

SOUTHEAST UNITED STATES / JAPAN  
20TH ANNUAL JOINT MEETING  
OCTOBER 2, 1995

IT IS A GREAT PLEASURE TO BE HERE TODAY. MAY I WELCOME THE CHAIRMEN OF THE SOUTHEAST US/JAPAN ASSOCIATION, MR. NAOHIKO KUMAGAI ON THE JAPANESE SIDE, AND MR. WILLIAM S. LEE ON THE U.S. SIDE, MAY I ALSO PERSONALLY WELCOME GOVERNOR BEASLEY OF SOUTH CAROLINA, GOVERNOR JIM HUNT OF NORTH CAROLINA, GOV. FOB JAMES OF ALABAMA, GOV. ZELL MILLER OF GEORGIA, GOVERNOR DON SUNDQUIST OF TENNESSEE, AND LT GOV MACKAY OF FLORIDA AND MR. ROBERT SKUNDA, SECRETARY OF COMMERCE AND TRADE OF VIRGINIA.

YOUR ASSOCIATION, NOW WITH A SOLID HISTORY OF 20 YEARS OF SUCCESS, IS THE MOST EFFECTIVE REGIONAL ORGANIZATION OF ITS KIND TO WORK WITH THE JAPANESE BUSINESS COMMUNITY. THAT FACT THAT YOU ARE IN JAPAN IN FORCE, LED BY YOUR GOVERNORS AND BY SO MANY BUSINESS LEADERS FROM YOUR STATES, IS THE STRONGEST POSSIBLE STATEMENT YOU CAN MAKE ABOUT THE IMPORTANCE YOU ATTACH TO THIS EFFORT. THE JAPANESE PARTICIPANTS ALSO DEMONSTRATE THEIR FULL COMMITMENT TO THIS EFFORT. AND, OF COURSE, IT'S WORKING: LOOK AT THE BILLIONS OF DIRECT INVESTMENT BY JAPANESE COMPANIES IN YOUR STATES. IT IS PRODUCING JOBS, REVENUE AND A BETTER LIFE FOR YOUR CITIZENS AND, INCIDENTALLY, STRENGTHENING THE CRUCIAL ECONOMIC AND HUMAN RELATIONSHIPS BETWEEN OUR TWO NATIONS. SIMILARLY RISING EXPORTS TO JAPAN FROM YOUR STATES ARE ADDING ECONOMIC STRENGTH TO YOUR REGION. SO THANKS FOR COMING AND I CONGRATULATE YOU AND YOUR FINE ORGANIZATION FOR IT SUPERB WORK.

OF COURSE, NONE OF THIS SURPRISES ME: I ONCE WORKED FOR A GOVERNOR OF THE GREAT STATE OF GEORGIA, SO I HAVE DEEP RESPECT FOR SOUTHERN GOVERNORS.

BUT YOUR GOVERNORS HAVE NOT COME ALONE. EACH IS ACCOMPANIED BY LEADERS OF INDUSTRY AND PROFESSIONALS IN ALL FIELDS WHO CONSTITUTE THE DYNAMIC FORCE BEHIND OUR RELATIONS WITH JAPAN. ANY SIGNIFICANT AMERICAN BUSINESS THAT IGNORES JAPAN AND THIS REGION OF THE WORLD DOES SO AT ITS PERIL. IN NOVEMBER, THE ASIAN PACIFIC ECONOMIC CONFERENCE WILL MEET IN OSAKA WITH THE LEADERS OF THE PACIFIC NATIONS, INCLUDING PRESIDENT CLINTON, IN ATTENDANCE. THE MAGNITUDE OF THE ENORMOUS ECONOMIC MIRACLE OCCURRING

IN THIS REGION IS DIFFICULT TO FULLY COMPREHEND. THE UNITED STATES NOW EXPORTS 50 PERCENT MORE TO THIS REGION THAN TO EUROPE AND BEFORE LONG WE WILL BE DOING TWICE AS MUCH BUSINESS HERE THAN WE DO IN EUROPE. MALAYSIA, FOR EXAMPLE, NOW IMPORTS MORE AMERICAN GOODS THAN DOES RUSSIA, AND LITTLE SINGAPORE IMPORTS MORE OF GOODS THAN DOES EITHER SPAIN OR ITALY. YOUR PRESENCE HERE TODAY UNDERSCORES YOUR UNDERSTANDING OF THIS POWERFUL REALITY.

