

Withdrawal/Redaction Sheet

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. cable	Re: December 22 SACO [Special Action Committee on Okinawa] Group Meeting (4 pages)	12/27/1995	P1/b(1)
002. cable	Duplicate of 001 (4 pages)	12/27/1995	P1/b(1)
003. cable	Re: CINCPAC 2/28-29 Visit to Tokyo (6 pages)	03/06/1996	P1/b(1)
004. cable	Re: FM [Foreign Minister] Ikeda Meeting (3 pages)	03/09/1996	P1/b(1)
005. cable	Re: Okinawa Discussion (13 pages)	03/09/1996	P1/b(1)

COLLECTION:

Clinton Presidential Records
NSC Cables
Jan 1995-Dec 1996 ([Futenma])
OA/Box Number: 510000

FOLDER TITLE:

[12/27/1995 - 03/09/1996]

2016-0420-F
sb1863

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
- P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

Freedom of Information Act - [5 U.S.C. 552(b)]

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PREC: IMMEDIATE
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LINE1: OAAUZYUW RUEHKO3665 3610345-UUUU--RHEHAAA.
LINE2: ZNR UUUUU ZZH
LINE3: O 270345Z DEC 95
LINE4: FM AMEMBASSY TOKYO
OSRI: RUEHKO
DTG: 270345Z DEC 95
ORIG: AMEMBASSY TOKYO
TO: RUEHC/SECSTATE WASHDC IMMEDIATE 7090
RUEHIA/USIA WASHDC IMMEDIATE 6832
INFO: RHEHAAA/WHITEHOUSE WASHDC
RUEAIIA/CIA WASHDC
RUYNJDK/COMNAVFORJAPAN YOKOSUKA JA
RUCPDOG/USDOC WASHDC
RUALSFJ/COMUSJAPAN YOKOTA AB JA
RHHMUNA/USCINCPAC HONOLULU HI//USIA//
RUEBBEA/USDOT WASHDC
RUEKJCS/JOINT STAFF WASHDC//J5//
RUEKJCS/SECDEF WASHDC
SUBJ: JAPANESE MORNING PRESS HIGHLIGHTS DECEMBER 27

TOP HEADLINES

TEXT:
UNCLAS SECTION 01 OF 04 TOKYO 013665

USIA

FOR: USIA D/P, I/GEA, I/RF, I/RFW, EA, R/MR; STATE FOR
EAP/J; STATE PASS TO USTR/PUBLIC AFFAIRS OFFICE; CIA
WASHDC; SECDEF FOR JCS/J-5/JAPAN, OASD/ISA/EAPR/JAPAN;
TREASURY/IMA; WHITE HOUSE; COMMERCE FOR DAS;
USCINCPAC/PA; COMUSJ/PA; COMNAVFORJAPAN/PA.

E.O. 12356: N/A
SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS DECEMBER 27

TOP HEADLINES

ASAHI: RULING COALITION TO PRESENT NON-PROFIT
ORGANIZATION BILL AT ORDINARY DIET SESSION IN SUPPORT OF
CIVIL ACTIVITIES; NPO'S TO BE GIVEN CORPORATE STATUS WITH
PREFERENTIAL TAX MEASURES; ELECTION CAMPAIGNING TO BE
BANNED

MAINICHI: NEW FRONTIER PARTY PRESIDENTIAL ELECTION:
OZAWA LIKELY TO BE ELECTED; BALLOT COUNTING TODAY; WIDE
MARGIN WITH ORGANIZED VOTES

YOMIURI: JDA CONSIDERING DOWNSCALING FUTENMA AIR STATION;

SOME FUNCTIONS TO KADENA AND IE JIMA; AREA PLANNED TO BE HALVED

NIHON KEIZAI: FINANCE MINISTRY TO ESTABLISH HOLDING COMPANY LAW; BUSINESS CORPORATIONS TO BE RESTRICTED FROM ESTABLISHING FINANCIAL SUBSIDIARIES; LAW ALSO INTENDED TO PREVENT BANKING BUSINESS FROM SWAYING INDUSTRY

SANKEI: DETAINED SOUTH KOREAN FISHERMEN SENT HOME; NORTH KOREA MAY AIM AT SECURING AID; NORTH KOREA STRESSES "WARM BROTHERLY LOVE"

TOKYO SHIMBUN: ARCHIPELAGO ENTIRELY COVERED BY HUGE COLD AIR MASS; TRAFFIC SYSTEM THROWN INTO CONFUSION; TRAIN HOTEL SET UP

PRESIDENT CLINTON'S VISIT TO JAPAN: NO CHANGES IN FRAMEWORK OF SECURITY STATEMENT (NIHON KEIZAI - PAGE 2)

WITH THE DATES SET FOR PRESIDENT CLINTON'S VISIT TO JAPAN NEXT APRIL, THE JAPANESE AND U.S. GOVERNMENTS WILL START CONSULTATIONS IN THE NEW YEAR REGARDING THE HANDLING OF A JAPAN-U.S. JOINT SECURITY DECLARATION TO BE MAPPED OUT AND RELEASED AT THE TIME OF THE PRESIDENTIAL VISIT. JAPAN BASICALLY HAS NOT INTENTION OF CHANGING THE OUTLINE OF THE DRAFT JOINT DECLARATION, WHICH WAS SLATED TO BE RELEASED AT THE PRESIDENTIAL VISIT INITIALLY PLANNED FOR NOVEMBER THIS YEAR. THE U.S. IS EXPECTED TO AGREE TO THIS POLICY LINE. THE DECLARATION WILL SPECIFY THAT THE JAPAN-U.S. SECURITY ARRANGEMENTS ARE ABSOLUTELY NECESSARY FOR THE SECURITY OF JAPAN AND THE PEACE AND STABILITY OF THE ASIA-PACIFIC REGION. AT THE SAME TIME, IT WILL INCLUDE A RESOLUTION FOR FURTHER EFFORTS FOR THE PROMOTION OF THE DOWNSIZING AND REALIGNMENT OF THE U.S. MILITARY BASES IN OKINAWA.

IN ADDITION, JAPAN WOULD LIKE TO GIVE HIGH MARKS TO PROGRESS IN RESOLVING THE PROBLEM OF THE U.S. MILITARY BASES IN OKINAWA WITH THE LAUNCHING OF THE JAPAN-U.S. SPECIAL ACTION COMMITTEE IN LATE NOVEMBER TO CONFER ON THE STREAMLINING, REALIGNMENT AND CURTAILMENT OF THOSE BASES. TALKS ARE NOW OCCURRING CONCURRENTLY WITH OTHER EFFORTS BY THE ADVISORY COMMISSION ON PROBLEMS OF U.S. MILITARY BASES IN OKINAWA. TAKING INTO ACCOUNT THE PROSPECT THAT "CERTAIN" SPECIFIC "RESULTS" WILL HAVE BEEN PRODUCED REGARDING THE BASE ISSUE BY APRIL, THE JAPANESE GOVERNMENT HAS JUDGED, "FROM THE STANDPOINT OF THE OKINAWA ISSUE, THE POSTPRIL WAS FORTUNATE."

THERE ARE SOME WHO TAKE THE VIEW, HOWEVER, THAT THERE SHOULD BE A REVIEW OF THE SCALE OF THE USFJ'S MILITARY PRESENCE ON OKINAWA IN CONSIDERATION OF OKINAWA'S CIRCUMSTANCES. OKINAWA PREFECTURE STRONGLY REACTED TO THE SPECIFIC MENTION OF "THE MAINTENANCE OF THE PRESENT 47,000 TROOPS" IN THE DRAFT JOINT DECLARATION IN NOVEMBER, OFFICIALS ARGUING, "IT WILL LEAD TO THE PERMANENT PRESENCE HERE OF THE U.S. MILITARY BASES."

JAPAN-U.S. FOREIGN MINISTERIAL TALKS SET FOR JANUARY 10

IT HAS FORMALLY BEEN DECIDED THAT A MEETING WILL TAKE PLACE IN PARIS ON JANUARY 10, 1996, BETWEEN FOREIGN MINISTER YOHEI KONO AND U.S. SECRETARY OF STATE WARREN CHRISTOPHER. THE INFORMATION WAS RELEASED BY THE UNCLAS SECTION 02 OF 04 TOKYO 013665

USIA

FOR: USIA D/P, I/GEA, I/RF, I/RFW, EA, R/MR; STATE FOR EAP/J; STATE PASS TO USTR/PUBLIC AFFAIRS OFFICE; CIA WASHDC; SECDEF FOR JCS/J-5/JAPAN, OASD/ISA/EAPR/JAPAN; TREASURY/IMA; WHITE HOUSE; COMMERCE FOR DAS; USCINCPAC/PA; COMUSJ/PA; COMNAVFORJAPAN/PA.

E.O. 12356: N/A

SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS DECEMBER 27

MINISTRY OF FOREIGN AFFAIRS YESTERDAY. THE CHIEF AIM OF THE TALKS IS TO COORDINATE PRIOR TO PRESIDENT CLINTON'S VISIT TO JAPAN NEXT APRIL, TAKING ADVANTAGE OF THE OPPORTUNITY OF THE TWO FOREIGNERS WASHDC UNCLAS SECTION 03 OF 04 TOKYO 013665

USIA

FOR: USIA D/P, I/GEA, I/RF, I/RFW, EA, R/MR; STATE FOR EAP/J; STATE PASS TO USTR/PUBLIC AFFAIRS OFFICE; CIA WASHDC; SECDEF FOR JCS/J-5/JAPAN, OASD/ISA/EAPR/JAPAN; TREASURY/IMA; WHITE HOUSE; COMMERCE FOR DAS; USCINCPAC/PA; COMUSJ/PA; COMNAVFORJAPAN/PA.

E.O. 12356: N/A

SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS DECEMBER 27

TRANSFERRED FUNCTIONS.

FUTENMA AIR BASE COVERS ABOUT 480 HECTARES AND IT USED BY THE MARINES FOR THEIR HELICOPTER SQUADRON, AIR REFUELING AND TRANSPORT SQUADRON, AND OTHER UNITS. OKINAWA PREFECTURE HAS ASKED THAT THIS BASE BE SUBJECT TO PRIORITY REVERSION, CITING THAT IT OCCUPIES A MAJOR PORTION OF CENTRAL GINOWAN CITY, AND IS INTERFERING WITH CITY DEVELOPMENT. IT HAS BECOME THE MAIN FOCUS OF ATTENTION IN THE PROBLEM OF CONSOLIDATING AND REDUCING U.S. BASES ON OKINAWA, INCLUDING THE PROSPECT OF ITS BEING INCLUDED FOR REVERSION IN THE PLAN FOR CONSOLIDATING AND SHRINKING BASES TO BE COMPLETED IN JANUARY.

PUBLIC SECURITY OFFICIALS WORRIED CHUKAKU-HA COULD TARGET OKINAWA FOR TERRORISM (SANKEI - PAGE 1)

THE PUBLIC SECURITY INVESTIGATION AGENCY RELEASED ITS "PROSPECT AND RETROSPECT OF SITUATIONS AT HOME AND ABROAD" ON DECEMBER 26, ANALYZING THE TRENDS OF PUBLIC SECURITY AFFAIRS THIS YEAR AND AN OUTLOOK FOR

DEVELOPMENTS AHEAD. THE PSIA REPORT REFERS TO THE SERIES OF INCIDENTS BROUGHT ABOUT BY THE AUM RELIGIOUS CULT, SUCH AS THE SUBWAY SARIN-GAS ATTACK, AND IT POINTS OUT THAT THOSE INCIDENTS HAVE GONE BEYOND CONVENTIONAL TERRORISM BY THE USE OF BIOCHEMICAL WEAPONS. IT ALSO POINTS OUT THAT SIMILAR EVENTS MAY TAKE PLACE FROM NOW ON -- NOT ONLY DOMESTICALLY BUT ALSO INTERNATIONALLY.

IN THE REPORT, THE PSIA ANALYZES THAT THE INCIDENTS BROUGHT ABOUT BY THE AUM CULT WERE INTENDED FOR POLITICAL PURPOSES, AND THAT THE CULT PLOTTED TO CONTINUE ITS EXISTENCE BY SUCH MEANS AS CONCEALING ITS ASSETS EVEN AFTER IT WAS ORDERED TO DISSOLVE ITSELF UNDER THE RELIGIOUS CORPORATION LAW. IN ADDITION, THE PSIA REPORT WARNS THAT THERE HAS BEEN NO CHANGE IN THE CULT HAS NOT CHANGED ITS DANGEROUS NATURE SINCE IT STRESSES ITS ABSOLUTE FAITH IN ITS ACCUSED LEADER, SHOKO ASAHARA. IN THIS CONNECTION, THE PSIA STATES THAT THE DECISION WAS MADE TO GO INTO VINDICATION PROCEDURES IN ORDER TO DESIGNATE THE CULT FOR DISSOLUTION UNDER THE ANTI-SUBVERSIVE ACTIVITIES LAW (HABOHO).

ON THE PROBLEM OF MARKING THE 50TH YEAR AFTER THE END OF THE WAR, THE PSIA REPORTS THAT THE JAPAN COMMUNIST PARTY, EXTREME RADICAL FACTIONS, AND RIGHT-WING ORGANIZATIONS DEVELOPED THEIR ACTIVITIES IN AN ACTIVE WAY FROM THEIR RESPECTIVE STANDS AGAINST THE DIET RESOLUTION IN THE 50TH YEAR AFTER THE WAR. PARTICULARLY, RIGHT-WING GROUPS, ACCORDING TO THE PSIA REPORT, BROUGHT ABOUT THREE GUERRILLA INCIDENTS AND THUS TACKLED THE PROBLEM AS A TOP-PRIORITY TASK FOR THE YEAR. ADDITIONALLY, THE REPORT ALSO TOUCHES ON THE ISSUE OF REVISING THE JAPAN-U.S. STATUS OF FORCES AGREEMENT, WHICH HAS EMERGED SINCE THE INCIDENT OF U.S. SERVICEMEN'S RAPE OF A SCHOOLGIRL IN OKINAWA. CONCERNING THIS MATTER, THE PSIA POINTS OUT THAT THE JCP AND EXTREME RADICAL FACTIONS MAY FURTHER ACTIVATE THEIR MOVEMENTS SO AS TO HEIGHTEN THE ATMOSPHERE AGAINST THE JAPAN-U.S. SECURITY TREATY. ABOVE ALL, THE PSIA CLARIFIES ITS ANXIETY ABOUT THE POSSIBILITY OF THE MIDDLE CORE FACTION (CHUKAKUHA) CONDUCTING SUCH ACTIVITIES AS TRYING TO OBSTRUCT THE OKINAWA PREFECTURE EXPROPRIATION COMMISSION'S EXAMINATION IN AN ATTEMPT TO DELAY THE GOVERNMENT'S TAKING OF COMPULSORY PROCEDURES (FOR THE USFJ'S CONTINUED LAND USE) AND BREAKING INTO U.S. MILITARY SITES.

ABOUT NORTH KOREA AND ITS TRENDS, THE PSIA REPORT SAYS THAT THE MOVING DOWN OF (KOREAN WORKERS PARTY) SECRETARY KIM JONG IL'S ASSUMPTION OF OFFICE AS STATE PRESIDENT AND KWP GENERAL SECRETARY IS INTENDED TO ENSHRINE THE LATE PRESIDENT KIM IL SUNG AS THE "ETERNAL LEADER" AND RIDE OUT THE INTERNAL AND EXTERNAL DIFFICULTIES. BASED ON THIS VIEW, THE PSIA PREDICTS THAT KWP SECRETARY KIM, FOR THE PRESENT, WILL TRY TO RETAIN THE CURRENT REGIME WITH THE MILITARY'S BACKING. MOREOVER, THE PSIA REPORT ALSO SAYS THAT NORTH KOREA MAY APPROACH JAPAN'S INFLUENTIAL UNCLAS SECTION 04 OF 04 TOKYO 013665

USIA

FOR: USIA D/P, I/GEA, I/RF, I/RFW, EA, R/MR; STATE FOR
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USCINCPAC/PA; COMUSJ/PA; COMNAVFORJAPAN/PA.

E.O. 12356: N/A

SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS DECEMBER 27

POLITICAL AND BUSINESS LEADERS AND MAY ALSO SEND A KWP
DELEGATION TO JAPAN.

REGARDING THE SITUATION IN RUSSIA, THE PSIA REPORT
REMARKS THAT A RUSSIAN INTELLIGENCE AGENCY IS NOW TRYING
TO REBUILD A NETWORK OF INTELLIGENCE ACTIVITIES TOWARD
JAPAN. THE PSIA REPORTS THAT FORMER SOVIET STATE
SECURITY COMMITTEE (KGB) PERSONNEL FOUND EMPLOYMENT IN
OUR COUNTRY'S PRIVATE-SECTOR BUSINESSES OR RESEARCH
INSTITUTIONS AND INFILTRATED INTO THOSE ORGANIZATIONS.

NFP ELECTION: OZAWA SEEMS TO BE THE CLEAR WINNER
(ASAHI - PAGE 1)

VOTING IN THE NEW FRONTIER PARTY (NFP) PRESIDENTIAL
ELECTION, WHICH WAS FOUGHT BETWEEN SECRETARY GENERAL
ICHIRO OZAWA AND DEPUTY HEAD TSUTOMU HATA, WAS CLOSED ON
THE 26TH. THE BALLOTS WILL BE COUNTED TODAY AND THE
RESULT WILL BE KNOWN TONIGHT, BUT IT IS MOST LIKELY THAT
OZAWA WILL WIN. THE NEW PARTY HEAD WILL BE APPROVED ON
THE 28TH IN GENERAL MEETINGS OF THE PARTY REPRESENTATIVES
FROM THE DIET'S UPPER AND LOWER HOUSES. ALL THE MORE
BECAUSE THE ELECTION CAMPAIGN WAS FIERCE, SPLITTING THE
PARTY IN TWO, SOME PREDICT THAT THERE WILL REMAIN A
RESIDUE OF HARD FEELINGS. THE FOCUS NOW SHIFTS TO A NEW
PARTY-EXECUTIVE LINEUP INCLUDING THE SECRETARY GENERAL'S
POST. HARA, ACTING

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SECT: SECTION: 01 OF 04

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<^TOR>951226224941 M2014141

DIST:

SIT: NSC

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Cable

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LINE1: OAAUZYUW RUEHKO3682 3610758-UUUU--RHEHAAA.
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RUEHAK/AMEMBASSY ANKARA PRIORITY 0178
RUEATRS/TREASURY DEPT WASHDC PRIORITY
RUCPDOG/USDOC WASHDC PRIORITY
RUEKJCS/SECDEF WASHDC//USDA/ISA// PRIORITY
RUEHC/SECSTATE WASHDC PRIORITY 7107
RUHBANB/OAFO CAMP BUTLER JA PRIORITY
RHHMHAH/CINCPACFLT PEARL HARBOR HI//N514// PRIORITY
RUHVPAC/HQPACAF HICKAM AFB HI//CC/PA// PRIORITY
INFO: RUEHKOF/AMCONSUL FUKUOKA PRIORITY 7931
RUEHOK/AMCONSUL OSAKA KOBE PRIORITY 4218
SUBJ: USIS JAPAN MEDIA REACTION REPORT -- DECEMBER
27, 1995

TEXT:
UNCLAS TOKYO 013682

USIA

FOR: USIA FOR I/RF, I/RFW, I/GEA, EA, R/MR; STATE/EAP/J,
EAP/P, PM, STATE DEPT. PLS PASS TO USTR/PUBLIC AFFAIRS
OFFICE; TREASURY/IMA; NSC; SECDEF FOR OASD/PA; CP BUTLER
OKINAWA FOR AREA FIELD OFFICE; ANKARA FOR PAO/IO

E.O. 12356: N/A
SUBJECT: USIS JAPAN MEDIA REACTION REPORT -- DECEMBER
27, 1995

1. THIS MEDIA REACTION COVERS EDITORIALS ON:

-- ELECTIONS IN TURKEY --

LEAD STORIES: THE YOMIURI GAVE TOP COVERAGE TO THE
DEFENSE AGENCY'S PLAN TO RELOCATE FUNCTIONS FROM FUTENMA
AIR BASE TO OTHER U.S. MILITARY FACILITIES ON OKINAWA.

-- ELECTION IN TURKEY --

-- EDITORIAL --

2. "CAN TURKEY SEPARATE RELIGION FROM POLITICS?" THE TOP CIRCULATION MODERATE YOMIURI SAID (DECEMBER 27), "THE EMERGENCE OF THE ISLAMIC PARTY CAN BRING POLITICAL, ECONOMIC, AND SOCIAL CHANGES TO THE EUROPE-ORIENTED TURKISH SOCIETY AND ALARM THE EU COUNTRIES WHICH ARE TIED TO TURKEY THROUGH A CUSTOMS UNION. HOWEVER, IT SHOULD BE NOTED AT THE SAME TIME THAT THE ISLAMIC WELFARE PARTY HAD WON ONLY ONE-FIFTH OF THE VOTES AND THE MAJORITY OF THE PEOPLE SUPPORTED THE CONSERVATIVE ALLIANCE."

"WHAT IS IMPORTANT FOR TURKEY NOW IS TO ESTABLISH A DEMOCRATIC AND STABLE COALITION GOVERNMENT WHICH CAN SEPARATE RELIGION FROM POLITICS. POLITICAL MANEUVERING AMONG PARTIES WILL ONLY RAISE APPREHENSIONS AMONG THE TURKISH PEOPLE AND THE INTERNATIONAL COMMUNITY."

3. "NO NEED TO BE UPSET ABOUT THE EMERGENCE OF THE ISLAMIC PARTY" THE LIBERAL ASAHI SAID, (DECEMBER 27), "IT IS OBVIOUS THAT THE PRIME MINISTER CILLER-LED PARTY WAS DEFEATED DUE TO MISTAKES IN ECONOMIC POLICY WHICH ANY GOVERNMENTS CAN MAKE. IT IS NOT APPROPRIATE TO CONSIDER THAT THE DEFEAT OF A PRO-WESTERN PARTY WILL IMMEDIATELY LEAD TO THREATS FROM RADICAL MUSLIMS."

"IT IS DOUBTFUL WHETHER TURKEY'S CUSTOMS UNION WITH THE EU WILL BENEFIT PROMOTION OF WESTERNIZATION OF THE COUNTRY. TURKEY'S CONCESSION ON HUMAN RIGHTS WITH EU NATIONS MAY HAVE ANGERED VOTERS WHO ARE CONCERNED ABOUT TURKISH IMMIGRANTS IN EUROPE AND MADE VOTERS TURN AWAY FROM THE PRO-WESTERN GOVERNMENT."

"VOTERS SUPPORTED THE WELFARE PARTY NOT BECAUSE OF ITS RADICAL POLICY BUT BECAUSE OF ITS GRASS-ROOTS ACTIVITIES. IT IS ONLY NATURAL THAT A DEMOCRATICALLY-ELECTED PARTY PARTICIPATE IN THE GOVERNMENT, EVEN IF WESTERN NATIONS DO NOT SUPPORT IT. WE SHOULD LEARN LESSONS FROM RELIGION-RELATED POLITICAL CONFLICTS IN ALGERIA AND EGYPT. CAN TURKEY CREATE A NEW RELIGION-POLITICS 'COEXISTENCE' MODEL?" HARA, ACTING

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#3682

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SECT: SECTION: 01 OF 01

SSN: 3682

TOR: 951227030117 M2014258

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RUALSFJ/COMUSJAPAN YOKOTA AB JA
SUBJ: JAPANESE MORNING PRESS HIGHLIGHTS MARCH 1

TOP HEADLINES

TEXT:
UNCLAS SECTION 01 OF 06 TOKYO 001875

USIA

FOR: USIA D/P, I/GEA, I/RF, I/RFW, EA, R/MR; STATE FOR
EAP/J; STATE PASS TO USTR/PUBLIC AFFAIRS OFFICE; CIA
WASHDC; SECDEF FOR JCS/J-5/JAPAN, OASD/ISA/EAPR/JAPAN;
TREASURY/IMA; WHITE HOUSE; COMMERCE FOR DAS;
USCINCPAC/PA; COMUSJ/PA; COMNAVFORJAPAN/PA.

E.O. 12958: N/A
SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS MARCH 1

TOP HEADLINES

ASAHI: QUESTIONING JUSEN LIQUIDATION: POLITICS
MALFUNCTIONS, GAP WITH PUBLIC OPINION; ANY IDEA ABOUT
"NEGATIVE" DISTRIBUTION?

YOMIURI: TELECOM COUNCIL RECOMMENDS NTT BREAKUP INTO 3
COMPANIES; 1 FOR LONG-DISTANCE SERVICE, 2 FOR LOCAL
SERVICE; GOVERNMENT'S CONCLUSION MAY BE REACHED ONE YEAR
LATER

MAINICHI: GAP WITH "TERAMURA REPLY BEFORE DIET"; SANWA
BANK PRESENTS PLAN TO OTHER BANKS FOR LIQUIDATION OF BAD

LOANS HELD BY NIPPON HOUSING LOAN CO.

