/Pacific region is a clear assessment of our interests. As I contemplate the future, I am struck by the historic consistency of our interests and our role in the Pacific. Since 1784, when the merchant ship "Empress of China" sailed from New York bound for Canton, the U.S. has pursued an open door approach to the region. Our interests in the past and for the foreseeable future are: to maintain commercial access to the region and to prevent the rise of any single hegemonic power or coalition hostile to the U.S. and its allies

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and friends. In today's world, with geoeconomics increasingly shaping geopolitics, the development of an active partnership with the nations of the Pacific Rim is essential to the success of the emerging international system.

Today the Asia/Pacific region is our largest trading partner. Our trans-Pacific commerce is now more than \$300 billion annual two-way trade -- nearly one-third larger than that across the Atlantic. U.S. firms have invested more than \$61 billion in the region, and we now export more to Malaysia than to the Soviet Union, more to Indonesia than to Eastern Europe, and more to Singapore than to Spain or Italy.

X

Asian Americans

There are more Laotians today in the U.S. than in the Lao capital of Vientiane; more Filipinos in California than in Cebu. Their presence, along with that of hundreds of thousands of other Asian-Americans, Chinese, Vietnamese, Cambodians, Koreans, Thai among them, enrich our society and gives us a still deeper affinity with the region.

These elements of our engagement with the region give us a growing mutuality of interests, and strengthen our sense of community with all the nations of Pacific Basin.

TOWARDS A NEW ARCHITECTURE: ASIAN SECURITY

What has made East Asia relatively secure and underpinned

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its economic dynamism is primarily a loose network of bilateral alliances with the United States at their core. Our military presence, our commitment, our reassurance has constituted the balancing wheel of an informal, yet highly effective security structure for more than four decades.

To visualize the architecture of U.S. engagement in the region, imagine a hub and its spokes. The hub is the U.S.-Japan alliance, the core of the security structure and the new Pacific partnership we are seeking. To the north, one spoke represents our alliance with the Republic of Korea. To the south, the spokes extend to our treaty allies -- the ASEAN countries of the Philippines and Thailand -- and to Australia. Binding these spokes together at the rim is the circle of shared economic interests now represented by the Asia-Pacific Economic Cooperation (APEC) process.

This system has been successful precisely because it has respected the vast geographic expanse, political and cultural diversity and the geopolitical realities of the Asia/Pacific region. Unlike Europe, there has been no single threat commonly perceived throughout the region. Instead, there are a multiplicity of security concerns that differ from country to country and within the subregions of this vast geographic expanse.

This may explain why efforts to institute collective defense arrangements in East Asia since 1945 have been singularly unsuccessful. In early 1950, the prospect of a Sino-Soviet political/military bloc loomed large -- a challenge that shaped our responses to the Korean war and the French

*Security
Context of Trip*

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defeat in Indochina. In reaction, the U.S. attempted to organize Asia in NATO's image through institutions such as CENTO (the Central Treaty Organization) and SEATO (the Southeast Asia Treaty Organization). In 1969, as the Sino-Soviet alliance degenerated into military confrontation, Soviet Premier Leonid Brezhnev called for an Asian collective security system, an appeal that proved as unattractive to many in the region as Western efforts to organize East Asia on an anti-communist basis.

But are the structures and rationale which provided for Asia's security during the Cold War years valid today or do contemporary realities require a new security mechanism?

Today, in the post-Cold War era, the overlay of U.S.-Soviet competition has been removed. Yet the same diversity of interests and security concerns stands out with even greater clarity. In these circumstances, what was a secondary aspect of our Cold War era security presence is becoming the primary purpose for our security engagement in the region -- to provide geopolitical balance, to be an honest broker, to reassure against uncertainty.

Our forward deployed military presence and bilateral defense ties thus remain the foundation of Asian security. Yet in the post-Cold War world, the enhanced capabilities of our allies and friends and new security challenges require adjustments in our force structure, in our defense activities, and in the means of sustaining regional stability.

Asian security increasingly is derived from a flexible, ad hoc set of political and defense interactions. It begins with

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the U.S. forward presence, and our bilateral security ties to Japan, South Korea, the allies within ASEAN and Australia. But multilateral approaches to security are slowly emerging.

As we have seen in the Cambodian peace process, the combined efforts of the ASEAN countries, Japan, Australia, the U.N. Perm Five -- have produced a tailor-made process of conflict-resolution. Discussions on the contested islands of the South China Sea hosted recently by Indonesia also reflect such an ad hoc multilateral approach: finding solutions suited the character of the particular problem. Guaranteeing stability on the Korean Peninsula may increasingly assume a multilateral form.

APEC: Fostering Regional Cohesion

While Asian security concerns have a diversified, decentralized logic, burgeoning intra and trans-Pacific trade and investment provide areas of broad common interest. Commerce offers the most natural approach to fostering greater regional cohesion.

This is why the U.S. and 11 other Pacific Basin economies came together two years ago to initiate the Asia/Pacific Economic Cooperation (APEC) process. We see APEC as an essential mechanism for sustaining market-oriented growth, for advancing global and regional trade liberalization, and for meeting the new challenges of interdependence such as the protecting the environment and eliminating bottlenecks to further growth in the region's telecommunications and transport

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infrastructure, its energy resources and access to investment capital.

In an age when economics is increasingly the measure of national power and influence, APEC is no less the hallmark of our engagement in the region than our security arrangements. As the pattern of settlement in the American West in the last century was determined by the telegraph lines and railroads, the infrastructural links we are building in telecommunications, transportation, and education will shape the economic and political character of the Pacific Basin in the coming decades.

With the addition to APEC's membership of China, Hong Kong, and Taiwan to the organization's membership at this November's Seoul Ministerial, APEC's potential as a major trans-Pacific forum is becoming a reality. The efforts of APEC's ten working groups -- from energy and human resources to telecommunications and tourism -- is laying a solid foundation of economic cooperation on a broad range of issues.² This progress suggests that APEC is ripe to acquire greater institutional form through the establishment of a small, but but professional coordinating body.

APEC is not a regional economic bloc. Rather, it is a product of -- and catalyst for -- trans-Pacific economic integration and trade liberalization. It is inclusive, not exclusive. We believe it is building support for an open global trading system, and is a force for regional trade liberalization. We believe that in some selected sectors, APEC might consider establishing regional free trade

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arrangements that could lead the GATT towards freer trade on a global basis.

Yet [REDACTED]

zone [REDACTED]

some [REDACTED]

The emerging free trade area among the U.S., Mexico and Canada is a reflection of increasing integration among neighboring economies. NAFTA will not be structured at the expense of its participants' links with the global economy. Rather, the NAFTA will increase the productivity of the U.S., Mexican and Canadian economies. With their growth they will provide an expanding market for Asian traders and investors, thus strengthening trans-Pacific economic ties.

The NAFTA will not raise barriers to those outside it. It will not produce common external tariffs. Rather, it will lower barriers among its participants. We strongly believe -- and the GATT recognizes -- that GATT-consistent free trade areas contribute to more liberalized trade, not to the creation of trading blocs. In this regard, we view Thailand's proposal for an ASEAN free trade area is a welcome initiative that could strengthen ASEAN, and by stimulating ASEAN growth, also reinforce U.S.-ASEAN economic relations.

In our view, these free trade efforts reflect not a trend towards fragmentation, but rather, the U.S. commitment to an

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open multilateral trading system. APEC can help renew momentum towards a successful completion of the Uruguay Round of the GATT and open a vast trading area traversing the Pacific.

Democracy: The Best Guarantee

(2) [REDACTED] economies is
[REDACTED] public accountability that is the
hallmark of democratic [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

Yet it was not long ago that some argued that democratic politics was unsuited to Asian cultures and traditions. But the events of the past decade in the Philippines, South Korea, and Taiwan demonstrate that economic growth tends to promote democratization. Unfortunately, the striving of the people of Burma to achieve a democratic future has been betrayed by the socialist military regime which chose to suppress the results of its own 1990 election. This thwarting of the expressed will of the Burmese people will relegate Burma to the status of an isolated and stagnant society until the military reverses its repressive policies and transfers authority to the elected civilian leaders of the country.

Perhaps most remarkably, the powerful appeal of the democratic ideal is evident in Mongolia's rejection of its Leninist path and turn to political pluralism and economic reform. With the oldest communist party in Asia, Mongolia is

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the first Asian Leninist state to make a democratic transition. China and Vietnam as well as Laos have embarked on a course of market-oriented economic reform while retaining a Leninist monopoly of political power. The experience of reform in communist societies suggests that economic reform can be sustained only when it is accompanied by political reform. The tragic violence at Tiananmen in 1989 was a reflection of the social and political pressures generated by a decade of rapid economic expansion unaccompanied by concurrent political opening.

★ Democratic reform in China and Vietnam, as well as North Korea would have an major impact on the character of international relations in Asia. As generational change unfolds in all three of what might be called "Confucian-Leninist" societies, the interplay between economic expansion and the striving for political reform can only become more pronounced.

Bilateral Relations: Building Blocks of a New Architecture

Our ability to help realize the economic and security architecture of the Pacific partnership we envision will rest in no small measure on our critical relationships with our allies, friends and regional groupings

★ U.S.-Japan: The keystone of our engagement in the Pacific is our relationship with Japan. Nothing is more basic to the prosperity and security of the region, and indeed to the

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effectiveness of the post-Cold War system than the U.S.-Japan relationship.

But this relationship has changed profoundly over the past decade. Our relations have become more equal, and its form and substance must reflect this reality in order to achieve a new harmony. I see four basic, inter-related elements as necessary to accomplish this.

