


THIS IS VERY GOOD NEWS, AND IT WOULD NOT HAVE HAPPENED WITHOUT THE COOPERATION AND LEADERSHIP OF BOTH JAPAN AND THE UNITED STATES. THE STAKES WERE AS HIGH AS THEY GET, AND THE WORLD IS GRATEFUL TO JAPAN FOR TAKING THIS HISTORIC STEP TO OPEN ITS RICE MARKET.

 PRIME MINISTER HOSOKAWA AND HIS GOVERNMENT DESERVE A LOT OF CREDIT FOR THEIR COURAGE IN MOVING FORWARD. BY CONSERVATIVE ESTIMATES, SUCCESS IN THE URUGUAY ROUND WILL PRODUCE A NET GAIN IN

ANNUAL WORLD INCOME OF AT LEAST ²⁰⁰270

BILLION DOLLARS BY THE YEAR 2002. JAPAN

WILL BE ONE OF THE BIGGEST WINNERS.


A SECOND POSITIVE STEP IN THE ECONOMIC
AREA IS THE JOINT "FRAMEWORK FOR A NEW
ECONOMIC PARTNERSHIP" WHICH WAS SIGNED
LAST JULY BY PRESIDENT CLINTON AND THEN-
PRIME MINISTER MIYAZAWA. PRIME MINISTER
HOSOKAWA HAS REAFFIRMED HIS
GOVERNMENT'S ^[] SOLID COMMITMENT TO ^[] FOLLOW
^{the} THROUGH ON THIS FRAMEWORK AGREEMENT.

As you know

THE FRAMEWORK PROVIDES A STRUCTURE
FOR ONGOING ECONOMIC CONSULTATIONS
BETWEEN OUR TWO GOVERNMENTS, INCLUDING
TWICE-A-YEAR MEETINGS BETWEEN THE
AMERICAN PRESIDENT AND THE JAPANESE
PRIME MINISTER. *As you know* ON FEBRUARY 11, PRESIDENT
CLINTON AND PRIME MINISTER HOSOKAWA WILL
MEET IN WASHINGTON TO REVIEW PROGRESS
ON THE NEGOTIATIONS. IT WILL BE THE FIRST
MEETING CALLED FOR UNDER THE FRAMEWORK
AGREEMENT, [AND THAT MEANS THE TIME FOR
HEAVY LIFTING IS DRAWING NEAR.] BOTH OF
OUR GOVERNMENTS UNDERSTAND THAT IT

**MUST BE A PRODUCTIVE AND SUCCESSFUL
MEETING.**

**AT THE HEART OF THE FRAMEWORK IS A
BARGAIN BETWEEN JAPAN AND THE UNITED
STATES.**



**AT THE MACROECONOMIC LEVEL, THE
UNITED STATES HAS AGREED TO "REDUCE ITS
FISCAL DEFICIT, TO PROMOTE DOMESTIC
SAVING AND TO STRENGTHEN ITS
INTERNATIONAL COMPETITIVENESS" -- AND WE
PROMISED TO KEEP AMERICAN MARKETS OPEN.**

FOR ITS PART, JAPAN HAS AGREED TO PURSUE POLICIES IN THE MEDIUM TERM THAT WOULD LEAD TO A "HIGHLY SIGNIFICANT" REDUCTION IN ITS GLOBAL CURRENT ACCOUNT SURPLUS AND TO A "SIGNIFICANT" INCREASE IN ITS GLOBAL IMPORTS OF GOODS AND SERVICES.

TOGETHER, THE UNITED STATES AND JAPAN HAVE WORK FOR "GLOBAL GROWTH, OPEN MARKETS AND A VITAL WORLD TRADING SYSTEM."

ON SECTORAL AND STRUCTURAL ISSUES,
BOTH OF OUR GOVERNMENTS HAVE AGREED
THAT "TANGIBLE PROGRESS" MUST BE
ACHIEVED ON THE OBJECTIVES LAID OUT IN
THE FRAMEWORK. WE WILL CONDUCT
NEGOTIATIONS IN FIVE AREAS (OR "BASKETS")
TO ADDRESS JAPAN'S SECTORAL AND
STRUCTURAL IMPEDIMENTS TO OPEN TRADE
AND INVESTMENT. WE HAVE AGREED TO
ASSESS THE PROGRESS ACHIEVED IN EACH OF
THESE BASKETS BY USING "OBJECTIVE
CRITERIA, EITHER QUANTITATIVE OR
QUALITATIVE OR BOTH AS APPROPRIATE."

