

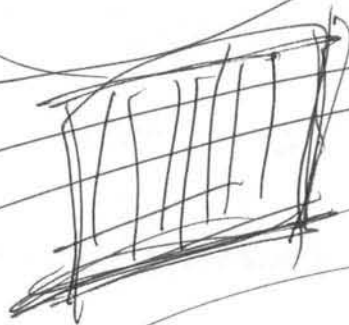
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SPEECH
ASIAN AFFAIRS RESEARCH COUNCIL
FEBRUARY 25, 1994

AMBASSADOR MATSUNAGA, THANK YOU
FOR THIS INVITATION TO SPEAK TODAY. AND
THANK YOU FOR YOUR CONTINUING LEADERSHIP
IN INTERNATIONAL DIPLOMACY, ESPECIALLY IN
STRENGTHENING THE VERY SPECIAL
RELATIONSHIP BETWEEN JAPAN AND THE
UNITED STATES.

I AM HONORED TO BE ABLE TO SPEAK TO
THIS DISTINGUISHED AUDIENCE UNDER THE
AUSPICES OF THE ASIAN AFFAIRS RESEARCH
COUNCIL AND THE MAINICHI SHIMBUN.

30 *[Signature]*

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- matsumura 1
matsumura

**I AM DELIGHTED TO HAVE THIS OPPORTUNITY
TO DISCUSS THE U.S.-JAPAN RELATIONSHIP IN
THE CONTEXT OF THE ASIA-PACIFIC REGION.**

A handwritten signature in black ink, appearing to read "George H.W. Bush", written in a cursive style.

**TODAY, NO REGION IS MORE IMPORTANT TO
THE UNITED STATES THAN ASIA. FORTY
PERCENT OF OUR TRADE IS IN THIS REGION.
ALMOST TWO AND A HALF MILLION AMERICAN
JOBS ARE DIRECTLY RELATED TO OUR EXPORTS
IN ASIA. IN THE YEARS AHEAD, THIS REGION
WILL BE THE WORLD'S CENTER OF ECONOMIC
GROWTH, TRADE, JOBS AND PROSPERITY.**

**LET THERE BE NO DOUBT: THE PEOPLE OF
THE UNITED STATES UNDERSTAND THEIR
GROWING STAKE IN THIS DYNAMIC REGION.**

**AS YOU KNOW, LAST NOVEMBER PRESIDENT
CLINTON HOSTED THE FIRST-EVER, HISTORIC
MEETING OF LEADERS FROM THE ASIA-PACIFIC
ECONOMIC COOPERATION FORUM. THIS
MEETING FOLLOWED THE ANNUAL "APEC"
MINISTERIAL, ALSO HELD IN SEATTLE.**

Mitsunaga was there

**"APEC" IS THE MOST PROMISING VEHICLE
FOR GREATER ECONOMIC COOPERATION IN THE
PACIFIC RIM. IT IS ALSO CONSISTENT WITH
PRESIDENT CLINTON'S VISION OF A**

"NEW PACIFIC COMMUNITY" — BASED, AS HE SAYS, ON "SHARED STRENGTH, SHARED PROSPERITY AND A SHARED COMMITMENT TO DEMOCRATIC VALUES."

IT WAS IN TOKYO LAST JULY, THAT PRESIDENT CLINTON LAID OUT THIS VISION OF A NEW PACIFIC COMMUNITY. THAT VISIT ALSO SET IN MOTION THE PROCESS WHICH LED TO THE RECENT SUMMIT IN WASHINGTON WITH PRIME MINISTER HOSOKAWA.

AT THIS SUMMIT, THE PRESIDENT AND THE PRIME MINISTER ENJOYED GOOD PERSONAL RAPPORT AND DISCUSSED MANY ISSUES.

**NONETHELESS, THE OUTCOME WAS
DISAPPOINTING IN TERMS OF THE ECONOMIC
FRAMEWORK. BUT IT WOULD HAVE BEEN EVEN
MORE DISAPPOINTING FOR BOTH OF OUR
NATIONS IF WE HAD ACCEPTED A COSMETIC OR
MAKE-BELIEVE AGREEMENT ON TRADE.**

**AS BOTH THE PRESIDENT AND PRIME
MINISTER POINTED OUT, THIS DECISION NOT TO
PAPER OVER OUR DISAGREEMENTS
DEMONSTRATES A NEW MATURITY IN OUR
RELATIONSHIP. AS WE MOVE AHEAD, IT IS
ESSENTIAL THAT WE WORK OUT THESE ISSUES
WITH GOOD FAITH, MUTUAL TRUST AND
RESPECT.**

**WHILE MUCH ATTENTION RIGHT NOW IS
FOCUSED ON OUR ECONOMIC DISAGREEMENTS,
THE FUNDAMENTAL REALITY REMAINS THAT
THE UNITED STATES AND JAPAN HAVE
DIPLOMATIC, SECURITY AND POLITICAL
RELATIONS WHICH ARE ALIVE AND PERFECTLY
HEALTHY — AND OUR OVERALL RELATIONSHIP
IS SOUND. MOREOVER, THE PROFOUND
ECONOMIC AND POLITICAL INTERDEPENDENCE
BETWEEN OUR TWO COUNTRIES CONTINUES TO
BE A BASIC FACT OF LIFE.**

**THE FUNDAMENTAL STRENGTH OF OUR
BILATERAL RELATIONSHIP IS SOMETHING**

WHICH OTHER NATIONS IN THE ASIA-PACIFIC
REGION CAN COUNT ON.