NIHON KEIZAI: FIRST FINANCIAL HELP FOR WELFARE PENSION FUND; FEDERATION DECIDES TO DISBURSE 1 BILLION YEN FOR JAPAN SPINNING INDUSTRY FUND

SANKEI (WITH A DOUBLE BANNER HEAD): (1) GOVERNMENT, RULING COALITION SHELVE DIET DISSOLUTION DURING CURRENT SESSION; EXPLORING POSSIBILITY OF "THIS AUTUMN OR AFTER" (TRANSLATION BELOW); (2) TELECOM PANEL URGES "NTT BREAKUP INTO 3"; ONE LONG-DISTANCE SERVICE COMPANY AND 2 LOCAL SERVICE COMPANIES; AIMING AT FY1998; RULING COALITION MAY POSTPONE CONCLUSION

TOKYO SHIMBUN: SUENO KOSAN DEPOSITED 174.2 BILLION YEN AS OF OCTOBER 1990; 112 BILLION YEN PAID OUT IN HALF YEAR; MONEY USED FOR ASSETS-MAKING; TOKYO SHIMBUN OBTAINS FINANCIAL STATEMENTS

COALITION PLANS TO AVOID DIET DISSOLUTION UNTIL QAFTER THIS FALLQ (SANKEI - TOP PLAY)

THE GOVERNMENT AND THE RULING COALITION ON THE 29TH REACHED A POLICY DIRECTION OF ABANDONING THE IDEA OF DISSOLVING THE LOWER HOUSE DURING THE CURRENT DIET SESSION THAT ENDS JUNE 19 IN ORDER TO HOLD A GENERAL ELECTION. THIS WAS REVEALED BY SOURCES IN THE GOVERNMENT AND RULING CAMP. THE DECISION REFLECTS CONSIDERATION OF THE GROWING GENERAL CRITICISM AGAINST THE GOVERNMENT'S JUSEN (FAILED HOUSING LOAN COMPANIES) BAILOUT SCHEME WHICH REQUIRES HEAVY PUBLIC FINANCING. AS A RESULT, PRIME MINISTER RYUTARO HASHIMOTO IS EXPECTED TO EXERT HIS ENERGY INTO SUCH INTERNAL AND EXTERNAL EVENTS AS THE INDUSTRIALIZED NATIONS SUMMIT (LYON SUMMIT) IN LATE JUNE AND A REVIEW OF THE CONSUMPTION TAX WHICH IS DUE AT THE END OF SEPTEMBER. HIS ADMINISTRATION WILL PERHAPS TRY TO DETERMINE THE RIGHT TIMING FOR A LOWER HOUSE DISSOLUTION AND THE NEXT GENERAL ELECTION IN THE FALL OR LATER.

OZAWAQS SHINSHINTO HEADING FOR SHOWDOWN WITH RULING CAMP OVER BUDGET (TOKYO SHIMBUN - PAGE 2)

THE MAJOR OPPOSITION PARTY SHINSHINTO (NEW FRONTIER PARTY) HELD AN EXECUTIVE COUNCIL MEETING YESTERDAY. AS A RESULT, THE MEETING REACHED A UNANIMOUS DECISION TO EMPLOY "EVERY MEANS POSSIBLE" TO BLOCK THE LOWER HOUSE FROM PASSING THE FY1996 BUDGET, WHICH INCLUDES THE JUSEN (FAILED HOUSING LOAN COMPANIES) BAILOUT SCHEME THAT WILL COST TAXPAYERS 685 BILLION YEN. THE DECISION REFLECTS THE SHINSHINTO'S DETERMINATION TO STICK TO ITS STRATEGY, REGARDLESS OF HOW IT LOOKS, OF PRESSING THE GOVERNMENT TO "REMOVE THE 685-BILLION-YEN JUSEN PORTION FROM THE BUDGET." SHINSHINTO IS NOW ABOUT TO FACE ITS TOUGHEST SHOWDOWN SINCE ICHIRO OZAWA ASSUMED OFFICE.

- - - - -

AFTER THE MEETING EXECUTIVE COUNCIL CHAIRMAN KOZO WATANABE NOTED TO THE PRESS, "SUDDENLY, EVERYTHING BECAME CLEAR AS TO WHAT WE ARE GOING TO DO." FOR WATANABE, WHO

ALWAYS HAS TO WORK AS A COORDINATOR IN SETTLING INTRA-PARTY DISCORD OVER PARTY MANAGEMENT AND DIET OPERATION, YESTERDAY'S UNANIMOUS DECISION WAS A "HAPPY MISCALCULATION."

BEHIND THE SHINSHINTO'S UNUSUALLY STRONG MONOLITHIC UNITY WAS A SHARP SENSE OF CRISIS, SUSPECTING THAT "IF THE UNCLAS SECTION 02 OF 06 TOKYO 001875

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BUDGET PASSES THE DIET WITHOUT ANY REVISION, THE RAISON D'_TRE OF OUR PARTY WOULD BE CALLED INTO QUESTION" (JUNIOR MEMBER).

THE SHINSHINTO, A PARTY PRIDING ITSELF ON BEING A "RESPONSIBLE OPPOSITION PARTY," DETESTS TAKING AGGRESSIVE MEASURES, ESPECIALLY PHYSICAL RESISTANCE. BUT THIS TIME AROUND, THE PARTY DECIDED TO SHAKE OFF "SUCH PRIDE" (EXECUTIVE COUNCIL MEMBER).

SPECIFICALLY, WHAT DOES THE PARTY HAVE IN MIND BY TAKING "EVERY MEANS POSSIBLE?" SOME OF THE IDEAS AFLOAT AMONG EXECUTIVE MEMBERS AND BUDGET COMMITTEE MEMBERS: TO RUSH INTO THE SPEAKER'S SEAT AT THE MOMENT OF VOTE-TAKING; OR TO FORM A PICKET LINE IN FRONT OF THE SPEAKER'S OFFICE IN THE PLENARY SESSION HALL SO THAT SPEAKER TAKAKO DOI WILL NOT BE ABLE TO ENTER THE HALL.

IN THE CASE OF A VOTE-TAKING IN THE PLENARY SESSION, "WE ARE CONSIDERING USING A SNAIL'S-PACE TACTIC AS ONE OPTION. IF THAT DOESN'T WORK, RESIGNING AS DIETMEMBERS MIGHT BE POSSIBLE" (SENIOR MEMBER).

IN ADDITION, SHINSHINTO MEMBERS MIGHT WALK OUT OF THE SESSION IMMEDIATELY BEFORE A VOTE IS TAKEN TO GENERATE THE IMAGE THAT THE RULING CAMP "FORCIBLY DECIDED TO TAKE A VOTE."

IN ANY CASE, "WE WILL MAKE A FINAL DECISION TO UNDERLINE THE RULING CAMP'S STEAMROLLING STANCE, WHILE KEEPING EYES ON THE PEOPLE'S REACTION" (SENIOR MEMBER).

THE PARTY HAS NOW FINALLY REAFFIRMED ITS HARD-LINE STANCE IN DEALING WITH THE DIET. IN ADDITION, THE PARTY HAS BEEN ENTHUSIASTIC ABOUT SEIZING UPON ALLEGATIONS INVOLVING PRIME MINISTER HASHIMOTO'S AIDES. IN FACT, YESTERDAY JUNIOR SHINSHINTO MEMBERS INTERVIEWED INDUSTRIAL BANK OF JAPAN EXECUTIVES FOR ABOUT ONE AND A

HALF HOURS REGARDING THE CONNECTION BETWEEN THE BANK AND TOYOKI KOBAYASHI, PRIME MINISTER HASHIMOTO'S FORMER SECRETARY.

THE SHINSHINTO PLANS TO DEVOTE "A LONG TIME, POSSIBLE SEVERAL MONTHS" TO PURSUE THIS PROBLEM. BUT THE GENERAL QUESTION-AND-ANSWER SESSION ON MARCH 4 WOULD BE THE ONLY CHANCE LEFT FOR THE PARTY TO PURSUE THE PROBLEM BEFORE A VOTE IS TAKEN ON THE BUDGET IN THE LOWER HOUSE.

SHINSHINTO IS NOW ROLLING UP ITS SLEEVES FOR THE "LAST GENERAL SESSION" TO AMPLIFY THE PEOPLE'S ANGER TOWARD THE JUSEN SCHEME INVOLVING TAXPAYERS MONEY.

LDP CONSIDERING FREEZE ON JUSEN BUDGET
(NIHON KEIZAI - PAGE 1)

IN A MEETING OF THE LIBERAL DEMOCRATIC PARTY (LDP) YESTERDAY, A DRIVE WAS STEPPED UP TO SEEK "FREEZING" OF THE 685 BILLION YEN IN FUNDS SET ASIDE IN THE FY1996 BUDGET BILL FOR THE JUSEN (HOUSING LOAN COMPANIES) BAILOUT SCHEME. ACCORDING TO A NEW PLAN, ONCE THE BUDGET IS ADOPTED WITHOUT AMENDMENT, FISCAL DISBURSEMENTS FOR THE JUSEN WOULD BE COVERED BY THE PARENT BANKS OR BY LOW-INTEREST LOANS FROM THEM. UNDER THIS PLAN, THE USE OF TAX MONEY COULD BE AVERTED IN EFFECT. THE PARENT BANKS ARE UNWILLING TO INCREASE THEIR BURDEN, AND IT MIGHT ALL LEAD TO PUNCTURING THE GOVERNMENT'S JUSEN BAILOUT SCHEME. IN SUCH A CONTEXT, WHETHER THIS PLAN CAN BE REALIZED REMAINS A DELICATE SITUATION. AIMING AT PASSAGE OF THE BUDGET DRAFT IN THE LOWER HOUSE, DISCUSSION OVER DISBURSEMENT OF GOVERNMENT FUNDS FOR THE JUSEN NOW SEEMS LIKELY TO HEAT UP AGAIN.

CONFRONTATION UNABATED IN INSURANCE TALKS BETWEEN U.S. AND JAPAN (NIHON KEIZAI - PAGE 7)

THE MINISTRY OF FINANCE (MOF) AND THE USTR YESTERDAY IN TOKYO CONTINUED TALKS ON THE INSURANCE MARKET ISSUE. THE TWO COUNTRIES REMAINED AT ODDS OVER THE PROBLEM OF UNCLAS SECTION 03 OF 06 TOKYO 001875

USIA

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LIBERALIZING THE INSURANCE MARKET IN THE "THIRD SECTOR," WHICH INCLUDES SICKNESS AND ACCIDENT INSURANCE, TO ALLOW ACCESS TO JAPANESE LIFE INSURANCE COMPANIES AND THEIR SUBSIDIARIES. THE DISAGREEMENT STEMS FROM INTERPRETATION OF THE JAPAN-U.S. INSURANCE AGREEMENT REACHED IN OCTOBER,

1994. TALKS WILL BE HELD AGAIN TODAY.

U.S. UNHAPPY WITH DEREGULATION PACKAGE (ASAHI - PAGE 13)

AMBASSADOR IRA SHAPIRO FROM THE OFFICE OF THE U.S. TRADE REPRESENTATIVE (USTR), NOW VISITING JAPAN, YESTERDAY MET SEPARATELY WITH LIBERAL DEMOCRATIC PARTY (LDP) SECRETARY GENERAL KOICHI KATO AND ADMINISTRATIVE REFORM PROMOTION HEADQUARTERS DIRECTOR KIYOYUKI MIZUNO IN TOKYO AND DISCUSSED THE WAYS THE JAPANESE GOVERNMENT ARE PROMOTING DEREGULATION. SHAPIRO STATED TO MIZUNO, "THE UNITED STATES IS EXTREMELY DISSATISFIED" WITH THE INTERIM REPORT EACH GOVERNMENT AGENCY COMPILED IN JANUARY IN PREPARATION FOR A REVIEW OF THE DEREGULATION PROMOTION PLAN. DISSATISFACTION OVER THE REPORT HAS ALSO BEEN CONVEYED BY SENIOR OFFICIALS OF THE U.S. DEPARTMENT OF JUSTICE AND A TOP-LEVEL OFFICIAL OF THE EUROPEAN UNION (EU) DELEGATION TO JAPAN. BOTH EUROPE AND THE U.S. IN THIS WAY HAVE MADE A BITTER RESPONSE TO THE WAY THE HASHIMOTO ADMINISTRATION IS PROMOTING DEREGULATORY STEPS.

SHAPIRO FAVORABLY EVALUATED THE PLANNED DEREGULATION REGARDING THE INSPECTION OF IMPORTED HOMES, WHICH PRIME MINISTER HASHIMOTO REVEALED DURING HIS RECENT VISIT TO THE U.S. HE, HOWEVER, EMPHASIZED THAT THE U.S. HOPES JAPAN WILL BRING SWEEPING PROGRESS IN THE MATTER, LOOKING TO SEE AMENDMENTS ADDED TO THE DEREGULATION PROMOTION PLAN SCHEDULED FOR COMPLETION IN MARCH.

IN CONNECTION WITH THE POLICY LINE OF STRENGTHENING THE FAIR TRADE COMMISSION (FTC), SHAPIRO WELCOMED THE PLAN TO RESTRUCTURE THAT ORGANIZATION AND TO INCREASE PERSONNEL, STARTING NEXT FISCAL YEAR, BUT HE, AT THE SAME TIME, COMMENTED, "THE FTC SHOULD BE STRENGTHENED EVEN FURTHER." MIZUNO NOTED, "THE INCUMBENT FTC CHAIRMAN HAILS FROM THE MINISTRY OF FINANCE (MOF), BUT IT WOULD BE BETTER FOR THE NEXT CHAIRMAN TO BE CHOSEN FROM A WIDER RANGE OF HUMAN RESOURCES, INCLUDING THE PRIVATE SECTOR." SHAPIRO REMARKED, "I QUITE AGREE WITH YOU."

FINANCE MINISTRY MULLING OVER LIBERALIZING "STOCK TRUST COMMISSIONS "NEXT YEAR"

IN CONJUNCTION WITH THE PLANNED AMENDMENTS TO THE GOVERNMENT-SPONSORED DEREGULATION PROMOTION PLAN, THE ADMINISTRATIVE REFORM COMMITTEE (CHAIRMANED BY YOTARO IIDA) DEREGULATION SUB-COMMITTEE IS MONITORING PROGRESS IN STUDIES NOW CONDUCTED BY EACH GOVERNMENT AGENCIES. ALONG WITH THIS EFFORT, IT YESTERDAY HEARD EXPLANATIONS ON THE FINANCIAL SECTOR FROM THE MINISTRY OF FINANCE (MOF). TOKYO UNIVERSITY PROFESSOR AKIYOSHI HORIUCHI, A COUNCILOR TO THE SUB-COMMITTEE HELD A PRESS CONFERENCE AFTERWARD. ACCORDING TO HIM, REFERRING TO A TOTAL LIBERALIZATION OF STOCK TRUST COMMISSIONS AS URGED BY THE COMMITTEE, MOF VERBALLY REPLIED, "WE WILL START LOOKING INTO THE MATTER FROM NEXT YEAR." GIVEN THE INTERIM REPORT COMPILED BY MOF IN LATE JANUARY, WHICH NOTES, "MOF WILL MONITOR NEXT YEAR OR LATER (POSSIBLE IMPACT OF THE NOW LIBERALIZED

TRUST COMMISSIONS ON LARGE-LOT STOCK TRADING EXCEEDING 1 BILLION YEN) AND THEN LOOK INTO SUCH A POSSIBILITY," PROFESSOR HORIUCHI POSITIVELY EVALUATED THE STATEMENT, COMMENTING, "IN MY VIEW, FOR ITS PART, MOF HAS TAKEN ONE STEP FURTHER ALONG."

DEREGULATION SUBCOMMITTEE CHAIRMAN SHIINA RUMORED TO RESIGN FOR HEALTH PROBLEMS (SANKEI - PAGE 1)

TAKEO SHIINA (CHAIRMAN, I.B.M. JAPAN), THE CHAIRMAN OF THE DEREGULATION SUBCOMMITTEE, WHICH IS A SUBORDINATE ORGAN OF THE ADMINISTRATIVE REFORM COMMITTEE (KOTARO IIDA, CHAIRMAN) THAT IS CHARGED WITH MONITORING PROGRESS IN ADMINISTRATIVE REFORM, HAS DECIDED ON THE 29TH THAT HE WILL RESIGN, ACCORDING TO SEVERAL INFORMED SOURCES.
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ONE SOURCE REVEALED THAT SHIINA HAD ALREADY TOLD CHAIRMAN IIDA HE WOULD LIKE TO RESOLVE TO HEALTH REASONS AT THE TIME WHEN THE INTERIM REPORT WAS COMPILED IN LATE JANUARY. THAT REPORT WILL GO INTO THE GOVERNMENT'S REVISED DEREGULATION PROMOTION PLAN, WHICH WILL BE COMPILED AT THE END OF THIS FISCAL YEAR. CHAIRMAN IIDA ASKED HIM TO REMAIN UNTIL MAY WHEN THERE WILL BE A BREAK IN THE FOLLOW-UP WORK, BUT SHIINA, CITING THAT "I WOULD LIKE TO DEVOTE ALL MY TIME TO BEING CHAIRMAN OF I.B.M. JAPAN" (ACCORDING TO ONE OF HIS AIDES), TURNED HIM DOWN.

KAZUO TAKENAKA RESIGNED THE VICE-CHAIRMANSHIP OF THE ADMINISTRATIVE REFORM COMMITTEE ONLY THIS JANUARY. SINCE THE DEREGULATION SUBCOMMITTEE IS THE KEY ELEMENT IN THE ADMINISTRATIVE REFORM COMMITTEE'S STRUCTURE, FOR SHIINA TO RESIGN WOULD LIKELY HAVE AN IMPACT ON WRAPPING UP THE DEREGULATION MEASURES, GIVEN HIS EXECUTIVE RESPONSIBILITY OF DEREGULATION PROMOTION.

PRIME MINISTER MEETS COUNTERPART IN BANGKOK
(MAINICHI - PAGE 2)

(BANGKOK, FEBRUARY 29, KOGA) PRIME MINISTER RYUTARO HASHIMOTO ARRIVED IN BANGKOK ON THE AFTERNOON OF FEBRUARY 29. A SUMMIT MEETING WAS THEN HELD IN A BANGKOK HOTEL FROM 5:30 P.M. (7:30 P.M. JAPAN TIME) BETWEEN HASHIMOTO AND THAI PRIME MINISTER BANHARN, WHO IS TO CHAIR THE FIRST ASIA-EUROPE MEETING (ASEM).

PRIME MINISTER HASHIMOTO HIGHLY PRAISED THE LEADERSHIP OF THAILAND FOR CONVENING ASEM, AND TOLD BANHARN THAT "I WOULD LIKE TO SUPPORT YOU, THE CHAIRMAN, AS A MEMBER OF ASIA." HE THEN ADDED: "JAPAN MADE A MISTAKE IN PLACING TOO MUCH EMPHASIS ON THE ECONOMY IN THE 1970S, AND THAT BROUGHT ABOUT ENVIRONMENTAL DESTRUCTION. SO WE DO NOT WANT OTHER COUNTRIES TO MAKE THE SAME MISTAKE."

PRIME MINISTER BANHARN TOLD HASHIMOTO THAT "WE MADE PREPARATIONS FOR ASEM MODELED AFTER THE OSAKA ASIA-PACIFIC ECONOMIC COOPERATION (APEC) FORUM." HE ASKED FOR JAPAN'S COOPERATION ON SUCH ISSUES AS TRAINING TALENTED PERSONNEL AND PROTECTING THE ENVIRONMENT.

NORTH KOREAN OFFICIAL VISITING JAPAN DENIES NORTH KOREAN MILITARY BLOCKING HUMANITARIAN AID (YOMIURI - PAGE 4)

VISITING BANG DAE OK, A COUNSELOR (DIVISION DIRECTOR LEVEL) OF NORTH KOREAN EXTERNAL EXCHANGE ORGANIZATION, THE "NORTH KOREAN EXTERNAL CULTURAL LIAISON ASSOCIATION" GAVE A LECTURE IN TOKYO YESTERDAY EVENING. IN IT, REFERRING TO THE REPORT THAT THE NORTH KOREAN MILITARY LEADERSHIP HAD REJECTED THE OFFERING OF INTERNATIONAL FOOD AID, HE RENOUNCED IT, CLAIMING "IT IS CONTRARY TO FACT." IN ADDITION, HE MADE IT CLEAR THAT HIS COUNTRY WOULD CONTINUE TO ACCEPT HUMANITARIAN ASSISTANCE. IT WAS THE FIRST TIME THAT A NORTH KOREAN LEADER DENIED IN JAPAN THE CLAIM THAT THE NORTH WAS AGAINST INTERNATIONAL ASSISTANCE.

THE LECTURE WAS SPONSORED BY A JAPANESE ACADEMIC-RELATED ORGANIZATION. BANG ADMITTED NORTH KOREA WAS SUFFERING FROM FOOD SHORTAGE CAUSED BY LAST YEAR'S FLOOD, SAYING "IT WILL TAKE A LONG TIME TO COMPLETELY RESTORE THE DEVASTATED FARMING LAND. EVEN THIS YEAR OUR FOOD CONDITION IS SEVERE."
(FOREIGN DESK, AKIHIRO ITO)

OECJQS DAC LAUDS JAPANQS ODA BUT RAISES QUESTIONS ABOUT ITS TRANSPARENCY (MAINICHI - PAGE 9)

THE DEVELOPMENT ASSISTANCE COMMITTEE (DAC) UNDER THE ORGANIZATION FOR ECONOMIC COOPERATION AND DEVELOPMENT (OECD) WILL ISSUE IN MARCH A "REPORT EXAMINING JAPAN'S DEVELOPMENT AND COOPERATION POLICY AND PROGRAMS." THE CONTENTS WERE REVEALED YESTERDAY. THE REPORT FIRST RECOGNIZED THAT "JAPAN'S OFFICIAL DEVELOPMENT ASSISTANCE (ODA) NOW STANDS AT A CROSSROADS." IT THEN GOES ON TO UNCLAS SECTION 05 OF 06 TOKYO 001875

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POINT OUT SUCH PROBLEMS AS PERSONNEL SHORTAGES IN SOME OFFICES. IT HIGHLY EVALUATES JAPAN'S EFFORTS TO MAKE YENLOANS UNTIED AND IT INITIATIVE IN GRANTING NEW TYPES OF ASSISTANCE, SUCH AS SOUTH-SOUTH COOPERATION, BUT AT THE SAME TIME, THE REPORT POINTS OUT THAT PRIORITY TENDS TO BE GIVEN TO PROJECTS INVOLVING JAPANESE COMPANIES.

IN COMPILING ITS ANNUAL REPORTS, DAC EXAMINES IN ROTATION THE CONDITIONS OF ASSISTANCE OF ITS 22 MEMBER COUNTRIES AND REGIONS. THE LAST TIME JAPAN WAS SUBJECT TO SUCH AN EXAMINATION WAS IN APRIL 1993.

ACCORDING TO THE REPORT, JAPAN'S DISBURSEMENTS FOR ODA IN 1994 WAS 3.2 BILLION DOLLARS, ACCOUNTING FOR A 23-PERCENT SHARE OF TOTAL DAC DISBURSEMENTS. JAPAN AS A DONOR STANDS FIRST IN ABSOLUTE TERMS. BUT IN TERMS OF A PORTION OF GNP, IT RANKS 16TH (0.29 PERCENT) AMONG THE 21 COUNTRIES. REGARDING THE GRANT ELEMENT, JAPAN POSTED 79 PERCENT -- LOWER THAN DAC AVERAGE OF 86 PERCENT. THE REPORT POINTS OUT THE SMALL NUMBER OF PERSONNEL MANAGING ODA PROGRAMS, PLACING THE NUMBER AT 1,953 IN FY1994.

IN ADDITION, THE REPORT FOCUSES ON "DOUBTS GROWING IN JAPAN ABOUT UNTYING ODA" AND THE TENDENCY BEING OBSERVED OF PRIORITY GIVEN TO PROJECTS INVOLVING JAPANESE FINANCIAL COOPERATION IN THE PROCESS OF SELECTING DEVELOPMENT PROJECTS IN THE REGION. WITH THESE, THE REPORT RAISES QUESTIONS ABOUT THE TRANSPARENCY OF JAPAN'S ODA.

(HARUMI ISOWA)

JDA DIRECTOR GENERAL POSITIVE ABOUT REVERSION OF FUTENMA AIRFIELD (ASAHI - PAGE 7)

AT A MEETING OF THE LOWER HOUSE BUDGET COMMITTEE'S FIRST SUBCOMMITTEE ON FEBRUARY 29, JAPAN DEFENSE AGENCY DIRECTOR GENERAL HIDEO USUI TOUCHED ON THE REVERSION OF FUTENMA AIR STATION, NOW BEING FOCUSED ON IN THE ISSUE OF REALIGNING AND REDUCING THE U.S. MILITARY BASES ON OKINAWA. CONCERNING THIS, JDA DIRECTOR GENERAL USUI STATED, "THERE IS A REQUEST FROM THE GOVERNOR OF OKINAWA PREFECTURE FOR REVERSION. WHILE BEARING IN MIND OKINAWA'S SUFFERING AND PAIN, THE JAPAN-U.S. SPECIAL ACTION COMMITTEE (SACO) WILL DISCUSS THE MATTER AS WELL. BASED ON PRIME MINISTER HASHIMOTO'S REMARKS (AT THE EARLIER JAPAN-U.S. SUMMIT MEETING WHERE HE REFERRED TO THE FUTENMA AIRFIELD), I'D LIKE TO SINCERELY TACKLE THE ISSUE OF REALIGNING AND REDUCING THE U.S. MILITARY FACILITIES AND AREAS THERE." THE JDA DIRECTOR GENERAL SO STRESSED HIS INTENTION TO ADDRESS THE ISSUE IN A FORWARD-LOOKING WAY. HE WAS REPLYING TO AN INTERPELLATION FROM SEIJI MAEHARA (SAKIGAKE PARTY).

DIRECTOR GENERAL USUI ALSO REFERRED TO RELATIONS BETWEEN THE SCALE OF U.S. ARMED FORCES IN JAPAN AND THE

REALIGNMENT AND REDUCTION OF BASES. IN THIS CONNECTION, HE STATED, "THE UNITED STATES' POSITION IS TO MAINTAIN THE PRESENT ARRANGEMENT UNLESS THERE IS A CHANGE IN THE INTERNATIONAL SITUATION. WHILE THIS FORMS THE PREMISE TO STATION U.S. FORCES IN JAPAN AT A CERTAIN LEVEL, I BELIEVE IT WOULD BE POSSIBLE TO REALIGN, CONSOLIDATE, AND SCALE DOWN (THE U.S. MILITARY BASES) BASED ON OUR OWN IDEAS." THIS REPLY WAS GIVEN TO SANEYOSHI FURUGEN (JAPAN COMMUNIST PARTY).

