

U.S. POLICY IN ASIA AND THE U.S. - JAPAN RELATIONSHIP

(The Shimoda Conference, Oct. 6, 1994)

I AM DELIGHTED TO BE SPEAKING BEFORE SUCH A DISTINGUISHED GROUP OF EXPERTS THIS EVENING. I WANT TO THANK TADASHI YAMAMOTO, DANIEL SHARP, AND GERALD CURTIS FOR ORGANIZING THIS CONFERENCE.

THE SHIMODA CONFERENCE HAS CARVED OUT A UNIQUE REPUTATION OVER THE YEARS FOR BRINGING TOGETHER SOME OF THE MOST TALENTED SCHOLARS, PUBLIC SERVANTS, AND OTHERS FROM BOTH SIDES OF THE PACIFIC TO EXCHANGE VIEWS ON ISSUES OF PUBLIC CONCERN. I HOPE THAT MY PARTICIPATION DOES NOT DETRACT TOO NOTICEABLY FROM THE HIGH STANDARDS SET BY PREVIOUS CONFEREES.

DESPITE MEDIA EMPHASIS ON OUR NATIONS' TRADE DIFFERENCES, I HAVE BEEN STRUCK BY THE DEPTH -- AND BREADTH -- OF OUR COOPERATION. THERE IS HARDLY AN ISSUE IN THE WORLD ON WHICH OUR TWO COUNTRIES DO NOT COOPERATE. I NEED ONLY POINT TO OUR COOPERATION IN THE UNITED NATIONS AND AT APEC SUMMITS; OUR CLOSE COORDINATION ON THE NORTH KOREA NUCLEAR PROBLEM; OUR COMMON AGENDA FIGHTING AIDS AND GLOBAL POVERTY, PROTECTING THE ENVIRONMENT, AND ADVANCING THE FRONTIERS OF SCIENCE. OUR COMMON INTERESTS IN ASIA, THE FOCUS OF THIS CONFERENCE, ARE OVERWHELMING.

SOME SCHOLARS SPECULATE THAT THE END OF THE COLD WAR WILL UNMASK A TRIANGULAR TENSION IN THE REGION BETWEEN THE U.S., JAPAN, AND CHINA. I SEE THAT AS OLD THINK. WHILE SUCH A MODEL MAY HAVE BEEN APT IN THE 19TH OR EARLY 20TH CENTURIES, IT DOES NOT APPLY TODAY. ECONOMIC INTERDEPENDENCE AMONG THE TRADITIONAL POWER CENTERS IN ASIA -- CHINA, JAPAN, AND THE U.S. -- OVERWHELMS THEIR COMPETITIVE ASPECTS. THE ASEAN COUNTRIES ARE NO LONGER SIMPLY BYSTANDERS BUT AT THE VERY HEART OF ASIAN GROWTH AND POLITICAL DEVELOPMENT. OTHER SCHOLARS SUGGEST THAT THE 21ST CENTURY WILL SEE A "CLASH OF CIVILIZATIONS," PITTING, FOR EXAMPLE, ASIA AGAINST THE WEST. THIS SIMPLISTIC THEORY OVERLOOKS THE VAST INTERPLAY -- ECONOMIC, STRATEGIC, AND CULTURAL -- BETWEEN THESE REGIONS. INSTEAD OF THINKING IN TERMS OF TRADITIONAL BALANCE OF POWER POLITICS OR NEW CULTURAL RIVALRIES, WE SHOULD BE WORKING TO BUILD INSTITUTIONS AND MECHANISMS TO

REINFORCE REGIONAL INTEGRATION AND THE FUNDAMENTAL COOPERATION THAT ALREADY EXISTS.

I BELIEVE THAT THE U.S. AND JAPAN SHARE FUNDAMENTAL OBJECTIVES IN ASIA -- PROMOTING REGIONAL STABILITY, STRENGTHENING DEMOCRACY, AND EXPANDING MARKETS. OUR POLICIES ARE GENERALLY CONSISTENT IF NOT ALWAYS IDENTICAL.

