

Withdrawal/Redaction Sheet

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. cable	Re: SDP [Social Democratic Party] Convention (4 pages)	03/11/1996	P1/b(1)
002. cable	Re: SACO [Special Action Committee on Okinawa] Working Group Meetings, 3/7 (11 pages)	03/12/1996	P1/b(1)
003. cable	Re: FBIS - Foreign media Note-12MAR96 [partial] (1 page)	03/13/1996	P3/b(3)
004. cable	Re: February 27 SACO [Special Action Committee on Okinawa] Working Group Meeting (9 pages)	03/13/1996	P1/b(1)
005. cable	re: Japan-U.S. / Okinawa Base Issue (2 pages)	03/14/1996	P1/b(1)
006. cable	Re: Digest Executive Edition 48-96 (10 pages)	03/15/1996	P1/b(1)
007. cable	Re: Sakigake Appeal for Return of Futenma (6 pages)	03/16/1996	P1/b(1)
008. cable	Re: Public Expectations of Okinawa (3 pages)	03/19/1996	P1/b(1)
009. cable	Re: Hanza Land Lease (5 pages)	03/19/1996	P1/b(1)
010. cable	Re: Support Cable for East Asia Brief (4 pages)	03/20/1996	P1/b(1)

COLLECTION:

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

FOLDER TITLE:

[03/11/1996 - 03/20/1996]

2016-0420-F
sb1864

RESTRICTION CODES

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

- P1 National Security Classified Information [(a)(1) of the PRA]
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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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Cable

PREC: PRIORITY
CLASS: UNCLASSIFIED
LINE1: PAAUZYUW RUCWAAA7917 0730133-UUAA--RHEHWSR.
LINE2: ZNR UUUA ZYN
LINE3: P 130133Z MAR 96
LINE4: FM FBIS RESTON VA
OSRI: RUCWAAA
DTG: 130133Z MAR 96
ORIG: FBIS RESTON VA
TO: RHEHWSR/WHITE HOUSE SITUATION ROOM WASHINGTON DC
RUEKJCS/SECDEF WASHINGTON DC//OASD/ISA/EAPR FOR LEW STERN//
RUEHC/SECSTATE WASHINGTON DC//EAP/JAPAN//
RUEHC/SECSTATE WASHINGTON DC//INR/EAP/NA/FOR/BROOKS//
RUEHC/SECSTATE WASHINGTON DC//EAP/JAPAN/FOR SCOTT/LUDAN//
RUEHKOF/AMCONSUL FUKUOKA
RUEHOK/AMCONSUL OSAKA KOBE
RUEHKOS/AMCONSUL SAPPORO
RUEHBT/AMEMBASSY BANGKOK//POL//
RUEHBJ/AMEMBASSY BEIJING
RUEHJA/AMEMBASSY JAKARTA
RUEHLO/AMEMBASSY LONDON//ATTN MCCORMACK CARY//
RUEHLO/AMEMBASSY LONDON//POL/L//
RUEHGP/AMEMBASSY SINGAPORE
RUEHGP/AMEMBASSY SINGAPORE//FOR REGIONAL AFFAIRS//
RUHPHQ/CDR JTF-FA HONOLULU HI//J2//
RUAGTBU/CDR1STBN1STSFGA TORII STA JA//SSO//
RUCMACC/CDR9THPSYOPBN FT BRAGG NC//AFVS-POG-N-SSD//
RUAGYIN/CDRCSTTHREE YONGIN KOR//EACT-T-I//
RUAGAMS/CINC UNC CFC SEOUL KOR//UNCMAC//
RUHDBKT/DATT-TLO BANGKOK TH
RUEALGX/DEFINTAGENCY WASH DC
RUCPDC/DEPT OF COMMERCE WASHINGTON DC//O/IL//
RUCPDC/DEPT OF COMMERCE WASHINGTON DC//ITA/IEP/JAPAN//
RAYWBBK/DIO CANBERRA AS
RUYLBAH/DODSPECREP OKINAWA JA
RUESFG/FBIS BANGKOK TH
RUESDG/PTS HONG KONG
RUDKMKD/FBIS LONDOND UK
RUDKMBK/FBIS LONDON UK//BBC//
RUESDJ/FBIS OKINAWA JA
RUESDP/FBIS SEOUL KOR
RUALJDT/JDET YOKOTA AB JA
RUDGAFT/HQ AFTAC PATRICK AFB FL//DOB//
RUEBNBA/HQ AFTAC-IN PATRICK AFB FL
RHHJDHA/HQ PACAF IDHS HICKAM AFB HI
RHHJJAA/JICPAC HONOLULU HI
RUDMQAN/MARCORINTACT DET QUANTICO VA
RUEAIJU/NPIC WASHINGTON DC//IEG EXEC OFF//
RAYWBFA/ONA CANBERRA AS
RHHMUNA/USCINCPAC HONOLULU HI
RUWTNOK/HQ USSPACECOM PETERSON AFB CO//POLAD//
RUEHVEN/USMISSION USVIENNA

RUESTO/AMEMBASSY TOKYO
RUHPCVV/USS CARL VINSON
RUEAIIS/STORAGE CENTER FBIS RESTON VA
ACCT FBWA-EWDK

INFO: ////

SUBJ: FBIS FOREIGN MEDIA NOTE-12MAR96

TEXT:

UNCLAS 4Z/LD

WARNING: (THE FOLLOWING ITEM IS INTENDED FOR USE ONLY
BY U.S. GOVERNMENT CONSUMERS. IT IS BASED ON
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ISSUED WITHOUT COORDINATION WITH OTHER
GOVERNMENT COMPONENTS.)

SERIAL: WA1303013396
PASS: ATTN BLOUGH/MILLER
ATTN BBC RDSUP

COUNTRY: JAPAN
SUBJ: FBIS FOREIGN MEDIA NOTE-12MAR96

SOURCE: FOREIGN BROADCAST INFORMATION SERVICE
TEXT:

Japan-U.S.: Japanese Media Report Continued Divisions
Over Return of Futenma Air Base

Japanese media are reporting that Japan's ruling coalition remains divided over whether to press Washington for the return of Futenma Air Base as demanded by Okinawa, suggesting that no clear consensus on how to deal with the issue has emerged in Tokyo. Further complicating the issue for Tokyo is continued strong local opposition on mainland Japan to relocating part of the base's functions to other parts of the country.

Coalition Divisions

The Liberal Democratic Party (LDP)--the largest party in the ruling coalition--and the two smaller parties, the Social Democratic Party of Japan (SDPJ) and the Sakigake, continue to disagree over whether Futenma should be returned.

According to a report in the 8 March Nihon Keizai Shimbun, a coalition project team that is drawing up recommendations for consolidation of the U.S. bases in Japan is having difficulty resolving its differences over the fate of the air base, with members from the SDPJ and Sakigake demanding that the base be returned and members from the LDP expressing reservations about doing so.

During a news conference on 1 March, Defense Agency Director General Hideo Usui, an LDP member, described the return of Futenma as "difficult" because it is the "nucleus of U.S. forward deployed forces" (Mainichi Shimbun, 2 March).

In an apparent effort to avoid increasing tensions within the

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ruling coalition, which is already divided over the handling of the contentious plan to bail out Japan's bankrupt housing loan corporations, the LDP and the Japanese Government have sought to paper over differences over Futenma in public.

According to the 1 March Asahi Shimbun, Usui spoke ambiguously about plans for Futenma when questioned about the base by a member of Sakigake during testimony before the Diet on 29 February.

The defense agency director general noted that Prime Minister Ryutaro Hashimoto had "referred" to the base during his 23 February meeting with President Clinton, that the Special Action Committee on Okinawa (SACO) would "discuss" the issue, and that he personally would like to "sincerely tackle" the issue of "realigning and reducing" U.S. facilities there.

Japanese Government proposals for the consolidation of the U.S. bases on Okinawa leaked to the press on 11 March also fudged the issue of Futenma, possibly reflecting coalition differences over the issue.

The 12 March Asahi Shimbun reported that Tokyo would not request the bases' "immediate" return, but asked rather that the issue be taken up as an indefinite "future task."

Local Opposition

Tokyo's efforts to deal with Okinawa's demand on Futenma are being further complicated by strong opposition in parts of mainland Japan where relocation of some of Futenma's functions have been considered.

According to the 2 March Okinawa Times, the vice governor of Yamaguchi Prefecture, where Iwakuni Air Base, one of the proposed relocation sites, is located, and the mayor of Iwakuni delivered a statement to the Defense Facilities Administration Agency on 1 March saying that local residents have "serious misgivings" about relocation of Futenma to their area.

The 7 March edition of the same paper reported that the Yamaguchi Prefectural Assembly unanimously passed on 6 March and sent to the Defense Facilities Administration Agency a resolution saying that it would not "tolerate" the transfer of any parts of Futenma to Iwakuni.

The 10 March Asahi Shimbun reported that the prefecture's governor has also described plans to move facilities to Iwakuni as "far from acceptable" and that a local campaign against relocation has been started.

(b)(3)

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#7917

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SECT: SECTION: 01 OF 01

SSN: 7917

TOR: 960312204219 M2126621

DIST:

SIT: CULLIN FETIG JOHNSON KRISTOFF NSC SCHUKER SUETTINGER

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PREC: IMMEDIATE
CLASS: UNCLASSIFIED
LINE1: OAAUZYUW RUEHKO A2319 0740325-UUUU--RHEHAAA.
LINE2: ZNR UUUUU ZZH
LINE3: O 140325Z MAR 96
LINE4: FM AMEMBASSY TOKYO
OSRI: RUEHKO
DTG: 140325Z MAR 96
ORIG: AMEMBASSY TOKYO
TO: RUEHC/SECSTATE WASHDC IMMEDIATE 9992
RUEHIA/USIA WASHDC IMMEDIATE 8011
INFO: RUALSFJ/COMUSJAPAN YOKOTA AB JA
RUEBBEA/USDOT WASHDC
RUCPDOG/USDOC WASHDC
RUEAIIA/CIA WASHDC
RUYNJDK/COMNAVFORJAPAN YOKOSUKA JA
RUEKJCS/SECDEF WASHDC
RUEKJCS/JOINT STAFF WASHDC//J5//
RHHMUNA/USCINCPAC HONOLULU HI//USIA//
RHEHAAA/WHITEHOUSE WASHDC
SUBJ: JAPANESE MORNING PRESS HIGHLIGHTS MARCH 14

TOP HEADLINES

TEXT:

//////////////// INCOMPLETE MESSAGE //////////////////

UNCLAS SECTION 01 OF 07 TOKYO 002319

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/OASIA/IMA; WHITE HOUSE; COMMERCE FOR DAS;
USCINCPAC/PA; COMUSJ/PA; COMNAVFORJAPAN/PA.

E.O. 12958: N/A

SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS MARCH 14

TOP HEADLINES

ASAHI: MEDICAL SPECIALISTS DISAPPROVED EMERGENCY
COUNTERMEASURES FOR BLOOD PRODUCTS; REVEALED BY MINUTES
BY AIDS RESEARCH TEAM'S SUBCOMMITTEE; IMPORTS FOR
"NECESSITY OF EXPERIMENTS" ALSO SHELVED

NIHON KEIZAI: JAPAN OIL, ITOCHU CO. TO BUY LOW-PRICED
GASOLINE FROM TWO MAJOR ROK OIL FIRMS; OIL REFINERS TO
REDUCE COST; MIGHT AFFECT RETAIL PRICES

TOKYO SHIMBUN: INDUSTRIAL BANK OF JAPAN, LONG-TERM TRUST BANK UNUSUALLY REPAID LOANS THEY HAD GUARANTEED; ALL 3.2 BILLION YEN IN LOW INTEREST LOANS PROVIDED BY CONSTRUCTION MINISTRY TO "TOGENSHA" SHOULDERED BY THOSE TWO BANKS

MAINICHI: OSAKA PREFECTURAL POLICE TO RAID LARGE BORROWER SUENO KOSAN EVEN TODAY ON CHARGES OF BREACH OF TRUST; INTERTWINED WITH UNSTRUCTURED FINANCING

YOMIURI: COSMO CREDIT UNION TO FILE COMPLAINT AGAINST FORMER BOARD DIRECTOR TAIDO; ON CHARGES OF BREACH OF TRUST AND UNSTRUCTURED FINANCING

SANKEI: GOVERNMENT TO PUT OFF CONSULTATIONS ON YEN LOANS AS PROTEST AGAINST CHINA'S MILITARY DRILLS; BUT AVOIDS "FREEZING" A 180-BILLION-YEN LOAN PORTION (TRANSLATION BELOW)

SENATOR BOB DOLEQS JAPAN POLICY (MAINICHI - PAGE 3)

SECURITY: POSSIBILITY OF ULTRA-CONSERVATIVES INFLUENCING HIS POLICY-MAKING

(WASHINGTON, MARCH 13, MASATO KISHIMOTO) SENATE MAJORITY LEADER BOB DOLE HAS EFFECTIVELY SECURED HIS POSITION AS THE REPUBLICAN PRESIDENTIAL CANDIDATE. THE VIEW HERE IS THAT THERE IS NOT MUCH DIFFERENCE IN HIS POLICIES TOWARD JAPAN, INCLUDING SECURITY, FROM THOSE OF PRESIDENT CLINTON. HOWEVER, THE CHANCES ARE THAT PAT BUCHANAN, AN ULTRA-CONSERVATIVE WHO HAS BEEN SUCCESSFUL IN GAINING A CERTAIN LEVEL OF SUPPORT IN THE NOMINATION RACE, MAY INFLUENCE DOLE'S POLICY-MAKING. JAPANESE DIPLOMATIC SOURCES IN THE UNITED STATES ARE KEEPING A CLOSE TAB ON HOW THE SITUATION IS DEVELOPING.

