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# FOIA MARKER

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

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**OA/ID Number:** 13792  
**Folder ID Number:** 13792-003

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**Folder Title:**  
Asia n.d. [OA 7566] [1]

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Stack:	Row:	Section:	Shelf:	Position:
<b>G</b>	<b>26</b>	<b>22</b>	<b>2</b>	<b>3</b>

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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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By 4 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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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.

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*

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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 jt 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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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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By W 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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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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By vt NARA, Date 02/07/23

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

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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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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 *JF*  
SEJPOL 8592 11/26/91

Clearance: EAP/J:RDeming *RD*  
EAP:DAnderson *DA*  
EAP/P:EYamauchi *EY*  
PA/PRS:JSnyder *JS*  
P:MMcMillion *MM*  
C:RWilson *RW*  
S/P:LKeene *LK*  
E:WWhyman *WW*

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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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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 *JF*  
SEJPOL 8591 1/26/91

Clearance: EAP/J:RDeming *RD*  
EAP:DAnderson *DA*  
EAP/P:EYamauchi *EY*  
PA/PRS:JSnyder *JS*  
P:MMcMillion *MM*  
C:RWilson *RW*  
S/P:LKeene *LK*  
E:WWhyman *WW*

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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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By st NARA, Date 06/07/13

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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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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

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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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By W NARA, Date 06/07/23

REMARKS, PRIME MINISTER'S JANUARY 8 LUNCHEON

Drafted: EAP/J:RGdeVillafra<sup>na</sup>

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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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 H NARA, Date 06/07/23

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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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 <sup>gr</sup>  
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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E.O. 12958, SEC 3.4 (B), July 21, 1997  
By 4 NARA, Date 06/07/23

REMARKS, PRIME MINISTER'S JANUARY 8 LUNCHEON

Drafted: EAP/J:RGdeVillafra<sup>ca</sup> *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

*gr*  
*gr*

## 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

drafted: eap/j:jbaron

cleared: eap/j:rludan

eap/j:rdeming

eb/dct:swickman

d:jwarlick

p:mmcmillion

e:wwhyman

c:rwilson

s/p:lkeene

eap:danderson

eap:rmoore

doc:tetheridge

ustr:eendean

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## 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 W NARA, Date 6/27/23

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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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PER DOS WAIVER, November 6, 2015  
By lt NARA, Date 06/07/23

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By lt 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.

- 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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- 4 -

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 ~~by~~ 7-4459

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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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By 14 NARA, Date 06/07/23

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DECL: OADR

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 11 NARA, Date 06/21/20

VISIT TO JAPANESE HIGH SCHOOL

12-5-91

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D: JWarlick

USTR: EEndean

Commerce: TEthridge

Treasury: HWalsh

*Hef*

## THEMES FOR ASIA TRIP

### Overall

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

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

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

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

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

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

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

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

**IV EDUCATIONAL AND SCIENTIFIC INNOVATION**

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

**V RESPECT FOR THE ENVIRONMENT**

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

**VI APPRECIATION OF DISTINCT CULTURAL HERITAGES**

- Announce various cultural exchange initiatives (all countries)

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

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

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

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

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

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

**Asia needs our exports:**

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

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

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

the international effort to counter Iraq's aggression.

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

Treasury Department  
December 10, 1991

## KOREA

### FINANCIAL SERVICES

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

Treasury Department  
December 10, 1991

## JAPAN

### ECONOMIC THEMES

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

#### Uruguay Round:

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

#### Japan's External Surpluses:

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

#### Export Dependency and Bilateral Trade:

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

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

#### Foreign Investment:

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

#### Exchange Rate:

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

#### Japanese Financial Markets:

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

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

Structural Impediments Initiative (SII):

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

Treasury Department  
December 10, 1991

## AUSTRALIA

### ECONOMIC THEMES

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

Treasury Department  
December 10, 1991

## **SINGAPORE**

### **FINANCIAL SERVICES**

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

Treasury Department  
December 10, 1991

## SII - U.S. Commitments

### Issue:

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

### Suggested Talking Points:

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

o **vigorously defending open investment policy;**

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

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

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

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

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

and

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

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

12/9/91  
Treasury

THEMES AND TOPICS FOR PRESIDENT'S AUSTRALIA SPEECHES  
(November 26, 1991)

There will be two opportunities for the President to make major speeches while in Australia. The first will be in Canberra on Thursday, January 2, when he addresses a joint session of parliament. The general focus of this address should be on the bilateral relationship, although global regional themes should also be included. A second speaking engagement will be on Friday, January 3, in Melbourne, where he is invited to speak on regional/global themes at a luncheon for business executives and others hosted by Victoria State Premier Joan Kierner.

