

Withdrawal/Redaction Sheet

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. cable	Re: Ambassador Mondale's July 12 Breakfast (4 pages)	07/12/1996	P1/b(1)
002. cable	Re: Ambassador Mondale's July 12 Breakfast (3 pages)	07/12/1996	P1/b(1)
003. cable	Re: Support cable for East Asia Brief (5 pages)	07/13/1996	P1/b(1)
004. cable	Re: Japan-U.S. / Security Relationship (3 pages)	07/15/1996	P1/b(1)
005. cable	Re: Digest Executive Edition (11 pages)	07/17/1996	P1/b(1)
006. cable	Re: NSC Advisor Lake's Tokyo Meetings (10 pages)	07/17/1996	P1/b(1)
007. cable	Re: FBIS FMN [Foreign Media Note] - Okinawan Opposition to Heliport [partial] (1 page)	07/18/1996	P3/b(3)
008. cable	Re: SACO [Special Action Committee on Okinawa] Discussion at July 18 Lunch (4 pages)	07/22/1996	P1/b(1)
009. cable	Re: Okinawa and Japanese Election (7 pages)	07/23/1996	P1/b(1)

COLLECTION:

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

FOLDER TITLE:

[07/12/1996 - 07/23/1996]

2016-0420-F
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RESTRICTION CODES

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

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

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

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

RR. Document will be reviewed upon request.

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

- b(1) National security classified information [(b)(1) of the FOIA]
- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
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- 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]

Cable

PREC: IMMEDIATE

CLASS: UNCLASSIFIED

LINE1: OAAUZYUW RUEHKO6436 1940335-UUUU--RHEHAAA.

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TO: RUEHIA/USIA WASHDC IMMEDIATE 0039
RUEHC/SECSTATE WASHDC IMMEDIATE 4814

INFO: RUEKJCS/JOINT STAFF WASHDC//J5//
RUEKJCS/SECDEF WASHDC
RUYNJDK/COMNAVFORJAPAN YOKOSUKA JA
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RHHMHAH/CINCPACFLT PEARL HARBOR HI//N5//
RHEHAAA/WHITE HOUSE WASHDC
RHHMUNA/USCINCPAC HONOLULU HI//USIA//
RUEBBEA/USDOT WASHDC

SUBJ: JAPANESE MORNING PRESS HIGHLIGHTS JULY 12

TEXT:

UNCLAS SECTION 01 OF 08 TOKYO 006436

USIA

FOR: USIA D/P, I/GEA, I/RF, I/RFW, EA, RMR; STATE FOR
EAR/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; CINCPACFLT/PA; COMUSJ/PA;
COMNAVFORJAPAN/PA.

E.O. 12958: N/A

SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS JULY 12

TOP HEADLINES:

ASAHI: DISMANTLING OF AUM RELIGIOUS CULT REQUESTED;
PUBLIC SECURITY INVESTIGATION AGENCY SUBMITS REQUEST TO
PUBLIC SECURITY INVESTIGATION PANEL AS TO APPLICATION OF
ANTISUBVERSIVE ACTIVITIES LAW; INTERPRETATION STANDARDS
UNVEILED FOR PROHIBITED ACTS

NIHON KEIZAI: LIKELY TO ALLOW U.S. TO DO OWN SURVEY OF
CHIPS' SHARE; GOVERNMENT-TO-GOVERNMENT FOLLOW-UP MEETING
POSSIBLY TO BE ACCEPTED, ACCORDING TO MITI'S BREAKTHROUGH

MEASURES; NUMERICAL TARGETING REJECTED (TRANSLATION BELOW)

TOKYO SHIMBUN: PUBLIC SECURITY INVESTIGATION AGENCY REQUESTS APPLICATION OF ANTISUBVERSIVE ACTIVITIES LAW TO AUM CULT -- FIRST CASE EVER SINCE ESTABLISHMENT OF THE LAW; PUBLIC SECURITY INVESTIGATION PANEL LIKELY TO REACH CONCLUSION THIS FALL

