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7 June 1995

Mr Chris Walker
US Embassy
Fax: 3224 5010

Dear Chris

My apologies for not being able to send you this transcript of Senior Minister Mr Lee's remarks yesterday. Something came up in the afternoon. Please apologise to Ambassador Mondale on my behalf for sending this so late. I was able to get the tape recording only a few days ago. Enclosed is the transcript for your use.

Regards.

Yours sincerely

A handwritten signature in cursive script, appearing to read 'M. Tay'.

MICHAEL TAY
COUNSELLOR

Encl

EMBARGO

19日12時

12:00 MAY 19 使用解禁でお願いします

SPEECH BY SENIOR MINISTER, MR LEE KUAN YEW AT THE
NIKKEI'S FUTURE OF ASIA CONFERENCE, 18-19 MAY 1995,
TOKYO

DEREGULATION AND LIBERALISATION

*Check w/ Michael Tay - Emb of Sing
for transcript of
Q&A on LRY*

Introduction

The world's free trading regime under GATT has enabled East Asian nations to grow rapidly. Their exposure to international trade has risen. East Asia's exports rose by an average ten percent per annum in the last one and half decades, twice the rate of growth of trade elsewhere. According to the World Trade Organisation, nine East Asian nations are today among the top 25 exporters in the world. Thailand and Indonesia made it into the league last year.¹

2 East Asia's stake in global trade requires it to undertake greater responsibility for keeping markets open. East Asian countries should not be seen as free riders, abusing the generosity of the

¹ The nine East Asian countries, ranked in decreasing importance, are Japan (3), Hong Kong (8), China (11), Singapore (12), South Korea (13), Taiwan (14), Malaysia (19), Thailand (23) and Indonesia (25).
[World Trade Organisation press release, 28 Mar 95.]

industrialised world. The US and Europe will no longer tolerate mercantilist practices that stress exports and restrict imports.

3 Japan, more than any East Asian country, has the biggest stake in open markets. Japan benefited most from open trade. Japanese exports, especially to the US, pay for Japan's essential imports of raw materials and provide the engine for Japan's rapid growth. It is in Japan's interests to promote freer trade, both in the region and in the world.

4 Trade liberalisation in East Asia would not amount to much without Japan leading the way. Japan accounts for more than half of the region's trade surplus with the US and three-quarters of that with the EU. Japan also has trade surpluses with the rest of East Asia. These rose by an average 25 percent per year since 1986.

5 US pressure on Japan to open up could become ugly. A White House spokesman said on 15 May 1995 that over time the inability to resolve a major disagreement, in the area of trade could be an impediment to realising the full value of fruitful and productive relationships. Another US official said that it could in time have a corrosive effect. Japan would be short-sighted to continue its tactics of

exhausting negotiations before yielding minimal concessions. A US that finds itself frustrated in Asia could look to Europe instead. The US already has in place trans-Atlantic institutions in defence, security and politics, and could extend such institutions into economic areas. Several US and EU officials have recently proposed a "new economic structure" between the EU and NAFTA. Japan risks serious deterioration in bilateral relations with the US if it persists with its current practices. Such deterioration must eventually affect the US-Japan Security Alliance. So Japan must weigh its trading interests against its need for an indispensable US counterweight to a China growing in weight and influence, and a Russia which is still well-armed but unstable.

6 Japan's opening up is not just an obligation it owes to the US and its other trading partners. Economic deregulation and market opening will promote Japan's domestic restructuring and make Japanese firms more competitive.

7 As the largest and richest economy in Asia² and the current chairman of APEC, Japan is the key player, one which can set the pace of trade liberalisation. By leading an APEC initiative for freer trade,

² Japan's economy accounts for two-thirds of the region's GDP [37 percent in PPP

Japan can push the world towards a better trading order, a world which through increasing trade, will increase interdependence between nations and prosperity for all. If Japan re-examines its past strategy, its leaders must recognise that conditions have changed so fundamentally that they have to break the mould of the last 50 years. That strategy which was designed to maximise exports and minimise imports had served Japan well, but will now limit Japan's role and damage its growth.

Opening up Japan

8 There is nothing wrong with current account surpluses as such. Britain, in the 19th century, and West Germany before reunification, ran large current account surpluses. Japan's current account surpluses allow it to invest abroad, and to finance deficits in the rest of the world.