CINCPAC HINTS AT PARTIAL SHIFT OF OKINAWA TROOPS TO MAINLAND JAPAN (NIHON KEIZAI - PAGE 2)

JOSEPH PRUEHER, THE COMMANDER IN CHIEF OF THE U.S. PACIFIC COMMAND, NOW VISITING JAPAN, MET SOME PRESS REPORTERS AT THE U.S. EMBASSY ON FEBRUARY 29, AND REVEALED HIS VIEWS REGARDING SUCH MATTERS AS THE ISSUE OF REDUCING THE U.S. MILITARY ON OKINAWA AND THE SITUATION IN CHINA-TAIWAN RELATIONS. ABOUT THE OKINAWA PROBLEM, THE COMMANDER STATED THAT THERE WOULD BE NO CHANGE IN THE PRESENT LEVEL OF 47,000 U.S. TROOPS STATIONED IN JAPAN. BUT HE ALSO REMARKED THAT A SPECIAL ACTION COMMITTEE OF UNCLAS SECTION 06 OF 06 TOKYO 001875

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JAPAN AND THE U.S. MIGHT DECIDE, AS ITS CONCLUSION, TO MOVE SOME OF THE U.S. TROOPS IN OKINAWA TO THE MAINLAND OF JAPAN.

HOWEVER, CINCPAC PRUEHER STRESSED THAT THE PROBLEM OF TRANSFER TO THE MAINLAND IS A MATTER TO BE SETTLED FIRST BY THE JAPANESE GOVERNMENT.

NORTH KOREAN MILITARY STRENGTHENS INFLUENCE; JSC CHAIRMAN, U.S. COMMANDER AGREE

JOINT STAFF COUNCIL CHAIRMAN NISHIMOTO MET WITH ADM. PRUEHER, THE COMMANDER IN CHIEF OF THE U.S. PACIFIC COMMAND, NOW VISITING JAPAN, AT THE JAPAN DEFENSE AGENCY ON FEBRUARY 29, AND DISCUSSED THE DEMOCRATIC PEOPLE'S REPUBLIC OF KOREA (NORTH KOREA) AND ITS DEVELOPMENTS. THEY AGREED TO JUDGE: (2) THE MILITARY'S INFLUENCE HAS BEEN GRADUALLY BECOMING STRONGER; (2) BUT THERE ARE NO IMMINENT SIGNS OF THE NORTH KOREAN ARMED FORCES' COMING OUT TO USE FORCE. THE SELF-DEFENSE FORCES AND THE U.S. FORCES HAVE BEEN KEEPING AN EYE ON THE SITUATION IN NORTH KOREA SINCE AROUND LAST SUMMER WHEN IT SUSTAINED A LONG SPELL OF RAINY WEATHER AND FLOOD DAMAGE. BLACKBURN

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LINE4: FM AMEMBASSY TOKYO
OSRI: RUEHKO
DTG: 050342Z MAR 96
ORIG: AMEMBASSY TOKYO
TO: RUEHC/SECSTATE WASHDC IMMEDIATE 9556
RUEHIA/USIA WASHDC IMMEDIATE 7837
INFO: RHHMUNA/USCINCPAC HONOLULU HI//USIA//
RUEKJCS/JOINT STAFF WASHDC//J5//
RUEKJCS/SECDEF WASHDC
RHEHAAA/WHITEHOUSE WASHDC
RUEAIIA/CIA WASHDC
RUCPDOG/USDOC WASHDC
RUEBBEA/USDOT WASHDC
RUYNJDK/COMNAVFORJAPAN YOKOSUKA JA
RUALSFJ/COMUSJAPAN YOKOTA AB JA
SUBJ: JAPANESE MORNING PRESS HIGHLIGHTS MARCH 5

TOP HEADLINES

TEXT:
UNCLAS SECTION 01 OF 07 TOKYO 001982

USIA

FOR: USIA D/P, I/GEA, I/RF, I/RFW, EA, RMR; STATE FOR
EAP/J; STATE PASS TO USTR/PUBLIC AFFAIRS OFFICE; CIA
WASHDC; SECDEF FOR JCS/J-5/JAPAN, OASD/ISA/EAPR/JAPAN;
TREASURY/IMA; WHITE HOUSE; COMMERCE FOR DAS;
USCINCPAC/PA; COMUSJ/PA; COMNAVFORJAPAN/PA.

E.O. 12958: N/A

SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS MARCH 5

TOP HEADLINES

ASAHI: RULING COALITION DECIDES ADDITIONAL MEASURE FOR
JUSEN LIQUIDATION; PARENT BANKS TO INCREASE PAYMENT OF
CORPORATE TAX TO 500 BILLION YEN, AGRICULTURE-AFFILIATED
BANKING TO 180 BILLION YEN; FUTURE COMPENSATION GOAL WITH
TAX PAYMENT; BUT NO CHANGE IN PICTURE OF TAX INJECTION

NIHON KEIZAI: TO MANAGE TO RAISE FUNDS THROUGH
RESTRUCTURING; RULING PARTIES' FINAL DRAFT OF JUSEN
LIQUIDATION; TO MAKE UP FISCAL DISBURSEMENT WITH TAX
REVENUES FROM 500 BILLION-YEN CORPORATE TAX FROM PRIVATE-
SECTOR BANKS, 180 BILLION YEN FROM AGRICULTURE-AFFILIATED

INSTITUTIONS; INCREASE IN TAX REVENUES EXPECTED OVER NEXT FIVE YEARS (TRANSLATION BELOW)

TOKYO SHIMBUN: REACHES AGREEMENT WITH RULING CAMP TO "ADD BURDEN FOR JUSEN BAILOUT; TO AIM AT INCREASING CORPORATE TAX -- 500 BILLION YEN FROM PARENT BANKS, 180 BILLION YEN FROM AGRICULTURE-AFFILIATED INSTITUTIONS; PROMOTION OF RESTRUCTURING; "RETURN TO NATIONAL TREASURY" IN FIVE YEARS

MAINICHI: RULING PARTY, KEIDANREN AGREE TO ADDITIONAL JUSEN BAILOUT MEASURE; PARENT BANKS TO CONTRIBUTE BY PAYING 500-BILLION-YEN CORPORATE TAX THROUGH RESTRUCTURING; AGRICULTURE-AFFILIATED INSTITUTIONS TO COOPERATE BY PAYING 180-BILLION-YEN CORPORATE TAX BY CUTTING 30 PERCENT OF THEIR PERSONNEL; SHINSHINTO CRITICIZES: "NO CHANGE IN FISCAL DISBURSEMENT"

YOMIURI: IN AGREEMENT WITH RULING PARTIES ON JUSEN BAILOUT MEASURE; PARENT BANKS TO ADDITIONALLY PAY 500 BILLION YEN IN FORM OF TAX PAYMENT FROM PROFITS BY RESTRUCTURING; AGRICULTURE-AFFILIATED BANKING INSTITUTIONS NOW UNDER COORDINATION WITH PAYMENT OF 180 BILLION YEN

SANKEI: ADDITIONAL LIQUIDATION MEASURE FOR JUSEN; PARENT BANKS TO PAY 500 BILLION YEN; AGRICULTURE-AFFILIATED INSTITUTIONS TO PAY 180 BILLION YEN; RULING PARTIES TO APPROVE THE MEASURE; PROFITS FROM RESTRUCTURING TO BE RETURNED

BUDGET STANDOFF CONTINUES IN THE DIET, COALITION WANTS BUDGET PASSED TODAY (NIHON KEIZAI - PAGE 1)

A STANDOFF BETWEEN RULING AND OPPOSITION CAMPS CONTINUED IN THE DIET YESTERDAY OVER THE PASSAGE OF THE FY1996 BUDGET DRAFT THAT INCORPORATES THE DISBURSEMENTS OF BUDGETARY FUNDS NEEDED TO LIQUIDATE THE JUSEN. SHINSHINTO, WHICH WANTS TO SEE THE PROPOSED FISCAL OUTLAYS DELETED FROM THE DRAFT AND KOICHI KATO, GENERAL SECRETARY OF THE LIBERAL DEMOCRATIC PARTY (LDP) AND SEVERAL OTHERS SUMMONED AS WITNESSES, STRONGLY REACTED TO THE RULING BLOC, WHICH AIMS TO HAVE THE BUDGET DRAFT PASSED AT THE LOWER HOUSE BUDGET COMMITTEE. THE BUDGET COMMITTEE MEETING SCHEDULED FOR YESTERDAY WAS NOT HELD, BLOCKED BY SHINSHINTO MEMBERS, WHO CONTINUED A SIT-IN TO OBSTRUCT THE OPENING OF THE MEETING. THE RULING PARTIES ARE DETERMINED TO SEE THE BUDGET DRAFT CLEAR THE LOWER HOUSE TODAY, BY PUTTING IT TO THE VOTE AT THE LOWER HOUSE BUDGET COMMITTEE. AN EVEN TENSER SITUATION WILL BE FACED IN THE TACTICAL MANEUVERING BETWEEN THE RULING AND OPPOSITION CAMPS.

PRIME MINISTER IRRITATED AT SUDDEN CHANGE IN SITUATION IN DIET (MAINICHI - PAGE 2)

ON MARCH 4, COORDINATION ENTERED THE HOME STRETCH BETWEEN THE GOVERNMENT AND RULING PARTIES OVER SETTING THE

ADDITIONAL BURDEN FOR PARENT BANKS IN THE SCHEME TO LIQUIDATE THE JUSEN (HOME MORTGAGE FIRMS). PRIME MINISTER RYUTARO HASHIMOTO, HOWEVER, HAD TO WATCH AND WAIT IN HIS OFFICE FOR THE OPENING OF THE LOWER HOUSE BUDGET COMMITTEE DUE TO THE SHINSHINTO (NEW FRONTIER PARTY) MEMBERS HAVING BLOCKED THE OPENING OF THE SESSION. HE APPEARED IRRITATED AT THE STALEMATE, FOR PASSING THE UNCLAS SECTION 02 OF 07 TOKYO 001982

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FY1996 BUDGET THROUGH THE LOWER HOUSE IS THE HIGHEST HURDLE THE HASHIMOTO GOVERNMENT NOW FACES.

HASHIMOTO HAD RETURNED HOME ON THE 3RD FROM THE ASIA-EUROPE MEETING (ASEM). ON THE MORNING OF THE 4TH, HE WENT TO THE DIET BUT THEN RETURNED TO HIS OFFICE BECAUSE THE LOWER-HOUSE BUDGETARY COMMITTEE COULD NOT TAKE PLACE DUE TO THE SHINSHINTO'S PICKET LINE FORMED IN FRONT OF THE COMMITTEE ROOM. ASKED "IS IT POSSIBLE TO TAKE A VOTE TODAY?" BY REPORTERS, THE PRIME MINISTER REPLIED, "I SAID I DON'T KNOW. YOU KNOW THAT I HAVEN'T HAD TIME TO RECEIVE A REPORT." HIS REPLY WAS SOMEWHAT CURT.

IN CONTRAST, CHIEF CABINET SECRETARY SEIROKU KAJIYAMA APPEARED TO BE "WATCHING CAREFULLY" HOW THE LIBERAL DEMOCRATIC PARTY LEADERSHIP, INCLUDING SECRETARY GENERAL KOICHI KATO AND POLICY AFFAIRS RESEARCH COUNCIL CHAIRMAN TAKU YAMASAKI, WOULD HANDLE THE ISSUE. INTERTWINED WITH DIFFERENCE IN THE POLICY WITH THE LEADERSHIP AND CRITICISM AGAINST THE PRIME MINISTER'S OFFICE-LED GOVERNMENT, HE WATCHED THE MOVES FROM THE PRIME MINISTER'S OFFICE, KEEPING THE LDP AT ARM'S LENGTH.

ON THE EVENING OF THE 4TH, NOBUAKI FUTAMI, A SHINSHINTO DIETMEMBER FROM THE SAME PREFECTURE, IBARAKI, CALLED ON KAJIYAMA WITH A COLLECTION OF SIGNATURES OPPOSING THE GOVERNMENT JUSEN SCHEME. FUTAMI SAID: "DELETING THE (JUSEN APPROPRIATION FROM THE BUDGET) WOULD BE ENOUGH." BUT KAJIYAMA REPLIED: "WHY DON'T YOU COME UP WITH A COUNTERPROPOSAL?" THEY SHOOK HANDS. SUCH A TENSIONLESS SCENE WAS ALSO SEEN.

DIET TENSIONS HEIGHTEN AS MONEY ALLEGATIONS SURFACE AGAINST LDP SECRETARY GENERAL KATO (SANKEI - PAGE 2)

A FORMER CHIEF OF A SUPPORT GROUP FOR LIBERAL DEMOCRATIC PARTY (LDP) SECRETARY GENERAL KOICHI KATO REVEALED IN A PRESS CONFERENCE ON THE 4TH THAT KATO HAD RECEIVED

"ILLEGAL DONATIONS" FROM A JUSEN (FAILED HOUSING LOAN COMPANIES) BORROWER. HIS REVELATION CAUSED A STIR IN THE DIET, THE MEMBERS OF WHICH WERE ALREADY IN A STATE OF GREAT TENSION OVER PASSAGE OF THE FY1996 BUDGET. THE MAJOR OPPOSITION PARTY SHINSHINTO (NEW FRONTIER PARTY), WHICH IS DEMANDING REMOVAL OF FISCAL FUNDS FOR THE JUSEN, INTENDS TO ZERO IN ON KATO AS WELL AS ON PRIME MINISTER RYUTARO HASHIMOTO IN CONNECTION WITH HIS FORMER SECRETARY TOYOKI KOBAYASHI'S MONEY SCANDAL INVOLVING ANOTHER JUSEN BORROWER.

- - - - -
ACCORDING TO THE FORMER CHAIRMAN OF KATO'S SUPPORT GROUP, HE WITNESSED KATO RECEIVING 10 MILLION YEN IN LATE JANUARY 1990 FROM AN EXECUTIVE VICE PRESIDENT (NOW SERVING TIME FOR ANOTHER BRIBERY CASE) OF "KYOWA," A BANKRUPT STEEL MANUFACTURER WITH HEAVY DEBTS TO THE JUSEN.

THE FORMER CHAIRMAN, WHO HAD BEEN KEEPING THE 10 MILLION YEN SINCE FEBRUARY 1992, TRIED TO RETURN THE MONEY TO KATO AT THE END OF LAST MONTH. BUT BECAUSE KATO REFUSED TO ACCEPT THE MONEY, HE ENTRUSTED THE MONEY TO THE TOKYO JUDICIAL AFFAIRS OFFICE.

THE ISSUE HAD BEEN TAKEN UP ONCE IN THE DIET IN 1992. KATO FLATLY DENIED THE ACCUSATION, "SUCH (RECEIVING THE MONEY) IS NOT TRUE." IN ADDITION, IN THE LOWER-HOUSE BUDGET COMMITTEE SESSION ON FEBRUARY 16, KATO REPLIED, "I HAVE NO SUCH RECOLLECTION."

IN THE PRESS MEETING LATE YESTERDAY, KATO REMARKED: "THE WHOLE PICTURE IS NOT CLEAR. I HAD NO AUTHORITY (IN 1990), AND I HAD NO REASON TO CONCEAL THE MONEY."

DETECTING A DISCREPANCY BETWEEN KATO'S REPLIES AND THE FORMER SUPPORT GROUP CHIEF'S TESTIMONY, THE SHINSHINTO HAS HARDENED ITS STANCE, "IF WHAT WAS REVEALED BY THE SUPPORT GROUP CHIEF TURNS OUT TO BE TRUE, THAT WOULD PROVE KATO HAS PERJURED HIMSELF BEFORE THE DIET. WE CANNOT APPROVE A VOTE-TAKING ON A BUDGET THAT IS DESIGNED
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TO COVER UP THE MONEY SCANDAL" (SECRETARY GENERAL TAKASHI YONEZAWA).

MEANWHILE, THE RULING CAMP'S KATO LOOKED EXTREMELY TROUBLED OVER THE ALLEGATION. SOME THINK KATO AND THE

FORMER SUPPORT GROUP CHIEF WILL PROBABLY HAVE TO TESTIFY BEFORE A SPECIAL BANKING COMMITTEE, WHICH IS TO BE FORMED IN THE FUTURE, REASONING, "THE DONATION TOOK PLACE WHEN THE LDP WAS SOLELY IN POWER. BUT NOW, BEING A COALITION MEMBER, WE SHOULD DO WHATEVER WE CAN TO PASS THE BUDGET SMOOTHLY" (SENIOR LDP MEMBER). THE ISSUE INVOLVING KATO MAY TURN INTO A FACTOR THAT COULD HARM THE UNITY OF THE RULING CAMP.

COALITION FINALIZES ADDITIONAL MEASURES FOR JUSEN BAILOUT PLAN (NIHON KEIZAI - TOP PLAY)

THE RULING COALITION LATE LAST NIGHT DECIDED ON ADDITIONAL MEASURES FOR BAILING OUT TROUBLED HOUSING LOAN CORPORATIONS (JUSEN). THE POLICY LINE OF THE NEW PACKAGE IS TO HAVE PRIVATE BANKS, INCLUDING JUSEN FOUNDER BANKS, AND AGRICULTURE-RELATED FINANCIAL INSTITUTIONS SECURE THROUGH CORPORATE RESTRUCTURING FUNDS MATCHING THE FISCAL OUTLAYS AMOUNTING TO 685 BILLION YEN TO BE USED TO COVER PRIMARY JUSEN LOSSES. IN TALKS WITH THE RULING PARTIES HELD ON THE NIGHT OF THE SAME DAY, KEIDANREN (FEDERATION OF ECONOMIC ORGANIZATION) ANNOUNCED THAT PRIVATE BANKS WILL YIELD A TAX INCREASE OF ABOUT 500 BILLION YEN OVER THE NEXT FIVE YEARS. FARM-RELATED FINANCIAL INSTITUTIONS ALSO AGREED AT INFORMAL NEGOTIATIONS TO MAKE CONTRIBUTIONS TO AN INCREASE IN TAX REVENUES OVER THE SAME PERIOD. THE GOVERNMENT AND RULING PARTIES WILL TODAY HOLD A MEETING OF THE LIAISON COUNCIL CONSISTING OF TOP EXECUTIVES TO FORMALLY DECIDE ON THE PROPOSED ADDITIONAL PACKAGE, TOGETHER WITH THE ESTABLISHMENT OF A SPECIAL INVESTIGATION COMMITTEE IN THE LOWER HOUSE. THE CONFUSION OVER THE JUSEN BAILOUT SCHEME HAS BECOME EVEN MORE EXTRAORDINARY.

OUTLINE OF PROPOSED ADDITIONAL MEASURES

1. IMPLEMENT THE PROPOSED FISCAL OUTLAYS AMOUNTING TO 685 BILLION YEN FOR THE TIME BEING. PRIVATE BANKS AND AGRICULTURE-RELATED FINANCIAL INSTITUTIONS ARE TO SECURE AMOUNTS MATCHING THE IMPLEMENTED FISCAL OUTLAYS, BY YIELDING AN INCREASE IN THE AMOUNTS OF TAXES AS MUCH AS 500 BILLION YEN IN THE CASE OF THE FORMER AND 180 BILLION YEN IN THE CASE OF THE LATTER. THEY ARE EXPECTED TO PUBLICIZE PROGRESS IN SUCH AN EFFORT AND MAKE REPORTS ON THE SITUATION OF THE IMPLEMENTATION TO THE DIET.
2. PROBE INTO LOANS PROVIDED THROUGH INTRODUCTION AND BY-PASSING LOANS STRICTLY AND UNSPARINGLY.
3. SET UP A SPECIAL INVESTIGATION COMMITTEE EMPOWERED WITH STRONG INVESTIGATIVE FUNCTIONS IN THE LOWER HOUSE TO FACILITATE ONGOING EFFORTS TO DISCOVER WHERE THE RESPONSIBILITY LIES AND RECOVER UNPAID LOANS,
4. MAP OUT A PLAN DURING THE CURRENT DIET SESSION TO REFORM FINANCIAL REGULATION AND ENACT SUCH A PLAN QUICKLY. DRAW UP A BASIC PLAN FOR REFORMING THE MINISTRY OF FINANCE (MOF) DURING THE CURRENT DIET SESSION.

5. ASK MOF TO GO THROUGH A PROCESS OF SOUL-SEARCHING AND SELF-RESTRAINT IN HANDLING THE AMAKUDARI PRACTICE (OF PROMOTING FORMER HIGH-RANKING BUREAUCRATS TO TOP POSTS OF) FINANCIAL INSTITUTIONS IN SUCH A WAY AS TO OBTAIN THE UNDERSTANDING OF THE PEOPLE.

6. COMPILE A BASIC POLICY LINE ON THE REFORM OF FARM-RELATED FINANCIAL INSTITUTIONS DURING THE CURRENT DIET SESSION. AT THE SAME TIME, CONSIDER WHAT TO DO ABOUT AGRICULTURAL COOPERATIVES.

FOREIGN MINISTER IKEDA BRIEFS AMBASSADOR MONDALE ON ASEM RESULTS (SANKEI - PAGE 2)

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FOREIGN MINISTER YUKIHIKO IKEDA ON MARCH 4 MET WITH UNITED STATES AMBASSADOR TO JAPAN WALTER MONDALE WITHIN THE DIET AND EXCHANGED VIEWS WITH HIM REGARDING THE RESULTS OF THE ASIA-EUROPE MEETING (ASEM) SUMMIT, WHICH WAS HELD RECENTLY IN BANGKOK, THAILAND. THIS IS A REFLECTION OF THE JAPANESE SIDE'S CONSIDERATION FOR THE U.S. BECAUSE ASEM "DID NOT INVITE THE U.S." THIS KIND OF A REPORT MADE BY A JAPANESE CABINET MINISTER TO A U.S. AMBASSADOR RIGHT AFTER THE MINISTER'S RETURN HOME WAS UNPRECEDENTED.

THE MEETING BETWEEN THE TWO WAS REALIZED IN THE WAY THAT WHEN FOREIGN MINISTER IKEDA OFFERED A TELEPHONE TALK WITH AMBASSADOR MONDALE IN ORDER TO GIVE EXPLANATIONS ABOUT ASEM, AMBASSADOR MONDALE HIMSELF DECIDED TO COME OVER TO THE GOVERNMENT'S COMMITTEE OFFICE IN THE DIET.

THE REASON FOR CALLING SUCH A MEETING SEEMINGLY IS THE DESIRE TO DISPEL ANY U.S. CONCERNS OVER ASEM, AN ASSOCIATION OF SOUTHEAST ASIAN NATIONS- (ASEAN) SPONSORED MEETING, SINCE IT HAS BEEN VIEWED AS AIMING TO CHECK THE U.S. BY STRENGTHENING ASIAN TIES WITH EUROPE. CONCERN HAS SURFACED AS WELL AS OVER JAPAN'S APPROACH, WHICH "IS STILL UNCLEAR" (JAPAN-U.S. RELATED SOURCE).

IN THE MEETING, FOREIGN MINISTER IKEDA, SUMMING UP ASEM AS A WHOLE, STRESSED, "IT WAS SUCCESSFUL IN THE SENSE OF REINFORCING THE WEAKEST POINT IN A TRIANGLE FORMED BY NORTH AMERICA-EUROPE, NORTH AMERICA-ASIA AND ASIA-EUROPE."

IN ADDITION, HE INDICATED HIS CONSIDERATION FOR THE U.S., NOTING, "SOME NEGATIVE REPORTS APPEARED PARTLY BECAUSE OF AN INTERNATIONAL CONFERENCE WITHOUT THE U.S. PARTICIPATION, BUT THERE WAS NOTHING TO WORRY ABOUT."

NEW KEDO AMBASSADOR APPOINTED (TOKYO SHIMBUN - PAGE 3)

THE MINISTRY OF FOREIGN AFFAIRS YESTERDAY ANNOUNCED THE APPOINTMENT OF HIROMOTO SEKI AS AMBASSADOR TO THE KOREAN PENINSULA ENERGY DEVELOPMENT ORGANIZATIONS (KEDO). HE IS NOW AMBASSADOR IN CHARGE OF NEGOTIATIONS TO NORMALIZE DIPLOMATIC TIES BETWEEN JAPAN AND NORTH KOREA.,

TETSUYA ENDO, WHO HAS SERVED AMBASSADOR TO KEDO, WILL SOON LEAVE FOR THE AMBASSADOR'S POST IN NEW ZEALAND.

SEKI WILL ATTEND KEDO DIRECTORS MEETINGS, REPRESENTING JAPAN. HE WILL ASSUME THE CONCURRENT POST OF AMBASSADOR TO THE ASIA-PACIFIC ECONOMIC COOPERATION (APEC).

EIGHT ITEMS FOR SOFA IMPROVEMENT TO BE RESOLVED THIS MONTH (SANKEI - PAGE 2)

ADMINISTRATIVE VICE-MINISTER NAOAKI MURATA OF THE JAPAN DEFENSE AGENCY (JDA) IN MEETING THE PRESS CORPS ON MARCH 4 REFERRED TO REALIGNING, CONSOLIDATING AND REDUCING UNITED STATES MILITARY BASES ON OKINAWA, AND REGARDING THE PROBLEM OF HOW TO IMPROVE THE OPERATIONS OF THE U. S.- JAPAN STATUS OF FORCES AGREEMENT (SOFA), HE INDICATED THAT THE JDA, IN HIS VIEW, WOULD LIKE TO REACH DECqT=^gs NOISE-COUNTERMEASURES IN THE NEIGHBORHOOD OF AIRFIELDS.