DOLE DURING THE CAMPAIGN HAS YET TO EXPLAIN IN PRECISE TERMS HIS FOREIGN AND SECURITY POLICY LINES TOWARD JAPAN. HAVING A POWER BASE AMONG REPUBLICAN MODERATES AND A SENSE OF BALANCE, HE HAS RULED OUT THE "ARGUMENT FOR SCRAPPING THE U.S.-JAPAN SECURITY TREATY," AS ADVOCATED IN SOME QUARTERS OF THE PARTY. HE REJECTS THE IDEA OF SLASHING U.S. FORCES STATIONED IN ASIA. HIS SECURITY POLICY LINES UP WITH THAT OF THE CLINTON ADMINISTRATION, WHICH ADVOCATES MAINTAINING 100,000 U.S. TROOPS IN THE REGION.

THE CANDIDATE CAUSING GREAT CONCERN FOR THE JAPANESE GOVERNMENT IS BUCHANAN, WHO HAS ADOPTED ISOLATIONISM AS HIS ELECTION THEME AND IS STAGING A "POLITICAL CAMPAIGN" IN THE RUNUP TO THE REPUBLICAN PARTY CONVENTION IN AUGUST. AT THE CONVENTION, DOLE WILL BE NOMINATED AS THE REPUBLICAN PRESIDENTIAL CANDIDATE, AND A PARTY PLATFORM WILL BE ADOPTED. IT IS LIKELY THAT IF BUCHANAN SUPPORTERS ARE ABLE TO EXERCISE THEIR INFLUENCE OVER THE CONVENTION, DOLE WILL HAVE NO CHOICE BUT TO TAKEN INTO ACCOUNT BUCHANAN'S ASSERTIONS IN ORDER TO MAINTAIN

SOLIDARITY IN THE PARTY AS IT GOES INTO THE FINAL STAGE OF THE PRESIDENTIAL CAMPAIGN.

THE KEY SEEMS TO BE WHETHER DOLE WILL BE ABLE TO CONTAIN BUCHANAN'S STRONG VOICE, BY KEEPING UP WITH THE CURRENT PACE OF ACHIEVING OVERWHELMING VICTORY AT THE UPCOMING PRIMARIES AND CAUCUSES.

ECONOMY: MAY TAKE ON HAWKISH TONE, DEPENDING ON ECONOMY

UNCLAS SECTION 02 OF 07 TOKYO 002319

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/OASIA/IMA; WHITE HOUSE; COMMERCE FOR DAS; USCINCPAC/PA; COMUSJ/PA; COMNAVFORJAPAN/PA.

E.O. 12958: N/A

SUBJECT: JAPANESE MORNING PRESS HIGHLIZHARA) WHAT WILL BECOME OF THE U.S.' ECONOMIC POLICY TOWARD JAPAN, IF A DOLE ADMINISTRATION CAME INTO EXISTENCE? THE PREVALENT VIEW IS: "HE WILL PROBABLY NOT ADOPT SUCH A TRADE NEGOTIATION STRATEGY AS TO DEMAND DETAILED NUMBERS AND STEPPING INTO EVERY INDUSTRIAL SECTOR, AS THE PRESENT CLINTON ADMINISTRATION DOES" (DIPLOMATIC SOURCE IN THE U.S.). SUCH A VIEW STEMS FROM THE U.S. RESPONSE SEEN DURING THE JAPAN-U.S. STRUCTURAL IMPEDIMENTS INITIATIVE (SII) UNDER THE REPUBLICAN BUSH ADMINISTRATION.

THE NEGOTIATING TACTIC OF BRANDISHING THE THREAT OF SANCTIONS UNDER THE U.S. TRADE ACT IS DRAWING CRITICISM IN THE U.S. AS WELL. SOME AMERICAN ANALYSTS HAVE POINTED OUT THAT IN APPOINTING SOMEONE TO HEAD THE OFFICE OF THE U.S. TRADE REPRESENTATIVE (USTR), WHICH IS RESPONSIBLE FOR TRADE NEGOTIATIONS, A DOLE ADMINISTRATION MAY NOT CHOOSE A PERSON LIKE THE INCUMBENT USTR KANTOR, "WHO DOES THINGS WITHOUT THINKING ABOUT IT LOOKS" (DIPLOMATIC SOURCE IN THE U.S.). HOWEVER, ALTHOUGH IT IS SAID THAT DOLE IS ONE OF THE MODERATES IN THE REPUBLICAN PARTY, HE WAS KNOWN AS A HAWKISH MEMBER OF THE PARTY, WHEN HE WAS A VICE-PRESIDENTIAL CANDIDATE IN THE FORD ADMINISTRATION IN 1976. HE WAS RECENTLY SEEN TAKING A TOUGH STANCE TOWARD THE WORLD TRADE ORGANIZATION (WTO), SUPPORTING THE CLINTON ADMINISTRATION'S POLICY APPROACH: "IF THE WTO HANDS DOWN DECISIONS THREE TIMES TO THE DISADVANTAGE OF THE U.S., THE U.S. WILL PULL OUT FROM IT."

U.S. ECONOMIC POLICY TOWARD JAPAN TO A LARGE EXTENT IS SUBJECT TO THE DOMESTIC ECONOMIC CLIMATE. NOW THE U.S. ECONOMY IS BOOMING, BUT SHOULD IT FALTER, THE U.S. WOULD LIKELY TOUGHEN ITS REQUESTS TO JAPAN REGARDING TRADE, FISCAL AND FINANCIAL POLICIES. IN THAT RESPECT, THERE WILL PROBABLY BE NO CHANGE FROM THE CLINTON ADMINISTRATION, ALTHOUGH A DOLE GOVERNMENT MAY ADOPT DIFFERENT TACTICS.

GOVERNMENT MAY DELAY TALKS ON YEN LOANS IN PROTEST OF CHINA'S MISSILE TESTING (SANKEI - TOP- PLAY)

THE JAPANESE GOVERNMENT SET A POLICY APPROACH ON MARCH 13 TO DELAY BILATERAL NEGOTIATIONS ON THE FOURTH TRANCHE OF YEN LOANS THAT HAD BEEN PLANNED TO BE COMMENCED WITHIN THE MONTH. THE PURPOSE IS TO MAKE IT MUCH CLEARER TO PROTEST AGAINST CHINA'S MILITARY PRESSURE THROUGH ITS MISSILE-FIRING AND LIVE-AMMUNITION FIRING DRILLS ON TAIWAN WITH ITS PRESIDENTIAL ELECTION APPROACHING NEAR AT HAND. THAT APPROACH REFLECTS CRITICISMS OF CHINA NOW HEARD IN THE RULING AND OTHER PARTIES, BUT ON A CHANGE IN THE ENTIRE FRAMEWORK OF YEN LOANS, THE GOVERNMENT HAS CONSIDERED IT WILL HAVE A SERIOUS IMPACT ON JAPAN-CHINA RELATIONS, SO ITS STANCE IS "WE WOULD LIKE TO EXPRESS OUR SENSE OF CONCERNS" BY PUTTING OFF THE TIMING OF BILATERAL TALKS.

BEFORE THE START OF MILITARY EXERCISES, THE GOVERNMENT HAD REPEATEDLY ASKED CHINA TO "PRACTICE SELF-RESTRAINT," BUT PARTLY BECAUSE (SUCH EXERCISES) HAVE CAUSED PRIVATE-SETOR AIRLINE COMPANIES' JETLINERS TO CHANGE THEIR AIR ROUTES, IT HAS BEEN NOW UNDER HEAVY FIRE FROM RULING COALITION LAWMAKERS FOR ITS SOFT RESPONSE.

AWARE OF SUCH A CIRCUMSTANCE, THE FOREIGN MINISTRY (MOFA) JUDGED, "WE NEED TO CONVEY OUR GRAVE INTEREST IN AND CONCERNS OVER CHINA-TAIWAN RELATIONS WITHOUT IT HAVING A SERIOUS IMPACT ON JAPAN-CHINA RELATIONS" (SENIOR MOFA OFFICIAL). THE MINISTRY THEN STUDIED EVERY KIND OF RESPONSE INCLUDING REVIEW OF ECONOMIC ASSISTANCE.

AS A RESULT, IT DECIDED TO PUT OFF THE DATE FOR WORKING-LEVEL NEGOTIATIONS BETWEEN THE TWO COUNTRIES ON NEXT FISCAL YEAR'S YEN LOANS, A MATTER IN HAND THAT WAS ON AGENDA FOR DISCUSSION WITH CHINA. REGARDING A FREEZE ON YEN LOANS, STRONGLY REQUESTED BY LEGISLATORS IN THE RULING CAMP, (MOFA) SHELVED THAT IDEA PRIMARILY FOR FEAR THAT "(SUCH A FREEZE) WOULD BE TAKEN AS A CHANGE IN THE CHINA POLICY, LATER BRINGING ABOUT A GRAVE IMPACT IN THE UNCLAS SECTION 04 OF 07 TOKYO 002319

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/OASIA/IMA; WHITE HOUSE; COMMERCE FOR DAS; USCINCPAC/PA; COMUSJ/PA; COMNAVFORJAPAN/PA.

E.O. 12958: N/A

SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS MARCH 14

THE MAJOR REASON IS THAT AS TENSIONS MOUNT AROUND JAPAN, THE ARGUMENT NOW GAINING STRENGTH IS THAT "U.S. BASES ARE NECESSARY FOR THE SECURITY OF JAPAN."

A HIGH-LEVEL GOVERNMENT OFFICIAL ON THE 13TH REFERRED TO THE SECOND ROUND OF THE MEETING OF THE "COUNCIL ON U.S. BASES ON OKINAWA" BETWEEN THE CENTRAL GOVERNMENT AND OKINAWA PREFECTURE PLANNED FOR THE 16TH, AND INDICATED HIS VIEW THAT WITH TENSIONS MOUNTING ACROSS THE TAIWAN STRAITS, IT MIGHT BE DIFFICULT TO TRIM U.S. BASES, NOTING, "I PERSONALLY THINK SUCH A THING THAT IS NOW TAKING PLACING IN THE TAIWAN STRAITS WOULD WIPE AWAY THE MOOD OF A THAW IN THE FAR EAST, HELPING THE U.S. DEPARTMENT OF DEFENSE TOUGHEN ITS STANCE. IF CHINA ESCALATES ITS MILITARY EXERCISES, (THE IDEA OF REALIGNING AND REDUCING U.S. BASES) WILL NOT GO SO SMOOTHLY."

IN THIS CONNECTION, CHIEF CABINET SECRETARY KAJIYAMA TOLD THE PRESS ON THE 13TH, "(CHINA'S MILITARY EXERCISE) IS A KIND OF THREAT TO THE DEMOCRATIC ELECTION AND POLITICS (IN TAIWAN)," AND HE EXPRESSED HIS CONCERN OVER FULL-FLEDGED MILITARY EXERCISES NEAR TAIWAN.

ON THE PROBLEM OF U.S. BASES ON OKINAWA, CONSULTATIONS ARE NOW UNDERWAY IN THE "SPECIAL ACTION COMMITTEE ON FACILITIES AND AREAS IN OKINAWA (SACO) BETWEEN THE U.S. AND JAPAN IN AN EFFORT TO SHOW A "FIXED DIRECTION" BEFORE U.S. PRESIDENT CLINTON COMES TO JAPAN IN MID-APRIL. BUT THE CENTRAL GOVERNMENT AND OKINAWA PREFECTURE STILL REMAIN FAR APART IN THEIR VIEWS. THE FORMER HAS GIVEN THE TOP PRIORITY TO FIRMLY UPHOLDING THE BILATERAL SECURITY ARRANGEMENT, WHILE THE LATTER HAS CALLED FOR REDUCTION OF BASES IN A VISIBLE MANNER.

IN CONNECTION WITH THE ABOVE REMARK MADE RECENTLY BY A HIGH-LEVEL GOVERNMENT OFFICIAL, A JAPAN DEFENSE AGENCY (JDA) OFFICIAL NOTED, "IT WILL GIVE IMPETUS TO THE ARGUMENT CITING THE NECESSITY OF U.S. FORCES IN TIMES OF EMERGENCY." ON THE OTHER HAND, HOWEVER, SOME POINT OUT THAT "IT WILL HIGHLIGHT ANEW HOW DANGEROUS THE SITUATION IN OKINAWA IS DURING AN EMERGENCY, PARTICULARLY BECAUSE A NUMBER OF BASES ARE CONCENTRATED ON THAT ISLAND" (FOREIGN MINISTRY SOURCE). IT IS LIKELY THE CENTRAL GOVERNMENT WILL BE PRESSED HARD TO MAKE A RESPONSE TO THIS EVEN MORE DIFFICULT SITUATION IN THE DAYS AHEAD..

GOVERNMENT HARD PRESSED ON BASE REVERSION ISSUE, AS TENSIONS MOUNT IN TAIWAN STRAITS (SANKEI - PAGE 2)

THE TENSIONS MOUNTING IN THE TAIWAN STRAITS OVER CHINA'S MILITARY EXERCISES HAVE BEGUN TO AFFECT THE ENVIRONMENT SURROUNDING THE NEGOTIATIONS BETWEEN JAPAN AND THE UNITED STATES OVER THE POSSIBLE REALIGNMENT AND/OR REDUCTION OF THE OKINAWA BASES. CHINA'S MILITARY DRILLS HAVE HIGHLIGHTED THE IMPORTANCE OF THE U.S. OKINAWA BASES IN TIME OF ANY CONTINGENCY OCCURRING IN THE FAR EAST. THE U.S. HAS BEGUN TO HARDEN ITS STANCE TOWARD POSSIBLE RELOCATION AND/OR REVERSION OF SOME BASE SITES.

