

News from Senator

BOB DOLE



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STATEMENT OF SENATOR BOB DOLE

AGAINST RESOLUTION OF DISAPPROVAL (FSX)

MR. PRESIDENT, I SHARE THE FRUSTRATIONS OF MY COLLEAGUES OVER OUR HUGE TRADE DEFICIT WITH JAPAN. WE ARE ALL UPSET WITH THE NEWS THAT JAPANESE NONCOMPLIANCE WITH THE 1986 SEMICONDUCTOR AGREEMENT WILL COST THE UNITED STATES AS MUCH AS \$5 BILLION IN SALES; AND THAT UNITED STATES CORPORATIONS ARE BEING EXCLUDED FROM THE \$2.5 BILLION JAPANESE SUPERCOMPUTER MARKET. THIS SENATOR WAS AMONG THE FIRST MEMBERS OF CONGRESS TO URGE OUR TRADE REPRESENTATIVE TO CITE THE JAPANESE FOR FAILURE TO ABIDE BY THE MOSS TELECOMMUNICATIONS AGREEMENT. THOSE VIOLATIONS MAY HAVE COST ONE UNITED STATES MANUFACTURER AS MUCH AS \$2 BILLION IN SALES.

HOWEVER, JAPANESE TRADE PRACTICES ARE NOT BEFORE US TODAY. AMBASSADOR HILLS HAS INDICATED THAT SHE WILL USE EVERY WEAPON AT HER DISPOSAL TO TAKE ON THESE UNFAIR TRADE BARRIERS.

WHAT WE ARE CONSIDERING TODAY IS AN AGREEMENT -- AN AGREEMENT DEVELOPED BY THE ADMINISTRATION, AND SIGNED AND SEALED BY THE PRESIDENT OF THE UNITED STATES. IT HAS BEEN REVIEWED TIME AND TIME AGAIN -- BY EXPERTS IN THE PENTAGON, IN THE WHITE HOUSE, IN PRIVATE INDUSTRY AND IN THE HALLS OF CONGRESS! AND THE CONSENSUS OF THOSE EXPERTS IS THAT THIS IS A GOOD DEAL FOR THE UNITED STATES.

MR. PRESIDENT, TWO YEARS AGO JAPAN DECIDED TO DEVELOP AND PRODUCE ITS OWN FIGHTER JET AIRCRAFT. PERHAPS WE COULD HAVE CONVINCED THEM TO PURCHASE THE F-16. THE BYRD-DOLE-DANFORTH SENSE OF THE SENATE AMENDMENT IN JULY 1987 ENCOURAGED JUST SUCH AN OFF-THE-SHELF PURCHASE. HOWEVER, THAT WOULD HAVE BEEN AN UNPRECEDENTED ACHIEVEMENT BECAUSE NO OTHER MAJOR INDUSTRIAL NATION BUYS ADVANCED FIGHTERS ABROAD. AND, IN ANY EVENT, THAT TIME IS PAST.

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TODAY, WE CAN EITHER ACCEPT A 40% SHARE OF THE ESTIMATED \$6 BILLION IN DEVELOPMENT AND PRODUCTION REVENUES FROM THIS DEAL -- WHICH TRANSLATES INTO AN APPROXIMATELY \$2.5 BILLION REDUCTION IN OUR TRADE DEFICIT -- OR WE CAN SIMPLY WALK AWAY. SEVERAL OF OUR ALLIES ARE HOPING WE TAKE THAT WALK, BECAUSE THEY ARE EAGER TO TAKE OUR PLACE.

OPPONENTS OF THE FSX AGREEMENT ARGUE THAT THIS DEAL WILL FACILITATE JAPAN'S ENTRY INTO THE COMMERCIAL AVIATION INDUSTRY. NO ONE DENIES THAT JAPAN WOULD LIKE TO BE COMPETITIVE WITH THE UNITED STATES IN COMMERCIAL AVIATION. IF IT SUCCEEDS AND IF THE FSX AGREEMENT IS IMPLEMENTED, MANY WILL POINT TO THIS AGREEMENT AS THE REASON FOR JAPAN'S SUCCESS. YET MANY OF MY COLLEAGUES SHOULD BE AWARE THAT THE JAPANESE GOVERNMENT HAS ALREADY ENTERED INTO CO-PRODUCTION AGREEMENTS WITH OUR MAJOR COMMERCIAL AIRCRAFT MANUFACTURERS.