IMPROVEMENT OF THE OPERATION OF THE SOFA HAS BEEN CONSIDERED PART OF THE SETTLEMENT STEPS FOR THE PROBLEM OF MILITARY BASES ON OKINAWA. ON FEBRUARY 15, THE WORKING GROUP OF THE "SPECIAL ACTION COMMITTEE ON FACILITIES AND AREAS ON OKINAWA (SACO)" BETWEEN JAPAN AND THE U.S. CITED AS ITEMS FOR CONSIDERATION THE FOLLOWING FIVE TASKS:

1. CONCLUDING AN AGREEMENT ON NOISE PREVENTION IN THE NEIGHBORHOOD OF KADENA AIR BASE AND FUTENMA AIRFIELD;
2. PUTTING U.S. MILITARY VEHICLES UNDER OBLIGATION TO HAVE NUMBER PLATES;

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3. QUARANTINING OF PERSONS CONNECTED TO THE U.S. MILITARY;

4. QUARANTINING ANIMALS AND PLANTS THAT SUCH MILITARY-CONNECTED PEOPLE MIGHT BRING IN; AND

5. PROHIBITING JAPANESE FROM PLAYING IN GOLF COURSES WITHIN (U.S.) FACILITIES

THE WORKING GROUP HAS SET A POLICY DIRECTION TO JRAP UP THE TALKS IN MARCH.

ADDITIONALLY, IN THE WORKING GROUP MEETING HELD IN THE U.S. ON FEBRUARY 27, THE FOLLOWING THREE ITEMS WERE ADDED FOR CONSIDERATION TO THE JAPANESE GOVERNMENT OF A SURVEY REPORT ON ACCIDENTS CAUSED BY U.S. MILITARY, RELEASE OF SUCH A REPORT TO THE PUBLIC AND U.S. MILITARY PERSONNEL'S BUYING VOLUNTARY AUTO INSURANCE. A DATE FOR STARTING TALKS WITH THE U.S. SIDE WAS CONFIRMED.

VICE-MINISTER MURATA IN THE NEWS CONFERENCE EMPHASIZED, "INCLUDING THE THREE ITEMS ADDED (IN THE EARLIER WORKING GROUP MEETING ON FEBRUARY 27), WE WILL PROCEED WITH NEGOTIATIONS, AIMING AT WRAPPING EVERYTHING UP IN MARCH." IN ADDITION, REFERRING TO THE ON-GOING CONSULTATIONS AT THE WORKING GROUP IN AN EFFORT TO COMPILE A PLAN FOR REALIGNMENT, CONSOLIDATION AND REDUCTION OF MILITARY BASES, HE STATED, "SPECIFYING CERTAIN BASES, WE CONDUCTED BASIC STUDIES OF THE IMPORTANCE AND ROLES (OF SUCH). NOT ONLY FUTENMA AIRFIELD BUT OTHER AIR STATIONS ALSO WERE INCLUDED." HE THEN MADE IT CLEAR THAT A FEASIBILITY STUDY OF REALIGNING, CONSOLIDATING AND REDUCING FACILITIES IS NOW UNDERWAY BY NAMING SUCH FACILITIES.

AS FOR FUTURE WORK, THE FOURTH ROUND OF THE WORKING GROUP OF SACO WILL TAKE PLACE IN JAPAN AS EARLY AS THIS WEEK. (THE JAPANESE SIDE) INTENDS TO QUICKLY ENTER INTO FINAL CONSULTATIONS WITH THE U.S. SIDE IN THE HOPES OF ARRIVING AT AN AGREEMENT IN PRINCIPLE PRIOR TO THE U.S.-JAPAN SUMMIT IN APRIL.

INSURANCE LIBERALIZATION TALKS BROKEN OFF
(ASAHI - PAGE 11)

WORKING LEVEL TALKS BETWEEN THE MINISTRY OF FINANCE AND THE OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE (USTR) CENTERED ON LIBERALIZATION OF JAPAN'S INSURANCE SECTOR, WHICH WERE BEING HELD IN TOKYO, HAVE BEEN BROKEN OFF, THERE BEING NO POSSIBILITY OF COMPROMISE IN SIGHT. OFFICIALS ON BOTH SIDES SO REVEALED ON THE 4TH. THE POINT AT ISSUE WAS ACCESS BY JAPANESE COMPANIES TO THE SO-CALLED "THIRD SECTOR," WHICH INCLUDES SUCH INSURANCE AS CASUALTY AND CANCER OVERAGE, WHERE FOREIGN-CAPITAL FIRMS NOW EXCEL. BUT THE U.S. HAD SOUGHT TO FREEZE SUCH ENTRY FOR THE TIME BEING AND NO AGREEMENT COULD BE REACHED.

A U.S. GOVERNMENT OFFICIAL ON THE SAME DAY IN EXPLAINING THIS TO THE PRESS CORPS IN TOKYO STRESSED, "FIRST, LIBERALIZATION SHOULD BE STARTED IN THE EXISTING SECTORS OF LIFE AND NON-LIFE INSURANCE. AFTER THAT, IT IS IMPORTANT TO START THE PROCESS OF LIBERALIZATION IN THE THIRD SECTOR (OF CANCER AND CASUALTY INSURANCE AND THE LIKE)." ,IN ADDITION, HE GAVE THE FOLLOWING OUTLOOK: "THE FINANCE MINISTER GAVE NO INDICATION IN THE NEGOTIATIONS OF MEANINGFUL STEPS TO DEREGULATE THE EXISTING LIFE AND NON-LIFE INSURANCE SECTORS. SO COMPROMISE IS EXTREMELY DIFFICULT."

U.S. SOURCE CRITICIZES JAPANESE GOVERNMENT FOR EASING ACCESS TO INSURANCE MARKET (YOMIURI - PAGE 6)

REGARDING THE PROBLEM OF INSURANCE-SECTOR LIBERALIZATION NOW BEING NEWLY FOCUSED ON IN THE ONGOING JAPAN-U.S. TRADE TALKS, A U.S. GOVERNMENT SOURCE ON MARCH 4 SEVERELY CRITICIZED THE JAPANESE SIDE'S ATTITUDE, CLAIMING, "THE FINANCE MINISTRY HAS NOT TAKEN ANY MEANINGFUL DEREGULATION MEASURES IN THE SECTORS OF LIFE INSURANCE AND NONLIFE INSURANCE UNDER THE INSURANCE AGREEMENT THAT UNCLAS SECTION 06 OF 07 TOKYO 001982

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WAS REACHED IN OCTOBER 1994 IN THE TWO COUNTRIES' ECONOMIC FRAMEWORK TALKS. SO, WE CANNOT APPROVE JAPANESE FIRMS' ACCESS TO THE THIRD SECTOR (SUCH AS DISEASE AND INJURY INSURANCE)."

THE SOURCE, NOW VISITING JAPAN, ASSERTED THAT IT IS BECAUSE "THE INSURANCE AGREEMENT REACHED BETWEEN JAPAN AND THE UNITED STATES STIPULATED MARKET-ACCESS EXPANSION, AND AFTER LIBERALIZATION IS COMPLETED IN THE SECTORS OF LIFE INSURANCE AND NONLIFE INSURANCE, DEREGULATION IN THE THIRD SECTOR WILL BE POSSIBLE." THE SOURCE THUS CHECKED THE JAPANESE SIDE'S PLANNING TO MAKE SUBSIDIARY-BASED ACCESS TO THE THIRD SECTOR UPON THE REVISED INSURANCE BUSINESS LAW'S ENFORCEMENT IN APRIL.

USTR ASKS JAPAN TO INVESTIGATE IMPROPER DISCOUNTING IN PC BIDDING (MAINICHI - PAGE 9)

THE GOVERNMENT REVEALED YESTERDAY THAT THE OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE (USTR) HAS REQUESTED THE JAPANESE GOVERNMENT TO CONDUCT A FACT-FINDING INVESTIGATION INTO THE CLAIM THAT UNFAIR DISCOUNTS (FUTOONA NEBIKI) HAVE BEEN CARRIED OUT IN BIDDINGS FOR

PERSONAL COMPUTERS FOR USE BY JAPANESE CENTRAL GOVERNMENT AGENCIES AND LOCAL GOVERNMENT OFFICES. AN OFFICIAL OF THE MINISTRY OF FOREIGN AFFAIRS (MOFA) STATED, "THERE SHOULDN'T BE ANY PROBLEM," BUT MOFA WILL MAKE AN INVESTIGATION AND REPORT THE RESULTS TO THE U.S.

THE U.S. TOOK UP THIS PROBLEM IN THE JAPAN-U.S. COMPUTER TALKS HELD ON FEBRUARY 20. AMBASSADOR IRA SHAPIRO OF THE USTR (IN CHARGE OF JAPANESE AND CANADIAN AFFAIRS), ON THE OCCASION OF HIS TRIP TO JAPAN IN LATE FEBRUARY, ALSO REQUESTED THE MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY (MITI) TO LAUNCH AN INVESTIGATION.

MITI CONDUCTED BIDDING IN LATE AUGUST OF LAST YEAR FOR PERSONAL COMPUTERS FOR USE BY THAT MINISTRY. THE CONTRACT WAS AWARDED TO FUJITSU, THE TERMS BEING 8.75 MILLION YEN IN RENTAL FEES FOR 3,862 UNITS. THE CONTRACT IS ON A SINGLE-YEAR-BASIS, AND THE MONTHLY PAYMENT IS APPROXIMATELY 2,200 YEN PER UNIT. IN A CONTRACT REACHED BETWEEN MOFA AND HITACHI WORK FOR LEASING 976 PERSONAL COMPUTERS, MONTHLY PAYMENT PER UNIT IS ABOUT 1,200 YEN. AN OFFICIAL OF MITI ACCOUNTING SECTION STATED, "THERE WAS NO PROBLEM IN TERMS OF PRICES AND CONDITIONS," BUT THESE FIGURES ARE SIGNIFICANTLY LOWER THAN THE AVERAGE MARKET PRICE, ACCORDING TO SOURCES IN THE INDUSTRY.

EU RESTRICTIONS ON ELECTROMAGNETIC WAVES COME UNDER FIRE AS TRADE BARRIER (YOMIURI - PAGE 6)

SINCE JANUARY THIS YEAR, THE EUROPEAN UNION (EU) HAS BEEN IMPLEMENTING STRICT ELECTROMAGNETIC-WAVE REGULATIONS ON A WIDE-RANGING SCOPE OF ELECTRIC EQUIPMENT AND APPLIANCES. THIS IS NOW CAUSING INTERNAL AND EXTERNAL REPERCUSSIONS. JAPANESE EXPORTERS ARE CLAIMING SUCH IS "A DE FACTO TRADE BARRIER RUNNING COUNTER TO DEREGULATION." ON THE OTHER HAND, THERE ARE ALSO COUNTRIES OVERSEAS FOLLOWING IN THE WAKE OF SUCH REGULATIONS AS ADVANCED ELECTROMAGNETIC-WAVE MEASURES. THEREFORE, THE MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY ALSO INTENDS TO EXPLORE THE MODALITIES OF RESTRICTIONS ON ELECTROMAGNETIC WAVES WHICH ARE NOW BEING FOCUSED ON AS POSSIBLE ELEMENTS THAT MAY CAUSE MACHINERY MALFUNCTIONING AND AFFECT THE HUMAN BODY.

- - - - -
ELECTROMAGNETIC WAVES ARE EMITTED FROM PERSONAL COMPUTERS AND OTHER ELECTRIC PRODUCTS. AS ILL EFFECTS, A NUMBER OF CASES HAVE BEEN REPORTED. FOR EXAMPLE, A PORTABLE PHONE WRONG-STARTED A HOSPITAL INSTALLATION, AND A NOTEBOOK-TYPE PERSONAL COMPUTER CAUSED AN AIRPLANE'S CONTROL SYSTEM TO GO HAYWIRE. FURTHERMORE, ELECTROMAGNETIC WAVES ARE SAID TO HAVE ILL EFFECTS ALSO ON THE HUMAN BODY. HOWEVER, THERE ARE ALSO MANY THAT HAVE YET TO BE EXPLICATED.

THE EU-ESTABLISHED REGULATION IS CALLED "ELECTROMANETIC COMPATIBILITY (EMC)" CONTROL, WHICH REQUIRES ELECTRIC UNCLAS SECTION 07 OF 07 TOKYO 001982

USIA

FOR: USIA D/P, I/GEA, I/RF, I/RFW, EA, RMR; STATE FOR
EAP/J; STATE PASS TO USTR/PUBLIC AFFAIRS OFFICE; CIA
WASHDC; SECDEF FOR JCS/J-5/JAPAN, OASD/ISA/EAPR/JAPAN;
TREASURY/IMA; WHITE HOUSE; COMMERCE FOR DAS;
USCINCPAC/PA; COMUSJ/PA; COMNAVFORJAPAN/PA.

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SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS MARCH 5

EQUIPMENT AND APPARATUS NOT TO EMIT ANY DETRIMENTAL
JAMMING WAVES AND ALSO NOT TO BE FUNCTIONALLY AFFECTED
EVEN IN A SHOWER OF ELECTROMAGNETIC WAVES EMITTED FROM
OTHER ELECTRIC PRODUCTS. AMONG THOSE SUBJECTED TO THE
EMC CONTROL ARE LARGE-SCALE MACHINERY, POCKET
CALCULATORS, AND WRIST WATCHES. PRODUCTS UNLABELED WITH
A MARK INDICATING THEIR BEING STANDARDIZED PRODUCTS
CANNOT BE MARKETED IN EUROPE.

HOWEVER, THE OBJECTIVE CRITERIA OF THAT CONTROL IS
UNCLEAR, AND BRITAIN HAS EXCEPTED WRIST WATCHES FROM THE
LIST OF RESTRICTED ITEMS. AS SEEN IN THIS, THE EMC
REGULATION IS NOW BEING VARIABLY APPLIED EVEN AMONG THE
EU MEMBER NATIONS. MOREOVER, INSPECTION MECHANISMS ARE
NOT YET FULLY READIED, SO SOME PRODUCT ITEMS ARE NOW
TAKING EXTRA DAYS BEFORE THEY ARE EXPORTED.

THEREFORE, MITI HAS REQUESTED THE EU TO "ELIMINATE
CONFUSION OVER INTERPRETATION AND IMPROVE THE
PROCEDURES." IN JAPAN, HOWEVER, INDUSTRIAL CIRCLES ARE
ENTRUSTED WITH SELF-CONTROL OF ELECTROMAGNETIC-WAVE
EMISSION, EXCEPT FOR MICROWAVE OVENS AND SOME OTHER
PRODUCTS, AND NOW THERE ARE NO PARTICULAR RESTRICTIONS
REGARDING MACHINERY MALFUNCTIONING CAUSED BY
ELECTROMAGNETIC WAVES. A MITI OFFICIAL SAYS, "JAPAN HAS
NOT YET ACCUMULATED SO MUCH KNOW-HOW ABOUT
ELECTROMAGNETIC-WAVE TROUBLE THAT WE CAN DEFINITELY SAY
EUROPE IS IMPOSING OVERLY TOUGH RESTRICTIONS." SO, MITI
HAS DECIDED TO START STUDYING THE WAY SUCH RESTRICTIONS
SHOULD BE CARRIED OUT.

IN THE WORLD, FOLLOWING THE EU, AUSTRALIA AND NEW ZEALAND
ALSO ARE MOVING AHEAD TO INTRODUCE SIMILAR RESTRICTIONS.
THE EMC CONTROL COULD BECOME A "GLOBAL STANDARD."

THINK TANK: JAPAN STICKS OUT AMONG COUNTRIES FOR FOREIGN
EXCHANGE RESTRICTIONS (MAINICHI - PAGE 9)

THE "RESEARCH COUNCIL ON THE FOREIGN EXCHANGE SYSTEM" A
STUDY GROUP COMPOSED OF REPRESENTATIVES FROM INFLUENTIAL
PRIVATE COMPANIES, INCLUDING AUTOMOBILE, ELECTRICAL
MACHINERY, AND TRADING FIRMS, COMPILED ON THE 4TH THE
RESULT OF THEIR COMPARISONS OF THE FOREIGN EXCHANGE
SYSTEMS OF JAPAN AND FOREIGN COUNTRIES. THE RESULTS SHOW
THAT JAPAN HAS ENFORCED STRICT PERMISSION (KYOKA)
REQUIREMENTS ON FOREIGN CURRENCY SETTLEMENT OF ACCOUNTS
AND ON OFFSET SETTLEMENTS WITH FOREIGN COUNTRIES, BUT
THAT LMOST NO OTHER COUNTRIES HAVE SUCH RESTRICTIONS.

THE STUDY GROUP CARRIED OUT SURVEYS IN SUCH INDUSTRIALIZED COUNTRIES AS THE UNITED STATES, THE UNITED KINGDOM, AND GERMANY, AS WELL AS IN DEVELOPING COUNTRIES, INCLUDING THAILAND. AS A RESULT, IT WAS FOUND THAT NO SIMILAR RESTRICTIONS HAVE BEEN APPLIED ON THE FOREIGN-EXCHANGE BUSINESS IN MOST INDUSTRIALIZED COUNTRIES, AS WELL AS IN SUCH ASIAN COUNTRIES AS HONG KONG AND SINGAPORE. SOME DEVELOPING COUNTRIES HAVE ENFORCED RESTRICTIONS, AIMING AT EXCHANGE STABILITY.

FOR INSTANCE, IN CASE A JAPANESE COMPANY DEPOSITS MONEY IN A FOREIGN BANK, THE COMPANY IS OBLIGATED TO OBTAIN PERMISSION. IF COMPANIES HAVE BANK ACCOUNTS ABROAD, LOCAL SETTLEMENT OF ACCOUNTS WILL BE FACILITATED. UNDER THE CURRENT SITUATION, HOWEVER, COMPANIES HAVE TO PAY COMMISSIONS TO EXCHANGE BANKS IN JAPAN. SUCH RESTRICTIONS ARE ALMOST UNPRECEDENTED OVERSEAS. FRANCE HAS APPLIED A RESTRICTION TO THE DEUTSCHE MARK TO PREVENT THE VALUE OF THE MARK FROM SURGING. BLACKBURN
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SECT: SECTION: 01 OF 07

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PREC: IMMEDIATE
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LINE2: ZNR UUUUU ZZH
LINE3: O 060334Z MAR 96
LINE4: FM AMEMBASSY TOKYO
OSRI: RUEHKO,
DTG: 060334Z MAR 96
ORIG: AMEMBASSY TOKYO
TO: RUEHIA/USIA WASHDC IMMEDIATE 7863
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RUEKJCS/JOINT STAFF WASHDC//J5//
SUBJ: JAPANESE MORNING PRESS HIGHLIGHTS MARCH 6

TOP HEADLINES

TEXT:
UNCLAS SECTION 01 OF 08 TOKYO 002030

USIA

FOR: USIA D/P, I/GEA, I/RF, I/RFW, EA, RMR; STATE FOR
EAP/J; STATE PASS TO USTR/PUBLIC AFFAIRS OFFICE; CIA
WASHDC; SECDEF FOR JCS/J-5/JAPAN, OASD/ISA/EAPR/JAPAN;
TREASURY/IMA; WHITE HOUSE; COMMERCE FOR DAS;
USCINCPAC/PA; COMUSJ/PA; COMNAVFORJAPAN/PA.

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SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS MARCH 6

TOP HEADLINES

ASAHI: JUSEN MESS: RULING PARTIES PROPOSES ESTABLISHING
SPECIAL COMMITTEE; DEBATES TO CONTINUE AFTER BUDGET
APPROVAL; SECRETARIES GENERAL MEETING TO TAKE PLACE
TODAY; VOTING CARRIED OVER

NIHON KEIZAI: U.S. CITY CORP. APPLIES FOR ELECTRONIC
MONEY PATENT; JAPANESE CITY BANKS FILE OBJECTION TO
PATENT AGENCY; IF PATENT OBTAINED, OTHER BANKS' OWN
DEVELOPED ELECTRONIC MONEY SYSTEM MAY VIOLATE PATENT

TOKYO SHIMBUN: GROWING MOVE IN RULING PARTIES FOR

FREEZING "JUSEN"-RELATED BUDGET; MAKE CONCESSION TO FIND A WAY OUT; SHINSHINTO STILL CALLS FOR "DELETION"; RULING, OPPOSITION CAMPS TO HOLD SECRETARIES GENERAL MEETING TODAY

MAINICHI: VOTE ON BUDGET BILL DEFERRED; ESTABLISHING OF SPECIAL COMMITTEE FOR JUSEN SURFACING; RULING PARTIES, SHINSHINTO TO HAVE SECRETARIES GENERAL MEETING TODAY

YOMIURI: VOTE ON BUDGET BILL PUT OFF; BREAKTHROUGH MEASURES TO BE GROPED FOR AT SPECIAL COMMITTEE; RULING PARTIES SUGGESTS TO SHINSHINTO ON JUSEN-RELATED OUTLAYS

SANKEI: VOTE ON JUSEN-RELATED BUDGET BILL POSTPONED; SECRETARIES GENERAL TALKS TO TAKE PLACE TODAY UPON AGREEMENT WITH SHINSHINTO; FINAL COORDINATION OVER WHETHER TO ESTABLISH SPECIAL COMMITTEE

COALITION MOVING TO FREEZE BUDGET; COMPROMISE SOUGHT WITH OPPOSITION IN MEETING TODAY (TOKYO SHIMBUN - TOP PLAY)

YESTERDAY AFTERNOON THE RULING AND OPPOSITION CAMPS, WHICH ARE LOCKING HORNS OVER THE JUSEN (FAILED HOUSING LOAN COMPANIES) SCHEME IN THE FY1996 BUDGET, HELD A DIET COMMITTEE CHAIRMEN'S MEETING. AS A RESULT, THEY REACHED AN AGREEMENT TO HOLD A SECRETARIES GENERAL MEETING AT 11:00 A.M. ON THE 6TH TO FIND A BREAKTHROUGH IN THE DEADLOCKED BUDGET SESSION. AS A RESULT, THE RULING COALITION CANCELED TAKING A VOTE PLANNED FOR THE 5TH IN THE LOWER HOUSE BUDGET COMMITTEE SESSION. THE RULING CAMP PROPOSED LAUNCHING A SPECIAL INVESTIGATION COMMITTEE TO EXAMINE JUSEN-RELATED BUDGET BILL. PASSING THE RELATED BILL IS INDISPENSABLE TO IMPLEMENT THE BUDGET. UNDER THE CIRCUMSTANCES, THE RULING COALITION MADE CONCESSIONS AND DECIDED TO LEAVE THE BILL TO THE SPECIAL COMMITTEE. THE MAJOR OPPOSITION PARTY SHINSHINTO (NEW FRONTIER PARTY), HOWEVER, IS STILL ADAMANTLY CALLING FOR ELIMINATING THE JUSEN BUDGET. OPINION CALLING FOR A "FREEZE" OF THE JUSEN BUDGET HAS BEEN GAINING STRENGTH IN THE RULING CAMP, AIMING AT BREAKING THE IMPASSE IN THE BUDGET DISPUTE.

PRIME MINISTER'S OFFICE TAKING CAUTIOUS APPROACH TO JUSEN FIGHT IN DIET (ASAHI - PAGE 2)

"WE WILL PROBABLY SETTLE ON THE EXPRESSION 'THE GOVERNMENT WILL SHOW MAXIMUM RESPECT,' INSTEAD OF APPROVING THE COALITION'S PLAN."

PRIME MINISTER RYUTARO HASHIMOTO YESTERDAY AFTERNOON SHOWED A SOMEWHAT ALOOF ATTITUDE TOWARD THE ADDITIONAL JUSEN (FAILED MORTGAGE COMPANIES) MEASURES THAT WERE DISCUSSED EARLIER IN THE DAY AMONG THE THREE RULING PARTIES. IN ADDITION, HE DID NOT SAY ANYTHING SPECIFIC WHEN ASKED BY REPORTERS ABOUT HIS IMPRESSION TOWARD THE ADDITIONAL MEASURES. THE JUSEN PROBLEM IS EXTREMELY IMPORTANT IN THAT IT WILL PROBABLY DETERMINE THE FUTURE COURSE OF THE HASHIMOTO ADMINISTRATION. DURING HIS STAY

IN BANGKOK, WHERE HE VISITED FOR THE ASIA-EUROPE MEETING (ASEM), THE PRIME MINISTER ACTED EXTREMELY CAUTIOUSLY TRYING TO SEE THROUGH THE FUTURE COURSE OF THE ADDITIONAL JUSEN MEASURES THAT HAD SURFACED SUDDENLY IN JAPAN.

ON MARCH 3 IN BANGKOK, THE PRIME MINISTER RENOUNCED WITH CONFIDENCE THE POSSIBILITY OF REVISING THE GOVERNMENT UNCLAS SECTION 02 OF 08 TOKYO 002030

USIA

FOR: USIA D/P, I/GEA, I/RF, I/REW, EA, RMR; STATE FOR EAP/J; STATE PASS TO USTR/PUBLIC AFFAIRS OFFICE; CIA WASHDC; SECDEF FOR JCS/J-5/JAPAN, OASD/ISA/EAPR/JAPAN; TREASURY/IMA; WHITE HOUSE; COMMERCE FOR DAS; USCINCPAC/PA; COMUSJ/PA; COMNAVFORJAPAN/PA.