First, the foundation of our relationship remains the U.S.-Japan security alliance. We have been pleased with our growing security cooperation with Japan. It is particularly important to note Japan's fulfilling of its agreed upon division of defense roles and missions. [REDACTED]'s defense of its air and sealanes out to 1000 miles from its shore, the growing inter-operability and joint training of our forces -- along with its [REDACTED]

[REDACTED] cooperation, however, [REDACTED]

balance [REDACTED] flow of defense [REDACTED]

Second, the economic aspect of our relationship has moved

cent [REDACTED]. The \$140 billion in annual two-way trade,

investment and burgeoning network of private sector linkages

between the world's two largest and most technologically

advanced economies [REDACTED] together account for close to 40% of the

world's GNP -- underscores the importance of this aspect of our

relations

A solid, balanced, economic foundation, with open markets on both sides, is required if we are to renew our partnership,

A.
Security

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B.
Economic

- 15 -

one now of truly global dimensions. This requires greater market-opening efforts by Japan, a more competitive U.S. economy, and intensifying the economic dialogue we have begun in the SII. Removing the impediments to external adjustment and more balanced economic ties and creating a level playing field for traders and investors is essential to the new harmony we seek.

One can not over-emphasize what a unique and remarkable enterprise SII is: two nations, recognizing the profound enmeshing of their respective economies have agreed to pursue microeconomic adjustments (just as the G-7 reflects macroeconomic interdependence) in order to harmonize an economic relationship vital to each other and to global economic growth. We have begun to enhance our competitiveness, and Japan has begun to remove structural barriers to market access for goods, services and investment. But many aspects of Japan's economy are still shackled by exclusionary business practices to the detriment of new players in the marketplace -- both foreign and Japanese -- and of the Japanese consumer.

I must also stress that a more balanced two-way technology flow will increasingly be a bellweather of our economic cooperation. In order to facilitate more joint research and development and broaden overall cooperation in these areas, we must set priorities, identify obstacles, and point to future prospects for enhanced cooperation. There are asymmetries in basic research and access to technologies, and a potential for increased space cooperation that form a rich agenda in this regard.

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C. *global partnership*
Third, we must fulfill the promise of the global partnership I called for two years ago, and the President *Pearl Harbor* underscored at the Palm Springs last year. As democracies and market-oriented economies, the U.S. and Japan have the unique ability to marshall unrivalled resources to address the multifaceted challenges ahead. On issues from the Uruguay Round to Eastern Europe, from preserving the environment to Third World debt, we must engage together globally.

★ For the international system to work, leading powers must lead. This is the lesson we learned from our own reluctance to take the mantle of leadership in the period preceding World War 11. This is why we seek to build a global partnership, with Japan assuming a greater leadership role in a system from which it derives significant benefits. Our broadly convergent interests have led us often to pursue similar policies on many of the issues I have mentioned above. But we are committed to developing better consultative mechanisms in order to accomplish our goals.

D. *Cultural understanding*
Finally, we must deepen our understanding of each other's cultures. Japanese youth must know more about American values than fast-food and Hollywood. Americans must come to know Japan's rich history and traditions. The newly created Abe Fund offers one important opportunity to expand a host of exchanges and inter-actions -- intellectual, scientific, cultural, and people-to-people -- needed to move us further down this path.

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Korean Peninsula

Another pillar of our engagement in the Pacific is our alliance with the Republic of Korea. The achievements of the ROK rival those of Japan.

Politically, its success in building democratic institutions and the success of Nordpolitik in forging a new diplomacy in East Asia bring home to all Americans the value of our firm support for the ROK over the past four decades.

The ROK's dynamism helps us meet the challenge of transforming what has been primarily a military alliance into a more equal political, defense and economic partnership. This is the logic of the US force restructuring underway, of Seoul's increased Host Nation Support, of our economic dialogue, and enhanced political consultations.

South Korea's success is all the more remarkable as it has occurred even as Seoul remains frozen in confrontation with North Korea. Indeed, the very real danger of nuclear proliferation on the Korean Peninsula is now the number one threat to stability in East Asia.

President Bush's recent nuclear disarmament initiative renders Pyongyang's demands for

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preconditions to be met before they fulfill their NPT obligations more specious than ever.

Yet, as important as the NPT regime is, we saw in the case of Iraq that even IAEA safeguards can not ensure that a maverick regime will not acquire nuclear weapons capability. The only firm assurance would be a credible agreement by both Seoul and Pyongyang to forego reprocessing on the Korean Peninsula.

The key to reducing tensions on the Peninsula -- and ultimately to reunification -- is an active North-South dialogue. The road to peace and reunification rests with the Koreans themselves. President Roh's initiatives to advance the free flow of trade, people and communications is an important step in this direction. But a climate of trust and confidence must be established for real progress to occur. The recent admission of both Koreas to the U.N. and the recent Prime Minister talks are hopeful signs. For our part, let me reaffirm our commitment: As the DPRK meets its responsibilities as a global citizen, we are prepared to reciprocate and enhance our dialogue with Pyongyang.

In my view, there is great potential for European-style confidence-building measures and ultimately, CFE-type arms reduction on the Korean Peninsula. As in Europe, large and heavily armed ground forces confront each other across a clearly demarcated DMZ. Korea is one place in East Asia where the European arms control experience is relevant.

And while the process of reconciliation and, eventually, reunification, are ultimately Korean decisions, the four major powers -- the U.S., USSR, PRC and Japan -- have important

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interests that intersect in Korea. As North-South dialogue progresses, we will explore the possibilities for a forum for the two Koreas and the four powers in support of the dialogue, the easing of tensions, the guaranteeing of outcomes, and to address common security concerns.

US-Southeast Asia

ASEAN
Our relations with the countries of the Association of Southeast Asian Nations (ASEAN) are at the core of our engagement in that sub-region. Over the past fifteen years, we have built an impressive structure of economic, political, and security cooperation with our ASEAN colleagues that make ASEAN the focal point of our engagement in Southeast Asia.

It is all the more remarkable to think that just fifteen years ago many feared that countries such as Thailand, Malaysia, and Indonesia would become the next "dominoes" of Southeast Asia. Today, their talented, industrious people and market-oriented economies are setting the standard for development worldwide.

ASEAN has become our fifth largest trading partner, rivaling our trade with Germany, and we are ASEAN's largest market. ASEAN was a leader in launching the Uruguay Round of the GATT, and we look to ASEAN support in completing the market-opening talks. We have also worked hard to keep ASEAN at the core of our regional efforts and will continue to do so.

In the political realm, among the fruits of a decade of cooperative efforts with ASEAN is the successful conclusion of

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a comprehensive peace agreement in Cambodia achieved last October in Paris. As we look to the future, a just and durable peace in Cambodia will open the door to a new era in Southeast Asia -- the integration of Cambodia, Vietnam and Laos into the mainstream of the region.

The culmination of the Cambodia peace process in free and fair elections and the installation of a legitimate government in Phnom Penh, and enhanced cooperation on POW/MIA issues will finally provide a solid basis for the U.S. and Vietnam to begin a new chapter in our relations.

Beyond our multilateral engagement with ASEAN, two of its members, the Philippines and Thailand are bilateral treaty allies. I know there is much concern about the future of our presence in the Philippines.

I must emphasize two points in this regard: our overriding concern is with sustaining good relations with a democratic Philippines; and regardless of our military presence in Subic Bay, our security engagement in Southeast Asia will remain undiminished, though realized through other means.

Indeed, we seek to explore ways of enhancing security cooperation with our friends throughout the sub-region to ensure our ability to sustain an adequate security presence there. The access agreement reached earlier this year with Singapore is a reflection of this commitment to a sustained presence in the region, and of the region's broad desire for the active U.S. role we envision.

Let me [REDACTED] the Pacific [REDACTED] bridge between [REDACTED]

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[REDACTED] in both global and regional
[REDACTED] the world of [REDACTED]
[REDACTED] in the [REDACTED] -- demonstrates [REDACTED]

In efforts to achieve a settlement in Cambodia, and in its role of honest broker and catalyst for development in the South Pacific, Australia plays a vital role in regional affairs.

In addition, Canberra has been an important bridge to New Zealand as we have sought to engage Wellington in the hope that the Bolger government would take steps to make it possible to reactivate the ANZUS alliance by a change in New Zealand policies that have circumscribed U.S.-New Zealand relations and suspended the alliance. President Bush's nuclear disarmament initiative creates a new environment rich in opportunities to mend the alliance.

U.S.-China: Finding a new equilibrium in our relationship with China is another critical element in shaping the future of the region. Yet great uncertainty clouds our relations with China. The tragic violence at Tiananmen can not be forgotten. It shattered the bipartisan consensus in the U.S for our relations with China.

Looking back over history, since the days of the missionaries more than a century ago, American views of China have oscillated from one extreme to the other. We have been exhilarated at the hope of the Chinese becoming more like us, and then deeply disappointed when they have not. The influence of the missionary experience in China is evident in the work of novelists and scholars as well as diplomats.

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More recently, almost overnight our images turned from those of an exotic place of Panda Bears and ping-pong diplomacy to those of horror and rejection after the brutal violence of June 4, 1989. The subsequent demise of communism in the Soviet Union put still sharper focus on China.

With its 23% of the human race, its nuclear weapons, its Permanent seat on the U.N. Security Council, China casts a long shadow in Asia and beyond. As we have seen, China's international role encompasses a broad range of global and regional issues affecting our interests: from missile and nuclear proliferation and cooperation in the Gulf to resolving regional conflicts. This underscores the need for sustaining engagement with China on issues of common concern. Our recent experiences in working with Beijing on on the peace process in Cambodia and in reducing tensions on the Korean Peninsula suggests that we can develop significant common ground with Beijing on international issues to make our engagement fruitful.

