



U.S. SENATE COMMITTEE ON

Finance

SENATOR CHUCK GRASSLEY, OF IOWA - CHAIRMAN

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For Immediate Release

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Grassley Encourages President to Raise Key Trade Issues With Japan at G8 Summit

WASHINGTON – Sen. Chuck Grassley, chairman of the Committee on Finance, today encouraged President Bush to raise key trade issues with Japan at the upcoming G8 summit in Sea Island, Ga. These issues are the treatment of U.S. insurers as Japan privatizes the insurance arm of its postal system; Japan's continued prohibition on the importation of U.S. beef; and the need for Japan's leadership and flexibility in advancing negotiations in the World Trade Organization to achieve trade liberalization, particularly with respect to agriculture.

The text of Grassley's letter to the President follows.

May 17, 2004

The Honorable George W. Bush
President of the United States
The White House
Washington, D.C. 20500

Dear Mr. President:

I am writing to you with respect to the upcoming G8 summit in Sea Island, Georgia. In addition to providing a forum for addressing policies to foster and sustain global economic growth and development, this summit affords an opportunity both to reaffirm the importance of our bilateral relationship with Japan and to underscore certain of our trade concerns with Prime Minister Koizumi.

Japan's strong support for the war on terror is greatly appreciated. Prime Minister Koizumi has demonstrated admirable vision and leadership in advancing our mutual goal of eradicating the global threat of terrorism. Recently, the Japanese Cabinet approved a six-month extension of Japanese naval operations to support coalition efforts in Afghanistan. It is also reported that Japan

is considering sending non-combat ground troops on a humanitarian mission to Afghanistan, similar to Japan's deployment of non-combat troops to help stabilize the situation in Iraq. These actions are in addition to Japan's generous financial support for reconstruction efforts in Iraq. I hope that you will take this opportunity to express our gratitude for Japan's valuable assistance.

Separately, Prime Minister Koizumi has embarked on a bold initiative to privatize Japan Post and "let the private sector do what it can do." This privatization effort includes Kampo, the insurance arm of the Japanese postal system. I strongly support efforts to privatize Kampo. However, in November 2002 I joined several other Senators in writing to Ambassador Kato to express some concerns about the privatization process. I remain concerned that, as the privatization process continues, U.S. insurers operating in Japan may be harmed as a result of preferential treatment for Kampo. The Japanese Government should ensure a level playing field for all insurance providers as it privatizes Kampo. Japan will reap the full benefits of privatization only if the principle of market-based competition is adhered to. Any deviation from that principle with respect to Kampo will serve to undermine Japan's broader effort to foster more foreign direct investment in the Japanese economy through regulatory reform. I encourage you to share these concerns with Prime Minister Koizumi.

I also remain concerned about Japan's continued prohibition on the importation of U.S. beef. Japan imposed this ban in response to the detection of bovine spongiform encephalopathy (BSE) in one cow in Washington State in December 2003. I appreciate the efforts that your Administration has made to date to reopen the Japanese market. Last month, I wrote to Vice President Cheney in advance of his trip to Japan and urged him to raise this topic with Japanese officials. I encourage you to raise this matter with Prime Minister Koizumi, and to emphasize that it is essential this issue be resolved in a science-based manner.

Finally, I note that under your leadership, Ambassador Zoellick is engaged in a comprehensive effort to achieve progress in the Doha round of international trade negotiations in the World Trade Organization (WTO). His many efforts appear to be bearing fruit, as recent indications from the European Union evidence increased flexibility and a real possibility of moving forward this year. But the task remains daunting, and time is running short. Japan's active leadership and flexibility are needed if we are to achieve a framework agreement by the end of July, particularly with respect to agriculture. I hope that Prime Minister Koizumi shares your commitment to moving the negotiations forward in a meaningful way. I encourage you to raise with him the importance of making real progress in the negotiations this year, particularly with respect to agriculture.

Thank you for taking these considerations into account as you prepare for the G8 summit.

Sincerely,

Charles E. Grassley
Chairman