# JAPAN NATIONAL PRESS CLUB DECEMBER 9, 1996

How Side

THANKS FOR THE VERY KIND INTRODUCTION.

TODAY IS A SPECIAL DAY FOR ME. AS YOU MAY KNOW,

TODAY'S SPEECH WILL BE MY LAST DELIVERED WHILE

AMBASSADOR TO JAPAN. ON SUNDAY JOAN AND I

RETURN TO OUR HOME IN MINNESOTA. WE WILL DO SO

WITH A FULL HEART. THE KINDNESS AND GOODWILL

EXTENDED TO US BY THE PEOPLE OF JAPAN IS

SOMETHING WE CAN NEVER FORGET.

I VERY MUCH APPRECIATE THE OPPORTUNITY TO SPEAK AGAIN BEFORE THIS PRESTIGIOUS PRESS CLUB. I KNOW THAT THE REPORTERS AND EDITORS IN THIS ROOM REPRESENT THE HEART OF JAPANESE JOURNALISM.

CORRESPONDENTS CLUB ABOUT THE KEY ISSUES WE HAVE ADDRESSED IN THE U.S.-JAPAN RELATIONSHIP SINCE MY ARRIVAL. IN IT, I TRIED TO SUMMARIZE THE EVENTS OF THE PAST FEW YEARS. I HOPE AND BELIEVE THESE HAVE BEEN GOOD YEARS FOR THE CRUCIAL RELATIONSHIP BETWEEN OUR TWO IMPRESSIVE DEMOCRACIES. TODAY, I WOULD LIKE TO ADDRESS BRIEFLY THE TASKS WHICH LIE BEFORE US AND THEN TAKE YOUR QUESTIONS.

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AS WE ALL KNOW, MUCH WORK REMAINS TO BE DONE. IT WILL REQUIRE, AS IT ALWAYS HAS, THE DEDICATED EFFORTS OF OUR LEADERS TO ENSURE THAT OUR RELATIONSHIP CONTINUES TO FLOURISH. SO TODAY, I WOULD LIKE TO MAKE A FEW COMMENTS ON SOME FUTURE CHALLENGES.

### Security

I BELIEVE THAT OUR SECURITY RELATIONSHIP IS SOLID AND IS ON THE RIGHT COURSE. I AM SURE THAT WE WILL CONTINUE THE CLOSE COOPERATION THAT HAS BEEN OUR TRADITION SINCE THE CONCLUSION OF OUR SECURITY TREATY. INDEED WE ARE BUILDING UPON ONE OF THE MOST DRAMATIC DIPLOMATIC ACHIEVEMENTS OF THE MODERN WORLD WHICH LED THE U.S. AND JAPAN FROM MID-CENTURY HOSTILITY TO UNRIVALED COOPERATION.

OUR ALLIANCE REMAINS INDISPENSABLE TO THE SECURITY OF BOTH COUNTRIES AND TO THE STABILITY OF THE REGION. AS WE MOVE FORWARD, I BELIEVE WE NOW HAVE THREE PRIMARY TASKS: FIRST, WE MUST FOLLOW UP ON THE SACO PROCESS TO REDUCE THE BURDEN ON OKINAWA; SECOND, WE NEED TO MOVE FORWARD WITH THE DEFENSE GUIDELINES REVIEW TO STRENGTHEN THE ALLIANCE; AND, THIRD, WE SHOULD

CONTINUE TO COOPERATE WITH OTHERS IN THE REGION TO BUILD CONFIDENCE AND INCREASE TRANSPARENCY IN THE DEFENSE AREA. BOTH NATIONS ARE COMMITTED TO THESE OBJECTIVES.

JUST LAST WEEK SECRETARY OF DEFENSE PERRY
WAS IN TOKYO TO CONCLUDE THE SACO PROCESS THAT
OUR GOVERNMENTS BEGAN A YEAR EARLIER. YOU ARE
ALL FAMILIAR WITH THE DETAILS OF THIS AGREEMENT;
IT REPRESENTS A TREMENDOUS ACHIEVEMENT.

