

CHUNICHI KONWAKAI -- NAGOYA

MARCH 21, 1996

THANK YOU FOR INVITING ME TO SPEAK WITH YOU TODAY. I AM PLEASED THAT I COULD VISIT NAGOYA AGAIN AND LEARN MORE ABOUT WHAT IS GOING ON IN THE CHUBU REGION. THANKS ESPECIALLY TO PRESIDENT O-SHIMA OF THE CHUNICHI SHINBUN, AND TO MR. YOSHI-MURA FOR THAT KIND INTRODUCTION. I WOULD ALSO LIKE TO RECOGNIZE OUR OFFICERS WHO REPRESENT THE U.S. GOVERNMENT HERE IN THIS REGION. WE RELY ON THEM TO KEEP US UP-TO-DATE ON THE CHUBU, WHICH, AS YOU KNOW, HAS AN ECONOMY TO MATCH ALL OF KOREA.

I UNDERSTAND THAT YOU HAVE BEEN MEETING MONTHLY SINCE 1976. I APPLAUD YOUR STAYING POWER, AND I HOPE YOU WILL NOT FALL ASLEEP DURING WHAT WILL BE YOUR 245TH SESSION! I ALSO NOTE THAT SOME TIME AGO -- PRECISELY 230 SESSIONS BEFORE THIS ONE -- YOU HAD AMBASSADOR EDWIN REISCHAUER, A GOOD FRIEND OF MINE AND A WONDERFUL FRIEND OF JAPAN, ADDRESS YOU ON THE TOPIC OF "THE CARTER ADMINISTRATION AND JAPAN." I HOPE HE SAID NICE THINGS, BECAUSE, AS YOU MAY HAVE GUESSED, I WAS A STRONG SUPPORTER OF THE CARTER-MONDALE ADMINISTRATION!

WE MEET AT A GOOD TIME. AS YOU KNOW, PRESIDENT CLINTON AND PRIME MINISTER HASHIMOTO MET A FEW WEEKS AGO IN SANTA MONICA TO LAY THE GROUNDWORK FOR THE IMPORTANT TASKS THEY WILL UNDERTAKE DURING THE PRESIDENT'S STATE VISIT TO JAPAN NEXT MONTH.

SINCE THIS STATE VISIT WILL INVOLVE ECONOMIC, SECURITY, DEVELOPMENTAL, AND CULTURAL EXCHANGE MATTERS, I WOULD LIKE TO BRIEFLY DISCUSS EACH OF THESE ISSUES BEFORE TAKING QUESTIONS.

X--X--X (TRADE / MARKET ACCESS)

THE ENORMOUS AND GROWING ECONOMIC STAKE THAT AMERICA HAS IN JAPAN AND IN THE ASIA-PACIFIC REGION IS ONE OF THE MOST IMPORTANT REALITIES IN THE WORLD TODAY. TOGETHER OUR TWO NATIONS MAKE UP 40% OF THE WORLD ECONOMY. THREE MILLION U.S. JOBS DEPEND ON OUR EXPORTS TO ASIA. WE NOW EXPORT 60%

MORE GOODS TO THIS REGION THAN TO EUROPE. IN A VERY FEW YEARS, OUR TRADE AND INVESTMENT FLOWS ACROSS THE PACIFIC WILL BE DOUBLE OUR TRANS-ATLANTIC VOLUME.

IT IS IN THIS DYNAMIC ECONOMIC ENVIRONMENT THAT THE 18 NATIONS OF APEC ARE WORKING TOGETHER TOWARDS A MORE OPEN REGIONAL ECONOMY. PRESIDENT CLINTON RAISED THE PROFILE OF APEC, AND THE COLLECTIVE COMMITMENT TO ITS SUCCESS, WHEN HE INVITED NATIONAL LEADERS TO A SUMMIT NEAR SEATTLE IN 1993. APEC LEADERS HAVE MET TWICE SINCE THEN. IN BOGOR, INDONESIA THEY SET A 25-YEAR TARGET FOR OPENING THE REGIONAL ECONOMY TO TRADE AND INVESTMENT, AND IN OSAKA LAST NOVEMBER THEY WORKED ON A BLUEPRINT FOR ACHIEVING THIS GOAL.