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SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS MARCH 6

PLAN. BUT AS IF TO COINCIDE WITH HIS RETURN HOME, THE MAJOR OPPOSITION PARTY SHINSHINTO (NEW FRONTIER PARTY) HAS RESORTED TO PHYSICAL RESISTANCE OF BLOCKING A VOTE, RIDING ON THE CREST OF PUBLIC OPINION. AS A RESULT, THE RULING CAMP FAILED TO HOLD A LOWER HOUSE BUDGET COMMITTEE SESSION ON THE 4TH. THAT MORNING THE PRIME MINISTER REMARKED, "THE SITUATION HAS CHANGED COMPLETELY FROM THE TIME I LEFT FOR (ASEM). I AM JUST SURPRISED AT THE CONDITION TODAY." HE ALSO SAID ANGRILY TO THE PRESS CORPS ASKING FOR THE TIMING FOR A VOTE, "I SAID I DON'T KNOW."

THE PRIME MINISTER'S OFFICIAL RESIDENCE (KANTEI) THAT INCLUDES THE PRIME MINISTER HIMSELF AND CHIEF CABINET SECRETARY SEIROKU KAJIYAMA APPEARS NOT TOTALLY HAPPY ABOUT THE FACT THAT THE PLAN TO COVER THE JUSEN FISCAL SPENDING WITH TAX REVENUES FROM RESTRUCTURING PARENT BANKS EMERGED AT THE FINAL STAGE OF THE BUDGET SESSION UNDER THE LEADERSHIP OF THE THREE RULING PARTIES.

KAJIYAMA IN HIS PRESS MEETING LATE YESTERDAY REMARKED: "THE PLAN WAS NOT WORKED OUT BY THE GOVERNMENT AND THE RULING COALITION AS A TEAM." FURTHERMORE, HE URGED TO PAY MORE ATTENTION TO SUCH "POLITICAL VISIONS" AS ADDITIONAL STEPS BESIDES A GREATER BURDEN ON BANKS, REFORM OF THE BANKING INDUSTRY, AND TIGHTER MEASURES TO PREVENT AMAKUDARI (GOVERNMENT OFFICIALS LANDING LUCRATIVE JOBS IN THE PRIVATE SECTOR AFTER RETIREMENT). ALSO LATE YESTERDAY, UPON ASKED BY THE PRESS THAT THE RESTRUCTURING PLAN WAS PERHAPS A ROUGH-AND-READY APPROACH, A GOVERNMENT LEADER SAID, "I AM NOT IN A POSITION TO COMMENT ANYTHING ABOUT SUCH A QUESTION." HIS REPLY ILLUSTRATED AN UNEXCITED POSTURE OF THOSE AROUND THE PRIME MINISTER.

SHINSHINTO ZEROING IN ON LDP SECRETARY GENERAL KATO OVER JUSEN-LINKED MONEY ALLEGATION (NIHON KEIZAI - PAGE 2)

THE PROBLEM OF SECRETARY GENERAL KOICHI KATO OF THE

LIBERAL DEMOCRATIC PARTY (LDP) ALLEGEDLY HAVING RECEIVED TEN MILLION YEN IN ILLEGAL POLITICAL CONTRIBUTIONS FROM "KYOWA," A STEEL MANUFACTURER, HAS NOW SURFACED AS A NEW POINT OF ISSUE BETWEEN THE RULING AND OPPOSITION CAMPS, AN ISSUE INTERTWINED WITH THE JUSEN (HOME MORTGAGE FIRMS) MESS. THE SHINSHINTO (NEW FRONTIER PARTY) HAS NOW STRENGTHENED ITS STAND OF PURSUING THIS ALLEGATION WHILE DEMANDING THE SUMMONING OF KATO TO TESTIFY IN THE LOWER HOUSE BUDGET COMMITTEE. IT HAS ALSO IMPLIED THAT IT MIGHT PRESENT A RESOLUTION CALLING FOR HIS RESIGNATION.

THE QUESTION IS THE RELATIONSHIP BETWEEN KATO AND DEFENDANT GORO MORIGUCHI, THE FORMER VICE PRESIDENT OF KYOWA WHO HAS BEEN INDICTED FOR BRIBERY IN CONNECTION WITH THE KYOWA SCANDAL. SPECIFICALLY, THE PROBLEM IS: 1) WHETHER DEFENDANT MORIGUCHI HANDED OVER THE CASH TO KATO AND 2) IF HE DID, WHAT WAS THE PURPOSE OF SO DOING. KATO HAS DENIED HIS DIRECT INVOLVEMENT IN THE CASE. IN A PRESS CONFERENCE HELD ON THE 4TH AFTER FORMER CHAIRMAN OF HIS SUPPORT GROUP HAD REVEALED THAT "I WAS THERE (WHEN KATO RECEIVED THE TEN MILLION IN DONATION)," KATO WENT NO FURTHER THAN SAYING, "I DON'T KNOW ANYTHING ABOUT WHAT TRANSPIRED."

KATO THEN ADDED: "EVEN IF THERE WAS A CONTRIBUTION, THAT NATURALLY GOES TO MY SUPPORT GROUP." WITH THIS, HE STRESSED THAT THAT MUST BE AN OMISSION FROM A POLITICAL CONTRIBUTION REPORT. BUT THE FORMER SUPPORT GROUP CHAIRMAN INSISTS, "THE DONATION WAS GIVEN TO MR. KATO HIMSELF. THIS IS A PROBLEM THAT (WILL LEAD TO) VIOLATION OF THE INCOME TAX LAW."

THE SHINSHINTO IS ENTHUSIASTIC ABOUT SEIZING UPON THE ISSUE BECAUSE IT REGARDS IT AS A GOOD MATERIAL TO CHALLENGE THE RULING COALITION SINCE KATO IS A KEY MAN.

MEANWHILE, THE RULING PARTIES, WHICH HAVE OPPOSED THE SUMMONING OF KATO, HAVE NOT TAKEN THE ISSUE SERIOUSLY, ONE PERSON SAYING "THIS IS ONLY BECAUSE THE SHINSHINTO HAS NO OTHER STRATEGY." HOWEVER, THERE HAS APPEARED UNCLAS SECTION 03 OF 08 TOKYO 002030

USIA

FOR: USIA D/P, I/GEA, I/RF, I/RFW, EA, RMR; STATE FOR EAP/J; STATE PASS TO USTR/PUBLIC AFFAIRS OFFICE; CIA WASHDC; SECDEF FOR JCS/J-5/JAPAN, OASD/ISA/EAPR/JAPAN; TREASURY/IMA; WHITE HOUSE; COMMERCE FOR DAS; USCINCPAC/PA; COMUSJ/PA; COMNAVFORJAPAN/PA.

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SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS MARCH 6

PERPLEXITY IN THE SOCIAL DEMOCRATIC PARTY (SDP) WHICH ONCE PURSED THE RELATIONSHIP BETWEEN KATO AND KYOWA WHEN THE SDP WAS ON THE OPPOSITION SIDE.

"THE SHINSHINTO IS THE ONLY PARTY ASKING FOR CLEARING UP

THE TRUTH. I WOULD LIKE TO HEAR YOUR VIEW ON THAT."
THIS WAS A QUESTION TO SECRETARY GENERAL KANJU SATO
RAISED BY AN UPPER-HOUSE DIETMEMBER IN THE SDP UPPER-
HOUSE GENERAL MEETING HELD ON THE 5TH. SATO REPLIED:
"PURSUING THE ALLEGATION SHOULD TAKE PLACE AT SOME OTHER
OCCASION." THIS ISSUE COULD BE A NEW SERIOUS SOURCE OF
TROUBLE SOON.

AMBASSADOR MONDALE RAPS JAPAN'S FAILURE TO DEREGULATE
(YOMIURI - PAGE 11)

U.S. AMBASSADOR TO JAPAN WALTER MONDALE DELIVERED A
SPEECH AT THE "INTERNATIONAL FORUM ON ABOLITION AND
EASING OF REGULATIONS" HELD IN TOKYO YESTERDAY, IN WHICH
HE CRITICIZED THE DELAY IN JAPAN'S DEREGULATORY STEPS.
HE STATED "THERE ARE STILL TOO MANY REGULATIONS IN
JAPAN."

THE AMBASSADOR INDICATED, "EXCESSIVE REGULATIONS PROTECT
SOME SPECIFIC INDUSTRIES BUT IMPOSE HIGHER COSTS ON MOST
COMPANIES AND CONSUMERS." HE CONTINUED, "NO PROGRESS CAN
OCCUR UNLESS THE PROTECTED ENTITIES EXPRESS THEIR
APPROVAL." WITH THIS, HE BLASTED THE PROCLIVITY OF
INDUSTRIES TO INSIST ON MAINTAINING THEIR VESTED RIGHTS.
IN ADDITION, HE QUIPPED: "MANY DEREGULATORY PROPOSALS
ENDED IN FAILURE. THERE ARE NOW MANY TOMBSTONES ON WHICH
THE NAMES ARE CARVED OF BUSINESS LEADERS WHO TOOK THE
INITIATIVE, SUCH AS MR. (HARUO) MAEKAWA (FORMER BANK OF
JAPAN GOVERNOR) AND MR. (GAISHI) HIRAIWA (FORMER
KEIDANREN CHAIRMAN).

SEMICONDUCTORS: UCOM CHAIRMAN FAULTS SMALL U.S. COMPANIES
FOR LACK OF EFFORTS IN MARKET (NIHON KEIZAI - PAGE 11)

KEIYA TOYONAGA, THE CHAIRMAN OF THE USERS OF FOREIGN-
MANUFACTURED SEMICONDUCTORS (UCOM) OF THE ELECTRONICS
INDUSTRY ASSOCIATION OF JAPAN (EIAJ), YESTERDAY GAVE A
SPEECH AT A SEMINAR AND BUSINESS DISCUSSIONS HELD TO
PROMOTE ACCESS TO THE JAPANESE MARKET BY FOREIGN
MANUFACTURERS OF SEMICONDUCTORS. IN THE SPEECH, HE
EXPRESSED HIS VIEW THAT U.S.-AFFILIATED MANUFACTURERS HAD
TO MAKE FURTHER MARKET-ACCESS EFFORTS, NOTING, "AMERICAN
SMALL TO MEDIUM-SIZED FIRMS HAVE TO PUT MORE SERIOUS
EFFORTS INTO THEIR BUSINESS IN JAPAN."

CHAIRMAN TOYONAGA STATED, "IT IS REGRETTABLE THAT ONLY A
SMALL NUMBER OF SMALL AMERICAN FIRMS HAVE JOINED US FOR
BUSINESS DISCUSSIONS THIS TIME."

HE CONTINUED IN A SCATHING TONE, "THE U.S. GOVERNMENT
SHOULD URGE THOSE SMALL AND MEDIUM-SIZED MANUFACTURERS TO
TAKE PART IN BUSINESS TALKS LIKE THIS IN A MORE POSITIVE
MANNER BEFORE CALLING FOR EXTENDING THE JAPAN-U.S.
SEMICONDUCTOR PACT, WHICH EXPIRES AT THE END OF JULY."
REFERRING TO THE AGREEMENT, HE STRESSED, "SUCH AN ILL-
REPUTED AGREEMENT IS UNNECESSARY."

JAMES MCQUEEN, CHAIRMAN OF THE JAPAN OFFICE OF THE

SEMICONDUCTOR INDUSTRY ASSOCIATION (SIA), WHO TOOK THE PODIUM AFTER CHAIRMAN TOYONAGA, FENDED OFF HIS CRITICISM, STATING, "I WILL RELAY THE POINT MADE BY CHAIRMAN TOYONAGA, BUT THE AGREEMENT IS IMPORTANT IN MAINTAINING COOPERATIVE RELATIONS BETWEEN U.S. AND JAPANESE INDUSTRIAL CIRCLES.

WTO: DEADLOCK OVER PROMOTION OF TELECOM MARKET
(MAINICHI - PAGE 9)

NO RAY OF HOPE IS YET SEEN IN BASIC TELECOMMUNICATIONS NEGOTIATIONS UNDER THE WORLD TRADE ORGANIZATION (WTO), WHOSE DEADLINE IS SET FOR THE END OF APRIL. THE JAPANESE GOVERNMENT HAS INDICATED A "MODEL PROMISE PLAN" TO PROMOTE COMPETITION AMONG VARIOUS COUNTRIES. AS PART OF UNCLAS SECTION 04 OF 08 TOKYO 002030

USIA

FOR: USIA D/P, I/GEA, I/RF, I/RFW, EA, RMR; STATE FOR EAP/J; STATE PASS TO USTR/PUBLIC AFFAIRS OFFICE; CIA WASHDC; SECDEF FOR JCS/J-5/JAPAN, OASD/ISA/EAPR/JAPAN; TREASURY/IMA; WHITE HOUSE; COMMERCE FOR DAS; USCINCPAC/PA; COMUSJ/PA; COMNAVFORJAPAN/PA.

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SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS MARCH 6

SUCH AN EFFORT, IT HAS REQUESTED PARTICIPANT COUNTRIES TO DO AWAY WITH ACCESS BARRIERS AGAINST JAPANESE TELECOM CARRIERS. EUROPEAN COUNTRIES AND THE UNITED STATES HAVE, HOWEVER, REQUESTED JAPAN TO DISMANTLE ITS FOREIGN CAPITAL REGULATIONS IMPOSED ON BUSINESS ENTITIES. A CONFLICT OF INTEREST IS NOTICEABLE AMONG THE PARTICIPATING COUNTRIES, WHICH WANT TO SEE THEIR OWN COUNTRIES' CARRIERS COMMAND A LEADING EDGE AS PART OF A GLOBAL STRATEGY.

JAPAN MADE ITS PROPOSAL LAST OCTOBER. THE PLAN FEATURES GUARANTEEING LINK-UPS OF COMMUNICATION LINES AMONG VARIOUS CARRIERS AND PROMOTING TRANSPARENCY OF THE ACTUAL REGULATORY SITUATION. IT IS DEEMED THAT IF SUCH A PLAN IS PUT INTO PRACTICE, IT WILL LARGELY PROMOTE COMPETITION THROUGHOUT THE WORLD. THE EUROPEAN UNION (EU) INFORMALLY INDICATED APPROVAL FOR THE PLAN AT HIGH WORKING-LEVEL NEGOTIATIONS HELD IN GENEVA IN LATE FEBRUARY.

THE U.S. HAS SO FAR MANY NO COMMENT ON JAPAN'S REQUEST TO EASE RESTRICTIONS ON BUSINESS LICENSING. THE POSSIBILITY IS HIGH THAT WITH AN EYE ON GIVING THE ADMINISTRATION AN EDGE IN THE UPCOMING PRESIDENTIAL ELECTION, THE U.S. GOVERNMENT WILL COME UP WITH A REQUEST OF JAPAN TO SCRAP SIMILAR REGULATIONS. THE JAPANESE SIDE IS ALARMED, "THE NEGOTIATIONS MAY TURN INTO EMOTIONALLY-CHARGED DISCUSSIONS SIMILAR TO THAT ON TRADE ISSUES" (SENIOR OFFICIAL OF THE MINISTRY OF POSTS AND TELECOMMUNICATIONS (MPT)).

IN THE MEANTIME, JAPAN LIMITS TO ONE THIRD THE RATIO OF

PARTICIPATION IN THE INDUSTRY BY FOREIGN AFFILIATES AS FIRST-CLASS TELECOMMUNICATIONS CARRIERS, WHO ARE ALLOWED TO LAY COMMUNICATION LINES FOR THEMSELVES. THIS HAS DRAWN CRITICISM FROM THE EU. MPT SAYS, "IF OTHER COUNTRIES SCRAP THEIR RESTRICTIONS ON FOREIGN AFFILIATES, JAPAN WILL ALSO HAVE TO CONSIDER THE MATTER" (SAME SOURCE), BUT THE DEADLINE FOR THE NEGOTIATIONS IS JUST AHEAD. (YASUHIRO NOJIMA)

MANY IN COALITION PARTIES OPPOSE NTT BREAK UP
(MAINICHI - PAGE 7)

THE THREE RULING PARTIES STARTED FULL-FLEDGED DEBATE ON REORGANIZATION OF NIPPON TELEGRAPH AND TELEPHONE CORPORATION (NTT) YESTERDAY, IN RESPONSE TO A REPORT PRESENTED BY THE TELECOMMUNICATIONS COUNCIL (ADVISORY PANEL TO THE MINISTER OF POSTS AND TELECOMMUNICATIONS (MPT)). ON THAT DAY, A JOINT MEETING OF THREE ORGANIZATIONS, INCLUDING THE TELECOMMUNICATIONS WORKING GROUP, WAS HELD AT THE LIBERAL DEMOCRATIC PARTY (LDP) HEADQUARTERS, AND A MPT SENIOR OFFICIAL BRIEFED ON THE PURPORT OF THE REPORT. BUT OBJECTIONS WERE RAISED FROM PARTICIPANTS IN SUCCESSION, ONE OFFICIAL CLAIMING "WHY IS IT NECESSARY TO BREAK UP NTT? WE HAVE REACHED THE CONCLUSION (REORGANIZATION) BEFORE (WE HAVE EVERYTHING WORKED OUT)." FACING THE OPPOSITION OF THE SOCIAL DEMOCRATIC PARTY (SDP) AND THE SAKIGAKE PARTY, MPT WILL BE PRESSED TO EXERT ITSELF IN ORDER TO PERSUADE POLITICIANS.

AT THE JOINT MEETING, IN A QUESTION-AND-ANSWER SESSION HELD AFTER 10 MINUTES OR SO OF THE BRIEFING BY THE MPT SENIOR OFFICIAL, HE WAS EXPOSED TO A CROSS FIRE. ONE QUESTIONED, "WHAT KIND OF COMPETITION WILL BE BROUGHT ABOUT BY BREAKING UP LOCAL SERVICES?" ANOTHER PARTICIPANT ASKED, "YOU EXPLAINED THAT A BREAKUP WOULD DRIVE DOWN CHARGES. I WANT YOU TO GIVE US DATA," AND ANOTHER SAID, "WE ARE NOW IN AN AGE WHERE ENTERPRISES WHO REPRESENT THEIR NATIONS GLOBALLY COMPETE WITH EACH OTHER."

THERE WAS EVEN A MEMBER WHO INSISTED ON DISCONTINUING DEBATE ON NTT-REORGANIZATION, SAYING, "WE CANNOT WAIT ANOTHER YEAR," REFLECTING AWARENESS OF A MOOD GROWING IN THE RULING CAMP TO POSTPONE DEBATE.

KEEPING IN MIND THE NEXT GENERAL ELECTION, ONE DIET MEMBER REMARKED, "THE ALL-JAPAN TELECOMMUNICATION UNION UNCLAS SECTION 05 OF 08 TOKYO 002030

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FOR: USIA D/P, I/GEA, I/RF, I/RFW, EA, RMR; STATE FOR EAP/J; STATE PASS TO USTR/PUBLIC AFFAIRS OFFICE; CIA WASHDC; SECDEF FOR JCS/J-5/JAPAN, OASD/ISA/EAPR/JAPAN; TREASURY/IMA; WHITE HOUSE; COMMERCE FOR DAS; USCINCPAC/PA; COMUSJ/PA; COMNAVFORJAPAN/PA.

E.O. 12958: N/A

SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS MARCH 6

(ZENDENTSU) (NTT LABOR UNION) IS A LEADING LABOR UNION. IT AND RENGO (JAPANESE TRADE UNION CONFEDERATION) HAVE BEGUN TO SWITCH THEIR STANCE, " GIVING CONSIDERATION TO ZENDENTSU AND RENGO, WHICH STRONGLY OPPOSED NTT ORGANIZATION AND SHIFTED TO A "DIPLOMACY DIRECTED AT ALL DIRECTIONS OF THE POLITICAL COMMUNITY." THE MPT OFFICIAL REPLIED, "OUR REPORT POINTED OUT THE NEED FOR FAIR COMPETITION AND THE HARMFUL EFFECTS OF REGIONAL MONOPOLY. SINCE NTT IS NOW UNITED, NO COMPETITION HAS BEEN GENERATED!" BUT ONE PARTICIPANT AFTER ANOTHER LEFT THE ROOM, SUPPOSEDLY THERE BEING NO INTEREST IN QUESTIONS.

THE MPT SENIOR OFFICIAL GAVE A BRIEFING ALSO AT AN EXECUTIVE MEETING OF SAKIGAKE ON THE SAME DAY. ON THE 6TH, HE WILL ATTEND A MEETING OF THE SDPJ JAPAN POSTAL WORKERS' UNION (TEISHIN) AND TELECOMMUNICATION POLICY SPECIAL COMMITTEE.

IN THE MPT, BITTER FEELINGS ARE GROWING TOWARD POLITICIANS, WHO GIVE TOP PRIORITY TO THE NEXT ELECTION CAMPAIGN. A MPT SENIOR OFFICIAL GRUMBLED, "THE OUTER MOAT WAS FILLED IN BY OPPOSITION FORCES. THERE MIGHT BE NO OPTION LEFT BUT TO CARRY OUT DEREGULATORY STEPS FIRST WHILE PUTTING OFF NTT REORGANIZATION." (YASUHIRO NOJIMA)

GOVERNMENT UNHAPPY WITH CHINA'S MISSILE EXERCISE; URGES SELF RESTRAINT OF CHINA AND TAIWAN (SANKAI - PAGE 2)

CHINA ON MARCH 5 ANNOUNCED IT WOULD CONDUCT MISSILE TESTS OFF TAIWAN. REFERRING TO THAT ANNOUNCEMENT, PRESS SECRETARY HIROSHI HASHIMOTO OF THE FOREIGN MINISTRY (MOFA) IN A PRESS CONFERENCE HELD IN THE AFTERNOON OF THE SAME DAY EXPRESSED THE CONCERN, NOTING, "RISING TENSIONS ACROSS THE TAIWAN STRAITS ARE UNDESIRABLE FOR PEACE AND STABILITY IN EAST ASIA." ADDING, "WE WILL KEEP OUR EYES ON THEM BECAUSE OF THE PROBLEM OF SAFE NAVIGATION IN THE EAST CHINA SEA," HE ONCE AGAIN EMPHASIZED THE JAPANESE GOVERNMENT'S INTENTION TO ASK BOTH COUNTRIES TO PRACTICE SELF-RESTRAINT.

AS FOR WHAT EFFECT THE PLANNED MISSILE TESTS WILL HAVE, MOFA ANALYZED: "WE HEAR WHEN THE ACCURACY RATE OF THE M-9 MISSILE (WITH A RANGE OF ABOUT 600 KILOMETERS) LIKELY TO BE USED IN THE TESTING IS CONSIDERED, THE MISSILE MIGHT PASS OVER (TAIWAN), BUT IT IS NOT POSSIBLE THAT IT WILL HIT TAIWAN BY MISTAKE. THE POSSIBILITY OF IMMINENT DANGER OF A MILITARY CONFLICT IS SLIM BECAUSE CHINA HAS NEITHER THE INTENTION NOR CAPABILITY OF INVADING TAIWAN" (SENIOR MOFA OFFICIAL).

HOWEVER, THE OFFICIAL ADDED, "DEPENDING ON THE WAY TAIWAN'S MARITIME PATROLS STATIONED IN THE NEARBY OCEAN WATERS AND AT CHINMEN (IN TAIWAN), THERE MIGHT OCCUR AN ACCIDENTAL CLASH." ANOTHER SENIOR MOFA OFFICIAL, AWARE

OF THE FACT THAT THE MISSILE TESTS WILL START JUST AFTER THE ASIA-EUROPE MEETING (ASEM) SUMMIT, POINTS OUT, "IN AN ATTEMPT TO INDICATE THE CHINESE GOVERNMENT'S RESOLUTE STANCE AT HOME WHILE IGNORING CRITICISM FROM INTERNATIONAL PUBLIC OPINION, (CHINA) PROBABLY HAS SET THE TIME FOR SUCH TESTING TO COINCIDE WITH THE OPENING OF THE NATIONAL PEOPLE'S CONGRESS (ON MARCH 5)."

ON THE OBJECTIVES OF THE MISSILE TESTS, THE ABOVE OFFICIAL'S VIEW IS: "THE FIRST AIM IS TO SHAKE UP THE REELECTION CAMPAIGN OF TAIWANESE PRESIDENT LEE TENG-HUI, WHO IS SAID TO BE MORE INCLINED TOWARD (TAIWAN'S) INDEPENDENCE, AT A TIME WHEN THE DIRECT ELECTION FOR A PRESIDENT IN TAIWAN SET FOR MARCH 23 IS NOW NEAR AT HAND. ANOTHER AIM IS TO AGAIN STRESS TO THE WORLD THAT TAIWAN IS A DOMESTIC PROBLEM FOR CHINA."

PRESS SECRETARY HASHIMOTO REMARKED, "(THE TESTING) IS TO BE CONDUCTED ON THE OPEN SEA, AND AN ADVANCE NOTICE ON SUCH TESTING HAS ALREADY BEEN MADE. THERE IS NO VIOLATION UNDER INTERNATIONAL LAW." SO, EVEN IF SUCH TESTING IS IMPLEMENTED AS PLANNED, THE (THE JAPANESE GOVERNMENT) INTENDS ONLY TO STATE ITS PREVIOUS STANCE. UNCLAS SECTION 06 OF 08 TOKYO 002030

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FOR: USIA D/P, I/GEA, I/RF, I/RFW, EA, RMR; STATE FOR EAP/J; STATE PASS TO USTR/PUBLIC AFFAIRS OFFICE; CIA WASHDC; SECDEF FOR JCS/J-5/JAPAN, OASD/ISA/EAPR/JAPAN; TREASURY/IMA; WHITE HOUSE; COMMERCE FOR DAS; USCINCPAC/PA; COMUSJ/PA; COMNAVFORJAPAN/PA.

E.O. 12958: N/A

SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS MARCH 6

PRIME MINISTER RYUTARO HASHIMOTO ALSO IN HIS SUMMIT MEETING WITH CHINESE PREMIER LI PENG HELD IN BANGKOK ON MARCH 2 ASKED THE CHINESE SIDE TO PRACTICE SELF-RESTRAINT IN CHINA-TAIWAN RELATIONS.