THESE OBJECTIVES ARE:

FIRST: ONLY IN A SECURE STRATEGIC ENVIRONMENT WILL THE PROMISE OF BOOMING ASIAN ECONOMIC GROWTH GOING INTO THE 21ST CENTURY COME TRUE. OUR COUNTRY, JAPAN, THE REGION, AND THE WORLD ALL STAND TO GAIN FROM THIS GROWTH. FOR THIS REASON, ONE OF OUR PRIMARY OBJECTIVES IN ASIA IS TO MAINTAIN AND STRENGTHEN REGIONAL SECURITY.

OUR COMMITMENT TO ASIAN SECURITY IS SELF-EVIDENT. WE HAVE ROUGHLY 100,000 FORWARD-DEPLOYED TROOPS IN ASIA -- A FIGURE COMPARABLE TO OUR PRESENCE IN EUROPE. FIVE OF OUR SEVEN MUTUAL DEFENSE TREATIES ARE WITH ASIA-PACIFIC NATIONS. LAST YEAR, WE WERE ENGAGED IN OVER 200 JOINT EXERCISES IN THE REGION AND SPONSORED 4,000 DEFENSE-RELATED EDUCATIONAL EXCHANGES.

THE U.S.-JAPAN SECURITY TREATY IS AT THE HEART OF OUR STRATEGIC ENGAGEMENT IN ASIA. WE HAVE ROUGHLY 47,000 AMERICAN SERVICEMEN AND WOMEN STATIONED IN JAPAN, AND THE GOVERNMENT OF JAPAN NOW ASSUMES MORE THAN HALF THE COST ASSOCIATED WITH OUR BASES -- SOME \$4 BILLION OR 10% OF JAPAN'S DEFENSE BUDGET. THIS IS A TELLING STATEMENT OF THE IMPORTANCE JAPAN ATTACHES TO OUR FORWARD DEPLOYED PRESENCE IN EAST ASIA.

JAPAN AND THE UNITED STATES, ALONG WITH OTHERS IN ASIA, RECOGNIZE THAT ONLY A CONTINUING AMERICAN MILITARY PRESENCE, CENTERED ON THE U.S.-JAPAN SECURITY TREATY AND SUPPLEMENTED BY OUR OTHER BILATERAL ALLIANCES, CAN MAINTAIN STABILITY FOR THE FORESEEABLE FUTURE. THE UNITED STATES IS ACCEPTED AS AN HONEST BROKER AND OUR MILITARY PRESENCE IS WELCOMED IN THE REGION. IT IS CLEAR THAT AT THIS STAGE NO OTHER COUNTRY OR MULTILATERAL ORGANIZATION CAN PLAY THIS ROLE.

EAST ASIA IS BEGINNING TO DEVELOP A REGIONAL DIALOGUE ON SECURITY ISSUES, AND WE WELCOME THIS. AS YOU KNOW, IN JULY, THE FIRST MINISTERIAL MEETING OF THE ASIAN

REGIONAL FORUM (ARF) WAS HELD IN BANGKOK. THIS GROUP WILL NOW MEET ANNUALLY TO DISCUSS WAYS TO ENHANCE REGIONAL SECURITY. WE FULLY SUPPORT THIS DIALOGUE, AND WE BELIEVE THAT OVER THE LONGER TERM THE ARF WILL CONTRIBUTE SIGNIFICANTLY TO EAST ASIAN SECURITY. BUT FOR THE FORESEEABLE FUTURE, IT WILL BE THE U.S. PRESENCE THAT MAINTAINS THE STABILITY THAT WE HAVE SACRIFICED SO MUCH TO ACHIEVE AND IN WHICH WE ALL HAVE SUCH AN ENDURING INTEREST.

ON THE ECONOMIC FRONT, THE U.S. AND JAPAN HAVE A SECOND COMMON OBJECTIVE IN ASIA -- THE EXPANSION OF MARKETS AND INCREASING THE FLOW OF GOODS AND SERVICES.

BOTH THE U.S. AND JAPAN AGREE THAT THE FREE FLOW OF TRADE AMONG NATIONS IS CRITICAL TO IMPROVING REGIONAL AND GLOBAL PROSPERITY. WITHIN THIS OVERALL MUTUAL OBJECTIVE THERE ARE, OF COURSE, COMPETITIVE ELEMENTS. BUT THIS IS WHAT MAKES OUR INDIVIDUAL ECONOMIES MORE EFFICIENT AND BENEFITS CONSUMERS AROUND THE WORLD.