THE U.S. AND JAPAN ARE THE MAIN ENGINES OF APEC'S DYNAMIC VISION, WORKING TO INCREASE PROSPERITY IN A REGION THAT IS OUR COMMON HOME. AT THE SAME TIME, WE MUST KEEP WORKING ON THE BILATERAL FRONT TO IMPROVE TRADE RELATIONS.

IN AREAS WHERE JAPAN HAS OPENED HER MARKETS AND PURSUED DEREGULATION, ALMOST ALWAYS CONSUMER PRICES HAVE DROPPED, NEW JOBS AND BUSINESSES HAVE BEEN ADDED, WORLD COMPETITION HAS IMPROVED, TRADE DISPUTES HAVE WANED, AND JAPANESE BUSINESSES HAVE QUICKLY BECOME MORE COMPETITIVE -- IN SHORT, EVERYONE HAS WON. THE PORTABLE PHONE MARKET PROVIDES AN EXCELLENT EXAMPLE OF THIS: CELLULAR PHONES NOW COST LESS THAN HALF WHAT THEY COST TWO YEARS AGO, MONTHLY CHARGES ARE BEEN SLASHED, MODERN CELLULAR PHONE SERVICES HAVE CAUSED AN EXPLODING NEW MARKET IN THE TOKYO - NAGOYA CORRIDOR, AND EVERYONE IS BETTER OFF. NOT ONLY IS THE TELECOMMUNICATIONS FIELD BENEFITING, BUT VIRTUALLY EVERYONE WHO USES A PHONE HAS SEEN A RISE IN THEIR PRODUCTIVITY.

WE HAVE SEEN A SIMILAR PHENOMENON IN THE PERSONAL COMPUTER INDUSTRY. NOT LONG AGO THE JAPANESE WERE SKEPTICAL OF FOREIGN COMPUTERS, AND WE HAD A HARD TIME SELLING WORLD-CLASS PRODUCTS IN THIS COUNTRY. BUT YOU HAVE SINCE FOUND THAT A LITTLE COMPETITION WITH FOREIGN FIRMS HAS DONE WONDERS FOR YOUR P.C. MARKET. JAPANESE FIRMS ROSE TO THE CHALLENGE AND PRODUCED COMPETITIVE PRODUCTS. PRICES CAME DOWN. JAPANESE BUSINESSES

COULD AFFORD TO GET INTO COMPUTERS IN A BIG WAY, WHICH WAS A BOON TO PRODUCTIVITY. HERE AGAIN, WE ARE ALL WINNERS.

WE HAVE SEEN THE SAME IN THE BEEF AND CITRUS AREAS, WHERE THE U.S. HAD TO FIGHT ITS WAY INTO THIS MARKET. WHEN THESE ISSUES WERE UNDER NEGOTIATION, MANY JAPANESE RESISTED AS IF THE VERY STABILITY OF THE NATION WAS AT STAKE. BUT I THINK THAT SINCE THE MARKET HAS OPENED, WE ARE ALL CONVINCED OF THE BENEFITS THAT COMPETITIVE ACCESS BRINGS TO OUR MUTUAL QUALITY OF LIFE. THE COST OF BEEF AND CITRUS PRODUCTS HAS DROPPED GREATLY AND JAPANESE CONSUMERS HAVE RESPONDED WITH RISING PURCHASES.

WE ARE ENCOURAGED THAT MANY OF THE 20 OR SO AGREEMENTS CONCLUDED UNDER THE 1993 FRAMEWORK TALKS ARE BEGINNING TO SHOW RESULTS, AND WE WANT TO ENSURE THAT THIS CONTINUES. I BELIEVE THAT OUR LEADERS, WHEN THEY MEET NEXT MONTH, WILL REAFFIRM THE IMPORTANCE OF THE FRAMEWORK. FOR EXAMPLE, AMERICAN AUTO PARTS COMPANIES ARE BEGINNING TO SEE THE RESULTS OF THEIR EFFORTS TO BUILD RELATIONSHIPS AND GAIN TRUST IN THE MARKET. FOREIGN CAR SALES ARE INCREASING. TOYOTA IS SELLING 20,000 GM CAVALIERS -- IN FACT, THIS AFTERNOON I WILL BE GOING TO A PRIZED TOYOTA PLANT TO TAKE A LOOK AT THE CAVALIER FOR MYSELF.

