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Bush's Trip to Tokyo, Beijing, and Seoul

February 24-28, 1989

Reaffirming America's Special Role in Asia

By Roger A. Brooks and Andrew B. Brick



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The Heritage Foundation
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INTRODUCTION

The funerals of heads of state often provide opportunities for world leaders to meet. This was the case in 1910, when most of the monarchs and political leaders of Europe and Asia, as well as President Theodore Roosevelt, gathered in London for the funeral of King Edward VII. And it was the case at John F. Kennedy's funeral in 1963.

Next week, George Bush will attend the funeral of Japan's Emperor Hirohito in Tokyo. From Tokyo, Bush will travel to the People's Republic of China (PRC) and the Republic of Korea (ROK). It is, of course, unusual for an American president to travel overseas only 30 days after his inaugural. Indeed, many in his Administration reportedly opposed this trip, especially the President's visit to Beijing. Yet Bush is wise to make the journey. The trip is a major opportunity to demonstrate not only the strong United States ties with the three countries on his itinerary but also the growing importance of the U.S. relationship to Asia as a whole.

Bush will find no area of the world that has benefited more than the Pacific Basin from the eight years of his predecessor's Administration. The Reagan Administration strengthened U.S. security ties to allies like Japan and South Korea and spurred democratization in South Korea, the Republic of China (ROC) on Taiwan, and the Philippines. The Reagan Administration's rebuilding of the American arsenal, meanwhile, re-affirmed the U.S. commitment to Asia at a time when Asian confidence in the U.S. as a dependable ally had sunk to an all-time low.

Capitalism in Asian Growth. Asia's dramatic recognition of capitalism as the paramount force for economic growth and prosperity, which already had taken root in Japan, truly blossomed in South Korea and has begun to bud throughout China. It is this phenomenon, in particular, that Bush most readily will see during his trip to these countries. In his address to the joint session of Congress, Bush described the Pacific Basin as a place "where the winds of democracy are creating new hope, and the power of free markets is unleashing a new force."

Numbers tell the story of America's growing links with Asia. In 1987, U.S. trade with Asia totaled almost \$241 billion. By contrast, U.S. trade with Europe was \$170 billion. Just ten years ago, the U.S. had more trade with Europe. By the end of this century, the value of American trade across the Pacific is expected to be at least double that of trade across the Atlantic.

In Asia, the U.S. deploys some 181,000 troops, including 60,000 in the U.S. Seventh Fleet, 308 combat aircraft, and 70 surface vessels.¹ Key U.S. bases include Subic Bay Naval Base and Clark Field Airbase in the Philippines, Yokohama Naval Base in Japan, and Kunsan Airbase in South Korea. These forces counter the Soviets' increased naval presence in the Pacific. What is needed now is a U.S. counter to Moscow's diplomatic campaign in the region, which has been characterized by initiatives directed at Bangkok, Beijing, Islamabad, Jakarta, Manila, New Delhi, Seoul, and Tokyo.

To begin his Asian trip, Bush will arrive in Tokyo on February 24 to attend the formal funeral of Hirohito, who died on January 7. Although Bush dealt with the major U.S.-Japanese trade and security issues during Japanese Prime Minister Noboru Takeshita's visit to Washington on February 2, he nonetheless should use the funeral — as has been done traditionally at state funerals — to do some business. He should:

Congratulate Takeshita on Japan's recent measures to stimulate domestic demand for foreign goods. Yet Takeshita must be reminded that much still needs to be done to open Japanese markets to U.S. products and services.

Encourage Takeshita to support the steps being taken in Japan to investigate the feasibility of a U.S.-Japan Free Trade Area (FTA).

Suggest the establishment of a formal Japan-U.S. forum for the discussion and resolution of problems related to bilateral investment flows and dollar-yen currency fluctuations.

Praise Japanese efforts to increase its security role in the Western Pacific. The Japanese have increased their defense outlays, extended the reach of their navy to 1,000 nautical miles from Japanese shores, and currently shoulder 40 percent of the \$6 billion to support U.S. forces in Japan.

Encourage Takeshita to provide increased economic assistance to the Philippines.

Bush arrives in the People's Republic of China on February 25. He will find a China far different than the one he knew when he completed his year-long stint in 1975 as U.S. envoy. The PRC's leaders have been rejecting much of China's Maoist past. They also have introduced fundamental economic reforms that have begun to transform rural China. During his two-day stay in China, Bush will meet with China's leaders and perhaps address the Chinese people on television. When he does, he should:

Reaffirm the importance of U.S.-PRC economic, political, and cultural ties.