IMPLEMENTING THE DECISION TO RELOCATE THE HELICOPTER FUNCTIONS FROM FUTENMA TO A SEA-BASED FACILITY WILL REQUIRE THE COOPERATION OF THE PEOPLE OF OKINAWA AND THE IMAGINATION AND ENERGY OF THE EXPERTS OF OUR TWO NATIONS. THE OTHER ELEMENTS OF THE SACO REPORT WILL REQUIRE SIMILAR HARD WORK AND COOPERATION. THE OBJECTIVE OF THE SACO PROCESS IS TO REPOSITION AND RESTRUCTURE OUR PRESENCE ON OKINAWA WITHOUT REDUCING FORCE READINESS AND CAPABILITY WHILE SHARPLY REDUCING THE INTRUSIVENESS OF OUR MILITARY PRESENCE. WHILE THE FUTENMA-RELATED STEPS ATTRACT THE MOST ATTENTION, I BELIEVE THAT THE FULL RANGE OF STEPS BEING TAKEN WILL GREATLY ENHANCE THE QUALITY OF LIFE FOR OUR OKINAWAN NEIGHBORS.

OUR TWO NATIONS ALSO PLACE A VERY HIGH PRIORITY ON REVIEWING THE 1978 GUIDELINES FOR SECURITY COOPERATION, AS CALLED FOR IN THE SECURITY DECLARATION ISSUED BY OUR LEADERS AT THE VERY SUCCESSFUL APRIL SUMMIT IN TOKYO. BOTH NATIONS MUST KNOW MORE PRECISELY WHAT WE CAN EXPECT OF EACH OTHER IN A REGIONAL CRISIS. AS BOTH GOVERNMENTS HAVE REPEATEDLY EMPHASIZED, THIS REVIEW WILL TAKE PLACE WITHIN THE FRAMEWORK OF JAPAN'S CONSTITUTION AND WILL NOT CHANGE THE RIGHTS AND OBLIGATIONS OF EITHER COUNTRY UNDER THE SECURITY TREATY.

BUT WITHIN THESE PARAMETERS, THERE IS A GREAT DEAL WE CAN DO TO STRENGTHEN THE ALLIANCE. WORK HAS JUST BEGUN ON THE REVIEW, WHICH WE HOPE TO COMPLETE BY NEXT NOVEMBER. THE PROCESS WILL BE TRANSPARENT TO ENSURE THERE IS NO MISUNDERSTANDING OF OUR OBJECTIVES BY OUR CITIZENS OR BY OTHERS IN THE REGION.

THE THIRD SECURITY CHALLENGE IS TO HELP
CONSTRUCT A REGIONAL FRAMEWORK FOR DEFENSE
COOPERATION, NOT AS A SUBSTITUTE FOR OUR
ALLIANCE BUT AS A COMPLEMENTARY WAY OF
BUILDING CONFIDENCE AND RESOLVING DISPUTES. THE

ASEAN REGIONAL FORUM HAS MADE AN IMPORTANT START IN THIS DIRECTION, AND THERE ARE MORE INFORMAL MULTILATERAL DISCUSSION GROUPS ON SECURITY IN NORTHEAST ASIA. SUCH DISCUSSIONS WILL BECOME EVEN MORE IMPORTANT AS WE FACE THE LONGER TERM REGIONAL CHALLENGE OF MANAGING INCREASING ENERGY DEMANDS IN A WAY THAT DOES NOT SET OFF ADVERSARIAL COMPETITION OVER RESOURCES.

#### **Economics**

IN TRADE, AS WITH SECURITY, WE HAVE MADE CONSIDERABLE PROGRESS, BUT WE STILL HAVE MUCH WORK TO DO. WE MUST DO MORE TO MAKE OPENNESS THE RULE RATHER THAN THE EXCEPTION. I SEE THREE BASIC CHALLENGES AHEAD IN THIS AREA.