THERE HAVE BEEN OTHER HOPEFUL DEVELOPMENTS. WE ARE ENCOURAGED BY THE POSSIBILITY THAT JAPAN WILL EXTEND INTELLECTUAL PROPERTY PROTECTION FOR MUSIC PRODUCED BY AMERICAN ARTISTS AND OTHERS EXTENDING BACK TO A PERIOD OF FIFTY YEARS -- IT'S THE LEAST WE CAN DO FOR ELVIS PRESLEY. WE ARE ALSO ENCOURAGED BY PRIME MINISTER HASHIMOTO'S COMMENTS ON OPENING THE MARKET TO MORE IMPORTED HOUSING MATERIALS -- AN EFFORT THAT COULD DRAMATICALLY REDUCE THE COST AND IMPROVE THE QUALITY OF JAPANESE HOUSING. I AM LOOKING FORWARD TOMORROW TO VISITING THE FOUR AMERICAN HOMES WHICH ARE ON DISPLAY AT THE NAGOYA JETRO IMPORTED HOUSING PARK.

THESE ARE SOME OF THE SUCCESS STORIES. THE REDUCED CURRENT ACCOUNT AND TRADE BALANCES ALSO SUGGEST THAT PROGRESS IS BEING MADE. BUT THOSE SAME FIGURES CONTINUE TO SHOW THAT MUCH MORE NEEDS TO BE DONE TO IMPROVE ACCESS TO JAPANESE MARKETS. THEREFORE WE MUST CONTINUE TO ADDRESS SERIOUS MARKET ACCESS PROBLEMS.

WE MUST CONTINUE TO SIT DOWN TOGETHER AND WORK THROUGH TRADE ISSUES. SIGNING AN AGREEMENT IS ONLY THE BEGINNING. WE MUST ENSURE THAT THE SPIRIT OF THESE ACCORDS IS REALIZED IN ACTUAL PRACTICE. IN INSURANCE, FOR EXAMPLE, WE ARE PRESSING THE JAPANESE TO HONOR THEIR COMMITMENTS UNDER OUR 1994 AGREEMENT FOR MEANINGFUL DEREGULATION IN JAPAN'S PRIMARY INSURANCE SECTORS.

SINCE THE SEMICONDUCTOR ACCORD WE HAVE SEEN SIGNIFICANT PROGRESS. BOTH U.S. AND JAPANESE SEMICONDUCTOR PRODUCERS AND USERS ARE STRONGER AS A RESULT OF THIS AGREEMENT. IT IS A SUCCESS, AND WE SHOULD KEEP IT GOING. AMONG OTHER OUTSTANDING TRADE ISSUES, WE ARE CONCERNED THAT KODAK'S WORLD-CLASS PRODUCTS FACE ACCESS PROBLEMS IN JAPAN; AND, CIVIL AVIATION IS A SECTOR IN WHICH WE SEEK TO LIBERALIZE AND EXPAND OPPORTUNITIES FOR CARRIERS OF BOTH NATIONS.

JAPANESE BUSINESSMEN AND CONSUMERS KNOW THAT OPEN COMPETITION, MARKET ACCESS, AND MEANINGFUL DEREGULATION ARE VITAL TO JAPAN'S FUTURE AND THAT SERIOUS EFFORTS IN THIS DIRECTION WILL HELP RESOLVE IMBALANCES AND TRADE FRICTION. A RECENT ECONOMIC PLANNING AGENCY REPORT STATED, FOR EXAMPLE, THAT THE FAILURE TO DEREGULATE COSTS JAPAN OVER 1% IN GDP GROWTH ANNUALLY. WE ALL HAVE MUCH TO GAIN IF JAPAN ADDRESSES THIS PROBLEM SERIOUSLY.

