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Detroit [MI] Economic Club 3/13/92 [OA 7570] [2]

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OFFICE OF THE VICE PRESIDENT

Embargoed until delivered -- August 13, 1991 -- 10:35 a.m. EST

PREPARED REMARKS BY THE VICE PRESIDENT

ANNUAL MEETING OF THE AMERICAN BAR ASSOCIATION ATLANTA, GEORGIA

The ABA is the largest voluntary professional association in the world. And you have many things to be proud of: from your early leadership in reforming and unifying American law, to your longstanding commitment to service through pro bono activities. Through his "Points of Light" program, the President has tried to reinvigorate the great American spirit of volunteerism. Many members of the ABA have been points of light since the day this organization was formed.

It is in the spirit of the early reformers in the ABA that I join you here today. Our goal, as was theirs, is to improve the administration of justice. Chief Justice Burger once termed this "a task never finished," and that is especially so in a country like ours. Madison's "vast and extended commercial Republic" is now more complex, diverse, and mobile than he could have ever imagined. But the ideals of the republic remain unchanged: the rights of the individual are fundamental in America. We take rights seriously.

So when we think about the command of our Constitution's Preamble, to "establish Justice," we have to start at the doors to the courthouse, and keep them open to every American. We owe them a system in which they can resolve their conflicts promptly, effectively, and fairly. And from the hundreds of county courts throughout America, to the Supreme Court in Washington, we also owe it to the people to maintain the independence and excellence of the third branch of government.

That is why we view it as so important that the Senate confirm President Bush's Supreme Court nominee, Judge Clarence Thomas. The ABA knows Judge Thomas. In fact, you've already considered his fitness to sit on the federal bench, and found him qualified just last year. And the Senate has confirmed him no less than four times for high positions in the federal government.

As you know, there's been a bit of opposition to Judge Thomas's confirmation from some interest groups. But in spite of this ideological opposition, I'm confident that my former colleagues in the Senate will consider this nomination fairly and on the merits. I think the great majority of senators will end up agreeing with the former national board chair of the NAACP,

Margaret Bush Wilson, who wrote last week that Judge Thomas's "record will speak for itself and will impress those willing to listen and look beyond misinformed rhetoric." Ladies and gentlemen, Judge Clarence Thomas is an outstanding nominee. He deserves to be confirmed, and I believe he will be.

Today I want to talk about our legal system's impact on the American economy, on our ability to compete. Through the 1990s, we're going to face many obstacles in the global marketplace. Some will come from the outside; we're still seeing unfair practices on the part of some trading partners -- subsidies, nontariff trade barriers, and the like. But there are other stumbling blocks that we can't make excuses for -- because they're our own fault. And that's the way I think we should look at litigation in America today. Our system of civil justice is, at times, a self-inflicted competitive disadvantage.

Every year in America, individuals and businesses spend more than 80 billion dollars on direct litigation costs and higher insurance premiums. When you include the indirect costs, it may add up to more than 300 billion.

This is just one part of the problem. Look at the sheer number of disputes now flowing through our judicial system. One of the most insightful studies of the system is aptly titled, The Litigation Explosion. In 1989 alone, more than 18 million civil suits were filed in this country -- one for every ten adults -- making us the most litigious society in the world. Once in court, many litigants face excessive delays -- some caused by overloaded court dockets, others by adversaries seeking tactical advantage. In addition, many of the costs confronting our citizens are enormous, and often wholly unnecessary. And in resolving conflicts, Americans don't have enough access to avenues other than the formal process of litigation.

Isn't our legal system in need of reform? Can't we improve the delivery of justice to American citizens? With these questions in mind, the President's Council on Competitiveness, which I chair, assembled a Working Group on Civil Justice Reform. I was pleased that the Solicitor General, Ken Starr, agreed to serve as chairman, and he and his colleagues have done a wonderful job. Their Report, which was endorsed unanimously by the Council, puts forward solid reform proposals in a number of areas. We have 50 recommendations in all; some ambitious, others more narrow. But each will help reduce cost and delay in the system, and make it easier for citizens to vindicate their legal rights.

Many of the Working Group's deliberations centered on the issue of Discovery under Rule 26. This reflects the view of many that, as one corporate counsel told us, "discovery is 80 percent of the problem." Anyone who has ever sued or been sued knows

that discovery too often becomes an instrument of delay and even harassment. Unnecessary document requests and depositions can disrupt or put on hold a company's entire research and development program, and the very idea of limits on discovery is outdated. I'm told of one judge who has said his policy is "just to have the parties exchange filing cabinets."

Worse yet, discovery can be a virtually cost-free weapon for the requesting party. That is what we want to change. The Council suggests the following reform. First, to require disclosure of some basic, core information on both sides. Then, to have the parties meet to formulate a discovery plan, with pre-set quantitative limits, approved by the court and changeable only with good cause. Discovery beyond the set limits is permissible -- but only so long as the requesting party pays his adversary's production costs. We serve no purpose by allowing the extreme waste and expense of marginal and abusive discovery under the federal rules. It is time that we bring it to an end.

It's also time to give people a greater right to choose among methods of resolving disputes. We believe the system should provide a "multidoor courthouse," where parties have options other than formal litigation. This idea builds on much of the ABA's important work on this subject. The Council's recommendation is that before the machinery of litigation kicks in, both sides sit down together -- with a mediator, or in a conference where they tell their stories to an experienced lawyer volunteering his or her time. The object would be to probe the issues carefully but informally, and to weigh the chances for concluding the matter as quickly as possible and without a trial. In line with this procedure, alternative dispute resolution would be made more widely available.

Now, this idea will, of course, empower people with disputes, and it'll help unclog the courts. But it will also help preserve relationships that might be destroyed by the stresses of a courtroom fight, and this is something we should all take very seriously. The great Judge Learned Hand once said that he dreaded a lawsuit "beyond almost anything short of sickness and death." A lot of Americans see things the same way. They find the system bewildering, a little intimidating, and frightfully expensive. That is why the Council advises that we do our best to give the American people a multidoor courthouse. After all, the system belongs to them, and it ought to respond to their needs.

On the question of financing litigation, there's been a lot of discussion on the relative merits of a "loser pays" rule. From our law school days, we know it goes by the name, the English Rule. But in fact, it's the rule in virtually every other western country.

The English Rule is grounded in fairness -- in the equitable principle that a party who suffers should be made whole. Where the Rule operates, the parties are encouraged to look more carefully at the merits of their cases. And there's no doubt that it weeds out a lot of frivolous claims and specious defenses.

On the other hand, to apply the rule too broadly could discourage some suits with true merit -- in civil rights and the environment, to name two areas. For that reason, we propose an experiment: to apply the English Rule in federal diversity cases where the plaintiff elects diversity.

There would be two important features to this experiment with the English Rule. First, the amount to be paid by the losing party would not exceed the amount he spent on his own case. This will keep the other side from loading up expenses to penalize the loser. Second, the rule won't be a guillotine; there will be an element of judicial discretion in its application.

Another item of great concern to the Council is punitive damages. These damages, of course, become an issue only after an injury is found and a compensatory sum is calculated. By definition, punitives aren't essential to compensation; in fact, some jurisdictions don't even have them. Most do, though, because for centuries they've been viewed, I think properly, as an effective punishment and deterrent for outrageous conduct.

The problem is that the method of assessing punitive damages has developed over the years without any real structure or limits. Even a casual observer knows that, in the last several decades, punitive damages have grown dramatically in both frequency and size. What began as a sanction only for the most reprehensible conduct has now become almost routine. In California, estimates are that one in every ten jury awards now includes punitive damages, in amounts averaging more than \$3 million. And as these awards become more common, so do the instances of their arbitrary, even freakish application.

Now, as Justice Blackmun wrote in the Pacific Mutual case, there are only modest due process limitations on punitive damages. So the tough issues of reform are left to the political branches. Here is the proposal agreed on by the Council. First, to restore the quasi-criminal nature of punitive damages, they should be awarded in a separate proceeding after the jury has determined liability, and only where there is some element of intent involved. Second, and most importantly, the trial judge would set punitive damages at an amount not to exceed the amount of the plaintiff's actual harm.

This reform will be good in every respect. For starters, it

will preserve the rights of plaintiffs to collect punitive damages in egregious cases, and continue to serve the goals of punishment and deterrence. But it will curtail the randomness of the system -- and restore some measure of certainty to commercial transactions. And, of course, it will leave unchanged the law of compensation.

I've covered for you only some of the high points of the Working Group's report. But the 50 recommendations touch quite a few other aspects of the administration of justice. For example:

- o Changing the rules on expert evidence. We recommend that expert testimony be admissible only as far as it relates to a community of opinion or scientific thought. We think it is time to reject the notion that "junk science" is truly relevant evidence. We're also recommending that contingency fees for experts be eliminated. An expert witness should not be an advocate.
- o Reforming summary judgment. Where it is appropriate to grant summary judgment, it should also be mandatory.
- o Instituting greater flexibility in judicial assignments - to ensure that we have the judges in the places we need them.

A word now about implementation. The Working Group was formed in response to a system we believe is in danger of spinning out of control. For that reason, the Group worked intensively these last eight months, and received input from state and federal judges, scholars, practitioners, and laymen of varying backgrounds. And for the same reason, we have a strong plan for action on the recommendations.

Some of the proposals envision formal legislation, and we will take that to the Congress. In the same vein, we'll be making contact with appropriate officials at the state level, and encouraging them to adopt reforms in their systems. In fact, I'll be presenting some of our recommendations later today to the National Conference of State Legislators. We'll also be communicating with relevant policy groups, and proposed changes in the federal rules will be taken through the proper channels.

And in the executive branch, we intend to take our own advice. The President will soon be issuing an executive order that will apply some of these proposals to the federal government when it engages in litigation. Specifically: to follow the recommendations on expert witnesses; to allow parties in disputes with the government to elect the English rule; and to require a policy-level review of discovery requests.

I'm personally optimistic -- and I know Judge Starr and his colleagues share this view -- that many if not all of the Council's ideas will be adopted. Our inspiration came from the American people: they've seen the problems, they've told us to act, and now they expect us to follow through.



After all, let's ask ourselves: Does America really need 70 percent of the world's lawyers? Is it healthy for our economy to have 18 million new lawsuits coursing through the system annually? Is it right that people with disputes come up against staggering expense and delay?

The answer is no. We are serious about challenging the status quo, and the proposals I've just outlined are offered to inspire dialogue, discussion, and action. Should we succeed, the American people will be the beneficiaries. And so, too, I suggest, will be the legal profession.

This is no time to be timid. If we believe in progress, we must not fear change. And on this bicentennial of the Bill of Rights, we should remind ourselves of the memorable words of Justice Robert Jackson: "Civil liberties had their origin, and must find their ultimate guaranty, in the faith of the people." Our job in government, and your job as leaders in the law, is to strengthen the faith of the people -- in the resolute protection of their rights, and in the effective delivery of justice.