Reaffirm U.S. support for China's reform efforts, and pledge to encourage expanded U.S. business interests in the PRC.

Make clear that American interests should be taken into account by the Chinese before the upcoming Sino-Soviet summit. In particular, he

¹ *The Economist*, December 24, 1988, p.31.

should advise Beijing that a PRC-Soviet alliance would force the U.S. to reappraise the U.S. relationship with both countries.

Remind Beijing that the U.S. and PRC share a common interest in reducing the Soviet threat in Asia.

Assert that the U.S.-China relationship rests on four pillars — the 1979 normalization of U.S.-PRC relations, the intergovernmental “Communiqués” of 1972 and 1982, and the 1979 Taiwan Relations Act (TRA), which is a U.S. law.

State unequivocally that the U.S. will accept only a peaceful resolution of the Taiwan issue.

Bush will stop in the Republic of Korea (ROK) on February 27. There, he will find a country that exemplifies the Asian development model. With a gross national product of \$118 billion and exports to the U.S. of \$18 billion in 1987, the ROK is a global trading power. Long a close U.S. friend, the ROK in the past year nonetheless has seen the emergence of some anti-Americanism and resentment of the U.S. role in South Korea. This means that Bush will have to take a firm but careful approach in dealing with Seoul. He should:

Applaud Korea’s emergence as a democracy and as a major player on the world’s economic and diplomatic stages.

Commend the ROK for opening some of its markets to U.S. products and services and urge continued economic liberalization.

Reaffirm the U.S. defense commitment to the ROK.

Voice support for ROK President Roh Tae Woo’s new so-called Northern Policy toward North Korea and seek to reduce tensions on the Korean peninsula.

Encourage Seoul to be cautious in improving ties with Soviet bloc countries.

Emphasize the importance of ensuring U.S.-ROK cooperation in checking growing Soviet military strength in Asia.

JAPAN

In Tokyo, Bush will find a Japan grateful to him for attending the Hirohito funeral. This is seen by the Japanese as a dramatic reaffirmation of the importance of the U.S.-Japan relationship. He also will find a Japanese government, under Takeshita, weakened by the “Recruit Cosmos” stock scandal, in which prominent figures in Japan’s ruling Liberal Democratic Party have admitted to buying shares at a cut-rate price.

Japan's Increased Defense Efforts. In the area of security cooperation, Japan and the U.S. agree that the Soviet Union still poses the primary threat to Western security interests in East Asia. Moreover, Japan has shown its willingness to carry a larger share of the region's security burden. Last year, for example, Japan increased its defense budget to \$31.8 billion from \$28 billion in 1987; this makes Japan's defense outlay roughly equal to that of Britain or West Germany in absolute terms; it is, of course, much smaller as a share of gross national product. Japan also has agreed to deploy naval vessels to protect the strategic sea lanes in the Western Pacific up to 1,000 nautical miles from Japanese shores. Tokyo now provides about \$ 2.5 billion to cover about 40 percent of the cost of keeping some 55,000 U.S. military personnel in Japan.

In cooperation with the General Dynamics Corporation and other U.S. defense firms, Japan recently launched a program to develop its own modern fighter aircraft, the FSX. Several U.S. legislators have questioned the benefit of this arrangement to U.S. industry. Twelve senators have written to Bush, for example, asking that he order "a complete review" of the deal. They fear the arrangement will give Japanese companies access to U.S. technology that they then could use to compete for commercial contracts. Until a new U.S. Defense Secretary is confirmed and has an opportunity to review the FSX arrangement, however, Bush should not discuss the issue with the Japanese.

A Mini-Marshall Plan for Asia. Japan also is showing greater willingness to provide economic and security assistance to many of the countries in the region, especially the Philippines. In 1979, Japan surpassed the U.S. as the Philippines' largest aid donor, a position it continues to hold. Next year, Japan intends to cooperate with the U.S. and other developed countries in a "Mini-Marshall Plan" of significant economic and development assistance for the Philippines. Bush should consider Japan's contribution to this multilateral aid effort as part of Tokyo's contribution to the defense of Western interests in the Pacific.

