

JOINT STATEMENT ON THE JAPAN-UNITED STATES FRAMEWORK FOR A NEW ECONOMIC PARTNERSHIP

Reaffirming their understanding at their meeting of April 1993, the Prime Minister of Japan and the President of the United States agree to establish the Japan-United States Framework for a New Economic Partnership, as described below.

Basic Objectives

The Framework will serve as a new mechanism of consultations for Japan-United States economic relations. This new economic relationship must be balanced and mutually beneficial, and firmly rooted in the shared interest and responsibility of the United States and Japan to promote global growth, open markets, and a vital world trading system. These consultations will take place under the basic principle of two-way dialogue.

The Framework provides a structure for an ongoing set of consultations anchored in biannual meetings of the Heads of Government. The goals of this Framework are to deal with structural and sectoral issues in order substantially to increase access and sales of competitive foreign goods and services through market-opening and macroeconomic measures; to increase investment; and to promote international competitiveness; and to enhance bilateral economic cooperation between the United States and Japan.

Japan will actively pursue the medium-term objectives of promoting strong and sustainable domestic demand-led growth and increasing the market access of competitive foreign goods and services, intended to achieve, over the medium term, a highly significant decrease in its current account surplus, and to promote a significant increase in global imports of goods and services, including from the United States. In this context, Japan will take measures including fiscal and monetary measures as necessary to realize these objectives.

The United States, will also actively pursue the medium-term objectives of substantially reducing its fiscal deficit, promoting domestic saving, and strengthening its international competitiveness.

Steady implementation of these efforts on both sides is expected to contribute to a significant reduction in both countries' external imbalances.

The United States and Japan are committed to an open and multilateral trading system that benefits all nations. Benefits under this Framework will be on a Most Favored Nation basis.

Consultations will be limited to matters within the scope and responsibility of government.

The two Governments are committed to implement faithfully and expeditiously all agreed-upon measures taken pursuant to this Framework. Both Governments agree that tangible progress must be achieved under this Framework.

The two Governments will utilize this Framework as a principal means for addressing the

sectoral and structural areas covered within it. If issues within these areas arise, both sides will make utmost efforts expeditiously to resolve differences through consultations under the Framework or, where appropriate, under applicable multilateral agreements.

Sectoral and Structural Consultations and Negotiations

Japan and the United States will engage in negotiations or consultations to expand international trade and investment flows and to remove sectoral and structural impediments that affect them. Initial areas include the following issues of interest to both countries:

- Government Procurement - Measures undertaken in this area should aim at significantly expanding Japanese government procurement of competitive foreign goods and services, especially computers, supercomputers, satellites, medical technology, and telecommunications. The U.S. Government will encourage U.S. firms to take advantage of opportunities created by the Government of Japan. The U.S. Government reconfirms that it is the policy of the U.S. Government to provide non-discriminatory, transparent, fair and open opportunities consistent with its obligations under the GATT Agreement on Government Procurement. The U.S. Government will consult with the Government of Japan upon request concerning such policies and areas of particular interest.
- Regulatory Reform and Competitiveness – Measures undertaken in this area will address reform of relevant government laws, regulations, and guidance which have the effect of substantially impeding market access for competitive foreign goods and services, including financial services, insurance, competition policy, transparent procedures, and distribution. The United States will undertake efforts to promote exports to Japan, including business facilitation measures and other measures to further enhance U.S. international competitiveness.
- Other Major Sectors - Measures undertaken in this area will address other major sectors/ including the -All existing bilateral arrangements and measures will be closely monitored and fully implemented. Specific commitments made under the Structural Impediments Initiative (SII) talks will be absorbed into this basket as appropriate.
- Economic Harmonization - This area will address issues affecting foreign direct investment in Japan and the United States. In addition, this area encompasses issues such as intellectual property rights, access to technology, and long term buyer-supplier relationships between companies in the two countries.
- Implementation of Existing Arrangements and Measures - All existing bilateral arrangements and measures will be closely monitored and fully implemented. Specific commitments made under the Structural Impediments Initiative (SII) talks will be absorbed into this basket as appropriate.