9 The issue is Japan's restrictive trade practices and closed markets. Japan's imports only account for six percent of its consumption of manufactured goods, compared to 16 percent for the US and 15 percent for Germany.

10 Japan has more than 11,000 regulations covering about 40 percent of the economy. They include price stabilisation systems,

price-support policies, the Staple Food Control Act (which blocks rice imports), and the Large Scale Retail Store Act (which restricts the opening of large stores). Self-service gas stations, commonplace in most countries, are not allowed in Japan. Regulations restrict competition. Excessive licensing for retailing products and rigid testing and customs procedures hinder imports. A retail licence for one item requires 10 to 70 pieces of documentation. On an average of 20 pieces of documentation per item, in order to retail 30 products, a supermarket will have to file 600 forms. As a result retail prices in Japan are one-third higher than those in other OECD countries.³

11 However, there are hopeful signs of liberalisation and deregulation. Discount stores are bypassing Japan's labyrinthine distribution system and are setting lower retail prices, which have led to "price destruction" in Japan. Consumers are paying lower prices for orange juice, imported beef and canned beer, because import restrictions have been lifted. Daiei, Japan's largest retailer, now supplies imported 100% orange juice at less than half the price of locally

³Economic Planning Agency, 1993 Price Report.

produced (mandarin) orange juice. Last year, Japan rescinded its 52-year old Staple Food Control Act, lifting the rice import ban.

12 To continue regulations to restrict trade will set Japan apart from the rest of the world and will reinforce the "Japan is unique" phenomenon. This will cost Japan dearly.

13 I believe that after Japan has completely deregulated and liberalised trade, US trade deficits will still continue to be large, as long as US savings remain low and budget deficits continue to be large. But that is a different problem and will concern the US but not Japan.

Why Japan must open up

14 Deregulation will boost competition and raise productivity. Some of Japan's highly regulated industries - agriculture, transportation and utilities - lag behind the US in productivity by 60-80 percent. The EPA (Economic Planning Agency) estimates that if Japan closes its productivity gap with the US within five years, Japan's gross domestic product will increase by an additional eight percent.⁴

⁴ Economic Planning Agency, Raku-ichi Rakuza Kenkyuu-kai Tyuu-kan Hokoku ("Raku-ichi Rakuza Study Group

15 Deregulation will also stimulate domestic investments. Changing Japan's archaic land zoning regulations will boost private investments in redevelopment and construction. At the same time, the Japanese government can expand public investments in infrastructure, in the manner the Maekawa report had recommended.⁵

16 Perhaps the most important reason for deregulation is that it will relieve the upward pressure on the yen. The strong yen is the result of Japan's persistent current account surpluses. Exchange rate intervention by central banks alone cannot suffice to stem the yen's appreciation. Greater deregulation and more imports will.

17 This strong yen will erode Japanese competitiveness. The big manufacturers have moved and are moving overseas. About 1400 smaller businesses collapsed in the month of March this year, a nine-year high.⁶ Unemployment is rising.

5. Following the Plaza Accord in 1985, former Prime Minister Nakasone commissioned then Governor Maekawa of the Bank of Japan to come up with recommendations to cope with the realignment of the yen. The Maekawa Report proposed that the Japanese government stimulate domestic demand through increasing public investments.

6. Figure from Teikoku Databank, a credit research agency cited in Financial Times, 18 Apr 95.

18 The answer is to deregulate and open up Japan's economic structure. Japan must move up continuously into higher-tech, knowledge-intensive industries, as some companies have done. Canon survived the high yen ("endaka") after the Plaza Accord with its production of the laser printer; its pioneer bubble jet printers will see it through the present yen appreciation.⁷ But increasingly, the growth industries are in the services sector such as information networks and telecommunications.⁸

19 Competition and economic deregulation are not new to Japan. In sixteenth century Japan, the regional lord Oda Nobunaga abolished monopolies and established free market mechanisms in Osaka.⁹ Present day Japan can learn from this. Nobunaga's so-called

7 Canon has a dominant 60% share of the world laser printer market and is now competing with Hewlett Packard for the top spot in bubble jet printers.