#

PRE-ADVANCE/WALK-THRU QUESTIONNAIRE

EVENT: Detroit Economic Club

DATE: Friday, March 13

TIME: 12:45 POTUS announced on stage

LOCATION:
(GIVE DETAILS) Fairlane Manor

EXPECTED AUDIENCE:
(NUMBER AND COMPOSITION) 1,500 - 2,000 people
Business

PRESS COVERAGE: Open

DIAS PARTICIPANTS: President of DEC Terry Warren
Invocator
Gov. of MI John Engler

EXPECTED PARTICIPATION BY MEMBERS OF
CABINET/CONGRESSIONAL/ADMINISTRATION:
—

POTUS INTRODUCTION: Gov. Engler

PERTINENT SPEECH TOPICS:
—

REASON FOR EVENT:
—

PLEASE ATTACH PRE-ADVANCE/WALK-THRU CALL SHEET



Event: Detroit MI
Date: 3/10

OFFICE OF PRESIDENTIAL ADVANCE IN-TOWN EVENT CONTACT SHEET

Name	Office	Phone Number
Presidential Advance Office		456-7565
Presidential Advance Fax Number		456-2820
John Herrick / Patty Conrad	WH Advance	202-456-7565
Mike Gould	Military Aide	202-395-1747
Michele Vix	WH Speechwriting	202-456-7750 FAX # 456-6212
* Vernon Castaneda	Economic Clerk	313 963 8547
Marcy A. Bonders	Grand Manor	313-336-4900
John G. LaBesa	Grand Manor	313-336-4400
Abdo LoRicca	Carpenter Comm. Tax	313 336 4400 x 229 / 350 / 1100
STEVE SZAFAREK	FORD MOTOR LAND SECURITY	(313) 323-7674
Russell C. Miller	FAIRLANE CLUB	313-336-4400 / 241
Thomas F. Farrell	USSS / PPD / ASATC	202-395-4011
BOBBY CARR	WH PRESS ADVANCE	313 441-2000
→ LYN KENNELLY	WH LEAD	313 441-2000
Anne Dickenson	WH Adv. Site	313/441-2000
MICK CHANDRANI	USSS / PPD	(313) 441-2000
Gary Hollis	USSS / lead	313 441 2000
John Thomas	Marine One Advance	202-395-2034
ROB CREAMER	MARINE ONE ADVANCE	703-640-2364
DAVID JETKIEWICZ	WHCA LEAD	313-441-2000
MARK BARNETT	WHCA OPERATIONS	202-757-2440
* Don Luther	Ex. Vice Pres	(313) 963-8547

March 11, 1992

MEMORANDUM FOR THE PRESIDENT

THROUGH: DAVID DEMAREST

FROM: DAN MC GROARTY

SUBJECT: PROPOSED REMARKS FOR DETROIT ECONOMIC CLUB

I. SUMMARY

On Friday, March 13 at 12:45 p.m. you will deliver remarks to an audience of 2000 at the Detroit Economic Club at Fairlane Manor in Detroit.

II. DISCUSSION

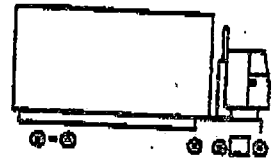
Your remarks (approximately 14 minutes / teleprompter) are a straight forward discussion focusing on the economy, the role of manufacturing and the problems it faces. Your remarks highlight your short and long-term growth plans, and mention recent results of your Asia trip: new markets for American computer, glass, paper, auto and auto parts industries.



FAX COVER SHEET

The Office of Automotive Industry Affairs

U.S. Department of Commerce



Date 3/10/92

Please Deliver the Following Pages To: Jeanie Dunton

Please call: _____ for pick-up.

FAX Number: 456-6218

Telephone: 456-7750

Company: White House Communications

From: Stu Keltz

Remarks: As we discussed, I am forwarding copies of the feed-back received from industry on the President's trip. No numbers regarding positive results are possible in such a short time. Developments in this industry are long-term.

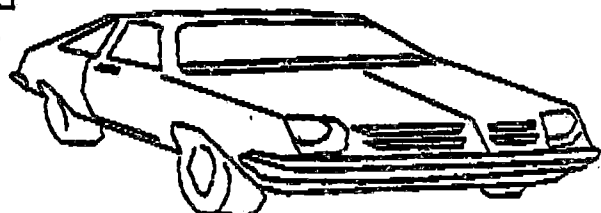
We are transmitting 14 pages (including this cover sheet).

If you do not receive all the pages, please call as soon as possible. S. Keltz (202) 377-0554 ☒

Motor Vehicles (202) 377-0569 ☐

Parts (202) 377-1418 ☐

FAX # (202) 377-0674





JACK W. SIGHTS
Group Vice President
Automotive

March 5, 1992

Mr. Henry P. Misisco, Director
Office of Automotive Industry Affairs
U.S. Department of Commerce
14th and Constitution, N.W., Room 4036
Washington, D.C. 20230

Dear Henry:

As I told Stu Keitz on the telephone we felt that our group received a markedly warmer reception in Japan during our visit of 16 February through 22 February. We thought that we saw indications of legitimate interest in doing business with Guardian. Our analysis is that this attitude reflects the effects of the President's recent trip and the efforts of DOC, the Embassy staff in Tokyo and MITI. It is important to note that while we perceived this change in attitude, nothing of substance has yet resulted from our collective efforts.

As a follow-up to our February trip to Japan we are scheduling another series of technical meetings with Japanese OEMs for the latter part of March. We'll keep you informed.

I've enclosed a copy of our summary of our meetings. A copy of this summary has also been sent to the Embassy staff in Tokyo.

Sincerely,

/cag
Enclosure

cc w/enc: S. Keitz

C 200836



L A Iacocca
Chairman of the Board
Chief Executive Officer

RECEIVED
JAN 21 1992

January 21, 1992

The President
The White House
Washington, D.C. 20500

Dear Mr. President:

Despite all the rhetoric pro and con about your recent trip to Asia, and specifically to Japan, I'm proud to have been part of it, and I appreciate your invitation and kindness during the trip. I think you set a good precedent and made a good start toward accelerating awareness of the problems and, hopefully, solving them.

Our trade situation with Japan has deteriorated for over two decades. One meeting won't eradicate the problems, but the fact that a dialogue has been started is invaluable, not only to the auto industry, but to the country.

The only real negative to the trip from my point of view was your flu attack and the resulting coverage in the media. I applaud you for handling it as well as you did and for your wit and poise under fire. Take good care of yourself. Our country needs you.

As you know, I'm solidly in your corner on this one. Please let me know if there's any way I can be of assistance to you.

Sincerely,

cc: The Honorable Robert A. Mosbacher, Sr.
The Honorable Samuel K. Skinner

C 200752

General Motors Corporation..

ROBERT C. STEMPER
CHAIRMAN

January 15, 1992

The Honorable Robert A. Mosbacher
Secretary of Commerce
14th and Constitution Avenue, N.W.
Washington, D.C. 20230

Dear Bob:

Again, thank you for your invitation to join the President on the Japan portion of his Asia-Pacific trip last week. It was an action packed few days, well spent.

As *Air Force One* left, I was meeting with the purchasing agents from the Japanese automakers at our just opened Asian Technical Center on the outskirts of Tokyo. There was great interest in the meeting and, more importantly, the U.S. automotive components available for their use in Japan. We fully expect some new business to result. Thanks for creating a market opportunity.

Prior to the trip, I had accepted a speaking engagement opening the World Automotive Congress in conjunction with the Detroit International Auto Show. Needless to say, I used the occasion to discuss the President's trip. I am enclosing a copy of our press release and my text for your use. Highlighted on pages 6, 7, 8 and 9 of the text are some positive comments I made about the Japan trip. I cannot control what the media says; but at least I put forth my message: "The trip was worthwhile!"

I look forward to meeting the new Secretary, Mrs. Barbara Franklin, soon in Washington, D.C. Hopefully the improved relationship with the Department of Commerce developed during the period of your leadership can continue. We at General Motors appreciate the job you did as Secretary.

Thank you for asking me to participate in the Japan trip with you. We are now in the process of following-up, and I am getting ready for our next meeting with the industry leaders from Japan. We will keep the Department of Commerce informed of our progress.

Sincerely,



Enclosures

cc: Mr. J. M. Farren
Mr. J. D. Johnston



For Release 8:25 P.M. (EST) / SUNDAY, JANUARY 12, 1992 Contact: Jim Crellin
313/556-2027

DETROIT — The most significant change signaled by President Bush's visit to Japan with U.S. business leaders is a new era of government-business cooperation, General Motors Chairman Robert C. Stempel said today.

"We started a meaningful process in Japan, and we mean to follow up on it," Mr. Stempel said at the kickoff dinner for the annual Automotive News World Congress.

"For the first time, Japan saw the power of a joint U.S. government-industry initiative," Mr. Stempel said. "It was a change and they knew it. For a long time, Japan has depended on the U.S. government to keep U.S. business 'in line' while Japan, Incorporated, expanded.

"This time, the Department of Commerce got it right. They understand — as the Japanese have long understood — that a thriving, vital automobile industry is essential to a thriving, vital national economy."

Despite public debate over the value of the Japan trip, Mr. Stempel said that if it "accomplished nothing other than to raise political and public awareness of the importance of a viable auto industry and a correspondingly strong industrial base in this country, then I can tell you it was an outstanding success.

"If enough of the American public say to themselves, 'Hey, one of seven jobs in this country is dependent on our auto industry. Where are the jobs going to be in the future?', then all the effort was worthwhile. And if enough U.S. consumers take the time to check the outstanding, world-class products being offered by the domestic manufacturers, I am confident that GM

— more —

will continue its more than 50 years of leadership as the number-one producer of vehicles in the world."

"The one thing I know the trip accomplished was to strengthen the ties between American government and American business," Mr. Stempel emphasized.

He credited President Bush and Department of Commerce Secretary Robert A. Mosbacher for providing the initiative to further open up international trade, changing the image of American goods and services and demonstrating that the U.S. has high-quality, high-value products to help reduce the chronic imbalance of trade between the U.S. and Japan.

He said the term "open market" has a different meaning in the U.S. than it does in Japan.

"In the U.S. open market, 36 percent of the vehicles sold are imported," he said. "In what the Japanese call an 'open market,' three percent of the vehicles are imports."

Mr. Stempel said the number of companies competing for a share of the world automotive market is large and growing, but he expressed confidence that U.S. auto manufacturers now have products equal to or better than foreign manufacturers.

He stressed that the American automobile industry is the leader in fuel economy, and that today "the difference in quality among cars is not an issue."

"We don't have to ask the American public to prove their loyalty by buying American products," Mr. Stempel said. "We don't have to ask them to buy our cars or trucks because they feel sorry for us. We don't have to ask them to buy out of a sense of patriotism or pity. We want them to buy our products because they have high quality and high value."

Tenneco Automotive
A Tenneco Company

Tenneco Automotive Building
Suite 300
100 Tri State International
Lincolnshire, IL 60069-4418
(708) 940-6010



J. P. Reilly
President and Chief
Executive Officer

January 13, 1992

The President
The White House
Washington D.C. 20500

Dear Mr. President:

I wish to thank you personally, and on behalf of the U.S. auto parts industry, for including me in last week's historic trade mission to Japan. The trip was successful in that it opened the door, albeit only a little, through which American companies can now continue to build relationships and business.

The strong and unequivocal message you delivered was consistently and forcefully conveyed by Secretary Mosbacher and Under Secretary Farren, as well. I believe the Japanese now clearly understand the commitment of the allied U.S. government and business communities to free, fair, and open global trading. This position must continue to form the foundation of future discussions between our governments and industries.

While we have begun the process of change, I remain concerned for the long term health of my industry. Over 700,000 U.S. jobs and 4,000 American companies depend on the ultimate success of our mission. We cannot afford to repeat the history of previous administrations, which have claimed victory on trade issues with Japan before the battle was over. Rigorous and diligent monitoring and follow-up are required to insure success.

