

34TH ZAIKAI SEMINAR
KYOTO - FEB. 8, 1996

THANK YOU FOR THAT KIND INTRODUCTION, AND FOR INVITING ME TO THE PRESTIGIOUS KANSAI ZAIKAI SEMINAR TODAY. OF COURSE, IT IS ALWAYS A PLEASURE TO BE IN KYOTO AGAIN -- ONE OF THE WORLD'S MOST MAGNIFICENT CITIES.

AS YOU MAY REMEMBER, I WAS HOPING TO SPEAK TO YOU LAST YEAR BUT THE EARTHQUAKE CAUSED THE MEETING TO BE CANCELED. THAT TRAGEDY, WHICH TOOK SO MANY LIVES AND CAUSED SUCH DESTRUCTION, WAS FELT THROUGHOUT THE WORLD. THE AMERICAN PEOPLE, INCLUDING PRESIDENT CLINTON, TRIED TO LEND A HELPING HAND. I VISITED KOBE SHORTLY AFTER THE QUAKE, AND EXPERIENCED FIRSTHAND THE SCALE OF YOUR MISFORTUNE. I KNOW THERE ARE STILL MANY PEOPLE SUFFERING FROM THEIR LOSS. IN THE YEAR SINCE THAT DISASTER, I HAVE ALSO SEEN THE TREMENDOUS REBUILDING EFFORT IN WHICH ALL OF YOU HAVE DONE A REMARKABLE JOB OF BOUNCING BACK. I TIP MY HAT TO YOU.

I WISH TO RECOGNIZE THE ORGANIZERS OF THIS SEMINAR -- IN PARTICULAR MR. AKIYAMA AND MR. USUI, CO-CHAIRMEN OF THE KANSAI ASSOCIATION OF CORPORATE EXECUTIVES, AND CHAIRMAN MORII AND VICE CHAIRMAN NAKAMURA OF THE KANSAI PRODUCTIVITY CENTER. (GOV. ARAMAKI OF KYOTO MAY ATTEND ALSO.) I WOULD ALSO LIKE TO RECOGNIZE CONSUL GENERAL PABST WHO LEADS THE FINE FOREIGN SERVICE TEAM REPRESENTING MY COUNTRY IN THE KANSAI REGION.

WE MEET AT A GOOD TIME. IN APRIL, PRESIDENT CLINTON WILL BE IN TOKYO AT THE INVITATION OF HIS MAJESTY THE EMPEROR, TO ENJOY A STATE VISIT TO JAPAN. THAT VISIT WILL PERMIT US TO REVIEW THE STATE OF OUR RELATIONSHIP AT THE HIGHEST LEVEL. DURING THAT MEETING WE WILL TAKE THOSE STEPS NEEDED TO KEEP OUR RELATIONSHIP STRONG AND WE WILL SHOW THE WORLD THAT BOTH NATIONS VIEW OUR RELATIONSHIP AS THE MOST IMPORTANT EITHER OF US HAS IN THE WORLD. I WILL USE THE TIME YOU HAVE GIVEN ME TODAY TO SPEAK ABOUT THE BROAD OBJECTIVES TO BE ADDRESSED BY OUR LEADERS.

X--X--X (SECURITY)

ONE OF THE KEY STEPS TO BE TAKEN WILL BE THE ISSUANCE OF A SECURITY DECLARATION WHICH WILL REAFFIRM THE CRUCIAL IMPORTANCE OF THE U.S.-JAPAN

SECURITY ALLIANCE. THERE IS SIMPLY NO SUBSTITUTE FOR THE POSITIVE ROLE THAT THE U.S.-JAPAN SECURITY ALLIANCE IS PLAYING IN ASIA. THE STABILITY THAT THIS ALLIANCE HAS FOSTERED IS THE PLATFORM WHICH MADE THE REGION'S ECONOMIC MIRACLE POSSIBLE AND HAS HELPED SECURE PEACE IN THIS HISTORICALLY UNSTABLE PART OF THE WORLD.

