

News from Senator

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## DOLE SAYS TRADE CRISIS WITH JAPAN CONTINUES

LAST AUGUST, THIS SENATOR LED A DELEGATION OF SEVEN MEMBERS TO THE FAR EAST TO DISCUSS OUR GROWING TRADE IMBALANCE WITH COUNTRIES IN THAT REGION. THIS DELEGATION WAS PARTICULARLY CONCERNED ABOUT THE ENORMOUS U.S. TRADE DEFICIT WITH JAPAN, WHICH BY ITSELF MAKES UP ABOUT ONE THIRD OF OUR TOTAL GLOBAL TRADE IMBALANCE.

THE TRADE IMBALANCE WITH JAPAN HAS BEEN ESCALATING AT AN ALARMING RATE, INCREASING LAST YEAR BY MORE THAN 70 PERCENT. AT ITS CURRENT PACE IT WILL LIKELY INCREASE BY ANOTHER 35 PERCENT THIS YEAR. IN FACT IN THIS YEAR ALONE, OUR TRADE DEFICIT WITH JAPAN WILL LIKELY REACH CLOSE TO \$50 BILLION, AN AMOUNT LARGER THAN OUR TOTAL INTERNATIONAL TRADE DEFICIT JUST THREE YEARS AGO.

## THE JAPANESE RESPONSE

IN RESPONSE TO OUR CONCERNS, JAPANESE OFFICIALS POINTED TO PRIME MINISTER NAKASONE'S THEN RECENTLY ANNOUNCED "ACTION PROGRAM". THIS ACTION PROGRAM WAS A SMALL STEP FORWARD, BUT THE THREE-YEAR IMPLEMENTATION PERIOD IGNORED THE URGENCY OF THE PROBLEM.

I AM DISAPPOINTED TO SAY THAT LITTLE PROGRESS HAS BEEN MADE SINCE THAT AUGUST ANNOUNCEMENT.

WHILE IN JAPAN, THIS SENATOR HAD THE OPPORTUNITY TO ADDRESS THE JAPAN NATIONAL PRESS CLUB AND COMMENT ON OUR TRADE CONCERNS. IN THAT SPEECH, I INDICATED THAT ANY NEW INITIATIVE TO ADDRESS THE ESCALATING TRADE DEFICIT WOULD NEED TO BE JUDGED BASED ON ITS RESULTS RATHER THAN ON THE RHETORIC THAT HERALDED ITS ANNOUNCEMENT.

UNFORTUNATELY THE ACTIONS THAT HAVE BEEN TAKEN ARE LARGELY SYMBOLIC IN THE SHORT TERM RATHER THAN ACTIONS THAT HAVE HAD A MEASURABLE EFFECT ON THE TRADE IMBALANCE. AS NOTED, THE JAPANESE GOVERNMENT'S ACTION PROGRAM, WITH ITS DELAYED IMPLEMENTATION DATES, WAS NOT CALCULATED TO ACHIEVE QUICK RESULTS. OUR OWN ADMINISTRATION HAS SET UP A "STRIKE FORCE" AND INSTITUTED SOME SECTION 301 AND ANTIDUMPING CASES, BUT THESE STEPS ARE MERELY STRIKING AT THE FRINGES OF THE PROBLEM.

THE FACT IS THE TRADE DEFICIT HAS CONTINUED TO WIDEN AND MOST OF THE UNFAIR BARRIERS TO FAIR TRADE WITH JAPAN REMAIN IN PLACE. IN SEPTEMBER WE SET A NEW RECORD SINGLE MONTH TRADE DEFICIT WITH JAPAN OF \$5.1 BILLION. MOREOVER, MOST EXPERTS PREDICT THAT THE TRADE DEFICITS WITH JAPAN WILL CONTINUE TO WIDEN DESPITE ALL STEPS TAKEN TO DATE. TO PUT THIS DEFICIT IN PERSPECTIVE ONE

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NEEDS TO BEAR IN MIND THAT 1977 WAS THE FIRST TIME THE U.S. HAD AN ANNUAL TRADE DEFICIT WITH THE ENTIRE WORLD THAT EXCEEDED \$10 BILLION.