MONROE

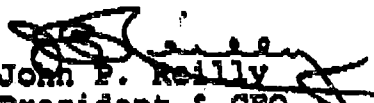
WALKER

The President
January 13, 1992
Page 2 of 2

All members of the business delegation have an obligation to keep you appraised of progress on these issues. I intend to update you on the auto parts situation on a quarterly basis (or more frequently when warranted), and will continue to work closely with my colleagues at the Department of Commerce.

Again, thank you for your support on these difficult, yet critical, trade matters.

Best regards,


John P. Reilly
President & CEO

cc: Secretary Robert Mosbacher
Under Secretary J. Michael Farren
Mr. Heinz Prechter
Mr. Joseph Gorman
Secretary-Designate Barbara Franklin
Mr. Harold Poling
Mr. Robert Stempel
Mr. Lee Iaccoca

C 200672



RECEIVED
JAN 21 1992

Harold A. Poling
Chairman of the Board

Ford Motor Company
The American Road
P.O. Box 1899
Dearborn, Michigan 48121-1899

January 15, 1992

The Honorable Robert A. Mosbacher
Secretary of Commerce
14th Street & Constitution Avenue, N.W.
Washington, D.C. 20230

Dear Bob:

Thank you for your leadership in including representatives of U.S. business and industry on the President's Pacific Basin trip. In the case of Japan, I am sure your efforts demonstrated to the Japanese that the United States is serious about the trade deficit.

I was disappointed by the press interpretations of our overall reaction to the trip. I know you understood the messages we were trying to give the Japanese, and how pleased we were that U.S. government and business are working together on these issues.

The important thing now is to keep the process moving, so that it is obvious to Congress and the public that meaningful progress will occur. We plan to act quickly on the suggestion of the Japanese delegation that a second meeting of U.S. and Japanese government and automotive officials be held.

Also, we are planning to give the Commerce Department our assessment of the value of the commitments made by the Japanese in terms of increased sales of vehicles and parts, as well as how much help the elimination of barriers in the certification and homologation processes is likely to provide in improving market access.

The assessment was not positive

I greatly appreciate your leadership during your term as Commerce Secretary. I have sincere regrets to see you leaving, but at the same time, delight that you have moved on to head the campaign to reelect the President -- a goal that is vital to maintaining our nation's strength and leadership.

Regards


H. A. Poling

News Release

Contact: Tenneco Automotive
Tom Oakley 708/940-6080
Paul Johnson 708/940-6140

AUTO PARTS GROUP SUPPORTS JAPANESE TRADE AGREEMENT

WASHINGTON D.C., January 16, 1992...The Auto Parts Advisory Committee (APAC) today indicated support for the announced increased efforts by Japanese vehicle producers to procure parts from traditional U.S. suppliers. "The \$19 billion target included in last week's agreement is a positive starting point," according to Jack Reilly, APAC chairman, who accompanied President Bush on the trade mission. He also emphasized the importance of ongoing government and business sector talks which will "insure that the momentum of this historic week will accelerate and expand."

Reilly, President and CEO of Tenneco Automotive, had high praise for what he called "the President's clear commitment to market access in a new era of free, fair, and open trade. This message was delivered in a concise and unequivocal way to the Japanese."

Details of the plan produced by the Japan Automobile Manufacturers Association (JAMA) include:

- An increase in U.S. parts purchases to \$19 billion from \$9 billion by fiscal year 1994.
- Increases in local content to about 70 percent by 1994, from the current 50 percent level.

- A pledge to provide "special consideration" to traditional U.S. suppliers in the implementation of the plan.

These targets are based on an assumed 50 percent increase in U.S. production by the Japanese vehicle makers in 1994 to over 2 million units.

"We intend to analyze the data carefully to understand their full impact on our industry," stated Reilly, adding that "we are certainly encouraged by this positive step forward." APAC will play an active role in monitoring progress by assessing the previously released parts deficit forecast in light of the announced increases, and actively supporting the joint DOC/MITI sourcing study scheduled for this spring.

"The ultimate measure of our cooperative success," Reilly said, "will be visible in a reduction of the bilateral parts deficit, which both sides agree is unsustainable over the long term."

APAC is a national advisory committee established by the Fair Trade in Auto Parts Act included in the Omnibus Trade and Competitiveness Act of 1988. APAC's charter is to advise the Department of Commerce on issues related to trade in the auto parts sector between the U.S. and Japan.

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NEWS Release

MOTOR & EQUIPMENT MANUFACTURERS ASSOCIATION, PO BOX 1838, ENGLEWOOD CLIFFS, NJ 07632-0838/(201) 569-8500

January 14, 1992

CONTACT: Robert Miller
(201) 569-8500
Chris Bates
(202) 393-6362

Englewood Cliffs, N.J.... The Motor and Equipment Manufacturers Association (MEMA) today welcomed the announcement that Japanese vehicle manufacturers have pledged to take additional steps in the next three years (JFY 1992-94) to expand purchases of U.S. auto parts. The Association observed that Japanese industry's expanded \$19 billion target for the year beginning April 1994 should generate new momentum in the near term, but emphasized the need for continued industry and government discussions to sustain it.

Jack Reilly, MEMA Chairman and CEO of Tenneco Automotive, who accompanied President Bush during his Japan visit, voiced special appreciation to President Bush and his Administration for their concerted efforts to address the U.S. auto parts trade problem.

He applauded the President's commitment to free and fair trade that was reflected in his statement that the United States wants "agreements that produce permanent improvement in access and in U.S. sales to Japanese markets and permanent improvements in the lives of Japanese consumers."

Reilly noted that "the President's personal involvement in encouraging more rapid progress toward resolution of major U.S.-Japan automotive trade issues has sent a clear and constructive message to Japanese government and industry leaders at a critical juncture in U.S.-Japan relations. His commitment to build upon the initial results of this unprecedented trip is especially encouraging."

Mr. Reilly and MEMA President Robert Miller also highlighted MEMA's appreciation for the leadership which the Japan Automobile Manufacturers Association (JAMA) and its members have shown in expanding their November 1991 commitment to accelerate the growth of business with U.S. suppliers. Mr. Miller stated that "U.S. automotive suppliers will redouble their efforts to work with JAMA members and their U.S. affiliates to design, build, and deliver world-class components so we can achieve, and hopefully exceed, the expanded business level forecasted in the recent U.S.-Japan announcement."

MEMA indicated that the revised Japanese pledge of \$19 billion in U.S. parts purchases by fiscal year 1994 represents a 10 percent constant dollar improvement over the \$17 billion level suggested by the procurement announcements which Japan's five largest producers made in November.

However, the new buying targets are linked explicitly to an assumption that Japanese producers will expand their U.S. production by 50 percent to over 2 million units by 1994. "This commitment will require careful study to evaluate its eventual impact on traditional U.S. manufacturers. More significant is the Japanese agreement to raise the percent of local procurement to about 70 percent in JFY 1994, from 50 percent in JFY 1990. I would say that pledge to work with traditional U.S. suppliers is most encouraging," Reilly said.

According to Reilly and Miller, "The MEMA-JAMA "One on One" conference planned for September 1992 will offer U.S. suppliers and Japanese vehicle manufacturers an excellent opportunity to discuss specific ways to meet the expanded purchasing needs of Japanese producers, both immediate and medium-term." Through this and other joint initiatives with JAMA, MEMA plans to encourage the full realization of Japanese industry procurement plans and an acceleration of business development efforts involving Japanese vehicle producers and U.S. automotive suppliers.

The Motor and Equipment Manufacturers Association, founded in 1904, is the only broad-based association which exclusively represents and serves U.S. manufacturers of motor vehicle parts, equipment, service chemicals, and allied products.

TIM Houser
377-3917

Antipoint Vol play to
#19 Bill.

valley

Whole glass market is est @ \$4.4 billion
we have made in the glass mkt. - have no data
Some joint ventures - have no data
Working agreement in Japan
hold own firms

3.5 Bill by 1995
open

69% public market per
Ngo to open public by P&T's

4190 computers
priv set maintenance

2.190 paper

Don't have \$ value data

Jeannie

1

McGroarty/Bunton
March 10, 1992
10:00 am
[DET]

PRESIDENTIAL REMARKS: DETROIT ECONOMIC CLUB
DETROIT, MICHIGAN
MARCH 7, 1992
xx:00 A.M.??

[Introductory acknowledgements.] My thanks for that warm Michigan welcome.

50 years ago, this great state of Michigan earned the proud title of Arsenal of Democracy. Industries centered here had no peers and practically no competitors -- anywhere on the planet. Today, things are different. Michigan's manufacturers are not just competing with a few out-gunned adversaries. They are up against tough, hard-nosed competitors in practically every developed country.

That's why we've got to take actions both at home and abroad that will give our job-creators -- especially our manufacturers -- the tools they need to compete and win. That means creating more markets, expanding trade. It means defending our friends and thwarting those who would undermine freedom. That is why, when Saddam Hussein grabbed Kuwait, and threatened Saudi Arabia -- America did not hesitate to act. We could not allow Saddam to plunge the Middle East -- and perhaps the world -- into a prolonged war. We could not allow an ally to be subjugated -- nor could we permit a terrorist like Saddam to place a hammer lock on a huge percentage of the world's energy supply.

Just imagine where we'd be today if we had listened to those who urged us to stand aside -- and let Saddam have his way. The Middle East would be at war instead of at the peace table. More plants would be closing, gas lines would be endless and the cost of a barrel of oil would be [XXX].

J.D. FOSTER
SAYS NO WAY to put in a \$ value

....also means cutting taxes, driving down the federal deficit -- refocusing our assets and technological skills on making better computers, better xxx -- and yes, better cars.

But doing that has been difficult -- because too many of this nation's resources have been devoted to its security. This choice had been a tough one. But both President Reagan and I believed that keeping America safe meant building a strong defense. And we did. We also acted in the faith that staying strong would change the world -- and, ultimately, permit us to reorder our priorities. And it has.

Because of our resolve, imperial communism collapsed in Eastern Europe and in the Soviet Union. And now, for the first time in fifty years, we are talking about shifting our resources away from national defense, into the pockets of taxpayers and to address other domestic priorities.

We can also talk about shifting our creative genius to more productive aims. I firmly believe America's manufacturing might can be just as dominant as our military might -- and now we have the opportunity to prove it.

Yes, we've seen the beginning of the globalization of the service sector. And each day brings new frontiers in the

information economy. But manufacturing is and always will be the engine-house of this country's economy. We will not permit our manufacturing industries to fail.

I don't care what any observer -- foreign or domestic -- says: level the playing field, and America's workers can out-think, out-perform and out-produce anyone, anywhere, anytime. We will keep manufacturing jobs in America, and we will give our workers a decent standard of living.

No sense sugar-coating it -- we've got tough challenges. But we won't get where we want to go by underestimating our strengths -- or exaggerating our weaknesses.

Interest rates are lower now than at any point in the past twenty years. Inflation -- the stealth tax that hits every American in the pocketbook -- inflation is under control. We're in the middle of an export boom -- one that's narrowed the trade deficit from xxx to xxx in the past three years alone. // For all our troubles, America is still the world's dominant economy: the one market other countries want to crack -- the economy producing goods in demand in every country in the world. // These are fundamentals we can build on -- the raw material for the solid, strong recovery we know we'll see.

44% drop

\$119 billion in 1988

today \$66 billion

Now that we no longer have to devote so many of our resources to the defense of the free world, we will make sure that our competitors clearly understand that when America dedicates herself to a challenge -- America will succeed.