AN OBSERVATION HAS BEEN GAINING STRENGTH IN THE GOVERNMENT AND THE RULING CAMP THAT RELOCATING THE FUTENMA AIR STATION, THE HIGHLIGHT IN THE ISSUE, WOULD BE

DIFFICULT. SANDWICHED BETWEEN THE U.S. AND OKINAWA PREFECTURE, THE GOVERNMENT IS LIKELY TO BE PRESSED FOR A TOUGH DECISION, WITH PRESIDENT CLINTON'S JAPAN TRIP COMING UP IN APRIL.

IN RESPONSE TO CHINA'S MISSILE TESTING AND LIVE-FIRE EXERCISES, THE U.S. HAS BEGUN TO CONCENTRATE ITS MILITARY STRENGTH AROUND TAIWAN TO THE HIGHEST DEGREE SINCE THE GULF WAR, MOVING ITS TASK FORCES CLOSER TO TAIWAN, INCLUDING THE INDEPENDENCE AND ANOTHER NAVAL CARRIER.

UNDER THE CIRCUMSTANCES, "THE U.S. HAS REAFFIRMED THE STRATEGIC IMPORTANCE OF ITS OKINAWA BASES, AND HAS BEGUN TO ASSUME A NEGATIVE STANCE TOWARD RELOCATING AND RETURNING ITS MAJOR FACILITIES LIKE THE FUTENMA AIR STATION" (GOVERNMENT SOURCE).

UNCLAS SECTION 05 OF 07 TOKYO 002319

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/OASIA/IMA; WHITE HOUSE; COMMERCE FOR DAS; USCINCPAC/PA; COMUSJ/PA; COMNAVFORJAPAN/PA.

E.O. 12958: N/A

SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS MARCH 14

WHEN DEPUTY ASSISTANT SECRETARY OF STATE HUBBARD VISITED JAPAN EARLIER AND HELD TALKS WITH FORMER FOREIGN MINISTER TARO NAKAYAMA OF THE LIBERAL DEMOCRATIC PARTY (LDP) AND OTHERS, HE STATED, "SHIFTING FUTENMA AIR STATION'S FUNCTIONS TO OTHER FACILITIES WOULD BE DIFFICULT." HIS COMMENT INDICATED THAT FROM A STRATEGIC STANDPOINT, RELOCATING AND/OR RETURNING THAT AIRFIELD WOULD BE UNLIKELY. SOME GOVERNMENT AND RULING MEMBERS ALSO HOLD A PESSIMISTIC VIEW, ONE SAYING, "EXPECTING (FUTENMA AIR STATION) BACK IS NOT REALISTIC. RELOCATING SOME OF THE MARINES' TRANSPORT UNITS WOULD BE DIFFICULT AS WELL" (LDP MEMBER).

THE GOVERNMENT SUSPECTS THAT THE CHANGE IN THE U.S. STANCE WILL IRRITATE OKINAWANS AND THAT THE CHINA-TAIWAN PROBLEM MAY BE USED AS A "CARD UP ITS SLEEVE" BY THE U.S. SIDE IN THE BASE REALIGNMENT AND REDUCTION NEGOTIATIONS. JAPAN, ON ITS PART, INTENDS TO "AVOID LINKING THE TAIWAN PROBLEM WITH THE OKINAWA PROBLEM AND TO TREAT THEM AS TWO COMPLETELY DIFFERENT ISSUES." (GOVERNMENT SOURCE).

JDA REPORT: CHINA HAS 150,000 TROOPS AND 4 SUBMARINES IN TAIWAN STRAITS EXERCISE (TOKYO SHIMBUN - PAGE 3)

IN CONNECTION WITH THE CHINESE MILITARY'S LIVE-FIRE EXERCISES, THE JAPAN DEFENSE AGENCY SUBMITTED A REPORT ON MARCH 13 TO THE LIBERAL DEMOCRATIC PARTY AND OTHER PARTIES ON THE CHINESE TROOPS DEPLOYED NEAR THE TAIWAN

STRAITS. ACCORDING TO THE REPORT, CHINA HAS NOW ASSEMBLED 150,000 GROUND TROOPS IN THE PROVINCE OF FUJIAN ON THE OPPOSITE SHORE OF THE STRAITS OFF TAIWAN, AND IS NOW STAGING FOUR SUBMARINES, INCLUDING ONE RUSSIAN-MADE KILO-CLASS ADVANCED SUBMARINE, AND FOUR LANDING CRAFT. JDA INTEGRATED INFORMATION OBTAINED FROM THE U.S., TAIWAN, HONG KONG, AND OTHER SOURCES.

ACCORDING TO THE TAIWANESE DEFENSE MINISTRY'S ANNOUNCEMENT, THE MARCH 12 MANEUVERS WERE SMALL-SCALE WITH ABOUT 10 SHIPS AND A LITTLE OVER 10 FIGHTER PLANES. BUT JDA SAYS "EXERCISES ON A STILL LARGER SCALE ARE PREDICTED."

JDA EXPLAINS THE TROOPS, NOW ASSEMBLED IN FUJIAN PROVINCE, INCLUDE THREE AIRBORNE DIVISIONS SWUNG FROM HUBEI PROVINCE, TWO GROUND DIVISIONS FROM JIANGSU PROVINCE, AND ARTILLERY TROOPS FROM JIANGXI PROVINCE FOR MISSILE EXERCISES. THE NAVY HAS ALREADY DEPLOYED A TOTAL OF 10 VESSELS, INCLUDING SUBMARINES, LANDING CRAFT, MISSILE DESTROYERS, AND FRIGATES. AS FOR THE AIR FORCE, ABOUT 300 CHINESE-MADE FIGHTERS, ACCORDING TO JDA, ARE NOW DEPLOYED TO 11 AIR STATIONS FACING THE EAST CHINA SEA.

U.S. AMBASSADOR CITES DIFFICULTY OF RETURNING FUTENMA AIRFIELD (YOMIURI - PAGE 2)

SHINTO SAKIGAKE REPRESENTATIVE TAKEMURA MET WITH UNITED STATES AMBASSADOR TO JAPAN MONDALE AT THE AMBASSADOR'S RESIDENCE LAST NIGHT. IN IT, TAKEMURA CALLED FOR A REVERSION OF FUTENMA BASE, BUT THE AMBASSADOR REPLIED, "THE REVERSION OF FUTENMA WILL BE DIFFICULT."

REFERRING TO THE FACT THAT THE U.S. HAS DISPATCHED AIRCRAFT CARRIERS IN RESPONSE TO CHINA'S EXERCISES IN WATERS NEAR TAIWAN, THE AMBASSADOR STATED, "THE U.S. HAS NO INTENTION OF CONTAINING OR ECONOMICALLY BLOCKING CHINA. BUT IF NO MEASURES ARE TAKEN, CHINA MIGHT ESCALATE (ITS EXERCISES)."

LDP SAYS ACAS MAY BE APPLIED TO EMERGENCIES (NIHON KEIZAI - PAGE 2)

THE LIBERAL DEMOCRATIC PARTY'S POLICY AFFAIRS RESEARCH COUNCIL CHAIRMAN TAKU YAMASAKI INFORMALLY TALKED WITH PRESS REPORTERS AT THE PARTY HEADQUARTERS ON MARCH 13, AND THEN TOUCHED ON AN "ACQUISITION AND CROSS-SERVICING AGREEMENT" (ACSA) WHICH WILL MAKE IT POSSIBLE FOR THE UNCLAS SECTION 06 OF 07 TOKYO 002319

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/OASIA/IMA; WHITE HOUSE; COMMERCE FOR DAS; USCINCPAC/PA; COMUSJ/PA; COMNAVFORJAPAN/PA.

E.O. 12958: N/A

SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS MARCH 14

SELF-DEFENSE FORCES AND THE U.S. FORCES IN JAPAN TO CARRY OUT SUCH ACTIVITIES AS PROVIDING EACH OTHER WITH FUEL. HE SAID, "WE'RE ALSO GOING TO STUDY WHETHER OR NOT TO EXPAND THE SCOPE OF CROSS-SERVICING AT A TIME WHEN INTERNATIONAL TENSIONS BECOME HIGH." HE THUS CLARIFIED THE LDP WOULD LOOK INTO THE POSSIBILITY OF NON-PEACETIME APPLICATION. IN THE CASE OF APPLYING ACSA ALSO IN TIMES OF EMERGENCY, THERE IS ALSO A POSSIBILITY THAT SUCH MAY RUN COUNTER TO THE GOVERNMENT'S USUAL INTERPRETATION OF THE CONSTITUTION THAT PROHIBITS THE USE OF THE RIGHT OF COLLECTIVE SELF-DEFENSE (SHUDANTEKI JIEIKEN).

HASHIMOTO SAYS TIME RUNNING OUT ON OKINAWA BASE LEASES (ASAHI - PAGE 3)

IN CONNECTION WITH THE GOVERNMENT-INSTITUTED LAWSUIT FOR PROXY SIGNING OVER THE EXPROPRIATION OF LAND LOTS OFFERED TO U.S. ARMED FORCES IN OKINAWA, PRIME MINISTER RYUTARO HASHIMOTO IN A MEETING OF THE LOWER HOUSE FOREIGN AFFAIRS COMMITTEE ON MARCH 13 REFERRED TO THE EXPECTED EXPIRATION OF SOME LAND LEASES ON THE SOBE RADIO STATION LOCATED IN YOMITAN VILLAGE, OKINAWA PREFECTURE. THE PRIME MINISTER STATED, "IT IS MY UNDERSTANDING THAT IT WOULD BE VERY DIFFICULT TO COMPLETE THE VARIOUS PROCEDURES BEFORE THE LEASE TERM EXPIRES." THE PRIME MINISTER THUS INDICATED THAT EVEN IF THE GOVERNMENT SIDE WINS IN A COURT DECISION EXPECTED TO BE HANDED DOWN ON MARCH 25, THE POSSIBILITY IS HIGH THAT THE GOVERNMENT MAY FAIL TO COMPLETE ALL THE PROCEDURES TO EXTEND THE LEASE TERM BEFORE IT EXPIRES.

THE PRIME MINISTER THEN STATED, "THE SOBE RADIO STATION, UNDER THE JAPAN-U.S. SECURITY TREATY, NEEDS TO BE CONTINUOUSLY OFFERED TO THE U.S. GARRISONS, AND THE GOVERNMENT, THEREFORE, WILL HAVE TO TAKE PROCEDURES FOR ITS EMERGENCY USE." HE REPLIED TO AN INTERPELLATION POSED BY SANEYOSHI FURUGEN (JAPAN COMMUNIST PARTY).

PRIME MINISTER CRITICIZED FOR ISOLATING SELF FROM OWN PARTY (ASAHI - PAGE 7)

PRIME MINISTER RYUTARO HASHIMOTO HAS DECIDED TO "VISIT THE LIBERAL DEMOCRATIC PARTY (LDP) HEADQUARTERS AT LEAST ONCE A DAY" (GOVERNMENT LEADER) TO DO HIS JOB AS PARTY PRESIDENT STARTING THE 14TH. LATELY HE HAS OFTEN CONFINED HIMSELF IN HIS OFFICIAL RESIDENCE, TELLING HIMSELF, "ALL I CAN DO IS STAND BY AND WATCH THE MANEUVERINGS BETWEEN THE TWO CAMPS" OVER THE STALLED JUSEN (HOUSING LOAN COMPANIES) DIET. BUT OPINION HAS BEGUN TO GROW IN THE PARTY, "HE IS NOT DISPLAYING HIS LEADERSHIP AS OUR PARTY HEAD" (SENIOR LDP MEMBER). CONCERNED ABOUT SUCH, CHIEF CABINET SECRETARY SEIROKU KAJIYAMA AND OTHER CLOSE AIDES HAVE OFFERED THE PRIME MINISTER A PIECE OF ADVICE. FOR STARTERS, ON THE 14TH THE PRIME MINISTER WILL ATTEND A ROUNDTABLE DISCUSSION

WITH JUNIOR MEMBERS. HE WILL THEN GRADUALLY ATTEND OTHER MEETINGS, LIKE POLICY RESEARCH COUNCIL SESSIONS.

YESTERDAY, AFTER A LAPSE OF SEVERAL DAYS, PRIME MINISTER HASHIMOTO TOOK THE FLOOR AS ACTING FOREIGN MINISTER IN THE LOWER HOUSE FOREIGN AFFAIRS COMMITTEE MEETING. RECENTLY HE RARELY HAS A CHANCE TO EXCHANGE VIEWS IN THE DIET DUE TO THE DEADLOCKED BUDGET SESSION. IN ADDITION, ALL THOSE WHO VISIT THE PRIME MINISTER IN HIS OFFICE ARE BUREAUCRATS.

HASHIMOTO IS A "LONER" AND THAT IS HIS STYLE. BUT WITH SHINSHINTO HEAD ICHIRO OZAWA GAINING STRENGTH IN DEMANDING A LOWER-HOUSE DISSOLUTION AND A GENERAL ELECTION, THE PRIME MINISTER PERHAPS REALIZED THAT HE TOO NEED TO DISPLAY HIS LEADERSHIP IN CARRYING OUT POLICY-MAKING DISCUSSIONS WITH JUNIOR MEMBERS.

SHINSHINTO CONTINUES SIT-IN; NO SOLUTION IN SIGHT TO DIET IMPASSE (ASAHI - PAGE 2)

LOWER HOUSE SPEAKER TAKAKO DOI HAS REPEATEDLY ASKED THE MAJOR OPPOSITION SHINSHINTO (NEW FRONTIER PARTY) TO REMOVE ITS PHYSICAL BLOCKADE, WHICH HAS BEEN BEING UNCLAS SECTION 07 OF 07 TOKYO 002319

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/OASIA/IMA; WHITE HOUSE; COMMERCE FOR DAS; USCINCPAC/PA; COMUSJ/PA; COMNAVFORJAPAN/PA.

