



Center for Strategic & International Studies
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Japan Chair Forum

Clinton-Obuchi Summit

April 27, 1999

Panelists: **Rust Deming** (State Department)
 Mike Green (Council on Foreign Relations)
 Hideaki Kobayashi (Embassy of Japan)
 Jacob Schlesinger (*The Wall Street Journal*)
Moderator: **William T. Breer** (CSIS)

Summary

Four experts on U.S.-Japan relations, Rust Deming, Principle Deputy Assistant Secretary for East Asia and Pacific Affairs of the State Department, Mike Green of the Council on Foreign Relations, Hideaki Kobayashi, Deputy Chief of Mission of the Embassy of Japan, and Jacob Schlesinger of *The Wall Street Journal*, convened recently at a CSIS Japan Chair Forum to discuss the upcoming Clinton Obuchi summit. The speakers were generally upbeat about the prospects for a successful summit. It will be a prime opportunity for the two nations to reaffirm their commitment to the U.S.-Japan alliance and lay out a more concrete framework for economic and political stability in Asia.

There are many reasons to be optimistic about the upcoming summit. Just one week ago the lower house of the Japanese parliament passed the Guidelines legislation to facilitate U.S.-Japan cooperation in the event of a crisis in the Northwest Pacific. Despite recent trade disputes, the U.S. has been encouraged by the speedy implementation of Japan's fiscal stimulation package and efforts to clean up the financial situation. The U.S. has also toned down criticism of Japan's trade practices which may be due to the distraction of the Balkans crisis or the realization that sharp criticism will only create a backlash of resentment in Japan. Whichever the case may be, Obuchi's visit will be based on the premises of friendship and common interests between the U.S. and Japan.

Kobayashi discussed the perspectives of both countries toward one another, stressing the positive movement away from trade disputes toward common interests. The U.S. and Japan both realize they must remain united on security issues in order to maintain stability in volatile areas such as the Korean peninsula and the South China Sea. It has become evident this past year that the security of Northeast Asia will be directly impacted by the United States' and Japan's ability to maintain a cooperative framework. Kobayashi also noted that Clinton and Obuchi would need to focus on the recovery of the Asian economy and consider how Japan and the U.S. can contribute to the rebuilding of the Asian economies. Japan has been very generous in its assistance to

ASEAN countries and with its pardoning of loans from economically strapped nations. These issues not only indicate that Japan and America have their work cut out for them but it also directs the spotlight away from trade disputes and necessitates close cooperation.

Rust Deming shared Kobayashi's optimism for Obuchi's visit. The U.S. and Japan have a genuine partnership based on common values, goals and interests. The alliance is fundamental to the security and prosperity of the two nations and the international community in general. Unlike previous visits of Japanese prime ministers to the United States, it is not necessary for Obuchi to bring an "omiyage" or "gift" — the nickname for legislation or policy, which appeals to the Americans. Japan and the United States will have their hands full with issues of economic recovery and security.

A major theme will be alliance management. The vacuum left after the end of the cold war has been and will continue to be a test of U.S.-Japan cooperation in response to crisis in the region. There have been areas of progress in the Okinawa situation and the election of Governor Inamine, of Okinawa, has created a new climate of cooperation. The Okinawa issue remains a sensitive one but the U.S. and Japan are finding ways to solve the problems.

A second theme of the summit will be economics. The United States respects the measures Japan has taken so far to attack its economic problems. However, the IMF's projection last week for Japan's growth over the next year was not encouraging. Japan still needs to work at tackling the bad loans while creating more transparency in its accounting system. The increasing trade deficit is an issue that will necessitate further investigation of trade policy and foreign investment in Japan. Japan and the U.S. also share interests and values in foreign policy. Clinton and Obuchi will need to discuss China, the upcoming elections in Indonesia, the situation in the Balkans, and Russia.

Mike Green agreed with the tone of the two previous speakers that the U.S.-Japan relationship is generally healthy. Obuchi's support rate has increased to an all time high since he came into the office. The infamous "cold pizza" turned out to be more assertive and effective in getting the stimulation package passed, than anyone could have predicted. Ishihara's victory in the Tokyo election was a slight "blip" for Obuchi but it didn't tarnish his recent boost in popularity. On the U.S. side, Clinton's support has wavered somewhat in light of the Kosovo crisis. The world is a little concerned about U.S. unilateralism.

Green also said the Guidelines issue was evidence of U.S.-Japan cooperation. One pleasant surprise was the broad support the legislation received in the parliament. Both the New Komeito and the Liberal party made some internal shifts and were able to centralize their politics enough to pass the Guidelines legislation. Most politicians in Japan, however, are tired of the guidelines talks and are anxious to talk less technically and more strategically. They realize that there are larger security issues looming in the distance and Japan will eventually have to take on problems such as article nine of the constitution.

Green was encouraged by the passage of guidelines legislation, the slight improvement in the economic situation, and the Okinawa question but rather than getting too excited and overly optimistic, he said that Clinton and Obuchi should look to the responsibilities that lie ahead. Namely, their strategic relationship and dealing with North Korea, future international financial architecture, and the next WTO round.

Lastly, Jacob Schlesinger amply balanced the previous three speakers with his critique of the Japanese economy. He pointed out that there are as yet no real indicators of improvement in the Japanese economy. Consumer confidence is still low, unemployment is increasing, retail sales are down, and he fears a continued contraction of growth. Furthermore, Schlesinger argued, events around the world — as opposed to actual US-Japan cooperation — are the main reasons

for the easing of tensions between the U.S. and Japan. In addition, now that the market panic of last September has subsided the clouds have lifted and the U.S. is less critical of Japan.

Schlesinger did qualify his argument somewhat in saying that the trade disputes, while a source of tension between the U.S. and Japan, are a healthy normal aspect of international trade.