8 It has been estimated that if the weight of Japan's telecommunications industry's production to GDP, 1.4% in 1991, grows to the same level as that of the US, which is 2.7% to GDP, an additional 6 trillion yen of production can be generated by the industry. (Source: Economic Planning Agency)

9 Nobunaga eliminated the guilds (za) which had been used by such traditional wielders of power as temples, shrines, and the aristocrat to maintain their monopolistic control over commerce. In their place, he supported open-market arrangements (raku-ichi, rakuza) that enabled people to engage freely in the production and sale of goods. He also abolished

"open-market arrangements" ("*raku-ichi, rakuza*") has in fact become the Economic Planning Agency's slogan to rally support for deregulation.¹⁰

Corporate Japan's response

20 Corporate Japan has concluded that deregulation and restructuring are necessary and inevitable. Therefore the Keidanren has actively lobbied the Japanese government for deregulation. Japan's corporate leaders know that its trade policies have alienated many thoughtful American friends of Japan.

21 Japan's overseas production ratio at 6 percent is still low compared to 28 percent for the US; however, the ratio in many product lines is far higher. Two-thirds of Japanese colour TVs and microwave

hindered free flow of goods, thus establishing the early modern commercial market.

¹⁰ The EPA has formed a high-level research committee called "Raku-ichi Rakuza Study Group" consisting of academics, senior executives of selected Japanese corporations to study the issue of deregulation in Japan.

ovens are now made abroad, while fewer cars are exported to the US than are assembled there.¹¹

22 The recent yen appreciation will accelerate this trend. Sony has moved 42 percent of its output overseas and is now aiming for 50 percent.¹² Japanese manufacturers are preparing to move even their higher-end activities offshore. For example, Matsushita, is making its surface mount technology machines outside of Japan, in Singapore. Singapore will replace Japan as the manufacturer for this model world-wide.

23 Even the keiretsu system is no longer sacred. Japan's oldest corporate networks are learning to do business with foreign partners. From Toyota to Toshiba, Japanese keiretsu manufacturers are increasingly turning to lower cost foreign parts makers. Toyota, for example, is buying its antilock brake systems from General Motors.

11 Financial Times, 28 Mar 95.

12 New York Times, 18 Apr 95.

24 To keep ahead in the technology race, some Japanese corporations have engaged in technology sharing in order to cut costs. Fujitsu has joined up with Hyundai to share know-how, research costs and even some production capacity for a new range of products. Such an agreement would have been unthinkable a few years ago. More recently, Toshiba teamed up with Samsung to develop advanced semiconductors [64-megabit flash memory chips].

25 These developments illustrate the ability of Japanese corporations to adapt and move with the times. Time and again, this Japanese ability to change, adjust and adopt has saved Japan.

Regional initiatives in East Asia

26 The time has come for Japan to take the lead in regional initiatives.

27 After World War 2, America presided over the building of the key multilateral institutions -GATT, IMF and the World Bank. It helped to shape the multilateral trading system which has given the world and East Asia unprecedented growth and prosperity. Now it is Japan's turn to lead. But before Japan can lead, it must set the example and open up its own markets.

28 I am confident that as Japan deregulates, its corporate sector will innovate and move up into higher value-added activities, including services. I am also sure that Japan will integrate the region's economies with Japan's through investments, technology transfers and trade.

29 In the last decade, Japan's trade with East Asia has risen two times faster than its trade with the rest of the world. Japanese foreign direct investment (FDI) in East Asia has risen at a time when its total investment world-wide declined. A recent survey by Japan's EXIM Bank predicted that, over the coming three years, three quarters of Japan's new FDI will go to Asia.

30 The strong yen will be a powerful driving force behind this wave of Japanese FDI. The Japanese economy will undergo a challenging and difficult adjustment phase. But the strong yen gives Japan powerful advantages. Imports of oil and raw materials quoted in US\$ are cheaper. And it is much cheaper for Japanese companies to acquire foreign assets and increase their stakes in Asia. There is considerable scope for an expansion of Japanese investments in Asia. About 16 percent of Japan's stock of FDI is in East Asia today. This compares with 44% in North America and 20% in Europe. Conversely, the devalued dollar makes it expensive for Americans to invest abroad.

The strong yen therefore enables Japan to pre-empt American and European investors in moving into key sectors and securing market share in East Asia.

31 Japan's role as a capital exporter is a key factor for economic growth in East Asia. East Asia excluding Japan now has an approximate balance in savings and investment. The region will be a net borrower in the coming years.¹³ The surpluses of the newly industrialised economies (NIEs) will dwindle. The ASEAN countries will continue to run deficits. China alone will account for over two-thirds of the projected total current account deficits of the region in the next 15 years.