E.O. 12958: N/A

SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS MARCH 14

CARRIED OUT IN FRONT OF THE LOWER HOUSE BUDGET COMMITTEE ROOM. REFLECTED THE SPEAKER'S ACTION, THE PUBLIC'S STRONG CRITICAL EYE IS NOW FASTENING ON SHINSHINTO. GIVEN SUCH CIRCUMSTANCES, SHINSHINTO HAS INSTEAD TIGHTLY STUCK TO ITS STANCE, BUT AT THE SAME TIME, IT IS NOW LOOKING FOR WAYS TO BREAK THE IMPASSE. BUT SHINSHINTO, IN WHICH THE VIEW CALLING FOR A HARD-LINE STAND IS DOMINANT, HAS YET TO REACH A DECISION TO REMOVE ITS PICKETS. SPEAKER DOI AND THE RULING COALITION CAMP ARE NOW WAITING FOR SHINSHINTO TO MOVE, WITHOUT TAKING STEPS TO FORCE THEM OUT. HOWEVER, SHINSHINTO IS STILL INTERNALLY STALEMATED.

THE THREE RULING PARTIES -- THE LIBERAL DEMOCRATIC PARTY (LDP), SOCIAL DEMOCRATIC PARTY (SDP) AND THE SAKIGAKE PARTY -- STARTED ENCIRCLING SHINSHINTO FROM THE BEGINNING OF THE WEEK, BY BACKING MEDIATION BY LOWER HOUSE SPEAKER DOI AND WINNING THE JAPANESE COMMUNIST PARTY (JCP) TO THEIR SIDE. IN ORDER TO DEMONSTRATE THAT THE LOWER HOUSE BUDGET COMMITTEE HAS BEEN STALLED BY SHINSHINTO'S BLOCKADE, THE RULING CAMP ON THE 13TH CONVENED MEETINGS

OF THE FOREIGN AFFAIRS STANDING COMMITTEE AND WELFARE AFFAIRS STANDING COMMITTEE DESPITE THE ABSENCE OF SHINSHINTO. REGARDING THE PICKETING, AN ASAHI SHIMBUN OPINION POLL SHOWED THAT 65 PERCENT OF THE PEOPLE ARE "CRITICAL" OF IT, SO A HEAD WIND IS NOW BLOWING AGAINST SHINSHINTO TACTICS.

HOWEVER, SHINSHINTO (DIET AFFAIRS COMMITTEE CHAIRMAN TAKEO NISHIOKA) HAS SAID: "IT IS UNDERSTANDABLE THAT IF SHINSHINTO HAD NOT TAKEN AN ACTION, THE JUSEN (MORTGAGE FIRMS) ALLOCATION WOULD HAVE BEEN PASSED BY THE LOWER HOUSE." HIS REMARKS INDICATED THAT SHINSHINTO WILL CONTINUE ITS HUMAN BARRICADE.

AT THE SAME TIME, IT IS A FACT THAT SHINSHINTO HAS YET TO FIND ANY EFFECTIVE COUNTERATTACK AGAINST THE RULING COALITION CAMP'S "MANEUVERING." A (SENIOR SHINSHINTO MEMBER) SAID: "I HAVE BEEN TOLD BY MY LOCAL SUPPORTERS THAT 'WE WANT YOU TO STOP THE PICKETING BECAUSE IT MAKES US FEEL EMBARRASSED.'" UNREST AMONG THE SHINSHINTO DIETMEMBER IS NOW APPEARING. BLACKBURN

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#2319

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
005. cable	re: Japan-U.S. / Okinawa Base Issue (2 pages)	03/14/1996	P1/b(1)

COLLECTION:

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

FOLDER TITLE:

[03/11/1996 - 03/20/1996]

2016-0420-F
sb1864

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]
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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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- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
006. cable	Re: Digest Executive Edition 48-96 (10 pages)	03/15/1996	P1/b(1)

COLLECTION:

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

FOLDER TITLE:

[03/11/1996 - 03/20/1996]

2016-0420-F
sb1864

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
007. cable	Re: Sakigake Appeal for Return of Futenma (6 pages)	03/16/1996	P1/b(1)

COLLECTION:

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

FOLDER TITLE:

[03/11/1996 - 03/20/1996]

2016-0420-F
sb1864

RESTRICTION CODES

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- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
- b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

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LINE1: OAAUZYUW RUEHKO A2421 0780245-UUUU--RHEHAAA.

LINE2: ZNR UUUUU ZZH

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OSRI: RUEHKO

DTG: 180245Z MAR 96

ORIG: AMEMBASSY TOKYO

TO: RUEHC/SECSTATE WASHDC IMMEDIATE 0143
RUEHIA/USIA WASHDC IMMEDIATE 8071

INFO: RHHMUNA/USCINCPAC HONOLULU HI//USIA//
RUEAIIA/CIA WASHDC
RUALSFJ/COMUSJAPAN YOKOTA AB JA
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SUBJ: JAPANESE MORNING PRESS HIGHLIGHTS MARCH 18

TOP HEADLINES

TEXT:

UNCLAS SECTION 01 OF 06 TOKYO 002421

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/OASIA/IMI; WHITE HOUSE; COMMERCE FOR DAS;
USCINCPAC/PA; COMUSJ/PA; COMNAVFORJAPAN/PA.

E.O. 12958: N/A

SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS MARCH 18

TOP HEADLINES

ASAHI: COSMO CREDIT UNION CONCEALED DEFICIT OF 39 BILLION
YEN FOR FOUR YEARS; DOUBLE STATEMENTS OF ACCOUNTS FORMED;
TESTIFIES, "TOKYO METROPOLITAN GOVERNMENT ALSO WAS AWARE
OF THAT FACT"

NIHON KEIZAI: HIGH-TECH-INDUSTRY-LED U.S. ECONOMY NOW
SLOWING DOWN; HIGH GROWTH, HIGH STOCK PRICES NOW ON
DOWNWARD TREND; BUT CONSUMPTION AT STEADY PACE

TOKYO SHIMBUN: APEC FINANCE MINISTERS' MEETING WINDS UP;
TO FORM A FRAMEWORK FOR CURRENCY STABILITY; LOWER YEN,

HIGHER DOLLAR WELCOMED

MAINICHI: NURSING IN AGING SOCIETY -- WHO TO TAKE CARE OF? "MY WIFE AND I WILL BOTH COLLAPSE"; FREQUENT CASES OF MISERY INVOLVING FAMILY MEMBERS

YOMIURI: COSMO CREDIT UNION PADDED PROFITS OF 43 BILLION YEN; FROM 1992 TO 1995 CONTINUED TO PAY DIVIDENDS PRETENDING THE COMPANY WAS SOUND; FORMER BOARD DIRECTOR TO BE INDICTED TODAY

SANKEI: LIFE-INSURANCE FIRMS COMPILED GUIDELINES THAT ARE ANTI-LIBERALIZATION; BANK-AFFILIATED AGENTS EXCLUDED; RESTRICTIONS PUT ON GOODS SOLD ON CONSIGNMENT; FINANCE MINISTRY LIKELY TO APPROVE SUCH GUIDELINES BEFORE LAW IS REVISED NEXT MONTH

SHINSHINTO CONTINUES DIET SIT-IN BUT SHOWING SIGNS OF FLEXIBILITY (YOMIURI - PAGE 2)

IGNORING LOWER HOUSE SPEAKER DOI'S ADVICE, THE MAJOR OPPOSITION SHINSHINTO (NEW FRONTIER PARTY) ON THE 17TH CONTINUED ITS SIT-IN IN FRONT OF THE LOWER HOUSE BUDGET COMMITTEE ROOM. BUT THE PARTY IS BEING PRESSED FOR A TOUGH DECISION WITH NO COMPROMISE SEEN IN THE LIBERAL DEMOCRATIC PARTY'S (LDP) STANCE REGARDING THE SHINSHINTO'S DEMAND FOR SECRETARY GENERAL KOICHI KATO'S DIET TESTIMONY. IN RESPONSE TO GROWING PUBLIC CRITICISM TOWARD THE SHINSHINTO, THE PARTY ON THE 15TH PARTIALLY REMOVED ITS BLOCKADE OF MEMBERS SITTING IN AT THE DIET. IN ADDITION, ONE SENIOR MEMBER EVEN MADE A COMMENT THAT COULD BE TAKEN AS SIGN OF APPROVAL OF PLACING A FREEZE ON THE JUSEN (HOUSING LOAN COMPANIES) BUDGET. ALL THOSE DEVELOPMENTS SUGGEST THAT THE SHINSHINTO HAS NOW BEGUN TO LOWER ITS HURDLE TOWARD RESUMPTION OF BUDGET DELIBERATIONS.

APEC FINANCE MINISTERSQ MEETING: U.S. ATTITUDE COOL TOWARD JUSEN ISSUE (MAINICHI - PAGE 9, MARCH 17)

DURING THE BILATERAL BETWEEN JAPAN'S FINANCE MINISTER AND THE UNITED STATES' TREASURY SECRETARY IN KYOTO ON THE 16TH, SECRETARY RUBIN ASKED JAPAN TO QUICKLY RESOLVE THE PROBLEM OF THE (BANKRUPT) JUSEN (HOUSING LOAN COMPANIES), BUT HE DID NOT REFER TO THE PROPRIETY OF INJECTING FISCAL MONEY TO DO SO. THE MEETING WAS NOTICEABLY ONE SIDED, DEPUTY PRIME MINISTER AND FINANCE MINISTER KUBO EXPLAINING THE JUSEN PROBLEM WHILE HIS U.S. COUNTERPART LISTENED. THE JAPANESE SIDE WANTED TO USE "THE U.S." UNDERSTANDING" AS A LEVER TO NORMALIZE THE DIET SESSION, NOW STALLED OVER THE ISSUE OF INJECTING 685 BILLION YEN IN FISCAL MONEY (INTO THE BAILOUT SCHEME), BUT THE U.S. SIDE SEEMS TO WANT TO DELICATELY DISTANCE ITSELF FROM THE GOVERNMENT'S LIQUIDATION PACKAGE.

DURING THE APPROXIMATELY 40-MINUTE MEETING, DISCUSSION OF THE JUSEN PROBLEM CONSUMED MOST OF THE TIME. WITH THE SURFACING OF THE STRONG DESIRE BY THE JAPANESE SIDE TO

DRAW OUT POSITIVE SUPPORT FROM THE AMERICAN SIDE, THE U.S. SEEMED TO SHOW A MODICUM OF CONSIDERATION.

FINANCE MINISTER KUBO EXPLAINED THAT IT WAS NECESSARY TO RESOLVE THE JUSEN ISSUE QUICKLY IN ORDER TO BACK UP THE ECONOMY AND FINANCIAL SYSTEM AND HE SOUGHT U.S. UNDERSTANDING FOR THAT. IN RESPONSE, SECRETARY RUBIN UNCLAS SECTION 02 OF 06 TOKYO 002421

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/OASIA/IMI; WHITE HOUSE; COMMERCE FOR DAS; USCINCPAC/PA; COMUSJ/PA; COMNAVFORJAPAN/PA.

E.O. 12958: N/A

SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS MARCH 18

REPORTEDLY ONLY NODDED. THE ONLY STATEMENT HE MADE ON THE JUSEN PROBLEM WAS: "WE HOPE FOR AN EARLY RESOLUTION." THE MEETING'S CONTENT COULD BE CHARACTERIZED BY SAYING THAT THE JAPANESE SIDE WAS TALKATIVE WHILE THE U.S. REMAINED TACITURN. THE U.S.' AVOIDANCE OF ANY STATEMENT OF POSITIVE SUPPORT FOR THE GOVERNMENT'S JUSEN PACKAGE REVEALS A DELICATE CHANGE IN THE U.S. GOVERNMENT'S STANCE TOWARD THE BAILOUT SCHEME.

THE UNITED STATES AT FIRST WAS STRONG SUCH STATEMENTS AS "IT IS A GOOD THING THAT YOU ARE RESPONDING RAPIDLY" (SECRETARY RUBIN, 10/7/95), AND "THE U.S. ALSO WELCOMES THE FRAMEWORK FOR LIQUIDATING THE JUSEN: (SECRETARY RUBIN, 11/20/95).

HOWEVER, WITH THE PUBLIC'S STRONG PUBLIC AGAINST THE GOVERNMENT'S PLAN, AND SOME IN THE RULING COALITION EVEN FAVORING FREEZING THE INJECTION OF PUBLIC MONEY INTO THE PLAN, THE RESOLUTION OF THE PROBLEM BECAME UNCLEAR. AT THAT JUNCTURE, THE U.S. BEGAN TO DISTANCE ITSELF FROM THE PLAN. ON THE 14TH OF THIS MONTH, AMBASSADOR MONDALE STATED, "WE NEITHER OPPOSE NOR SUPPORT THE GOVERNMENT'S PLAN," CLEARLY TAKING A NEUTRAL POSITION.

THE U.S.'S DELICATE DISTANCING OF ITSELF REFLECTS THE DEADLOCK THAT HAS OCCURRED IN THE RESOLUTION OF THE JUSEN PROBLEM. WITH THE U.S. NOW SHIFTING TO SEEKING "AN EARLY RESOLUTION," ITS TIGHT-ROPE WALKING IS LIKELY TO CONTINUE INTO THE FUTURE.

SAKAMOTO CRITICIZES U.S. USE OF 301 CLAUSE AS THREAT IN TRADE NEGOTIATIONS (YOMIURI - PAGE 7, MARCH 16)

YOSHIHIRO SAKAMOTO, DEPUTY VICE MINISTER OF INTERNATIONAL TRADE AND INDUSTRY (MITI), GAVE A SPEECH AT THE JAPAN CORRESPONDENT CLUB ON THE 15TH. REGARDING THE ISSUE OF EXTENDING THE JAPAN-UNITED STATES SEMICONDUCTOR ACCORD, WHICH RUNS OUT AT THE END OF THIS JULY, SAKAMOTO REVEALED

JAPAN'S WILLINGNESS TO HOLD TALKS, WITH THE REMARK THAT "IN CASE THE U.S. MAKES A PROPOSAL FOR OFFICIAL TALKS, JAPAN WILL GLDLY ACCEPT IT." HE REITEATED ANEW THAT THE JAPANESE GOVERNMENT'S POSITION CALLING FOR ABOLISHING THE PACT REMAINS UNCHANGED. HE THEN CRITICIZED THE U.S. TRADE NEGOTIATING STYLE RESORTING TO SECTION 301 OF THE U.S. TRADE ACT AS "NOTHING BUT INTIMIDATION."

