

SPEECH OF AMBASSADOR MONDALE TO THE
JAPAN CENTER FOR ECONOMIC RESEARCH
(TUESDAY, MAY 23, 1995)

THANK YOU, MR. KANAMORI, FOR THAT KIND
INTRODUCTION. I KNOW THAT YOU ALL HAVE VERY
BUSY SCHEDULES AND I APPRECIATE YOUR COMING
HERE THIS AT THIS HOUR OF THE MORNING.

AS YOU KNOW, WE ^{May be} ~~ARE~~ EMBARKING UPON ROUGH
SEAS IN THE U.S.-JAPAN ECONOMIC RELATIONSHIP.
FOR MORE THAN TWO YEARS, OUR GOVERNMENTS
HAVE SOUGHT THROUGH THE FRAMEWORK AGREEMENT
TO EXPAND THE SALE OF FOREIGN GOODS AND
SERVICES IN THE JAPANESE MARKET. WE HAVE MADE
PROGRESS. WE HAVE SUCCESSFULLY NEGOTIATED
OVER 14 DIFFERENT MARKET OPENING AGREEMENTS,
WITHOUT HAVING TO RESORT TO SANCTIONS.

BUT WE ARE NOW GRAPPLING WITH THE
THORNIEST PROBLEM -- EXPANDING FOREIGN ACCESS
TO JAPAN'S AUTO AND AUTO PARTS MARKET. WE
BOTH AGREED TO OPENING THIS SECTOR OF JAPAN'S
ECONOMY WHEN WE CONCLUDED THE FRAMEWORK
AGREEMENT IN 1993. JAPAN AGREED TO THE
OBJECTIVE OF ACHIEVING SIGNIFICANT EXPANDED
SALES OPPORTUNITIES TO RESULT IN A SIGNIFICANT

+ Depreciation

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Comments:

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Long Dept Slides

+ Not trying

+ Cars - Not trying

R H Druce

EXPANSION OF PURCHASES OF FOREIGN PARTS BY JAPANESE FIRMS IN JAPAN AND THROUGH THEIR TRANSPLANTS. JAPAN ALSO AGREED TO REMOVE PROBLEMS WHICH AFFECT MARKET ACCESS AND TO ENCOURAGE IMPORTS OF FOREIGN AUTOS AND AUTO PARTS IN JAPAN.

THIS IS AN AREA THAT HAS RESISTED CHANGE THROUGH SUCCESSIVE U.S. ADMINISTRATIONS, AND DESPITE MONTHS [AND MONTHS] OF NEGOTIATIONS UNDER THE FRAMEWORK. AS A RESULT, CONSISTENT WITH OUR DOMESTIC TRADE LAW, MY GOVERNMENT IS MOVING FORWARD WITH A CASE UNDER SECTION 301 AGAINST JAPAN'S REGULATIONS IN THE AFTER PARTS MARKET. AT THE SAME TIME, WE ARE FILING A CASE WITH THE WTO CLAIMING THAT GOVERNMENT AND PRIVATE PRACTICES IN JAPAN IN THE AUTOS AND AUTO PARTS SECTOR "NULLIFY AND IMPAIR" OUR RIGHTS UNDER THE GATT.

WHAT WE ARE TRYING TO DO HERE IS TO MAKE JAPAN'S MARKETS MORE OPEN TO FOREIGN COMPETITIVE GOODS. DESPITE FORWARD STEPS IN A NUMBER OF AREAS, JAPAN'S MARKETS REMAINS MUCH MORE CLOSED THAN THE WORLD ECONOMY AND YOUR OWN DOMESTIC ECONOMY CAN TOLERATE. THIS IS NOT JUST AN "AMERICAN PROBLEM." MR. LEE KUAN YEW OF

Lee

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- ② - China
- Rules
 - How ✓ up
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 - Grant

Autos: Can Relationships
affect relationships

Leave to Industry

- Gov - After Market
- UPP - do for the industry
- Dealership

SINGAPORE SPOKE TO A NIKKEI AUDIENCE LAST WEEK AND ADDRESSED THIS SAME POINT. AS MR. LEE NOTED, "THERE IS NOTHING WRONG WITH CURRENT ACCOUNT SURPLUSES AS SUCH. THE ISSUE IS JAPAN'S RESTRICTIVE TRADE PRACTICES AND CLOSED MARKETS."