OVER THIS PAST YEAR OUR TWO NATIONS HAVE TAKEN SEVERAL IMPORTANT STEPS TO STRENGTHEN OUR ALLIANCE. MY GOVERNMENT HAS ISSUED ITS EAST ASIAN SECURITY REPORT REAFFIRMING OUR COMMITMENT TO JAPAN AND THE REGION. JAPAN HAS ISSUED ITS NATIONAL DEFENSE PROGRAM OUTLINE REAFFIRMING ITS COMMITMENT TO THE ALLIANCE AND IT HAS EXTENDED FOR FIVE YEARS THE HOST NATION SUPPORT SO ESSENTIAL TO OUR PRESENCE HERE.

AS YOU KNOW, CONCERNS HAVE BEEN RAISED IN OKINAWA ABOUT THE SCALE OF OUR PRESENCE THERE. OUR GOVERNMENTS HAVE ESTABLISHED A SPECIAL ACTION COMMITTEE WHICH IS NOW HARD AT WORK SHAPING CHANGES IN OUR PRESENCE TO REDUCE IRRITANTS AND TO CONSOLIDATE BASES CONSISTENT WITH OUR RESPONSIBILITIES UNDER THE TREATY. WE HAVE LISTENED CAREFULLY TO THE CONCERNS EXPRESSED AND I WISH TO ASSURE YOU THAT WE WILL DO EVERYTHING POSSIBLE TO SHOW THAT WE WANT TO BE GOOD NEIGHBORS TO THE OKINAWAN PEOPLE. WE HOPE TO HAVE SOME SIGNIFICANT STEPS IN PLACE BY THE TIME OF THE STATE VISIT.

X--X--X (ECONOMIC ISSUES)

OUR LEADERS WILL ALSO ADDRESS THE ECONOMIC RELATIONSHIP. OUR NATIONS PRODUCE 40% OF THE WORLD'S GOODS, ARE PERHAPS THE TWO MOST PRODUCTIVE ECONOMIES IN THE WORLD, AND TOGETHER WE HAVE AN ENORMOUS STAKE IN A HEALTHY AND OPEN WORLD TRADING AND FINANCIAL SYSTEM. ALL OF THOSE POINTS ARE WELL KNOWN TO THOSE OF YOU IN THE KANSAI.

IN FACT, YOUR REGIONAL ECONOMY IS LARGER THAN THAT OF MANY IMPORTANT NATIONS -- MORE THAN SPAIN, AUSTRALIA, OR CANADA. YOUR 700-BILLION-DOLLAR "GRP" (GROSS REGIONAL PRODUCT) IS ALSO LARGER THAN THE FOUR ECONOMIES OF KOREA, TAIWAN, HONG KONG, AND THAILAND COMBINED. YOUR REGION IS IMPORTANT TO US AS WELL BECAUSE YOU CONDUCT MORE TRADE WITH THE U.S. THAN WITH ANY OTHER SINGLE NATION.

U.S. COMPANIES KNOW THE IMPORTANCE OF THIS REGION -- PROCTOR AND GAMBLE HAS ITS FAR EAST HEADQUARTERS IN KOBE, AND FEDERAL EXPRESS IS AIMING TO EXPAND OPERATIONS WITH THE NEW KANSAI INTERNATIONAL AIRPORT AS A REGIONAL HUB. THE STRONG PRESENCE OF THE AMERICAN CHAMBER OF COMMERCE IN THE KANSAI IS TESTIMONY TO U.S. PRIVATE SECTOR INTEREST IN YOUR REGION.

HAVING SO EFFECTIVELY HOSTED LEADERS OF THE 18 APEC NATIONS LAST NOVEMBER, THE PEOPLE OF THE KANSAI ARE WELL AWARE OF THE ROLE YOU PLAY IN THE WORLD ECONOMY. THE NATIONS OF APEC MAKE UP 55 PERCENT OF THE GLOBAL ECONOMY. AT THE THREE SUMMIT MEETINGS HELD SINCE 1993, WE HAVE SEEN THE LEADERSHIP OF VERY DIVERSE NATIONS DISCUSS THEIR COMMON INTEREST IN REGIONAL PROSPERITY -- AND AGREE UPON THE COMMON GOAL OF OPENNESS. WE ALL HAVE A GREAT STAKE IN APEC'S CONTINUED SUCCESS, AND I COMMEND YOU FOR YOUR ROLE IN HOSTING THE OSAKA SUMMIT.