SAKAMOTO UNDERScoreD THAT "JAPAN WOULD NOT ACCEPT AN EXTENSION OF THE PACT IN ANY FORM," CITING AS REASONS THAT (1) "THE 20 PERCENT SHARE OF FOREIGN-MADE SEMICONDUCTORS IN THE JAPANESE MARKET" IN THE ACCORD WAS TAKEN TO BE JAPAN'S PROMISE AND THEN TURNED INTO A SYMBOL OF MANAGED TRADE; (2) GOVERNMENT INTERVENTION RUNS COUNTER TO DEEGULATION; AND (3) THE DUMPING ISSUE BY JAPANESE COMPANIES HAS ALREADY BEEN SETTLED. REGARDING TE PHOTOFILM ISSUE, HE CATEGORICALLY SAID, "SINCE TE ISSUE IS RELATED TO THE ANTI-MONOPOLY LAW, THE MINISTRY WILL DECLINE TO HOLD TALKS."

SAKAMOTO SPEECH SPARKS COMMNTS FROM KODAK REP IN AUDIENCE (NIHON KEIZAI - PAGE

"WE WILL REFUE TO HOLD TALKS WITH THE OFFICE OF UNITED STATES TRADE REPRESENTATIVE (USTR)." WITH THESE WORDS, DEPUTY VICE MINISTER OF INTERNATIONAL TRADE AND INDUSTRY (MITI) SAKAMOTO IN A SPEECH AT THE FOREIGN CORRESPONDENT CLUB ON THE 15TH STRESSED AGAIN THE MINISTRY'S POLICY DECISION OF REFUSING TO ACCEPT GOVERNMENT NEGOTIATIONS ON THE ISSUE OF U.S. EASTMAN KODAK'S MARKET-OPENING REQUEST REGARDING THE JAPANESE PHOTOFILM MARKET.

AFTER LISTENING TO HIS SPEECH, KODAK VICE PRESIDENT IRA WOLF TOLD THE PRESS, "JAPAN HAS REFUSED TO HOLD TALKS WITH ITS MOST IMPORTANT ALLY IN THE TRADE AND SECURITY AREAS," AND BLASTED MITI'S APPROACH.

IN HIS SPEECH, SAKAMOTO LASHED OUT AT KODAK AND USTR FOR THEIR TACTICS, SAYING "THE USE OF THE U.S. TRADE ACT IS A UNCLAS SECTION 03 OF 06 TOKYO 002421

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/OASIA/IMI; WHITE HOUSE; COMMERCE FOR DAS; USCINCPAC/PA; COMUSJ/PA; COMNAVFORJAPAN/PA.

E.O. 12958: N/A

SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS MARCH 18

THREAT." HE CONTINUED, "SINCE THIS ISSUE SHOULD BE RESOLVED UNDER THE ANTI-MONOPOLY LAW, KODAK SHOULD FILE A COMPLAINT WITH JAPAN'S FAIR TRADE COMMISSION."

AFTER THE SPEECH WAS OVER, WOLF WITH A PAINED LOOK ONLY EXCHANGED NODS WITH HIS OLD ACQUAINTANCE SAKAMOTO. HE SAID TO THE PRESS, "THIS ISSUE NOW INVOLVES NOT ONLY

KODAK BUT ALSO THE U.S. GOVERNMENT." HE OPENLY EXPRESSED HIS IRRITATION AT MITI FOR ITS POSTURE OF REFUSING GOVERNMENTAL TALKS.

U.S.-JAPAN JOINT COMMUNIQUE TO HAVE STATEMENT OF CONCERN ABOUT CHINA-TAIWAN ISSUE (SANKEI - PAGE 1)

AS OF THE 17TH THE GOVERNMENTS OF JAPAN AND THE UNITED STATES HAVE REACHED A POLICY DIRECTION TO INCLUDE IN THE AGENDA THE TENSE CHINA-TAIWAN RELATIONSHIP, ALONG WITH THE OKINAWA BASE PROBLEM, FOR THE APRIL SUMMIT MEETING BETWEEN PRIME MINISTER RYUTARO HASHIMOTO AND PRESIDENT BILL CLINTON. THE TWO GOVERNMENTS HAVE BEEN WORKING OUT SPECIFICS IN THE DIRECTION OF EXPRESSING "A SENSE OF DEEP CONCERN" IN THE PLANNED "SECURITY JOINT STATEMENT." BUT IT WILL BE AN INDIRECT EXPRESSION SO AS NOT TO IRRITATE CHINA UNNECESSARILY.

THE TWO LEADERS WILL DISCUSS THE CHINA-TAIWAN PROBLEM TO REAFFIRM THE IMPORTANCE OF THE JAPAN-U.S. SECURITY ALLIANCE, SUSPECTING THAT THE TENSION OVER THE TAIWAN STRAITS WOULD REMAIN FOR SOME TIME EVEN AFTER CHINA CONCLUDE ITS MILITARY EXERCISES TEMPORARILY, ACCORDING TO A FOREIGN MINISTRY (MOFA) SOURCE. IN THE BACKDROP IS THE JUDGMENT THAT "JAPAN AND THE U.S. NEED TO MAKE IT CLEAR THAT THEY HAVE GREAT CONCERN OVER CHINA, WHICH HAS NOT YET RENOUNCED USE OF FORCE" (JAPAN-U.S. RELATIONS SOURCE).

IN ADDITION, THE POLICY DIRECTION REFLECTS (PRIME MINISTER HASHIMOTO'S) DETERMINATION NOT TO "LINK THE CHINA-TAIWAN ISSUE" WITH THE PROBLEM OF REALIGNMENT, REDUCTION, AND CONSOLIDATION OF THE OKINAWA BASES, THE FOREMOST PRIORITY BETWEEN THE TWO COUNTRIES, OUT OF CONSIDERATION TOWARD THE OKINAWANS WHO ARE APPREHENSIVE ABOUT THE POSSIBILITY OF THE DETERIORATING TAIWAN SITUATION DELAYING A SETTLEMENT OF THE BASE PROBLEM. THE TWO GOVERNMENTS HAVE DECIDED TO EXPRESS CONCERN IN THE JOINT STATEMENT "TO WARD OFF SENDING OUT A WRONG SIGNAL TO CHINA REGARDING THE PROGRESS IN THE BASE PROBLEM" (MOFA OFFICIAL).

THE TENSIONS MOUNTING SINCE LAST FALL BETWEEN CHINA AND TAIWAN HAVE HIGHLIGHTED U.S. PRESENCE IN THE REGION WITHIN THE U.S. THE MOVE HAS BEEN ASSUMING STRENGTH IN U.S. CONGRESS TO REVIEW THE SIGNIFICANCE OF U.S. FORWARD PRESENCE IN THE REGION. CHINA'S MILITARY DRILLS WILL BE OVER BY THE TIME THE SUMMIT MEETING IS HELD. BUT MOFA IS KEEPING CLOSE TABS ON TAIWAN, SUSPECTING, "DEPENDING ON HOW TAIWAN WILL MOVE AFTER THE PRESIDENTIAL ELECTION, THE SITUATION MAY TURN CRITICAL."

GOVERNMENT, LDP SPLIT OVER ISSUE OF FREEZING YEN LOANS TO CHINA (NIHON KEIZAI - PAGE 2, MARCH 17)

WITH CHINA CONTINUING ITS THREATENING MILITARY ACTION AGAINST TAIWAN, A DELICATE GAP HAS BEGUN TO EMERGE BETWEEN THE GOVERNMENT AND THE LIBERAL DEMOCRATIC PARTY

(LDP) OVER THE TREATMENT OF THE 4TH YEN LOANS FOR CHINA WHICH ARE SLATED TO START IN FY1996. SOME LDP MEMBERS ARE BEGINNING TO BACK A TOUGH STANCE: "TO LODGE A PROTEST WITH CHINA, WE SHOULD TAKE INTO CONSIDERATION THE POSSIBILITY OF PUTTING THE YEN LOANS ON HOLD." VIEWS CRITICAL OF THE GOVERNMENT POLICY LINE OF "RENDERING THE LOANS AS PLANNED" (SENIOR OFFICIAL OF THE MINISTRY OF FOREIGN AFFAIRS (MOFA)) ARE GAINING GROUND. THE GOVERNMENT REMAINS CAUTIOUS ABOUT THE MATTER, NOTING, "FREEZING SUCH LOANS WOULD SHAKE THE VERY BASIS OF JAPAN'S POLICY APPROACH TOWARD CHINA," BUT THE OTHER VIEW PERSISTS THAT "FREEZING YEN LOANS IS A POSSIBILITY" (LDP SOURCE) UNLESS CHINA SHOWS SOME KIND OF SELF-RESTRAINT. UNCLAS SECTION 04 OF 06 TOKYO 002421

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/OASIA/IMI; WHITE HOUSE; COMMERCE FOR DAS; USCINCPAC/PA; COMUSJ/PA; COMNAVFORJAPAN/PA..

E.O. 12958: N/A

SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS MARCH 18

THE LDP'S FOREIGN AFFAIRS DEPARTMENT HAS BEEN CONFERRING ON AND OFF REGARDING MEASURES TO TAKE TO RESPOND TO CHINA-TAIWAN ISSUE, INCLUDING THE HANDLING OF YEN LOANS TO CHINA. AN ARGUMENT CALLING FOR FREEZING YEN LOANS IS GAINING STRENGTH MAINLY AMONG JUNIOR LDP MEMBERS. IN THE MEANTIME, MANY VETERAN MEMBERS WHO EXPERIENCED THE NORMALIZATION OF DIPLOMATIC RELATIONS BETWEEN THE TWO COUNTRIES ARE CAUTIOUS ABOUT SUCH A STEP. REPORTEDLY, "A CLEAR GENERATIONAL GAP IS NOW VISIBLE REGARDING DIPLOMACY TOWARD CHINA." THE SOCIAL DEMOCRATIC PARTY (SDP) IS ALSO CAUTIOUS ABOUT FREEZING LOANS. THE VIEWS OF THE THREE RULING PARTIES ARE NOT IN UNITY.

THE GOVERNMENT HAS ALREADY FROZEN GRANT AID TO CHINA, EXCEPT FOR HUMANITARIAN AID, IN PROTEST OF ITS UNDERGROUND NUCLEAR TESTING DESPITE WIDESPREAD PROTESTS. FOR THAT REASON, THE GOVERNMENT "CANNOT USE" A FREEZE ON THE RENDERING OF GRANT AID "AS A DIPLOMATIC CARD" (RULING PARTY SOURCE).

THAT IS WHY VOICES CALLING FOR FREEZING ON YEN LOANS ARE NOW BEING HEARD IN THE LDP, BUT THE GOVERNMENT IS CONCERNED ABOUT SUCH A CALL, ARGUING, "A FREEZE ON YEN LOANS WOULD LEAD TO A CHANGE IN OUR NATION'S DIPLOMACY TOWARD CHINA, WHICH HAS BEEN CONSISTENT SINCE THE NORMALIZATION OF BILATERAL RELATIONS" (SENIOR MOFA OFFICIAL).

THE GOVERNMENT HAS ALREADY DECIDED ON THE OUTLINE OF THE 4TH YEN LOANS TO CHINA TOTALING 580 BILLION YEN AS A THREE-YEAR PLAN STARTING IN FY1996. IT IS SCHEDULED TO

START NEGOTIATIONS WITH CHIKA SHORTLY. ACCORDING TO THIS MOFA OFFICIAL, A TIMETABLE FOR NEGOTIATIONS BETWEEN CHINA AND JAPAN ON THE 4TH LOANS HAS YET TO BE WORKED OUT, BUT THE PERCEPTION IS WIDESPREAD IN THE LDP THAT AS LONG AS TENSIONS CONTINUE TO EXIST IN THE TAIWAN STRAITS, "THE SITUATION WILL NOT BE CONDUCIVE TO ALLOW SUCH NEGOTIATIONS BETWEEN JAPAN AND CHINA."

MOFA HAS NOTED, "WE HAVE NOT HEARD ANY FORMAL VIEWS FROM THE LDP REGARDING A FREEZE ON SUCH LOANS" (SENIOR OFFICIAL). IT INTENDS TO WATCH THE DEVELOPMENT OF THE ARGUMENT FOR THE TIME BEING. IT IS, HOWEVER, AGONIZING OVER THE MATTER, THINKING THAT IF CHINA BEGINS UNDERGROUND NUCLEAR TESTING AGAIN IN THE SPRING OR LATER, "THE PROBLEM OF FREEZING YEN LOANS, INTERTWINED WITH THE TAIWAN PROBLEM, WILL UNAVOIDABLY FLARE UP."

GOVERNMENT PLANS TO STRENGTHEN SECURITY DIALOGUE WITH RUSSIA (ASAHI - PAGE 2)

THE JAPANESE GOVERNMENT HAS ADOPTED A POLICY STANCE OF STRENGTHEN ITS DIALOGUE WITH RUSSIA IN THE SECURITY AREA. FOREIGN MINISTER YUKIHIKO IKEDA WILL CONVEY SUCH IN HIS FIRST MEETING WITH FOREIGN MINISTER PRIMAKOV SCHEDULED TO TAKE PLACE IN MOSCOW ON MARCH 20. WHAT IS NOW UNDER STUDY ALONG WITH THAT POLICY APPROACH IS, FOR EXAMPLE, HOW TO PROMOTE POLICY CONSULTATIONS AMONG OFFICIALS IN CHARGE OF DEFENSE AND MILITARY AFFAIRS AND HOW TO INCREASE EXCHANGES OF OFFICERS IN UNIFORM BETWEEN THE TWO COUNTRIES. IN AN EFFORT TO LESSEN UNSTABLE FACTORS IN MILITARY ASPECTS IN THE FAR EAST ASIA SADDLED ITH THE NORTHERN TERRITORIES ISSUE, FOREIGN MINISTER IKEDA WILL STRESS PROMOTION OF DEVELOPMENT IN THE FAR EAST AND HUMANITARIAN ASSISTANCE IN ALLOCATING FUND-ASSISTANCE TO RUSSIA.