THE FACT OF THE MATTER IS THAT SO LONG AS JAPAN'S MARKETS REMAIN RESISTANT TO FOREIGN IMPORTS, AND SO LONG AS JAPAN RUNS ^{Huge} ~~TRADE~~ ^{Surpluses} DEFICITS NOT JUST WITH THE U.S., BUT WITH EUROPE AND WITH ASIA, FOREIGN NATIONS WILL CONTINUE TO PUSH FOR IMPROVED ACCESS -- BE IT THROUGH BILATERAL NEGOTIATIONS, THROUGH THE WTO, OR THROUGH THEIR OWN DOMESTIC LAWS.

BUT I HAVE NOT COME HERE TODAY ONLY TO TALK ABOUT AUTOS. I AM CONVINCED THAT AMERICA'S RELATIONSHIP WITH ^{YORK} ~~THIS~~ GREAT COUNTRY WILL SHAPE THE FUTURE OF MY NATION, OF THIS REGION, AND OF THE WORLD. HOW THE U.S. AND JAPAN WORK TOGETHER -- OR FAIL TO WORK TOGETHER -- WILL HAVE A GREAT IMPACT ON THE KIND OF WORLD ALL OF OUR GRANDCHILDREN WILL INHERIT. [THIS IS WHAT I WANT TO FOCUS ON TODAY.]

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NAFTA

ASIAN-Free Trade
No just Japan

Exchange Rate

- C/A

- Distortion

VS/Not Suffering

FOR THE LAST HALF A CENTURY, OUR TWO NATIONS HAVE SHARED IN ONE OF THE MOST REMARKABLE PARTNERSHIPS IN THE HISTORY OF NATIONS. TOGETHER, WE HAVE MAINTAINED THE PEACE AND SECURITY OF THIS REGION LONG SCARRED BY WAR. TOGETHER, WE HAVE BOOSTED GLOBAL PROSPERITY TO UNPRECEDENTED LEVELS. TOGETHER, WE HAVE FOUGHT AIDS, DISEASE, AND POVERTY -- BRINGING HOPE TO SOME OF THE POOREST HOUSEHOLDS ON EARTH.

THE U.S.-JAPAN PARTNERSHIP IS DESTINED TO GROW, NOT WEAKEN IN THE COMING YEARS. OUR BILATERAL SECURITY ALLIANCE REMAINS AT THE HEART OF U.S. POLICY TOWARD ASIA, NOW AND FOR THE FORESEEABLE FUTURE. OUR COOPERATION IN MEETING GLOBAL CHALLENGES HAS INTENSIFIED WITH THE END OF THE COLD WAR. OUR COORDINATED RESPONSE, ALONG WITH SOUTH KOREA, TO THE NORTH KOREAN NUCLEAR THREAT IS OUTSTANDING. AND ON REGIONAL ECONOMIC ISSUES, APEC OFFERS US A NEW FORUM IN WHICH TO WORK TOGETHER TO ACHIEVE OUR COMMON ECONOMIC OBJECTIVES.

JUST AS WE WOULD BE WRONG TO IGNORE OUR ECONOMIC DIFFERENCES, SO ALSO WOULD WE BE WRONG TO IGNORE OUR EXCEPTIONAL COOPERATIVE

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Savings

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Issues

TIES. FOREMOST AMONG THESE IS OUR SECURITY ALLIANCE.

SINCE THE CLOSE OF WORLD WAR TWO, THE U.S.-JAPAN SECURITY ALLIANCE HAS SUCCEEDED BEYOND OUR GREATEST EXPECTATIONS. I WAS A YOUNG MAN WHEN WORLD WAR TWO ENDED. OUR GREAT HOPE THEN WAS THAT THE PEACE WE HAD FOUGHT FOR SO HARD WOULD BE A LASTING ONE. AMERICANS AND JAPANESE OVERCAME THEIR DIFFERENCES AND WE WORKED HARD TO MAKE OUR VISION OF ASIAN-PACIFIC PEACE AND PROSPERITY COME TRUE. MY COUNTRY ENTERED INTO THREE CONFLICTS IN ASIA AND SACRIFICED TENS OF THOUSANDS OF AMERICAN LIVES FOR THE SAKE OF THIS DREAM.