X--X--X (SECURITY)

AT THE APRIL SUMMIT OUR LEADERS WILL ISSUE A SECURITY DECLARATION REAFFIRMING THE CRUCIAL U.S.-JAPAN ALLIANCE. THERE IS SIMPLY NO SUBSTITUTE FOR THE POSITIVE ROLE THAT THIS ALLIANCE IS PLAYING IN ASIA. IT IS VITAL TO THE SECURITY OF BOTH COUNTRIES AND ENSURES THE STABILITY OF EAST ASIA -- A STABILITY WHICH MAKES ALL OTHER PROGRESS POSSIBLE.

THE U.S.-JAPAN ALLIANCE, AS SECRETARY PERRY RECENTLY SAID, IS BASED ON COMMON INTERESTS, NOT COMMON ENEMIES. WE SHARE A WIDE RANGE OF STRATEGIC INTERESTS WHICH TRANSCEND THE END OF THE COLD WAR AND REQUIRE AN EFFECTIVE STABILIZING FORCE IN THE REGION. THE U.S.-JAPAN ALLIANCE SERVES THAT CRUCIAL PURPOSE.

THE THREE MAJOR WARS IN MY LIFETIME STARTED IN THIS HISTORICALLY UNSTABLE REGION -- AND THE FUTURE IS NOT WITHOUT UNCERTAINTIES. THE KOREAN PENINSULA REMAINS DIVIDED AND TENSE. THE INTERNAL DEVELOPMENTS AND THE EXTERNAL POLICIES OF KEY REGIONAL PLAYERS COULD MOVE IN UNSETTLING DIRECTIONS. WE SEE A RANGE OF UNRESOLVED TERRITORIAL ISSUES, INCLUDING THOSE HIGHLIGHTED BY THE CURRENT TENSION IN THE TAIWAN STRAIT. AND, WE SEE INCREASING MILITARY SPENDING BY MANY COUNTRIES. COMPETITION FOR RESOURCES IS LIKELY TO INCREASE AS THESE DYNAMIC ECONOMIES PURSUE AMBITIOUS DEVELOPMENT PLANS. IN THIS UNCERTAIN ENVIRONMENT, THE REDUCTION OF U.S. FORCES WOULD SEND THE WRONG SIGNAL ABOUT OUR COMMITMENT TO THE REGION.

BUT SECURITY DOES NOT COME WITHOUT OTHER COSTS. IT REQUIRES THE FORWARD DEPLOYMENT OF FORCES -- WHICH MEANS A SUBSTANTIAL U.S. SECURITY PRESENCE IN JAPAN.

AS YOU KNOW, MANY IN OKINAWA FEEL THAT THE SECURITY BURDEN HAS BEEN DISPROPORTIONATELY PLACED UPON THEM. WE HAVE LISTENED CAREFULLY TO THE CONCERNS EXPRESSED, AND WE WILL DO EVERYTHING POSSIBLE TO SHOW THAT WE WANT TO BE GOOD NEIGHBORS TO THE OKINAWAN PEOPLE. BOTH NATIONS HOPE TO HAVE SOME IMPORTANT STEPS TO ANNOUNCE BY THE TIME OF THE STATE VISIT. THIS TASK IS NOT EASY. OUR BASES IN OKINAWA PLAY A VITAL ROLE, AND WE MUST NOT DIMINISH OUR ABILITY TO MAINTAIN DETERRENCE. BUT I WANT YOU TO KNOW THAT BOTH OF OUR GOVERNMENTS ARE COMMITTED TO DO ALL WE CAN WITHIN THIS FRAMEWORK.

X--X--X (CULTURAL / HUMAN TIES)

IN TOKYO, OUR LEADERS WILL ALSO DISCUSS EDUCATIONAL AND CULTURAL EXCHANGES. THESE HUMAN TIES BETWEEN THE PEOPLE OF JAPAN AND THE UNITED STATES SERVE AS THE GLUE WHICH HOLDS US ALL TOGETHER. INCREASED UNDERSTANDING OF EACH OTHER IMPROVES OUR ABILITY TO WORK TOGETHER. IT MAKES FRIENDS AND CO-WORKERS OUT OF STRANGERS.