MOREOVER, THE F-16 TECHNOLOGY WHICH JAPAN WILL RECEIVE UNDER THIS AGREEMENT HAS ONLY VERY MARGINAL RELEVANCE TO CIVIL AIRCRAFT. IN ADDITION, THE USE OF ANY TECHNOLOGIES WHICH ARE POTENTIALLY SENSITIVE, SUCH AS FIRE CONTROL COMPUTER SOURCE CODES, IS RESTRICTED TO THE FSX PROGRAM. THEY CANNOT BE TRANSFERRED TO COMMERCIAL ENDEAVORS. THAT IS WHY ALL MAJOR U.S. COMMERCIAL AVIATION MANUFACTURERS SUPPORT THIS INITIATIVE.

FINALLY, THE ADMINISTRATION'S AGREEMENT SPECIFIES THAT JAPAN CANNOT ENTER INTO FSX PRODUCTION WITHOUT NEGOTIATING A SEPARATE MEMORANDUM OF UNDERSTANDING WITH THE UNITED STATES. ACCORDINGLY, THE CONGRESS WILL HAVE THE OPPORTUNITY TO REVIEW ITS FINAL TERMS BEFORE PRODUCTION BEGINS. UNDER THE EXISTING FSX AGREEMENT, FOR EXAMPLE, THE UNITED STATES WILL SUPPLY ALL ENGINES USED DURING THE DEVELOPMENT PHASE. WHEN THE PRODUCTION PHASE IS NEGOTIATED, CONGRESS WILL BE ABLE TO ENSURE THAT U.S. ENGINES ARE AGAIN INCLUDED.

MR. PRESIDENT, THE FSX AGREEMENT NOW BEFORE THE CONGRESS IS IN THE NATIONAL INTEREST OF THE UNITED STATES FOR SOUND MILITARY AND ECONOMIC REASONS:

MILITARILY, IT PROVIDES JAPAN WITH A FIRST-RATE SUPPORT FIGHTER CAPABLE OF MEETING JAPAN'S DEFENSE NEEDS IN THE LATE 1990S AND BEYOND. AND BECAUSE THIS IS A CO-DEVELOPMENT AND CO-PRODUCTION AGREEMENT, IT PROMOTES AMERICA'S LONG STANDING POLICY OF MAINTAINING A CLOSE, COMPLEMENTARY SECURITY RELATIONSHIP WITH JAPAN.

ECONOMICALLY, IT IS HARD TO IMAGINE WHY WE SHOULD GIVE-UP MORE THAN \$2.5 BILLION OF QUALITY WORK FOR AMERICAN INDUSTRY -- AND A \$2.5 BILLION REDUCTION IN OUR TRADE IMBALANCE WITH JAPAN -- WHEN THE ALTERNATIVE IS NOTHING AT ALL. MR PRESIDENT, IN THIS CASE SOMETHING IS MUCH BETTER THAN NOTHING.

THE AGREEMENT AS NEGOTIATED, AND LATER CLARIFIED BY THE PRESIDENT, DOES PROMOTE THE U.S. NATIONAL SECURITY, DOES PROTECT SENSITIVE U.S. TECHNOLOGY AND DOES PROVIDE A SHOT-IN-THE ARM FOR AMERICAN INDUSTRY.

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MOREOVER, I AM CONFIDENT THAT THE BUSH ADMINISTRATION WILL CONTINUE TO BE RESPONSIVE TO CONGRESSIONAL CONCERNS AS THEY HAVE BEEN OVER THE PAST FEW MONTHS IN RE-EXAMINING, MONITORING AND STRENGTHENING THIS AGREEMENT.

THE SECRETARY OF DEFENSE, THE SECRETARY OF COMMERCE, THE U.S. AIR FORCE AND OTHERS HAVE TESTIFIED THAT THIS AGREEMENT WILL NOT GIVE JAPAN WHAT IT TAKES TO BECOME AN AEROSPACE COMPETITOR.

THEREFORE, I SEE MANY REASONS TO SUPPORT THIS AGREEMENT AND NONE, GIVEN THE REALITIES BEFORE US, TO OPPOSE IT.

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