OF COURSE THE JAPANESE LEADERS HERE ALSO RECOGNIZE THE IMPORTANCE OF THE AMERICAN MARKET TO THEM. THE U.S. IS THE LARGEST OPEN MARKET IN THE WORLD; OUR ECONOMY IS THE MOST PRODUCTIVE IN THE WORLD. THE STRENGTH OF OUR SCIENTIFIC, TECHNOLOGICAL, AND INDUSTRIAL BASE, COUPLED WITH THE DYNAMISM OF OUR PEOPLE AND THE OPENNESS AND FLEXIBILITY OF OUR ENTREPRENEURIAL SYSTEM IS WITHOUT MATCH IN THE WORLD.

JAPAN AND THE UNITED STATES THUS MAKE PERFECT PARTNERS; TOGETHER WE PRODUCE 40% OF THE WORLD'S GOODS. BY WORKING TOGETHER TO SUSTAIN AN OPEN WORLD TRADING AND FINANCIAL SYSTEM, BY COOPERATING AND PARTNERING IN BUSINESS WE COUPLE THE INCREDIBLE STRENGTHS OF OUR TWO NATIONS FOR THE BENEFIT OF THE WORLD.

MANY OF US THINK OF BILATERAL RELATIONS AS BEING THOSE OVERSEEN BY TWO NATIONAL GOVERNMENTS, CHARACTERIZED BY FORMAL STATE MEETINGS BETWEEN PRESIDENTS AND PRIME MINISTERS., AS BETWEEN AMBASSADORS AND SO FORTH. BUT THAT IS ONLY ONE DIMENSION.

IT IS AT THE GRASS ROOTS WHERE WE SET THE STAGE FOR BETTER RELATIONS. I BELIEVE THAT NOMO, L.A. DODGERS PITCHER, HAS DONE MORE GOOD FOR U.S. JAPAN RELATIONS THAN ALL OF US IN PUBLIC OFFICE PUT TOGETHER. NO AMBASSADOR OR PRESIDENT CAN CREATE PUBLIC SUPPORT FOR U.S.-JAPAN INITIATIVES WITHOUT WIDE-SPREAD UNDERSTANDING OF THE IMPORTANCE OF THE RELATIONSHIP. BUSINESS TIES BETWEEN CORPORATIONS, SISTER CITY RELATIONSHIPS, STUDENT EXCHANGES, AND STATE OFFICES WORKING TO ENHANCE COMMERCIAL TIES ARE ALL CORE ELEMENTS OF THIS JOINT ENTERPRISE. THIS IS REALLY WHERE SUCCESS OR FAILURE IS TO BE FOUND. YOUR PRESENCE HERE SHOULD BE GOOD FOR YOUR BUSINESS

AND I HOPE IT IS, BUT IT ALSO STRENGTHENS THE CRUCIAL TIES BETWEEN OUR TWO NATIONS.

BEFORE I GET INTO A DISCUSSION OF U.S.-JAPAN ECONOMIC RELATIONS, I WOULD LIKE TO TOUCH UPON SOME OF THESE OTHER ELEMENTS OF THE RELATIONSHIP WHICH FORM THE FOUNDATION UPON WHICH OUR COOPERATIVE TIES ARE BUILT. THE FIRST IS SECURITY. THERE IS SIMPLY NO SUBSTITUTE FOR THE POSITIVE ROLE THAT THE U.S.-JAPAN SECURITY ALLIANCE IS PLAYING IN ASIA. THE STABILITY THAT THIS ALLIANCE HAS FOSTERED IS THE PLATFORM WHICH MADE THE REGION'S ECONOMIC MIRACLE POSSIBLE. THE ENDING OF THE COLD WAR HAS NOT DIMINISHED THE NEED FOR THIS SECURITY ALLIANCE. COMMON INTERESTS -- FROM OPEN SEA LANES TO THE PEACEFUL RESOLUTION OF REGIONAL DISPUTES -- ARE SUFFICIENT REASON TO KEEP US ENGAGED WITH JAPAN.