32 Japan's ability to generate high savings need not suffer from deregulation and liberalisation. A more open economy does not mean lower savings. Singapore has one of the most open economies in the world, but it also has one of the highest saving rates. High savings in Japan are necessary to ensure the support of its ageing population and to continue Japan's role as a capital exporter to the region.

13 "Savings And Investment Outlook In Developing East Asia" prepared by Economics Department, (Monetary Authority of Singapore, Mar 95.

33 In particular, Japan can recycle its surpluses toward financing infrastructure projects in the rest of East Asia. In many parts of East Asia, existing infrastructure (transport networks, telecommunications, power and water) is grossly inadequate for current and future needs.

34 Opportunities for co-ordinated infrastructural development have grown and expanded because regional governments have recognised and accepted the need for multilateral joint development. In the Mekong delta, increased economic interdependence has created a demand for road and water networks that transport goods across borders, and for power generation and distribution. Japan is best placed to play a big role in the financing and the construction of these infrastructural projects.

35 It is only a matter of time before Japan becomes an "absorber" nation to the rest of East Asia, providing markets for their exports. Only 12 percent of East Asia's exports go to Japan now, compared to 22 percent to the US.¹⁴ Japan's share of East Asia's exports can easily go up to US levels.

14 The Japanese market accounts for only 9% and 17% in the exports of the Asian NIEs and China,

36 The best way to ensure that markets in the US and Europe remain open is for Japan to set the pace in East Asia in deregulation and liberalisation. This will keep the world trading system on an expansion course. APEC is the vehicle to launch this initiative. APEC should build on GATT's Uruguay Round package, and be the catalyst for another phase of global trade liberalisation. The US and Canada are both members of APEC and the benefits of liberalisation will spread across the Pacific through to them. This will help to anchor US interests in the region.

37 However, East Asia will gain the most from such opening up. A World Bank study¹⁵ estimates that if all East Asian countries cut their tariffs by half and liberalise foreign direct investment rules on a non-discriminatory basis, about 90 percent of the increase in world GDP will accrue to countries in the APEC region. China alone would see its national income increase by an additional four percent. The GDP of the

the combined exports of the ASEAN countries other than Singapore, but the share still does not exceed 25%.

15 World Bank, "East Asia's Trade and Investment : Regional and Global Gains from Liberalisation", July 94.

six ASEAN countries would climb by an aggregate 5 percent; the four NIEs could expect average increases of about 1.4 percent each.

38 If there is a split between Asia and America, Japan has the most to lose. After the Second World War, Japan placed itself firmly in America's orbit. The common phrase then was ["Datsu-Ah, Nyuu-Oh"], meaning "Leave Asia and enter the West".¹⁶ Japan's increasing interests in the region in recent years, however, reflect a deeper integration of its economy with the rest of East Asia. The present catchphrase in Japan has become "Leave the West and enter Asia [or "Datsu-Oh, Nyuu-Ah"]". I believe this is too narrow and short-sighted a slogan. Japan should not leave the West. It should stay in the West even as it re-enters Asia, and be the bridge to straddle both East and West. That is best for the future of Japan, for East Asia and for the world.

39 I am not taking sides in the present trade dispute between America and Japan on autos and autoparts. American demands amount to managed trade, which is inconsistent with WTO rules. Effectively, the US and Japan have been practising managed trade in various

16 "Datsu-Ah, Nyuu-Oh" is written in Japanese as "脱ア、入欧".

sections for many years. Such arrangements will damage the interests of other countries. It will particularly damage Japan in the longer term because the Americans are going to continue to impose such arrangements using the threat of sanctions. This will widen the areas of managed trade which is opposite of free trade under which Japan and the world have prospered.

The Agenda for Osaka

40 The APEC Summit in Bogor was a good first step. It has generated tremendous confidence in the APEC region and has had a positive demonstration effect on the world. The speedy ratification of the UR agreement, the initiatives to create free trade areas in the Americas and in South Asia, and the proposed link-up of existing regional arrangements could not have been mere coincidences. APEC will be foolish to lose the momentum set in motion at Bogor by frittering its energies on efforts that do not promote trade liberalisation. It is Japan's turn to show leadership. If the APEC meeting at Osaka comes out with a commitment to trade liberalisation, Japan will have played a key role in advancing the cause of regional economic co-operation.