But there is much to do. Let's start with Washington: For three successive years, I have sent Congress a blue-print for action -- action that would strengthen our economy, make us more competitive -- and put Americans to work. For three years I've urged action. For three years Congress has played political games.

Our capital gains tax cut proposal, which would help build business and create jobs, has been stopped dead by the Democrats. They say it isn't fair. Well, their failure to act had^s put people out of work -- and there's nothing fair about that. We need a cut in the capital gains tax to stimulate this economy, create jobs, and make America more competitive -- and I need your help to convince Congress the time has come to act. 

Instead of a job creation tax cut, the Democrats have a different idea: pay lip service to competitiveness -- and stir up a little class warfare. They want to raise taxes -- a whopping 100 billion dollars' worth.

Sound familiar?

In 1990, in an effort to stop run-away federal spending, I made the mistake of giving the Democrats the tax hike they wanted. And thanks to that tax increase Americans lost jobs.

I will never make that mistake again.

Last week Congressional Democrats passed another tax hike proposal. Well, I have news for them. I learned my lesson. Any economist will tell you: raising taxes coming out of a recession will kill the recovery. I will veto any tax increase legislation

the Democrats send to my desk -- this year, next year or any other year.

As for their so-called tax relief proposal, even they admit it won't create jobs or stimulate the economy. Here's what's in it for the average taxpayer: a tax cut of exactly 25 cents -- one quarter per person, per day.

Now, I know you folks in Michigan are very familiar with a recent, similar Democratic proposal: it offered a nickel a week of tax relief. Well, I assure you -- to people who really need a job, a nickel a week or a quarter a day is all the same: it won't make a dime's worth of difference.

I say to the Congress keep the change -- let's give America what it wants: jobs and opportunities.

That's what our program is about -- and that's why it will make a real difference for Americans who want a chance to work. And so will the other things we want to do for this country. We must train our workers to meet the challenges of a new century. And our America 2000 Program is right on target. That plan will train our children -- and retrain our workers to meet the changing demands of a high-tech world.

→ We must ~~means~~ provide our children with a 21st Century education -- today. That's the idea at the heart of our America 2000 strategy -- our plan to revolutionize -- to literally reinvent -- America's schools.

We must break the cycle of dependency that holds down so many in our society. In this state, your Governor John Engler

has taken a dramatic and important step to replace despair with dignity. He wants to give people something more than a welfare check -- he wants to give them hope. That's why I support John's program and why our administration will be doing everything we can to overcome Congress' resistance to substituting workfare for dependency and hopelessness.

Above all, meeting the challenges of a new century means rebuilding our manufacturing base. That is why we have again sent a growth package to Congress -- and it's why we are continuing to move wherever possible, without waiting for Congress, to reform by executive order.

There are several parts of our plan that are of special importance here in Michigan.

Through the efforts of Vice President Quayle, we will continue to fight those who would regulate our industries out of existence. Today I am happy to announce [SECTION DETAILING RELATED REGULATORY RELIEF].

Our fight to help industry also includes another key plank: civil justice reform. Too many businesses can't start up or keep going because too many lawyers and too much red tape get in the way. Frivolous lawsuits sap our economy and strain our patience. We believe it's time to reform product liability laws, time to reform tort laws -- time to replace the explosion of mindless litigation with a little common sense. //

But the economy is our first priority. I gave the Democrats a March 20th deadline to pass the first parts of our program.

That deadline is one short week away. America wants action: and I promise you, if the Democrats don't act by March 20th -- we will carry the battle to them. We will let their constituents know Congress is playing politics -- people are losing jobs because the Democrats would rather win elections.

To make America competitive, our goals must be to sell American products throughout the world, not recede behind our borders and hope our competitors go away. That is not the way the world works today.

Today's market is a world market. Isolationism will not succeed. Nor will trade policies that contradict the principle of free trade.

We can't support a free trade agreement with Canada and Mexico that allows us to fully compete in their countries -- and then turn around and practice protectionism here at home.

By the same token, we cannot and will not permit other countries to employ a double standard against American goods. We will not tolerate unfair practices on the part of any of our trading partners -- and we are prepared to enforce that position through the use of all the legal tools we have at our disposal, including the power of Super 301.

Now I realize that many people in this community, especially those in the auto industry, feel that we haven't been tough enough on our competitors. Well, we can work together. You keep focusing your energy and attention on developing new technologies and better products -- and I will focus my energy and attention

on giving you the level playing field you need to compete. And together, we'll make sure America's auto industry is first in the world. //

Laurie Wood his act.
- Jim LAKE Asst Sec. 4 trade day
~~377-3937~~ 377-1112 called 1:30pm

We made a good start in January during our trip to Japan.

But it was only a start. [EXAMPLES OF INCREASED AMERICAN SALES.]

The work must and will continue. And I promise you that there is no higher priority in my office today than helping U.S. industry, *and auto parts* especially the auto industry, win new markets the world over. *helps*

To those who sound an economic retreat -- who want to take this country back to a dangerous pre-World War II isolationism - I say: stop complaining. Stop playing on fears when we should be planning for our future. *(on Jan. 23, 92) Feb. 24, 92* *has given...*

Now I realize there are some politicians out there who think a Mercedes is superior to a Cadillac. In fact here in Michigan, not too long ago, there was a politician who thought that a jet copter was superior to an automobile. Well, John Engler crossed the finish line first in his trusty Oldsmobile -- and I intend to make sure that America crosses the finish line first behind the wheels of our Oldsmobiles, Chryslers, Fords and Chevys. *Ministry of Transport (which DOT) has given...*

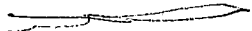
All this week I've been speaking about responsibilities -- about the responsibilities of each individual American citizen, about the government's responsibilities to the people. So let me add a word today about the responsibility in corporate America -- about a practice that's managed to raise the wrath of every working American, and fuel a cynicism about business this country cannot afford. You know what I'm talking about. How many *the most important*

*(TRW-)
negotiations going
better*

*the TBA system.
Allison Becker
@ Commerce*

millions of people here in Michigan and across the country must have asked themselves how a company can lose money, lay off workers -- while its executives pull down these astronomical 7- and 8-digit pay packages. //

If responsibility has any meaning in the business world, it starts by linking pay to performance. Put people back to work. Keep the lines running. Put out a superior product -- and bring in a profit: and any executive can lay claim to a handsome reward.

The last thing I want to see is the government setting salaries. But when it comes to executive pay, there's nothing wrong with a little shareholder democracy. That's why I've asked the SEC to expand shareholders' access to information -- to give them a stronger voice in the decisions that . 

Let me say in closing: I recognize that in an election year. It's a common tactic of those seeking high office to try to create the illusion that America would be a better nation -- if only they were given the chance to govern.

Thank you -- and may God bless the United States of America

#

MEMORANDUM

COUNCIL OF ECONOMIC ADVISERS

March 10, 1992

TO: Jeannie Bunton

FROM: J.D. Foster *JD 5084*

SUBJECT: Manufacturing in the U.S. Economy

NATIONAL STATISTICS

Manufacturing and GDP

o Manufacturing as a share of GDP has been fairly constant, rising from a low of 20% in 1982 to 23% in 1989.

Date	Manufacturing (in billions of 1982 dollars)	Total	Share
1979	712.2	3192.4	22%
1982	634.2	3166.0	20%
1984	752.4	3501.4	21%
1989	929.0	4117.7	23%

o Real manufacturing wages and salaries have fallen as a share of total wages and salaries, consistent with the decline in manufacturing employment. Even so, real manufacturing wages have risen 9% between the first quarter 1988 and the third quarter of 1991.

Date	Manufacturing (in billions of 1982 dollars)	Total	Share
1979.1	1,209.4	325.3	26.9%
1988.1	1,521.2	328.8	21.6%
1991.3	1,810.5	359.2	19.8%

o Total manufacturing employment has been relatively constant while falling as a share of total nonagricultural employment due to the continued growth in non-manufacturing employment (construction, transportation, retail trade, finance, and government employment).

Date	Manufacturing (in thousands of wage and salary workers)	Total Non-Ag	Share
1979	21,044	89,824	23.4%
1984	19,380	94,487	20.5%
1989	19,442	108,328	17.9%
1992 (Jan)	18,238	108,755	16.8%

MICHIGAN STATISTICS

EMPLOYMENT

- o Manufacturing's share of total employment declined from 32.2% in 1979 to 23.5% in 1991. The data are from the monthly establishment survey.

Date	Manufacturing (employment in thousands)	Total	Share
1979	1160.2	3600.4	32.2%
1984	962.8	3264.3	29.5%
1990	943.6	3842.4	24.6%
1991	899.1	3826.2	23.5%

GROSS STATE PRODUCT

- o Manufacturing's share of gross state product declined from 37.0% in 1979 to 33.3% in 1989 (most recent data). GSP is reported in constant 1982 dollars. The data are from the BEA, Department of Commerce.

Date	Manufacturing (in millions of 1982 dollars)	Total	Share
1979	49,790	134,654	37.0%
1982	31,417	108,267	29.0%
1986	46,126	135,701	34.0%
1989	49,466	148,234	33.3%

CONFIDENTIAL

SECRET

16:30

SECRET

16:30

GLOBAL PARTNERSHIP PLAN OF ACTION (Part I)

- I. Cooperation to promote World Peace and Prosperity
- II. Political and Security Relations
- III. Cooperation on Environment, Quality of Life, and Science and Technology
- IV. Enhancement of Mutual Understanding and Exchanges

As stipulated in the Tokyo declaration issued on the occasion of discussions between Prime Minister Miyazawa and President Bush in Japan in January 1992, Japan and the U.S. are firmly committed to a Global Partnership. In carrying out this partnership, both nations are resolved to take a wide range of actions, including those listed in this Plan of Action.

I. COOPERATION TO PROMOTE WORLD PEACE AND PROSPERITY

(1) Intensification of Political Dialogue

- Promote bilateral political consultations to coordinate further their respective roles and responsibilities.
- Intensify dialogue among Japan, the U.S., and Europe, including ~~political~~ consultations among the G7 countries and political dialogue between Japan and NATO.

(2) Arms Control and Disarmament

- Address the proliferation of weapons of mass destruction and missiles and the transfer of conventional weapons. In particular,
 - Strengthen the Non-Proliferation Treaty regime and IAEA safeguards.
 - Achieve an early conclusion to the negotiations of the Convention on the Prohibition of Chemical Weapons.
 - Strengthen the Missile Technology Control Regime.
 - Strengthen the Australia Group on chemical and biological weapons.
 - Strengthen the nuclear suppliers' export control regime (London Suppliers' Group), including establishment of export control of nuclear-related dual use items.
 - Increase the transparency of the international transfer of conventional weapons, in particular, through the effective operation of the U.N. register.

(3) Cooperation to promote Peace

- Work together to strengthen the United Nations peace-keeping and peace-making functions.
- Expand Japan-U.S. cooperation in the United Nations.

(4) Cooperation to promote Democracy and Freedom

- Support and assist democratization and economic reform in Central and Eastern Europe, Asia, and other areas.

(5) Cooperation to Assist the Developing World

- Acknowledge that the spirit embodied in Japan's new Official Development Assistance (ODA) guidelines, which take into consideration, among others, trends in military expenditure by the recipient countries, as well as efforts for promoting democratization and introduction of a market-oriented economy and conditions of basic human rights by the recipient countries, will enlarge the scope of cooperation between Japan and the U.S.
- Enhance cooperation at all levels on development assistance.
- Encourage American firms to participate further in the tender procedure of Japan's ODA loans, more than 80 percent of which have already been untied. (The procurement of American firms accounted for approximately 5%, or 37 billion yen, of Japan's ODA loan in FY90.) In this regard, organize and support a program to introduce American firms to Japan's ODA as part of an overall effort to strengthen collaboration between their foreign aid systems.