THE MAJOR REASON FOR JAPAN'S PLAN TO STRENGTHEN A SECURITY DIALOGUE (WITH RUSSIA) IS BECAUSE OF THE UNCERTAINTIES IT NOW SEES IN THE POLITICAL SITUATION IN RUSSIA, AS THE JUNE PRESIDENTIAL ELECTION APPROACHES. SEEING COMMUNIST PARTY CHAIRMAN ZYUGANOV ADVOCATING REVIVAL OF THE SOVIET UNION AND POSING A THREAT TO PRESIDENT YELTSIN, MANY IN THE JAPANESE FOREIGN MINISTRY (MOFA) TAKE THE VIEW THAT "WE WOULD BE TROUBLED IF AS A RESULT OF A CHANGE OF GOVERNMENT, JAPANESE RELATIONS WITH RUSSIA COOLED TO THE SAME LEVEL AS DURING THE SOVIET UNCLAS SECTION 05 OF 06 TOKYO 002421

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/OASIA/IMI; WHITE HOUSE; COMMERCE FOR DAS; USCINCPAC/PA; COMUSJ/PA; COMNAVFORJAPAN/PA.

E.O. 12958: N/A

SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS MARCH 18

ERA." WHAT JAPAN AIMS AT THEREFORE IS TO SHORE UP THE FOUNDATION OF POLITICAL DIALOGUE AT THIS POINT.

IN THE PAST, DEFENSE EXCHANGES BETWEEN THE TWO COUNTRIES HAVE INVOLVED REPEATEDLY HELD POLICY DISCUSSIONS, JOINT STUDIES, AND MUTUAL VISITS AT THE WORKING LEVEL. WHAT JAPAN IS NOW THINKING OF IS TO UPGRADE THOSE WORKING-LEVEL MEETINGS TO A CONFIDENCE-BUILDING DIALOGUE BETWEEN THE JAPAN DEFENSE AGENCY (JDA) DIRECTOR GENERAL AND THE (RUSSIAN) NATIONAL DEFENSE MINISTER. AT THE PLANNED FIRST FOREIGN MINISTERIAL MEETING, (JAPAN) WILL RELAY ITS INTENTION TO WORK MORE CLOSELY WITH RUSSIA ON NUCLEAR DISARMAMENT AND WEAPONS-EXPORT CONTROLS.

AS FOR THE NORTHERN TERRITORIES ISSUE, JAPAN'S BIGGEST CHALLENGE, HARDLY ANY POSSIBILITY OF ITS MAKING HEADWAY IS SEEN BECAUSE THE COMMUNIST PARTY AND ETHNO-NATIONALISTS ARE GAINING POWER IN RUSSIA. FOREIGN MINISTER IKEDA NONETHELESS IS EXPECTED TO CONFIRM THE 1993 TOKYO DECLARATION THAT EXPRESSED "RESOLUTION OF THE TERRITORIAL ISSUE AND CONCLUSION THEN OF A PEACE TREATY AT AN EARLY DATE." HE WILL ALSO ANNOUNCE ECONOMIC ASSISTANCE TO THE RUSSIAN FAR EAST. HIS IDEA IS TO STABILIZE THE FAR EAST REGION IN THE SECURITY AREA BY FINANCING RUSSIA'S CONSTRUCTION OF PORT AND HARBOR FACILITIES AND HOSPITALS.

THE FOREIGN MINISTER'S TRIP TO RUSSIA WILL BE THE FIRST SUCH OFFICIAL VISIT BY A JAPANESE FOREIGN MINISTER IN TWO YEARS. FOREIGN MINISTER IKEDA ALSO WILL JOIN THE FIRST MEETING OF THE GOVERNMENT-TO-GOVERNMENT TRADE AND ECONOMY COMMITTEE WITH FIRST DEPUTY PREMIER SOSKOVETS AND OTHERS PLANNED FOR THE 20TH. TO PAVE THE WAY FOR PRIME MINISTER RYUTARO HASHIMOTO'S PLANNED TRAVEL TO RUSSIA IN APRIL FOR THE NUCLEAR POWER SAFETY SUMMIT, IKEDA HAS ASKED FOR A MEETING WITH PRESIDENT YELTSIN.

ACSA TO BE INKED DURING PRESIDENT CLINTON'S VISIT TO JAPAN (NIHON KEIZAI - PAGE 2)

THE GOVERNMENT HAS FIRMED UP A COURSE OF ACTION TO CONCLUDE AN "ACQUISITION AND CROSS-SERVICING AGREEMENT (ACSA)" ON THE OCCASION OF U.S. PRESIDENT CLINTON'S VISIT TO JAPAN IN APRIL IN ORDER TO MAKE IT POSSIBLE FOR THE SELF-DEFENSE FORCES AND THE U.S. FORCES TO PROVIDE EACH OTHER WITH SUPPLIES AND SERVICES. THE GOVERNMENT HAS NOW ENTERED INTO FINAL COORDINATION OVER WHETHER OR NOT TO INCORPORATE THE U.S. FORCES' SOLO TRAINING UNDER THE SCOPE OF THE ACSA.

AS A RESULT OF COORDINATION UP UNTIL NOW AMONG THE JAPAN DEFENSE AGENCY, THE U.S. DEPARTMENT OF DEFENSE, AND THE U.S. FORCES IN JAPAN, IT HAS BECOME DEFINITE THAT THE SDF AND THE USFJ WILL PROVIDE EACH OTHER WITH SUPPLIES AND VARIOUS SERVICES, INCLUDING REPAIR WORK, IN JAPAN-U.S. JOINT EXERCISES AND U.N. PEACEKEEPING OPERATIONS (PKO).

IN CASE OF A WAR OR A CONFLICT IN THE FAR EAST REGION, WHERE JAPAN IS NOT DIRECTLY ATTACKED, IF THE SDF SUPPLIES THE U.S. FORCES WITH GOODS, THAT WOULD INFRINGE ON THE USE OF THE RIGHT OF COLLECTIVE SELF-DEFENSE (SHUDANTEKI JIEIKEN) WHICH, ACCORDING TO THE GOVERNMENT'S CURRENT INTERPRETATION, IS UNCONSTITUTIONAL. SO, THIS CASE IS NOT BEING CONSIDERED. SOME IN THE RULING COALITION ARE INSISTING THAT THE GOVERNMENT SHOULD MAKE IT POSSIBLE TO APPLY THE ACSA ALSO WHEN THE SITUATION OVER TAIWAN OR THE KOREAN PENINSULA BECOMES TENSE. BUT THE GOVERNMENT WILL NOT INCLUDE THAT CASE FOR THE SAME REASON.

REGARDING THE ACSA, THE U.S. GOVERNMENT HAS REQUESTED THE JAPANESE GOVERNMENT TO INCLUDE THE U.S. FORCES' SINGLE TRAINING IN THE SCOPE OF THE ACSA SO THAT THE USFJ CAN ASK SDF BASES FOR REPAIR AND OTHER SERVICES ON THE OCCASION OF CARRYING OUT SINGLE TRAINING. HOWEVER, IF THE U.S. FORCES TAKE A MILITARY DEMONSTRATION TOWARD CHINA OR THE DEMOCRATIC PEOPLE'S REPUBLIC OF KOREA (NORTH KOREA) UNDER THE PRETEXT OF "SOLO TRAINING" WHILE BEING SUPPORTED BY THE SDF, THE SDF'S SUPPORT MAY EVENTUALLY UNCLAS SECTION 06 OF 06 TOKYO 002421

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/OASIA/IMI; WHITE HOUSE; COMMERCE FOR DAS; USCINCPAC/PA; COMUSJ/PA; COMNAVFORJAPAN/PA.

E.O. 12958: N/A

SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS MARCH 18

INFRINGE ON THE CONSTITUTION THAT PROHIBITS "THE THREAT OF FORCE." THEREFORE, JDA, THE MINISTRY OF FOREIGN AFFAIRS, AND THE CABINET LEGISLATION BUREAU WILL WORK OUT DETAILS ABOUT HANDLING THE MATTER.

JDA DIRECTOR GENERAL CANCELS U.S. TRIP DUE TO DIET TURMOIL (SANKEI - PAGE 2, MARCH 16)

JAPAN DEFENSE AGENCY DIRECTOR GENERAL HIDEO USUI DECIDED ON MARCH 15 TO GIVE UP HIS PLAN TO VISIT THE U.S., FOR WHICH HE HAD COORDINATED HIS SCHEDULE FOR LATE THIS MONTH. THE REASON IS THAT THE DIET SCHEDULE CANNOT BE ANTICIPATED DUE TO THE LOWER HOUSE BUDGET COMMITTEE'S TURMOIL OVER THE LIQUIDATION PLAN FOR INSOLVENT HOUSING LOAN CORPORATIONS (JUSEN). JDA DIRECTOR GENERAL USUI WANTED TO VISIT THE U.S. AROUND THE 20TH OF THIS MONTH AND MEET WITH U.S. SECRETARY OF DEFENSE PERRY, AIMING AT A TIME AFTER THE LOWER HOUSE PASSES THE FY1996 BUDGET, FOR SUCH PURPOSES AS CONVEYING THE JAPANESE SIDE'S POSTURE IN THE DIRECTION OF SOLVING THE OKINAWA PROBLEM PRIOR TO A JAPAN-U.S. SUMMIT MEETING TO BE HELD IN APRIL. HE HAD ORDERED WORKING-LEVEL OFFICIALS TO COORDINATE HIS SCHEDULE.

DUE TO THE JDA DIRECTOR GENERAL'S HAVING CANCELLED HIS U.S. VISIT, IT IS NOW PREDICTED THAT THE PLANNED BUREAU DIRECTOR GENERAL LEVEL MEETING OF THE JAPAN-U.S. "SPECIAL ACTION COMMITTEE" (SACO) TO BE HELD IN THE U.S. AT THE SAME TIME WILL BE CALLED OFF, AND IT WILL BE CHANGED TO A WORKING-LEVEL COMMITTEE OF COUNCILLOR-LEVEL OFFICIALS.

PRIME MINISTER RECOGNIZES DIFFICULTY OF U.S. RETURNING FUTENMA AIRFIELD TO JAPAN (SANKEI - PAGE 2, MARCH 16)

AT THE JAPAN-U.S. SUMMIT MEETING HELD ON THE 23RD OF LAST MONTH, PRIME MINISTER RYUTARO HASHIMOTO USED AS AN EXAMPLE FUTENMA AIR STATION IN CONNECTION WITH THE ISSUE OF REALIGNING, CONSOLIDATING, AND REDUCING THE U.S. MILITARY BASES ON OKINAWA. ON THAT OCCASION, HE SHOWED UNDERSTANDING ALSO FOR THE U.S.' ASSERTION THAT "RETURN WOULD BE DIFFICULT." THIS WAS REVEALED BY A TOP-LEVEL OFFICIAL OF JDA ON THE EVENING OF MARCH 15. HOW TO HANDLE THE AIRFIELD IS A FOCAL POINT OF THE BASE ISSUE, BUT PRIME MINISTER HIMSELF HAS JUST EXPLAINED THAT HE "EXEMPLIFIED IT AS WHAT IS DESIRED BY OKINAWA PREFECTURE."

REGARDING THE EXCHANGE BETWEEN THE TWO TOP LEADERS, THE JDA OFFICIAL REVEALED THAT PRESIDENT CLINTON HAD SAID, "I WOULD LIKE YOU TO ASK FOR ANYTHING YOU WANT." IN RESPONSE, PRIME MINISTER HASHIMOTO GAVE THE EXAMPLE OF THE FUTENMA AIRFIELD. BUT HE THEN ADDED, "I UNDERSTAND WELL, HOWEVER, THAT IT WOULD BE VERY DIFFICULT (RETURN THE AIRFIELD)." BLACKBURN

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SUBJ: JAPANESE DAILY PRESS SUMMARY 03/18/96

TEXT:

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(1) EDITORIAL: It Is Logical for Private Sector to Explore Settlement Measures

TOKYO SHIMBUN (Page 5) (Full)
March 18, 1996

The United States waves the threat of sanctions but Japan continues its stance of rejecting the request. Signs are that the ongoing "Japan-U.S. dispute over photographic film will slip into the usual pattern of distrust. It would be better to have the problem be settled through efforts by the private sector.

The defining moment in bilateral efforts to resolve four pending economic issues is supposed to be reached in April, when the leaders of the two countries will hold a summit meeting. In reality, however, the two countries remain poles apart in their views in each area. The negotiations in the photographic film and paper market in particular seem to be in a cul de sac.

The problem started with Eastman Kodak filing a complaint with the Office of the U.S. Trade Representative (USTR) last summer. The company filed for application of U.S. Trade Act Section 301 (retaliatory measures against unfair trade practices), claiming that Japan's market was closed. Kodak attacked Japanese administrators and the Fair Trade Commission for tolerating and ignoring the "closed nature" of that market.

Upon receiving the petition, the USTR launched an investigation. Fuji Film, in the meantime, offered counterarguments, based on the real situation in the market, touching off a heated dispute.