41 The Kobe earthquake demonstrated Japanese social discipline and ability to adapt in a crisis. Families took the disaster in

their stride and adjusted to drastic upsets in their dally lives. The social compact between the Japanese firm and its employees made firms like the Marubeni Corp send emergency food to its staff and provide them with temporary housing. This culture of discipline, mutual dependence and social responsibility had enabled Japan to overcome many crises in the past, including the two oil shocks in the 1970s. Japan has enormous cultural and institutional strengths to overcome its present difficulties. For Japan to move beyond its present gridlocked position, it needs a strong government which has a mandate from the people to break the mould of the last 50 years and change the conservative policies of Japan's powerful bureaucracy. I hope the Japanese people will have the opportunity to elect such a government in the next elections.

Question:

Now given the recent developments of Asia and this was taken up in the previous section as well, seemed to be undertaking a progress different from that taken in other parts of the world including Europe and United States. With the end of the Cold War, the new international world order is being discussed, we haven't yet come up with it yet.

In the Asia Pacific region economic growth at the same time seems to have alleviated former conflicts be it in the Indochina area or in Cambodia at such. The sound of guns are now becoming more distant. May be this is different from Central and East Europe.

The current development of Asia must lead to peace and prosperity. And, perhaps this development can be considered to be a new model of development which brings about peace and prosperity while bringing down conflicts. I would like to hear your reactions to this. In a recent article of Foreign Affairs, Mr Senior Minister's younger colleague wrote about the Pacific Way, and wrote about the possibility of the Asian model. If you have any reactions, we would appreciate it very much.

SM Mr Lee:

We not believe that we are specifically different human beings and therefore we have different laws to govern our economic development.

I think the same rules of economies apply. But the cultural supports or the cultural motivation and the structures of the societies of Asian countries or most Asian countries and particularly of East Asian countries favour rapid development because there is a national tendency or a deep ingrained cultural habit.

First for mutual support within the family, then the extended family, for high savings and high investments and low consumption. For concentration on study, learning and the acquisition of knowledge and skills. Those are all the things (you) underdeveloped countries require to develop rapidly. Now, of course if we were all developed and if we all had high savings, all

have low spending than who are we going to export to?

Therefore, we need countries like America and Europe in order to help the world balance itself. But I don't know whether we will always remain that way, I am seeing signs of change, not fundamental change but marginal change in the habits of Singaporeans and even of Japanese. I see the younger generation Japanese more willing to use and not exhaust but throw and buy a new model and I see Singaporeans doing the same.

They have reached a certain level of comfort and they are behaving in a way which their fathers did not behave. Therefore, I think that we are in a world of constant flux and change and with telecommunications, instant telecommunications, very rapid transportation, we are influencing each other which is one of the reasons why my country is particularly alarmed at the speed of our change.

We are unlike Japan, we have switched to the English language as the common media for our people because we are a multi-racial community, we can't go into Chinese because the Indians and the Malays would be severely disadvantaged. Therefore, we chose English. It was a neutral media and it was one which helped our modernisation and our science and technology, and our commerce. But the difference is in Japan, you decide what you will translate or interpret of CNN and whatever else that comes over the air wave. Our people don't need any translation, they just hook on and they understand and they take it all in. The good, the bad and I am afraid a lot of the bad is getting through. It is a source of constant worry that we may change so rapidly that we may lose the old virtues before we have established a new norm. So it's a problem which we have to live with because we can't reverse track, we can't isolate ourselves.

What will be the outcome of this in 20 years or 30 years, I think if there are no major upsets, no wars over the Spratlys or North Korea or Taiwan going for independence, the region will grow. There will be crisis, there will be moments of high drama and tension but growth will proceed and in 20 years we are going to have a belt of industrialised nations all the way from Korea down

coastal China, Japan, Taiwan, ASEAN including Vietnam and probably onto Burma or Myanmar. That will transform the whole region and will be the largest single economic weight of all the three regions of the world, whether you take North America, Europe or East Asia. What kind of world will that be, I cannot say because it will depend upon what kind of a America will then be and the kind of role it will play. I worry because I don't see the present trend continuing without some fundamental changes taking place in the role that the Americans will play.

I am urging the Japanese to open up not because I believe that will solve all our problems but I think that will overcome one of the obstacles. If the peace and stability which the Americans have helped to maintain over the last 50 years, since 1945 leads to an increasingly prosperous Japan and Korea, Taiwan, coastal China, river around China, ASEAN, Vietnam but an increasingly less prosperous United States, I don't see the United States Congress voting the funds for a renewal of the 7th Fleets and all the other things necessary to maintain this balance. And I do not see an indigenous balance in Asia itself.