This is why President Bush has pursued a policy of engagement towards China. A central element of this policy is Most-Favored-Nation status. MFN has been an important catalyst in the growth of China's foreign trade during the 1980s to over \$100 billion annually, and in the growth of a large market-oriented sector that now accounts for some 50% of China's economy. Similarly this engagement has helped China's coastal areas become integrated with Hong Kong and the world economy. Steps to fully integrate China into the world economic system -- Beijing deregulating its economy further, adapting the transparency and published rules needed to enter the GATT,

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protecting intellectual property rights, etc. -- are all facilitated by such engagement.

Our ideals and values are an essential part of our engagement with China. But we must balance them with realism. As President Bush pointed out at Yale, no nation has discovered a way to import the world's goods and services while stopping foreign ideas at the border. The next generation in China will be one buffeted by the Information Age.

Finally, a discussion of the future of the Asia/Pacific region would be incomplete without mention of the USSR, a power with interests in Asia as well as Europe. The revolution in the USSR leaves us with much uncertainty as well as much promise. Increasingly, we see Russia becoming the point of engagement in the Asia/Pacific region. Whether the Russian Republic or a post-communist union, Moscow has been playing an increasingly positive role in the region. Their cooperation on Cambodia and in the Gulf, normalization of relations with China and South Korea, and phase-out of Cam Ranh Bay, illustrate the potential for new forms of collaboration.

Yet reducing its Far East military forces and implementation of market reforms remain -- the litmus test for the post-communist Soviet Union -- are yet to be accomplished. No nation that spends up to 20% of its GNP on the military can expect to have an economy able to compete in this dynamic region where economics is the name of the game.

I must add that we welcome the growing interest in forging new economic ties between Soviet Asia and the dynamic Pacific Rim. The opening of Vladivostok, the establishment of a free

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trade zone in Nakhodka, and resolution of the Northern Territories issue are important steps paving the way for greater participation in the Asia/Pacific region. As market reforms take shape, the potential for economic collaboration with the market-oriented Pacific Rim will undoubtedly grow. And I am pleased to welcome Soviet membership status in semi-official Pacific Economic Cooperation Council (PECC).

Conclusion

The ferment in the Asia/Pacific region points us towards a new era. Our continued engagement in the East Asia is vital to U.S. interests not just in the region but to the international system we are trying to forge. Our defense commitments are at the core of the Asia/Pacific security structure, but will evolve to reflect new circumstances and new partnerships based on the capabilities of our allies and friends. Supporting democratic trends and helping shape a framework for economic integration are key policy goals which will deepen our identification and sense of community with the Asia/Pacific.

Yet, we cannot fully face the future, while burdened by the legacies of the Cold War era in Asia, particularly, the stand-off on the Korean Peninsula and the Northern Territories dispute. Moving from the armistice on the Korean Peninsula to a peace treaty, and improvements in Soviet-Japanese bilateral ties leading to a peace treaty would be major steps in transcending those legacies. Only when true peace in Cambodia is realized, when Korea is unified on terms acceptable to all

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Koreans, and when the Northern Territories are returned to Japan, can we finally turn a new page in the history of the Asia/Pacific region.

For the new millenium to be a Pacific-oriented era, it will require a strong sense of community. The agenda and architecture I have discussed holds the promise of building that sense of community. By accommodating Asia's diversity in security, uniting around shared principles and values, and forging the economic ties that bind the region, our vision can be realized and the new Pacific partnership achieved.

1) See James A. Baker III speech to the Apec Institute, Berlin, June 18, 1991

2) APEC's ten working groups are: xxxxxx. APEC has also begun regional trade liberalization discussions.

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Key Elements for the Presidential Speech in Japan

✓ Japan

Historical Setting

-- Friendship between the two nations has deep roots. Even before Commodore Perry sailed into Shimoda with his black ships in 1853, a young man from Kyushu named John Monjiro had found his way to Boston and begun the process of cross-cultural communication. It is important to remember that except for the dark period of the 1930s and early forties, productive relations between the two countries have been the norm.

-- It is in this context that the American people approached the commemoration in Hawaii of the fiftieth anniversary of Pearl Harbor. We see this event and the war that followed as an aberration in the long positive history of our relationship. As we pay tribute to those who died in the conflict, we will take pride in the strong US-Japan alliance relationship that both countries have built since the end of the war which has made a major contribution to the prosperity of both countries and is the foundation of peace and stability in Asia today.

The enduring importance of cooperation

-- Rarely in history have two nations with such different geographic and cultural roots formed such an enduring relationship. This relationship is based on shared interests and values and an appreciation of the mutual strategic, economic, and political benefits both countries derive from close cooperation.

-- The basis for cooperation is stronger today than it has ever been.

- The US-Japan Security Treaty remains the cornerstone of stability in East Asia, a region that still has a range of unresolved conflicts. This treaty allows the US to maintain forward deployed forces in East Asia which serve American, regional, and we believe, Japanese interests. Close cooperation between our military forces and the two-way flow of defense technology makes the most efficient use of our defense resources and helps maintain a strong political link between the two countries.

-- Our economies are increasingly interdependent; Japan will sell about \$90 billion worth of goods and services to the US this year and the US will sell more than \$40 billion to Japan, making each country the others' largest overseas trading partner; Japanese investment in the US creates more than jobs

and is an important source of technology and management innovation for the American economy.

-- The US and Japan are the world's two largest donors of foreign economic assistance and are destined to play key roles in addressing regional and global issues by virtue of their economic strength and political interests. These roles can best be performed by working together rather than independently.

-- The human connections between us are growing. There are more Americans working and studying in Japan than ever before and there are more Japanese residing in the US.

America as a Pacific player

-- The US has been a major player in the Pacific throughout the twentieth century but it is only recently that Americans have become aware that their country's future orientation will be as much toward the Asia-Pacific region as toward Europe. America's trade with Asia exceeds our trade with Europe. Asian-Americans are the most rapidly increasing ethnic group in America and are becoming political active. And American security continues to be vitally linked to the security and stability of the Asia-Pacific region.

America's View of Japan

-- For America, Japan is the center of Asia, and US relations with Japan are the heart of our policy toward the Asia-Pacific region.

-- As seen from Japan, there may be the impression that most Americans see Japan in negative terms. Polls show the "Japan challenge" ranking ahead of the "Soviet challenge"; and various books and articles predict a crisis in US-Japan relations.

-- These opinions are present in the US, but the vast majority of Americans admire Japan's economic performance, have warm feelings toward the Japanese people, and regard Japan as an indispensable partner for the post-Cold War era.

-- Let me say a word about the impact of the Gulf crisis on American views of Japan. There was considerable criticism in the US press and in the Congress of what was seen by some as Japan's slow and reluctant support of the coalition effort, but this negative impression has all but disappeared. In fact there is now widespread appreciation

of Japan's extremely generous \$13 billion contribution to the effort, \$10 billion of which went to the United States, and to the strong political support of your government. We know the Gulf crisis raised many fundamental questions in Japan about your country's appropriate role in such coalition efforts and that reaching a consensus takes time. This is an issue for the Japanese people and the Japanese political process to decide, but we welcome efforts Japan has made to participate more directly in peace keeping operations.

Managing US-Japan Relations for the Future

Global Partnership

-- We see a "global partnership" between Japan and the United States in which the two countries will work in close collaboration to bring their political, technical, and economic resources to bear to address regional and global issues.

-- Global Partnership will be an "equal partnership"
-- we will work together to define common objectives and our respective approaches to these objectives.

-- Global Partnership will not be exclusive, nor will it represent a US-Japan condominium. We will welcome the participation of other like-minded countries and international organizations.

Addressing Economic Issues

-- Global partnership can only succeed if we manage the competitive aspects of our relationship, notably in the economic area.

-- We have made great progress in the last few years in addressing various sectoral problems and the Structural Impediments Initiative (SII) talks have broken new ground in addressing the sources of tension in our trading relationship, but more needs to be done. We welcome the agreement of your government to reinvigorate efforts in these areas.

-- Nothing is more important to sustaining the free trade system than the success of the Uruguay Round. Japan and the United States benefit greatly from free trade and we bear a special responsibility for the successful conclusion of the round. We look to Japan

to play a leadership role as we tackle the last remaining, and the most difficult, issues, including agricultural liberalization.

The US Domestic Agenda

-- We recognize that our bilateral trade imbalance reflects far more than the impact of remaining market barriers in Japan. Japan's products are competitive around the world because Japan has saved and invested at a rate double that of the US, focused on applied research and development and new manufacturing technologies, established the world's best quality control systems, developed a highly educated labor and managerial force, and taken a long term view to developing markets abroad. There is much that America should emulate in Japan's example. We are taking steps to improve our competitiveness -- reducing our budget deficit, improving education, and enhancing our productivity.

-- The United States is going through a difficult economic period, but we have tremendous fundamental strengths to draw on. American basic research is still the best in the world; our best universities are the world's best; American technology in such advanced fields as computers and biotechnology is at the leading edge; and we have a diverse, energetic, creative, and talented population.

-- But we need make more productive uses of these basic strengths to prepare our economy and society for the competitive challenge of the 21st century.