Discussions in the above areas will begin as soon as possible. Each basket will be chaired at the Subcabinet level with working groups as appropriate. The two Governments will make utmost efforts to agree on measures regarding significant market access problems in

government procurement, the insurance market, the automotive industries, and any other high priority areas to be determined, at the first Heads of Government meeting in 1994 or within six months of this agreement. Each 'such issue will be dealt with separately.

Agreements on measures in the remaining areas are expected to be announced at the second Heads of Government meeting in July 1994.

Common Agenda for Cooperation in Global Perspective

The two Governments will also jointly pursue positive cooperation in a wide range of global areas and bilateral projects of potentially global application. In doing so, Japan and the United States will build new cooperative relations and thereby contribute to the development of technology and the world economy. The two Governments will pursue a new joint response to the challenge in environment and other common economic issues, of global implication.

Progress on results arising out of such consultations will be included in the statements at the biannual meetings of the Heads of Government. Progress reports will be prepared by the Subcabinet group at the pre-Heads of Government meetings.

Discussions will begin as early as possible in the following areas:

1. Environment

The United States and Japan will establish a forum for regular consultations on environmental issues at the sub-Cabinet level. The U.S. and Japan will collaborate on the following specific environmental priorities: oceans, forests, global observation information network, environmental and energy efficient technologies, conservation of important natural and cultural resources, and environment-related development assistance.

2. Technology

Japan and the United States agree to cooperate on mutually-agreed projects in the following areas of technology development: transport technology, telecommunications, civil industrial technology, technology and prevention of disaster, and road technology and prevention of disaster.

3. Development of Human Resource

The United States and Japan agree to strengthen bilateral cooperation in the development of human resources in the areas of labor exchanges and the Manufacturing Technology Fellowship Program.

4. Population

The United States and Japan will work together to enhance the effectiveness of efforts to stem rapid global population growth, including strengthening multilateral population programs. The U.S. and Japan will work together to use our bilateral programs to enhance the effectiveness of population programs in the developing world.

5. AIDS

The United States and Japan will cooperate to enhance multilateral efforts on AIDS. The U.S. and Japan will work together to use our bilateral programs to address the AIDS crisis in the developing world.

High-Level Consultations

Both Governments will seek as expeditiously as possible to begin consultations under this Framework, with achievements to be announced at the Heads of Government meetings to be held twice a year.

The two Governments will assess the implementation of measures and policies taken in each sectoral and structural area within each basket under this Framework; this assessment will be based upon sets of objective criteria, either qualitative or quantitative or both as appropriate, which will be established using relevant information and/or data that both Governments will evaluate. Such assessment will occur at the biannual Deputy Minister level meetings prior to the Heads of Government meetings and, in addition, as determined by the negotiating teams within each basket. These criteria are to be used for the purpose of evaluating progress achieved in each, sectoral and structural area, including the collaborative efforts of the two Governments.

At their biannual meetings, the Heads of Government will issue public statements that include reports of results - achieved under the Framework on sectoral, structural and macroeconomic issues, as well as common agenda for cooperation in global perspective.

Deputy Minister level meetings will be held twice a year, to prepare reports to be submitted to the two leaders. Meetings can be held as appropriate several weeks before biannual Heads of Government meetings. The first Deputy Minister level meeting will be held within six months of agreement on this Framework.

Consultations will be carried out making use of the existing fora where appropriate, and working groups may be established as necessary in order to facilitate dialogue in this Framework. All relevant agencies will participate.

After two years, both Governments will decide whether to extend consultations in this Framework beyond the fall of 1995.

An update on progress toward reducing current account imbalances and other macroeconomic issues will be included in the biannual Heads of Government statements. Progress will also be reviewed at the pre-Heads of Government meetings. While ongoing talks will be anchored in the G-7 process and central bank dialogue, other contacts between the two Governments will offer the opportunity to discuss these concerns, for example during discussions between the Council of Economic Advisers and the Economic Planning Agency.