If you ask yourself, say, what can balance Asia, if you just look at Asia then you've got Japan which today is the largest single industrial force but can Japan over the next 20 to 30 years balance China in the political and security areas. I don't think so. What is there in Russia? I think it may recover somewhat after 20 - 30 years but it still will not be the old Russia. I don't see Southeast Asia, however prosperous, having the economic or the manpower or the technological capacity to make a significant contribution to this balance.

Therefore, we need the Americans as the balancer. And for them to play this role as the balancer, they have got to participate in this role, we must welcome their investments and must open up our markets so that this role is seen by their electorate as benefitting them and therefore worth their while continuing this role. Otherwise, I think somewhere down the road there will be a serious problem in who will play this role of balancer.

I would think that this is the largest single item which if we are concerned with the long term future, we ought to ask ourselves who can be the balancer.

Question:

Well you have touched upon the Asian imports. It is true that first of all Asia started off in import substitution but nowadays Asia's economy mostly are dependent on their exports for driving further their economic growth.

And in order to provide for the long standing increase of the exports from this part of the region to the rest of the world, what we need is to see the increase in terms of regional trade but also at least 50% of the agent export should go else where particularly to the US market externally.

As Senior Minister Lee Kuan Yew had mentioned, Japan needs to become a market whereby the Asian exports can come in, otherwise internal trade cannot increase any further. Japan needs to provide more larger export market for the Asian countries and also people are talking about formation of yen bloc in Asia but it was mentioned that people are criticising (about) this in Asia.

As I view it, even if Japan wanted to have a yen bloc formed in Asia, I don't think it will be realised because Asian economies are too much dependent on US dollar, and of course we have trade surplus. And, it is always the case that there is a shortage of yen. In order for the yen bloc to be formed then I think Japan needs to import lot more from the rest of the Asian countries. But how would you react to this formation of yen bloc in Asia?

SM Mr Lee:

I am not convinced that we are on the verge of having a yen bloc because I am not convinced that the Japanese Foreign Ministry is of the view that that is useful for Japan.

It is an advantage if you are a borrower nation like America, you issue dollars and you are borrowing dollars from all over the world. When the time comes for payment, you just print more

dollars and pay. But there is a price over the long run and the price is the degradation of your own currency and a destabilisation of your own position.

There is, of course, the advantage of prestige and what in the old days used to call the rise of the senior age, you are the boss therefore you order how things should be, the interest rate and so on. But it goes with the whole total package. If you look at the role Britain played, up to say WWI, when pound sterling was reserve currency.

It was not just the strength of her economy but also the strength of her military capability. I mean what Britain said then carried weight because she was prepared to provide the muscle to ensure that things would happen that way. With the US, it is not just the 6 to 7 trillion dollars of GDP but if it came to a showdown whether another Desert Storm or some big rumpus in the Middle East where oil or everybody's fate is involved, she will have the military muscle to follow up.

So whenever you get a nervous batch in Europe, you run away from the Dutchsc mark and seek refuge in the US\$. It has got nothing to do with the strength of the US currency but with the knowledge that in such an event there will be problems that will spill from Russia to Poland to Germany but it will not spill to the United States in the same way.

So Japan will not be able to play this other dimension of this role because I don't think Japan wants to build a powerful arm force so that she can clear the channels to the sea and the channels to the Spratlys in case anything happens there. I think that is not the role which you envisaged for yourself which the region will be greatly alarmed if they felt that you are preparing for such a role.

Therefore, I think the yen will gradually play a bigger and bigger role in the reserves of other nations because they are borrowing largely in yen, they are borrowing from you in yen. They love to borrow it from you in dollars but you would not lend them in

dollars. So because they borrowed so much from you in yen, they've got to keep their reserves in yen because the repayments will eventually have to be made in yen. I believe over the next 10 years, you will see the reserves of all the central banks in Asia moving towards a higher yen content. Whether that makes the yen a reserve currency, I don't know, I doubt it.

Translator:

We certainly want to ask more questions but we have gone overboard with our time. Let me share with you one conclusion. Japan must open further her market and import more. And if possible, we should have politicians and import politicians like His Excellency Mr Lee Kuan Yew. Thank you.

We heard a lot from the Senior Minister of Singapore His Excellency Mr Lee Kuan Yew talking about Japan. Thank you.

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