FOREIGN STUDENTS IN JAPAN INCREASING BUT AT RECORD LOW PACE (MAINICHI - PAGE 3)

A SURVEY BY THE MINISTRY OF EDUCATION (MOE) RELEASED ON MARCH 5 HAS REVEALED THAT THE NUMBER OF FOREIGN STUDENTS STUDYING AT UNIVERSITIES IN JAPAN AS OF MAY 1, 1995, STOOD AT 53,847, UP SLIGHTLY OVER THE PREVIOUS YEAR BUT AT THE LOWEST INCREASE RATE EVER, 0.1 PERCENT. "THE REASON FOR THAT IS PRIMARILY BECAUSE OF SUCH ECONMIC FACTORS AS THE HIGH LIVING COST DUE TO THE HIGH YEN AND FEW PART-TIME JOB OPPORTUNITIES DUE TO PROLONGED STAGNATION," SAYS MOE.

THE BREAKDOWN OF THOSE STUDENTS IS: 24,966 PERSONS STUDYING AT TWO-YEAR JUNIOR COLLEDGES (1.4 PERCENT UP FROM THE SAME PERIOD OF THE PREVIOUS YEAR; THE SAME

COMPARISON BELOW); 18,645 PERSONS AT GRADUATE SCHOOLS (UP 1.5 PERCENT); 511 PERSONS AT TECHNICAL COLLEDGES (UP 28.T PERCENT); AND 9,725 PERSONS AT VOCATIONAL SCHOOLS (DOWN 11.9 PERCENT). THE REASON FOR THE SHARP DROP IN THE NUMBER OF FOREIGN STUDENTS AT VOCATION SCHOOLS APPARENTLY RESULTS FROM A DECLINE IN THE NUMBER OF ASIANS WHO CAME TO JAPAN TO STUDY TECHNOLOGY. LARGE NUMBERS OF STUDENTS CAME FROM ASIA FOR SUCH TRAINING DURING THE BUBBLE ECONOMY PERIOD (OF THE 1980S). TO TAKE A LOOK AT FOREIGN STUDENTS BY COUNTRY, THOSE FROM CHINA WERE THE LARGEST IN NUMBER, FOLLOWED BY THE REPUBLIC OF KOREA (ROK) AND TAIWAN. THOSE COMING FROM ASIA ACCOUNTED FOR 91.5 PERCENT OF THE WHOLE.

OKINAWA BASE PROBLEMS: -- HASHIMOTO TO MEET GOVERNOR OTA THIS MONTH (YOMIURI - PAGE 2)

PRIME MINISTER HASHIMOTO AND OKINAWA PREFECTURE'S GOVERNORV@OR

THE SECOND TIME OVER THE PROBLEM OF REALIGNING AND REDUCING THE U.S. MILITARY BASES ON OKINAWA. THIS WAS REVEALED BY CABINET EXTERNAL AFFAIRS COUNCILLORS OFFICE CHIEF HIROSHI HIRABAYASHI AFTER A SECRETARIAL MEETING OF THE "CONSULTATIVE COUNCIL ON THE ISSUE OF U.S. MILITARY BASES IN OKINAWA" HELD ON MARCH 5 BETWEEN THE GOVERNMENT AND OKINAWA PREFECTURE.

PRIME MINISTER HASHIMOTO MET WITH GOVERNOR OTA ON JANUARY 23 RIGHT AFTER HIS ASSUMPTION OF OFFICE. AT THE SECOND MEETING, THE PRIME MINSTER WILL EXPLAIN THE SUBSTANCE OF THE EARLIER JAPAN-U.S. SUMMIT TALKS, AND WILL ALSO EXCHANGE PENETRATING VIEWS ON THE PROBLEM OF MILITARY BASES ON OKINAWA, WITH AN EYE ON PRESIDENT CLINTON'S VISIT TO JAPAN IN APRIL.

AT THE HASHIMOTO-CLINTON MEETING ON THE 23RD OF LAST MONTH, THE PRIME MINISTER REFERRED TO FUTENMA AIR STATION AND SOUGHT TO HAVE THE BASE RETURNED. THE PRESIDENT STATED, "I'D LIKE TO DO MY BEST IN CONSIDERATION OF THE OKINAWA PREFECTURAL PEOPLE'S FEELINGS." THE PRESIDENT SO INDICATED HIS INTENTION OF RESPONDING TO THE ISSUE IN A FORWARD-LOOKING WAY.

ON THE OTHER HAND, AT THE MARCH 5 SECRETARIAL MEETING OF THE MILITARY BASES ISSUE CONSULTATIVE COUNCIL, THE OKINAWA PREFECTURE SIDE AGAIN REQUESTED THE GOVERNMENT TO MATERIALIZE THE FIRST-STAGE REVERSION (BY THE YEAR 2001) OF FACILITIES, INCLUDING THE FUTENMA AIRFIELD, AT AN EARLY DATE AS REQUESTED IN ITS BASE REVERSION PLAN (ACTION PROGRAM). THE GOVERNMENT SIDE TOLD THE OKINAWA:PREFECTURE SIDE THAT THE U.S. SIDE WHILE "GIVING HEED TO THE PREFECTURE'S REQUEST" AT A WORKING GROUP MEETING OF THE "SPECIAL ACTION COMMITTEE ON FACILITIES AND AREAS IN OKINAWA (SACO)" EXPECTED TO BE HELD ON MARCH 7.

UNCLAS SECTION 07 OF 08 TOKYO 002030

USIA

FOR: USIA D/P, I/GEA, I/RF, I/RFW, EA, RMR; STATE FOR
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E.O. 12958: N/A

SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS MARCH 6

FURTHERMORE, THE PREFECTURE SIDE REQUESTED THE GOVERNMENT TO "NEGOTIATE WITH THE U.S. SIDE ON REVERSION, GIVING FIRST CONSIDERATION" ALSO TO SUCH FACILITIES AND AREAS AS THE NORTHERN TRAINING AREA AND PART OF THE SOBE RADIO STATION AMONG THOSE LISTED IN THE ACTION PROGRAM FOR ITS SECOND STAGE (BY THE YEAR 2010) AND THIRD STAGE (BY THE YEAR 2015). IN ADDITION, THE LOCAL SIDE ALSO CALLED FOR FOUR OTHER ITEMS TO BE ADDITIONALLY NEGOTIATED WITH THE U.S. SIDE: (1) RESOLVING THE PROBLEM OF NOISE CAUSED BY U.S. MILITARY AIRCRAFT'S LOW-ALTITUDE FLIGHTS; (2) PREVENTING THE PRACTICE OF FIRING OVER PREFECTURAL HIGHWAY ROUTE 104 FROM DESTROYING THE ENVIRONMENT; (3) PROHIBITING U.S. MILITARY AIRCRAFT FROM USING CIVILIAN AIRPORTS; AND (4) PROHIBITING U.S. SERVICEMEN'S OFF-BASE MARCHING.

GOVERNMENT MAY FLOAT NEW PROPOSALS AT SACO ON LIVE-FIRE PRACTICE AND OTHER BASE ISSUES (SANKEI - PAGE 2)

ON MARCH 5, AT THE PRIME MINISTER'S OFFICE (SORIFU), THE GOVERNMENT AND OKINAWA PREFECTURE HELD A FOURTH SECRETARIAL MEETING OF THEIR "CONSULTATIVE COUNCIL ON THE ISSUE OF U.S. MILITARY BASES IN OKINAWA." THE GOVERNMENT SIDE THEN TOLD THE OKINAWA PREFECTURE SIDE THAT THE JAPAN-U.S. "SPECIAL ACTION COMMITTEE" ON THE PROBLEM OF OKINAWA (SACO) WOULD HOLD A WORKING GROUP MEETING ON MARCH 7 AT THE EARLIEST. BASED ON THIS, THE GOVERNMENT, REFERRING TO THE ISSUE OF IMPROVING THE JAPAN-U.S. STATUS OF FORCES AGREEMENT (SOFA) AND ITS APPLICATION, INDICATED ITS INTENTION OF TAKING UP SOME OTHER PROBLEMS AS SUBJECT MATTERS ON THE AGENDA, INCLUDING: (1) ENVIRONMENTAL DESTRUCTION DUE TO THE PRACTICE OF LIVE-SHELL FIRING OVER PREFECTURAL HIGHWAY ROUTE 104; AND (2) ARMED SOLDIERS' MARCHING IN CIVILIAN AREAS. ABOUT THE ISSUE OF BASE REALIGNMENT, CONSOLIDATION, AND REDUCTION NOW BEING NEGOTIATED BETWEEN JAPAN AND THE U.S., THE GOVERNMENT GAVE NO EXPLANATION WITH THE NAMES OF SPECIFIC FACILITIES.

THE NEW SET OF AGENDA ITEMS PRESENTED BY THE GOVERNMENT MEETS OKINAWA PREFECTURE'S REQUEST. CONCERNING THE PROBLEM OF ENVIRONMENTAL DESTRUCTION DUE TO THE FIRING PRACTICE, THE GOVERNMENT SIDE INDICATED THAT AFTER LOOKING INTO THE ACTUAL CONDITIONS OF TRAINING SITES IN THE U.S., THE GOVERNMENT WOULD REQUEST THE U.S. SIDE AT A SACO WORKING MEETING TO DEAL PROPERLY WITH THE PROBLEM. THE GOVERNMENT SIDE ALSO SET FORTH ITS INTENTION TO HOLD NEGOTIATIONS ON THE ACTUAL CONDITIONS AND ILL EFFECTS OF

U.S. MILITARY AIRCRAFT'S USE OF CIVILIAN AIRPORTS AS WELL.

FURTHERMORE, THE GOVERNMENT SIDE ARTICULATED ITS COURSE OF ACTION TOWARD WORKING ON THE U.S. SIDE TO HOLD THREE-PARTY CONSULTATIONS AT AN EARLY DATE WITH THE PARTICIPATION OF THE GOVERNOR, THE DEFENSE FACILITIES ADMINISTRATION AGENCY'S NAHA REGIONAL BUREAU, AND THE COMMANDER OF THE U.S. FORCES IN OKINAWA, AS REQUESTED BY THE OKINAWA PREFECTURE SIDE. ADDITIONALLY, THE GOVERNMENT, REGARDING THE PROBLEM OF NOISE AROUND MILITARY BASES, EXPLAINED THAT IN CONSULTATIONS OVER THE TASK OF IMPROVING SOFA AND ITS APPLICATION NOW ALREADY ON THE AGENDA, THE GOVERNMENT WAS MULLING OVER THE SUBSTANCE OF A NOISE PREVENTION AGREEMENT IN REFERENCE TO THE CASES OF THE MILITARY BASES LOCATED AT ATSUGI AND YOKOTA.

ON THE OTHER HAND, THE OKINAWA PREFECTURE SIDE, IN ITS SUPPLEMENTARY EXPLANATION OF ITS "ACTION PROGRAM" PRESENTED EARLIER TO THE GOVERNMENT FOR THE OVERALL REVERSION OF BASE SITES, MADE A REQUEST OVER AGAIN TO THE GOVERNMENT SIDE FOR GIVING PRECEDENCE TO 10 FACILITIES, INCLUDING THE FUTENMA AIRFIELD AND THE OKUMA REST CENTER, WHICH OKINAWA WANTS TO BE RETURNED BY THE YEAR 2001, WHEN CREATING A PLAN FOR REALIGNMENT, CONSOLIDATION, AND REDUCTION.

AFTER THE SECRETARIAL MEETING, HIROSHI HIRABAYASHI, CHIEF OF THE CABINET COUNCILLORS ON EXTERNAL AFFAIRS, HELD A PRESS CONFERENCE AND THEN REVEALED THAT THE GOVERNMENT UNCLAS SECTION 08 OF 08 TOKYO 002030

USIA

FOR: USIA D/P, I/GEA, I/RF, I/RFW, EA, RMR; STATE FOR EAP/J; STATE PASS TO USTR/PUBLIC AFFAIRS OFFICE; CIA WASHDC; SECDEF FOR JCS/J-5/JAPAN, OASD/ISA/EAPR/JAPAN; TREASURY/IMA; WHITE HOUSE; COMMERCE FOR DAS; USCINCPAC/PA; COMUSJ/PA; COMNAVFORJAPAN/PA.

E.O. 12958: N/A

SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS MARCH 6

WOULD HOLD A MEETING OF THE CONSULTATIVE COUNCIL IN THE MIDDLE OF THIS MONTH, WITH THE CHIEF CABINET SECRETARY AND OTHER CABINET MINISTERS CONCERNED AND THE GOVERNOR ATTENDING. IN THIS CONNECTION, THE GOVERNMENT SIDE STATED, "IF WE REACHED AN AGREEMENT IN EFFECT BETWEEN JAPAN AND THE U.S. ON SUCH ISSUES AS NOISE PREVENTION, WE WILL THEN REPORT." ADDITIONALLY, THE GOVERNMENT SIDE ALSO INDICATED ITS OUTLOOK THAT THE U.S. SIDE WOULD COME UP WITH OVERTURES IN CONCRETE TERMS, REGARDING BASE REALIGNMENT, CONSOLIDATION, AND REDUCTION, AT A SACO WORKING GROUP MEETING THAT IS EXPECTED TO BE HELD ON MARCH 7. BLACKBURN

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SUBJECT: JAPANESE DAILY PRESS SUMMARY 0/07/96

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(1) EDITORIAL: Semi-Conductor Agreement Should Be Scrapped

SANKEI (Page 2) (Full)
March 3, 1996

To scrap it or not -- A standoff between Japan and the United States has been brought into bold over the Japan-U.S. Semi-Conductor Agreement, which expires in late July.

Whereas Japan has declined renewing the pact, reasoning, "The accord has served its objective" (Shumpei Tsukahara, Minister of International Trade and Industry), the U.S. side is insisting, "The Agreement is necessary in order to strengthen our bilateral relations" (Shapiro, United States Trade Representative (USTR) Ambassador). Pressure from legislators elected from California, the home of the semi-conductor industry, is mounting, intertwined with the presidential election scheduled for this fall. Under such circumstances, the issue might develop into a political problem, eyeing the Japan-U.S. summit talks to be held in April.

Both Japan and the U.S. are required to make a cool response to the issue. They should refrain from resorting to such actions as to rekindle the bilateral emotional standoff, which subsided when the two countries reached accord in last summer's auto talks. Japan should give explanations to the U.S. on its principle that the government does not intervene in the private sector. The Clinton Administration, on the other hand, should make sure that it refrains from adopting such a diplomatic strategy as to intertwine the presidential election with foreign policy.

The pact should be scrapped to ensure that Japan and the U.S., which are commanding a leading edge in the high-tech area, develop their mature relations, by preventing managed trade from taking root more deeply.

The Semi-Conductor Agreement concluded in 1986 was

aimed to promote the sale of foreign-manufactured chips in the Japanese market and prevent the dumping of Japanese products in the U.S. market.
UNCLAS SECTION 02 OF 05 TOKYO 002099

DEPT FOR E, P, PM, EB, EAP/J AND S/AL
USIA FOR MR AND REA
WHITE HOUSE FOR NSC ROTH
WHITE HOUSE FOR NEC CUTTER
TREASURY FOR OASIS/IMI/JAPAN
DEPT PASS USTR FOR SHAPIRO/WOLD
DEPT PASS ELECTRONICALLY TO USDA FAS/ITP FOR SCHROETER

E.O. 12356: N/A
TAGS: PGOV, PINR, JA
SUBJECT: JAPANESE DAILY PRESS SUMMARY 03/07/96

The share of foreign-manufactured chips has almost constantly exceeded 20 percent of the Japanese market -- a numerical target envisaged in the pact -- since the October - December quarter in 1992 (27 percent for the July - September term in 1995). Dumping problems have not occurred during this period. Japanese and U.S. firms are actively moving for forming venture capital firms and pursuing joint development for new products. They are likely to deepen a mutually complementary relationship along with the progress of multi-media.

In the global market, the share of U.S. firms, including that of Intel, the top manufacturer of microprocessor units, the brains of personal computers, surpassed that of Japan in 1993. Since then the gap between the two countries has continued to widen. Given such a reality in the market, the argument calling for the pact lacks propriety.

The Semi-Conductor Agreement has worked as drags on bilateral trade negotiations. The auto talks encountered difficulties with the U.S. insisting on numerical targeting to the wire. It is probably a cynical result brought about by its "success" in the Semi-Conductor Agreement.

Managed trade of a makeshift policy nature will erode entrepreneurship. In the longrun, there is the potential danger of undermining industrial growth. Now that Japan and the U.S. have great influence over international trade, they should contribute to the world's pushing ahead with trade liberalization by solving pending issues in compliance with the WTO (World Trade Organization) rules.

We urge eliminating managed trade deviating from

international rules now that economic globalization is making rapid progress.

(2) U.S. Bases on Okinawa: Only Firing Training across Prefectural Highway Likely to Be Transferred to Mainland Japan; Due to Candidate Places' Refusal to Accept

TOKYO SHIMBUN (Page 1) (Full)
March 7, 1996

Prior to U.S. President Clinton's travel to Japan from April 16, the governments of Japan and the United States are now busy quickly compiling a concrete plan on realigning, consolidating and reducing U.S. military bases on Okinawa. For now, however, it has been learned no other case than the live-shell firing training across Prefectural Route 104 in Camp Hansen, a U.S. Marine base on Okinawa, will be transferred to mainland Japan.

This was revealed as of March 6 by a government-related source. Only one case will be transferred to mainland Japan mainly because local governments of candidate places in Japan have refused to accept transfer of (bases) from Okinawa to their places. As a result, according to the concrete plan, most
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E.O. 12356: N/A
TAGS: PGOV, PINR, JA
SUBJECT: JAPANESE DAILY PRESS SUMMARY 03/07/96

of transfers will likely be carried out within Okinawa Prefecture. Accordingly, "lessening the burden of Okinawan citizens," which the Government aims to realize, is now doubtful.

Until now both the governments have held three rounds of the meetings of the working group under the Special Action Committee on Facilities and Areas in Okinawa (SACO) in order to discuss a specific plan for realignment, consolidation and reduction of U.S. military bases on Okinawa as well as countermeasures against aircraft noise in Okinawa Prefecture. In such discussion, the two countries have agreed to change the place of live-shell firing training, now carried out across Prefectural Route 104, to some training grounds owned by the Ground-Self Defense Force (GSDF), all

located in mainland Japan, on a rotational basis in the future. As for the U.S. Marine's north training ground, the decision has been informally made to revert it to (Okinawa) without seeking any alternative places.

What is now the center of attention is how to treat U.S. Marine's Futenma Airfield, which Prime Minister Ryutaro Hashimoto exemplified in his recent talks with President Clinton in Santa Monica, U.S.A., held on February 23. The U.S. side has transmitted its intention to accept to relocate it somewhere else if a substitute place is found.

Over whether to transfer the transport function played by the above airfield to Iwakuni Air Station, the Japanese Government once considered that option, but meeting with oppositions from local governments of Yamaguchi Prefecture and Iwakuni City and from lawmakers elected from that area, it has now found it impossible to realize it. At this point, the most likely plan is to relocate it at Kadena Air Base.

If this is realized, Futenma Airfield will be downsized, but still the functions of bases as a whole on Okinawa will not decline. It will then become questionable whether to be able to achieve the initial goal -- avoiding forcing Okinawan residents alone to shoulder the burden from the U.S.-Japan security arrangement. On March 7, the two countries' governments will have the fourth round of the working group meeting, and at the time of U.S. Secretary of Defense Perry's visit to Japan several days before President Clinton's trip to Japan, both countries will arrive at an agreement to items related to the base issue. So the President, during his visit to Japan, will just confirm the agreement. This is along the policy line of the two governments to avoid the bases issue coming up as a topic at a top-level meeting.

(3) U.S. President Appeals on "Success" of Auto Negotiations with Eye on Primary Election: We Forced Japan to Open Its Market

MAINICHI (Page 9) (Full)
March 6, 1996

(Washington, March 5, Toshiro Hara)

UNCLAS SECTION 04 OF 05 TOKYO 002099

DEPT FOR E, P, PM, EB, EAP/J AND S/AL
USIA FOR MR AND REA
WHITE HOUSE FOR NSC ROTH
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E.O. 12356: N/A
TAGS: PGOV, PINR, JA
SUBJECT: JAPANESE DAILY PRESS SUMMARY 03/07/96z@Jlanese
markets, our auto industries are now revitalized,"
United States President Clinton said on the 5th in
his speech in Taylor, Michigan. President Clinton
visited there for his presidential election
campaign. So saying, he stressed that his trade
policy brought success to such areas as the U.S.-
Japan auto negotiations.

In Michigan, where the Big Three have their head
offices and many auto factories are located, the
primary election will take place on the 19th. It
is important for the Democratic Party and the
Republican Party to obtain automobile industry-
related votes. The auto industry is the nucleus of
U.S. industry.

The President praised his own economic policy with
the Republican Party in mind, remarking "In three
years after I assumed office, automobile
manufacturers have created jobs for 75,000 people.
In four years before I took office, 49,000 workers
lost their jobs."

He also said: "In order to protect workers, the
question is not whether the U.S. market should be
opened or closed, but to urge other countries to
open their markets." With this, he attacked
Buchanan, a presidential candidate, who insists
protectionism, citing the liberalization of the
Japanese auto market as an example. Regarding
employment security, a point at issue in the
presidential election campaign, he said out of
consideration for both labor and management: "The
U.S. is now faced with a serious challenge to its
economy, including how to cope with downsizing."

(4) Way Opened to Parallel Imports of Cosmetics;
Ministry of Health and Welfare Simplifies
Procedures

NIHON KEIZAI (Page 1) (Full)
March 6, 1996

The Ministry of Health and Welfare (MHW) adopted on
the 5th a policy direction of drastically easing
regulations related to foreign cosmetics in order
to allow imports even without a certificate of
ingredients issued by manufacturers as long as
their harmlessness is certified at the same level
as those already marketed in Japan. MHW sent a
letter to each prefectural government office. This
measure will start to be applied on March 15.

Criticism has grown against the wide price gap between Japan and overseas markets of famous foreign brand-name cosmetics, but with the new policy, parallel imports of such products will likely be accelerated.

Under the regulations now in effect, a certificate of ingredients prepared by manufacturers has been indispensable in importing cosmetics. For those other than agents which have concluded a contract with manufactures, however, obtaining such a certificate is extremely difficult, and they remain unable to "legally" sell parallel-imports in effect in view of the Drugs, Cosmetics and Medical Instruments Law. Sales of parallel-imported

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E.O. 12356: N/A
TAGS: PGOV, PINR, JA]
SUBJECT: JAPANESE DAILY PRESS SUMMARY 03/07/96

cosmetics at low prices have thus been blocked by this requirement.

The letter notifies that imports will be approved if importers examine the components labeled on packages and present to their respective prefectural government data to show the harmlessness of imported products, such as no use of 16 kinds of items prohibited to use by the above law, under the same requirements as imposed on agents.

In the United States and Australia, labeling all components of a cosmetic is required. In Europe as well, the obligation will be enforced, starting in January, 1997. Should parallel importers examine ingredients, based on the labeling, they will be able to import freely most kinds of popular foreign cosmetics, and not directly from manufacturers.

The letter also informs that items entered in a report about components will be simplified. As for components whose maximum quantity is not set, such as water, starch and amino acids, only with the wording "proper quantity," permission will be granted. Regarding other components, by showing only that the amount is less than the set maximum quantity, permission will be issued in the future.

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LINE4: FM AMEMBASSY TOKYO
OSRI: RUEHKO
DTG: 080346Z MAR 96
ORIG: AMEMBASSY TOKYO
TO: RUEHIA/USIA WASHDC IMMEDIATE 7900
RUEHC/SECSTATE WASHDC IMMEDIATE 9707
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RUEBBEA/USDOT WASHDC
RUYNJDK/COMNAVFORJAPAN YOKOSUKA JA
RHHMUNA/USCINCPAC HONOLULU HI//USIA//
RHEHAAA/WHITEHOUSE WASHDC
RUALSFJ/COMUSJAPAN YOKOTA AB JA
RUEKJCS/JOINT STAFF WASHDC//J5//
RUEKJCS/SECDEF WASHDC
SUBJ: JAPANESE MORNING PRESS HIGHLIGHTS MARCH 8

TOP HEADLINES

TEXT:
UNCLAS SECTION 01 OF 07 TOKYO 002117

USIA

FOR: USIA D/P, I/GEA, I/RF, I/RFW, EA, RMR; STATE FOR
EAP/J; STATE PASS TO USTR/PUBLIC AFFAIRS OFFICE; CIA
WASHDC; SECDEF FOR JCS/J-5/JAPAN, OASD/ISA/EAPR/JAPAN;
TREASURY/IMA; WHITE HOUSE; COMMERCE FOR DAS;
USCINCPAC/PA; COMUSJ/PA; COMNAVFORJAPAN/PA.