Japan continues to be America's second largest trading partner, just behind Canada. Japanese direct investment in the U.S. alone was \$34 billion in 1987, while U.S. direct investment in Japan was almost \$15 billion. The total value of U.S. trade with Japan grew from \$61.7 billion in 1981 to \$116.4 billion in 1987; Japan's trade surplus with the U.S. in 1987 was \$60 billion. Preliminary figures show that Japan's trade surplus with the U.S. dropped 8.8 per cent in 1988 to \$54 billion, a result of more aggressive U.S. exporters, increased willingness by Tokyo to improve access to Japanese markets, and a sharp fall in the value of the dollar. What is troubling, however, is that this December, Japan's trade surplus with the U.S. grew 2.2 percent from a year earlier, reaching \$5.03 billion.

Although Bush dealt with major trade and security issues when Takeshita visited Washington earlier this month, he should use his trip to make some key points about the U.S.-Japan relationship. Among the points he should make:

Congratulate Takeshita on his domestic economic reform and urge him to continue opening Japanese markets to U.S. goods and services. Last year, Takeshita convinced the Japanese Diet to accept a tax package that should stimulate domestic demand and the desire for imported products. The Japanese also have begun — albeit slowly — to open their markets to U.S. producers and industry, most notably in beef, citrus products, and construction. The Japanese distribution system and certain business practices, however, often keep U.S. products and services out of Japan. Bush should remind the Japanese that they can do still more to open

Japanese markets to U.S. goods and services, to change their distribution system, and to reform their current business practices.

Encourage Japan to continue looking into the possibility of a U.S.-Japan Free Trade Area (FTA) agreement. The Japanese Ministry of Trade and Industry (MITI) and the Economic Planning Agency are studying the feasibility of a U.S.-Japan FTA. If enacted, it would remove all barriers to trade between the two nations. The U.S. already has concluded FTAs with Canada and Israel. Bush should seek FTA pacts not only with Japan, but also with the Republic of China on Taiwan, Singapore, and South Korea. The FTA approach is compatible with the General Agreement on Tariffs and Trade (GATT) and could serve to break the current logjams in trade negotiations in the multilateral forum.

Urge Japan to spend more on defense and increase its security role in the Western Pacific.

Encourage Takeshita to continue supporting the Philippines. Bush should suggest that Takeshita advise Philippine President Corazon Aquino and other Asian leaders that the U.S. bases in the Philippines are needed to offset growing Soviet military might in the region.

PEOPLE'S REPUBLIC OF CHINA

When Bush arrives in Beijing on February 25, the signs of China's reform efforts will be readily apparent. The lives of more than a fifth of the world's population have significantly improved. There is food in the markets as Chinese peasants sell their products at prices determined by supply and demand. There is a fledgling stock market. And foreigners, whose presence was negligible a decade ago, are now allowed to bid for land leases lasting up to 90 years.

Less apparent, however, will be the continuing problems of government: corruption and glaring differences in the varying paces of regional economic development. And as a reliable Asian observer documents, there is increasing criticism in the leadership of the Chinese Communist Party.²

A Timely Visit. Bush's trip to Beijing comes scarcely eight weeks after Indian Prime Minister Rajiv Gandhi's Beijing visit and two months prior to the PRC summit with the Soviets. The PRC and the U.S. just celebrated their first decade of diplomatic relations, formally established on January 1, 1979. While problems between the two remain, such as a recent dispute concerning diplomatic travel restrictions in each other's countries, these problems do not threaten the relationship. Today, 3,300 Americans live in China, conducting business, studying, or teaching. More than 30,000 Chinese are studying in America.

During his two-day stay in Beijing, Bush should:

Reaffirm the importance of U.S.-PRC economic, political, and cultural ties. Bush should emphasize the extent to which U.S.-PRC bilateral ties

have improved. The value of U.S. trade with the PRC grew from \$5.7 billion in 1981 to \$10.4 billion in 1987. The two countries cooperate militarily to some extent, and there are numerous educational and cultural exchanges between them. He also should emphasize that the current dispute between the two nations concerning movements of each other's diplomatic personnel should be resolved immediately.

Reaffirm U.S. support for China's reform efforts, and pledge to encourage U.S. business investment in the PRC. Bush should note that economic contact between the two countries is the most important symbol of that support. He should tell Chinese leaders that his Administration will conduct a complete review aimed at simplifying U.S. technology transfer to the PRC. While Bush should state that technology associated with electronic warfare and nuclear weapons and delivery systems will continue to be withheld, he should explain that his Administration will consider selling to the PRC those technologies easily available elsewhere.