Parliament Address on U.S.-Australia Bilateral Relations  
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Themes to Include: Though largely focused on bilateral issues, global themes should be included. The address should recognize the close strategic relationship that has existed bilaterally, the success of this relationship, and the need to maintain our partnership in the face of post-Cold War era challenges. Bilateral, regional and global economic issues should also be touched upon. Finally, there should be reference to expanding cooperation in other areas of particular relevance to younger (post-WW II) Australians such as culture and education, the environment, economics and narcotics.

Continuing Importance of the Alliance:

- o Our long-standing strategic alliance has served us well. Next year we celebrate the 50th anniversary of the Battle of the Coral Sea. It will be a special commemoration of the close and special defense partnership that had origins in the Second World War. (The President's personal involvement in the Pacific theater during that war can lend special significance to this testimonial.)
- o However, looking ahead over the next fifty years, the post-Cold War Era presents new challenges for our alliance. While East-West tensions have diminished, other problems such as ethnic rivalries, nationalist aspirations and territorial or political disputes -- suppressed during the Cold War period -- are now arising.

- o In these endeavors, Australia has and continues to play an important role:
  - Note contributions to the Gulf War, refugee assistance and the ongoing naval interdiction effort in the region. Express appreciation for Australian public support during the Gulf War for the Coalition and its policies.
  - Note Australia's active role in developing a framework for the current peace process which is taking place in Cambodia, as well as Australia's contribution to the peace keeping force.
  - Note strong efforts on proliferation issues, particularly regarding nuclear and chemical weapons proliferation.
- o Our partnership on these and other issues has become increasingly important, especially in the wake of the tremendous changes that have occurred in the world over the last two years.

Stress Cooperation on Multilateral Trade Issues:

- o The New Order that is being shaped encompasses not just the political realm but the economic. Both our countries have been at the forefront, pushing hard for free and open markets in the world. We must avoid the creation of trading blocs. And we must continue our joint efforts to shape an international trading system which will foster rather than obstruct free trade, particularly through a successful conclusion of the GATT Uruguay Round.
  - Acknowledge Australia's leadership in establishing APEC and in shaping its development as an important international economic entity.
  - Note Australia's bipartisan efforts to press the EC to end agricultural subsidies and for a successful conclusion to the Uruguay Round.
  - Note that what we are pursuing in the NAFTA is not a bloc. We intend to lower internal barriers, not create external barriers. NAFTA will be GATT consistent.

Reassurance on U.S. Engagement in the Region:

- o Our reasons for remaining engaged and active in Asia and the Pacific are obvious. The Asia-Pacific region is now America's largest trading partner, with trans-Pacific commerce totalling more than \$300 billion in annual two-way trade. This is nearly one-third larger than that across the Atlantic.
- o We will remain committed to our allies and to fulfilling our security obligations. The U.S. will remain engaged in Asia and the Pacific.
- o Our bilateral and multilateral arrangements in this region have worked well. These arrangements will continue to be key to our mutual security in the decades ahead.
- o The regional partnerships which the U.S. enjoys with Australia and other countries have provided the foundation for economic and political stability in the region.

Future Relations Between Australia and the U.S.

- o We have points of differences, but overall our relations are excellent. We share common histories and similar values. And we see this relationship strengthening further in the years ahead. Some trends to point to:

In culture and education:

- Australian culture increasingly influences American music, cinema and sports.
- There is also a solid basis of bilateral academic interchange, including the 40-year-old Fulbright program in Australia and numerous private exchanges involving younger Australians at the secondary level.
- The U.S. 4-H organization, Future Farmers of America, and Rotary are among the groups with active exchange programs with Australian counterparts.