(6) Cooperation on Regional Matters

Asia and the Pacific

- Contribute to the stability, development and openness of the region through realistic and constructive approaches, while respecting historical, cultural and socio-economic diversities. In particular,

- Strengthen the Asia-Pacific Economic Cooperation (APEC) as an essential framework for cooperation in the region.
- Promote political dialogue among Asia-Pacific countries through ASEAN Post Ministerial Conference.
- Encourage China to pursue policies of reform and openness in both political and economic fields, and encourage the Chinese Government to take initiatives for human rights and non-proliferation efforts, recognizing the importance of China's integration into the international community.
- Support Mongolia's democratization and market oriented reform efforts by extending external financial and technical assistance through encouraging an increase in international participation in the multilateral assistance group for Mongolia, which Japan took the initiative to organize and co-chairs.
- Encourage continued progress through the North-South dialogue and welcome the South and North Korea's agreement on Reconciliation, Non-Aggression, and Exchange and Cooperation.
- Ensure that North Korea promptly concludes and fully implements full scope IAEA safeguards.
- Welcome the North-South declaration to create a verifiable non-nuclear Korean Peninsula that foreswears reprocessing and enrichment, and press for the early implementation of this declaration in order to dispel suspicions of North Korean nuclear weapons development.
- Encourage conventional arms control on the Korean Peninsula via the North-South talks.
- Ensure the full implementation of the Cambodian peace settlement, work together for effective United Nations operations, and assist in the reconstruction of Cambodia.
- Promote peace, stability and prosperity in Cambodia, Vietnam and Laos, and support economic and political reform in those countries.

- Encourage the restoration of the democratic process in Myanmar/Burma.

Commonwealth of Independent States

- Extend appropriate and effective assistance to the members of the Commonwealth of Independent States to help them reform their domestic and foreign policies, both economic and political, and to help the governments meet the basic needs of the people. The U.S. will continue to give maximum support to Japan's efforts to resolve the Northern Territories issue, one of the last vestiges of the Cold War.
- Provide humanitarian, food and medical assistance to meet immediate needs of the new states.
- Assist in converting military production facilities to civil use as part of a broader transition to less military oriented societies.
- Assist in developing appropriate infrastructure, including distribution and energy.
- Work together for the success of the January 22/23 conference in Washington on assistance to the new states which emerged from the breakup of the Soviet Union.

Central and Eastern Europe

- Enhance bilateral consultation as well as cooperation in multilateral institutions, including the International Monetary Fund, World Bank, the European Bank for Reconstruction and Development, and G-24, in order to provide the most effective assistance to Central and Eastern Europe.
- Explore means to assist the countries of the region in their transition to market economies, including diversification of its traditional patterns of trade.
- Cooperate to promote private sector development in the region, through appropriate arrangements coordinated between Japanese institutions and the American Enterprise Funds.

- Enhance cooperation on environment in the region through active participation in the Budapest Regional Environment Center and by developing a scheme designed to mobilize the environmental technologies available in both nations.

Latin America and Caribbean

- Support democratization and market reforms in Latin America and the Caribbean. In particular,
 - Work together for the early start of the Multilateral Investment Fund to support the Enterprise for the Americas Initiative (EAI).
 - Support the Partnership for Democracy and Development (PDD).
 - Cooperate for the reconstruction of El Salvador.
 - Consider further joint efforts to support economic reform in Peru.
 - Continue to provide effective aid to Nicaragua.
- Ensure that the North American Free Trade Agreement will enhance the global free trading system, will be fully consistent with GATT obligations, and will not raise barriers to third countries in the North American market.

Middle East

- Welcome progress towards a Middle East peace. They both pledge to play major roles in the multilateral phase of the Middle East peace process, and to support the efforts of concerned parties so that the current peace process will result in the achievement of a just, lasting, and comprehensive peace.
- Commit themselves to the full implementation of United Nations Security Council resolutions related to Iraq and reaffirm that its people deserve the opportunity to choose democratically a leadership willing to live at peace with its neighbors.

- Strengthen international efforts for the reconstruction of Lebanon.

Africa

- Support the development of market economies and the democratization process in Africa.
- Assist in natural and man-made emergencies, such as in the Horn.
- Enhance policy coordination to help South Africa transform itself into a democracy based on equality among the races, while taking into account the need to restore growth to its economy through investment and other financial means to encourage the process.

(7) Cooperation to Prevent Terrorism

- Continue to consult on ways of promoting international cooperation to further combat international terrorism, including effective measures in the appropriate international fora. This will include continued counter-terrorism consultations, bilaterally and in the United Nations Security Council and the G7.

II. POLITICAL AND SECURITY RELATIONS

- Continue a close dialogue to ensure the smooth and efficient stationing of U.S. forces in Japan, recognizing that it is important for the U.S. to maintain capable forward deployed military forces at an appropriate level in the region.
- Hold the first security consultative meeting at the earliest opportunity of the Minister for Foreign Affairs and Minister of State, Director-General of the Defense Agency on the Japanese side, and Secretary of State and Secretary of Defense on the U.S. side.
- Promote interoperability, recognizing that complementary defense cooperation is a significant aspect of the bilateral security relationship.

- Enhance defense cooperation, including:
 - Conclude agreement on joint research on the ducted rocket engine, and continue examination of defense technology fields such as fighting vehicle propulsion technology using ceramic materials, millimeter wave/infrared dual mode seekers, closed-loop degaussing for steel-hull ships, and advanced steel for ships and armored vehicles, under the Japan-U.S. Mutual Defense Assistance Agreement.
 - Promote further two-way transfer of defense related technology.
 - Reaffirm the importance of strengthening early warning and surveillance capabilities. Japan's five year Mid-Term Defense Program states that it will acquire four early warning and control aircraft. Japan will continue to study availability and appropriateness of various aircraft including a new type of AWACS, and the U.S. will assist in this effort.

III. COOPERATION ON ENVIRONMENT, QUALITY OF LIFE, AND SCIENCE AND TECHNOLOGY

(1) Environment

- Consult closely on the upcoming United Nations Conference on the Environment and Development (UNCED).
- Strengthen cooperation in preserving the environment, through the following projects:
 - Seek more effective utilization of existing institutions and study the feasibility of helping developing countries build national centers for the management and conservation of natural resources to promote sustainable development through environmental protection and wise use of natural resources in developing countries;

- Cooperate to reduce natural hazards, in accordance with the International Decade for Natural Disaster Reduction and the Japan-U.S. Science and Technology Agreement, by assisting developing countries to prepare disaster reduction plans, including hazard mapping, risk assessment and the establishment of databases;
- Cooperate to help conserve and wisely manage world forests, including tropical forests, by negotiating by the time of UNCED an agreement on principles for all types of forest, leading to a framework convention; and by collaborating through appropriate international organizations such as the International Tropical Timber Organization (ITTO) for achieving the ITTO Year 2000 Target;
- Strengthen liaison in the field between Japan Overseas Cooperation Volunteers (JOCV) and U.S. Peace Corps;
- Cooperate with organizations such as UNEP to facilitate the transfer of environmentally sound technologies to developing countries and countries with economies in transition;
- Encourage non-governmental organizations, industry and other private sector groups to contribute to international efforts to preserve the environment; e.g., the upcoming seminar on the global environment in Tokyo in January.

(2) Improving Quality of Human Life

- Health

- Establish a Japan-U.S. Joint Commission on Aging to provide a framework to address a broad range of issues related to aging populations;
- Engage in cooperative research activities in support of the international Children's Vaccine Initiative.

- Narcotics

- enhance cooperation to help Southeast Asian nations resolve narcotics problems, in particular, through joint training and information gathering.
- support counter-narcotics efforts in Latin America.
- hold periodic consultations on narcotics issues.

- Refugees

- strengthen cooperation, particularly through international organizations on refugee problems, including repatriation of refugees following the resolution of conflicts.

- Humanitarian Issues

- Cooperate on global humanitarian issues, following through on the December 19, 1991 UN General Assembly initiative to improve the UN's worldwide emergency response capabilities.

(3) Cooperation for the Advancement of Science and Technology

- Global Change Research

- Reaffirm and strengthen Japan-U.S. commitment to global change research including:
 - Support for regional approaches to global change research and a network of regional global change research institutes;
 - cooperation in the observation of global change through advanced methods including satellite-remote sensing;
 - Cooperation on international exchange of global change data;
 - Joint efforts in ocean research in the Pacific.

- Major International Projects

- Establish a joint working group to examine technical and other essential aspects of the Superconducting Super Collider (SSC) project and to consider how this project can be formulated as an international project to enable Japan to participate in the project.
- Promote the Human Frontier Science Program through contributions by participating countries.
- Cooperate in joint research on human genome analysis.
- Ensure success of the International Thermonuclear Experimental Reactor (ITER) engineering design activities.
- Reaffirm commitment to achieving a permanently-manned capability for Space Station Freedom by the end of the century.

- Research and Development on Precompetitive Technologies

- Engage in feasibility studies on cooperation in precompetitive manufacturing and other advanced technologies, including Intelligent Manufacturing Systems and optoelectronic technologies.

- Promotion of Researcher Exchange

- Commit to further progress in promotion of exchange of scientists and engineers.

(4) Conservation

- Cooperate to conserve and develop high seas fishery resources on a sustainable basis.
- Cooperate to ensure that all members of the international community implement the 1991 UN Resolution on driftnet fishing.

- Collaborate to implement the Convention on International Trade in Endangered Species (CITES), including a successful 1992 CITES Conference of Parties in Kyoto.

IV. ENHANCEMENT OF MUTUAL UNDERSTANDING AND EXCHANGES

- Welcome the establishment of the Japan Foundation Center for Global Partnership.
- Welcome also the establishment of the Abe Fellowship program which strengthens joint studies including Japanese and American studies.
- Support Japan-U.S. intellectual dialogue and joint studies on the Japan-U.S. Global Partnership issues and related subjects.
- Encourage exchange programs at the regional and grass roots level.
- Cooperate in fostering greater Japanese-language training in America through educational exchanges and grass roots efforts.
- Promote student, teacher and other academic exchanges at all levels, through various mechanisms such as Japan Foundation programs, the Japan-U.S. Educational (Fulbright) Commission, and the Japan-U.S. Friendship Commission.
- Further expand programs for parliamentary exchanges of elected officials and staffs at national and local levels.
- Encourage translation of Japanese books into English to expand access to Japanese knowledge.
- Continue the revitalization of CULCON (Japan-U.S. Cultural and Educational Conference).

EMBARGOED UNTIL

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GLOBAL PARTNERSHIP PLAN OF ACTION (Part II)
(Economic and Trade Relations)

- I. Successful Conclusion of the Uruguay Round
- II. Reinvigorating SII
- III. Enhancement of Business Cooperation, Trade and Investment
- IV. Computer Procurement
- V. Paper Products
- VI. Flat Glass
- VII. Semiconductor
- VIII. Standards and Certification
- IX. Government Procurement
- X. Financial Market
- XI. Legal Services
- XII. Policy Dialogue
- XIII. Auto and Auto Parts (Separate Document)

As stipulated in the Tokyo Declaration issued on the occasion of discussions between Prime Minister Miyazawa and President Bush in Japan in January 1992, the Government of Japan and the Government of the United States of America, based upon the recognition that it is essential to identify and solve economic and trade issues for a smooth and sound management of Japan-U.S. economic relations, which are vital not only for the two countries but for the world economy as a whole, are resolved to take a wide range of necessary actions concerning major economic and trade issues between the two countries, as listed below.