THE U.S. AND JAPAN ARE THE ANCHOR OF THE ASIA-PACIFIC REGION, WHICH IN TURN IS THE DRIVING FORCE OF THE WORLD ECONOMY. WE ARE THE KEY PLAYERS IN APEC'S DYNAMIC VISION. GIVEN THE IMPACT OF OUR ECONOMIC RELATIONS ON THE WORLD AT LARGE, TOGETHER WE MUST LEAD THE WORLD TOWARD THE GOAL OF A TRULY OPEN ECONOMY.

AS YOU KNOW, FOR SOME YEARS OUR ECONOMIC RELATIONSHIP HAS BEEN DIFFICULT AND SOMETIMES EVEN ACRIMONIOUS. HOWEVER, OVER THE PAST TWO YEARS, WE HAVE REACHED SOME 20 AGREEMENTS TO EXPAND TRADE AND IMPROVE ACCESS TO MARKETS. WE ARE SEEING PROGRESS. AT THE MACRO LEVEL, THE CURRENT ACCOUNT SURPLUS IS SHRINKING AND WE ARE STARTING TO SEE REDUCTIONS IN THE BILATERAL TRADE IMBALANCE. SOME OF THAT HAS OCCURRED BECAUSE OF TRADE OPENING MEASURES, WHILE SOME OF IT FLOWS FROM THE STRONG YEN.

BUT, WHILE THE DIRECTION IS ENCOURAGING, WE MUST CONTINUE TO MAKE PROGRESS. BOTH NATIONS ARE COMMITTED TO THE SO-CALLED FRAMEWORK AGREEMENT WHICH IS DESIGNED TO DO JUST THAT. WE MUST WORK TOGETHER TO SEE THAT THESE AGREEMENTS ARE FULLY IMPLEMENTED AND WE MUST CONTINUE TO WORK ON OTHER "NON-FRAMEWORK" ISSUES AS WELL. RECENTLY WE HAVE BEEN TALKING

WITH YOUR GOVERNMENT ABOUT OUR CONCERNS IN SUCH AREAS AS FILM, INSURANCE, CIVIL AVIATION, AND SEMICONDUCTORS.

ONE POINT THAT I WISH TO MAKE IS THAT THESE AGREEMENTS ARE JUST AS IMPORTANT TO THE HEALTH OF YOUR ECONOMY AS THEY ARE TO OTHER NATIONS SEEKING MARKETS IN JAPAN. I BELIEVE THE EVIDENCE SHOWING POSITIVE ADVANTAGES TO EVERYONE IS OVERWHELMING. THE EXAMPLES ARE THERE FOR ALL TO SEE:

--SINCE OUR GOVERNMENTS SIGNED A CELLULAR PHONE ACCORD, THE ONCE-STAGNANT MARKET IN THE TOKYO-NAGOYA CORRIDOR HAS BECOME ONE OF THE MOST DYNAMIC PORTABLE PHONE MARKETS IN THE WORLD. THE COST OF PHONES HAS BEEN REDUCED DRAMATICALLY AND IS STILL COMING DOWN. LINE CHARGES ARE ALSO COMING DOWN. NEW JOBS AND PROFITS ARE FOUND THROUGHOUT JAPAN AND AN AREA OF CONTENTION BETWEEN US HAS DISAPPEARED.

-- SINCE OUR AGREEMENTS OPENING THE BEEF AND CITRUS MARKETS, THE CONSUMPTION OF BOTH IS RISING RAPIDLY AND PRICES ARE COMING DOWN.

--SINCE THE SEMICONDUCTOR AGREEMENT, WORLD SALES INTO JAPAN HAVE RISEN TO OVER 20% OF THE DOMESTIC MARKET, BUT THAT'S NOT ALL. OUR SEMICONDUCTOR INDUSTRIES HAVE REACHED IMPORTANT PARTNERSHIP AGREEMENTS IN WHICH OUR COMPANIES ARE MAKING BETTER AND MORE ADVANCED CHIPS -- TO THEIR MUTUAL ADVANTAGE. ONE JAPANESE EXECUTIVE TOLD ME THAT TOGETHER WE ARE DOING FAR BETTER THAN OUR COMPANIES COULD DO BY THEMSELVES.