In bilateral economic relations:

- The importance of bilateral trade: after Japan, the U.S. is Australia's largest trade partner. Annual bilateral trade exceeds US\$ 13 billion.
- U.S. firms have over US\$ 15 billion invested in Australia, the second highest in Asia after Japan, much of it in leading edge technology in telecommunications, aviation, and informatics, as well as manufacturing, mining, agriculture, and energy.
- Tourism remains very big business for both countries. Nearly one-half million people travel each way each year. United Airlines and Northwest both inaugurated new routes to Australia in 1991.
- We are broadening economic dialogue, this year initiating bilateral consultations on agricultural issues and continuing our consultations and joint efforts in important international economic fora such as APEC and the GATT.

In environmental and resource management:

- Cooperation in conservation and environmental protection is expanding; we have many shared interests and similarities in resource endowments (i.e., coal, oil, gas, hard rock minerals) and topography. There are many recent examples of cooperation:
- Our two governments have established a High Level Group on Energy to exchange information on energy policy, programs, demand; to review ongoing research and development; and to engage in joint research efforts.
- US Interior Department (DOI) Minerals Management Service has recently signed a bilateral MOU with Australia's Department of Primary Industries and Energy (DPIE) for sharing data on offshore minerals development, including environmental protection aspects.

- DOI Bureau of Land Management has initiated a dialogue with DPIE that is focused on the need to balance the extraction of minerals, oil, gas, and timber with the growing demands for recreation, and management of cultural resources, and wildlife and fisheries habitats. Plans include an exchange of technical personnel between our countries.
- USDOC/NOAA officials have recently met with their Australian counterparts to discuss ways in which our two nations can strengthen efforts regarding the important environmental problems of driftnet fishing, endangered species, and the monitoring/assessment of the global warming threat.
- In APEC, where Australia leads the Energy Working Group, our two governments are cooperating closely to establish a regional clean coal technology utilization center.
- The U.S. and Australia recently co-sponsored the creation of an International Forestry Research Institute to focus on issues related to the conservation of tropical forests and the arrest of deforestation and environmental degradation.

In fighting illicit narcotics:

- Australia has done much to assist regional countries in their counternarcotics efforts and is an active member of the "Dublin Group" of donor nations that coordinates counternarcotics aid to producer nations.
- Our countries are united in the worldwide fight against drug abuse and trafficking, which is becoming a security threat of the 1990s.

Other issues:

- o There are some issues on which we do not meet eye-to-eye but which should also be mentioned.
  - Encourage continued Australian support for an ambitious Uruguay Round package including disciplines on Trade Related Investment Measures (which Australia continues to oppose) and services, where Australia has been more forthcoming recently.
  - Australia remains on the Special 301 Priority Watch list for local content requirements on television broadcasting. This is barrier to cultural interchange. We hope to see a phase-out, not a phase-in, of local content requirements.
  - IPR: On parallel import of books, there have been slight improvements in this area, but we urge the GOA to adopt provisions that would completely exempt foreign textbooks from parallel imports.
  - IPR: We also are concerned by the Australian Attorney-General's rejection of a proposed amendment to the copyright law to provide an exclusive rental right for sound recordings. While Australia works for stronger standards for IPR in the Round, its actions at home are not consistent with this.
- o One particularly difficult issue is Australian continuing concern over the impact on Australian farmers of the U.S. Export Enhancement Program for agriculture. This issue should be confronted sympathetically but directly:
  - Note the plight of American as well as Australian farmers, our legitimate stake in world grain markets, our intention to continue EEP as leverage on the EC, and our hope that export subsidies will be sharply reduced in the Uruguay Round.

- Recognize and regret that EEP is a factor affecting Australian farmers, but note other factors -- especially EC dumping, higher global production, Australia's transport/port inefficiencies affecting competitiveness, the drought, the high cost of agricultural inputs, and the simultaneous collapse of the wool market.
- Stress that we take Australian interests into account in implementing EEP, including setting up a bilateral consultative mechanism that met in August for the first time, and will continue.

Melbourne Luncheon Speech on Global/Regional Issues  
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*Also emphasize  
business*

Overall themes: Begin with the changes in Europe and move on to the latest initiatives in the Middle East and Southeast Asia. While addressing the changing political winds in the world, the President should also assure continued U.S. commitment to regional stability in Asia and the Pacific. Finally, focus should be placed upon international economic issues of mutual concern.