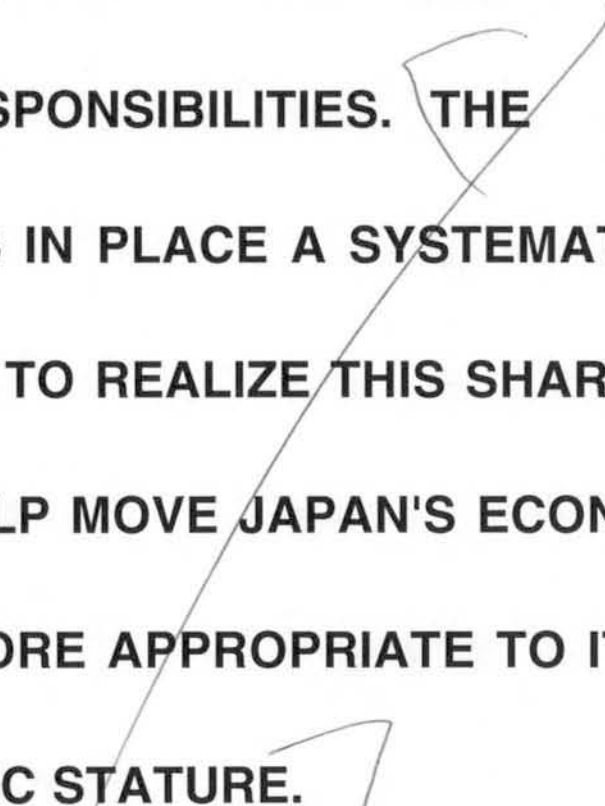
THE FRAMEWORK DOES NOT CALL FOR
for Market share
"TARGETS" -- NOR IS THE UNITED STATES
ASKING FOR THEM. THE FRAMEWORK ALSO
DOES NOT SEEK TO "MANAGE" TRADE;
INSTEAD, IT SEEKS TO "UN-MANAGE" AND
EXPAND TRADE BY REMOVING MARKET
BARRIERS.

TO DETERMINE HOW WELL WE ARE DOING IN
REMOVING THESE BARRIERS AND LETTING
MARKET FORCES OPERATE, WE NEED
INDICATORS -- QUANTITATIVE AND
QUALITATIVE.

**JAPAN AND THE UNITED STATES HAVE
ALREADY AGREED IN THE FRAMEWORK ON THE
NEED FOR THESE INDICATORS. THE QUESTION
IS WHAT THESE SPECIFIC INDICATORS WILL BE
FOR EACH "BASKET." THIS IS WHAT AMERICAN
AND JAPANESE NEGOTIATORS ARE NOW
TRYING TO WORK OUT.**

**THE FRAMEWORK AGREEMENT IS BEST
UNDERSTOOD IN THE BROADER CONTEXT OF
U.S.-JAPAN RELATIONS AND THE GLOBAL
ECONOMY.**

**AS THE TWO LARGEST ECONOMIES IN THE
WORLD, THE UNITED STATES AND JAPAN MUST
HAVE A SHARED VISION OF OUR ECONOMIC
OBJECTIVES -- AND WITH THIS SHARED VISION
COME SHARED RESPONSIBILITIES. THE
FRAMEWORK SETS IN PLACE A SYSTEMATIC,
MUTUAL PROCESS TO REALIZE THIS SHARED
VISION AND TO HELP MOVE JAPAN'S ECONOMY
IN A DIRECTION MORE APPROPRIATE TO ITS
PRESENT ECONOMIC STATURE.**

A large, handwritten checkmark is drawn over the text, starting from the bottom left and extending towards the top right, with a small loop at the top.

THE RATIONALE BEHIND THE FRAMEWORK IS AN UNDERSTANDING THAT THE WORLD'S MAJOR INDUSTRIAL ECONOMIES -- THE UNITED STATES, EUROPE AND JAPAN -- SHOULD BE EQUIVALENT IN TERMS OF THEIR OVERALL OPENNESS TO IMPORTS AND INVESTMENT. IT DOES NOT MEAN THAT WE WILL BE IDENTICAL IN EVERY RESPECT; IN FACT, WE WILL OBVIOUSLY CONTINUE TO BE VERY DIFFERENT SOCIETIES. BUT IT DOES MEAN THAT OUR FUNDAMENTAL ECONOMIC PATTERNS SHOULD BE SIMILAR AND NOT SUBJECT TO A DOUBLE STANDARD.

