

PRESS RELEASE



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AMERICAN EMBASSY, TOKYO TEL. 3224-5264/5265/5266 FAX. 3586-3282

OPENING STATEMENT BY AMBASSADOR WALTER F. MONDALE

*News Conference at U.S. Embassy
Thursday, October 7, 1993
(as prepared for delivery)*

Thank you for joining me this morning. I look forward to meeting with you on a frequent basis. I want ours to be an embassy which is open and accessible and which tries to respond to your questions.

One week ago, I returned to Tokyo from New York, where President Clinton and Prime Minister Hosokawa met during the opening session of the United Nations General Assembly. They had a warm, productive meeting.

The two leaders found that they share much in common, and the President told me that he hopes for a close working relationship with Prime Minister Hosokawa. He also looks forward to meeting with the Prime Minister again in November in Seattle at the APEC summit and early next year in Washington for the semi-annual review of progress on our Economic Framework negotiations.

As you know, in July the United States and Japan agreed to begin these negotiations and to follow a strict timetable to correct the imbalances in our economic relationship. Prime Minister Hosokawa has reaffirmed Japan's commitment to this Framework, and we expect to proceed according to that schedule.

The United States is doing its part to solve its economic problems, with new efforts to:

- reduce the budget deficit,
- improve the productivity of our workers and industries,
- reform our health care system, and
- "reinvent" government to make it both more efficient and responsive.

In turn, we look to Japan for progress on its own economic agenda. There are already some positive signs:

— The stimulus package announced by the Japanese government on September 16 included some deregulation initiatives. We would like to see their swift and early implementation. And we hope for further proposals along the same lines to enhance market access, promote competition and expand consumer choice.

— There is also increasing support within Japan for a significant income tax cut to stimulate the domestic economy.

— Finally, there is a growing consensus even in Japan that the current account surplus must be reduced.

In both the United States and Japan, we are seeing popular demands for political and economic reform. Our governments are being asked to overcome the inertia of entrenched habits and "business as usual."

This is the challenge of change which we face together.

I believe the foundation of the U.S.-Japan relationship is solid. We are in fundamental agreement on foreign policy and security issues, and we are cooperating on a full spectrum of global issues. Together, our two nations account for nearly 40 percent of world economic output, and we gain many mutual benefits from our economic relationship.

Yet, it is urgent that we correct the economic imbalances between us. This is not just for the benefit of the United States, nor just for the benefit of Japan.

Our two nations have a global responsibility to promote economic growth and open markets worldwide. I am confident that the United States and Japan will be able to work together toward these ends.

I am happy to answer your questions.

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*News Conference
by
Ambassador Walter Mondale*

*American Embassy, Tokyo
October 7, 1993*

(Transcription of Opening Remarks and Q & A)

Thank you for joining me this morning. I want ours to be an embassy which is open and accessible and which tries to respond to your questions. So I look forward to meeting with you on a frequent basis.

One week ago I returned to Tokyo from New York where President Clinton and Prime Minister Hosokawa met during the session of the UN General Assembly. They had a warm and productive meeting. The two leaders found that they share much in common and the President told me that he hopes for a close working relationship with Prime Minister Hosokawa. He also looks forward to meeting with the Prime Minister again in November in Seattle at the APEC Summit and early next year in Washington for the semi-annual review of progress on economic framework negotiations.

As you know, in July the United States and Japan agreed to begin these negotiations and to follow a strict timetable to correct the imbalances in our economic relationship. Prime Minister Hosokawa has reaffirmed Japan's commitment to this framework and we expect to proceed according to that schedule.