TODAY, EAST ASIA IS FREE OF MILITARY CONFLICT, REMARKABLY PROSPEROUS, AND DEMOCRACY IS SPREADING. NO ONE CAN DOUBT THAT WE OWE MUCH OF THIS TO OUR SECURITY ALLIANCE.

BUT OUR WORK IS FAR FROM DONE. AS WE LOOK TO THE FUTURE, THE U.S.-JAPAN SECURITY ALLIANCE STANDS MORE IMPORTANT THAN EVER. THE END OF THE COLD WAR IS GIVING RISE TO A NEW POLITICAL DYNAMIC IN THIS REGION, RICH WITH OPPORTUNITY, BUT ALSO FULL OF UNCERTAINTY. AND AS ASIAN

PACIFIC PROSPERITY HAS GROWN, SO HAS THE U.S. AND JAPANESE ECONOMIC STAKE IN THIS REGION -- MAKING OUR SHARED INTEREST IN REGIONAL STABILITY ALL THE MORE SIGNIFICANT.

IN THE EAST ASIAN SECURITY REPORT, MY GOVERNMENT RECENTLY OUTLINED AMERICA'S SECURITY POLICY IN THIS REGION. THIS IMPORTANT DOCUMENT AFFIRMS THAT JAPAN WILL CONTINUE TO PLAY A CENTRAL ROLE IN OUR ASIAN-PACIFIC STRATEGY.

THERE HAS BEEN CONCERN IN RECENT DAYS THAT SOMEHOW OUR TRADE DIFFERENCES MIGHT EVENTUALLY COLOR THE ENTIRE U.S. - JAPAN RELATIONSHIP. I WANT TO BE CLEAR THAT BOTH OUR GOVERNMENTS ARE DETERMINED NOT TO LET THIS HAPPEN. PRESIDENT CLINTON CAME OUT STRONGLY ON THIS SUBJECT LAST WEEK, MAKING CLEAR THAT JAPAN IS A VALUED FRIEND AND ALLY, AND THAT IT IS IN THE CONTEXT OF OUR OVERALL STRONG RELATIONSHIP THAT WE MUST DIRECTLY ADDRESS OUR DIFFERENCES. PRIME MINISTER MURAYAMA HAS STATED THE SAME POSITION, AS HAVE MINISTER HASHIMOTO AND AMBASSADOR KANTOR. EARLIER THIS MONTH I MET WITH FOREIGN MINISTER KONO AND WE ALSO AGREED FULLY ON THIS POINT.

U.S. POLICY IS CLEAR -- WE ARE IN THIS REGION TO STAY AND THE U.S.-JAPAN SECURITY PARTNERSHIP REMAINS THE CORNERSTONE OF OUR ASIAN-PACIFIC STRATEGY.

OUR PARTNERSHIP IS NOT LIMITED TO OUR COMMON SECURITY CONCERNS. OUR LION'S SHARE OF THE WORLD'S WEALTH MEANS THAT WHEN THE U.S. AND JAPAN WORK TOGETHER, WE CAN MEET GLOBAL CHALLENGES BETTER THAN ANY OTHER NATION OR GROUP OF NATIONS.

AND THIS IS EXACTLY WHAT WE ARE DOING.

THE U.S. AND JAPAN ARE THE TWO LARGEST DONOR NATIONS IN THE WORLD, ACCOUNTING FOR ABOUT 40% OF ALL OFFICIAL DEVELOPMENT ASSISTANCE. THROUGH OUR ASSISTANCE PROGRAMS, WE ARE MEETING GLOBAL CHALLENGES LIKE POVERTY, AIDS, AND THE ENVIRONMENT. WE ARE FOSTERING ECONOMIC GROWTH AND SUSTAINABLE DEVELOPMENT. WE ARE SUPPORTING DEMOCRACY AND THE RESPECT FOR HUMAN RIGHTS. AND WE ARE HELPING TO INTEGRATE DEVELOPING NATIONS INTO THE GLOBAL ECONOMY.

MORE AND MORE, THE U.S. AND JAPAN ARE FINDING THAT BY POOLING OUR EFFORTS, WE CAN BE MORE EFFECTIVE IN RESPONDING TO THESE GLOBAL PROBLEMS. WHEN PRESIDENT CLINTON MET WITH PRIME MINISTER MIYAZAWA IN JULY OF 1993, OUR TWO LEADERS AGREED, FOR THE FIRST TIME, TO MOVE FORWARD ON A "COMMON AGENDA" TO TACKLE, TOGETHER, MANY OF THE WORLD'S MOST PRESSING CONCERNS.