FOR MUCH OF THIS CENTURY, THE ASIA-
PACIFIC REGION HAS BEEN TORN BY POLITICAL
DIVISIONS AND ARMED CONFLICT. ^{but} WE ARE
NOW ON THE VERGE OF A NEW ERA WITH
VASTLY EXPANDED OPPORTUNITIES FOR
MUTUALLY-BENEFICIAL RELATIONS AMONG ALL
NATIONS IN THIS REGION. JAPAN AND THE
UNITED STATES, AS THE LARGEST ECONOMIES
IN THE REGION, WILL PLAY A CRITICAL ROLE IN
THE ABILITY OF THE REST OF THE REGION TO
CONTINUE ITS ECONOMIC DEVELOPMENT AND
DEMOCRATIC PROGRESS.

MOST OF THE NATIONS IN THE REGION HAVE THEIR MAIN TRADE AND INVESTMENT CONNECTIONS WITH THE UNITED STATES AND JAPAN. ACCESS TO OUR TWO MARKETS IS IMPORTANT FOR THEIR ECONOMIC ASPIRATIONS; INVESTMENT BY OUR FIRMS IN THEIR DOMESTIC ECONOMIES IS IMPORTANT FOR BRINGING NEEDED JOBS AND TECHNOLOGY. AS THESE NATIONS CONTINUE TO GROW, WE ALSO REAP DIRECT ECONOMIC BENEFITS FROM EXPANDED MARKETS FOR OUR FIRMS.

BUT IF JAPAN AND THE UNITED STATES WISH THESE MUTUALLY-BENEFICIAL


OPPORTUNITIES TO CONTINUE EXPANDING, WE NEED A STABLE AND SUPPORTIVE REGIONAL ENVIRONMENT. THIS DEPENDS ON THREE ESSENTIAL ELEMENTS.

FIRST, THERE IS POLITICAL AND MILITARY SECURITY.

ALTHOUGH THE COLD WAR IS OVER, THE REGION IS BY NO MEANS FREE OF POTENTIAL CONFLICT. IN DEALING WITH THESE PRESENT AND FUTURE PROBLEMS, THE UNITED STATES AND JAPAN WILL NEED TO CONTINUE OUR ALLIANCE RELATIONSHIP AND CLOSE CONSULTATION.

I CAN THINK OF NO AREA IN WHICH OUR COOPERATION HAS BEEN CLOSER, STRONGER AND MORE APPROPRIATE THAN IN THE CASE OF NORTH KOREA. THE DETERMINATION OF OUR TWO GOVERNMENTS TO STAND FIRMLY TOGETHER IN DEALING WITH THE PROBLEM OF NUCLEAR WEAPON DEVELOPMENT IN NORTH KOREA EXEMPLIFIES THE SPIRIT OF COOPERATION THAT WILL HELP MAINTAIN PEACE IN THE REGION.



~~THE SECURITY PARTNERSHIP BETWEEN~~
~~JAPAN AND THE UNITED STATES~~ SIMPLY
COULD NOT BE  ANY BETTER. OUR ALLIANCE
CONTINUES TO BE THE FOUNDATION OF

**STABILITY THROUGHOUT THE ASIA-PACIFIC
REGION.**

**DESPITE THE REDUCTION IN OUR MILITARY
BUDGET, WE REMAIN FULLY COMMITTED TO OUR
SECURITY ARRANGEMENTS IN THE ASIA-
PACIFIC REGION; EVERY COUNTRY HERE — WITH
THE EXCEPTION OF NORTH KOREA — HAS TOLD
US THAT THEY WANT US TO STAY. AND SO,
WHILE WE ARE REDUCING OUR FORCE LEVELS
ELSEWHERE IN THE WORLD, WE HAVE MADE IT
CLEAR THAT OUR PRESENCE IN JAPAN, SOUTH
KOREA AND ELSEWHERE IN THIS REGION WILL
REMAIN STRONG.**

**JAPAN'S VERY GENEROUS HOST NATION
SUPPORT PLAYS AN IMPORTANT ROLE. AS A
RESULT, WE WILL SOON HAVE AS MANY FORCES
IN THE ASIA-PACIFIC REGION AS WE DO IN
EUROPE — A DRAMATIC SHIFT FROM ONLY A
FEW YEARS AGO. THUS, THERE SHOULD BE NO
DOUBTS ABOUT OUR SECURITY ALLIANCE WITH
JAPAN AND ITS IMPORTANCE TO THIS REGION.**