E.O. 12958: N/A

SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS MARCH 8

TOP HEADLINES

ASAHI: HIV SUIT: DISCRIT COURTS IN TOKYO AND OSAKA SHOW
SECONDARY RECONCILIATION PROPOSAL, UNDER WHICH 150,000
YEN WILL BE PAID MONTHLY TO HIV-INFECTED PATIENTS; BURDEN
TO BE SHARED BY GOVERNMENT AND FIRMS WITH 40 PERCENT TO
60 PERCENT; CONSULTATIONS ON "DEADLINE" TO START LATE
THIS MONTH

NIHON KEIZAI: LIKELY TO LIBERALIZE IN PRINCIPLE
CORPORATIONS' FOREIGN EXCHANGE DEALING; RELAXATION OF
RESTRICTIONS TO THE SAME LEVEL AS THAT OF SECURITIES
FIRMS AND BANKS; FINANCE MINISTRY INTENDS TO REVIEW

"FOREIGN EXCHANGE BANK-ORIENTATION" IN FY1998

TOKYO SHIMBUN: AIDS SUIT; TOKYO, OSAKA DISTRICT COURTS INDICATE SECONDARY RECONCILIATION PLAN; GREATEST CLIMAX SEVEN YEARS AFTER COMPLAINED FILED; 150,000 YEN LIKELY TO BE PAID AS MONTHLY ALLOWANCE TO AIDS-INFECTED PATIENTS; BURDEN TO BE SHARED BY GOVERNMENT AND PHARMACEUTICAL FIRMS WITH 40 PERCENT TO 60 PERCENT

MAINICHI: DRUG-CAUSED AIDS PROBLEM: TOKYO, OSAKA DISTRICT COURTS' FINAL RECONCILIATION PLAN INDICATING PAYMENT OF 150,000 YEN MONTHLY TO AIDS-INFECTED PATIENTS; GOVERNMENT EXPECTED TO BEAR 40 PERCENT OF THAT PAYMENT; COURTS STRONGLY CALL FOR APPROVAL WITHIN THE MONTH

YOMIURI: HIV SUIT: TOKYO, OSAKA DISTRICT COURTS SHOW FINAL RECONCILIATION PROPOSAL; MONTHLY ALLOWANCE OF 150,000 YEN TO HIV-INFECTED PATIENTS; GOVERNMENT'S BURDEN TO BE 40 PERCENT; PATIENTS' LIVINGS WILL BE SUPPORTED IN THEIR FUTURE LIFE; WAY FOR RESCUE ALSO OPENED FOR AIDS PATIENTS WHO WERE INFECTED THROUGH OTHER CAUSE THAN HEMOPHILIA-RELATED TREATMENT; HEALTH AND WELFARE MINISTRY HINTS AT ACCEPTING (SUCH PROPOSAL)

SANKEI: DRUG-CAUSED AIDS SUIT: TOKYO, OSAKA DISTRICT COURTS' SECONDARY RECONCILIATION PROPOSAL; ALLOWANCE OF 150,000 YEN LIKELY TO BE PAID MONTHLY TO AIDS-PATIENTS; 40 PERCENT OF THAT ALLOWANCE TO BE BORNE BY GOVERNMENT; EMPHASIS ON PERMANENT MEASURES, SUCH AS ESTABLISHMENT OF A MEDICAL TREATMENT CENTER

BUDGET MAY NOT BE PASSED UNTIL NEXT WEEK
(MAINICHI - PAGE 1)

IN THE HEATED OFFENSIVE AND DEFENSIVE BATTLE BETWEEN THE RULING AND OPPOSITION CAMPS OVER THE PASSAGE BY THE LOWER HOUSE OF THE FY1996 BUDGET DRAFT, INCLUDING THE JUSEN (HOUSING LOAN CORPORATIONS) LIQUIDATION PACKAGE, LOWER HOUSE SPEAKER TAKAKO DOI YESTERDAY AFTERNOON STEPPED IN TO MEND THE SITUATION. AS A RESULT, THE RULING CAMP AND SHINSHINTO HELD A MEETING OF THE DIET POLICY COMMITTEE CHAIRMEN AND DISCUSSED THE MATTER OVER AND OVER AGAIN. HOWEVER, NO BREAKTHROUGH MEASURES WERE FOUND WITH SHINSHINTO REMAINING TOUGH, CONTINUING TO POST A PICKET LINE. THE LIBERAL DEMOCRATIC PARTY (LDP) ON THE EVENING OF THE SAME TOOK A POSITION OF TRYING TO RATTLE THE SHINSHINTO BY ONCE AGAIN CONFIRMING ITS POLICY DESIRE TO SET UP A SPECIAL RELIGIOUS CORPORATION COMMITTEE, WHICH SHINSHINTO OPPOSES. THE DIET POLICY COMMITTEE CHAIRMEN'S MEETING IS TO BE HELD ON THE 8TH, TOO, BUT THE LIKELIHOOD IS NOW DIET VOTING FOR THE BUDGET BILL BY THE LOWER HOUSE BUDGET COMMITTEE WILL BE CARRIED OVER UNTIL SOMETIME AFTER THE BEGINNING OF NEXT WEEK.

POSSIBILITY OF DIET DISSOLUTION AGAIN BEING BRUITED ABOUT
(MAINICHI - PAGE 2)

IN MANAGING THE ROCKY JUSEN (FAILED MORTGAGE COMPANIES)

DIET, THE BATTLE BETWEEN THE RULING COALITION AND THE MAIN OPPOSITION SHINSHINTO (NEW FRONTIER PARTY) HAS NOW BEGAN TO PRESENT DEVELOPMENTS SUGGESTING EVEN A POSSIBLE "LOWER HOUSE DISSOLUTION." THE SHINSHINTO'S STRATEGY IS TO "DRIVE THE RULING CAMP INTO A DIET DISSOLUTION DURING THE CURRENT SESSION." ON THE OTHER HAND, THE RULING CAMP LED BY THE LIBERAL DEMOCRATIC PARTY (LDP) AIMS TO BRING UNCLAS SECTION 02 OF 07 TOKYO 002117

USIA

FOR: USIA D/P, I/GEA, I/RF, I/RFW, EA, RMR; STATE FOR EAP/J; STATE PASS TO USTR/PUBLIC AFFAIRS OFFICE; CIA WASHDC; SECDEF FOR JCS/J-5/JAPAN, OASD/ISA/EAPR/JAPAN; TREASURY/IMA; WHITE HOUSE; COMMERCE FOR DAS; USCINCPAC/PA; COMUSJ/PA; COMNAVFORJAPAN/PA.

E.O. 12958: N/A

SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS MARCH 8

THE BUDGET TO A VOTE EVEN FORCIBLY. BUT NOW THAT VOICES ARE BEING HEARD ABOUT A DISSOLUTION FROM EVEN WITHIN THE RULING CAMP, THE LDP IS HESITANT ABOUT RESORTING TO A FORCIBLE VOTE.

"IT WOULD BE VERY NICE IF WE COULD BRING ABOUT THE DISSOLUTION OF THE DIET." SHINSHINTO PRESIDENT ICHIRO OZAWA MADE THIS HIGH-SPIRITED REPLY TO THE PRESS LATE ON THE 6TH AFTER CHEERING ON THOSE SHINSHINTO MEMBERS PICKETING THE DIET.

AT ONE POINT, SHINSHINTO'S STRATEGY TO BRING ABOUT A DIET DISSOLUTION BY CAPITALIZING ON THE JUSEN PROBLEM ALMOST TURNED OUT TO BE A CASTLE IN THE AIR BECAUSE OF A SERIES OF BLUNDERS IN, FOR INSTANCE, THE MASS-RESIGNATION AND LOWER-HOUSE BUDGET TACTICS.

BUT THE REEMERGENCE OF THE ILLEGAL DONATION CASE INVOLVING LDP SECRETARY GENERAL KOICHI KATO HAS NOW BROUGHT "DIET DISSOLUTION" BACK INTO SHINSHINTO'S SIGHT. INTERTWINED WITH THE POWER STRUGGLE BETWEEN THE SENIOR GROUP AND THE YKK GROUP (TAKU YAMASAKI, KOICHI KATO, JUN'ICHIRO KOIZUMI) WITHIN THE LDP, "A SMALL DISPUTE IN THE LDP MAY RESULT IN REAL POLITICAL CHANGE," SAID ONE OF THE THREE TOP SHINSHINTO OFFICIALS EXPECTANTLY.

THE LDP, ON THE OTHER HAND, IS ON SHARP ALERT, ONE PERSON OBSERVING, "(SHINSHINTO HEAD) OZAWA IS SERIOUSLY THINKING OF CAUSING A LOWER HOUSE DISSOLUTION." THE LDP HAS PRESENTED A PLAN TO FREEZE THE JUSEN BUDGET AS ITS "TRUMP CARD." YET, THE SHINSHINTO SIMPLY DID NOT SHOW ANY INTEREST IN IT. IN ADDITION, IN THE MEETING OF DIET AFFAIRS COMMITTEE CHAIRMEN'S MEETING OF THE TWO CAMPS, "THAT SIDE ONLY REPEATED 'REMOVAL OF THE JUSEN WRITE-OFF' AND 'DIET TESTIMONY BY SECRETARY GENERAL KATO'" (DIET COMMITTEE MEMBER).

LDP DIET COMMITTEE CHAIRMAN KANEZO MURAOKA IN THE MEETING

OF SENIOR MEMBERS ON THE 7TH EXPRESSED CONCERN OVER A DISSOLUTION, REMARKING, "I WANT TO ASK FOR YOUR PATIENCE. IF THE BUDGET (DELIBERATIONS) STOP ALTOGETHER, WE MAY REALLY HAVE TO DISSOLVE THE LOWER HOUSE. BUT I WILL NOT LET THAT HAPPEN." THE "GROUP SHIN SEIKI (NEW CENTURY)" ALSO HELD A MEETING YESTERDAY, ATTENDED BY POLICY AFFAIRS RESEARCH COUNCIL CHAIRMAN TAKU YAMASAKI. THE GROUP REACHED AN AGREEMENT TO "DO ITS BEST TO WARD OFF A DISSOLUTION, WHICH IS EXACTLY WHAT THE SHINSHINTO IS AIMING AT."

THE DOMINANT VIEW IN THE LDP IS THAT "WE CANNOT AFFORD TO DISSOLVE THE DIET WHEN AN ADVERSE WIND IS BLOWING SO HARD" (ELECTION COMMITTEE MEMBER). ALSO IN THE MEETING OF SENIOR MEMBERS, THE OPINION WAS DOMINANT, "THERE IS NO NEED TO FORCE A VOTE AT THIS POINT."

SHINSHINTO: "LET'S TAKE A VOTE EVEN FORCIBLY"; SOME COMPLAIN OVER PICKETING, WITH NO BRIGHT ASPECT IN SIGHT ON DAY FOUR

"WE JUST HOPE THAT THE LDP WILL GO AHEAD AND TAKE A VOTE EVEN FORCIBLY." THOSE SHINSHINTO MEMBERS PICKETING IN THE DIET ON THE 7TH -- DAY FOUR OF PICKETING -- BEGAN TO COMPLAIN ABOUT THEIR STRATEGY THAT WAS NOT BRINGING ABOUT ANY RAY OF HOPE.

SHINSHINTO SECRETARY GENERAL TAKASHI YONEZAWA HAS DECLARED, "WE WILL ACHIEVE OUR GOAL EVEN IF IT WILL TAKE US ONE MONTH." BUT JUNIOR MEMBERS NOW LOOK SOMEWHAT DISCOURAGED, AS THEY COMPLAINED, "OUR PICKETING HAS NOT PRODUCED EVEN A RAY OF HOPE. WE SOMETIMES DISCUSS AMONG OURSELVES, 'IS THIS, OUR SIT-IN, REALLY EFFECTIVE?'" THE PARTY EXECUTIVE PLANS TO CONTINUE THE SIT-IN ON SATURDAY AND SUNDAY AS WELL. BUT HEAVY SIGHS ARE BEING HEARD FROM AMONG JUNIOR MEMBERS.

WILL CONTINUE SIT-IN, SAYS SHINSHINTO DIET AFFAIRS COMMITTEE ACTING CHAIRMAN

UNCLAS SECTION 03 OF 07 TOKYO 002117

USIA

FOR: USIA D/P, I/GEA, I/RF, I/RFW, EA, RMR; STATE FOR EAP/J; STATE PASS TO USTR/PUBLIC AFFAIRS OFFICE; CIA WASHDC; SECDEF FOR JCS/J-5/JAPAN, OASD/ISA/EAPR/JAPAN; TREASURY/IMA; WHITE HOUSE; COMMERCE FOR DAS; USCINCPAC/PA; COMUSJ/PA; COMNAVFORJAPAN/PA.

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SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS MARCH 8

SHINSHINTO DIET COMMITTEE DEPUTY CHIEF KOJI MORIOKA STATED A ROUNDTABLE DISCUSSION LATE ON THE 7TH, "WE WILL CONTINUE OUR PICKETING ON SATURDAY AND SUNDAY TO ACHIEVE OUR GOAL."

"YOUR THINKING IS OLD-FASHIONED. YOU OWE US AN APOLOGY"; SHINSHINTO WOMEN MEMBERS SEND A LETTER OF PROTEST TO FORMER PRIME MINISTER NAKASONE

FORMER PRIME MINISTER YASUHIRO NAKASONE COMMENTED ON THE SHINSHINTO'S SIT-IN, "I SEE SOME WOMEN MEMBERS IN THE FRONT LINE. ISN'T THAT ODD, FOR I THOUGHT MEN WERE SUPPOSED TO PROTECT WOMEN." IN RESPONSE, 16 FEMALE DIET MEMBERS BELONGING TO THE SHINSHINTO AND KOMEI SENT A LETTER OF PROTEST TO THE NAKASONE OFFICE, SAYING, "YOUR THINKING IS OLD-FASHIONED. YOU OWE US AN APOLOGY. YOU SIMPLY DO NOT UNDERSTAND HOW STRONGLY WOMEN FEEL ABOUT THE JUSEN SCHEME."

LDP SECRETARY GENERAL KATOQS BEING SOUGHT AS DIET WITNESS ANOTHER CONTENTIOUS ISSUE (NIHON KEIZAI - PAGE 2)

AS THE STANDOFF CONTINUES IN THE DIET BETWEEN THE RULING AND OPPOSITION PARTIES OVER THE JUSEN (HOUSING LOAN COMPANIES) BAILOUT SCHEME, ANOTHER POINT AT ISSUE HAS BECOME THE HANDLING OF THE REQUEST TO SUMMON LIBERAL DEMOCRATIC PARTY (LDP) SECRETARY GENERAL KOICHI KATO AS A REFERENCE WITNESS. KATO IS ALLEGED TO HAVE RECEIVED 10 MILLION YEN IN ILLEGAL CONTRIBUTIONS FROM THE STEEL-FRAME PROCESSING COMPANY KYOWA. THE OPPOSITION PARTY SHINSHINTO INSISTS THAT IT WILL NOT ENTER INTO CONFERENCE ON FISCAL 1996 BUDGET UNLESS KATO IS SUMMONED. THE LDP, HOWEVER, CONFIRMED AT AN EXECUTIVE MEETING HELD LAST NIGHT THAT IT WOULD REFUSE THE DEMAND. THE STANCES OF BOTH CAMPS ARE NOW IN A HEAD-ON CONFRONTATION.

FUTENMA REVERSION IS DIFFICULT: HIGH U.S. STATE DEPARTMENT OFFICIAL (SANKEI - PAGE 1)

THE COALITION PARTIES' OKINAWA BASE PROBLEMS PROJECT TEAM (TARO NAKAYAMA, CHAIRMAN) MET WITH VISITING U.S. STATE DEPARTMENT DEPUTY ASSISTANT SECRETARY HUBBARD AND OTHER OFFICIALS AT A HOTEL ON THE EVENING OF THE 7TH.

HUBBARD, REFERRING TO FUTENMA AIRFIELD, WHICH IS THE MAIN POINT AT ISSUE IN THE CONSOLIDATION, REALIGNMENT, AND REDUCTION OF U.S. BASES ON OKINAWA, SAID, "THAT AIRFIELD HAS A DETERRENCE ROLE DURING PEACETIME AND IS ESSENTIAL ALSO DURING AN EMERGENCY." HE TOOK A NEGATIVE VIEW TOWARD FULL TRANSFER AND REVERSION (OF THAT FACILITY).

IN ADDITION, HUBBARD TOUCHED ON THE REQUEST BY THE SOCIAL DEMOCRATIC AND SAKIGAKE PARTIES FOR REVERSION OF FUTENMA AIRFIELD, STATING, "IT IS REGRETTABLE THAT IT IS THOUGHT IF WE CANNOT GET ITS REVERSION, THE EFFORTS OF BOTH COUNTRIES WILL NOT BE SUCCESSFUL."

THE JAPANESE GOVERNMENT HAS INFORMALLY FLOATED THE IDEA OF TRANSFERRING THE MARINE TRANSPORT UNIT AND OTHERS STATIONED AT FUTENMA TO IWAKUNI AIR BASE (IN YAMAGUCHI PREFECTURE).

UNTIL NOW, THE U.S. SIDE HAS REJECTED THE FULL REVERSION

OF FACILITIES ON FUTENMA BUT HINTED AT RESPONDING FLEXIBLY, SUCH AS TRANSFERRING A PORTION OF THE UNIT THERE. BUT HUBBARD'S EMPHASIS ON THE STRATEGIC VALUE OF THAT AIRFIELD AND SUGGESTION THAT REVERSION WOULD BE DIFFICULT HAS BEEN TAKEN BY THE JAPANESE SIDE AS PLACING HURDLES EVEN TOWARD THE PARTIAL TRANSFER OF THE UNIT TO THE MAINLAND, AND THERE IS ANTICIPATION OF DIFFICULTIES COMING IN BILATERAL DISCUSSIONS NOW.

SACO MEETINGS: AGREEMENT ON NOISE PREVENTION WITHIN THE MONTH (ASAHI - PAGE 1)

THE JAPAN-U.S. SPECIAL ACTION COMMITTEE ON FACILITIES AND AREAS IN OKINAWA (SACO), WHICH HAS BEEN DISCUSSING THE PROBLEM OF U.S. MILITARY BASES ON OKINAWA, HELD A FOURTH UNCLAS SECTION 04 OF 07 TOKYO 002117

USIA

FOR: USIA D/P, I/GEA, I/RF, I/RFW, EA, RMR; STATE FOR EAP/J; STATE PASS TO USTR/PUBLIC AFFAIRS OFFICE; CIA WASHDC; SECDEF FOR JCS/J-5/JAPAN, OASD/ISA/EAPR/JAPAN; TREASURY/IMA; WHITE HOUSE; COMMERCE FOR DAS; USCINCPAC/PA; COMUSJ/PA; COMNAVFORJAPAN/PA.

E.O. 12958: N/A

SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS MARCH 8

MEETING OF ITS WORKING GROUP AT THE MINISTRY OF FOREIGN AFFAIRS ON MARCH 7, WHERE THE JAPANESE AND U.S. SIDES HAVE FORMALLY AGREED TO CONCLUDE A TREATY ON PREVENTING AIRCRAFT NOISE AT FUTENMA AIR STATION AND KADENA AIR FORCE BASE AS REQUESTED BY OKINAWA PREFECTURE. THE TWO U.S. BASES WILL BE SUBJECTED TO NOISE-CONTROL REGULATIONS GENERALLY AS WELL AS THE JAPANESE MAINLAND'S ATSUGI NAVAL AIR STATION AND YOKOTA AIR FORCE BASE, WHERE AIRCRAFT FLIGHTS ARE PROHIBITED IN PRINCIPLE DURING THE HOURS FROM 10:00 P.M. THROUGH 6:00 A.M. THE SACO WORKING GROUP ALSO DISCUSSED THE PROBLEM THAT THE NUMBER PLATES OF U.S. MILITARY VEHICLES ARE HARDLY IDENTIFIABLE, AND THEN BASICALLY AGREED TO HAVE THEM CARRY DISTINCTIVE NUMBER PLATES.

REGARDING THE PROBLEM OF AIRCRAFT NOISE AT FUTENMA AND KADENA, THE U.S. FORCES ARE SUPPOSED TO EXERCISE "SELF-RESTRAINT" AS THAT CURRENTLY IMPLEMENTED AT YOKOTA AFB AND ATSUGI NAS. ACTUALLY, HOWEVER, SUCH SELF-RESTRAINT HAS NOT BEEN OBSERVED. LOCAL RESIDENTS LIVING AROUND THOSE TWO BASES (IN OKINAWA) ARE STRONGLY DISSATISFIED. AT THE END OF NOVEMBER LAST YEAR, THE GOVERNMENT AND OKINAWA PREFECTURE HELD A FIRST MEETING OF THEIR "CONSULTATIVE COUNCIL ON THE PROBLEM OF U.S. MILITARY BASES ON OKINAWA," WHERE OKINAWA PREFECTURE'S GOVERNOR MASAHIDE OTA REQUESTED THE GOVERNMENT TO ENTER INTO A FORMAL INTERGOVERNMENTAL AGREEMENT WITH THE U.S., AS WELL AS THE CASE OF (OTHER U.S. BASES ON) THE JAPANESE MAINLAND.

IN THE CASE OF ATSUGI NAS AND YOKOTA AFB, THE JAPAN-U.S. JOINT COMMITTEE HAS ALREADY REACHED A NOISE PREVENTION AGREEMENT ON SUCH MEASURES AS: (1) DURING THE HOURS FROM 10:00 P.M. TO 6:00 A.M., FLIGHTS AND GROUND ACTIVITIES SHOULD BE LIMITED TO THOSE THAT CAN BE RECOGNIZED TO BE IMPERATIVE OUT OF THE U.S. FORCES' NEED FOR OPERATIONS; AND (2) JET ENGINE TESTS SHOULD BE TOTALLY INHIBITED ON SATURDAYS AND SUNDAYS.

AT THE MARCH 7 MEETING, THE JAPANESE AND U.S. SIDES CONSENTED TO CONCLUDE AN AGREEMENT WITHIN MARCH ALSO IN THE CASE OF FUTENMA AIR STATION AND KADENA AIR FORCE BASE, WITH "THE SAME CONTENTS AS IN THE CASE OF ATSUGI AND YOKOTA" (ACCORDING TO A SOURCE IN MOFA). MEANWHILE, THE OKINAWA PREFECTURE SIDE HAD EXPRESSED ITS DISSATISFACTION, CLAIMING THAT THE MILITARY VEHICLES' NUMBER PLATES ARE INDISTINCTIVE AND CAN HARDLY BE IDENTIFIED EVEN IF THEY CAUSE AN ACCIDENT AND THE LIKE. FOR THIS REASON, THE JAPANESE AND U.S. SIDES AGREED TO HAVE THOSE MILITARY VEHICLES CARRY SOME NUMBER MARKINGS ON PUBLIC ROADS AND ALSO TO HAVE THIS MATTER WORKED OUT BETWEEN THE TWO COUNTRIES' WORKING-LEVEL OFFICIALS.

AS FOR THE PROBLEM OF BASE REALIGNMENT AND REDUCTION, THE WORKING GROUP MEMBERS OF THE TWO COUNTRIES HAD INSPECTED SUCH FACILITIES AS THE FUTENMA AIRFIELD AND KADENA AFB ON MARCH 6. AT THE MARCH 7 MEETING, HOWEVER, THE WORKING GROUP REFERRED TO NO CONCRETE MEASURES FOR BASE CONSOLIDATION OR REDUCTION.

LDP DEFENSE TYPES CRITICIZE CHINAQS MISSILE TEST
(SANKI - PAGE 2)

STRONG CRITICISMS OF THE CHINESE PEOPLE'S LIBERATION ARMY'S PLANNED MISSILE TESTS OFF TAIWAN CROPPED UP IN SUCCESSION IN THE LIBERAL DEMOCRATIC PARTY (LDP) ON MARCH 7. THE PARTY SECURITY RESEARCH COUNCIL (CHAIRMAN BY TSUTOMU KAWARA) ASSEMBLED SUCH CRITICISMS INTO AN OPINION PAPER THAT INSISTED "(MISSILE TESTS) SHOULD BE CANCELLED INSTANTLY," AND THEN PRESENTED IT TO FOREIGN MINISTER YUKIHIKO IKEDA.

IN THE GENERAL MEETING THAT DAY OF THE SECURITY RESEARCH COUNCIL, MANY OF PARTICIPATING LAWMAKERS EXPRESSED (MISSILE TESTING) WOULD HAVE A GRAVE IMPACT ON THE SECURITY OF JAPAN, AND ONE PARTICIPANT REMARKED, "MISSILE-FIRING TRAINING IS EVIDENTLY A THREAT BY ARMED FORCE. THE OCEAN AREA PLANNED FOR MISSILE TESTING IS LOCATED IN UNCLAS SECTION 05 OF 07 TOKYO 002117

USIA

FOR: USIA D/P, I/GEA, I/RF, I/RFW, EA, RMR; STATE FOR EAP/J; STATE PASS TO USTR/PUBLIC AFFAIRS OFFICE; CIA WASHDC; SECDEF FOR JCS/J-5/JAPAN, OASD/ISA/EAPR/JAPAN; TREASURY/IMA; WHITE HOUSE; COMMERCE FOR DAS; USCINCPAC/PA; COMUSJ/PA; COMNAVFORJAPAN/PA.

E.O. 12958: N/A

SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS MARCH 8

THE WATERS NEAR YONAKUNI ISLAND (OF JAPAN). IT IS EXTREMELY REGRETTABLE."

IN ADDITION, SOME DENOUNCED THE CHINESE GOVERNMENT, ARGUING, "IT IS AN ACT OF OBSTRUCTING, BY THE USE OF ARMED FORCE, PROGRESS IN DEMOCRACY IN ASIA."

AT THE SAME TIME, OTHERS COMPLAINED ABOUT ACTIONS BY THE JAPANESE GOVERNMENT, NOTING, "ITS RESPONSE IS DIFFICULT TO UNDERSTAND." THE PANEL THEN COMPILED AN OPINION PAPER SEEKING IMMEDIATE CANCELLATION OF MISSILE TESTS. THE PAPER WENT: "A MISSILE-FIRING TEST IS PLANNED TO BE CARRIED OUT IN WATERS VERY CLOSE TO THE TERRITORY AND TERRITORIAL WATERS OF JAPAN. THERE MIGHT EVEN OCCUR AN UNEXPECTED ACCIDENT WHICH MIGHT AFFECT OUR COUNTRY'S SECURITY." ON THE AFTERNOON OF THE SAME DAY, CHAIRMAN KAWARA PRESENTED THE PAPER TO THE FOREIGN MINISTER.