--THE SALE OF PERSONAL COMPUTERS IN JAPAN IS AN EXCITING TREND. RECENTLY THE SALE OF U.S. PC'S HAS BEEN BOOMING, PRICES HAVE BEEN SLASHED, AND CONSUMERS HAVE RESPONDED. JAPANESE BUSINESSES ARE NOW BUYING THEM AND GREATLY INCREASING THE EFFICIENCY OF THEIR OFFICES. JAPANESE COMPUTER COMPANIES, RESPONDING TO THE COMPETITION, ARE NOW IN THE PC BUSINESS IN A BIG WAY. IN SHORT, COMPETITION AND OPEN MARKETS HAVE BENEFITED EVERYONE.

--TOYS-R-US STORES HAVE HELPED SPAWN A NEW PHENOMENON IN JAPAN THAT WILL REAP SALES OF MORE THAN ONE BILLION DOLLARS THIS YEAR. JAPANESE

CONSUMERS ARE ENJOYING WIDER CHOICE AT BETTER PRICES AND THEIR JAPANESE COMPETITORS ARE NOW RESPONDING TO THE CHALLENGE OF INCREASED COMPETITION.

--I AM ALSO ENCOURAGED BY THE RAPIDLY GROWING POPULARITY OF IMPORTED AMERICAN 2 X 4 HOUSING, WHICH OFFERS STRONG EARTHQUAKE RESISTANCE AND ENERGY EFFICIENCY AT AFFORDABLE PRICES. THANKS TO HYOGO PREFECTURE AND JETRO, OVER 20 AMERICAN HOMES ARE BEING BUILT IN A MODEL HOME PARK ON ROKKO ISLAND. COSTS WILL DROP FURTHER AS MORE BUILDERS DISCOVER THE MERITS OF 2 X 4 TECHNIQUES.

I AM SURE THAT THE MANY OTHER AGREEMENTS, WHEN FULLY IMPLEMENTED, WILL HAVE THE SAME POSITIVE RESULTS FOR EVERYONE -- INCLUDING JAPAN. TRADE IS NOT A ZERO-SUM GAME IN WHICH SOME WIN AND THEREFORE SOME MUST LOSE. IT IS A WIN-WIN PROPOSITION IN WHICH EVERYONE GAINS. OPEN MARKETS INCREASE HEALTHY COMPETITION WHICH FOSTERS NEW IDEAS, LOWER COSTS, HAPPY CONSUMERS, AND AN ENERGETIC ECONOMY.

OF COURSE, ALL PROGRESS DOES NOT NECESSARILY DEPEND UPON FORMAL AGREEMENTS. SERIOUS DEREGULATION EFFORTS ON JAPAN'S PART CAN CHANGE THE MARKET ENVIRONMENT FOR THE BETTER. SINCE DR. TOYODA, PRESIDENT OF THE KEIDANREN IS HERE TODAY, LET ME APPLAUD THEIR EFFORTS TO ENCOURAGE DEREGULATION.

FURTHER STRENGTHENING OUR ECONOMIC TIES -- THROUGH AN OPEN EXCHANGE OF GOODS, SERVICES, IDEAS, AND INVESTMENTS -- WILL NOT ONLY INCREASE THE PROSPERITY AND WELFARE OF OUR CITIZENS, IT WILL DO MUCH TO STRENGTHEN THE OVERALL RELATIONSHIP BETWEEN US.

X--X--X (CULTURAL / HUMAN TIES)

IN APRIL, OUR LEADERS WILL ALSO DISCUSS EDUCATIONAL AND CULTURAL EXCHANGES. CLOSE HUMAN TIES ARE ESSENTIAL AS WE PURSUE THE MANY COMMON GOALS VITAL TO A HEALTHY WORLD COMMUNITY. IN FACT, I BELIEVE THAT HIDEO NOMO, THE DODGERS PITCHER AND ROOKIE OF THE YEAR, HAS DONE MORE TO IMPROVE US-JAPANESE RELATIONS THAN ALL OF THE REST OF US PUT TOGETHER. NOMO -- A NATIVE OF THE KANSAI -- WILL GO TO BAT FOR IMPROVED U.S.-JAPAN GOODWILL AGAIN THIS SEASON.