Recognize Australia's Growing International Role:

- o Express appreciation for the leadership role Australia has assumed in the world.
  - Australia's contribution to the Gulf War
  - Active role in working toward a settlement in Cambodia
  - Leadership in forming APEC
  - Strong efforts on proliferation issues, particularly regarding nuclear and chemical weapons
- o Our partnership has become increasingly important, especially in the wake of the tremendous changes that have occurred in the world over the last two years.

U.S. Regional Role to Remain Strong:

- o The regional partnership which the U.S. has enjoyed with Australia and other countries has been the foundation for economic and political stability in the region.
- o Despite the changes elsewhere in the world, the U.S. will remain engaged, concerned and active in Asia and the Pacific, both in strategic and economic terms.

Facing Challenges Ahead:

- o This is not to say that there are no challenges ahead:
  - The proliferation of chemical, nuclear and biological weapons of mass destruction remains a problem; Australia's role in achieving international safeguards to reverse the proliferation trend has been critical to this effort.
  - We share a common view that the formation of protective trading blocs must be avoided, and support for cooperative frameworks such as APEC must be vigorously continued.
  - We should do all we can to open markets and foster free trade in order to strengthen international economic cooperation, confidence and recovery.

POSSIBLE LANGUAGE FOR THE PRESIDENT'S AUSTRALIA SPEECHES  
(NOVEMBER 26, 1991)

INTRODUCTORY REMARKS

-- This is only my second visit to Australia, but my impressions of your vast and beautiful country will always be very special ones.

-- (Insert complimentary remarks on Canberra, Sydney and Melbourne -- depending on itinerary. Could also make reference to Australia's size by noting that several states the size of Texas would fit in Western Australia.)

THE ALLIANCE

-- It isn't just Australia's natural beauty that draws Americans "down under." We share a long-standing friendship established by the special alliance that has served our two countries so well.

-- I was deeply moved by my visit to the Australian War Memorial. It evoked memories of the sacrifices that both our countries have made, often side by side.

-- Yanks and Aussies fought together in World War I, helping to liberate France. The first U.S.-Australian military cooperation took place when elements of the U.S. 33rd Division joined Australian troops in the capture of Le Hamel, France.

-- And in World War II, our troops again fought side by side, and half a million U.S. military men and women served in Australia through that war.

-- Together, U.S. and Australian forces fought throughout the Pacific, in tough land, sea, and air combat. Our alliance and partnership has been solid ever since -- in Korea, Vietnam, and most recently in the Persian Gulf.

RECOGNIZING AUSTRALIA'S INDEPENDENT INTERNATIONAL ROLE

-- While our close and important strategic relationship will continue to be of great mutual benefit, Australia has matured to become a positive force of its own in world affairs. We welcome this; your views are valued and while we may not see eye-to-eye on every issue, the direction of your policies are complementary to our own. Let me cite some examples:

-- In the post-Cold War era, we are witnessing a reinvigorated role for the United Nations. Much credit goes to Australia for facilitating this.

-- Your initiative and persistence was key to shaping the framework for the Cambodia peace settlement finally agreed to by all warring factions last October. And Australia continues to ensure that the process toward democracy and lasting peace in Cambodia does not falter.

-- You were among the first to dispatch aid and technical support under the United Nations Transitional Authority in Cambodia (UNTAC), to which an Australian was appointed by the UN Secretary General to command.

-- Australians also serve under the UN banner in the Western Sahara and are a vital part of the Multinational Interdiction Force, ensuring that UN sanctions against Iraq are enforced under international law. In the Middle East, as in Cambodia, you have been quick to provide humanitarian relief. Last May your defence force provided medical teams and water purification equipment and services to Kurds and Iraqis fleeing Saddam's oppression.

-- But even long before the Gulf War, Australia had the foresight to focus world attention on the problems which are now emerging as key concerns for the world community. Thanks to your efforts, the "Australia Group" was established in 1984, and is currently comprised of 22 nations dedicated to preventing the use and spread of chemical and biological weapons throughout the world.

-- Australia also plays a lead role in international economics. It was Prime Minister Hawke who pushed the idea of a regional effort to promote freer trade by eliminating trade barriers and establishing common policies. Through his vision and efforts was born the Asia-Pacific Economic Cooperation, a key economic forum we know as APEC. And since its first ministerial in Canberra two years ago, APEC has succeeded in mobilizing the support of all fifteen participants to push for substantive progress in this key GATT Uruguay Round.