SINCE THEN, WE HAVE SUCCESSFULLY COOPERATED ON MORE THAN 50 PROJECTS UNDER THE COMMON AGENDA, LARGE AND SMALL, ALL OVER THE WORLD.

-- BILLIONS OF HUMANS LIVE IN POVERTY AND PAIN BECAUSE OF UNCONTROLLED POPULATION GROWTH AND THE SCOURGE OF HIV/AIDS. LAST YEAR, THE LEADERS OF OUR TWO COUNTRIES ANNOUNCED A \$12 BILLION DOLLAR, SEVEN-YEAR, JOINT U.S.- JAPAN INITIATIVE TO ADDRESS THESE DUAL GLOBAL PROBLEMS.

-- NOTHING IS MORE TRAGIC THAN SEEING A CHILD CRIPPLED FOR LIFE FROM A PREVENTABLE DISEASE. THE U.S. AND JAPAN ARE COOPERATING

TO ERADICATE POLIO FROM THE WESTERN PACIFIC REGION AND WE WILL SOON EXPAND THIS PROGRAM TO OTHER PARTS OF THE WORLD.

-- WORLD GROWTH AND PROGRESS SUFFERS WHEN GIRLS AND WOMEN ARE DENIED THE FULL BENEFITS OF DEVELOPMENT. THROUGH THE COMMON AGENDA, WE ARE JOINTLY SUPPORTING GIRLS' EDUCATION AND WOMEN IN DEVELOPMENT.

-- ON THE ENVIRONMENT, THE U.S. AND JAPAN ARE FUNDING A \$60 MILLION DOLLAR PROJECT TO PROTECT THE RICH BIODIVERSITY OF INDONESIA. WE ARE DEVELOPING NATURE PARKS IN ENDANGERED ENVIRONMENTS IN LATIN AMERICA AND THE CARIBBEAN . AND WE ARE PROTECTING ANOTHER FRAGILE ENVIRONMENT THAT WE ARE JUST LEARNING THE IMPORTANCE OF -- THE WORLD'S CORAL REEFS.

IN ADDITION TO ALL OF THESE EXAMPLES, THE U.S. AND JAPAN ARE WORKING TOGETHER ON ENVIRONMENTAL CHANGE; ON THE OCEANS; ON A GLOBAL INFORMATION INFRASTRUCTURE; ON CIVIL INDUSTRIAL TECHNOLOGY; ON TRANSPORTATION TECHNOLOGY; ON DEVELOPING ENERGY-EFFICIENT TECHNOLOGIES; AND ON DISASTER PREVENTION. OUR COOPERATION IS WITHOUT PARALLEL.

THE PROSPECT FOR EVEN GREATER U.S. - JAPAN GLOBAL COOPERATION IS BRIGHT. AT THIS MONTH'S COMMON AGENDA WORKING GROUP MEETINGS IN WASHINGTON, WE AGREED TO BEGIN PLANNING ADDITIONAL JOINT PROJECTS -- IN AFRICA, SOUTH ASIA, AND LATIN AMERICA.

OUTSIDE OF THE COMMON AGENDA, THE U.S. AND JAPAN ARE ALSO JOINTLY SUPPORTING THE CREATION OF JOBS IN CRITICAL TRANSITION COUNTRIES LIKE SOUTH AFRICA AND THE NATIONS OF EASTERN EUROPE. WE ARE ENCOURAGING REFORM IN THE PHILIPPINES THROUGH THE MULTILATERAL ASSISTANCE INITIATIVE. WE HAVE WORKED TOGETHER IN SUPPORT OF THE PEACE PROCESS IN CAMBODIA, AND THE TRANSITION TO DEMOCRATIC MARKET ECONOMIES IN MONGOLIA, EASTERN EUROPE AND THE CENTRAL ASIAN REPUBLICS.