In the Japanese market, the share of Fuji Film is, as Kodak has pointed out, certainly overwhelming to

such an extent as to be said to be a monopoly by one company. The distribution system is complicated, and there indeed still seem to be non-transparent aspects. Such points have to be
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corrected, but it is strange to conclude that the exclusionary distribution market and the FTC's turning a blind eye to it are solely responsible for Kodak's low share.

If Kodak thinks that is the case, it might have logically taken action by filing a petition with Japan's FTC. The FTC says that it will start an investigation in April to look into the real situation of corporate transactions regarding photographic film. One cannot wipe out the impression that this is a make-shift action, but if Kodak insists that it cannot trust such a decision, either, it is being overly conceited. Its method of brandishing the threat of sanctions or trying to produce results by force through political intervention will instead distort the market. The private firms involved in the dispute should explore ways for settlement based on market rules.

The government says that it will not comply with a call for talks with the U.S. in the context of sanctions. The U.S. stance of brandishing the threat of invoking sanction is unilateral and questionable. The U.S. notes that if the situation remains as is, it will "consider other means," but what is needed most now is perhaps to calmly probe into the problem.

It may also be necessary for the two countries to engage in negotiations, aiming to reach a settlement before President Clinton's visit to Japan. For future Japan-U.S. relations, however, it is not at all desirable to make compromises that put off essential problems to a later date for the sake of reaching a settlement. As Prime Minister Hashimoto stressed during the recent Japan-U.S. summit meeting, the two film companies should make sure they reach a proper agreement in the direction of "not politicizing the issue."

(2) Three Scenarios for Breaking Impasse in Stalled Diet; Picketing, Kato's Diet Testimony, and Budget Management Vital Factors

ASAHI (Page 2) (Excerpts)
March 17, 1996

Scenario 1: Removal of Picketing but No Compromise Plan; More Confusion Inevitable

"We will stick to our demand that the jusen (housing loan companies) budget be removed. But that and resuming the budget deliberations are two different issues theoretically."

Shinshinto (New Frontier Party) head Ichiro Ozawa on the 15th revealed a policy shift that his party would not regard a removal of the jusen write-off as a condition for removing its picketing. Such Shinshinto members as Hajime Ishii and Hajime Funada, who keep an arm's length from Ozawa, have also urged party executives to soften their stance. The observation has been gaining strength in the party that "sooner or later the party will have to remove its physical blockage voluntarily."

But when such time comes, Shinshinto leaders led by UNCLAS SECTION 03 OF 14 TOKYO 002452

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Ozawa would probably have to made a tough decision regarding how to set the condition for removing the picketing.

Depending on the results of the March 24 upper-house Gifu by-election, the Shinshinto may concede to the ruling camp. But the party is unlikely to make any move that might be taken as great concessions any time before the election.

The ruling camp has repeatedly reaffirmed its policy direction of not complying with the Shinshinto's demand for Diet testimony by LDP Secretary General Koichi Kato.

In the case that the budget deliberations reopen

and the ruling camp continue to reject the Shinshinto's demand for amending the jusen budget and Kato's Diet testimony, the Shinshinto might again try to block a vote by force.

Inevitably, such would cause another showdown and confusion between the ruling camp and the Shinshinto.

Scenario 2: Removal of Picketing and Compromise Plan between Two Camps; Party Heads May Lose Their Clout

There is a possibility that the Shinshinto's termination of its picketing would lead to the resumption of the budget deliberations, the ruling camp's reaching a compromise on freezing, removing, or revising the jusen write-off, and then eventually an agreement between the two camps. To that end, a venue of talks among party heads would be worked out by Lower House Speaker Takako Doi.

The SDPJ and Sakigake have been wary of the possibility of an agreement being reached between the two camps about reviewing the jusen budget would lead to an early lower-house dissolution and a general election. But the SDP's concern has been ebbing away in that practically no one in the LDP favors carrying out an early dissolution. Such is one element that has generated an atmosphere leaning toward an agreement.

Opinion calling for a review of the jusen scheme is strong in the LDP, especially among senior members. But the party has not yet come up with any effective prescriptions. Many attach expectations on the option of freezing the budget, advocated originally by former prime minister Noboru Takeshita and others, for the sake of maintaining the basic jusen scheme.

But even if the ruling camp decides to freeze the jusen write-off, whether or not the Shinshinto, which has been pressing the ruling camp to drop the jusen portion backed by public opinion, will approve such a plan is not certain at this point. The upcoming Gifu by-election may affect the timing to make a compromise.

In addition, depending on what will go into a revised plan, both Prime Minister Hashimoto and Shinshinto head Ichiro Ozawa, plus some other

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executive members, may lose their credibility.

Scenario 3: Forcible Eviction of Shinshinto
Picketing and a Budget Vote without Shinshinto; An
Unlikely Option Because Serious Effects Foreseen on
Deliberations

The Shinshinto on the 15th rejected Speaker Doi's
order "to terminate its picketing." If the party
continues its physical blockage in the week
starting the 18th, the Speaker might have to
mobilize Diet guards to evict sit-in members.

But if indeed Speaker Doi removes the Shinshinto
blockage forcibly, the possibility is strong that
the Shinshinto would boycott the budget
deliberations and the ruling camp would take a vote
without the Shinshinto. But Speaker Doi has made
it clear that she would not hold a plenary session
if the budget is adopted forcibly in the budget
committee session. Evicting the picketing
coercively is not the best option if the jusen-related
bills.

Evicting the blockade would be the last resort that
would be taken only when the Diet stalemate is
protracted even more and when the Speaker decides
that removing the blockage would help set off talks
between the two camps.

(3) Hashimoto Administration Facing Dilemma over
Okinawa Problem; To Exert Itself to Lessen Burden;
Confrontation Unavoidable Because of Need to Make
an Appeal for Emergency Use

MAINICHI (Page 3) (Full)
March 17, 1996

Now that the defining moment is about to be reached
in dealing with the problem of United States bases
on Okinawa, as well as in redefining the U.S.-Japan
Security Treaty, the Hashimoto Administration is
finding itself facing an increasingly difficult
dilemma. On March 16th, in the second round of the
meeting of the Okinawa U.S. Bases Problems Council,
the Government stressed its stance of making the
utmost effort to lessen the excessive burden that
Okinawa Prefecture has now shouldered until now.
But after a ruling is given on the proxy signing
suit on the 25th, the Government then faces land-

lease contracts about to expire at the end of the month and has to file an appeal for emergency use so as to avoid illegal occupation of the land on a portion of the base. But for that reason, it will find itself in confrontation with Okinawa Prefecture and landowners there. How will the Government, now sandwiched between "dialogue" and "confrontation," find the path to a solution of the bases problem? As the April 16 visit to Japan by President Clinton nears, the Hashimoto Administration is faced with its own day of reckoning.

Searching for Dialogue

"The Prime Minister has paid special attention to (Okinawa's) Governor Ota and to the Okinawan UNCLAS SECTION 05 OF 14 TOKYO 002452

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people," beamed a member of the Cabinet staff tasked with the Okinawa question as he praised the incumbent prime minister. When he happens to have time to spare due to the stalemated Diet session, he is pouring over the book Okinawa's King -- The High Commissioner. When asked about U.S. forces' having mobilized their task force in the wake of the growing tensions across the Taiwan Straits, the staffer remarked, "It is too bad that the voices of Okinawa are not being heard." Although the jusen (failed housing loan firms) issue is now the center of interest in the political world, the Prime Minister is making efforts to grapple with the (Okinawa) problem while trying to be sympathetic as much as possible to Okinawa's position.

Meanwhile, Governor Ota also told a news conference after the above council meeting, "The Cabinet has tackled the problem with uncommon enthusiasm. Although I had been concerned some change might emerge after the change of prime ministers, I for now feel happy," and expressed his first appreciation of the Government stance in a public occasion.

In the council discussion in which how to improve the operation of the U.S.-Japan Status of Forces

Agreement (SOFA) is on major agenda, Governor Ota has given a glimpse of his stance of respecting progress in a practical way, so he has not rebuffed anything, just noting, "I want you to take into consideration the special circumstances Okinawa faces."

On the question of aligning, consolidating and trimming U.S. bases, Foreign Minister Yukihiko Ikeda took a step forward from the previous stance of showing "a fixed direction," by stating that "we will bring about concrete results by April." In response, Lieutenant Governor Masanori Yoshimoto told a news conference, "I think accounts of our prefecture's reversion action program were made in the U.S.-Japan Special Action Committee (SACO), and that such a program is now under study," and expressed he expected U.S.-Japan talks to make headway.

But nothing has yet been set for the next council meeting outside of a meeting of the working-level secretaries. If no "visible results" come out in the SACO, it is expected the now-growing opportunity for "dialogue" between the Government and Okinawa Prefecture will be dashed at once.

Criticism of "Illegal Occupation" Unavoidable

The Government and Okinawa Prefecture are now in a relationship of the plaintiff and the defendant in the proxy signing suit on forced use of land for U.S. military bases. The two sides will soon find mired down over an appeal for emergency use of (such land) after a verdict is handed down.

Emergency use is a measure to extend the right of use (of such land) for six months for the moment because even if a ruling to be made on the 25th favors the Government, the remaining period is not enough to follow the procedures under the Special
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Measures Law on Sites Used by Troops Stationed in Japan. Permission for such extension is given by the Okinawa Prefecture Expropriation Committee, but

some take the view that "the committee members Governor Ota tapped will not allow such to proceed smoothly" (Okinawa Prefectural insider).

It is likely that "land owners and 1,000 of their supporters will assemble" (government source) around Sobe Telecommunications Station (in Yomitan Village), a portion of which will see their land-lease contracts expire on March 31. If a "confrontational mood" mounts further, the "worst case scenario" (Foreign Ministry source) might come true where a delay in reducing military bases will add fuel to Okinawa's fire of dissatisfaction, and turmoil then will continue until the day the U.S. President arrives in Japan.

The Government's stance for now is that "Sobe Telecommunications Station needs to be provided without interruption to U.S. forces stationed in Japan as an area and facility under Article 6 of the U.S.-Japan Security Treaty" (Prime Minister's reply given at the session of the Lower House Foreign Affairs Committee on the 13th). It intends to make clear the validity of the continuous use of land on such grounds as the general "right of management" of facilities and areas.

But inevitably voices of criticism of "illegal occupation" will arise in Okinawa Prefecture. Yielding a result convincing to the prefectural citizens regarding the question of reducing the military bases "is like solving a hard-to-crack puzzle" (Prime Minister's residential office source).

(4) Probing the Okinawa Bases Issue: Large Scale Reduction Difficult, Future Prospects Unclear; U.S. Balking at Reversion of Futenma; Local Reactions from Places for Transferral of Facilities also Shackle Process

SANKEI (Page 2) (Full)
March 18, 1996

The Government has engaged the United States Government in negotiations over the realignment, consolidation, and reduction of U.S. bases on Okinawa, in consideration of the requests of Okinawa Prefecture. These requests center on the "fourteen cases," including reversion of Futenman Air Station, and the "three major cases," including transferral of Naha Port facilities to elsewhere in the prefecture. This article surveys the status of each case, which remain even more unclear than ever.

Fourteen Cases Left Unloaded

The Japanese and American governments have yet to reach agreement with the prefecture on the number of facilities in the prefecture (38 in total as of January 1996) to be considered as cases subject to base realignment, consolidation, or reduction.

In a meeting of the Japan-U.S. Joint Committee for UNCLAS SECTION 07 OF 14 TOKYO 002452

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June 1990, a total of 41 cases were listed as subject to realignment and consolidation. There was agreement to move ahead with procedures for reversion of 23 cases, but 18 cases were left untouched, being under "continuing study."

Last November, sparked by the rape case involving U.S. servicemen on Okinawa, there was agreement to take up 14 of the unsettled 18 cases in the bilateral special action committee (SACO).

U.S. Forces Assume an Emergency

On the question of Futenma Air Base, the Japanese Government has floated the proposal to have some of the U.S. Marines in the transport unit stationed there transferred to elsewhere, bringing up the possibility of Iwakuni Air Base (Yamaguchi Prefecture). However, the U.S. side has stressed that Futenma was a base constructed to house a helicopter squadron for the marines during a time of emergency, so an agreement for a complete reversion and transfer is difficult.

In the case of the "Awase Telecommunications Facility," used for Seventh Fleet communications, the local government of Okinawa City requested reversion in 1961, but more than half of the approximately 400 landowners opposed it citing that "we will lose our income from the land use."

Afterward, the concept of a prefectural distribution center premised on reversion was floated, and the local landowners also took a flexible stance, but the U.S. military, stressing that this was an important facility, asked as a condition for reversion that another site be

secured in the prefecture for transferring the facility.

Difficult Domestic Coordination

However, in the case of the U.S. military's leisure facility, Okuma Rest Center (Kunigami village), established on a scenic spot at the northern part of the island, the U.S. military responded in 1985 to the prefecture's request for reversion by floating the idea of "partial reversion," but the prefecture opposed that solution, stating, "there is no utility value in having only part of it." The negotiations were called off, owing to clash of intentions with the villagers.

Aside from the 14 cases, there are also the so-called "three major cases" (overlapping in part with the 14 cases): 1) Naha port facilities; 2) Yomitan Supplemental Airfield; and 3) live-shell practice over Highway 104. There has already been agreement between Japan and the U.S. on such aspects as reversion conditioned on transferral of facilities (to another site), but the problem of where to transfer them remains.

In the case of port facilities in Naha Harbor, the site for transferral is a planned land reclamation project called "Maki (?) Harbor Supply Area" (Urazoe City), one of the 14 cases. So the city of Urazoe has indicated it is opposed, stating that it

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would stand in the way of use of that site. Ginoza Village is the site set for transferral of parachute landing practice done at Yomitan Supplemental Airfield, but the villagers are opposed to the transfer, citing environmental damage and other reasons.