-- Clearly, Australia has established itself as a strong promoter of multilateral solutions to important international problems, be they military, social, political or social in nature. And in large measure, your goals are shared by the United States.

#### ASSURING CONTINUED U.S. ENGAGEMENT IN THE REGION

-- Let me take this opportunity to assure you that we, too, are committed to remaining engaged throughout the world. There are some naysayers who wrongly predict that recent events in Europe and Asia will lead to a more isolationist America. This could not be farther from the truth.

-- America tried to politically isolate itself from the world in the past, and we ended up fighting two bloody world wars. We also tried economic isolation that only helped to set off a devastating world depression.

-- Current trends point to our strengthened engagement in Asia and the Pacific in the decades ahead. This region has become our largest and fastest growing trade partner. Two-way trade between the region and the U.S. now amounts to more than \$300 billion, nearly one-third larger than that across the Atlantic.

-- American firms have invested more than \$61 billion in the region, and that will certainly grow. On the other hand, investors from the Asia-Pacific have invested more than \$95 billion in the U.S.

-- Our bilateral trade relationship with Australia is strong and growing. Total bilateral trade exceeds US\$ 13 billion, having grown over 20 percent in the last five years. After Japan, the U.S. is Australia's most important trading partner, taking 12 percent of her exports, and providing 23 percent of her imports. At US\$ 14 billion, Australia is the largest recipient of total U.S. direct investment in the Asia-Pacific region, again next to Japan.

-- In everything from automobiles to microchips, from baseball to Australian rules football, we grow closer -- not isolated -- with each day.

-- Cooperation and dialogue on economic issues can only benefit our respective economies. We must continue this openness in our relationship, and indeed work for greater openness in our trade relations, particularly as we both continue to face economic difficulties on the domestic front.

#### REMARKS ON THE EXPORT ENHANCEMENT PROGRAM

-- But while we generally agree on the goals, we sometimes differ on the means. Our use of the Export Enhancement Program to counter the agricultural subsidies of the European Community is one point of difference.

-- Let me be clear in stating that I don't favor subsidy programs. They are a burden to the taxpayer. They weaken the mechanism and reduce the benefits of a free trading system. And subsidies take the competitive edge out of industry.

-- But let me be equally clear in pointing out that we did not start the wheat war. Talks with the EC on this issue had previously led nowhere. And it is our farmers in the U.S. and Australia who have been badly hurt by continued EC subsidies of wheat.

-- We must both remember that the root cause of depressed international agricultural prices, which have been hurting both our farm sectors, lies with the European Community.

-- We are now seeing glimmers of hope. And I believe it is because we have countered EC subsidies with the EEP.

-- The U.S. will be unwavering in its efforts to counter EC subsidies with our EEP. I believe it is in the long-term interest of all non-subsidizing nations that this pressure on the EC be maintained.

-- At the same time, I have promised to do my utmost to limit the harm that our EEP does to non-subsidizers like Australia. I have also agreed to greater bilateral dialogue on this and other economic issues of bilateral concern. On both points, I have kept my word and will continue to do so.

-- Any mature relationship, even between close allies, cannot be without differences. We must continue to seek understanding and work to iron out our differences.

#### THE NEXT FIFTY YEARS

##### The Environment

-- We can be proud as we look back over the accomplishments of the last five decades. But we can and must do more to expand our bilateral relationship in ways which will be beneficial to future generations of Australians and Americans. A key area is the environment.

-- We share common energy interests which are derived from our large domestic energy resource bases. Together, we are the world's largest coal exporters. Ministerial meetings were held here last year to discuss upgrading our cooperative research and development efforts in the area of energy.

-- At the ensuing high level group meeting held in Washington last April, Australia and the U.S. agreed on the importance of pursuing energy policies that will help promote our energy exports while addressing environmental issues.

-- Together, U.S. Energy Department officials are working with their Australian counterparts to develop clean coal technology, energy efficient technologies, and other programs of importance to the environment.

-- Our governments also have agreed to share information on offshore minerals development, which include environmental protection aspects. And there is an increase in our sharing of experiences in balancing the extraction of minerals, oil, gas, and timber with the growing demands for recreation, better management of cultural resources, and environmental preservation.