I FEEL VERY STRONGLY THAT WE NEED MORE AMERICANS STUDYING AND LIVING IN JAPAN. WE NOW HAVE ABOUT 1,700 STUDYING HERE, WITH THE LARGEST SINGLE GROUP AT A PRIVATE UNIVERSITY IN THE KANSAI. HOWEVER, MOST ARE HERE FOR STAYS OF LESS THAN ONE YEAR. THERE ARE ABOUT 45,000 JAPANESE STUDYING IN THE UNITED STATES AND WE WISH THERE WERE MORE. OUR SOCIETIES AND OUR HISTORIES ARE SO PROFOUNDLY DIFFERENT THAT IT IS DANGEROUS NOT TO HAVE MANY MORE STUDENTS LEARNING ABOUT EACH OTHER.

X--X--X (POLITICAL COOPERATION)

ANOTHER VIBRANT ELEMENT OF THE U.S.-JAPAN RELATIONSHIP IS IN THE POLITICAL REALM, WHERE WE HAVE ENJOYED A LONG HISTORY OF WORKING TOGETHER. THIS IS BECAUSE THE U.S. AND JAPAN SHARE A NATURAL INTEREST IN BROAD-RANGING ISSUES. THESE INCLUDE FRONT-PAGE POLITICAL INITIATIVES LIKE THOSE IN THE MIDDLE EAST, BOSNIA, AND NORTH KOREA, BUT ALSO BROAD ISSUE AREAS SUCH AS: PROMOTING ECONOMIC DEVELOPMENT; ENCOURAGING DEMOCRATIC INSTITUTIONS AND RESPECT FOR HUMAN RIGHTS; AND STRENGTHENING THE UNITED NATIONS SYSTEM.

WE ARE ALSO ENGAGED IN THE SPECTACULAR BUT LITTLE KNOWN "COMMON AGENDA," WHICH IDENTIFIES OVER 20 AREAS IN WHICH THE UNITED STATES AND JAPAN CONTRIBUTE TO A BETTER QUALITY OF LIFE FOR PEOPLE WORLD-WIDE. PROGRAMS TO IMPROVE HUMAN HEALTH AND OUR ENVIRONMENT AROUND THE WORLD ARE A CENTRAL PART OF THE COMMON AGENDA, WITH THE U.S. AND JAPAN HAVING PLEDGED 12 BILLION DOLLARS TO ADDRESS HEALTH SECTOR ISSUES OVER SEVEN YEARS, FOR EXAMPLE. THIS MAJOR COMMITMENT HOLDS THE PROMISE THAT THE NUMBER OF DEATHS AND THE AMOUNT OF SUFFERING DUE TO PREVENTABLE AILMENTS WILL BE REDUCED SIGNIFICANTLY.

WHEN PRESIDENT CLINTON AND PRIME MINISTER HASHIMOTO MEET THIS APRIL I AM SURE PROGRESS WILL HAVE BEEN MADE ON ALL OF THESE ISSUES SO CRUCIAL TO US AND TO ALL HUMANITY. WE WILL BE REMINDED AGAIN WHY IT IS SO IMPORTANT THAT THIS RELATIONSHIP BE SOLID AND PRODUCTIVE. WHEN WE WORK WELL TOGETHER EVERYTHING THAT COUNTS -- PEACE, PROSPERITY, AND THE HUMAN CONDITION -- IS PROFOUNDLY SERVED. NO OTHER TWO NATIONS IN THE WORLD CAN DO WHAT WE CAN DO TOGETHER.

IT IS ONE OF THE HAPPY FACTS OF THIS OFTEN-TROUBLED WORLD, THAT THE UNITED STATES AND JAPAN, BOTH STABLE DEMOCRACIES, BOTH WITH VIBRANT ECONOMIES, BOTH WISHING ONLY FOR PEACE AND PROSPERITY IN A WORLD OF STABLE NATIONS, WILL CONTINUE TO SERVE THE CAUSE OF A BETTER WORLD.

I HAVE OFTEN SAID THAT I TOOK THE JOB OF U.S. AMBASSADOR FOR MY GRANDCHILDREN. THE U.S.-JAPANESE RELATIONSHIP TRULY IS THE MOST IMPORTANT IN THE WORLD, AND IF WE MANAGE THIS RELATIONSHIP WELL, I AM OPTIMISTIC THAT WE WILL ACHIEVE THE HOPEFUL FUTURE WE OWE TO OUR GRANDCHILDREN.

THANK YOU.



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