THE U.S. HAS BEEN THE ENGINE OF GROWTH IN ASIA SINCE THE END OF WORLD WAR TWO. AMERICA HAS THE MOST OPEN MARKETS IN THE WORLD. AS A RESULT, ASIAN COUNTRIES HAVE HAD OUR HUGE MARKET IN WHICH TO SELL THEIR GOODS AND REALIZE THEIR GROWTH AND DEVELOPMENT STRATEGIES. WE HAVE GAINED MUCH FROM THIS AND OUR MARKETS WILL REMAIN OPEN.

JAPAN, FOR ITS PART, ALSO HAS BEEN KEY TO ASIAN ECONOMIC GROWTH -- AS A PROVIDER OF FOREIGN AID, AS THE LEADER IN REGIONAL DIRECT INVESTMENT, AND AS A MAJOR SELLER IN ASIA OF MANUFACTURED GOODS.

BUT THIS MODEL MAY NEED TO BE REVISITED. UP TO NOW, THE NATIONS OF THE ASIA-PACIFIC HAVE FUELED THEIR GROWTH PRIMARILY BY SELLING TO THE U.S. JAPAN'S ECONOMIC MIRACLE ALSO DEPENDED ON A STRATEGY OF SELLING TO US. YET THE SHEER GROWTH OF THE ASIA-PACIFIC ECONOMIES SUGGESTS THAT WE MAY NO LONGER BE ABLE TO ABSORB THE LEVEL OF EXPORTS FROM JAPAN AND THE REST OF ASIA AS WE HAVE UP TO NOW.

WE WILL REMAIN NON-PROTECTIONIST, BUT THE RAPIDLY EXPANDING ECONOMIES OF ASIA WILL NEED MORE OPEN MARKETS IN WHICH TO SELL THEIR GOODS.

IF THE ASIA-PACIFIC ECONOMIES ARE TO SUSTAIN THEIR GROWTH, JAPAN'S MARKETS FOR GOODS AND INVESTMENT MUST BE MORE ACCESSIBLE TO FOREIGN FIRMS. JAPAN'S SURPLUS WITH ASIA IS EVEN GREATER THAN THAT WITH THE U.S. ACCORDING TO THEIR OWN FIGURES, JAPAN'S SURPLUS WITH ASIA LAST YEAR STOOD AT \$57 BILLION -- 14 PERCENT HIGHER THAN THEIR ESTIMATED SURPLUS WITH US.

THE ASIA-PACIFIC ECONOMIES HAVE AS MUCH A STAKE IN INCREASING ACCESS TO THE JAPANESE MARKET AS DO WE.

THE BENEFIT TO THIRD COUNTRIES, ESPECIALLY IN ASIA, OF OUR BILATERAL TRADE AGREEMENTS IS OFTEN OVERLOOKED. OUR GOAL IS NOT BILATERAL ADVANTAGE BUT OPEN GLOBAL MARKETS. ON ANY NUMBER OF THE AGREEMENTS REACHED WITH JAPAN OVER THE PAST DECADE OR SO, NOT ONLY HAS THE U.S. SUCCEEDED IN SELLING MORE TO THE JAPANESE CONSUMER, BUT SO HAVE OTHERS. IN 1988, WE OPENED THE BEEF AND CITRUS MARKETS HERE. NOW, SIX YEARS LATER, ALMOST HALF OF JAPAN'S BEEF IMPORTS COME FROM NON-U.S. SUPPLIERS. AUSTRALIA'S SHARE OF BEEF IMPORTS HAS GROWN FROM 10 PERCENT TO 30 PERCENT. CITRUS IMPORTS COME NOT ONLY FROM THE U.S., BUT ALSO FROM COUNTRIES LIKE BRAZIL. AND WHILE OUR SHARE OF THE ORANGE JUICE IMPORT MARKET HAS ACTUALLY DECLINED -- FROM 44 PERCENT TO 23 PERCENT -- SINCE WE SIGNED THE AGREEMENT, BRAZIL'S HAS EXPANDED TO ROUGHLY 70 PERCENT OF THE IMPORT MARKET. OUR SEMICONDUCTOR AGREEMENT OPENED THE JAPANESE MARKET NOT ONLY FOR AMERICANS, BUT ASIANS AS WELL. KOREA'S SEMICONDUCTOR SALES HERE HAVE INCREASED FOUR-FOLD -- TO ABOUT 10 PERCENT OF THE IMPORT MARKET -- AND IS LIKELY TO CONTINUE TO GROW. OUR SUCCESS IN OPENING THE JAPANESE RICE MARKET IN THE URUGUAY ROUND PAVES THE WAY FOR IMPORTS OF ASIAN RICE -- FROM THAILAND, CHINA, THE PHILIPPINES -- NOT JUST AMERICAN RICE.