I. Successful Conclusion of the Uruguay Round

The two Governments undertake individual and joint decisions necessary for the conclusion of a successful, broad-based Uruguay Round. Both the United States and Japan believe that Director-General Dunkel's proposed text is an important step that helps establish momentum to bring the Uruguay Round to a successful conclusion. Of course, the Dunkel proposal is not a final text. Both Governments are still continuing to analyze and assess the document. The further important step is to negotiate improved market access for goods and services.

II. Reinvigorating SII

The two Governments intend to reinvigorate the SII through strengthening policy initiatives including new commitments to address the aspects of the business environment of both countries that might impede structural reform including market access, foreign investments and competitiveness, while fulfilling the commitments in the Joint Report of June 1990.

III. Enhancement of Business Cooperation, Trade and Investment

1. The two Governments express their support for the efforts made by Japanese companies through the "Business Initiatives for Global Partnership" and welcome the announcement that 23 Japanese companies in electronics, auto, and machine industries are planning to increase their level of imports from the world by 10 billion dollars in JFY 1993 as compared to JFY 1990.

2. "Business Initiatives for Global Partnership" will promote:

- imports to Japan,
- local procurement by Japanese affiliated companies operating abroad, and
- cooperation between Japanese and foreign firms.

3.

The two Governments also welcome that

- 88 companies and 22 industrial associations, which account for approximately 50% of Japanese trade, have expressed their support, and most of those companies have made voluntary plans to promote imports, local procurement and cooperation, and
- international corporate cooperation in such areas as production, sales, and joint development of products has been progressing.

4. The Government of Japan will provide, for the convenience of foreign companies, a list of contact points of the companies making voluntary action plans, and will follow up on developments under the voluntary plans.

5. The Government of Japan intends, subject to the completion of the domestic legal procedures as necessary, to take the following supportive measures in the next fiscal year in order to complement the above initiatives by the private sector.

a. Measures to promote imports

- For the purpose of accelerated improvement of import infrastructure, "foreign access zones" will be established to concentrate facilities and operations related to imports within and near international airports and seaports around the country, and to further facilitate the flow of imported goods.
- The Government of Japan intends to intensify the work of the Japan Import Board.

- In order to support the efforts by private companies to further expand imports under such initiatives as "Business Initiatives for Global Partnership" and to facilitate raising necessary funds for imports, a debt-guarantee system and import-promoting credit line system will be established. (The implementation of the import-promoting credit line is planned for as early as before the end of this fiscal year.)
- b. Measures to promote direct investment into Japan
 - The Government of Japan intends to take tax measures which would alleviate the burden of initial cost of foreign-affiliated companies (extension of the carry-over period for losses from five to seven years and acceleration of depreciation by 20% for five years).
 - A government-financed corporation is to assist in securing man-power and giving training.
 - Low-interest loans for promoting investment into Japan will be expanded.
 - JETRO's service of providing investment-related information will be reinforced.
- 6. The Government of the United States of America encourages American companies to make the best use of these opportunities.
- 7. The two Governments welcome the progress of cooperation between U.S. Eximbank and EID/MITI for the expansion of U.S. exports and the economic development of developing countries, and welcome MITI's expressing its intention to allocate, for further expansion of this program, 5 billion dollars of trade insurance resources in several years, which together with U.S. Eximbank resources, could generate more than 10 billion dollars worth of projects.
- 8. The two Governments welcome and support the initiatives to strengthen and further promote exchanges and cooperation between businesspeople and the business communities of the two countries through

the activities of such institutions as the Japan-U.S. Businessmen's Conference, the Japan-Western U.S. Association, the Japan-Midwest U.S. Association, the Japan-Southeast U.S. Association, the Japan-Southern U.S. Association, and the Japan-Hawaii Economic Council.

9. The two Governments give support to the Business Summer Camp/Intern Project for the purpose of fostering business training on Japan for Americans and encouraging more extensive dialogue between the business communities of the two countries.

IV. Computer Procurement

The Government of the United States welcomes the decision of the Government of Japan to initiate the "Measures Related to Japanese Public Sector Procurements of Computer Products and Services" ("Measures"). The Government of Japan initiates the Measures with the aim of expanding Japanese public sector procurements of competitive foreign computer products and services, based on the principles of non-discrimination, transparency, and fair and open competition.

The two Governments expect that the implementation of these Measures, along with continued sales efforts by foreign firms, will contribute to increased Japanese public sector procurements of competitive foreign computer products and services.



V. Paper Products

By the end of March 1992, through cooperative and intensive consultations, the Government of Japan and the Government of the United States of America will agree on measures to substantially increase market access for foreign firms exporting paper products to Japan.

Japan Fair Trade Commission (JFTC) has decided to initiate a survey on conditions in the paper sector from the competition policy perspective, before the end of March, 1992.

VI. Flat Glass

The Government of Japan will take steps to substantially increase market access for competitive foreign firms making efforts to export flat glass to Japan, including the following:

- The Ministry of International Trade and Industry (MITI) will facilitate the efforts of foreign firms to increase sales in the Japanese market.
- MITI will encourage Japanese companies to make efforts to increase imports of flat glass under its Import Expansion Program.
- MITI and JFTC will encourage all Japanese glass manufacturers to put anti-monopoly compliance programs into effect by February 1992. One purpose of these programs is to ensure that the distribution system is open to competitive foreign glass manufacturers.
- The Government of Japan and the Government of the United States of America will meet as either side may deem appropriate to exchange information relevant to the aforementioned steps.

JFTC has decided to initiate a survey on conditions in the glass market from the competition policy perspective, before the end of March, 1992.

Ministry of Construction (MOC) will facilitate the efforts of foreign firms to meet Japanese building standards for flat glass and other glass building materials by holding briefing sessions for foreign firms and making available English language versions of all standards, consisting of the Building Standard Law as well as relevant Cabinet Orders, Enforcement Regulations and Notifications. The Director for International Codes and Standards of the MOC will serve, in this regard, as a contact point for foreign firms.

VII. Semiconductor

The two Governments, in recognition of the importance of the 1991 U.S.-Japan Semiconductor Arrangement, reaffirm their commitment to make further efforts for increased market access and for development of long-term cooperative relationships between Japanese and U.S. companies through measures specified in the Arrangement.

VIII. Standards and Certification

49 non-auto standards and certification complaints have been resolved or will be resolved through the Office of the Trade and Investment

Ombudsman's (OTO) intensified efforts over the past month. These steps will improve market access in sectors such as industrial machinery, chemicals, transportation equipment, processed food, cosmetics, and pharmaceuticals. The Government of Japan will continue to actively address market access issues raised by foreign companies and others through the OTO.

IX. Government Procurement

Last November, the Government of Japan decided to take steps to increase government procurement opportunities. These steps should increase the procurement opportunities roughly from 400 to 800 billion yen (approximately three to six billion dollars). The Government of Japan intends to implement from April 1, 1992, such measures as increasing transparency in tendering procedures (procurement notices written in English, extension of the period for receipt of tenders), lowering the threshold value (from 130,000 to 100,000 SDRs), and widening the coverage (addition of 28 entities).

X. Financial Market

The two Governments intend to intensify the efforts of the U.S.-Japan Working Group on Financial Markets in order to achieve further progress in liberalizing financial markets in both countries and increasing transparency, access and competition.

XI. Legal Services

Taking into account the important role lawyers play in international transactions, the Government of Japan will redouble its efforts to resolve issues related to foreign lawyers (gaikokuho-jimu-bengoshi).

XII. Policy Dialogue

The two Governments intend to intensify bilateral policy dialogue at all levels with a view to enhancing early warning function on sectoral economic and trade issues, particularly in such fora as the U.S.-Japan Sub-Cabinet Economic Consultations, the U.S.-Japan Trade Committee, the MOSS talks, and other working-level consultations on the sectoral issues.

XIII. Auto and Auto Parts (See Separate Document)

[XIII of GLOBAL PARTNERSHIP PLAN OF ACTIONS (Part II)]

Auto and Auto Parts

RADIO - TV :

News paper :

EMB. COUNCIL UNTIL

Action by the Japanese Side

1. Automobile Parts

— Japanese automobile manufacturers as the attached :

— made announcements on US automobile parts purchases goals.

These announcements were made voluntarily by Japanese automobile manufacturers, based on the premise that U.S. parts suppliers will make their best efforts corresponding to those of Japanese automobile manufacturers and that automobile production of Japanese affiliates in the United States would increase by 50% from FY 1990 to FY 1994. The aggregated figures of the announcements are as follows:

a) Automobile parts procurement by US manufacturing facilities of Japanese affiliates from US suppliers is expected to more than double from about 7 billion dollars in FY 1990 to about 15 billion dollars (in real terms) in FY 1994.

b) Seen in terms of percentage of local procurement in the total purchase of parts, the percentage is expected to increase from about 50% in FY 1990 to about 70% in FY 1994. By contrast, the percentage of imports from Japan is expected to decrease from about 50% to about 30%.

c) In making these procurements, special consideration will be given to the US parts industry, which is currently under a difficult situation.

d) As for Japanese import of parts from the United States, it is expected to double from 2 billion dollars in FY 1990 to 4 billion dollars (in real terms) in FY 1994.

e) In sum, the total of local procurement in the United States and export to Japan (import by Japan), i.e. total purchase of US parts, will increase by about 10 billion dollars — from about 9 billion dollars in FY 1990 to about 19 billion dollars in FY 1994.

(Above figures are calculated using the data collected by Japanese Automobile Manufacturers Association pursuant to the MOSS agreement.)

-- will further strengthen such efforts as:

a) promoting design-in (332 ongoing cases and 271 successfully completed cases as of January 1991);

b) expanding R&D centers in the US (7 centers of 6 firms with 1,400 employees, expected to increase to 2,200 employees in the near future); and

c) assisting US parts suppliers to develop long-term business relationships.

— The Japanese government announced:

-- assistance for design-in training in Japan for engineers of US parts manufacturers, sales missions to Japan and other measures to assist the US parts manufacturing industry (FY 1992 budget: 1.5 million dollars); and

-- further improvements in tax and financial incentives to promote imports to and investments in Japan (e.g. tax incentives for busi-

ness establishments of foreign firms (extension of loss carryover periods, accelerated depreciation of buildings, etc.), low interest rate loans, debt guarantee facilities, etc.) in order to promote the Initiatives for Business Global Partnership.

- Japan Fair Trade Commission has decided to initiate a survey on conditions in the automobile parts sector from the competition policy perspective before the end of March, 1992.