**THE SECOND ELEMENT NEEDED TO ENSURE A
BRIGHT FUTURE IN ASIA IS REGIONAL
ECONOMIC COOPERATION.**

**THE CREATION OF "APEC" IS AN
IMPORTANT INSTITUTIONAL STEP FORWARD.
BY INCLUDING ALL MAJOR ECONOMIC
PARTICIPANTS IN THIS BROAD REGION, "APEC"
IS THE MOST APPROPRIATE FORUM FOR
DISCUSSION OF REGIONAL ECONOMIC ISSUES.**

**THE UNDERLYING GOAL FOR ALL OF US
INVOLVED IN "APEC" MUST BE TO FOSTER A
MORE OPEN TRADE AND INVESTMENT SYSTEM.
IN TURN, THIS WILL UNDERWRITE CONTINUED
ECONOMIC GROWTH AND DEVELOPMENT FOR
EVERYONE. CONTINUED SUPPORT AND
LEADERSHIP BY BOTH OF OUR GOVERNMENTS IN**

**APEC AS THE MOST APPROPRIATE REGIONAL
ECONOMIC FORUM IS ESSENTIAL.**

**WE WILL CONTINUE TO LOOK TO THE "GATT"
AND THE NEW WORLD TRADE ORGANIZATION TO
MORE FULLY INTEGRATE THE ASIA-PACIFIC
ECONOMIES INTO THE GLOBAL ECONOMY. ALL
"APEC" MEMBERS AGREE THAT EFFORTS TO
OPEN UP REGIONAL TRADE AND INVESTMENT
SHOULD BE CONSISTENT WITH THE "GATT,"
SUPPORTIVE OF THE LARGER INTERNATIONAL
TRADING SYSTEM AND COMPLEMENTARY TO
AGREEMENTS REACHED IN GENEVA.**

**FINALLY, THE THIRD KEY ELEMENT IS THE
U.S.-JAPAN ECONOMIC RELATIONSHIP ITSELF.**

**AS THE LEADING ECONOMIC PARTNERS FOR
MOST OF THE OTHER NATIONS IN THE REGION,
WE BEAR A SPECIAL LEADERSHIP
RESPONSIBILITY. THE MOST IMPORTANT
LEADERSHIP WE CAN DEMONSTRATE IS TO
MAKE OUR OWN MARKETS AS OPEN AS
POSSIBLE — BOTH TO PROVIDE THE MARKETS
THAT OTHERS NEED FOR THEIR EXPORTS AND
TO PERSUADE THEM TO OPEN THEIR OWN
MARKETS IN RETURN.**

THIS POSES A SPECIAL CHALLENGE TO
JAPAN. FOR MANY YEARS, THE UNITED
STATES AND OTHER COUNTRIES HAVE FOUND
THAT YOUR MARKETS ARE NOT AS OPEN AS
THEY OUGHT TO BE. ^{603/120} FOR EXAMPLE, JAPAN
ABSORBS FAR FEWER MANUFACTURED IMPORTS
RELATIVE TO THE SIZE OF ITS ECONOMY THAN
ANY OTHER INDUSTRIAL NATION.

IF THE ASIA-PACIFIC REGION AS A WHOLE
IS TO MOVE FORWARD ECONOMICALLY, JAPAN
MUST DEMONSTRATE THROUGH REAL ACTION
THAT ITS MARKETS FOR GOODS AND
INVESTMENT ARE EASILY ACCESSIBLE FOR

FOREIGN FIRMS. TO DATE, PROGRESS IN THIS DIRECTION HAS BEEN SLOW.

WE CANNOT BE COMPLACENT ABOUT JAPAN'S LARGE AND PERSISTENT ECONOMIC IMBALANCES WITH THE REST OF THE WORLD. THESE ARE SUBSTANTIAL, AND THEY HAVE BEEN GETTING WORSE.

ACCORDING TO THE "IMF," IN 1992 JAPAN HAD A TRADE SURPLUS OF 44 BILLION DOLLARS WITH THE UNITED STATES. YOU ALSO HAD SURPLUSES OF 32 BILLION DOLLARS WITH THE EUROPEAN COMMUNITY AND 41 BILLION DOLLARS WITH THE REST OF ASIA.

**IN ALL THREE REGIONS, THESE SURPLUSES
HAVE EXPANDED SIGNIFICANTLY SINCE 1990.
IN THE CASE OF ASIA AND THE EUROPEAN
COMMUNITY, THEY HAVE ALMOST DOUBLED.
UNDER THESE CONDITIONS, THE STATUS QUO IS
SIMPLY UNSUSTAINABLE.**

**WE HAVE BEEN ENCOURAGED BY THE
RECENT SUPPORT FOR DEREGULATION AND
OTHER ECONOMIC REFORMS BY PRIME MINISTER
HOSOKAWA AND MANY JAPANESE BUSINESS
LEADERS. HOWEVER, DEREGULATION AND
REFORM NEED TO MOVE BEYOND RHETORIC, AND
THEY NEED TO HAVE A TANGIBLE IMPACT ON
MAKING MARKETS MORE OPEN FOR FOREIGN**



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