The United States is doing its part to solve its economic problems with new efforts. First of all, as you know, there's been a massive \$500 billion dollar measure adopted to reduce our nation's yawning budget deficit. Secondly, efforts are underway to improve the productivity of our workers and industries. Thirdly, the President has proposed the most thorough searching health care reform measure in modern American history, which has a great deal to do with American productivity, investments and the rest. Finally, there is a major effort underway to make government more efficient and responsive. We are taking these efforts to do our part so in turn we look to Japan for progress on its on economic agenda. And there are already some positive signs. The stimulus package announced by the Japanese Government on September 16th included some deregulation initiatives. We would like to see their swift implementation and we hope for further proposals along the same lines to enhance market access, promote competition and expand consumer choice. There is also increasing support within Japan for a significant income tax cut to stimulate the sluggish domestic economy. Finally, there is a growing consensus in Japan that the current account surplus must be reduced. In both of our nations, we are seeing popular demands for political and economic reform. Our governments are being asked to overcome inertia of entrenched habits and business as usual. This is the challenge of change which we face together. I believe the foundation of the

U.S.-Japanese relationship is solid. We are in fundamental agreement on foreign policy and security issues and we are cooperating together on a full spectrum of global issues. Together our two nations account for nearly 40 percent of the world's economic output, and we gain many mutual benefits from our economic relationship. Yet it is urgent that we correct the economic imbalances between us. Not just for the benefit of the United States or for the benefit of Japan. Our two nations have a global responsibility to promote economic growth and open markets worldwide. I'm confident that the United States and Japan will be able to work together towards these ends.

That ends my statement, I'll be glad to take your questions.

Q: Rich Read, Portland Oregonian: Is Japan's commitment at this point to import apples next year, starting with next year's crop that is definite? And will you use this and the emergency rice import plan this year as precedent to try to open the rice market here?

Ambassador Mondale: My impression is that the Japanese have made a -- have agreed to import apples from the 1994 apple crop that the technical arrangements, the inspection arrangements and so on have been pretty well formalized and agreed upon. I don't know that everything's been cleared out of the way, but I think that we have good reason to believe that that problem may be behind us. As you know, the United States supports the tariffication of the treatment of rice in Japan. That is an issue that's being negotiated before the GATT Round or it is hoped would be negotiated before the GATT Round. It is well known that Japan has had a grievous rice crop failure this year. I grew up in a rural community, worked on farms as a young man, and I know how much that hurts and I expressed my regrets to the Japanese rice farmers for this very tough tragedy. It is our hope that in these GATT Rounds, Japan would agree to the tariffication proposal. I think that would be good for -- it would provide certainty for efficient Japanese rice farmers. It would be good for the Japanese consumer. It would contribute to a more stable international market arrangement and I think from every standpoint it is preferable. What the Japanese Government position might be, you would have to ask them on that.

Q: Hector Rueda de Leon, Televisa Mexico: Mr. Ambassador, the Japanese are very much apprehensive about the NAFTA situation. Have you been instructed by President Clinton bringing this matter with Japanese officials and if so what?

Ambassador Mondale: In the meeting between President Clinton and Prime Minister Hosokawa, the Japanese Government made it very clear that they support the ratification of NAFTA. I also believe, I'm not sure, but I also believe the same issue was discussed in the meeting between Secretary Christopher and Foreign Minister Hata and I think the same point was made. So we're together on that issue and I think most people who want a more open international trading system very much hope that the NAFTA Agreement will be ratified.

Q: Mitsuo Kimura, Kyodo: Mr. Ambassador, it looks like President Boris Yeltsin in Russia is coming to Tokyo in about a week's time. Do you have idea or your personal impression of his official visit to Japan at this time of the Russian instability in Moscow? Also have you also discussed this matter with Japanese officials -- your counterparts?

Ambassador Mondale: I have only talked with a few Japanese officials and this was a few days ago when matters were very much up in the air during that tragic time and at that point there was some speculation that this might require a delay in President Yeltsin's visit to Japan. Since that time, it appears that the Japanese Government and the Russian Government have been talking and that President Yeltsin is definitely planning to come. Beyond that I have no further information.