MAINICHI: THREE CRIMINALS PUT TO DEATH -- FIRST TIME UNDER HASHIMOTO ADMINISTRATION; AT JAILS IN TOKYO, FUKUOKA

YOMIURI: DISSOLUTION OF AUM CULT REQUESTED; LEGAL OFFICIALS TAKING FINAL PROCEEDINGS FOR APPLICATION OF ANTISUBVERSIVE ACTIVITIES LAW; "DESTRUCTIVE CAPABILITY REMAINS"; PROHIBITION STANDARDS, SUCH AS TRAINING, GATHERINGS AND DONATIONS, RELEASED

SANKEI: REQUEST FOR DISSOLUTION AUM CULT; FIRST SUCH CASE IF ANTIBUVERSIVE ACTIVITIES LAW APPLIED TO A GROUP; PUBLIC SECURITY INVESTIGATION AGENCY UNVEILS "PROHIBITED ACTS"; PUBLIC SECURITY INVESTIGATION PANEL TO REACH CONCLUSION THIS FALL OR LATER

HIGH LEVEL TALKS ON SEMICONDUCTORS START TOMORROW WITH NO SIGN OF COMMON GROUND (YOMIURI - PAGE 7)

A HIGH-LEVEL FOREIGN MINISTRY (MOFA) OFFICIAL REVEALED YESTERDAY THAT A LETTER WAS SENT TO ABOUT 50 UNITED STATES SENATORS WHO ARE NOW EXAMINING A BILL AIMED AT BLOCKING THE INTRODUCTION OF JAPANESE-MADE SUPERCOMPUTER. THE LETTER PROTESTED THAT "SUCH A BILL VIOLATES THE WORLD TRADE ORGANIZATION (WTO) RULES."

THE LETTER INCLUDES THE FOLLOWING POINTS: (1) IF THE BILL IS APPROVED, IT WILL MOST LIKELY BE IN VIOLATION OF THE ANTI-DUMPING AGREEMENT AS SPECIFIED IN THE WTO AND THE GOVERNMENT PROCUREMENT ACCORD; AND (2) IT IS CONTRADICTORY TO THE U.S. STANCE OF SEEKING FAIR GOVERNMENT PROCUREMENT AND TRANSPARENT PROCEDURES FROM JAPAN. IN ADDITION, THE LETTER ASKED EACH OF SENATORS TO OPPOSE THE BILL IN THE SENATE. MOFA'S STANDPOINT IS THAT IF THE BILL IS APPROVED, FILING A CASE TO THE WTO WILL COME UP AS A CHOICE FOR CONSIDERATION.

THOSE WHO WILL RECEIVE OR HAVE RECEIVED THE LETTER ARE ALL MEMBERS OF THE U.S. SENATE APPROPRIATIONS COMMITTEE AND CHAIR-LEVEL SENATORS WHO MAKE UP THE LEADERSHIP IN THE SENATE.

THE SAME POINT AS IN THE LETTER HAS ALREADY BEEN CONVEYED BY MOFA TO THE U.S. GOVERNMENT.

THIS MATTER CONCERNS THE BIDDING FOR A SUPERCOMPUTER OFFERED BY A U.S. GOVERNMENT AGENCY. AMONG U.S. CRAY RESEARCH, NEC AND FUJITSU, NEC THAT PRESENTED THE LOWEST PRICE MADE A SUCCESSFUL BID AND GAINED THE RIGHT OF

NEGOTIATIONS. BUT A MEMBER OF THE HOUSE OF REPRESENTATIVES HAILING FROM THE HOME TOWN OF CRAY RESEARCH SUBMITTED A BILL SEEKING SUSPENSION OF PAYMENT OF SALARIES FOR THE PERSONS INVOLVED IN CASE A SUPERCOMPUTER WHICH THE U.S. DEPARTMENT OF COMMERCE UNCLAS SECTION 02 OF 08 TOKYO 006436

USIA

FOR: USIA D/P, I/GEA, I/RF, I/RFW, EA, RMR; STATE FOR EAR/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; CINCPACFLT/PA; COMUSJ/PA; COMNAVFORJAPAN/PA.

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SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS JULY 12

RECOGNIZED AS DUMPING. THE AIM IS IN EFFECT TO OBSTRUCT PURCHASE OF JAPANESE-MADE SUPERCOMPUTERS. THE BILL HAS ALREADY PASSED THE HOUSE.