NOWHERE IS OUR POLITICAL COOPERATION MORE CRITICAL THAN IN DEALING WITH NORTH KOREA. OUR GOVERNMENTS ARE CONCERNED ABOUT THE POTENTIAL DANGER TO THE REGION OF NORTH KOREA'S EXCESSIVE MILITARISM. NORTH KOREA'S CONVENTIONAL MILITARY BUILD UP, ITS EXPORTS OF MISSILE TECHNOLOGY, AND ITS NUCLEAR CAPABILITY

ALL ACT TO DESTABILIZE THE REGION. ON THE NORTH KOREAN NUCLEAR THREAT, THE U.S., JAPAN, AND THE REPUBLIC OF KOREA HAVE BEEN WORKING TOGETHER INTENSELY TO ARRIVE AT A DIPLOMATIC SOLUTION TO THIS PROBLEM. THE CONCLUSION, LAST OCTOBER, OF THE AGREED FRAMEWORK IS A HOPEFUL SIGN AND WE BELIEVE THAT, IF FULLY IMPLEMENTED, THIS AGREEMENT WILL SIGNIFICANTLY REDUCE THE THREAT NORTH KOREA POSES TO THIS REGION.

THERE ARE THOSE WHO SAY THAT THE END OF THE COLD WAR MEANS THAT OUR STAKE IN WORKING TOGETHER AROUND THE WORLD IS DWINDLING. THESE PEOPLE ARE QUICK TO POINT TO OUR DIFFERENCES AS EVIDENCE TO SUPPORT THEIR CASE.

BUT I BELIEVE THAT THIS IS FAR FROM TRUE. IF ANYTHING, THE END OF THE COLD WAR HAS INCREASED OUR SHARED INTEREST IN WORKING TOGETHER -- BOTH BECAUSE OF NEW GEOPOLITICAL UNCERTAINTIES, AND BECAUSE THE END OF THE SUPERPOWER STAND-OFF ALLOWS US TO CONSIDER NEW SOLUTIONS TO OLD PROBLEMS. THIS MAKES IT ALL THE MORE IMPORTANT THAT WE PLACE OUR ECONOMIC RELATIONSHIP ON AS FIRM A FOOTING AS THE POLITICAL AND SECURITY ASPECTS OF OUR PARTNERSHIP.

COOPERATION WITH JAPAN IS AT THE CORE OF AMERICA'S POLITICAL APPROACH TOWARD ASIA. THE U.S. - JAPAN PARTNERSHIP IS BASED ON STRONG COMMON INTERESTS. WE BOTH ARE COMMITTED TO THE SPREAD OF DEMOCRATIC INSTITUTIONS, FLOURISHING INTERNATIONAL TRADE, AND GLOBAL PEACE AND STABILITY. ON THE SECURITY FRONT, WE BOTH HAVE A VITAL STAKE IN THE ASIA-PACIFIC REGION AND A TREMENDOUS SHARED INTEREST IN ITS STABILITY. THE COMBINATION OF AN ACTIVE AMERICAN PRESENCE AND SOLID JAPANESE COOPERATION HAS BEEN REMARKABLY SUCCESSFUL. SUPPORT FOR THIS ALLIANCE IS STRONG, BOTH WITHIN THE U.S. AND JAPANESE GOVERNMENTS AND AMONG THE PUBLIC. A POLL RECENTLY RELEASED BY THE PRESTIGIOUS CHICAGO COUNCIL ON FOREIGN RELATIONS SHOWED THAT 85 PERCENT OF AMERICANS RANK JAPAN AS OUR NUMBER ONE VITAL INTEREST - THE HIGHEST RANKING OF ANY NATION.

U.S.-JAPAN COOPERATION IS VITAL IF WE ARE TO EXTEND A HALF CENTURY OF PEACE IN THIS REGION INTO A FULL CENTURY OF PEACE. THIS PARTNERSHIP WE SHARE IS UNIQUE IN THE HISTORY OF NATIONS. TOGETHER, WE HAVE BROUGHT STABILITY AND PROSPERITY TO THIS HISTORICALLY UNSTABLE AND

TRAGICALLY POOR REGION. OUR COOPERATION NOW SPANS THE GLOBE -- FROM MEETING THE CHALLENGE OF NORTH KOREA, TO BUILDING DEMOCRACY IN EASTERN EUROPE, TO SAVING FORESTS IN LATIN AMERICA . WE MUST CONTINUE ALONG THIS PATH. OUR APPROACH MUST BE ONE OF UNDERSTANDING, RESPECT, AND PARTNERSHIP. IF WE DO THIS, THEN I BELIEVE THAT OUR GRANDCHILDREN WILL REAP THE BENEFIT OF CONTINUING PROSPERITY AND OF LASTING PEACE.

THANK YOU.



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