Ambassador Mondale (looking over raised hands): I'm trying to mix this up a little bit here.

Q: Suzuki, TV Asahi: Let me get back if I may to the rice issue in the context of the GATT Round. My understanding is that President Clinton and Prime Minister Hosokawa both committed to bringing the Uruguay Round to a successful conclusion before the end of the year. Now if, Mr. Ambassador, if Japan is to contribute to that end, do you think it necessary for Japan to make a decision on the rice issue before the year is out?

Ambassador Mondale: In the discussions between the President and your Prime Minister, the Prime Minister made a very strong point -- brought it up -- that he wanted to see the GATT Round successfully concluded this year. As you know, there is a very short time interval here, sometime in mid-December it becomes more difficult to proceed with the GATT Round. So I think we're -- both of our nations, since we're great global trading nations, have everything to gain from an open international trading system and GATT is the essential legal underpinning for that system. If GATT doesn't go forward, it is a very dangerous thing, not just for our two nations, but for the world. I cannot tell you, because I've not been involved in the GATT negotiations, how important the rice issue might be to the success of that GATT round. I do know that our negotiators very much hope that Japan would table a tariffication proposal for negotiation. Whether they will or whether that's essential to the completion of a GATT Round, I simply don't know.

Q: Mark Magnier, Journal of Commerce: There seems to be growing concern in Washington over the last week that Japan may not meet its targets and what have you on semiconductors and auto parts. Charlene Barshefsky gave some testimony before the Congress. How patient is the Congress in your mind right now? How much leeway are they willing to give to the Japanese economy? What do you see happening in terms of punitive trade measures?

Ambassador Mondale: Well, as you know, there is a calendar and a timetable in these talks that up to this point have been met. The first discussions were in Hawaii about ten days ago. It was understood on both sides that these were the first preliminary meetings and were not for the purpose of actually negotiating. General points of view were expressed and negotiating teams were put in place. They met each other and then agreed to meet later. And those meetings take place -- the cycle of meetings takes place in Tokyo next week. Charlene Barshefsky and other top negotiators will be in town for three or four days. That's when the serious negotiations begin. So I would say that we're on track. Both nations have reaffirmed their commitment to the framework agreement. The framework provides specific baskets. The first set of negotiations, as you know, turns on government procurement, insurance, autos and auto parts. Those teams have been established. Those negotiations began seriously and we contemplate and expect that we will be on schedule. We're not there yet. We can only speculate, but we're proceeding on the basis of the

commitments of both governments. I think that the Congress is aware of this agreement, and as an old member of the Congress, I expect them to be patient and permit the parties to go through that process. Not every one of them, but some of them. (Laughter)

Q: Kitada, LA Times: I have a three part question on the construction issue: As you know, many Americans including your Democratic colleagues have argued the cause of reciprocal trade. American construction firms who are highly competitive (inaudible) have been virtually shut out of Japan by protectionist bidding procedures, corruption and bid rigging. Japanese firms are freely allowed to bid on projects in the United States and your own official residence in Tokyo was remodeled by the Japanese firm Obayashi. Why should Japanese firms be allowed access to U.S. projects when American firms are not allowed access to Japanese projects? Second, the string of scandals now being uncovered in Japan's construction industry is proving what American firms have long argued about bid rigging and corruption keeping them out of the market. Given this evidence, do you believe a 301 Case should be opened against Japan's construction industry? And third, in terms of solutions do you think the Construction Ministry's designated bidder system should be eliminated entirely and replaced by a free bidding system? Also do you think numerical targets are an appropriate solution?

Ambassador Mondale: Start with my residence over here -- for some reason I think I'll begin there. I like the tent I'm living in now, it's very nice. (Laughter) As you know bids were received and a Japanese contractor was given the contract to rebuild the Embassy (Residence) and it's the same company that built that Embassy (Residence) in the early 30's. An objection was made by an American contractor who had bid and lost the bid, and a complaint filed with what's called our Government Accounting Office. They're now looking into the charge to determine if the bid should go forward or not. I'm not involved in it. It wouldn't be appropriate for me to comment on that. One thing in fairness that ought to be said, however this comes out, is that an American firm won the bid to rebuild the Japanese Embassy in Washington a few years ago. So I think that ought to be noted here.

