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NEWS

U.S. SENATOR FOR KANSAS

FROM:

SENATE MAJORITY LEADER

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JAPAN TRADE UPDATE

U.S. AGREEMENT DOES LITTLE TO ADDRESS MARKET ACCESS PROBLEM; DOLE QUESTIONS VAGUE, UNENFORCEABLE, NON-BINDING PROMISES

Victory was declared on Wednesday in the trade negotiations with Japan. But I think a lot of Americans are wondering "in favor of which side?"

A lot of Americans are wondering exactly what did the U.S. get after years of tough talk and threats?

A closer look reveals that after two and a half years of negotiations, the final agreement is vague, unenforceable, non-binding -- in short, it is virtually empty.

Japanese car manufacturers apparently promised to increase production at their transplant operations in the U.S. But for the most part, the promised increases may be no more than what was already planned. It is hard to see why the threat of a major trade war was necessary to persuade the Japanese to do what they already had announced.

The U.S. negotiators claimed to have reached landmark agreements in the areas of auto parts and dealerships. But the Japanese immediately issued disclaimers, emphasizing that any commitments were not government commitments, carry no government backing and are not enforceable.

The U.S. negotiators announced an estimate of expected increases in sales of auto parts under the agreement. Incredibly, the Japanese negotiator then specifically disavowed the U.S. estimate. He said the U.S. estimate was shared "neither by the Minister himself nor by the government of Japan."

It makes one wonder, who were we negotiating with? One report this morning states that some Japanese officials "expressed amazement that the U.S. accepted the final deal."

Is this the "specific, measurable, concrete" deal the President promised?

If the estimated increases in parts purchases fail to occur, there are no consequences. If the number of dealerships does not increase, Japan faces no penalties. If the U.S. estimates in any of these categories do not materialize -- well, the Japanese never acknowledged those U.S. estimates in the first place. And a joint U.S.-Japan statement adds the ultimate qualifier: both sides agreed to recognize that "changes in market conditions may affect the fulfillment of these plans."

The bottom line is that this agreement does very little, if anything, to address the continuing problem of market access in Japan. After this agreement is in place, Japan will remain the most closed major industrial economy in the world. Japan will remain a sanctuary economy with the lowest level among all industrial nations of import penetration across numerous industry sectors.

This agreement does nothing to address the continuing problem of Japanese cartel-like behavior in their home market. It does nothing to address the restrictive business practices that effectively block U.S. companies from penetrating the Japanese market. And it does nothing to encourage, not to mention require, the Japanese government to take any action against those practices.

We went to the brink of a trade war with one of our most important trading partners and wound up with vague promises that cannot be enforced. I hope this is not a model for future efforts to get tough against closed foreign markets.

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* Remarks delivered on the Senate floor, approximately 3:30 p.m.