-- Our scientists also are working alongside your scientists to better understand the global climate system. The U.S. National Oceanic Atmospheric Administration, NOAA, collaborates with Flinders University of South Australia in tidal research. NOAA and the University of Tasmania also have a cooperative arrangement for climate and global change research.

-- We are collaborating on providing regional governments much needed information and training in preserving endangered forests. Toward this end, the Australian and U.S. Governments are co-sponsoring an International Forestry Research Institute to address conservation, deforestation, and environmental degradation.

-- And in managing the delicate balance of our ocean fisheries, Australia and the United States have shared concerns over driftnet fisheries for albacore and other tuna in the South Pacific. We have joined other nations in remedying this serious conservation threat to tuna stocks in the Pacific.

#### Cultural and Educational Interchange

-- I began my remarks today noting that Australia is a country graced with much natural beauty. But it is really the spirit of your people which has made it a country so admired by Americans and others throughout the world.

-- We see this in the arts, with the creative works of Australians in all media, including painting, sculpture, dance and, of course, film making. And we hear it in your music, where Australian artists remain extremely popular in the United States.

-- We must continue to facilitate this rich interchange between our people. Let me give you one recent example. Our Consul General in Perth last November invited American musical artist Paul Simon, who was in Australia then on tour, to meet with a number of West Australian Aboriginal musicians in his residence. After the guests had arrived, it was the Australians who made the first move, setting up their

traditional instruments on the coffee table. Soon, Mr. Simon and his fellow American musicians were receiving didgeridoo lessons. And by the end of the evening, he was sharing a few of his own skills with the guitar, completing an evening of musical fellowship.

-- In Sydney, at a more institutional level, we have recently initiated a Fulbright-supported American studies lecture series at the University of Sydney American Studies Center. The lecture series is a program which developed from Prime Minister Hawke's initiative to begin a similar program at the Edward A. Clark Center for Australian Studies at the University of Texas, Austin, in 1989.

-- While we may have our differences over the EEP program, our young people look beyond the present. In preparing for this trip I was very pleased to learn that our 4-H program and our Future Farmers of America have active exchange programs with young people in your farm communities.

#### Easing Travel Access

-- Nearly one-half million Australians visit the U.S. each year, and an equal number of Americans come here.

-- To facilitate freer travel between our countries, which should be of help to both our tourism industries, my government has offered to extend the privilege of waiving the issuance of visitor visas to Australian nationals if the Australian government agrees to allow reciprocal treatment for U.S. nationals. Our offer stands, and I hope we will be able to provide this benefit to our respective publics in the near future.

-- And to help Australian investors who seek to do business in the U.S., we are prepared to extend "E" visa privileges to your citizens provided U.S. nationals are accorded reciprocal nonimmigrant treatment.

-- These examples are real indications of the cooperative spirit that exists between our two nations as we seek to strengthen our economic, cultural and educational ties. They are positive signs of the shape which our bilateral relationship will take over the next five decades.

-- Let us continue to work closely together to ensure that the future of our relationship will be as productive a partnership as it has been over the last fifty years.

## POSSIBLE THEMES FOR SPEECH IN SINGAPORE

### Security/New World Order

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

#### Economic Cooperation

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

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

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

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

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

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

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

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

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

### The Spread of Democracy

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

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

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

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

(NEEDS CONCLUSION).

-- 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 six 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.

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.

Korea

National Assembly-Speech themes (DRAFT)