I would say of the various sets of negotiations that are underway the shortest timeframe is probably that affecting the construction contracts. Those talks have been going on for some time. They were resumed in Hawaii. Up to this point I'm told that very little progress has been made and under American law, the so-called Title VII, sanctions could well be imposed, ...I think are scheduled to be imposed -- barring an agreement -- on November 1st. So that is a very short timeframe. And I'm hopeful that both negotiators from my country and from Japan will seriously become involved to try to resolve this difference before we have to end it. We don't like the idea of sanctions. We may have to do it, but we'd much prefer to come up with an agreement here which both countries can live with. Open up these markets cause we think it's in everyone's interest that the more competitive it is the better off everybody's going to be. So our hope is -- and there's still time -- that this would be the result. As you know we want an open bidding system so that our bidders can directly bid on major projects in Japan. We'd like to see a major projects agreements expanded to cover more contracts and although I haven't been involved in it or know much about it, I think this is also an issue before GATT.

Q: Jacob Schlesinger, Wall Street Journal: Two questions if I may.

First, the Clinton Administration has described the change in Japan -- political change -- in very positive terms and has said it wants to encourage it, and yet the transition is often portrayed as fragile and that any need to make any controversial decisions could create problems for the new government. As a result, is it a view of the Clinton Administration to perhaps give the Hosokawa Administration more time and more flexibility on dealing with tough trade issues than perhaps the Miyazawa Administration might have been given? Second question is: today Prime Minister Hosokawa will formally announce a basic import policy and although you haven't perhaps seen all the details, I'd like to get your response or reaction to that.

Ambassador Mondale: Your question came up in the discussions between the President and the Prime Minister. The President said to the Prime Minister we understand that you're a new government and just as we needed time you're gonna need time to organize yourself, to develop your policies and the rest, and we're sympathetic with that and we wish to accommodate you. On the other hand, we have also these agreements and the need to show the world that Japan and the United States as partners are in a position to move forward to help the world and to get rid of irritants that undermine or -- strike the word undermine -- that affect the relationship between the United States and Japan. So the answer is yes we understand that, on the other hand we still have business that must go forward. So there isn't a precise timing -- it is essentially left that way. I have not seen the new deregulatory package that's going to be announced today, so I won't comment on it except to say that in the earlier package of 94 regulatory reform measures passed -- announced some weeks ago to be put in place, some of them in October, one had a bearing on import practices and charges that we thought held important promise for reform in customs and import proceedings. That is something that the Japanese Government has proposed to put in place in October. And we hope that that will occur because that would be an important step forward.

Q: Brian Somerville, Reuters TV: Do you know if Bill Clinton has any specific agenda for the APEC Summit next month?

Ambassador Mondale: We're now working on the APEC Summit for November. There is a working group, I forget the timing, the scheduling of that, that is getting together shortly to discuss the agenda and the scheduling. There's been a good deal of talk back and forth between the Japanese Government and the United States Government between Prime Minister Hosokawa and the President and their Ministers of Foreign Affairs in preparation for what is a very important and unique new conference and forum in Asian-Pacific relations. So yes there's a lot of work going on but I would say we're a little bit short of being able to give you the specific answers that your question calls for.