The Human Connection

-- For all of our interaction and interdependence, the US and Japan need to know a great deal more about each other. Much is already being done in this area. There are more than 1000 young Americans teaching in Japanese schools under the JET program, and thousands of Japanese are studying in the US. We welcome the Abe fund to support greater exchanges between the US and Japan and we are committed to supporting this and other initiatives. Thanks to these programs, by the end of this century both Japan and the United States will have a much larger group of people who have lived in each other's country, speak each other's language, and understand more fully the great importance of our bilateral relationship.

Concluding Flourish

-- Fifty years ago we fought a tragic war. Today we are each others' indispensable partners in trade, investment, defense, and regional and global affairs.

-- The Cold War helped create this partnership, but cooperation between the US and Japan does not depend on the external pressure of the communist challenge. Rather our alliance is based on fundamental shared interests in virtually all fields, and the reasons for cooperation are stronger today than ever before.

-- It is up to the leadership in both countries to ensure that the competitive aspects in our relationship are managed effectively so that this cooperation can go forward. If we fail, we will have missed an historic opportunity; if we succeed, our citizens, and the citizens of the world can look forward to a more prosperous and stable future. I welcome the commitment of Prime Minister Miyazawa to this joint enterprise and I make the same commitment.

*Advance
copy: Snow.*

Document No. 295/3155

9432

WHITE HOUSE STAFFING MEMORANDUM

DATE: 12/26/91 ACTION/CONCURRENCE/COMMENT DUE BY: 3:00PM, FRIDAY, DEC. 27

PRESIDENTIAL ADDRESS: JAPANESE WELCOMING COMMITTEE
HOTEL NEW OTANI

SUBJECT: TOKYO, JAPAN
THURSDAY, JANUARY 9, 1992

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT	☐	☒	HORNER	☐	☐
SKINNER	☐	☒	MCCLURE	☒	☐
SCOWCROFT	☒	☐	PETERSMEYER	☐	☐
DARMAN	☒	☐	PORTER	☒	☐
BRADY	☐	☒	ROGICH	☒	☐
BROMLEY	☒	☐	SMITH	☒	☐
CARD	☐	☒	FINDLAY	☐	☒
DEMAREST	☒	☐	SNOW	☐	☒
FITZWATER	☐	☒	PORTER ROSE	☐	☒
GRAY	☒	☐	BOSKIN	☒	☐
HOLIDAY	☒	☐		☐	☐

REMARKS:

Please provide comments on the attached directly to
Tony Snow, Rm. 122, x2930, with a copy to this office
NO LATER THAN 3:00PM, FRIDAY, DECEMBER 27. Thank you.

RESPONSE:

NSC concurs with changes as noted.

Brent Scowcroft

cc: Phillip Brady

PHILLIP D. BRADY
Assistant to the President
and Staff Secretary
Ext. 2702

Grant / Grossman
A: JAPAN Draft four
December 26, 1991

31 DEC 26 p1: 47

PRESIDENTIAL ADDRESS: JAPANESE WELCOMING COMMITTEE
HOTEL NEW OTANI
TOKYO, JAPAN
THURSDAY, JANUARY 9, 1991

[Acknowledgements: Mr. Prime Minister; Members of the Diet;
distinguished guests.]

I come to Japan at the culmination of an ^{important} ~~historic~~ journey,
at a ^{rare moment in history} ~~turning point in world events~~. The Soviet Union has
vanished, and with it, the ^{menace} ~~delusions~~ of communism. Arabs and
Israelis in the Middle East have set aside ancient hatreds in
order to pursue the ideal of peace. [Totalitarianism's tyranny
has died, and freedom's phoenix is spreading its wings ^{across}
~~nations from Latin America to Eastern Europe~~.] Democracy has set
down fragile roots even in such places as ^{respect for human rights is on the move} ~~tiny~~ Cambodia. A new
Freedom was not reborn without pain. Its triumphs have been
inscribed by ^{with? in?} blood and fire; its truths have been seared into our
souls through ^{hard work} ~~pain~~ and sacrifice. ^{it has established itself with startling bursts of} This Century teaches us two
crucial lessons: First -- that ^{and despair} ~~protection and~~ isolationism ^{and its economic accomplice} lead
to war, and poverty, and second -- that ^{and hope} ~~engagement and free trade~~ ^{political} lead to peace, and prosperity.

In this century, we learned anew that ideas have
consequences. Technologies that transmit ideas in the blink of
an eye give people the power to surmount barricades, elude barbed
wire and pull down walls designed to hold back the tide of truth.
We live in a world transformed -- shrunk by swift travel and
instant communication; drawn closer by common interests,

Journey
is not
history

Irrelevant
to audience
Timidity

Production
and
reconstruction
Protection is

Answer
①

In this century, we learned anew that ideas matter. Technologies that transmit volumes of information in the blink of an eye can liberate nations with astonishing speed. Liberating armies cannot accomplish through force what liberation technologies can accomplish by appealing to people's imaginations and dreams.

We live in a world transformed -- shrunk by swift travel and communication; drawn closer by common interests, ambitions and needs. As the two largest economies and as leaders of this world, the United States and Japan must face the challenge of building a new international order based on the rule of law, respect for human rights and democracy and open markets. The Cold War is over and a new era beckons. We must construct a new commonwealth of freedom -- and ensure that isolation and protectionism never victimize our peoples again.

Today, I ask Japan to join with the United States in building this new world -- one enriched by free trade and robust competition; a world that will create a good life for people everywhere. Our prosperity and yours are indivisible. American businesses cannot flourish in Asia unless the economies of Asia thrive and grow; Japan's growth needs American markets open and growing.

Here in Japan, you have a saying: "The wind blows even in the depths of mountains." My friends, we can not escape our destiny as partners. We must light the way to a world of peace and prosperity for generations to come.

The United States straddles two great oceans, the Atlantic and Pacific. We are an Atlantic nation, but we also are a Pacific nation. Our ties to the Asia-Pacific region grow daily; our two-way trade is now \$310 billion annually, one-third larger than that with Europe. In the last fifteen years, the number of Americans of Asian origin had quadrupled. These Americans, along with hundreds of thousands from China, Japan, Vietnam, Cambodia, Korea, and Thailand -- enrich our society. They strengthen our mutuality of interests.

① America has fought three major wars in the last half-century in the Asia-Pacific theater. What happens here affects our fundamental economic, moral and political interests.

The keystone of our continuing Asian engagement is our alliance with Japan. Rarely in history have two nations with such different historic and cultural roots nurtured such an enduring relationship. Our people ~~bound by geography;~~ bound by democracy; and we are bound by our deep economic ties; together, we can help ensure the prosperity and security of the region and the world.

I can not imagine meeting the challenges ahead without U.S.-Japan cooperation, cooperation that we must deepen worldwide. This is why today, Prime Minister Miyazawa and I have issued the "Tokyo Declaration" setting out the basic principles and major aspects of our global partnership. Our renewed alliance will define the shape of the post-Cold War world.

①

more ~~Laotians~~ in the U.S. today than in the Laotian capital of Vientiane; more Filipinos in California than in Cebu. These Americans, along with hundreds of thousands from China, Japan, Vietnam, Cambodia, Korea, Thailand and Samoa -- enrich our society. They strengthen our bonds of kinship and trade.

America has fought three major wars in the last half-century in the Asia-Pacific theater. What happens here matters very much to us. But at the core of our continuing Asian engagement stands our alliance with Japan.

Rarely in history have two nations with such different geographic and cultural roots nurtured such an enduring relationship. Our people are brothers and sisters in democracy; together, we can help ensure the prosperity and security of the region. More broadly, our association will define the shape of the post-Cold War world.

Consider the ^{four} ~~three~~ key areas of our relationship.

First, we must reinforce the U.S.-Japan security alliance.

We enjoy a strong security link with Japan. Let us make the most efficient use of our defense resources by building greater coordination of our military forces and by promoting the two-way flow of defense technology. ⁽²⁾ Such cooperation ~~will~~ enhance our security, and build even stronger political ties between us.

I know the Persian Gulf spurred spirited debate here about Japan's global role.
~~In the wake of the Persian Gulf war, many nations have called upon Japan to share the burdens of world security. Let me say first that the American people appreciate deeply your contribution to the coalition effort in the Gulf. you gave us during the Gulf War. [We also understand that Japan~~

No nation outside the Gulf region provided more financial support than did Japan.

Japan's generous support for U.S. forces
stationed here -- it will soon amount to 73% of all
non-salary costs of those forces -- is an important
demonstration of sharing responsibilities.

2

~~has become a key player in the global order. Your foreign policy should reflect your larger responsibilities.~~

③ > ^{Third} second, we must deepen our understanding of each other. For all of our interaction politically and economically, our people know very little of the other's history, traditions and language. We welcome the work of the Abe fund to expand exchanges and interactions -- intellectual, scientific and cultural. Thanks to it and programs like it, by the end of the century our two nations will have a much larger group of people who have lived in each other's country, speak each other's language and understand more fully how important we are to each other. Although more than 200,000 Asian students now study in American colleges and universities, more Americans must immerse themselves in Asian societies and cultures.

~~Third~~ ^{Fourth} ~~fourth~~, and most important, we must work to broaden and expand our ~~As the exchange of free people and ideas flows between our economic ties through opening markets and reducing barriers to investment.~~ nations, our economic relations have taken center stage. We are now each other's largest overseas trading partner. Japan will sell about \$90 billion worth of goods and services to the United States this year; we will sell ^{nearly \$50} ~~more than \$40~~ billion to Japan. Our economies -- the world's two largest and most technologically advanced -- have become increasingly intertwined.