FIRST, WE MUST FULLY IMPLEMENT THE
AGREEMENTS WE HAVE REACHED AND BE SURE THAT
THEY PRODUCE CONCRETE RESULTS. A FAILURE TO
ACHIEVE THE OBJECTIVES OF OUR TRADE PACTS WILL
RISK FEEDING CYNICISM IN BOTH COUNTRIES ABOUT
OUR OVERALL RELATIONSHIP. THIS IS SOMETHING WE
CANNOT AFFORD. WE HAVE NOT YET BEEN ABLE TO
REACH AN UNDERSTANDING ON THE IMPLEMENTATION
OF THE INSURANCE AGREEMENT. INTENSE
NEGOTIATIONS ARE UNDERWAY AS WE MEET. BOTH

SIDES MUST SHOW DETERMINATION IN FULLY IMPLEMENTING THIS AND ALL OUTSTANDING AGREEMENTS.

A SECOND CHALLENGE IN THE ECONOMIC ARENA IS TO STRENGTHEN THE MULTILATERAL AND BILATERAL MECHANISMS FOR RESOLVING DISPUTES WHEN THEY ARISE. THE WTO IS OFF TO AN ENCOURAGING START. BUT WE MUST KEEP THE MOMENTUM GOING TO OPEN MARKETS FURTHER, WHICH IS WHY IT IS SO IMPORTANT TO CONCLUDE THE INFORMATION TECHNOLOGY AGREEMENT THIS WEEK AT THE WTO TRADE MINISTERIAL IN SINGAPORE. OUR TWO NATIONS ARE UNITED IN AN EFFORT TO ACHIEVE THAT GOAL.

JAPAN AND THE UNITED STATES, AS THE WORLD'S TWO LARGEST ECONOMIES, ALSO HAVE A SPECIAL RESPONSIBILITY FOR THE SUCCESS OF APEC. APEC MEMBERS HAVE MADE A GOOD START TOWARD REACHING THE GOAL OF REMOVING ALL TRADE BARRIERS IN THE REGION BY THE YEARS 2010 TO 2020. HOWEVER, WITHOUT CONTINUED STRONG LEADERSHIP FROM THE U.S. AND JAPAN AND OTHERS, WE COULD SEE THIS HISTORIC EFFORT LOSE MOMENTUM. WE CANNOT ALLOW THIS TO HAPPEN.

THE IMPORTANCE OF STRENGTHENING THE INTERNATIONAL TRADING SYSTEM DOES NOT MEAN THAT THE "AGE OF BILATERALISM" IS OVER. ON THE CONTRARY, THE U.S. AND JAPAN ARE COMMITTED TO A VERY ACTIVE BILATERAL ECONOMIC DIALOGUE. AS THE PRESIDENT AND PRIME MINISTER CONFIRMED IN THEIR JOINT STATEMENT LAST APRIL, BOTH COUNTRIES STAND READY TO RESOLVE BILATERAL TRADE PROBLEMS WHENEVER THEY ARISE.

THE THIRD CHALLENGE I SEE IS FOR JAPAN TO MOVE AHEAD IN ITS EFFORTS TO DEREGULATE ITS OVER-REGULATED ECONOMY. THIS IS A CRUCIAL STEP THAT JAPAN MUST TAKE IN ITS OWN INTERESTS, BUT IT ALSO HAS FAR-REACHING POSITIVE IMPLICATIONS FOR ALL OF JAPAN'S TRADING PARTNERS AND FOR THE WORLD TRADING AND FINANCIAL SYSTEM SO ESSENTIAL TO JAPAN'S FUTURE.

I DON'T HAVE TO TELL YOU THAT THE WORLD ECONOMY IS CHANGING RAPIDLY -- DRIVEN BY EXPLODING TECHNOLOGICAL GROWTH AND ENTREPRENEURIAL DYNAMISM. JAPAN MUST ACT QUICKLY TO OPEN HER ECONOMY TO THE DISCIPLINE AND BENEFITS OF INTERNATIONAL COMPETITION IF IT IS TO KEEP UP WITH AND BENEFIT FROM THIS ECONOMIC TRANSFORMATION.

