

Shultz in Asia goes Japan-bashing

by Susan Maitra

Secretary of State George Shultz used his recent talks with Southeast Asian leaders, following the July 8-9 summit of foreign ministers of the Association of Southeast Asian Nations (ASEAN) in Malaysia, to try to drum up a trade war against Japan. Shultz was following in the footsteps of Henry Kissinger, whose zealous promotion of U.S.-Japan trade friction is aimed at forcing American withdrawal from Asia and, in particular, at sabotaging any Japanese participation in the Strategic Defense Initiative.

In the end, however, it was a sorry figure the U.S. Secretary of State cut. Seconded only by Singapore, whose Prime Minister Lee Kwan Yew—the Mandarin known as “Harry Lee” in British intelligence circles—is a Bohemian Grove buddy of Kissinger, the Shultz gambit was openly challenged by Malaysian Prime Minister Mahathir.

The fact that ASEAN nations are virtually at war with the United States on a number of critical trade issues involving U.S. denial of market access to ASEAN products and arbitrary U.S. behavior in key raw commodities markets, lent a certain irony to Secretary Shultz’s tirades against Japanese practices.

Invitation to Japan-bashing

Opening the Japanese markets, Shultz told the ASEAN ministers, is one of the keys to “stimulating” the world economy. Secretary Shultz’s bid was immediately endorsed by Singapore Foreign Minister Suppiah Dhanabalan. Echoing verbatim what Shultz spent one and a half hours drumming into Japanese Foreign Minister Shintaro Abe in a private session during the conference, Dhanabalan declared, “Japan’s latest concession will do little to redress the trade imbalance if the Japanese government does not remove a large number of non-tariff measures.”

Dhanabalan went further, to place on record the Kissinger cronys’ rejection of the type of international cooperation proposed by Japan. In an obvious swipe at the proposed Kra Canal project in Thailand, newly revived by the Fusion Energy Foundation and Mitsubishi Research Institute, Dhanabalan warned ASEAN to avoid “the strains of ambitious supranational projects and policies.”

But in the final analysis the gambit didn’t sell. Singapore’s designs notwithstanding, ASEAN has no interest in

being dragged into George Shultz’s anti-Japan front. This had already been made abundantly clear by Malaysian Prime Minister Mahathir Mohammad during the ASEAN officials’ summit. A trade war between Japan and the United States will be a disaster for ASEAN, Mahathir said. “We must make sure that the economic tensions between our friends—the United States and Japan—are not escalated, indeed that they are dissipated.”

Moreover, the betterment of relations between Japan and the United States, Mahathir continued, must not be at the expense of ASEAN. We are not interested in destroying our relations with Japan for your sake, he might as well have said. ASEAN enjoys a large positive trade balance with Japan, to the tune of \$4.6 billion. But this positive balance has shrunk in the last five years as Japanese exports to ASEAN jumped sharply.

Ninety percent of ASEAN’s exports to Japan are raw materials, not manufactured goods, and this ASEAN wants to change. These talks are in fact proceeding, if slowly. The latest meeting of the ASEAN-Japan Economic Ministers held June 27-28 was inconclusive, and Shultz apparently hoped to turn projected frustration to his advantage.

Shultz is understandably interested in deflecting ASEAN anger from the United States to Japan. ASEAN runs a \$7 billion trade deficit with the United States, and U.S. trade manipulation has systematically harmed the economic interests of every single ASEAN nation.

Concerted campaign

As Secretary Shultz carried his campaign against Japan to ASEAN officials, the U.S. embassy in Tokyo reportedly handed a list of demands to the Japanese ministry of foreign Affairs. The memorandum, cooked up in the State Department, is the latest attempt to force Japan to open up its economy to low-grade imports from the United States, and to open up its financial markets for full-scale looting by European and U.S. commercial banks.

The memo demanded: restructuring of Japan’s industries to facilitate imports; creation of import targets; creation of new consumer credit institutions; changing of laws to destroy “mom and pop” stores and replace them with American-style fast food chains.

The State Department memo had been preceded to Tokyo by Henry Kissinger, who arrived on July 1 to meet with Foreign Minister Abe. Kissinger reportedly conveyed his “serious concern” about “deep-rooted anti-Japanese sentiment” in U.S. industry, “as a friend.” If America experiences a new economic recession, Kissinger threatened, “Japan will be the first target of re-emerging protectionism in the form of protectionist bills in Congress.”

On July 4, West German Foreign Minister Hans-Dietrich Genscher, Kissinger’s pal, stopped in Tokyo to underline the message. Japanese consumers and investors must undergo “a change of sensibility toward imported goods,” Genscher told Prime Minister Nakasone.