

REAGAN'S MESSAGE TO JAPAN'S NAKASONE

Meetings between U.S. and Japanese leaders have been occurring so regularly and cordially that they typically attract little attention. Not so next week, when Prime Minister Yasuhiro Nakasone calls on Ronald Reagan. This, the eleventh "Ron-Yasu" meeting, convenes as U.S.-Japanese relations are fast becoming more contentious and acrimonious than they have been for decades. Trade issues are at fault. The U.S. believes correctly that the Japanese deliberately close their domestic markets to U.S. goods. In retaliation to this, Reagan last week imposed high U.S. tariffs on about \$300 million worth of Japanese exports. Top on the Reagan-Nakasone meeting, therefore, must be a search for ways to resolve the trade problem and to prevent it from tainting U.S.-Japanese ties.

Economic, political, and strategic cooperation between Washington and Tokyo long has represented one of the world's most important partnerships. In many ways, despite the trade squabble, U.S.-Japanese relations are as close as ever in the postwar era. Tokyo shares Washington's growing concern over Moscow's massive military buildup in the Asia/Pacific region. As such, the Japanese seem more willing than at any time in the past four decades to assume greater responsibility for regional as well as their national defense. Nakasone deserves a great deal of credit for expanding his nation's defense capabilities and for promoting closer U.S.-Japanese military cooperation. On the other hand, Nakasone and his administration have failed to take the concrete steps on trade that they have been promising for years. Had they done so, it is almost certain that Reagan would not have imposed the tariffs on Japanese goods.

Deeds Wanted, Not Promises. In his discussions with Nakasone, Reagan should stress the need for quick action trade-related matters. Reagan realizes and thus must tell his visitor unambiguously that it is time that Tokyo's promises lead to Tokyo's deeds. Reagan's message to Nakasone should make the following points:

- 1) **In the semiconductor agreement of 1986, Japan promised to force its businesses to cease selling computer chips in the U.S. or other countries at below a U.S.-determined fair market price and to force other Japanese companies to buy more U.S. chips. To be sure, by keeping the price of semiconductors high to benefit U.S. producers, the Agreement harms other American businesses. Reagan thus should seek from Nakasone an arrangement for freer U.S.-Japan trade without such market-limiting agreements as that on computer chips.**

2) The highly competitive American supercomputer industry has been hindered in efforts to sell its products in Japan. Nakasone must ease Japanese barriers to U.S. supercomputers. If not, the U.S. almost certainly will file a formal trade complaint.

3) U.S. construction companies have been blocked from competing for contracts to build Japan's \$8 billion Kansai Airport project near Osaka. While Nakasone personally pledged last year to press for fair treatment of foreign competitors, almost nothing has happened. Nakasone again must promise to do more to allow fair access to Kansai contract bidding and to other pending Japanese public works projects.

4) Reagan and British Prime Minister Margaret Thatcher already have urged Nakasone to allow more foreign companies to compete in the Japanese market with Japan's telecommunications monopoly, Kokusai Denshin Denwa. Nakasone should be reminded how important it is to allow U.S. firms access to Japan's domestic communications market.

5) Japan has been improving its defense capabilities, a trend for which Nakasone deserves substantial credit. Tokyo should be commended for increasing its annual defense budget, spending \$1.5 billion per year to maintain U.S. bases in Japan, and agreeing to participate in the U.S. Strategic Defense Initiative.

6) Nakasone should be encouraged to take such additional security-related steps as expanding joint military exercises with the U.S., modernizing maritime forces to protect and monitor Japan's sea lanes, increasing the number of its F-15 jet fighter squadrons, and strengthening its ground forces.

7) Nakasone should announce the immediate purchase of the U.S. Advanced Airborne Warning and Control System (AWACS) aircraft and tankers. This announcement would demonstrate Japan's responsiveness to the dramatic escalation of the Soviet threat; fulfill Japan's 1981 commitment to assume responsibility for air surveillance and sea lane defense of a 1,000 nautical-mile radius from Japan; and contribute to a global early warning network.

8) If he meets with Soviet leader Mikhail Gorbachev, Nakasone should voice great concern over the continuing Soviet military buildup in the Pacific. Of particular concern should be Moscow's growing military cooperation with communist North Korea. Instability on the Korean peninsula, just 90 miles from Japan would threaten Japan's security.

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