THIS PROBLEM IS LIKELY TO BE COMPOUNDED BY THE JAPANESE GOVERNMENT'S RECENT ANNOUNCEMENT THAT IT INTENDS TO END VOLUNTARY RESTRAINTS ON AUTOMOBILE IMPORTS. NO AMOUNT OF RHETORIC CAN CHANGE THE FACT THAT THIS DECISION WILL WIDEN THE U.S.-JAPAN TRADE DEFICIT.

THEREFORE, THIS SENATOR BELIEVES IT IS TIME TO TAKE STRONGER ACTION TO ADDRESS THE PROBLEM. WE INDICATED TO THE OFFICIALS WE MET WITH IN JAPAN THAT THERE WAS A BRIEF WINDOW OF OPPORTUNITY TO TAKE MEANINGFUL ACTION TO OPEN JAPANESE MARKETS AND TO ADDRESS THE CONCERNS WE RAISED. THAT WINDOW IS ABOUT TO SLAM SHUT AND NO REAL MEASURABLE IMPROVEMENT HAS BEEN ACHIEVED.

THEREFORE I BELIEVE IT IS TIME THAT THE SENATE TAKE UP AND PASS SEVERAL PIECES OF LEGISLATION THAT THE SENATE FINANCE COMMITTEE HAS REPORTED OUT AND WHICH HAVE LONG AWAITED ACTION.

#### PENDING TRADE LEGISLATION

ONE SUCH BILL THAT I BELIEVE WE SHOULD ACT ON IS S. 1404, THE JAPANESE UNFAIR TRADE PRACTICE BILL. UNDER THIS BILL, THE PRESIDENT IS REQUIRED TO TAKE ALL ACTION NECESSARY TO ELIMINATE JAPANESE TRADE BARRIERS TO U.S. GOODS OR TO OFFSET THE EFFECTS OF TRADE BARRIERS BETWEEN THE U.S. AND JAPAN.

A SECOND BILL THAT WE SHOULD ACT ON IMMEDIATELY IS S. 942, THE "TELECOMMUNICATIONS BILL". THIS BILL IS DESIGNED TO REQUIRE THE NEGOTIATION OF AGREEMENTS TO OBTAIN OPPORTUNITIES IN FOREIGN MARKETS THAT ARE SUBSTANTIALLY EQUIVALENT TO OPPORTUNITIES AVAILABLE IN THE U.S. MARKETS FOR TELECOMMUNICATIONS PRODUCTS AND SERVICES.

FINALLY, WE NEED TO MOVE FORWARD ON S. 1860, THE BIPARTISAN TRADE INITIATIVE THAT WAS INTRODUCED ON NOVEMBER 20, 1985. THIS BILL ADDRESSES A BROAD RANGE OF TRADE ISSUES AND SEEKS TO STRENGTHEN OUR ABILITY TO ELIMINATE BARRIERS TO U.S. EXPORTS BY ENHANCING RETALIATORY AUTHORITY AND SETTING TIME LIMITS FOR ACTION ON THE PART OF THE U.S. GOVERNMENT.

#### CONCLUSION

IN SUM, THE SITUATION GROWS WORSE LEAVING US LITTLE OPTION BUT TO TAKE STRONG ACTION. AS A SENATOR FROM AN AGRICULTURAL STATE, I APPRECIATE THE RISKS THAT STRONG ACTION INVOLVES. I WOULD SOONER SEE A SYSTEM OF TRADE BASED ON EQUAL ACCESS TO ALL MARKETS. WE WELCOME FAIR TRADE. BUT THAT IS DEPENDENT ON OPEN, ACCESSIBLE MARKETS. WE LOOK TO JAPAN TO HELP US IN ACHIEVING TRULY OPEN MARKETS.

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