MITI TO PROPOSE COMPROMISE IN CHIP TALKS ON SHARE SURVEY ISSUE (NIHON KEIZAI - TOP PLAY)

ON THE ISSUE OF EXTENDING THE JAPAN-UNITED STATES SEMICONDUCTOR AGREEMENT, THE MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY (MITI) HAS DRAWN UP A FINAL PROPOSAL AIMED AT REACHING A SETTLEMENT BY THE END OF JULY. THE PROPOSAL WOULD ALLOW THE U.S. ON ITS OWN TO CONDUCT A SHARE SURVEY AFTER THE PRESENT PACT EXPIRES, AND SUGGESTS THAT IF THE INDUSTRIES OF BOTH COUNTRIES FAIL TO DECIDE ON THE DEGREE OF MARKET-ACCESS, SUCH AS A FALL IN THE SHARE OF (FOREIGN CHIPS), THE ISSUE WOULD BE TAKEN UP BETWEEN THE GOVERNMENTS. SUCH A PROPOSAL IS IN EFFECT AN INDICATION OF JAPAN'S WILLINGNESS TO RESPOND WITH A FOLLOW-UP MEETING (TENKEN KAIGOU). THE SETTING OF ANY NUMERICAL TARGET IS REJECTED. THE PLAN FOLLOWS THE PRECEDENT SET IN LAST YEAR'S BILATERAL AUTO-AGREEMENT FORMULA. IT SOLIDLY UPHOLDS WTO PRINCIPLES, BUT CONSIDERATION HAS BEEN GIVEN TO THE U.S., WHICH IS SEEKING TO MAINTAIN TO A SUBSTANTIAL DEGREE, THE PRESENT PACT THAT MONITORS THE JAPANESE MARKET.

THE GOVERNMENTS OF THE TWO COUNTRIES WILL ENTER THE HOME STRETCH IN SUB-CABINET AND MINISTER LEVEL NEGOTIATIONS TO BE HELD IN NEW ZEALAND FROM THE 13TH. THE TWO COUNTRIES HAD ALREADY AGREED IN THE RECENT BILATERAL SUMMIT MEETING TO AIM AT WINDING UP THE NEGOTIATIONS BY THE END OF THIS MONTH. MITI'S STRATEGY IS TO USE THIS FINAL PLAN TO BREAK THE DEADLOCK, BY CALLING ON THE U.S. TO MAKE A COMPROMISE.

MITI'S FINAL PROPOSAL IS PREMISED ON THE OBSERVATION OF THE WTO RULES THAT EXCLUDE MANAGED TRADE. BASED ON THIS PRINCIPLE, JAPAN WILL ABOLISH THE SHARE SURVEY CARRIED

OUT BY THE U.S. GOVERNMENT AND PRIVATE SECTOR UNDER THE CURRENT ACCORD, REASONING, "THE CAPITAL NATIONALITY PRINCIPLE THAT CLASSIFIES SEMICONDUCTORS BY THE NATIONALITY OF MANUFACTURERS IS A BREACH OF WTO RULES."

MITI, HOWEVER, WILL ALLOW THE U.S. GOVERNMENT TO CONDUCTING A SHARE SURVEY ON ITS OWN THROUGH HEARINGS WITH U.S. MANUFACTURERS. THE SHARE OF FOREIGN-AFFILIATED CHIPS REACHED 31 PERCENT IN THE JANUARY - MARCH QUARTER THIS YEAR, TOPPING THE TARGET OF 20 PERCENT SET IN THE CURRENT PACT. HOWEVER, IF THE U.S. COMES TO THE JUDGMENT THAT THERE ARE PROBLEMS, SUCH AS A STEEP DROP IN THE SHARE OF (FOREIGN PRODUCTS), THE ISSUE WILL BE CONFERRED ON IN THE PRIVATE-SECTOR-INITIATED WORLD SEMICONDUCTOR CONFERENCE, WHOSE ESTABLISHMENT JAPAN HAS PROPOSED. IF THEY FAIL TO REACH A SETTLEMENT, JAPAN WILL COMPLY WITH A FOLLOW-UP MEETING UNDER THE FRAMEWORK OF A MEETING OF THE GOVERNMENTS OF MAJOR COUNTRIES.