WE ARE ENCOURAGED BY PRIME MINISTER
HASHIMOTO'S PUBLIC ENDORSEMENT OF THIS GOAL AND
BY HIS STRONG ENDORSEMENT OF THE SO-CALLED "BIG
BANG" LIBERALIZATION OF JAPAN'S CAPITAL
MARKETS. THE QUESTION REMAINS, HOWEVER,
WHETHER THE UNIQUE JAPANESE DECISION-MAKING
PROCESS, ANCHORED IN ACHIEVING AGREEMENT BY
CONSENSUS, CAN NEVERTHELESS PRODUCE THE
PROFOUND RESULTS THAT DEREGULATION AND
COMPETITION DEMAND.

AS MANY JAPANESE HAVE POINTED OUT, JAPAN MUST EXPAND OPPORTUNITIES FOR NEW FIRMS, NEW IDEAS AND PRODUCT INNOVATIONS, AND OPEN ITS MARKET TO NEW COMPETITION. JAPAN'S ECONOMY, THE JAPANESE CONSUMER, AND JAPAN'S TRADING PARTNERS REQUIRE IT. BASIC DEREGULATION AND COMPETITION WILL BE KEY TO MAKING THIS HAPPEN.

## Political

IN THE FOREIGN POLICY AREA, THE U.S. AND JAPAN SHARE MANY CHALLENGES. NONE IS MORE IMPORTANT THAN HELPING CHINA INTEGRATE SMOOTHLY INTO THE REGION AND THE WORLD. AS SECRETARY PERRY SAID HERE LAST WEEK, IT IS A PLUS SUM GAME. GOOD U.S.-CHINA TIES REINFORCE REGIONAL STABILITY JUST AS

GOOD JAPAN-CHINA TIES DO. AT THE SAME TIME A STRONG U.S.-JAPAN ALLIANCE AND POLITICAL PARTNERSHIP IS IN NO WAY DIRECTED AT CHINA; INDEED IT IS CRITICAL TO MAINTAINING THE STABLE ENVIRONMENT CHINA NEEDS IN ORDER TO DEVELOP AND PROSPER.

OUR JOINT EFFORTS FOR STABILITY ON THE
KOREAN PENINSULA PROVIDE AN EXCELLENT EXAMPLE
OF WHAT WE CAN DO WHEN WE WORK TOGETHER. THE
U.S. AND JAPAN, WORKING CLOSELY WITH SOUTH
KOREA, ARE MOVING FORWARD WITH THE KEDO
ORGANIZATION TO ADDRESS THE NUCLEAR ISSUE IN
NORTH KOREA, DEFUSING WHAT COULD HAVE BEEN A
MAJOR CRISIS IN THE REGION. MAINTAINING
STABILITY ON THE KOREAN PENINSULA AND
PROMOTING A NORTH-SOUTH DIALOGUE WILL CONTINUE
TO BE A MAJOR FOCUS OF AMERICAN AND JAPANESE
DIPLOMACY IN EAST ASIA.

AS JAPAN TAKES A NON-PERMANENT SEAT ON THE UN SECURITY COUNCIL IN JANUARY, I EXPECT FOREIGN POLICY COOPERATION BETWEEN THE UNITED STATES AND JAPAN TO INCREASE SUBSTANTIALLY.

MEMBERSHIP IN THE SECURITY COUNCIL WILL BE AN OPPORTUNITY FOR JAPAN TO DEMONSTRATE

LEADERSHIP AND BUILD EVEN GREATER

INTERNATIONAL SUPPORT FOR A PERMANENT SEAT,
SOMETHING THE UNITED STATES STRONGLY ENDORSES.