SINCE ARRIVING IN JAPAN, I HAVE BEEN VERY INTERESTED IN GETTING MORE YOUNG AMERICANS TO STUDY IN THIS COUNTRY. THERE ARE NOW 87 U.S. STUDENTS IN AICHI PREFECTURE, AND ABOUT 1,700 IN ALL OF JAPAN. BUT MOST OF THEM STAY FOR

ONLY A SHORT TERM. WE NEED MORE OF OUR YOUTH ATTENDING YOUR SCHOOLS, GETTING TO KNOW YOUR YOUNG PEOPLE, AND LEARNING ABOUT JAPAN.

WE ALSO WELCOME YOUR YOUNG PEOPLE AS STUDENTS IN AMERICAN EDUCATIONAL INSTITUTIONS. THERE ARE NOW ABOUT 45,000 JAPANESE STUDYING THERE AND WE ARE PLEASED TO HAVE THEM. IN FACT, WE NEED MORE STUDENTS GOING BOTH WAYS. OUR SOCIETIES AND OUR HISTORIES ARE SO PROFOUNDLY DIFFERENT THAT IT IS DANGEROUS NOT TO HAVE MANY MORE STUDENTS LEARNING ABOUT EACH OTHER.

WHILE WE ARE ON THE SUBJECT, IT IS NOT A BAD IDEA FOR US OLDER FOLKS TO GET TO KNOW EACH OTHER BETTER AS WELL.

X--X--X (COMMON AGENDA)

I WOULD LIKE TO CONCLUDE WITH A VERY POSITIVE STORY ABOUT THE GOOD THINGS THAT THE U.S.-JAPAN RELATIONSHIP IS DOING AROUND THE WORLD -- IT IS THE STORY OF THE "COMMON AGENDA." BUILDING UPON OUR DEEP, RICH, AND ABIDING RELATIONS, WE ARE ENHANCING THE QUALITY OF LIFE AROUND THE GLOBE.

WHEN PRESIDENT CLINTON AND PRIME MINISTER MIYAZAWA INITIATED THE ECONOMIC FRAMEWORK THAT HAS GUIDED OUR BILATERAL TRADE NEGOTIATIONS SINCE 1993, THEY ALSO SIGNED THEIR NAMES TO THE "COMMON AGENDA FOR GLOBAL COOPERATION," UNDER WHICH BOTH NATIONS HAVE BEEN TRYING TO REDUCE THE ENVIRONMENTAL DEGRADATION AND HUMAN MISERY WHICH PLAGUE OUR PLANET. WE ARE WORKING TO WIPE OUT POLIO; TO PROTECT THE WORLD'S FORESTS AND OCEANS; TO PREVENT AIDS; TO ERADICATE THE NARCOTICS TRADE; TO DEVELOP ENVIRONMENTALLY SAFE TECHNOLOGIES; AND TO EXPAND THE BLESSINGS OF SCIENCE AND HEALTH TO ALL THE WORLD.

I HAVE OFTEN SAID THAT WHEN THE U.S.-JAPAN RELATIONSHIP IS SOLID, PRACTICALLY EVERY PROBLEM IN THE WORLD CAN BE MORE EASILY MANAGED OR INDEED SOLVED; AND WHEN IT IS NOT, ALL THOSE PROBLEMS BECOME WORSE. THIS IS WHY OUR SHARED COMMITMENT TO A BETTER WORLD IS SO VITAL TO ALL OF US.

THE GOOD NEWS IS THAT WHEN OUR LEADERS MEET IN TOKYO IN APRIL IT WILL BE CLEAR TO THE WORLD, THAT THESE TWO PROFOUNDLY IMPORTANT NATIONS ARE

WORKING VERY WELL TOGETHER, TO BUILD PROSPERITY FOR THE WORLD THROUGH IMPROVEMENT IN THE WORLD TRADING AND FINANCIAL SYSTEM, TO ENHANCE THE STABILITY OF THIS REGION THROUGH THE U.S.-JAPAN SECURITY ALLIANCE, TO IMPROVE THE HUMAN CONDITION FOR ALL HUMANITY THROUGH THE COMMON AGENDA, AND TO IMPROVE OUR UNDERSTANDING OF EACH OTHER THROUGH EXPANDED EDUCATIONAL EXCHANGES. THIS IS GOOD NEWS FOR EVERYONE.

THANK YOU AGAIN FOR HAVING ME HERE TODAY.





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