Make clear the American interest in the planned Sino-Soviet summit. Bush should state that the Beijing-Moscow summit need not bode ill for Washington's relations with Beijing. U.S. relations with the PRC are no longer what strategists call a zero-sum game. The U.S. does not necessarily gain if Chinese-Soviet relations cool, nor does the U.S. necessarily lose if those relations improve. Nevertheless, Bush should advise Beijing that a PRC-Soviet alliance would force him to reappraise the U.S. relationship with both countries. He also should make clear that Sino-Soviet military cooperation could be viewed in the same light as an alliance.³

Stress that both Beijing and Washington share a common interest in reducing the Soviet threat in Asia. The mounting Soviet military might in the Pacific and around Asia must worry China as much as it does other Asian nations and the U.S. As such, the U.S. and China should pursue policies to reduce the Soviet threat in Asia. These policies could include limited joint U.S.-PRC intelligence gathering and sharing operations.

Inform China's leaders that problems impeding improved relations between Beijing and Washington should be addressed. These problems include: Chinese arms transfers to countries in the Middle East, like Iran and Saudi Arabia; a growing Chinese nuclear stockpile; human rights abuses in Tibet; guarantees for human rights in the drafting of the Basic Law in Hong Kong. Bush also should make clear that the U.S. interest in Cambodia extends beyond the Vietnamese withdrawal from that country to a negotiated peace that specifically includes noncommunist elements of the Cambodian resistance.

3 See Andrew Brick, "How the U.S. Should Prepare for a Sino-Soviet Summit," Asian Studies Center Backgrounder No. 85, January 18, 1989.

Assert that the U.S.-China relationship rests on four pillars. These are: the 1972 Shanghai Communique; the 1979 establishment of formal diplomatic relations; the 1979 Taiwan Relations Act; and the 1982 Shanghai II Communique. The President should stress that adhering to these has created an American consensus that has allowed the U.S. to cultivate cooperative, friendly relations with both Beijing and Taipei. He should make clear his intent of preserving this balanced arrangement.

State unequivocally state that the U.S. will accept only a peaceful resolution of the Taiwan issue.

REPUBLIC OF KOREA

In the Republic of Korea (ROK), Bush will meet ROK President Roh Tae Woo and some members of the ROK's national legislature including opposition leaders. The U.S. stake in the ROK and the ROK's contribution to Pacific Rim stability are now universally accepted facts. The 1954 U.S.-ROK Mutual Defense Treaty has become a linchpin for stability in Northeast Asia and thus vital to U.S. security. The ROK, meanwhile, has become America's seventh largest trading partner. Total trade between the two in 1988 topped \$30 billion.

Encouragement for Korean Reunification. There are problems, however, in the U.S.-ROK relationship. While the ROK has opened some of its markets to U.S. products and services, notably cigarettes and insurance, sectors of the ROK economy remain closed to U.S. exports. This means that continued ROK trade liberalization is necessary. What is promising is that recent trade figures indicate that Korea's trade surplus with the U.S. narrowed to an estimated \$8.47 billion from \$9.55 billion in 1987, and is projected to have contracted further in 1988 to \$6.5 billion.

Of particular interest to Bush will be the changing relationship between South Korea and North Korea. Roh recently has sought U.S. and world support for his new, more flexible policy toward North Korea, as well as toward the Soviet Union and the PRC. This policy primarily is designed to find a basis for improved relations between Pyongyang and Seoul and for the eventual reunification of the two Koreas. The opening of trade ties with the North and the reuniting of families across the North-South border are seen by Roh as two steps toward achieving this end.

What remains the key factor in Washington's policy toward Seoul, of course, is North Korea's continued threat to stability on the Korean peninsula. North Korea's massive military buildup makes the Korean peninsula one of the world's most dangerous flashpoints. The nature of this threat has been one reason for the continued U.S. security commitment to the ROK and the basing of over 40,000 U.S. troops on the Korean peninsula.

The Need for a Careful Approach. Yet the presence of these U.S. forces, along with U.S. pressure on Seoul to open Korean markets to U.S. products and services and the ROK perception that the U.S. treats the ROK as a "little brother," have led to anti-Americanism in some sectors of the Korean population. This means that President Bush will have to take a firm but careful approach in addressing both trade and security issues in the ROK.