2. Automobiles

- Japanese automobile dealers' associations publicly reconfirmed their willingness to undertake dual dealerships to sell US automobiles:
- Japanese automobile manufacturers as the attached:
 - have eliminated prior consultation requirement clauses in dealership contracts, and made it clear that dealers may of their own free will sell automobiles of multiple manufacturers in parallel;
 - have expressed, including some of those who have not handled US automobiles so far, their willingness to help expand the sales of US automobiles. They made it clear that, in addition to US-brand automobiles, the import of US-manufactured Japanese-brand automobiles is estimated to rise substantially; and
 - expressed their willingness to cooperate in expanding the sales opportunity for US automobiles in Japan, and have announced measures such as providing space to display US automobiles at seven showrooms for the time being in the Metropolitan Tokyo area.
- The Japanese government:

- has announced that it will actively increase opportunities for the sale of foreign automobiles, through such measures as budgetary allocations (6.3 million dollars in FY 1992) for e.g. holding foreign automobile shows in Japan (sites under consideration include Tokyo, Osaka and Nagoya) by or with assistance from JETRO ; and
 - has announced that it will expand and strengthen tax and financial incentives to promote imports and foreign investments in the Japanese market with a view to promoting the Initiatives for Business Global Partnership.
-
- With regard to standards and certification issues, under the Office of Trade and Investment Ombusman (OTO) procedure, six of the fourteen outstanding issues had been resolved at the technical level as of January 1, 1992. Of the remaining eight issues, six are in resolution and two are imminently to be resolved.
 - Japan Fair Trade Commission has decided to initiate a survey on conditions in the automobile sector from the competition policy perspective before the end of March, 1992.

Action by the U.S. Side

- The U.S. Government is committed to an economically viable U.S. automotive industry and to increasing exports of U.S. vehicles and auto parts to Japan.

The U.S. Government will work to enhance its efforts in the MOSS process.

- Recognizing the benefits of cooperative efforts to promote trade of automobiles and auto parts in an effort to address trade imbalances, the U.S. Government will draw upon and expand existing programs, including the U.S. Department of Commerce's Export Promotion Program, and the USDOC-MITI Joint Trade Expansion Program. As required, these programs will be tailored to meet the needs of U.S. automotive industry.

- In addition, the U.S. Government will take the following immediate steps:

- As Chairman of the Cabinet-level Trade Promotion Coordinating Committee, the Secretary of Commerce will give special focus to measures promoting automotive exports and enhancement of overseas presence by U.S. companies.
- Encourage U.S. industry to take full advantage of Japanese Government import promotion programs, including the tax and financial incentives (low interest loan, and debt guarantee facilities announced in the Initiatives for Business Global Partnership). The U.S. Government will encourage U.S. industry to utilize the seven showrooms recently made available by Japanese automobile manufacturers.

Joint Action

- The U.S. and Japanese Governments
 - recognize efforts made to date on the automotive trade issue and remain committed to open markets.
Both sides are committed to working cooperatively in the MOSS framework on this issue.
- Renewed efforts will be made in accelerating implementation of programs to increase sales opportunities of U.S. vehicles and auto parts in the Japanese markets. Special emphasis will be placed on implementation of the MOCP Work Plan, agreed to by the Governments of Japan and the United States, September, 1991.
This includes, but is not limited to:
 - implementing the study on the sourcing of automotive parts by U.S. and Japanese vehicle manufacturers,
 - expanding R&D centers in the U.S. by Japanese manufacturers,
 - increasing participation by U.S. companies in design-in by Japanese manufacturers,
 - encouraging participation in trade shows, including the Tokyo Motor Show
 - utilizing the OTO,

Encourage the improvement of technological infrastructure and distribution facilities of US parts suppliers to take full advantage of opportunities in the Japanese market

- The two governments:
 - have initiated a Japan-US joint study regarding the trade opportuni-

ties for automobiles with a view to completing it by July, and mutually seek ways to enhance trade opportunities for automobiles based on this study.

For immediate release
January 8, 1992

TOYOTA ANNOUNCES MEASURES FOR PROMOTING BUSINESS
WITH U.S. SUPPLIERS AND AUTOMAKERS

Toyota City -- Toyota Motor Corporation today announced additional measures in its steadily expanding framework for purchasing automotive parts and materials from American suppliers. The company also announced a package of measures for assisting U.S. automakers in the Japanese market.

U.S. suppliers account for a fast-growing share of Toyota's global purchasing, and Toyota has taken extensive and systematic measures in recent years to broaden its business ties with American manufacturers of automotive parts and materials. Those measures have included dispatching engineers to suppliers' plants to assist suppliers in raising quality and productivity, as well as convening quality seminars and conducting other related activities.

Today, Toyota announced that it will upgrade and strengthen its U.S. organization for extending technical support to American manufacturers of auto parts by opening a "supplier support center" in the United States in mid-1992. Personnel at the new supplier support center will work with parts makers to help them improve and streamline their production processes. The center will be the newest facility in Toyota's large and growing local interface with suppliers in the United States, which includes technical centers in Michigan and California and a design subsidiary in California.

Toyota is also making itself more accessible to U.S. suppliers by promoting so-called design-in activities, which provide for joint work with parts makers, starting in the early stages of product development. Toyota presently conducts substantive volumes of business with 303 suppliers in the United States,

and 119 of those suppliers have developed parts for Toyota vehicles through design-in projects. Some 187 companies now are working with Toyota in design-in projects on additional components.

The dollar volume of Toyota's U.S. purchasing has surged in step with the company's broadening relationships with American suppliers. Toyota spent \$2.6 billion on American-made parts and materials in the fiscal year beginning April 1990, and it has announced that its purchasing of those items will reach \$4.6 billion in the year beginning April 1994. That figure comprises \$3.6 billion in local purchasing by Toyota operations in the United States and \$1 billion in imports by the company's operations in Japan. The huge volume of local purchasing at Toyota's U.S. plants is evident in their high levels of local content, which compare favorably with the levels at the Big Three U.S. automakers.

Toyota's purchasing of auto parts and materials in the United States is part of a systematic, global-purchasing framework. That framework will include total imports of some ¥400 billion (about \$2.9 billion) by Toyota operations in Japan in the year beginning April 1994, as well as local purchasing by Toyota operations around the world. Imports from the United States will account for \$1.5 billion of that total.

Besides importing automotive parts and materials, this year Toyota will begin shipping cars to Japan from its Kentucky plant, with total imports expected to reach 20,000 units in fiscal 1994. The company also will soon start marketing Volkswagen and Audi vehicles in Japan. In addition, Toyota announced today that it is prepared to negotiate with General Motors about the possibility of retailing GM vehicles in Japan, subject to agreement with GM's Japanese franchisee. Such an arrangement might reasonably be expected to yield sales of 5,000 vehicles a year. GM and Toyota are partners in a successful joint venture in California that produces Corollas and pickup trucks for Toyota and Geo Prizms for GM.

The prospective marketing tie-up with GM reflects Toyota's commitment to ensuring genuine access for U.S. automakers to the Japanese market. Toyota reported that it is reemphasizing to its dealerships in Japan -- nearly all of which are independent businesses -- that they are free to handle foreign vehicles and that no prior consultation with Toyota is needed. The company also indicated a readiness to make its corporate showroom, Toyota Auto Salon AMLUX Tokyo, available to foreign automakers for occasional promotional fairs and other events.

Toyota's continuing efforts to expand business with American suppliers and automakers evoke an acute awareness of the severity of conditions in the U.S. auto industry. Management at Toyota recognizes that a real turnaround for the U.S. industry will hinge on efforts by the American automakers to reassert an international competitiveness. They are determined, however, for Toyota to do everything possible to contribute to maintaining a strong and vigorous auto industry in the United States.

Today's announcement included suggestions that Toyota's purchasing of parts and materials from U.S. suppliers could actually exceed the \$4.6 billion figure that the company has projected for the year beginning April 1994. Toyota management believes that the total could be as high as \$5.28 billion -- \$3.82 billion in local purchasing and \$1.46 billion in imports -- depending on market trends and on the progress of U.S. suppliers in achieving further gains in quality and productivity.



Embargoed until 00:01 January 8, 1992.

January 7, 1992

Nissan Announces Plan For Further Expansion of U.S. Auto Parts
Procurement and Cooperation with Sales of U.S. Vehicles in Japan

Tokyo -- Nissan Motor Co., Ltd. today announced that it will target a new purchasing goal of \$3.7 billion for its procurement of U.S. auto parts and materials in the company's 1995 fiscal year ending March 31, 1995 and that it will cooperate in sales and showroom display activities for American vehicles in Japan.

Last November, Nissan announced a plan to increase its purchases of U.S. auto parts and materials in a move toward international cooperation on trade issues. The plan, which outlined a purchasing goal of \$3.3 billion in fiscal 1995 ending March 31, 1995, including local procurement in overseas markets and imports into Japan, was 2.5 times the \$1.3 billion worth of U.S. products Nissan purchased in its 1991 fiscal year ended March 1991.

Nissan's announcement today further strengthens its cooperation with the U.S. industry, as Nissan will endeavor to attain an even higher purchasing goal for fiscal 1995 of \$3.7 billion, which is nearly triple the fiscal 1991 level. This upwardly revised goal, based on a set of assumptions about

(more)



U.S. Auto Parts, 1/7/1992

-2-

sales and market conditions, includes \$2.9 billion for local procurement at Nissan's U.S. operations and \$800 million in imports, and Nissan will do its utmost to increase purchases of products from U.S. suppliers facing a difficult situation.

In order to achieve this goal, Nissan plans to step up the various activities it has undertaken to date, aimed at fostering a mutually beneficial trade relationship between Japan and the U.S. in automobiles and auto parts. As an initial step toward expanding purchases of U.S. auto parts and materials, Nissan has invited approximately 50 U.S. parts manufacturers to a parts suppliers meeting at its Tokyo Headquarters and Nissan Technical Center (Kanagawa prefecture) in February. According to Nissan President Yutaka Kume, an important condition for the attainment of this new purchasing goal, in addition to the actions taken by Nissan, will be further efforts by U.S. parts suppliers in the areas of quality, price, delivery lead time and product development capabilities.

Nissan also expressed a willingness to cooperate in sales activities for American vehicles in Japan, based on the assumption that the Japanese government will adopt special measures with regard to foreign automobiles. For instance, Nissan would be willing to cooperate with Ford Motor Company in selling a new minivan, which is a joint project between Nissan and Ford, at Nissan dealers in Japan.

It is Nissan's view that a successful sales program for this minivan in Japan would necessarily require the introduction of vehicles with Japanese specifications, including a right-hand steering wheel and movement of the sliding door to the left side of the vehicle. Future sales expansion would depend largely on Ford's modifications of the minivan to Japanese specifications and the setting of competitive prices in the Japanese market.

(more)



Nissan is also willing to extend similar sales cooperation for other Ford passenger cars, such as the Taurus (including the wagon) and its successor model. For these vehicles, it would be necessary to resolve certain issues pertaining to existing commercial rights in Japan and also to price them at competitive levels.

Assuming that the minivan and other Ford passenger cars are sold in Japan under the foregoing conditions, it is projected that annual sales volumes of around 3,000 units could be achieved in total, although the ultimate decision would rest with Japanese consumers.

Besides this cooperation in the sales activity, Nissan will offer U.S. automakers the use of showroom space in metropolitan Tokyo, including at its Headquarters showroom in the Ginza area of the capital, as a measure for supporting increased sales of American vehicles in Japan.

Nissan noted that Japan does not impose any tariffs on imported vehicles and that the Japanese vehicle market is open to car manufacturers of any country. The success achieved by European automakers in expanding their sales in Japan, is a clear sign that the market is free of non-tariff barriers and the sales results reflect marketing, design and engineering efforts. In fact, the company has sold the Volkswagen Santana and Passat models through its own dealer network.

While Nissan firmly believes that automobile dealer networks in Japan are open to other countries, it has partially revised its sales license agreement with its dealers recently. This, along with other measures, have made it clear that dealers are free to decide if they want to sell other manufacturers' vehicles alongside Nissan products.