THE RESULTS OF OUR BILATERAL TRADE NEGOTIATIONS HAVE BEEN A BOON TO THE JAPANESE PUBLIC AS WELL. MARKETS WE SUCCEED IN OPENING OFTEN SHOW A SIGNIFICANT DROP IN CONSUMER PRICES. I AM CONFIDENT THAT THE AGREEMENTS RESOLVED LAST WEEKEND WILL HAVE A SIMILAR POSITIVE IMPACT.

OUR BILATERAL TRADE AGREEMENTS HAVE BEEN IMPORTANT IN OPENING JAPAN'S MARKETS, BUT THE PROCESS IS CONTENTIOUS AND, FRANKLY, WEARING ON THE RELATIONSHIP. BUT GETTING AWAY FROM FRACTIOUS BILATERAL NEGOTIATIONS WILL

REQUIRE STRONGER LEADERSHIP IN JAPAN TO OPEN MARKETS WITHOUT AMERICAN PRESSURE.

THERE ARE SOME SIGNS OF MOVEMENT IN THIS DIRECTION. THE STRONG YEN IS CREATING NEW INCENTIVES TO IMPORT, AND THERE APPEARS TO BE A GROWING CONSENSUS IN JAPAN THAT THE ECONOMY IS OVERREGULATED AND NEEDS TO BE MORE OPEN TO COMPETITIVE FORCES.

THE MEMBERS OF APEC ARE IN A TREMENDOUS POSITION NOW TO SPUR REGIONAL AND GLOBAL GROWTH. THEIR ECONOMIES ENCOMPASS 50 PERCENT OF THE WORLD GNP AND 40 PERCENT OF WORLD TRADE. BY ACTING IN SUPPORT OF FURTHER TRADE AND INVESTMENT LIBERALIZATION, WE CAN LOCK IN GROWTH FOR THE REGION FOR YEARS TO COME. I AM HOPEFUL THAT THE APEC MEETING IN INDONESIA NEXT MONTH WILL MOVE FORWARD OUR COMMON ECONOMIC GOALS. WE MUST ALSO SWIFTLY RATIFY THE GATT AGREEMENT AND THE U.S. IS SLATED TO DO SO THIS FALL.

FINALLY, I WANT TO STRESS THE DEPTH OF OUR POLITICAL COOPERATION.

WE NEED TO STEP BACK FOR A MOMENT AND REFLECT ON THE GREAT CHANGES NOW UNDERWAY IN ASIA. WITH THE END OF THE COLD WAR, THE THREAT OF COMMUNISM NO LONGER IS THE ORGANIZING PRINCIPLE OF U.S. POLICY IN THE REGION. IN THE NEW ENVIRONMENT, BASES HAVE BEEN CLOSED IN THE PHILIPPINES AND WE HAVE IMPROVED OUR RELATIONS WITH VIETNAM. BUT THE COLLAPSE OF THE SOVIET THREAT HAS UNLEASHED NEW CHALLENGES SUCH AS THE NORTH KOREA NUCLEAR THREAT AND RENEWED TENSIONS OVER LONG-STANDING TERRITORIAL DISPUTES IN THE REGION. THE NEW ERA ALSO OFFERS NEW OPPORTUNITIES SUCH AS STRENGTHENING DEMOCRACY AND THE RESPECT FOR HUMAN RIGHTS; RAISING THE QUALITY OF LIFE BY PRESERVING OUR ENVIRONMENT; IMPROVING THE HEALTH OF OUR CITIZENS; ADDRESSING OVER-POPULATION; AND ADVANCING THE FRONTIERS OF SCIENCE.