ADDITIONALLY, REGARDING THIS MATTER, CHAIRMAN KAWARA ASKED POLICY AFFAIRS RESEARCH COUNCIL CHAIRMAN TAKU YAMASAKI TO FORM A PARTY VIEW IN A CLEAR WAY.

ON THE GOVERNMENT'S FOREIGN POLICY TOWARD CHINA, HOWEVER, SOME IN THE PARTY TAKE THE STANDPOINT THAT "IT IS NOT POSSIBLE TO EXPECT THE GOVERNMENT, WHICH IS WORRIED ABOUT A WORSENING OF RELATIONS BETWEEN JAPAN AND CHINA, TO MAKE A RESOLUTE PROTEST. THIS MIGHT BE THE ONLY ACTION THE PARTY AS A WHOLE CAN TAKE" (SENIOR MEMBER OF THE SECURITY RESEARCH COUNCIL). IT IS UNCLEAR TO WHAT EXTENT THE LDP WILL SEEK A STRICT RESPONSE FROM THE GOVERNMENT.

US DOD OFFICIAL SAYS CHINA'S MISSILE MIGHT COME CLOSE TO JAPANESE TERRITORIAL WATERS (SANKEI - PAGE 1)

UNITED STATES DEPUTY ASSISTANT SECRETARY OF DEFENSE CAMPBELL, NOW IN JAPAN, LAST EVENING MET THE PROJECT TEAM (CHAIRMAN BY TARO NAKAYAMA) ON THE U.S. MILITARY BASES PROBLEMS ON OKINAWA AT A HOTEL IN TOKYO. IN THE MEETING, HE REFERRED TO THE CHINESE PEOPLE'S LIBERATION ARMY'S PLANNED MISSILE-FIRING TRAINING OFF TAIWAN AND INDICATED, "THAT TEST WILL BE CARRIED OUT IN THE WATERS NEAR JAPAN'S TERRITORIAL WATERS RATHER THAN THOSE OF TAIWAN."

AWARE OF GROWING MILITARY TENSIONS ACROSS THE TAIWAN STRAITS, HE REVEALED HIS PERCEPTION THAT U.S.-JAPAN COOPERATION WOULD BE NEEDED.

GOVERNMENT SETS 3 BILLION YEN AID PACKAGE FOR BOSNIA (TOKYO SHIMBUN - PAGE 3)

THE GOVERNMENT FIRMED UP AS OF MARCH 7 ITS MEASURES TO ASSIST REHABILITATION IN BOSNIA-HERZEGOVINA. IT IS DIVIDED INTO IMMEDIATE AND MEDIUM TO LONG-RANGE ASSISTANCE. IN ORDER TO HELP BOSNIAN REFUGEES RETURN TO THEIR HOME LAND, JAPAN WILL PROVIDE ROUGHLY A TWO OR

THREE BILLION YEN GRANT AS AN IMMEDIATE MEASURE TO PROVIDE HOUSING FOR THE REFUGEES AND TO CREATE EMPLOYMENT OPPORTUNITIES. IN TERMS OF THE MEDIUM TO LONG-TERM PROGRAM, IT WILL EXTEND TOTALING APPROXIMATELY 500 OR 600 MILLION DOLLARS (50 OR 60 BILLION YEN) IN YEN LOANS, GRANT AID, AND JAPAN EXPORT-IMPORT BANK FINANCING.

THE GOVERNMENT WILL ADOPT THE EMERGENCY SUPPORT PACKAGE AT A CABINET MEETING IN MID-MONTH. IT WILL ANNOUNCE THE MEDIUM TO LONG TERM ASSISTANCE AT THE CONFERENCE ON BOSNIA REHABILITATION SUPPORT (MINISTERIAL MEETING) TO BE HELD IN BRUSSELS IN MID-APRIL.

APEC FINANCE MINISTERSQ CONFERENCE TO FOCUS ON COOPERATION FOR EXCHANGE RATE STABILITY
(NIHON KEIZAI - PAGE 7)

THE ASSOCIATION OF ASIA-PACIFIC ECONOMIC COOPERATION FORUM (APEC) IS SCHEDULED TO HOLD A FINANCE MINISTERS MEETING IN KYOTO CITY FROM THE 16TH. THE LIKELIHOOD IS THAT MINISTERS FROM THE PARTICIPATING COUNTRIES AND AREAS IN THE REGION WILL REACH AGREEMENT FOR COOPERATION TO STABILIZE FOREIGN EXCHANGE RATES. INCLUDED ALSO ON THE UNCLAS SECTION 06 OF 07 TOKYO 002117

USIA

FOR: USIA D/P, I/GEA, I/RF, I/RFW, EA, RMR; STATE FOR EAP/J; STATE PASS TO USTR/PUBLIC AFFAIRS OFFICE; CIA WASHDC; SECDEF FOR JCS/J-5/JAPAN, OASD/ISA/EAPR/JAPAN; TREASURY/IMA; WHITE HOUSE; COMMERCE FOR DAS; USCINCPAC/PA; COMUSJ/PA; COMNAVFORJAPAN/PA.

E.O. 12958: N/A

SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS MARCH 8

AGENDA OF THE MEETING IS THE TASK OF SMOOTHLY INTRODUCING PUBLIC FINANCING FOR CONSTRUCTION OF INFRASTRUCTURE IN THE REGION.

REGARDING FOREIGN EXCHANGE RATES, DEPUTY PRIME MINISTER AND FINANCE MINISTER WATARU KUBO AND TREASURY SECRETARY RUBIN WILL CONFIRM DURING THEIR MEETING THAT VOLATILE EXCHANGE MOVEMENTS WILL HAVE AN ADVERSE EFFECT ON TRADE AND INVESTMENT. THERE IS A TENDENCY ESPECIALLY IN ASIAN COUNTRIES AND AREAS, WHICH ARE STRAPPED WITH HUGE AMOUNTS OF YEN LOANS, TO THINK THAT IF THE CURRENT HIGH-YEN TREND CONTINUES, THEIR DEBTS IN YEN TERMS WILL EXPAND. TO COPE WITH SUCH A SITUATION, THE MEETING WILL FOCUS ON THE ESTABLISHMENT OF A MORE COOPERATIVE SYSTEM FOR THE STABILIZATION OF THE YEN-DOLLAR EXCHANGE RATE, IN ADDITION TO THE AGREEMENT RECENTLY CONCLUDED AMONG JAPAN, SINGAPORE AND HONG KONG, (FOR TRUSTED INTERVENTION.

THEY WILL ALSO SET ABOUT TO MAP OUT SPECIFIC MEASURES TO STABILIZE EXCHANGE RATES AND THE CURRENCY SYSTEM BY MEANS OF EMERGENCY FINANCING USING FOREIGN CURRENCIES IN THE EVENT THAT ANY OF CURRENCIES IN THE REGION WAS MADE A

TARGET FOR SPECULATION. THIS IS THE LESSON LEARNED FROM THE MEXICAN CURRENCY CRISIS IN 1994.

IN THE MEANTIME, IT IS PROJECTED THAT THE CONSTRUCTION OF INFRASTRUCTURE IN THE ASIA-PACIFIC REGION WILL REQUIRE SEVERAL TRILLION DOLLARS. A COMMON PERCEPTION IS, THEREFORE, THAT IT IS NOT POSSIBLE TO TAP PUBLIC FUNDS ALONE. TO ADDRESS SUCH A DEMAND FOR CAPITAL, JAPAN HAS ESTABLISHED AN INVESTMENT FUND IN SINGAPORE AS A JOINT EFFORT BETWEEN GOVERNMENT AND PRIVATE SECTOR. THIS IS TO BECOME A MODEL IN DISCUSSING METHODS OF SMOOTHLY OBTAINING FUNDS FROM PRIVATE FIRMS INSIDE AND OUTSIDE THE REGION.

UA PLANS TO ENTER CARGO MARKET BETWEEN U.S. AND JAPAN AND BEYOND JAPAN (NIHON KEIZAI - PAGE 15)

UNITED AIRLINES (UA) OF THE UNITED STATES HAS ADOPTED A PLAN TO INITIATE TWELVE CARGO FLIGHTS (ROUND TRIPS) THIS FALL BETWEEN JAPAN AND THE U.S. AND TO TAIWAN AND OTHER COUNTRIES BEYOND JAPAN. THE COMPANY IS EXPECTED TO FILE AN APPLICATION SHORTLY TO THE MINISTRY OF TRANSPORT. UA IS AN INCUMBENT CARRIER ON PASSENGER FLIGHTS BETWEEN THE U.S. AND JAPAN, BUT IT WILL NOW OPERATE CARGO FLIGHTS FOR THE FIRST TIME. GOVERNMENT TALKS DESIGNATED TO EXPAND AND EQUALIZE OPERATING RIGHTS OF JAPANESE AND U.S. CARRIERS, SUCH AS THE NUMBER OF FLIGHTS, HAVE NOW ENTERED THE HOME STRETCH. UNDER SUCH A SITUATION, THE UA PLAN WILL LIKELY AFFECT THOSE NEGOTIATIONS.

UA HAS PLANS TO OPEN THREE ROUTES -- BETWEEN NARITA-ANCHORAGE-NEW YORK (SIX FLIGHTS A WEEK), MANILA-KANSAI INTERNATIONAL AIRPORT-ANCHORAGE-LOS ANGELES (THREE FLIGHTS), AND TAIPEI-KANSAI AIRPORT-LOS ANGELES (THREE FLIGHTS).

UA INTENDS TO USE FOUR "DC 10-TYPE PLANES" OWNED BY THE COMPANY EXCLUSIVELY FOR CARGO TRANSPORTATION. FOR ROUTES THAT DEPART FROM NARITA, FLIGHTS WILL GO BY WAY OF CHIC9 AND FOR THOSE THAT EMBARK FROM KANSAI AIRPORT, THE ROUTE WILL BE VIA SAN FRANCISCO. THE COMPANY HAS ALREADY EXPLAINED THE DETAILS OF THE PLAN TO THE U.S. LEADING CARGO-LOADING AGENT FORWARDER (MIXED LOADING COMPANY).

FIVE AIRLINES NOW OPERATE ALL-CARGO FLIGHTS BETWEEN JAPAN AND THE U.S. THEY ARE JAPAN AIRLINES (JAL), NIPPON CARGO AIRLINES, U.S. NORTHWEST AIRLINES (NWA), FEDERAL EXPRESS, AND UNITED PARCEL SERVICES.

THE LOADING CAPACITY OF THE UA CARGO PLANES IS 50 TO 60 TONS -- ABOUT HALF OF THE ORDINARY EQUIPMENT OF JAL AND OTHER CARRIERS. IN IMPLEMENTING THE PLAN, A DECREASE IN THE NUMBER OF PASSENGER FLIGHTS WILL BECOME NECESSARY IN ORDER TO INITIATE CARGO FLIGHTS AT NARITA AIRPORT, WHICH HAS NO CAPACITY FOR ACCOMMODATING MORE LANDINGS AND
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USIA

FOR: USIA D/P, I/GEA, I/RF, I/RFW EA, RMR; STATE FOR
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SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS MARCH 8

DEPARTURES.

UNDER SUCH CIRCUMSTANCES, AN EXECUTIVE IN THE JAPANESE
CIVIL AVIATION WORLD HAS TAKEN THE VIEW THAT "THE UA PLAN
MIGHT AIM AT PROLONGING THE JAPAN-U.S. ALL-CARGO TALKS,
DELAYING THE START OF PASSENGER TALKS AND PROTECTING ITS
OPERATING RIGHTS FOR PASSENGER FLIGHTS. BLACKBURN

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RUESDJ/FBIS OKINAWA JA
SUBJ: JAPANESE DAILY PRESS SUMMARY 03/08/96
(PART 1)
TEXT:
UNCLAS SECTION 01 OF 07 TOKYO 002168

DEPT FOR E, P, PM, EB, EAP/J AND S/AL
USIA FOR MR AND REA
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DEPT PASS ELECTRONICALLY TO USDA FAS/ITP FOR SCHROETER

E.O. 12356: N/A
TAGS: PGOV, PINR, JA
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Even by Penal Servitude

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ARTICLES:

(1) EDITORIAL: The Pain That Cannot Be Soothed Even by Penal Servitude

NIHON KEIZAI (Page 2) (Full)
March 8, 1996

On March 7, the Naha District Court sentenced three U.S. servicemen to prison terms ranging from six years and six months to seven years for the rape of a local schoolgirl. When considering such elements as the vicious nature of the offense, the mental and physical pain of the schoolgirl as the victim, and the local community's shock, no one can say that the verdict is too heavy.

Touched off by the incident in Okinawa Prefecture, the local people's anger exploded, for they had long suffered from the U.S. military presence there. It then developed into an upsurge of campaigns calling for the Government to review the Japan-U.S. Status of Forces Agreement (SOFA) and realign and reduce the U.S. military bases. The reason was that the local public of the prefecture was irritated at the fact that 75 percent of all U.S. military facilities in Japan have been concentratedly located on Okinawa Prefecture whose size is no larger than 0.6 percent of this country, and that their everyday suffering from the bases have not been eased at all.

Moreover, the locals of Okinawa have been increasingly becoming distrustful of the Government for its posture of not trying to work on the U.S. side for a solution of problems that can be resolved by making a small amount of effort.

For example, in Okinawa Prefecture, U.S. military vehicles bearing no number plate are running around outside the bases. Even though a U.S. military vehicle accidentally scrapes a local resident's car, that military vehicle cannot be identified and this makes it difficult to claim damages. The U.S. military bases on the mainland of Japan, such as Yokota Air Force Base and Atsugi Naval Air Station,

have concluded a noise prevention agreement to inhibit aircraft takeoffs and landings and engine revving during the late and early hours. In the case of Kadena Air Force Base and other U.S. military bases on Okinawa, however, there is UNCLAS SECTION 02 OF 07 TOKYO 002168

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USIA FOR MR AND REA
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nothing but some arrangements among the U.S. Forces, Defense Facilities Administration Agency, and local municipalities.

Regarding these two points, the Japan-U.S. intergovernmental special action committee basically agreed on March 7 to take measures like those implemented at other U.S. bases on the Japanese mainland. But the question is why the Japanese Government has made an exception of Okinawa Prefecture to date -- more than 20 years since its reversion to Japan. The Government may well be denounced for its supineness since it has failed to do what it ought to do, closing its eyes to the pain of those living around the bases, in the excess of laying emphasis on the necessity of the security treaty.

Okinawa Prefecture, which has been calling for base reduction and reversion, also recognizes that the Japan-U.S. security treaty has contributed to the peace of Japan and the security of Asia. What Okinawa is now regarding as a problem is that the whole nation has benefited from the security treaty but has forced its burden on Okinawa.

At the earlier Japan-U.S. summit meeting, Prime Minister Hashimoto exemplified Futenma Air Station and then sought the U.S. side's understanding for a settlement of the problem of military bases on Okinawa. By the time of President Clinton's Japan visit scheduled for April the Government is to work out an interim report regarding base reduction and reversion Okinawa has been calling for. The Government should now bear it in mind that it has to obtain the local side's understanding and cooperation so that the security treaty will function well.

(2) Japan's Investments in China Exceeds U.S.' in the Period from January through September 1995, Due to Transfer of Production Bases to China; Hong Kong and Taiwan Constrain Their Investments

NIHON KEIZAI (Page 9) (Full)
February 20, 1996

(Beijing, February 19, Hiroyuki Akita)

According to actual results (contract base) of foreign direct investments in China during the period from January through September, 1995, as compiled by Chinese authorities, Japan became China's largest "investor" outside of Hong Kong and Macao. Japan now exceeds the United States (in investments in China). On an annualized basis as well, Japan's direct investments in China topped those of the U.S. On the other hand, Taiwan's investments declined owing to the strained bilateral relations. Hong Kong's investment also dropped. The results underscored the divergencies of various countries' perspectives on the Chinese market.

Regarding contracts for investments from January through September 1994, Japan came after Hong Kong, Taiwan and the U.S. The figures for U.S.
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investment contracts had constantly exceeded Japan's since the mid-1980s. Actual investments in 1995 by country are now being tabulated. However, the possibility is high that Japan topped the U.S. also on an annual basis, according to the Chinese Trade and Economic Cooperation Ministry.

The reasons for Japan's investment in China having swelled include: 1) transfer of production bases to China because of yen appreciation; and 2) the widening of investments also in the service area such as retail business.

According to the U.S.-China Business Council,

comprising of U.S. firms in China (headquarters in Beijing), some in U.S. companies are reluctant to make full-fledged investments in China because of China's review of its referential tax system for foreign-affiliated companies and an increase in production costs.

Such a mood is strong also in Japanese firms. But many Japanese companies have been forced to move their production bases to China due to the high yen. As a result, Japan's investment in value terms topped that of the U.S. The main reason for the decline of Taiwan's investment is the cold bilateral ties that came out of President Lee Teng-hui's U.S. visit. This year, the Taiwanese authorities did not approve a plan to invest in China by Yuandong Spinning Company. So the company has had to postpone this project. The volume of China-Taiwan trade has rapidly dropped. Chinese Foreign Trade and Economic Cooperation Minister Wu Yi criticized, "Taiwan's mistaken policy has shrunk our trade."

Although the investments from Hong Kong and Macao are the largest, their investment contracts declined drastically.

The Chinese authorities have taken the outcome as a "normal phenomenon", analyzing that because of the monetary restraint, "investments" decreased in the real estate area such as construction of hotels and development of resorts.

(3) Investments in Burma: Japan's Negative Stance Noticeable, Sharp Contrast with China and India

MAINICHI (Page 9) (Full)
February 28, 1996

While foreign investments have been growing investments in Burma (TN: original text, Myanmar), a country which is called the "last economic frontier in Southeast Asia," a gap has widened between Japan, which seems reluctant to invest full-scale in that country due to its democratization problem, and other Asian countries, which have a burning desire to invest there.

(Takashi Sakamoto)

In late January in Rangoon (Yangon), the capital of Burma, an international symposium was held under the joint auspices of the Japanese Foreign Ministry
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and the United Nations Economic and Social Commission for Asia and Pacific (ESCAP) on the theme of Burma's economic liberalization. About 100 attended the symposium, representing the governments of eight Asian countries, including Japan, and private companies from those countries.

With the present military government's economic reform policy line, the Burmese economy has continued to post a five to ten percent growth rate for several years, boosted by growing foreign investments and trade centered on exploiting Burma's rich mineral resources and tourist potential. At the symposium, many participants highly praised Burma as a promising trade partner and country for investment.

Positive views were expressed in particular by representatives from China and India, as neighboring countries. Typical remarks were: "The Western countries have placed an embargo on Burma, but China has continued to provide assistance;" and "India in the future will link itself to the countries of southeast Asia through Burma."

In contrast, Japanese representatives were very cautious. Ambassador to Burma Yoichi Yamada in a reception held the eve of the symposium pointed out: "In Burma, Japanese corporations are called NATO (no action talking only). It is because they discuss business but do not sign contracts."

Japan's investment in Burma, needless to say, is indeed small compared with that of other Asian countries and the United States and European countries. Regarding the number of investment cases by foreign companies authorized by the Burmese government as of November 1995, Japan stood at eighth following Singapore, Thailand, Britain, Hong Kong and the U.S. In terms of investment value, it ranks seventh.

The major reason why Japanese firms will not increase their investments in Burma is because the Japanese Government is reluctant to total resume its official-development-assistance (ODA) program to that country.

Marubeni Chairman Kazuo Haruna, who also chairs the Burma Study Group of Keidanren (Japan Federation of Economic Organizations), says: "Many Japanese companies expect that business opportunities will expand through Japan's ODA-related projects." He will call on the Government across-the-board resumption of ODA including yen loans. To that end, he will also urge the Burmese government to strengthen efforts to promote democratization, information disclosure, and deregulation. Even if the full ODA program is reinstated, Japanese firms' business chances will not necessarily increase. But such would greatly encourage efforts by those companies. A leading trading firm executive flatly says: "The question is whether the Japanese Government will start yen loans."

Without waiting for the Government to start ODA programs, some Japanese companies have already
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signed contracts with the Burman government for several billion yen-scale projects.

Ignoring the Government's political perspective, the view "don't miss the bus" will likely grow within Japanese economic circles.

(4) Removal of Uneasiness Urged Rather than Political Combat; Need for Notifying "Financial Crisis"

NIHON KEIZAI (Page 3) (Full)
March 8, 1996

No direction has yet been set how to bail out bankrupt jusen mortgage lenders. This is chiefly because of strong national discontent (with the planned jusen bailout scheme). Rage against irresponsibility, distrust of policy and displeasure at the fact that the jusen issue is now turned out to be a political combat. All these have resulted from failure in announcing nothing to the people about the entire picture of the heavy burden brought about by the bursting of the bubble

economy. Meanwhile, suspicions are growing that implementation of the jusen bailout measures might be shelved. Seen from the current conditions facing the Japanese economy, there should be no other option than to give priority to dispelling uneasiness rather than dissatisfaction.

An additional package of jusen liquidation measures the Government and ruling parties recently invented to settle the current mess have instead accelerated the people's dissatisfaction even more. That package is designed to make up for taxpayers' money now planned to be pumped with a tax revenue portion to be collected in the future from banking institutions as a result of their restructuring of their businesses. Apparently, however, it is nothing more than a bag of cheap tricks, and it instead has inflamed a sense of distrust of the bailout measures themselves.

Although the additional package is clearly incoherent, the ruling parties have to cling to it. Why? The reason is presumably because they cannot deny the possibility of fiscal unease emerging if the bailout measures are left unimplemented. The loss would not be limited to the 685 billion yen, the amount which is planned to be disbursed from the national treasury or taxpayer's money, as is indicated in the first bailout measure. More seriously, two or three trillion yen is said will be added to the secondary bailout measure. Moreover loans totalling approximately 80 trillion yen financed by non-banks, now lurking behind the jusen issue, might come to light.

The tactical maneuvers in the Diet have brought on a picture of discontent and unease. Discontent and unease come from the same origin. It is the bursting of the bubble economy, and more specifically, the cause is that the whole picture of the bad loans held by the banking and economic institutions in Japan has hardly been revealed to the people, with weight given just to busily
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handling immediate problems.

How much amount of debts has the bubble economy really left? The bad debts held by banking institutions have reached 37 trillion yen, according to a calculation by the Ministry of Finance (MOF). Excluding the reserve fund to cover a loss, the future amount needed for liquidation is said to total nearly 18 trillion yen. Can it be really true? In national accounts, with the burst of the bubble economy, about 500 trillion yen and nearly 550 trillion yen were lost each from stocks and land in values.

The loss of "wealth" impaired the banking system and contained movements of the construction and real estate industries. In addition, it is eating at corporate finances, which at that time gave weight solely to highly-advanced financial activities (called zaiteku). An American survey firm estimates the bad loans held by banking institutions to be 140 trillion yen at the maximum.

Since FY1992, the recession has set in with the zero growth rate. Lying in the backdrop of this long recession is structural pressure from bad loans that, in the economic system, have been left untouched. The prolonged low-interest-rate situation to lessen the burden of banking institutions deprives consumption of its strength and instead accelerates depositors' dissatisfaction. Corporate managers still remain unable to extricate themselves from being cautious. Additional fiscal funds relying on public works projects help the already worsened fiscal condition become even worse.

The continued economic growth period that lightened the burden over time has now departed. So, we need to put an end to the situation where delay in finalizing the problem makes the economy lose more of its vitality. It is questionable whether this country is still strong enough to survive if the bailout measures for jusen are left unimplemented.

The Government and the ruling parties now need to change their previous stance of "not making everything open to the people and then to bring to light the real situation involving bad loans." What they have to do is to "inform" the entire nation how serious the problem is and to seek understanding from the entire nation about limited policy options to adopt. And they have to give priority to dispelling uneasy feelings. That job is never easy, but it is no longer possible to defer tackling it to sometime in the future.

What is now sought from both the ruling and

opposition camps is to go back to debates in a cool-headed manner to restore national confidence in the entirety of politics, getting out of the current political strife that envisages a general election. For that, one idea is to grapple with investigations into the actual situation (of jusen) by establishing, in the Diet, a special investigation panel that will engage in such an investigation, setting a certain period of time, UNCLAS SECTION 07 OF 07 TOKYO 002168

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for example, a period from the day when the budget bill passes the Lower House to the day when it is approved at the Upper House.

To avoid an unpredictable situation occurring due to an announcement of the actual situation, a good idea is for the ruling and opposition parties to conclude a policy agreement. And it is necessary to distinguish, before the people's eyes, between matters to be left to market handling, such as legal liquidation steps, and those never to be allowed to make a mistake in listing those matters in priority order.

Even if a fiscal outlay policy is adopted, that does not mean to make the argument for accountability remote. Forming a national consensus for recovery of the systems and pursuit of responsibility are not separate choices. Both have to be promoted with transparent procedures. Both criminal and moral responsibilities should be pursued, taking time, so that the people's dissatisfaction can be disentangled.

There is no doubt the Government-sponsored bill has 'even consideration to farm-affiliated banks' capability of paying. But the problem does not lie in fiscal outlays. The more important thing is the Government and ruling parties have been negligent in explaining the reason why they do so out of consideration for farm policy and in discussing whether that approach is right or wrong.

The point is whether it is possible to have policy

debate in the way of assuaging anxieties, and not to stir up dissatisfaction. Politicians whom the people have elected so that they will represent their will bear a strong responsibility. Time is very limited. (Senior writer Yoshihiro Fujii)

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
004. cable	Re: FM [Foreign Minister] Ikeda Meeting (3 pages)	03/09/1996	P1/b(1)

COLLECTION:

Clinton Presidential Records
NSC Cables
Jan 1995-Dec 1996 ([Futenma])
OA/Box Number: 510000

FOLDER TITLE:

[12/27/1995 - 03/09/1996]

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RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
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005. cable	Re: Okinawa Discussion (13 pages)	03/09/1996	P1/b(1)

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