ANOTHER VIBRANT ELEMENT OF THIS RELATIONSHIP IS IN THE POLITICAL REALM. CLOSE COOPERATION FLOWS NATURALLY FROM OUR INTIMATE SECURITY TIES -- WE HAVE A HISTORY OF WORKING TOGETHER. WE ARE ENGAGED IN OVER 20 AREAS UNDER THE SO-CALLED "COMMON AGENDA," WHICH INCLUDES JOINT EFFORTS IN AIDS RESEARCH, ENVIRONMENTAL INITIATIVES, CHILDREN'S VACCINES, TO NAME JUST A FEW.

CLOSE CULTURAL TIES ARE ESSENTIAL. WE SIMPLY CANNOT WORK TOGETHER WITHOUT UNDERSTANDING AND TRUSTING EACH OTHER. WHEN PEOPLE GET TOGETHER THEY DISCOVER THAT THEY HAVE MORE IN COMMON THAN MANY HAD REALIZED. I AM THEREFORE A STRONG ADVOCATE OF STUDENT EXCHANGES. I URGE THE GOVERNORS IN ATTENDANCE HERE TODAY TO EXAMINE WAYS IN WHICH YOU CAN EXPAND THE NUMBER OF YOUR STUDENTS STUDYING IN JAPAN AS WELL AS INCREASING THE NUMBER OF JAPANESE STUDENTS STUDYING IN YOUR STATES. THE UPCOMING OLYMPICS, BOTH THE SUMMER GAMES NEXT YEAR IN ATLANTA AND THE WINTER GAMES TO BE HELD IN NAGANO IN 1998, OFFER AN EXCELLENT CHANCE FOR INCREASED PERSONAL CONTACT BETWEEN AMERICANS AND JAPANESE.

NOW, LET'S TURN OUR ATTENTION TO ECONOMIC MATTERS.

WHEN I CAME TO JAPAN NOW OVER TWO YEARS AGO, I WAS EXCITED ABOUT ALL THE FUN I WAS GOING TO HAVE PRESIDING OVER THE MOST IMPORTANT RELATIONSHIP

IN THE WORLD. BUT, ALAS, I QUICKLY FOUND OUT THAT THIS JOB INCLUDED REAL WORK, PARTICULARLY IN THE ECONOMIC ARENA. THE EMBASSY STAFF AND I HAVE BEEN DOWN IN THE TRENCHES DAILY TRYING TO NEGOTIATE TRADE AGREEMENTS THAT WILL CORRECT ECONOMIC IMBALANCES BETWEEN JAPAN AND THE UNITED STATES.

WE HAVE MADE MUCH PROGRESS.. TO DATE, WE HAVE CONCLUDED 17 AGREEMENTS IN SECTORS AS DIVERSE AS INSURANCE, TELECOMMUNICATIONS, CONSTRUCTION, MEDICAL EQUIPMENT, FINANCIAL SERVICES, GLASS, AND FINALLY THE AUTO SECTOR AGREEMENT.

ALL OF THESE AGREEMENTS ARE GOOD FOR CONSUMERS AND BUSINESSES IN BOTH COUNTRIES. ULTIMATELY, THEY BENEFIT BOTH ECONOMIES, BY ENCOURAGING INCREASED COMPETITION, LOWER PRICES, GREATER CHOICE, BIGGER MARKETS, AND MORE SALES. THIS IS A WIN / WIN SITUATION.

THIS IS NOT JUST THEORY; IT IS BEING PROVEN EVERY DAY HERE IN JAPAN.