This brings me to my ^{Fourth} ~~third~~ -- and most important ^{final} point. We must ^{face up to} ~~acknowledge~~ the economic tensions ^{that threaten our relations} ~~between us~~ and we must reduce those tensions now ^{through opening markets and eliminating barriers to trade and investment.}

The Asia-Pacific region has become the world's most rapidly growing economic dynamo. We now conduct more trade with Asia

In the aftermath of the Gulf conflict, Japan has begun to define its emerging role. As we emerged as a global power earlier this century, our country went through a similarly agonizing debate. Indeed, the forces of

isolationism defeated President Wilson's own internationalist vision of the League of Nations after World War I. And such destructive forces are with us still.

Building a national consensus for an active global role can be a very difficult affair, particularly in a post-Cold war world where threats are unclear. We are confident, though, that given the broad convergence of U.S. and Japanese interests, internationalism will prevail. An active and engaged Japan is critical to the effectiveness of the post-Cold War system. The system does not work unless leading powers lead.

This brings me to the second area of our relationship: foreign policy cooperation. We must fulfill the promise of our global partnership. Together we produce 40% of the world's GNP and 40% of all bilateral aid. We have the potential to marshal unrivaled resources for a better future -- if our foreign policies are well coordinated.

The upcoming conference on assistance to the former Soviet republics is a crucial example of the importance of such coordination. The demise of the Soviet Union confronts us both with ominous dangers, but also historic opportunities. The help Japan and other Asians provide in the transformation of a totalitarian empire into market-oriented and democratic states is key to future peace and stability across the Eurasian continent.

On issues from Cambodia and Korea, reform in Mongolia and Central Europe, the Uruguay Round and Enterprise for

the Americas, to protecting the environment, we must engage together globally. Prime Minister Miyazawa and I have outlined the areas for cooperation in the Global Partnership plan of action we have issued.

two-way trade now accounts for more than 40% of our total

than with any other region on earth. Our^V trans-Pacific trade, ^{which} now exceeds 300 billion dollars a year. The United States exports more to Singapore than to Italy or Spain; more to Malaysia than to the entire Soviet Union; and more to Indonesia than to all of Eastern Europe put together. We will not support efforts to carve our planet into trading blocs. We cannot afford it, and we must not allow it.]

Instead, we must ensure a strong, two-way economic relationship between Japan and the United States -- with our markets more open to new goods, and our industries more open to new competitive ideas, *and an equal flow of technology on both sides.*

American businesses learned during the past decade that the old ways no longer work in our changing, dynamic international marketplace. Our companies have cut costs, improved quality and fostered innovation. As a result, our products sell in markets everywhere -- ^{including} ~~except in~~ Japan. *But we can and must do better.*

We want to reduce the trade imbalance between us -- not through gimmicks or artificial devices, but simply by gaining ^{real} [complete] access to your markets.

We want to create fair opportunities for traders and investors -- both buyers and sellers -- by removing the road blocks, both seen and unseen, to free and fair trade. American business doesn't need a hand-out and doesn't want one. Our companies just want a chance to compete fairly in markets around the world. Our government remains committed to free trade, and

we will reduce our own trade barriers, as our allies cut away theirs.

The United States and Japan can light the way to a world of free trade by concluding the Structural Impediments Initiative. This agreement plays a pivotal role in our on-going efforts to improve market access and remove non-tariff barriers to foreign investment.

The United States and Japan also must lead the way to a successful conclusion ^{of} for the Uruguay Round. Because of the benefits we derive from free trade, Japan and the United States bear a special responsibility for tackling the remaining difficult issues -- quickly and decisively. This is not a matter of charity: Free trade serves both our interests, and gives both our nations an opportunity to grow stronger, to assert even greater leadership in the Post Cold War world.

4 > ^{for your part} Improving our trade relations means ^{further} ~~one thing~~ opening your markets. ~~[Many sectors of the Japanese economy remain closed to outside investment by complex and even unfair business practices.]~~

5 > These practices hurt American companies, but they also hurt Japanese consumers.

[I've never had one American say to me: "Mr. President, please raise prices in this country." And I bet Japanese don't say that, either.] Economic competition brings more consumer choices and lower prices. In fact, the Toys R Us that I visited in Kyoto offers prices thirty percent lower than its Japanese competition. That's good for us and that's good for you.

Our two countries have embarked on a unique experiment in interdependence called the Structural Impediments Initiative. This process allows each to pinpoint the others barriers to competitiveness and commits each to reduce them. We must reinvigorate this commitment to market access. The beneficiaries of our success in this effort will be businessmen and consumers on both sides of the Pacific.

(4)

It means greater openness in many sectors of the Japanese economy still biased against outside investment by complex and sometimes collusive business practices.

(5)

Many of our Japanese friends argue that the United States must improve its competitive fitness -- and they are right. We recognize that some of our bilateral trade imbalance stems from issues other than market access.

Japan's products are competitive around the world because Japan has saved and invested at a rate double that of the United States. You have focused on applied research and development and new manufacturing technologies. Your companies have established the world's finest quality control systems. You have developed a highly educated labor force, and taken the long view to developing markets abroad.

There is much for us to learn from you. We are taking steps to boost our competitiveness -- improving education, cutting taxes and regulations that hurt our economy; fighting the hidden tax of crime; stimulating innovation and risk; and recognizing companies that enhance productivity while improving product quality.

I've brought with me a delegation of America's top business leaders, the first time in history that a U.S. President has done so. Every one of them can tell you that despite the fact that our economy is in some trouble right now, America still can draw upon tremendous strengths.

Our basic research is still the best [basic] anywhere. We have ~~can boast of~~ the world's finest universities. American technology remains on the cutting edge in such advanced fields as computers and biotechnology. Our society is [the most] diverse,

6
We can and will increase our rate of savings and investment. We must continue to boost our manufacturing excellence. We must reduce our budget deficit. To stimulate innovation, risk and a longer-term business outlook, I want investment credits, permanent R&D credits, and long-term equity capital gains tax cuts. It is no accident that Japan does not tax capital gains. It is an important ingredient of competitiveness.

And we must raise our educational standards. Americans understand that no nation will prosper long without a first-rate educational system. In recent years our primary and secondary educational system has not kept pace with the world. ~~While Japanese children spend 240 hours a month (?) in the classroom ours spend far fewer, and too much time glued to the T.V.]~~ (interesting data can be found in H. Stevenson's Paper, c Tony Snow)

6 Our America 2000 education plan is our strategy to mount a revolution in education. It challenges citizens to set high standards for their schools and encourages all Americans to join forces in increasing world-class schools. This is the path to competitiveness. 6

The education achievements of Japan and others in the Asia-Pacific region can inspire us to help us move quickly down this path. This is why I've invited the countries of the Pacific Rim to send their education ministers to Washington for a conference next Spring to seek new ways to cooperate.

energetic, creative and talented ~~(in the world)~~. It draws upon the strengths and insights of many cultures -- including yours.

These businessmen will also tell you that they care about American jobs. They care about American exports. They know that the Asian-Pacific market offers enormous potential to American businesses that will accept the challenge of competition.

Indeed, our export business is stronger than ever. We sold more exports last year than ever before. We enjoy a trade surplus with Europe. But our trade deficit with Japan is truly the exception. Let me say this: We've shown a lot of forbearance. Now we want equal access. We want fair play. (11)

The American economy and American jobs -- like the Japanese economy and Japanese jobs -- increasingly depend on free trade and open markets. Nearly half of our GNP growth between 1985 and 1990 was attributable to exports. New exports abroad mean new jobs at home -- good jobs -- 19,000 new jobs for every billion dollars in manufactured exports, and nearly 25,000 jobs for every billion dollars in agricultural exports.

Every American knows that economic engagement can ensure a better quality of life for themselves and their families. Free and fair trade gives people access to high quality at low prices. It enables societies to benefit from the best other societies have to offer. It produces good jobs for everyone.

I've met with men and women from all walks of life in almost every state of the Union and let me say this: the American people feel very, very strongly in the necessity of creating a level

playing field for everyone. We want our trading partners to give U.S. companies the same kind of opportunities that their firms enjoy in the United States. That's not just free trade --that's fair trade -- and it creates a basis for even greater freedom and greater prosperity for all.

Free trade has propelled Japan toward world leadership. *greater trade volume*
~~Free~~ ^{Open} markets have launched Japan toward economic prominence.

Japan now must join the ranks of world leadership in strengthening the very institutions that have made us great: free markets and free people. *I challenge Japan to become the world's most open market by the year 2000.*

Today marks a turning point for us in many ways. Together, we face the next millennium -- a new order for the ages, a new world of freedom and democracy. We stand as world powers, with the future presenting us with a decision. The United States has made its choice: against isolationism and in favor of engagement; against protectionism, and for free and fair trade. Today, I bid Japan to do the same -- because engagement and free trade are in your best interests. //

Together, let us shape a new and open world, a world of vigorous competition and furious innovation; a world of greater peace, prosperity and hope than ever before. Let's join together for the sake of our workers, for the sake of world peace, and most importantly, for the sake of the generations to follow us.

#

URGENT

TIME STAMP

NATIONAL SECURITY COUNCIL

EXECUTIVE SECRETARIAT STAFFING DOCUMENT

SYSTEM LOG NUMBER: 9432

ACTION OFFICER:

PAL

DUE: 3 PM FRI - 27 DEC

- ☐ Prepare Memo For Scowcroft/Howe
- ☐ Prepare Memo For Brady
- ☒ Prepare Memo Scowcroft

- ☐ **Appropriate Action**
- ☐ **Prepare Memo For Sittmann**

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cc: RADY

CONCURRENCES/COMMENTS:

PHONE* to action officer at ext.