Q: (Off-mike question regarding expectations for APEC)

Ambassador Mondale: Well, I would refer you to the Waseda speech. He refers to a new Pacific community. The bedrock of this relationship is the bilateral relationship between the United States and Japan which we think is the most important in the world. Based on the mutual security treaty, the political and security relationships that we've established and that remain very firm and

much needed today. But both the United States and Japan and many many others in the Asia-Pacific region think we must also develop this broader region-wide economic forum to move toward more openness, more economic growth, development of democracies and the rest. This is basically an economic institution. It moves for the first time to bring about a multilateral approach to this most dynamic and economic growth area in the world and that is the broad vision that the President has. Now the details would be worked out -- are being worked out as we talk and I'll get back to you later when we've got a clearer idea what that is.

Q: Elaine Kurtenbach, AP: Mr. Ambassador, your predecessor was known for in some quarters here for being Mr. Gaiatsu -- somebody who the Japanese looked to for some outside pressure to achieve some changes that they couldn't achieve under their own momentum. How do you view that sort of label for an American Ambassador? And do you expect that you may end up in the same sort of position yourself?

Ambassador Mondale: Well, I'd like to define what I'm going to do, not in relation to what others did, but what I plan to do. I happen to think that both of our nations have sent superb ambassadors to represent them ... perhaps until recently. (Laughter)

But I think this underscores our belief about the importance of our relationship with Japan, and they have done the same with people like Kuriyama, Matsunaga, and so on. Mansfield was one of the great ambassadors in modern history. Armacost is an old friend of mine, he's one of our ablest career foreign service specialists, and I think performed very ably here. What I'd say is that I'd like to be a very good ambassador, and I will as we go along define the job. I've made it clear from the beginning that this is our most important relationship. That we want it to be productive. We want it to be respectful and dignified. We want to move forward recognizing that we're independent democracies and respect each other on that basis. It is not just how we get along together, but it's what we can do together as partners to move the world forward in all of these areas, security, economic growth, open market and trading systems, development of democracy, dealing with the environment and these other global issues. We have a very full agenda here. And we have to look at all of these matters and keep them in perspective. Perhaps the most serious problem we've got, however, is the question of the global imbalance and this is why the framework talks and these other talks are very important. I will be energetically engaged in these matters, and I hope and anticipate that we'll be making effective progress with the Japanese because it's in both nations' interest, the interest of our consumers, their business leaders and the rest.

Q: Keya Newman, AFRTS: Mr. Ambassador, in your opinion what's the value of having U.S. forces forward-deployed in Japan and, as a follow-on to that, what is Japan's biggest concern regarding our military presence here?

Ambassador Mondale: I think the linchpin of stability and peace in this region is to be found in the Mutual Security Treaty between the United States and Japan, and in the presence of American forces forward-deployed here. The Japanese Self Defense Forces are committed to defending the nation, and we're committed to working with them to bring stability in this region. I think the presence of American forces are crucial to that objective. The Japanese Government agrees with

that. We have a superb working relationship in all respects. The recent developments for example in North Korea remind us again that this region needs attention. In the recent reorganization of the Defense Department's budget -- the so-called bottom-up review -- even though very substantial cuts were made in the deployment of forces in Europe and elsewhere, the deployment of forces in this region -- Japan, Korea and so on -- was left untouched, undergirding our argument and underscoring the permanence and depth of our commitment to this region.

Q: Katsuhiko Suetsugu, Nikkei: Thank you Ambassador. Have you had any discussions or exchange of views on North Korea in recent dates with Japanese counterparts or officials regarding NPT or IAEA or any other nuclear facilities regarding military forces?

Ambassador Mondale: I have not had any discussions in the last three or four days. I have had earlier with Japanese leaders and this was discussed in the two meetings in New York as well. As you know, the picture is a little bit confused as we meet here this morning. The North Koreans are perhaps capable of developing nuclear weapons and delivery systems. And this is a matter of great concern to our two nations, to all the nations in this region, to the United Nations, and to the international nuclear regulatory agencies. The IAEA just a few days ago passed a resolution overwhelmingly expressing concern about the possibility that North Korea would be breaking its commitment under the Nuclear Non-Proliferation Treaty and the rest. I think you're familiar with that. Following that, the North Koreans agreed to resume talks with the South Koreans, which occurred. My information is that not much transpired at that meeting. So I think this is still a very ticklish, delicate and dangerous situation. And beyond that I don't think I should comment.