+++ A LITTLE OVER A YEAR AGO, OUR GOVERNMENTS SIGNED A CELLULAR PHONE ACCORD TO IMPROVE AMERICAN ACCESS TO THE JAPANESE PORTABLE PHONE MARKET IN THE TOKYO-NAGOYA CORRIDOR. THE MARKET WAS STAGNANT BUT NOW IT MAY BE THE MOST DYNAMIC CELLULAR PHONE MARKET IN THE WORLD. BOTH AMERICAN AND JAPANESE BUSINESSES ARE PROSPERING, BUT THE JAPANESE CONSUMER IS THE BIGGEST WINNER. A HAND SET THAT USED TO RENT FOR 100,000 YEN (YOU COULD NOT BUY THEM) NOW SELLS FOR HALF THAT, AND THE PRICES ARE STILL COMING DOWN. MONTHLY CHARGES HAVE DROPPED IN HALF. IT IS NO SURPRISE THAT THE NUMBER OF CELLULAR PHONE SUBSCRIBERS IS NOW EXPECTED TO GROW AN AVERAGE OF 20 PERCENT ANNUALLY. SO EVERYONE IS A WINNER.

+++ SINCE THE AGREEMENT OPENING THE BEEF MARKET, THE CONSUMPTION OF BEEF IS RISING RAPIDLY AND PRICES ARE COMING DOWN. WE NOW EXPORT OVER A BILLION DOLLARS OF BEEF A YEAR AND SALES CONTINUE TO RISE.

+++ SINCE THE CITRUS AGREEMENT, THE CONSUMPTION OF ORANGE JUICE HAS QUADRUPLD AND THE PRICE OF ORANGE JUICE HAS DROPPED BY HALF.

+++ A RECENT NYT ARTICLE OUTLINES THE COMPUTER REVOLUTION GOING ON IN JAPAN FUELED BY THE SOARING SALES OF U.S. MADE PC'S HERE. THE JAPANESE HAD MADE LITTLE USE OF PERSONAL COMPUTERS. THE INEFFICIENCY OF JAPANESE OFFICES WAS WELL KNOWN. THE PRESSURE OF AMERICAN COMPETITION HAS BROUGHT THE BEST PC'S INTO THE MARKET, SHARPLY REDUCED PRICES, AND JAPANESE CONSUMERS ARE PURCHASING THEM IN SHARPLY RISING NUMBERS. BUT JAPANESE BUSINESSES ARE NOW BUYING THEM AND GREATLY INCREASING THE EFFICIENCY OF THEIR OFFICES. JAPANESE COMPUTER COMPANIES, RESPONDING TO THE COMPETITION ARE NOW IN THE PC BUSINESS IN A BIG WAY. IN SHORT, COMPETITION AND OPEN MARKETS HAS BENEFITED EVERYONE.

+++ IN CONJUNCTION WITH THE RECENTLY CONCLUDED AUTO SECTOR AGREEMENT, WE WILL SEE BILLIONS OF DOLLARS OF NEW INVESTMENT BY JAPANESE COMPANIES IN THE PRODUCTION OF CARS IN THE UNITED STATES. UPPING PRODUCTION IN THE UNITED STATES BY OVER 500,000 CARS PER YEAR. I AM SURE SOME OF THIS NEW PRODUCTION WILL BE COMING INTO YOUR AREA. INCREASED PURCHASES OF AMERICAN MADE AUTO PARTS IN THE UNITED STATES AND IN JAPAN WILL FURTHER ENHANCE THE AMERICAN ECONOMY. INCREASED ACCESS TO DEALERSHIPS HERE WILL ALSO INCREASE THE SALE OF AMERICAN CARS EXPORTED INTO THE JAPANESE MARKETS, INCREASING COMPETITION AND CHOICE AND PUTTING DOWNWARD PRESSURE ON PRICES.