For the Japanese side, the reality is that such domestic conditions have become shackles placed on their negotiations with the U.S. The Government -- having made such statements as, "We will follow up on the effective management of these facilities, while keeping harmony with attaining the goals of

the security relationship" (Defense Agency Director General Usui) -- is now in a sweat, forced now to take a position that greatly reducing the bases is difficult.

(5) Deregulation Promotion Plan Revision Deadline Approaching; Government Agencies Slow to Take Action; Skepticism of Its Economic Impact; View that Way of Promoting Deregulation Has Reached Its Limit

ASAHI (Page 11) (Excerpts)
March 8, 1996

With the end-of-March deadline approaching, Government work to revise the deregulation promotion plan is nearing an end. A key sticking point is to what extent requests from the Government's Administrative Reform Committee (ARC) and from domestic and foreign audiences can be addressed. The responses of government agencies, however, has been slow. Dissatisfaction with the situation is growing among proponents of deregulation. Some are beginning to become skeptical about the way deregulation is being pursued, as well as the concept itself.

Negative Reaction within Administrative Reform Committee

An ARC meeting held early in February resounded with voices of dissatisfaction. The Committee specified 53 categories for prioritized deregulation in a report issued in December, 1995. Various government agencies responded to the call with extremely negative replies in their interim reports issued in January.

The ARC has authority to present its recommendations directly to the Prime Minister. The Cabinet must "pay highest regard" to that report. The Committee has been quietly pushing ahead, coordinating with various government agencies since mid-February. At one point in the process, it issued a critical statement, "The Ministry of Finance (MOF), Ministry of Labor (MOL) and Fair Trade Commission are particularly negative about deregulation."

The Federation of Economic Organizations (Keidanren) has expressed its dissatisfaction in a report entitled, "Repeated Requests regarding Revision of Deregulation Promotion Plan," issued in late February. That is because although Keidanren submitted a total of almost 2,000 opinions and

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requests for revision, about the half were rejected in effect, the argument being, "It is difficult to implement such requests."

Keidanren presented ten top priority requests late last year, but four proposals, including one calling for a review of the agricultural produce price-support system, were turned down for the same reason. Some Keidanren officials criticized the government as being "absolutely insincere."

Lack of Broad Perspective

Regarding the present situation of the government effort directed toward deregulation, (a certain senior official of the Economic Planning Agency) has pointed out: "Emphasis has been placed on decreasing the number of regulations from the viewpoint of implementing administrative reform. There has been a lack of perspective on how to produce economic results."

One example that illustrates such a point is that in an effort to ease a rule that stipulates the minimum number of trucks that a trucking firms must own, MOT has come up with a plan to correct the disparity in the number of units allocated to each local transportation bureaus, but unless a regulation on the number of units itself is scrapped, it is doubtful to what extent such a measure will produce economy-boosting results.

Regulations covering broad-based areas ranging from coastal shipping to truck terminals will pose obstacles in trying to reduce the cost of distribution of goods from production centers to consumption centers. It will take time to deregulate individual government controls. There is a possibility that if a computer simulation indicating possible economic results to be brought about as a result of participation in the market by foreign firms that can provide low-priced, quality service is available, the tempo for deregulation will speed up, but there are in fact no such simulations.

The Economic Council intends to scrutinize the

present situation in light of the "Action Program for Correcting the High-Cost Structure and for Revitalization," mapped out in line with the new economic plan last November, and reflect the outcome in the deregulation promotion plan. However, the implementation of such a monitoring will start next year, so it is too late to be reflected in the revision to be made this time.

These elements may suggest that there is a limit to the present way of proceeding with deregulation regarding individual items. Prime Minister Hashimoto on the 3rd pointed out the necessity for implementing deregulation in relation to the proposed transfer of capital functions.

Major Policy Lines as Presented by Each Government Agency

-- Increase in Public Offerings: Industrial
Circles to Map out Rules
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-- Hospital Management: Regulations to Be
Maintained

-- Shaken (Auto Inspection) System: Wait and See
for Time Being

-- Workers Dispatching Business: Liberalization
in Principle to Be Deferred to Later Date

(Ministry of Finance)

Intends to scrap a regulation on an increase in public offerings as early as in the spring. Now such an increase is allowed only for firms that are producing a certain amounts of profits, the argument being that a sweeping increase in public offerings will lower prices. The proposed liberalization is not full liberalization. The securities community is expected to autonomously establish rules.

Regarding the liberalization of stock commissions,

MOF has changed its stance of "probing the matter either in 1996 or in 1997" to "starting studying it in 1996." The change appears to suggest a "frontloaded action," but what has been changed is the "time for starting consideration." A specific liberalization schedule has yet to be set.

In the meantime, a review of the territorial borders of the businesses of subsidiaries of banks, securities houses and trust banking firms is likely to be put off.

(Ministry of Health and Welfare (HW))

One of the agenda items for the MHW is whether to approve hospital management by private firms, an area that is not allowed under the present Medical Care Law.

The Administrative Reform Committee claims, "Competition principles as adopted by the private sector are needed in order to offer efficient and diversified medical care. The introduction of such will establish ties with related services and improve medical service." However, the MHW and the Medical Association strongly support maintaining the regulation." They assert that if hospital management by the private sector is allowed, it may give rise to a situation where doctors, who are responsible for taking care of the lives and health conditions of their patients may be inclined to make a judgment, giving priority to profit-making instead of making a medical judgment. In addition, they claim that it is difficult to accept such a proposal, because the view is strong that there is concern that at such a hospital, costly patients might be abandoned.

(Ministry of Agriculture, Forestry and Fisheries (MAFF))

MAFF, which has been asked to improve the agricultural products price supporting system, publicized in February 1,000 copies of 15-page data entitled, "Circumstances over the Agricultural UNCLAS SECTION 11 OF 14 TOKYO 002452

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Products Price Stabilization System." It distributed copies to consumer organizations and economic organizations. It also sent the information on the Internet. The data give explanations about the details of the system as well as the point that there are similar systems in Europe and the United States. The Ministry is frantic about obtaining understanding toward the continuation of the system, arguing, "It is an important problem that concerns the basis of agricultural administration."

Another key sticking point is participation in agricultural management by joint-stock companies. MAFF is negative toward this proposal as well, reasoning, "The liberalization of the transfers of stocks may spur the conversion of farmland for other use and the abandoning of farming."

(Ministry of Transport (MOT))

As a result of the revision of the railway fare setting formula, a new system will be introduced from next year. According to that, railway companies can freely set fares, provided that they do not exceed the ceiling set by MOT. Now, a single-truck formula based on distance alone is employed in setting fares, but under the new system, different fares on the routes and time bands when passengers travel.

It is, however, not possible to expect the margin of fare hikes to be compressed, because ceiling prices are set almost in the same method as the usual assessment system, under which fares are decided, by adding proper profits to the expenses claimed by each company.

Its policy line on a review of the shaken system is: "We will see the response of users for the time being," because last July, it already took such deregulatory steps as the abolition of inspection at intervals of six months and the simplifying of procedures so that users can first undergo auto inspection alone at government-designated inspection centers. It is certain to postpone the requested review to a later date.

(Labor Ministry (MOL))

As part of its effort to dismantle regulatory controls over the workers dispatching business, MOF on the 1st submitted to the regular Diet session a Workers Dispatching Law revision bill featuring expansion of the types of job eligible for such from 16 to 28. The Administrative Reform Committee has insisted that such undertakings be made free in

principle, but MOL has decided not to go beyond expansion of types of job eligible for such, based on the proposal made by the Central Employment Security Advisory Council. The outlook is that consideration on liberalization in principle will be deferred until a later date.

Another request made by the Committee regarding deregulation regarding the fee-charging job placement business by the private sector is:
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"liberalization in principle" of the types of job that can be dealt with by such job-placement agencies from the currently allowed 29 job types. MOL, however, intends to make a decision after deliberations by the Employment Stabilization Advisory Council. The Employment Stabilization Advisory Committee plans to reach a conclusion before the end of the year. "At present, the matter is in a clean-slate state" (senior MOL official).

(Ministry of Posts and Telecommunications (MPT))

Sticking points for MPT are what to do about NTT, which effectively monopolizes local communications networks, and deregulation regarding telecommunications. In recommendations issued in late February, the Telecommunications Advisory Council came up with three key proposals -- "the breakup of NTT," "deregulation" and "establishment of link-up rules and monitoring mechanism."

Although the ruling camp, especially the Social Democratic Party, is objecting to the proposed breakup of NTT, MPT takes the stand that it wants to proceed with deregulation regarding telephone rates, market-access and link-up regulations as recommended by the Committee, even if the reorganization of NTT is not realized. There is, however, a possibility that if the matter has become a pending issue with a decision on the NTT issue postponed by the government, which is supposed to make such a decision in late March, time will be needed for coordination of such a

situation; as a result, a move to dismantle regulations may lag behind.

(Construction Ministry (MOC))

In easing regulations on the production and imports of homes, MOF will revise the Construction Standards Law to shift in principle from the current "specification-based clause" that restricts measurements and the quality of materials in detail to a "performance-based clause," under which approval will be given if they live up to a certain level of performance in such elements as safety. It will adopt a policy direction this fiscal year. As a result of the recent Japan-U.S. summit meeting, the construction standards applied to the 2 x 4 construction method, which is often used for homes imported from North America, will be taken over by the proposed performance-based clause as an advanced implementation case.

The Administrative Reform Committee has also sought the MOC to look into the possibility of establishing a regular house-rental right that will allow landlords to ask their tenants to evacuate their property once a contract expires. The aim is to promote the supply of houses for rental. However, the Justice Ministry (MOJ) and the Japan Federation of Bar Associations are opposing establishing such a right for reasons of protecting tenants. MOC is assuming a cautious stance toward the issue.

(International Trade and Industry Ministry (MITI))
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Regarding the issue of reviewing the Large-Scale Retail Store Law, the Committee asserts, "It is desirable to abolish the Law in the future." The United States has asked Japan to scrap the Law in stages by the year 2000, but MITI intends to review it earlier than the 1997 target time as intended from before, arguing, "Under the present circumstances, we are not thinking about scrapping the Law" (Distribution Industry Division).

The electric power producing business is to be liberalized in April as part of efforts to take a second look at regulations restricting access to the electric power producing business, now monopolized by electric power companies.

(Fair Trade Commission (FTC))

Efforts to lift a ban on holding companies are straying off course. The FTC has decided to "liberalize such a ban in principle," but the Liberal Democratic Party (LDP), which supports the move, and the Social Democratic Party (SDP), which is calling for a "partial removal of the ban," remain at odds over the issue.

Regarding the resale price maintenance system, cosmetics and pharmaceuticals for home use will be excluded from the items subject to the system by the end of 1996, as recommended in the Committee report. The FTC intends to "limit and specify the scope" of designated products covered by the system before the end of 1997.

(6) Government's Science and Technology Basic Plan Sets Science and Technology Budget for Year 2000 at One Percent of GNP; For Revival of "High-Technology Japan; Improving Basic Research By Doubling Budget to U.S. and European Level

SANKEI (To Play) (Excerpt)
March 10, 1996

It was learned by the 9th that the Government in a bid to create a "science and technology-oriented country" in the 21st century has been working out a basic plan that would set the goal of having a science and technology budget by the year 2000 at 4,300 billion yen -- one percent of the gross national product (GNP). This would be on par with those of the United States and Europe. The Government hopes to improve the basic research area, which lags far behind the U.S. and Europe, by doubling its amount and ratio in terms of GNP. The plan would aim to step up international contributions in the academic area, as well as to create new industries.

Following the Science and Technology Basic Law enacted last November 15, the Government advised the Science and Technology Council (chaired by Prime Minister Ryutaro Hashimoto) on November 29 to compile a science and technology basic plan. A report will be readied for presentation in June and will be immediately adopted by the Cabinet.

The outline the plan focuses on three areas: (1)

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creation of a competitive research environment based on fluidity in use of personnel and capital; (2) establishment of a high-level base for research and development; and (3) contribution to development of the economic society by the vigorous and creative activities of researchers. Specifically, the plan proposes to actively fund creative research projects carried out by national and public universities and by research institutes, while undertaking the improvement of their facilities. As it stands, the plan underscores the necessity to vitalize the basic research area in both hardware and software aspects, and also reiterate the need to introduce private-sector vitality, supporting venture companies and the like.

The budget allocated for science and technology in the FY1996 draft budget is 2,672.1 billion yen. The year-on-year growth rate is 6.9 percent, a record high for the past five years. This amount, however, includes the portion of government agencies' plans front-loaded from FY1997 and after, such as the strategic basic research promotion program by the Science and Technology Agency (15 billion yen to Research Corporation of Japan) and the future development technology research promotion project by the Education Ministry (11 billion yen to Science Council of Japan). So, the real growth rate is lower.

In FY1994 the ratio of the budget for science and technology as a percentage of GNP was 0.52 percent. Compared with the 0.91 percent of the U.S., the 0.95 percent of Germany and 1.10 percent of France, Japan has greatly lagged behind.

In order to attain the goal of one percent of GNP, Japan needs to secure a two-digit growth rate every year. Within the Government, there is the opinion that "appropriation of construction government bonds as a fiscal resource would be possible, in view of science and technology being 'intellectual assets for human beings'" (senior official of the

Science and Technology Agency). Such a policy line is likely to be included in the report. Specific methods will be looked into even after the report is presented.

The private sector holds an 80 percent share of Japan's total expenditures for research and development, but its ardor has cooled due to the recession. So the large increase in the science and technology budget is anticipated to be one way to revive the idea of a "high-tech Japan."

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008. cable	Re: Public Expectations of Okinawa (3 pages)	03/19/1996	P1/b(1)

COLLECTION:

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

FOLDER TITLE:

[03/11/1996 - 03/20/1996]

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sb1864

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

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009. cable	Re: Hanza Land Lease (5 pages)	03/19/1996	P1/b(1)

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010. cable	Re: Support Cable for East Asia Brief (4 pages)	03/20/1996	P1/b(1)

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