Nissan believes that the steady implementation of these various efforts will work to improve the trade imbalance between the two countries and also contribute to further advancement of international cooperation.



PRESS INFORMATION

January 8, 1992
Ref. #92001

HONDA SETS TARGET OF \$4.94 BILLION IN PURCHASES OF U.S. MADE PARTS AND MATERIALS IN FISCAL YEAR 1994

Tokyo, January 8, 1992 -- Honda Motor Co., Ltd. announced today a target of \$4.94 billion in purchases of U.S. made automotive parts and materials in fiscal year of 1994. This goal further strengthens the continuing expansion of business with suppliers at the company's operations in North America and increased imports of parts and materials from the United States.

For fiscal 1994 (ending March 31, 1995) the goal calls for \$4.38 billion in purchases for Honda's U.S. operations and \$560 million in exports to Japan. This amount is 1.8 times the purchases made by Honda's operations in fiscal 1990, and two times that which was exported in fiscal 1990. To reach this goal, Honda will give maximum consideration to increase business with U.S. parts industries.

The local production of Honda products and expansion of local procurement have been important ongoing efforts at Honda since 1982, when it became the first Japanese automaker to produce cars in the United States at Honda of America Mfg., Inc. (HAM) in Marysville, Ohio. In 1985, HAM began producing engine in Anna, Ohio. Honda has continually increased the purchase of U.S. made automotive parts and materials, expanded projects to involve U.S. parts suppliers from the early stage of the product development and increased its R&D capabilities at the Honda R&D North America, Inc..

Honda has expanded its relationship with U.S. automotive parts suppliers by introducing design-in and guest engineer programs. In 1988, HAM established the Support and Development Group to facilitate the transfer of technology to help suppliers become more productive and competitive. HAM also established the Planning and Export Group to increase exports of U.S. made parts to Japan.

As a result of Honda's efforts in this area, in fiscal year 1990, its purchase of U.S.-made automotive parts and materials reached \$2.49 billion, and \$280 million in exports to Japan.

Honda will maintain its effort to increase local procurement in the United States. However, U.S. parts suppliers face many challenges in being competitive in areas such as quality, cost, meeting specifications, delivery and technology. To reach the target of \$4.94 billion in purchases in fiscal year 1994 will require the full effort and partnership between Honda and U.S. parts suppliers.



PRESS INFORMATION

January 8, 1992
Ref. #92002

HONDA TO BOLSTER CHRYSLER JEEP SALES AND INCREASE ACCORD IMPORTS

Honda Motor Co., Ltd. has announced its intention to triple its sales of Chrysler-produced Jeep Cherokee and Wrangler models as well as doubling imports of its U.S.-made Accord models. A target date of 1994 has been set for both objectives.

Honda has been selling U.S.-made Jeep models through its Primo dealer network since September 1990, under a sales agreement with Chrysler Japan Sales, Ltd. By next month, the present total of about 100 Primo dealers selling Jeeps will be increased to 300. This total will include not only Primo dealers, but will expand distribution to Honda's Clio and Verno dealers. This is consistent with Honda's traditional policy, in which our dealers always has been free to sell any models they wish.

In 1991, the first full year of the Chrysler sales tie-up, 424 Jeep models were sold, representing about 30 percent of all Chrysler sales in Japan. By 1994, Honda's goal is to triple that total to about 1,200 units.

In April, 1988, Honda became the first Japanese automobile manufacturer to begin importing its U.S.-made vehicles, and last year, it began importing the Accord wagon, a model developed in the U.S. A total of 14,000 units were sold in 1991. By 1994, Honda intends to increase that total to 27,000 units.

To achieve its Jeep sales target, Honda is tripling the number of dealerships offering Jeep models, and is training staff to specialize in Jeep sales and service. Special Jeep service personnel are now on hand at all 11 Honda Technical Service Centers. Every Jeep unit is inspected prior to delivery to ensure quality. Both Honda and Chrysler Japan are promoting personnel exchanges to further improve service technique and know-how.

Cherokee and Wrangler models are on display in dealer showrooms, and a free test drive program for potential Jeep customers is being organized.

Jeep models also will be displayed in the showroom at Honda's Aoyama headquarters office building.

Honda's Import Vehicle Division, established in November 1991, is in charge of the new sales program, which includes expanding Jeep dealerships to the Clio and Verno networks, thus improving both sales and after-sales spare parts supply and repair services.

To further strengthen sales growth, Honda and Chrysler will hold regular discussions to assure that Jeep models meet Japanese market standards for quality, price and features.

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Ted Nagase
Bob Inamoto

January 8, 1992

MAZDA ANNOUNCES NEW TARGET FOR BUSINESS COOPERATION WITH U.S. AUTOMOTIVE INDUSTRY

Mazda Motor Corporation today announced a new target in its efforts to promote further business cooperation with the U.S. automotive industry.

The new target outlines Mazda's policies for further promoting increased purchasing of U.S.-made parts and materials as well as of U.S.-made vehicles to be marketed in Japan. Mazda will focus its efforts in these two main areas, as follows:

1. Increased purchasing of U.S.-made parts and materials:

To contribute to a closer and smoother economic relationship between the U.S. and Japan, Mazda is going to further enhance purchasing of U.S.-made parts and materials throughout the company.

Having set a new target for purchasing of U.S.-made parts and materials for fiscal 1994 (April 1, 1994 to March 31, 1995), Mazda will continue to enhance its ongoing efforts in this area. Mazda will work to achieve the new target level with the indispensable support and efforts of U.S. parts suppliers in various areas, including quality and pricing.

Specifically, the new target sets two goals, as follows:

- a. Mazda will increase the amount of its purchasing of locally-produced parts and materials for use at Mazda Motor Manufacturing (USA) Corporation (MMUC), Mazda's U.S. plant located in Flat Rock, Michigan, from \$958 million for fiscal 1990 (April 1, 1990 to March 31, 1991) to more than \$1.9 billion for fiscal 1994.
- b. Mazda will increase the amount of its purchasing of U.S.-made parts and materials for use in Japan, from \$218 million for fiscal 1990 to approximately \$400 million for fiscal 1994.

-- more --

With this new target, Mazda hopes that business opportunities for U.S. parts suppliers will further expand. Over the course of its efforts to achieve the new target, Mazda is going to pay thorough consideration to increasing purchasing especially from those U.S. parts suppliers currently facing difficult circumstances.

2. Increased purchasing of U.S.-made vehicles to be marketed in Japan:
 - a. Mazda is already marketing a variety of imported vehicles through its domestic sales network: Ford vehicles through AUTORAMA; Citroën vehicles through EUNOS; and Lancia vehicles through AUTOZAM. Mazda is making efforts to further promote the marketing of imported vehicles in Japan through enhanced business cooperation with foreign automotive manufacturers.
 - b. As for imports from the U.S., Mazda is going to make efforts to achieve a new target of importing 4,500 Ford vehicles in fiscal 1992 (more than double the amount for fiscal 1990, April 1, 1990 to March 31, 1991). Models include the Ford Probe, Taurus, Thunderbird and Lincoln-Continental, marketed through AUTORAMA, Mazda's joint-venture with Ford.

For fiscal 1994, Mazda will make efforts to further increase the importing of those vehicles.

Mazda will vigorously cooperate with Ford, by offering its know-how and experience in the Japanese market with respect to service, quality, pricing and parts supply, which are prerequisites for increased marketing of imported vehicles.
 - c. In addition to its 342 sales outlets throughout Japan which deal in Ford vehicles, Mazda is exhibiting and promoting Ford models in high-profile, central Tokyo display areas as well.

As an international company, Mazda hopes through these efforts to promote positive international business cooperation and contribute to the overall world economy.

January 8, 1992

Mitsubishi Motors Corporation

Contact: 03-5232-7165

MITSUBISHI MOTORS APPROACHES TO INCREASE U.S. IMPORTS

1. On December 24, 1991, Mitsubishi Motors announced in its "Business Global Partnership Program" that it will increase the number of American-made vehicles to be sold in the Japanese market to 4,000 units worth 10 billion yen for the 1995 fiscal year; up from the 1990 fiscal year figure of 2,543 units worth 5.4 billion yen. In addition, in order to actively promote American-made passenger car imports, Mitsubishi Motors has revised the above document to increase to 6,000 units in the 1995 fiscal year, a further increase of 2,000 units.

The above target is planned to include Chrysler-brand models produced by Diamond-Star Motors and future Chrysler cars produced by Chrysler Corporation. This will require discussions with Chrysler regarding such matters as existing commercial rights, model selection, adaptation to Japanese specifications and pricing. Mitsubishi Motors, however, will diligently make an effort to resolve the above matters and to achieve this target.

2. Mitsubishi Motors has repeatedly stated that there is nothing exclusive about the sales activities of its dealers. To avoid any misunderstanding by foreign auto-makers, Mitsubishi Motors has recently amended its dealer agreements to enable its dealers to sell foreign-made cars on their own decision. In addition, the Japanese market sales plan mentioned above for American-made vehicles clearly demonstrates Mitsubishi Motors' firm commitment to helping to sell foreign-made cars in Japan. To symbolize this in concrete form, Mitsubishi Motors will offer space for the display of imports at its headquarter showroom in Tokyo.

January 8, 1992

Mitsubishi Motors Corporation

MITSUBISHI MOTORS INCREASES
IMPORTS & LOCAL PROCUREMENT OF AMERICAN-MADE PARTS

In the spirit of international cooperation, Mitsubishi Motors announced its "Strategies to expand purchases of U.S. Goods" (a voluntary proposal) and its "Business Global Partnership Program" in November and December respectively last year. In view of the importance of business relationships between Japan and the United States, Mitsubishi Motors has decided to revise certain targets set out in those documents, as well as to adopt a new approach to increase procurements.

1) Local Procurement at Diamond-Star Motors (DSM)

Mitsubishi Motors has upwardly revised the 1994 fiscal year target for parts purchases to \$1.2 billion which includes the purchase of Chrysler-made engines and transmissions. This represents a 2.3-fold increase of the \$520 million amount actually purchased in FY 1990.

2) Increased Imports of American-made Parts

Mitsubishi Motors has upwardly revised the 1994 fiscal year target for parts imports to \$400 million in FY 1994. This represents a 2.6 times increase over the 1990 fiscal year figure of \$155 million.

3) In endeavoring to achieve these targets, Mitsubishi Motors will give maximum consideration to increasing imports from the American parts and components industry which is currently experiencing difficult times.

4) Mitsubishi Motors will diligently continue its efforts to achieve these targets. Meanwhile, so that it may achieve these targets, Mitsubishi Motors earnestly requests American suppliers and affiliates to make the necessary efforts to meet its requirements in terms of product quality, performance and price.

SPECIAL
MEETING

1934
OUR 58th YEAR

Speaker

The Honorable George Bush
President of the United States

Presiding Officer

The Honorable John M. Engler
Governor of Michigan

IMPORTANT NOTICE

Owing to space limitations, reservations can only be accepted from members of The Economic Club of Detroit, who may bring a limited number of guests. Confirmed phone reservations will be accepted (313) 963-8547. Reserved tickets may be picked up at the office or at the reservation desk at Fairlane Manor.

FRIDAY

March 13, 1992 at 12:00 Noon

Fairlane Manor

Dearborn

Luncheon Tickets – Member \$25.00

Guests of Members \$35.00

Doors will open at 11:30 a.m. You are urged to arrive as early as possible in order that the program can begin on time.