WE WILL ONLY BE ABLE TO MEET THESE CHALLENGES THROUGH REGIONAL AND BILATERAL COOPERATION. WE MUST LISTEN AS WELL AS SPEAK. WE MUST RECOGNIZE AND HONOR THE GROWING SELF-CONFIDENCE AND UNDERSTANDABLE PRIDE OF THE NATIONS OF THE REGION. OUR APPROACH MUST BE ONE OF UNDERSTANDING, RESPECT, AND PARTNERSHIP.

COOPERATION WITH JAPAN IS AT THE CORE OF AMERICA'S POLITICAL APPROACH TOWARD ASIA. WE SHARE FUNDAMENTAL INTERESTS AND VALUES, EVEN IF THE NUANCES OF

OUR APPROACH SOMETIMES DIFFER. OUR COORDINATION IS IN FACT INTENSIFYING IN THE FACE OF NEW UNCERTAINTIES. WE ARE WORKING VERY CLOSELY WITH THE JAPANESE GOVERNMENT, AND WITH SOUTH KOREA, TO DEFUSE THE NUCLEAR STAND-OFF BETWEEN NORTH KOREA AND THE INTERNATIONAL COMMUNITY. IN CAMBODIA, BOTH OUR GOVERNMENTS, WORKING WITH ASEAN, HELPED DEVELOP THE U.N. PEACE-KEEPING OPERATION THERE AND JAPAN SENT PERSONNEL TO PARTICIPATE IN THAT OPERATION. ON CHINA, WE BOTH SUPPORT POLITICAL AND ECONOMIC REFORMS, AND WE BOTH HOLD TO A "ONE CHINA" POLICY WITH INFORMAL TIES WITH TAIWAN. BOTH NATIONS ARE COMMITTED TO APEC AS THE BASIS FOR INCREASING REGIONAL INTEGRATION. WE STRONGLY SUPPORT JAPAN'S BID FOR A PERMANENT SEAT ON THE U.N. SECURITY COUNCIL.

AT TIMES, OUR TACTICS IN ADVANCING DEMOCRACY IN THE REGION HAVE DIFFERED. OFTEN, THE U.S. WILL MORE READILY TAKE A PUBLIC, HIGH PROFILE APPROACH TO ADDRESSING THE PROBLEMS OF THE REGION. JAPAN -- FOR CULTURAL, HISTORIC, AND GEOGRAPHIC REASONS -- IS MORE INCLINED TO PURSUE A LESS PUBLIC STRATEGY. ON HUMAN RIGHTS IN BURMA, FOR EXAMPLE, THE U.S. HAS SOUGHT TO ENCOURAGE CHANGE AND ENHANCE DEMOCRACY, THEREBY FOCUSING ATTENTION ON THE BURMESE GOVERNMENT'S POOR HUMAN RIGHTS RECORD. JAPAN, BY CONTRAST, THOUGH ALSO OPPOSED TO BURMESE VIOLATIONS OF HUMAN RIGHTS, HAS OPTED FOR A POLITICAL DIALOGUE WITH THE BURMESE GOVERNMENT. BUT WE ARE IN PURSUIT OF THE SAME OBJECTIVE.

THE FUTURE OF THE ASIA-PACIFIC COMMUNITY IS A SHARED ONE, NOT A GROUND FOR STRATEGIC COMPETITION. THE REGIONAL OBJECTIVES OF AMERICA AND JAPAN ARE CONVERGENT IF NOT ALWAYS IDENTICAL. TO SECURE OUR OBJECTIVES, AMERICA MUST CONTINUE TO BE FULLY ENGAGED -- POLITICALLY, ECONOMICALLY, MILITARILY, AND MORALLY. WE MUST WORK CLOSELY WITH ALL NATIONS OF THE REGION BUT PARTICULARLY WITH JAPAN, OUR ALLY, WITH A NEW SENSE OF PARTNERSHIP AND SHARED DESTINY. ONLY BY FOLLOWING THIS COURSE CAN WE BUILD A NEW ASIA-PACIFIC COMMUNITY THAT IS SO FUNDAMENTAL TO THE FUTURE OF BOTH OUR COUNTRIES, THE REGION, AND THE WORLD.





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