Though it is believed that Bush will be in the ROK for only a few hours, he should:

Emphasize that the U.S.-ROK relationship has for many years been one of partnership rather than of patronage. He should tell Korean leaders that the U.S. applauds Korea's emergence as a major player on the world's economic and diplomatic stages. Bush also should praise Roh's efforts to provide greater democracy in the ROK. Recent reforms in such areas as freedom of the press, workers' rights, and expansion of the party-based political system represent a model for other developing countries. He should say that his Administration will treat the ROK as one of America's most important allies.

Commend the ROK for opening its markets to some U.S. products and services and urge its leaders to continue the economic liberalization. Bush should remind Seoul's leaders that, in the long run, free trade with the U.S. and Seoul's other major trading partners will maximize benefits for Korean consumers and industry. A number of contentious trade issues, such as U.S. access to Korean agricultural and telecommunications markets, currently are under discussion between the U.S. and the ROK. Progress is being made on these. Since this is his first visit to the ROK, Bush should focus on this progress rather than on the trade problems.

Voice support for ROK President Roh's "Northern Policy," which seeks to improve prospects for reduction of tensions on the Korean peninsula by easing Pyongyang's isolation. Bush should tell Roh that the U.S. strongly supports the eventual reunification of the Korean peninsula and supports Seoul's efforts to improve relations with Pyongyang as a step toward achieving this. Bush should explain that Washington, in consultation with Seoul, is willing to establish limited and measured contact with North Korea, a policy that former President Reagan began by ending the State Department ban on contact between North Korea and U.S. officials. Bush nonetheless should make clear to Roh that future expansion of Washington-Pyongyang contacts will depend on the latter's willingness to resume negotiations with Seoul and reduce tensions in the region.

Reaffirm the U.S. defense commitment to the ROK. Bush should emphasize that American soldiers are in the ROK for one purpose: to deter North Korean aggression. While formal talks to achieve reduction of tensions between Pyongyang and Seoul already have begun, there appears to be little sign that the North has abandoned its intention to unify the Korean peninsula by force. Recent estimates place the number of North Korean active and reserve forces at over one million; by contrast, ROK forces total 629,000. Moreover, Pyongyang's terrorist activity against the ROK is a well-established fact, and new evidence recently has been uncovered of North Korea's production of chemical weapons.

Encourage Seoul to be cautious in improving ties with Soviet bloc countries. Last year, the ROK and Hungary opened trade offices in each other's capitals, and earlier this year, established full diplomatic relations. Seoul has begun to discuss similar arrangements with other Soviet bloc

countries. While the Soviet Union continues its military build-up in Asia, the U.S. will have an interest in ensuring that the ROK and other free market democracies in the region do not underwrite that build-up by investing in or extending credits to the Soviet bloc.

Emphasize the importance of U.S.-ROK cooperation in checking growing Soviet military strength in Asia. Despite the peaceful overtures that Moscow has been making made toward Asia, Soviet actions remain threatening. The Soviets continue their military and naval build-up in the region and continue to supply Pyongyang with sophisticated weapon systems including SA-5 anti-aircraft missiles.

CONCLUSION

During the past three years, Soviet leader Mikhail Gorbachev has undertaken an Asian “initiative” which, as he said in his first major Asian address in Vladivostok on July 28, 1986, seeks to establish an “all embracing system of international security” in Asia. The Soviet initiative also seeks to expand Soviet trade and economic ties with the nations of Asia. With these peaceful overtures, despite the Soviet military build-up in Asia, Gorbachev has made impressive diplomatic and political gains in Asian capitals from Bangkok to Beijing and has appeared to have convinced more than just a few leaders in Asia that they may have something to gain by improving diplomatic ties or entering into a limited economic relationship with Moscow.

This Soviet initiative in Asia challenges the U.S., which long and correctly has viewed Asia as its special area of interest. The Reagan Administration was slow to respond to the Gorbachev initiative. By his trip to Tokyo — and particularly with his stops in Beijing and Seoul — George Bush will have the opportunity to answer the new Soviet challenge in Asia. He will be demonstrating that the U.S. is Asia’s most important partner in the Pacific and that Washington has enormously more to offer Asia than does Moscow.

Bush should use this trip as a starting point for reaffirming a strong, innovative U.S. policy toward Asia.