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INFORMATION

Sittmann

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☒ Exec Sec Desk

Scowcroft (advance)

Xerox Howe (advance)

Secretariat

COMMENTS

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UNCLASSIFIED

MEETING WITH AMERICAN STUDENTS IN KYOTO

SCENESETTER

PURPOSE

To highlight the importance of educational and research exchanges in increasing mutual understanding and forging a strong partnership between our two nations.

THE SETTING

You will have an informal exchange with a group of American (and Japanese?) students at the Imperial Palace (or Stanford Japan Center) in Kyoto.

The American students participating in this event attend several different universities in the Kyoto area. The majority of the students are from the Stanford Japan Center and Doshisha University. The Stanford Center, established two years ago in Kyoto, features an undergraduate program with courses in Japanese language, culture, history and politics and is co-sponsored by nine US universities. There is also a graduate program for engineers focusing on technological exchange and a graduate research program. Doshisha University has longstanding ties to Amherst College. Approximately fifty students from various US universities are currently enrolled in the exchange program which features intensive language training and area studies.

The setting of the event in the Imperial Palace provides an excellent opportunity to showcase to both US and Japanese publics our appreciation for the history and traditions of the Japanese people and the strong efforts Americans are making to gain firsthand knowledge of Japanese language and culture. It also underscores the importance we place on the next generation to maintain and strengthen the US-Japan relationship.

The setting of the event at the Stanford Japan Center will underscore for both the US and Japanese publics the commitment on the part of American universities and students to improve our understanding of Japan, its culture, economy, history, technology and, most importantly, people.

PARTICIPANTS

US

President Bush
Mrs. Bush
Ambassador Armacost

Japan

TBD

POINTS TO BE MADE

MEETING WITH AMERICAN STUDENTS IN KYOTO

- I am pleased to see so many of you here today.
- Your efforts to learn firsthand about this fascinating and important country and its people are truly commendable. I look around me at the beautiful and historic city of Kyoto and fully understand what drew you to study here.
- I applaud your efforts to forge strong personal ties with the Japanese people. I hope each of you will take every opportunity to learn about Japan's culture and society and share your own personal, family and regional experiences with your colleagues and friends here.
- It is these personal ties and the increased understanding that flows from them that form the foundation of the partnership that has grown between our two nations.
- Too often we hear complaints that Americans are too ethnocentric, unwilling to invest the time and effort needed to understand other cultures, languages, and business and scientific practices. Your presence here tells a different story.
- But these programs are more than an exercise in cross cultural communication. To compete in today's world we need academics, professionals, scientists and engineers who are able and committed, linguistically and personally, to operate in key countries such as Japan. To this end, I recently signed a bill establishing a \$180 million trust fund for language, area, and international studies.
- We now have about 2,000 American students studying at the post-secondary level in Japan. These figures suggest what you already know: the US is committed to a strong, personal, and lasting US-Japan relationship; from these students and their successors will come the next generation's leaders in a wide variety of fields, and their familiarity with Japan will form a strong bond between our two countries.
- I note with special pleasure the growing number of US science and engineering students and researchers working in Japan. To promote this exchange, we and the Japanese government sponsor a Summer Institute to provide US science and engineering graduate students with experience working in a Japanese laboratory and in language study. As evidence of how deeply I value US-Japan cooperation in this area, the Prime Minister and I will endorse a package of joint S&T and environmental projects during my visit.
- I am proud of your efforts and I urge you all to make the most out of your stay in Japan. And please bring back what you have learned and share it with your fellow Americans. The benefits of mutual understanding are amplified when they are spread as widely as possible.

MEETING WITH AMERICAN STUDENTS IN KYOTO

Drafted:EAP/J:PHanigan Scroggs
11/5/91 SEJEC 6600 7-3152

Cleared:EAP:LDAnderson
EAP/J:RDeming
EAP/J:RLudan
D:JWarlick
P:MMcMillion
E:WWhyman
S/P:LKeene
USIA:DHitchcock
PA/PRS:JSnyder
EAP/P:KBailes
OES/S:JBoright
OSTP:SBowden

VISIT TO US HIGH TECH RESEARCH AND DEVELOPMENT CENTER

SCENESETTER

PURPOSE

During your visit to Kodak's research and development center in Kohoku, you can:

- call attention to a premier success of a US company in Japan's competitive market, emphasizing US firms' ability to meet price, quality, and customer needs;
- showcase that Japan's market-opening measures -- undertaken at the insistence of the US Government -- provide opportunities for competitive US exporters.
- emphasize the importance of US companies actively working to understand and gain access to Japan's research and development infrastructure.
- note that Kodak's investment in Japan benefits the US and Japan, but that foreign direct investment in Japan is small compared to other industrialized countries. Ask Japan to open itself more broadly to foreign direct investment.

You could link Kodak's success to its commitment to:

- design products specifically for the Japanese market;
- strict quality control standards;
- integrating Japanese ideas and technology for product development, while retaining substantial American content;
- doing business as a genuinely global company, understanding that in order to lead in information technologies it must maintain a strong competitive effort in Japan.

THE SETTING

The R&D center symbolizes Kodak's recommitment to Japan after high tariffs, erected in the 1960's and 1970's to protect Japanese infant industries, virtually forced it out of the marketplace.

Kodak built the \$70 million-plus center in 1988. It is staffed by scientists and engineers from the US and Japan. Products now under development at the center include HDTV-related systems and digital photo equipment.

The Board of Governors of the American Chamber of Commerce in Japan will meet you at the Kodak facility.

POINTS TO BE MADE

US HIGH TECH RESEARCH AND DEVELOPMENT FACILITY

- Japan's market is liberalizing and world competitive US companies like Kodak are in Japan to take advantage of new opportunities.
- Kodak was a market leader in Japan until the 1960's, when high tariffs aimed at protecting Japanese competitors forced Kodak out.
- Japan has cut these tariffs steeply, so that its tariffs on manufactured products are now among the lowest among all industrialized countries.
- Savvy American companies like Kodak have a broad international perspective and act on market information, on realities, not on generalizations.
- With the Japanese tariff cuts, Kodak could again compete here.
- To be sure, Kodak has had an uphill battle. In the twenty years that Kodak was away from the market, its Japanese competitors developed similar products and cemented tight relationships with Kodak's old customers that Kodak -- now as a newcomer -- has found difficult to penetrate.
- Why did Kodak come back?
 - o Japan is the world's second largest market for processing equipment. As a global company with a worldwide view, Kodak believes it must aggressively develop its business here, just as its Japanese competitors are doing in the United States. I agree.
 - o Kodak has been actively trying to understand and adapt research and development here in Japan. Kodak recognized that Japanese labs are now doing leading edge work in developing new products, applications, and technologies. In this state of the art research and development center, Kodak has had great success in teaming its Japanese scientists and engineers with its American scientists and engineers.
 - o The result: products that can win markets worldwide. And because manufacturing costs in the US are now actually less than in Japan, Kodak maintains a high degree of American content, generating technology transfer to its US operations, and creating jobs.

- We need companies such as Kodak which are willing to take the initiative and seek out and understand Japanese R&D efforts to truly make our relationship a two-way street.
- Through persistence, hard work, and innovativeness, by solving the problems it faced in coming back to Japan -- calling on US Government assistance, when this was needed -- Kodak's Japanese business has grown to a billion dollars a year.
- Kodak's investment here benefits Japan and the US through job creation and technology development that draws from the best of both countries. However, the level of foreign direct investment in Japan is considerably less than in other industrialized nations.
- In fact, on a per-capita basis, foreign direct investment in Japan reached only 80 dollars per person through 1989. Compare this with \$1,626 for the US, and \$2,047 in the UK.
- While foreign investment is limited in Japan, Japan itself has been very active in investing overseas. Japanese outstanding investment abroad in 1990 was 20.5 times larger than foreign direct investment in Japan. This compares to a ratio of 1.17 for the US and 1.7 for the UK in 1989.
- Through SII, Japan has taken measures to open itself to foreign investment. Investment follows trade. We would welcome additional measures, so that Japan becomes a leading importing nation, and a home to foreign investors worldwide.

Scenesetter: President's Visit in Japan to US R&D Center
sejec 6669

12-6-91

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RECEPTION FOR KANSAI LEADERS AND AMERICAN BUSINESSMEN

SCENESETTER

PURPOSE

Your visit can bring the message to Japan's traditional commercial center that more needs to be done to make the bilateral trade relationship mutually advantageous.

Stress the key role that the private sector must play to achieve a more equitable trade relationship.

Note the commitment of the US to a strengthened world trade system and to enhancing American competitiveness.

Urge Japan to do more to open markets, with a focus on taking the action necessary to bring the Uruguay Round to a successful conclusion.

THE SETTING

Kansai is Japan's second most important industrial and commercial center, accounting for about one-fifth of Japan's economic output and population. The region is home to some of Japan's major auto makers, consumer goods manufacturers, and advanced industries such as aerospace and biotechnology.

You will meet 100-200 Japanese government and business leaders and key members of the American community. Kyoto Governor Aramaki will welcome you; you will offer brief remarks.

