

Japan's economic growth has been striking. The rate of growth has averaged about 10 percent annually in terms of gross national product, despite the fact that Japan has few natural resources. Japan's gross national product has now surpassed \$100 billion, and its per capita income is not only the highest in Asia but is fast approaching the levels of European countries. In a few years, Japan will be the third greatest industrial power in the world, ranking behind only the United States and the Soviet Union.

Economic assistance from the United States initially played an important role in stimulating the economy, but the major credit for growth must go to the tireless efforts and spirit of determination and self-sacrifice of the Japanese people themselves. Their talent in using intelligence, skill, energy, genius for organization, and effective government is noteworthy. Good relations with such a nation are to be valued highly.

The emergence of Japan as the foremost industrial power in Asia has also contributed increasingly to the mutually profitable trade between our two countries. Japan's trade export and import of nearly \$20 billion ranks her as seventh in the world, and her trade with the United States accounts for about one-third.

In 1967, this two-way trade approached \$6 billion. Japan is a market for about \$2.5 billion of our goods every year. Approximately \$1 billion of these exports are agricultural products.

For Japan, this trade is vital. Without it Japan could not have attained the economic growth which has contributed to prosperity and rising standards of living, to the maintenance of political stability, and to the growing leadership in world affairs which contributes to the development and economic well being and security of all countries. There are clearly problems in finding the raw materials to fuel this dynamic force in Asia.

The vigor of Japan's expanding economy has created a solid foundation for the democratic political structure which contributes importantly to the stability of Asia. Japan's belief that all Asian nations should determine their own destinies and be free from outside interference and aggression, her concern that Asia's developing nations should have strong and effective governments, devoted to serving the needs of their people, and her willingness to assist these countries in their development through technical assistance, loans, aid, and trade, are stabilizing factors in that troubled area.

With respect to the most important and urgent matters of peace and security, Japan is aware that an American military presence in the Pacific area is fundamental to the security of that area. Our important military base in Okinawa is an important element in our efforts to secure the area from aggression and here we must work closely with Japan. In short, Mr. Chairman, the existence of Japan as a democratic society free from dependence on Communist neighbors contributes to the security of all countries of Asia and of the United States.

This interest makes it vital that we strive to avoid any unnecessary action which might work against amicable relations and to seek cooperative and constructive solutions to our problems.

Inevitably, from time to time, short-run problems will arise among the four interests I have set out. We are exploring one such problem