- o Thank you for providing me with this opportunity to speak to you again. Since I last spoke here in February 1989 the world has changed immensely. We have in fact entered a new era in world history.
- o We are very pleased with the triumph of freedom and free enterprise economics throughout most of the world, and with the continued progress, economically and politically, of the Republic of Korea. However, we remain saddened by the persistent conflicts in many parts of the world, and by the continued division of the Korean peninsula, a situation that is anachronistic in the post-Cold War world.
- o As we have stated on numerous occasions, the United States supports the peaceful unification of Korea on terms agreeable to all Koreans. We believe that North/South dialogue offers the best path toward eventual discussion of unification and related issues. Consequently, we support strongly the Prime Ministerial dialogue that has been in progress for more than a year, and stand ready to facilitate in any appropriate way.
- o Our support for the process of peace does not, however, blind us to reality and to the threat from the North that still remains. Therefore, our commitment to the security of South Korea remains as strong as ever, and we will continue to consult on matters that affect our mutual interest. To further strengthen security in the region, both of us should also consult and cooperate with our friends the Japanese, who have the economic power to play a vital role in promoting regional stability.
- o We continue to regard the unsafeguarded nuclear program of North Korea as the greatest threat to security in region, and call upon the leaders of that country to meet the international obligations it accepted when it acceded to the Non-Proliferation Treaty in 1985.
- o North Korea should know that neither the United States nor the Republic of Korea poses a threat to its society or way of government. However, we cannot ignore the situation as North Korea builds nuclear weapons, and will use all diplomatic means to assure that it meets its international obligations under the International Atomic Energy Agency (IAEA).
- o As we begin this new era in international relations, U.S.-Republic of Korea relations are growing in many areas. With the Cold War behind us, we are transforming our relations from a security relationship to a broader-based security, economic, and political partnership.

- o Of crucial importance in this transformation is your own progress toward democracy, well illustrated by the enhanced prestige and power of this body. The ROK's movement to a democratic government, with the military clearly subordinate to civilian government, has been crucial in winning for you the respect of the international community and the stability and credibility necessary for an influential world role.
- o The challenge now is to continue down the road toward full democratization. You have won the political contest with the North and should consider amending your National Security Law, which provides a propaganda advantage to the North, to take account of your strength and confidence.
- o Further steps in democratic development might include greater accountability for public officials and greater transparency in both your political and economic systems. Initiatives in these areas would be consistent with your overall economic and political modernization, and would further strengthen your position vis-a-vis the North.
- o The ROK's democratization is but one of the features that distinguishes it from North Korea, but it is one of the most important, and it is an achievement which should make all Koreans proud.
- o Another of the ROK's greatest accomplishments has been membership in the United Nations. Your entry in the United Nations was long overdue, and your ultimate success is due in large part to wise leadership and persistent effort. However, South Korea's emergence as a full member of international political and economic institutions, carries with it added responsibilities.
- o Over the years, the Korean people have gained tremendously from the open international trading system. Indeed open markets for exports have been a major contributor to your new prosperity. Korea has now become an economic power in the region and the world.
- o Now it is time for the ROK to lend its support to the open international trading system from which it has prospered by actively supporting the Uruguay Round of negotiations, opening its own domestic market to foreign products, and liberalizing its financial system. Your support is vital to assure that the international trade system remains open and that countries like Korea can continue to prosper.
- o The U.S.-ROK friendship has now endured more than four decades of dramatic world events. Yet in the beginning, our close relationship was not one that either of us sought, but rather one into which we were both thrust as a result of World War II.

- o In those years the U.S. entered into its relations with Korea with a keen sense of responsibility, and with determination to preserve the benefits of freedom for the Korean people. It demonstrated its commitment during the Korean War, when more than 33,000 American soldiers and thousands more Koreans, both military and civilian, died to keep freedom alive.
- o Clearly, over the past forty years the American role in Korea has not always been a easy one, and the political environment in East Asia has frequently been one of crisis. Consequently, in carrying out what we perceived to be our responsibilities we have made mistakes.
- o Yet we entered the relationship with the Republic of Korea with the highest ideals, and we have, I believe, pursued the correct path in the long run. Therefore, we too are enourmously proud when we see the great nation you have built from the ruins of war.
- o Today, we again approach the future in the aftermath of a war--a Cold War, and together we have the opportunity to shape and influence a new era as much as we did nearly 50 years ago. We can also define for the next generation a new relationship, a partnership that encompasses much more than merely security cooperation.
- o Our new partnership should be political, economic, nad cultural, as well as security. I urge the people of both countries to look toward the future rather than the past, and to seize the moment to build on our excellent relations, to expand cooperation so we all benefit, and to march into the future as friends and neighbors working together to build a safer and more prosperous world community.

Sensitive issues which the Embassy thinks should be addressed explicitly:

1. Make clear our willingness to continue consulting with the ROK on security issues.
2. Describe how we see the Japanese role in the region complementing ours and that of the ROK.
3. Make it clear that transparency and accountability are important to Korea's economic relations with the rest of the world.
4. State clearly what the DPRK must do for improved relations with the U.S.
5. Make it clear that the National Security Law plays into Pyongyang's hands and can be counterproductive to the ROK's North-South goals.