POINTS TO BE MADE AT THE MEETING WITH KANSAI
LEADERS AND US BUSINESS PEOPLE IN KANSAI

- Just as Kyoto is famous in America for its triumph of art and architecture, the Kansai has become famous as well in the United States for product innovation and quality -- Panasonic, Sumitomo, Kyocera, to name a few.
- The traditions of hard work and persistence, which we think of as American attributes, are clearly Kansai attributes as well.
- The Kansai and the United States have enjoyed a very close relationship. The products of Kansai companies have become fixtures in American life, and a large number of American firms are located here.
- In the United States, interest in Japan has never been stronger. As more American students study Japanese and about Japan, as Americans come to Kansai to work -- as academics, company employees, engineers, researchers -- and to study, real understanding grows and our friendship deepens.
- Our economic systems are based on healthy competition, and our trade and investment relationship is rooted in the free trade system.
- Free trade and investment benefit consumers, make our firms more competitive, quicken the pace of technology development and in doing so extend the frontiers of knowledge.
- The strains in our commercial relationship over trade and investment have become evident. All Americans and all Japanese have a stake in solving these problems. Solutions lie in private sector actions as well as in government policies.
- The United States is committed to doing its part to strengthen the world trade system:
 - o We are making a maximum effort to reach a Uruguay Round agreement.
 - o We continue market access talks with Japan and our other major trading partners. Serious problems remain, but I believe that our export performance indicates we have made progress.

- o We are determined to create a business environment that makes our companies more competitive, by cutting capital costs and expanding planning horizons.
 - o We are working to raise education standards so that our young people can meet the demands of the modern workplace.
 - o We are working with Japanese officials on the Structural Impediments Initiative. Through SII, Americans have learned much about Japan's economic structure and about how national economic policies affect trade flows. Japanese consumers, I believe, have also learned much through SII about rigidities in Japan's economy that raise prices of many goods and services here. We believe it would be useful to reinvigorate and expand the SII process.
- We appreciate the hard work of Japan to resolve many trade issues over the last few years, but more needs to be done. The most immediate and critical problem is the Uruguay Round. It is essential that Japan take the steps necessary to bring the Uruguay Round to a successful conclusion. We all must overcome very difficult domestic issues to reach agreement, but our prosperity depends on the success of this effort. Please join me in supporting efforts to make the Round succeed.
- I will close by emphasizing that Americans greatly value our strong relationship with Japan and we are committed to maintaining and strengthening the bonds of friendship and cooperation that ties us together. I know that you in the Kansai share this commitment.

Scenesetter: President's Reception with Kansai Group
sejec 6664

12-6-91

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REMARKS: AMERICAN COMMUNITY GET-TOGETHER

We are especially pleased to be here with you this evening. You live and work at the heart of our daily interaction with Japan where the "rubber meets the road". Your presence here in Tokyo reflects the size and variety of American-Japanese contact in so many different undertakings. The dimensions of this relationship -- and its potential -- make it absolutely vital to both sides.

So I'm delighted to be here with you and to spend some time in this great country meeting with people who want to make the U.S.-Japan relationship as mutually beneficial and productive as possible.

Some at home think the end of the Cold War means America can retreat into isolationism and that time spent abroad is not relevant to America's current concerns. If there is one lesson we've learned over the last 50 years, it is that American interests can only be protected by active American involvement abroad. Nowhere is this more true than the Asia/Pacific region, where the U.S. is the key stabilizing force in an area still beset by tensions and where American economic interests continue to grow.

And there is no relationship more important to U.S. interests than the U.S.-Japan relationship. Our growing economic interdependence, our critical security relationship, and our shared foreign policy interests and objectives make it essential that we work together even more closely.

This is not always easy. Competitive elements in our economic relationship, while basically healthy, at times cause great strain to our relationship, especially when there is a lack of reciprocal access to each other's markets.

We need to make our global partnership work to address continuing problems in the economic relationship. We have much to do at home, and my State of the Union message will set out a broad active agenda to restore American competitiveness. At the same time, we need greater access to Japan's markets, and many of you here can testify that, though this is not an easy task, it can be done.

These are objectives that can and will be achieved, not by turning our backs on strong and cooperative relationships, but by applying the strengths of those relationships to find solutions.

I want to thank each and every one of you here tonight for the daily contribution you make toward building stronger U.S.-Japan relations. And I urge you to keep up the good work.

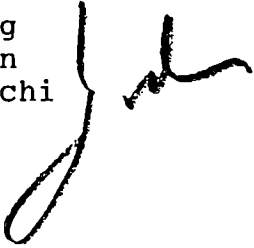
Thank you.

President's remarks at US community function
Ambassador's residence, January 7, 1992

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EAP/P:EYamauchi
PA:RBoucher
C:RWilson
S/P:LKeene
E:WWhyman



TOAST: PRIME MINISTER'S DINNER

Prime Minister Miyazawa, Deputy Prime Minister Watanabe, distinguished Ministers, ladies and gentlemen:

Barbara and I are delighted to be here. As you know, I had hoped to be here earlier, but felt a strong need to remain in the U.S. while the Congress was still in session. I apologize for the inconvenience caused by the postponement, and I appreciate both your public and personal expressions of understanding for the delay.

Mr. Prime Minister, let me offer my very warmest congratulations to you on your election. I consider the relationship between the President of the United States and the Prime Minister of Japan to be one of the most important relationships in the world. I enjoyed very close ties with Prime Minister Kaifu, and on the basis of our conversation this morning I feel we have begun to establish an excellent working and personal relationship. I look forward to working with you in the months and years ahead on all the challenges we face.

Mr. Prime Minister, the Cold War has ended. But as old challenges are overcome, new challenges take their place. We must move forward.

It is my conviction that America and Japan must move forward together. We share a common vision about the post-Cold War world: a world dedicated to the pursuit of democratic principles and international law, and strengthened by the development of prosperity, by peace, and by free and equitable trade between nations.

No two nations can do more to realize this vision than the U.S. and Japan, working together. We have the economic resources, we have the political will, and we have the leadership capability.

We stand at an important point in history, when the opportunities to realize the long-term vision we share are unequaled.

And so, for the sake of our children, and their children, we must not let these opportunities slip away. The U.S.-Japan partnership, with its tradition of successful cooperation, needs to be transformed into a global partnership to lead the way into the 21st century.

Mr. Prime Minister, I raise my glass to U.S.-Japan relations and to our global partnership -- a joint enterprise dedicated to a better future not just for America and Japan, but for the entire world.

PRESIDENT'S REMARKS: PRIME MINISTER'S DINNER

January 8, 1992

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Japan

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

Japan

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

U.S. EMBASSY COMMUNITY EVENT

SCENESETTER

PURPOSE

To express appreciation to US and Japanese members of the Embassy staff and their families for their work on behalf of the US-Japan relationship and in making your visit to Japan a success.

THE SETTING

This event will be held in the Embassy's first floor auditorium; about 500 American staff, family members and Japanese foreign service nationals are expected to attend. Following your remarks at a similar event during your February 1989 visit to Japan, you and Mrs. Bush invited children of the Embassy community to pose with you for a group photograph, and greeted members of the audience. No outside visitors or members of the media will attend.

DRAFT REMARKS FOR EMBASSY COMMUNITY EVENT

Barbara and I want to thank so many of you for sharing your time with us today as we complete a very successful visit to Japan and our other key friends and allies in Asia.

As all of you know better than anyone else, the US-Japan relationship is one of the most important in the world. Our discussions with Prime Minister Miyazawa and other Japanese business and political leaders have further strengthened our relationship and laid the basis for a global partnership well equipped to deal with the challenges we will face in the coming decade.

Much of what we have accomplished during the past three days would not have been possible without your hard work and long hours, and I'd like to offer my sincere gratitude to you all for supporting the visit and helping to make it a success.

When I was chief of our interests section in Beijing some years ago, I learned first hand the hard work and dedication that goes into representing our country overseas. I left there convinced that there is no more dedicated a group of public servants than the men and

women who represent the United States' interests abroad, and the able and professional staff of foreign service national employees who support them in their efforts. This is one President who appreciates from personal experience the efforts you put in to support our goals here; keep up the good work.

I also want to say a special word of thanks to the unsung heroes of Embassy Tokyo -- the spouses and children of the Embassy staff for putting up with the long hours of separation from your husbands, wives and parents. Without your support and understanding, their work would be far more difficult. I know your spouses and parents appreciate it and so do Barbara and I.

A lot has happened since Barbara and I last visited with many of you in this same room three years ago. None of us could have predicted the changes which have taken place during those three years. I suspect that the coming years will be equally unpredictable and challenging. I am confident, however, that under the excellent leadership of Mike Armacost and with your continued hard work, we will meet those challenges.

Thank you all very much.

SCENESETTER: EMBASSY COMMUNITY EVENT AND DRAFT REMARKS --
January 10, 1992
U.S. Embassy Auditorium

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DINNER HOSTED BY THE PRIME MINISTER

SCENESETTER

PURPOSE

To outline for key Japanese decision makers and opinion leaders your views on the importance of the global partnership in meeting the challenges of a changing world.

THE SETTING

This dinner, a social occasion hosted by the Prime Minister in honor of you and Mrs. Bush, will be held at the Prime Minister's official residence. Dress will be business attire.

You will enter the residence, descend a shallow staircase, and enter a foyer where the Prime Minister and Mrs. Miyazawa will greet you. You and Mrs. Bush will join a receiving line with the Prime Minister and Mrs. Miyazawa. When the guests have passed through the line, you will proceed directly to the head table, which will face the other tables in the room. You will be seated with the Prime Minister on your left and Mrs. Miyazawa on your right. Mrs. Bush will be seated on the Prime Minister's left.

120 guests, including 90 Japanese and 30 Americans, from your party and from the American community in Tokyo, will be present. You will be expected to present a dinner toast.