THE FUTURE OF THE WORLD ALSO RELIES HEAVILY ON U.S.-JAPAN COOPERATION THROUGH WHAT WE CALL THE "COMMON AGENDA." WE ARE WORKING TOGETHER ON SUCH GOALS AS THE ERADICATION OF POLIO WORLDWIDE, ATTACKING THE SCOURGES OF TERRORISM AND NARCOTICS TRAFFICKING, IMPROVING EDUCATIONAL OPPORTUNITIES IN THE DEVELOPING WORLD, AND PROTECTING OUR SHARED ENVIRONMENT. THE WORLD IS DEPENDING ON OUR SUCCESS.

#### The Human Connection

NOTHING IS OF GREATER SIGNIFICANCE THAN
UNDERSTANDING AND TRUST BETWEEN US. THE LONGTERM MANAGEMENT OF THIS RELATIONSHIP REQUIRES
MORE HUMAN TIES BETWEEN OUR CITIZENS FROM ALL
SECTORS. STUDENT EXCHANGES ARE ONE INVESTMENT
IN THE FUTURE THAT WILL NEVER LET US DOWN -- I
SPOKE ABOUT THE MERITS AND THE FUTURE
CHALLENGES OF EDUCATIONAL EXCHANGE IN A SPEECH
TO AOYAMA GAKUIN (ah-oh-yama -- gah-koo-een) LAST
WEEK.

EDUCATION IS MAGIC -- IT NEVER DISAPPOINTS.

INTERNATIONAL EXCHANGE MAGNIFIES THE VALUE OF

EDUCATION, AND WE NEED MORE OF IT. I BELIEVE WE HAVE MADE GOOD PROGRESS IN THIS AREA. BUT THERE IS STILL A BROAD GAP BETWEEN THE IMPORTANCE OF THE U.S.-JAPAN RELATIONSHIP AND THE LEVEL OF KNOWLEDGE AND SCHOLARSHIP UNDERPINNING IT TO BE FOUND IN OUR SOCIETIES.

MUCH MORE MUST BE DONE IN MY OWN COUNTRY.
WHEN I RETURN, I INTEND TO PRESS AMERICAN
EDUCATIONAL INSTITUTIONS TO BECOME MUCH MORE
INVOLVED IN TRAINING THE NEXT GENERATION OF
AMERICANS TO UNDERSTAND AND RESPECT THE
REMARKABLE DYNAMISM OF JAPAN AND THIS REGION. I
HOPE THAT MANY MORE AMERICANS WILL COME TO
JAPAN TO LIVE WITH AND TO LEARN FROM YOU.

### Conclusion

THE HARD WORK OF DIPLOMACY OFTEN FOCUSES ATTENTION ON THE CURRENT LIST OF COMPELLING PROBLEMS, DISTRACTING ATTENTION AWAY FROM PLANNING FOR THE LONG TERM. WE MUST LEARN TO LOOK DOWN THE ROAD TEN AND TWENTY YEARS. IF WE WILL DO MORE OF THIS STRATEGIC THINKING, I AM CONFIDENT THAT THE ASIA-PACIFIC REGION WILL BE A MODEL OF PEACE, STABILITY, AND PROSPERITY. TENSIONS WILL DECREASE, AND HUMAN EXCHANGES ACROSS ALL BORDERS WILL EXPAND DRAMATICALLY.

AS WE MOVE INTO THE 21ST CENTURY, IT IS COMFORTING TO KNOW THAT THE U.S.-JAPAN RELATIONSHIP, THE MOST IMPORTANT ON EARTH, IS SOLID AND PRODUCTIVE. THE WORLD COULD NOT HAVE BETTER NEWS. I WAS HONORED TO BE A PART OF IT, AND I WILL CONTINUE TO DO WHAT I CAN IN A PRIVATE CAPACITY. AS I PREPARE TO LEAVE, PERMIT ME TO THANK YOU FOR ALL OF YOUR HELP AND KINDNESS. JOAN AND I LEAVE WITH GREAT RESPECT FOR YOUR WONDERFUL COUNTRY AND FOR YOUR KIND PEOPLE.

THANK YOU AND SAYONARA.



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