Remarks to American Chamber of Commerce

Themes could include:

- Strong support for the work of the U.S Chamber of Commerce, which has been vital to U.S. business interests in the ROK.
- Korean economic maturity and U.S./Korean economic/trade interdependence have brought the two nations to a new era of partnership.
- Mutual interest in further development of open, liberal international trade and financial regimes, in particular, successful conclusion of UR.
- Responsibility on both countries to ensure that their domestic trade and financial markets are open and liberal for the other; that domestic markets are fully integrated into international trade and financial regimes; and that their producers and consumers understand the benefits of two-way open, liberal markets.

At a science/education/technology event themes could include:

- The long history of U.S. support for Korean science and technology; nuclear energy is a good example.
- Our admiration for the great strides Korea has made in developing its technological base;
- Recognition that scientific and technological development can only flourish where the economic value of the intellectual property associated with discovery is protected for the benefit of the discoverer.
- Our willingness to continue and enhance cooperation with Korea, symbolized by the U.S.-ROK Science and Technology Agreement;
- Our confidence that Korea will be able to make significant contributions to world scientific research and technological development.
- Recognition that Korea can now assume rights and responsibilities shared by other industrialized countries in world scientific research and technological development through;
  - a. Greater contributions to the world scientific knowledge by increased basic research funding and
  - b. Cooperation with U.S. and other countries through participation in basic megaprojects such as the Superconducting Super Collider (SSC)

## Themes/Phrases for Presidential Speeches

### Camp Casey

Thirty years ago, in 1961, President John F. Kennedy spoke within sight of the Berlin Wall and lamented the divisions between people there at the front line of the Cold War.

As he spoke, the barrier a few miles from here, the DMZ, stood as a parallel tragic division between peoples.

As we celebrate the end of the Cold War and the overcoming of barriers between peoples throughout the world, it is tragic that that barrier remains, the last remnant of the Cold War.

It also stands as a visible reminder of the ideological battles which once divided the world, and now continue sadly to divide the Korean people from one another.

For over forty years the United States has been proud to have played a role in assuring that that barrier against renewed aggression was strong and steadfast.

All Korean war veterans and the men and women who have participated in this important and vigilant effort to protect freedom should be proud of their contribution to Korea's security.

Throughout that effort, the United States has consistently looked forward to the day when that barrier would no longer be necessary, when the very real threat of North Korean aggression would be no more.

As I stand here today within sight of the Berlin Wall of Asia, I renew that hope and that appeal, that someday soon there will no longer be barriers between peoples striving for unification and reconciliation.

The atmosphere for leaving behind the fears and hatreds of the Cold War has never been better. The support of the international community for a peaceful unification of the Korean peninsula has never been stronger.

I can look forward to the day when it is no longer necessary for U.S. troops to be stationed in Korea to defend against the threat of North Korea, when that threat is relegated to the history books, when North Korea becomes fully committed to resolving its differences with our good friend and ally in the South.

Until that time, I assure the North that our commitment to the security of the South remains rock-solid and unwavering. Nothing will ever change that commitment or the equal commitment to have available the means to protect our ally, the Republic of Korea against aggression.

But there remains a parallel commitment to move toward improved relations with North Korea, as long as it remains an independent state, and to cooperate in ways which can enhance the security of this region and the welfare of its people. The North knows what it will take to achieve that objective, and I hope to see significant movement in that direction in the near future.

I know that the people of South Korea and North Korea both are committed to unification, and I assure them that the people of the United States are in full and complete support of that objective.

Earlier today I endorsed President Roh's call for a multilateral approach to resolving the security problems of this region. The United States will do all in its power to make this endeavor a success. We can do no less to enhance the security of our Korean brothers, both South and North.

Thus I call on North Korea to come out from behind those barriers, from the bastions of military strength, to present to your countrymen the hand of peace and reconciliation.

I for my part offer my hand to North Korea across the divide. Come, work with us for peace and security on the Korean peninsula, in the Northeast Asia Region, and in the world.

# Key Elements for the Presidential Speech in 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

-- 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.

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

## 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  
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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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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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## 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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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

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