NOW WE HAVE REACHED AGREEMENT ON ALL OF THE PRIORITY AREAS CITED BY WHAT WE DUBBED THE "FRAMEWORK" TALKS. WE ARE MOVING ON TO MONITORING AND IMPLEMENTING THESE AGREEMENTS, AND I'M SURE YOU CAN SEE WHY THIS WILL ONLY BE POSSIBLE WITH EXTENSIVE INVOLVEMENT OF THE PRIVATE SECTOR SUPPORT.

WHILE WE PUBLIC SERVANTS WORK HARD TO IMPROVE THE TRADE ENVIRONMENT, BUSINESS PEOPLE MUST GET DOWN TO BUSINESS AS WELL. YOU MUST LOOK FOR SPECIFIC BUSINESS OPPORTUNITIES IN JAPAN. AS YOU PURSUE THIS CHALLENGE, YOU WILL FIND THAT OPPORTUNITIES FOR WORKING IN THIS MARKET ARE GOOD, AND INCREASING. YOU WILL HAVE OUR HELP IN TOKYO AND THROUGH OUR FIVE CONSULATES LOCATED THROUGHOUT JAPAN.

AGRICULTURE IS PARTICULARLY PROMISING. JAPAN REMAINS OUR FASTEST GROWING EXPORT MARKET FOR U.S. AGRICULTURAL PRODUCTS, AND ESTIMATES ARE FOR ROUGHLY NINE PERCENT GROWTH THIS YEAR. THE TOTAL IS ALREADY OVER 15

BILLION DOLLARS. THE SOUTHEASTERN STATES REPRESENTED HERE TODAY ARE KEY AGRICULTURAL PRODUCERS, INCLUDING FLORIDA GRAPEFRUIT, NORTH CAROLINA PORK AND FURNITURE, SOUTH CAROLINA SOFTWOOD LUMBER AND PANELS, VIRGINIA HARDWOOD, GEORGIA PEANUTS, AND TENNESSEE POULTRY. MANY OF YOU THEREFORE PLAY A MAJOR ROLE IN BRINGING AMERICA'S BOUNTY TO JAPANESE CONSUMERS AT AFFORDABLE PRICES. JAPANESE DISCOUNT MERCHANTISERS, LARGE CHAINS LIKE DAIEI THAT CATER TO JAPANESE CONSUMERS TIRED OF HIGH PRICES, ARE SEIZING UPON OUR COMPETITIVE, LOWER COST GOODS -- TO THEIR BENEFIT AND OURS.

FOR ALL OF THE DIFFICULTIES OF DOING BUSINESS IN JAPAN, SOME BASIC FACTS NEED TO BE RECOGNIZED. JAPAN IS THE LARGEST ECONOMY IN THE WORLD OUTSIDE OF THE UNITED STATES AND OUR LARGEST OVERSEAS TRADING PARTNER, ABSORBING MORE OF OUR EXPORTS THAN ANY OTHER COUNTRY SAVE CANADA. OUR MANUFACTURED EXPORTS TO JAPAN ARE IN THE ORDER OF 40 BILLION DOLLARS ANNUALLY, AND THIS FIGURE CONTINUES TO GROW.

STRENGTHENING ECONOMIC TIES BETWEEN THE UNITED STATES AND JAPAN WILL NOT ONLY INCREASE THE PROSPERITY AND WELFARE OF THE CITIZENS OF BOTH COUNTRIES, BUT IT WILL STRENGTHEN THE OVERALL RELATIONSHIP BETWEEN US -- SOMETHING SO CRUCIAL TO THE FUTURE OF THE WORLD. SO THE WORK YOU AND I ARE ENGAGED IN HAS TRULY STRATEGIC IMPLICATIONS. IF WE MANAGE THIS RELATIONSHIP WELL, PRACTICALLY EVERYTHING IN THE WORLD -- ECONOMIC GROWTH, SECURITY, AND THE QUALITY OF LIFE ON OUR PLANET -- WILL BE IMPROVED. IF WE DO NOT, NEITHER JAPAN NOR THE UNITED STATES WILL BE ABLE TO ACHIEVE THE HOPEFUL FUTURE WE OWE TO OUR GRANDCHILDREN.

THANK YOU.





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