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Japan

TOAST TO MIYAZAWA

In 1939, a young, 20 year old Japanese was chosen to participate in the sixth Japan-America Student Conference. On his way to the United States he met a young woman who helped him with his English, so well that she later became his wife. That young man still speaks excellent English, and he has just become the 49th Prime Minister of Japan.

The Japan-America Student Conference, which first brought prime Minister Miyazawa to the U.S., is now in its 43rd year. It is the longest-running exchange program between the United States and Japan. Planning for the 44th conference, to be held in the United States, is already underway. This year, the 80 participants explored the challenges of global citizenship.

This year - for the first time - the White House and this pioneer exchange organization have, in a way launched a new program together which will involve 15 Presidential Management Interns now with the U.S. government and 15 Japanese counterparts from various Japanese ministries. Each will work in his counterpart ministry or department for three weeks.

Thus, Mr. Prime Minister, exchanges of the past between us are ever blossoming into new programs to deepen understanding between our people and our governments.



JAPAN TASK FORCE

Japan's New Prime Minister

Jeffrey D. Young

Kiichi Miyazawa has entered office as pressure has mounted for changes in Japan's economic and political involvement in the world. Will he articulate values and implement policies to enhance and give direction to Japan's international role?

Kiichi Miyazawa, who became the prime minister of Japan on November 5, 1991, is seen as philosophically inclined to address the issues of Japan's international role that his predecessors addressed tentatively and with mixed results. Since early 1990, American and Japanese expectations that Japan would support and help advance U.S. objectives have reached new heights, and despite recognition that its actions have not met these expectations, Japan has adopted a somewhat greater political role on certain issues.

Many analysts in the United States and Japan have argued that Japanese political leaders must articulate a guiding vision or grand strategy in order for Japan to increase its international political role. (Others have feared a Japanese grand strategy). Miyazawa is widely thought to be the politician most able to provide conceptual thinking on domestic reforms and foreign policies to better define Japan's participation in a U.S.-led international order. For U.S. policymakers, the ascent of the "internationalist" Miyazawa raises questions for the future. What are his views, especially on Japan's international role, and will he be able to translate them into policy? How will U.S. interests be affected by the independent-minded prime minister?

Political Style and Uncertain Support

Miyazawa is described as a "brilliant" policymaker but "tone-deaf" politician who is abrupt and apt to dismiss summarily the positions of his opponents—including, potentially, American critics of

Japan. His confrontational style, which some have called arrogance, generates friction with senior Liberal Democratic party (LDP) leaders, who have governed more through personal networks and consensus-building than through bold policy initiatives. (Shin Kanemaru, who more than anyone was responsible for Miyazawa's selection, was quoted as saying "I can't stand that damn Miyazawa.") Party bosses disparage Miyazawa as lacking the toughness to conduct messy LDP factional politics and play the role of broker between conflicting domestic interest groups, which have been the traditional duties of prime ministers.

Politicians from rival LDP factions dominate Miyazawa's Cabinet, which could slow the policy process and reinforce the tendency for narrow domestic politics to take precedence over international responsibilities. However, the extensive connections of these more traditional politicians to domestic economic interest groups could help the United States obtain concessions in the closed areas of Japan's economy. Support from some business interests could also help Miyazawa make domestic economic reforms desired by the United States. Miyazawa's policymaking proclivity could arouse resentment from officials at the Ministry of Foreign Affairs, who bear primary responsibility for maintaining smooth U.S.-Japan relations. On balance, Miyazawa should be a far more important source of policy ideas than was former Prime Minister Toshiki Kaifu, but he has not yet displayed the political skills necessary to win approval from the LDP, opposition parties, ministries, and interest groups.

Jeffrey D. Young is an analyst in Asian affairs with the CRS Foreign Affairs and National Defense Division.

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A Grand Strategy?

The "greater international role" envisioned by Miyazawa for Japan does not appear to be one with Japan as the equal of the military powers on questions of global geopolitics and security, but rather one with Japan as an equal in policy forums such as the G-7 and a more active player in Asia. His thinking is largely grounded in traditional conceptions of Japanese interests, including a belief in the soundness of the U.S.-led liberal international order. He has consistently opposed large expansions of the Japanese military, and is most unlikely to use the nationalistic rhetoric employed by former Prime Minister Yasuhiro Nakasone.

On nonmilitary issues, such as economic and political relations with countries in Asia, the global environment, and foreign aid, Miyazawa could propose independent, substantial initiatives. A number of such issues will receive attention from Miyazawa and his successors:

- A new rationale for close U.S.-Japan relations.
- Relations with the former Soviet Union.
- Domestic political, economic, and social reforms to make Japan's integration with the global economy smoother.
- Japan's international security policies.
- A guiding philosophy for Japanese foreign aid.

Is Miyazawa's thinking a strategy that will guide Japan to a qualitatively different interaction with the world, or is it a set of policy ideas that quantitatively increases Japan's involvement but remains within traditional approaches? By deemphasizing military issues, it appears at present that Miyazawa will continue the postwar Japanese reluctance to become deeply involved in the shaping of the international system. Any potential movement toward a grand strategy will depend on whether the international situation requires such a response, which is a factor beyond Miyazawa's control.

Views on U.S.-Japan Relations

Miyazawa has been critical of the use of *gaiatsu*, or strong U.S. pressure to extract unwilling Japanese concessions, believing that Japan should make decisions based on perceptions of its own interests rather than what the United States requests Japan to do. On certain trade problems, Miyazawa might be inclined to defend Japanese practices vocally, but the responsibilities of the prime minister's job and the Japanese business and political interests in close relations with the United States should inhibit potential outbursts. Miyazawa likely will try to avoid being seen as a proxy of the United States (as Kaifu was), but will probably work for cooperative economic relations and highlight collaboration in areas other than trade.

Miyazawa understands well the historical rationale and continuing interests that have brought Japan and the United States into such close contact. He has professed admiration for American values and culture and stresses that shared values provide the basis for cooperative relations in the post cold-war era. In arguing thus Miyazawa has spoken out against an observed drift in public opinion toward *kenbei*, or resentment of American values and foreign policy practices, that some commentators have suggested could lead to a backlash against close relations with the United States.

Implications for the United States

Will U.S. interests be served by this articulate policymaker but somewhat independent prime minister? Most concerned parties in America appear prepared to accept occasional public disagreements with U.S. positions in return for the more mature relationship promised by a leader who can grasp the complex changes affecting Japan's interests, propose modest increases in Japan's international role, and perhaps most important and in greatest contrast to recent prime ministers, understand American international objectives and policies. The U.S. policymakers who have worried that U.S.-Japan relations could be damaged by the repeated use of *gaiatsu* may welcome Miyazawa.

Much of the optimism surrounding the selection of Miyazawa has focused on his English language skills and ability to articulate Japan's policies to American leaders. Yet without success in alleviating bottom-line American concerns such as the trade imbalance, strains in the U.S.-Japan relationship could worsen despite Miyazawa's ideas and communication skills. A more realistic task for Miyazawa is to explain the need for greater efforts on the part of Japan to the skeptical Japanese public and convince it of a rationale for U.S.-Japan relations. Miyazawa's Japanese language ability thus could be at least as important for U.S.-Japan relations as his English. ■

Selected Related CRS Products

Japan's prime minister: selection process, 1991 candidates, and implications for the United States, by Jeffrey D. Young. September 24, 1991. 25 p. ► 91-695 F

Japanese government cooperation with the United States: U.S. officials' perspectives, by Robert G. Sutter. August 24, 1990. 24 p. ► 90-435 F

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Japanese Opinion: The 'Unusual Nature' Of Bush's Trip To Japan

The following editorial on the President's trip appeared in Wednesday's Nihon Keizai - Ed.

The nature of President Bush's trip to Asia is changing, and unfortunately in the wrong direction. The original intention was to pursue long-term cooperative relationships with Japan and other Asian nations. Now it is merely a political show for U.S. domestic consumption with an eye to the short-term effect of boosting the President's reelection prospects.

The centerpiece of this show is a group of 21 American businessmen who will accompany the President. It's not only their number and the hoopla associated with their inclusion in the trip with which we take issue. The very fact that the President plans to travel around the world with businessmen in tow is unusual.

Cabinet Officer for Trade: But the odd nature of the trip becomes clearer still when we listen to the President's explanation of why he is going to Asia. He says it is to find new markets for American products and to create more jobs for American workers. "I will continue to make every effort to expand overseas markets."

His new emphasis on the economy is good. We understand the importance of foreign market expansion for the U.S., which is trying to find a way out of its economic difficulty with exports. But even so, the form of this trip is abnormal. It is as if the President has downgraded himself and become a mere cabinet officer for trade.

Even if we clearly understand that a monkey is a monkey even after he falls from a tree, but a

politician is a mere mortal when he loses an election, the effect of this political performance is questionable.

Clear Minus: As for the U.S. relationship with Japan, the trip will clearly be a minus. We suspect that a majority of the Japanese view it with repulsion. Understandably, even some of the American business leaders, including General Motors' chairman, were hesitant about accepting the President's invitation, though they all did in the end.

The decline in competitiveness of some American industries has accelerated ever since their top managers began spending more time in Washington asking for help, than on the shop floors and in the sales offices. They have tried to give themselves relief by forcing voluntary export restraints on Japan and other exporting countries, but there is almost no sign that such artificial, political measures have had a positive effect on American competitiveness.

Bleak Prospects: If the inclusion of American businessmen in the Presidential delegation works to increase the dependence of American business on politics, it will be a minus for America's economic future. If politicians and businessmen use each other for their own immediate gain, the long-term prospects of American industry are bleak. Hasn't America always taught us to make industry transform itself without relying on the government?

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