**BY HELPING TO OPEN MARKETS AND BOOST
DOMESTIC DEMAND, SUCCESSFUL
IMPLEMENTATION OF THE FRAMEWORK WILL
STRENGTHEN JAPAN'S ECONOMY AND CREATE
NEW OPPORTUNITIES FOR BOTH JAPANESE AND
FOREIGN COMPANIES.**

**BUT, EVEN MORE, IT WILL CREATE NEW
OPPORTUNITIES FOR JAPANESE CONSUMERS
AND HELP BRING THE LIVING STANDARDS OF
THE JAPANESE PEOPLE MORE IN LINE WITH
JAPAN'S WEALTH AS A NATION.**

IN HIS INAUGURAL POLICY SPEECH TO THE
DIET IN AUGUST, PRIME MINISTER HOSOKAWA
STATED HIS INTENTION "TO WORK VIGOROUSLY
FOR EXPANDED DOMESTIC DEMAND AND
IMPROVED MARKET ACCESS AND FOR SUCH
CONSUMER-ORIENTED POLICIES AS RECTIFYING
THE DISPARITY BETWEEN DOMESTIC AND
INTERNATIONAL PRICES AND PROMOTING
DEREGULATION, AND TO STRIVE TO REDUCE
OUR CURRENT ACCOUNT SURPLUS, NOT JUST
TO MAINTAIN GOOD ECONOMIC RELATIONS, BUT
ALSO TO IMPROVE THE QUALITY OF JAPANESE
LIFE."

I AM IMPRESSED BY THE MANY VOICES --
ESPECIALLY IN THE BUSINESS COMMUNITY --
WHO JOIN WITH THE PRIME MINISTER IN
CALLING FOR JAPAN TO DEREGULATE AND
OPEN ITS MARKETS, INCREASE CONSUMER
CHOICE, STIMULATE DOMESTIC DEMAND AND
REDUCE THE CURRENT ACCOUNT SURPLUS.

AS YOU MAY RECALL, EACH OF THESE
GOALS WAS ALSO AMONG THE KEY
RECOMMENDATIONS OF THE TWO MAEKAWA
REPORTS IN 1986 AND 1987.

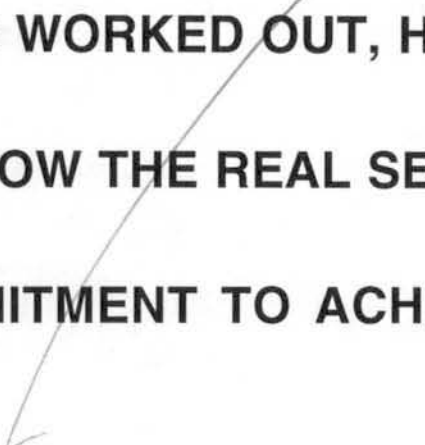
LIKEWISE, MANY PEOPLE HAVE BEEN
LOOKING FORWARD TO THE ECONOMIC REFORM
RESEARCH COUNCIL'S FINAL REPORT ON
DEREGULATION, WHICH IS BEING RELEASED
TODAY. [CLEARLY, THERE IS STILL PLENTY OF
ROOM FOR PROGRESS ON THESE ISSUES.

JAPAN, OF COURSE, MUST MAKE ITS OWN
DECISIONS ABOUT WHAT ECONOMIC POLICIES
IT WANTS. BUT THESE CHOICES WILL
INEVITABLY HAVE INTERNATIONAL
IMPLICATIONS.

WITH ITS DECISION TO ACCEPT RICE
LIBERALIZATION UNDER THE GATT, FOR
EXAMPLE, JAPAN HAS EARNED THE RESPECT
AND GRATITUDE OF THE WORLD -- AND
JAPANESE CONSUMERS WILL ULTIMATELY
ENJOY THE BENEFITS OF ACCESS TO THE
WORLD RICE MARKET.

WITH THE FRAMEWORK AGREEMENT, JAPAN
HAS SIGNALLED THAT IT WANTS TO MOVE
TOWARD THE KIND OF BROAD ECONOMIC
OPENNESS THAT CHARACTERIZES THE OTHER
MAJOR INDUSTRIAL NATIONS. THE DETAILS

ARE YET TO BE WORKED OUT, HOWEVER, AND
THESE WILL SHOW THE REAL SERIOUSNESS OF
JAPAN'S COMMITMENT TO ACHIEVING THIS
GOAL.



I DID NOT COME TO YOUR COUNTRY TO TELL
THE GOVERNMENT OF JAPAN, OR JAPANESE
BUSINESS, WHAT TO DO. THAT IS NOT MY
ROLE, AND I WILL NOT CROSS THAT LINE.