Q: Hal Drake, Pacific Stars & Stripes: Specifically, Mr. Ambassador, have you spoken with the Japanese recently on the development of a counter missile system because of North Korea and this danger?

Ambassador Mondale: There have been discussions going on for some time about that. I think the Japanese Government and the Self Defense Forces are now in the process of deciding what they would like to do on it. And this may take some time. This is a very complex undertaking. John Deutch was here recently from the Defense Department, others have been here. How the Japanese decide to proceed on this matter, and in what way they decide to proceed I don't think has yet been decided, and it will take some time to do so. I think all I should say at this time.

Q: David Sanger, New York Times: A lot of Americans looking at the new government here have said that this is a great opportunity for the politicians to once again regain power over the bureaucracy. I'm wondering, in the course of the early talks that you've had since you've arrived here, have you detected any sense that this government is indeed winning power back from the bureaucracy and, if it did, would that make any particular difference in the range of negotiations that you described before?

Ambassador Mondale: I'd like to thank you for that question...but I won't. (Laughter).

We principally deal with the elected political leaders here, as we do around the world. It is

our hope that we can deal as equals, and that those commitments will be the commitments of their government. Up until this point with the new government that has been the case. I'm unaware of any commitments they've made that the government has not implemented, but we're new. There have been some hopeful signs of a more assertive public leadership, they were very forthcoming in aid for the Middle East peace talks. They made a commitment to Haiti. I think these just completed discussions on Africa were very well received. I just talked to our Assistant Secretary Moose who was there. We're very impressed by the level of interest and specificity and sophistication that the leadership from Japan presented at this African conference. We were impressed by the way that this new government delivered its demarche to Iran recently about insisting that they -- to the extent that they could -- participate in support of the recent Middle East breakthroughs. The government's new position on World War II and the admissions there we found to be very helpful. The agreement for the permanent extension of NPT was also an important and crucial contribution on this very touchy and difficult issue. There've been some signs that we find encouraging. and we hope for more of them.

Q: Glenn van Zutphen, ABC Radio News: Given the warming relationship between the U.S. and Russia, and the long political relationship between the U.S. and Japan, do you plan to play a role in the resolution of the northern territories issue if in fact Mr. Yeltsin comes next week?

Ambassador Mondale: The United States is not playing a intermediary role in that matter. That is we have two independent countries here resolving a very difficult dispute, and we'd be glad to help with advice and counsel, but neither side wants us to be intermediaries, and I don't think that we should play that role.

Q: Inaka from the Asahi: In New York summit meeting between the two heads of state, Secretary Christopher is reported to have said said that you hope to have fruits forthcoming from the series of framework negotiations. Did Mr. Christopher really say so, and did he have in mind the November APEC meeting or the January upcoming framework-related meeting?

Ambassador Mondale: I was there at the meeting. Secretary Christopher was referring to the well-known framework agreement and to the time schedule that is contained in it. As you know, and I said this earlier, in January the first tranche of agreements related to autos, auto parts, insurance and government procurement are to be settled, hopefully in time for that follow-on semi-annual meeting of heads of state. So that was what the story was. I was at the meeting and that was what it was, and the Prime Minister responded that they were committed to the framework and to its provisions. So we've got an agreement on that.

I think I'll end here. But let me repeat what I said when I started. I'm new here but I want to start a policy of openness. I consider that very much a part of my job. There will be times when perhaps I can't be as responsive as I'd like to be, but I hope you'll give us a chance to be heard, to take your questions. To the extent that we can help you, at least, find the position of the American Government and the situation as we see it I thank you for your presence here today, and I hope that we can carry on from here on out. Thank you very much.

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