THE UNITED STATES AND JAPAN DO HAVE
A SPECIAL RELATIONSHIP, HOWEVER. AS
FRIENDS, WE HAVE A RESPONSIBILITY TO BE

STRAIGHTFORWARD AND CANDID WITH EACH OTHER. WHILE FRIENDS DO NOT TRY TO RUN EACH OTHER'S AFFAIRS, THEY ALSO DO NOT KEEP SILENT WHEN USEFUL ADVICE CAN BE OFFERED IN THE SPIRIT OF FRIENDSHIP.

DURING THE 1980S, AT EVERY G-7 MEETING, JAPAN AND THE OTHER MEMBERS TOLD THE UNITED STATES THAT WE HAD TO GET OUR BUDGET DEFICITS UNDER CONTROL. AT THAT TIME, THESE DEFICITS WERE THE MAJOR ASYMMETRY IN THE WORLD ECONOMY.

THESE DEFICITS WERE GETTING BIGGER AND
BIGGER EVERY YEAR. EVEN WORSE, WE
WEREN'T DOING ANYTHING TO STOP THIS
TREND -- MUCH LESS REVERSE IT. OUR
FRIENDS IN JAPAN AND ELSEWHERE TOLD US
THAT THIS COULD NOT BE SUSTAINED AND
THAT WE NEEDED TO SHAPE UP -- FOR OUR
OWN GOOD AND FOR THE GOOD OF THE WORLD
ECONOMY.

YOU
THEY WERE RIGHT.

NOW THE UNITED STATES IS FINALLY
ATTACKING THESE DEFICITS. IT WAS VERY
DIFFICULT, BUT THE NEW PRESIDENT HAS
SHOWN HIS LEADERSHIP AND CONGRESS HAS
STEPPED IN LINE. THERE WILL BE MORE
DIFFICULT DECISIONS DOWN THE ROAD, BUT AT
LEAST NOW WE ARE ^{Now} HEADED IN THE RIGHT
DIRECTION. IT WAS IMPORTANT THAT JAPAN
AND THE OTHER G-7 MEMBERS KEPT REMINDING
US OF THE URGENCY OF CORRECTING OUR
DEFICIT.

**THIS IS AN EXAMPLE OF THE PROPER
ADVICE THAT FRIENDS OWE TO EACH OTHER.**

**MY OWN COMMENTS THIS MORNING ARE
OFFERED IN THE SAME SPIRIT. THE
RELATIONSHIP BETWEEN THE UNITED STATES
AND JAPAN MUST ALWAYS BE BASED ON
DIGNITY AND MUTUAL RESPECT. WE CANNOT
ALLOW OUR ECONOMIC PROBLEMS TO PRODUCE
THE FRUSTRATION AND MISTRUST THAT
WOULD POISON OUR VERY SPECIAL
RELATIONSHIP. WE HAVE TOO MUCH AT STAKE
TO PERMIT THIS TO HAPPEN.**

**WE SHOULD INSTEAD BE FOCUSED ON
WORKING TOGETHER AS PARTNERS TO FIND
COMMON GROUND, RESOLVE OUR PROBLEMS
AND ENHANCE OUR COOPERATION. I KNOW
THIS IS A TIME OF DIFFICULT DECISIONS FOR
YOUR COUNTRY. AS EXPERIENCED BUSINESS
LEADERS, YOUR KNOWLEDGE, JUDGMENT AND
LEADERSHIP WILL BE ESSENTIAL TO HELP
GUIDE JAPAN INTO THE FUTURE.**

**IF THE UNITED STATES AND JAPAN CAN
WORK THROUGH OUR ECONOMIC DIFFERENCES --
AND WE MUST -- THEN OUR TWO GREAT**

NATIONS WILL BE ABLE TO CONCENTRATE ON

USING OUR ENORMOUS POWER AND INFLUENCE

TO MAKE A DIFFERENCE IN ADDRESSING THE

MANY OTHER PROBLEMS IN THE WORLD TODAY.

*Russian election remind us of our modern
challenge*

IT IS IN THIS SPIRIT THAT I HOPE WE WILL

APPROACH OUR ECONOMIC CHALLENGES IN THE

COMING MONTHS. I LOOK FORWARD TO

WORKING WITH ALL OF YOU TOWARD THIS END.

THANK YOU.



Embassy of the United States of America

Tokyo, Japan

December 15, 1993

UNCLASSIFIED
MEMORANDUM

TO: The Ambassador

THROUGH: DCM - Rust M. Deming

FROM: EMIN - John H. Penfold *J*

SUBJECT: Your Speech to the U.S. Committee of Keidanren,
10:30 A.M., December 16 at Keidanren Kaikan

The speech will take place at the Keidanren Kaikan's International Conference Room on the 11th floor. There will be about 200 Keidanren members present. You will be expected to speak for about 30-45 minutes (simultaneous translation) and then answer questions. Ross Corson, Fumiko Gregg and Kevin Honan will accompany you to the speech. There will be no press present at the speech. Keidanren has no objection if we release the text to the media. The scenario for the event is as follows:

1010 Depart Embassy for Keidanren Kaikan

1030 Arrive Keidanren Kaikan, proceed to 11th floor International Conference Room where Mr. Makihara will greet you.

1035 Brief Introduction by Mr. Makihara followed by your speech. (You will be using a podium.)

1115 Speech ends. Floor will be opened for questions. Mr. Makihara will moderate. (simultaneous translation)

1155 Final thank you remarks by Mr. Makihara

1200 Depart Keidanren.

ECON:KEHonan:ETRD 5195
Clear:ECON:JJFoster

KEIDANREN

《JAPAN FEDERATION OF ECONOMIC ORGANIZATIONS》

9-4, OTEMACHI 1-CHOME, CHIYODA-KU, TOKYO 100, JAPAN

November 4, 1993.

Cable: KEIDANREN TOKYO
Telephone: 03-3279-1411
Telex: 222-3188 KDR TOK J
Facsimile: 03-5255-6231

His Excellency Walter F. Mondale
Ambassador Extraordinary & Plenipotentiary
of the United States of America
Embassy of the United States of America
in Japan
1 Azabu Nagasaka-cho
Minato-ku, Tokyo 107

no media

Dear Ambassador Mondale,

With reference to my letter to you dated October 26, I now understand that you have kindly agreed to give a speech to the Keidanren Committee on U.S. Affairs on Thursday, December 16.

As chairman of the committee, I wish to extend my thanks to you for your valuable time which I am sure will be appreciated by all the members.

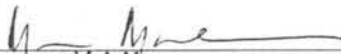
I expect that the meeting will be attended by about two hundred members and with your agreement, we would like to plan for a meeting starting at 10:30 A.M. and ending at 12:00 noon. We would hope that you would give a speech lasting from forty-five minutes to an hour, to be followed by a Q&A session. The meeting itself will probably be held in the international conference room of the Keidanren building.

By December 16, I would expect that a lot of things will have happened, such as the APEC meeting, President Clinton's meeting with Prime Minister Hosokawa, NAFTA, the Uruguay Round etc. Given such a fluid situation, I would suggest that perhaps we could set a very general topic such as "The Outlook for U.S.-Japan Relations" but perhaps you could let me know if you have any ideas.

I am going to be away in New York and Washington next week and then on to Taipei, so perhaps I could discuss further details with you towards the end of the month. In the meantime, if you have any queries, please do not hesitate to contact Mr. Yoshio Nakamura, Director, International Economic Affairs Department of the Keidanren (TEL 3279-1411). As necessary, he will be able to contact me wherever I am.

Thanking you again,

Yours sincerely,


Minoru Makihara
Chairman
Committee on U.S. Affairs

c.c. Mr. Kevin E. Honan
First Secretary
Embassy of the United
States of America

KEIDANREN

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December 3, 1993

Mr. Kevin E. Honan
First Secretary
Embassy of the United States of America
10-5, Akasaka, 1-chome
Minato-ku, Tokyo 107

(via fax: 03-3224-5010)

Dear Mr. Honan:

1. The Committee on U.S. Affairs will be held from 10:30 to 12:00 on December 16, Thursday, at the International Conference Room, 11th floor, Keidanren.
2. Mr. Minoru Makihara, Chairman of the Committee, President of Mitsubishi Corporation, will host the conference. He is supposed to make a brief introductory remarks and then introduce Ambassador Mondale. His memo of opening remarks is to be prepared by our Department, but not yet drafted. I will forward it to you when it is finalized.
3. The Ambassador is expected to make an approximate 45-minute speech. It will be followed by a Q&A session.
4. Mr. Masaya Miyoshi, President and Director-General of Keidanren, Mr. Kazuo Nukazawa, Managing Director of Keidanren, and Mr. Yoshio Nakamura, Director of International Economic Affairs Dept. of Keidanren also attend the conference.
5. I would appreciate getting a speech memorandum and a biography of the Ambassador. I want to forward it to interpreters in advance. We have already made an arrangement with interpreters. It is to be simultaneous interpretation.
6. I will provide you with a tentative list of the attendees as soon as a possible. Do you need an English list?

Sincerely yours,


Hiroki Tohya
Legal Staff
International Economic Affairs Dept.



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