MITI'S FINAL PLAN SOLIDLY MAINTAINS A STANCE THAT JAPAN WILL REJECT GOVERNMENT INVOLVEMENT IN THE MARKET IN THE FORM OF SETTING UP NUMERICAL TARGETING THAT AIMS AT MAINTAINING OR AUGMENTING THE U.S. SHARE AND MAKING A PLEDGE TO TAKE MEASURES TO PROMOTE IMPORTS. THE AIM OF SUCH A POLICY APPROACH IS TO PREVENT THE U.S. FROM GIVING A DROP IN SUCH A SHARE AS ITS REASON FOR ISSUING SANCTIONS, CLAIMING THAT IT IS "IN VIOLATION OF THE AGREEMENT."

THE U.S. ASSERTS THAT A SHARE SURVEY IS ABSOLUTELY NECESSARY TO MEASURE THE OPENNESS OF THE JAPANESE MARKET. HOWEVER, A HIGH-RANKING U.S. OFFICIAL HAS INDICATED A FLEXIBLE STANCE TOWARD THE ISSUE OF SETTING UP A TARGET SHARE. IN ADDITION, THIS OFFICIAL HAS POINTED OUT, "IT IS NOT NECESSARY FOR THE GOVERNMENTS OF THE TWO COUNTRIES TO JOINTLY CONDUCT SUCH A SURVEY," ALTHOUGH THE U.S. WILL UNCLAS SECTION 03 OF 08 TOKYO 006436

USIA

FOR: USIA D/P, I/GEA, I/RF, I/RFW, EA, RMR; STATE FOR EAR/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; CINCPACFLT/PA; COMUSJ/PA; COMNAVFORJAPAN/PA.

E.O. 12958: N/A

SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS JULY 12

SEEK JAPAN TO PLACE THE OUTCOME OF SUCH A SURVEY SUBJECT TO GOVERNMENT-TO-GOVERNMENT NEGOTIATIONS. THE VIEW IS THAT MITI'S PLAN IS ACCEPTABLE FOR THE U.S., BECAUSE IT WILL ENSURE THE U.S. CHANNELS TO MONITOR ITS SHARE IN THE JAPANESE MARKET AND TO HOLD NEGOTIATIONS WITH THE JAPANESE GOVERNMENT.

MITI WILL ALSO CALL ON THE U.S. TO PUCH FORWARD WITH A PRIVATE-SECTOR AGREEMENT, CLAIMING, "A PRIVATE-SECTOR AGREEMENT FOR INDUSTRIAL COOPERATION IS A PREMISE FOR A GOVERNMENT-TO-GOVERNMENT AGREEMENT."

SURE OF AGREEMENT WITHIN MONTH, SAYS DEPUTY USTR

(WASHINGTON, JULY 11, YASUHIKO OTA) ACTING UNITED STATES TRADE REPRESENTATIVE (USTR) BARSHEFSKY IN A PRESS BRIEFING HELD YESTERDAY STRESSED THAT IN HER VIEW SHE WAS CERTAIN THAT THE TWO COUNTRIES WOULD REACH A SETTLEMENT BEFORE THE END OF JULY, NOTING, "PRIME MINISTER HASHIMOTO HAS GUARANTEED THAT A BILATERAL AGREEMENT WOULD BE REACHED BEFORE THE END OF JULY."

FINAL PLAN PROPOSED BY JAPAN REGARDING JAPAN-U.S. SEMICONDUCTOR NEGOTIATIONS

-- REJECT SETTING UP A TARGET THAT WILL CALL FOR MAINTAINING AND INCREASING THE SHARE (OF U.S. MANUFACTURERS' PRODUCTS).

-- THE JAPANESE GOVERNMENT AND INDUSTRIAL COMMUNITY WILL ABOLISH A SHARE SURVEY, BUT AN INDEPENDENT SURVEY BY THE U.S. SIDE WILL BE ACCEPTED.

-- ESTABLISH A MEETING OF THE GOVERNMENTS OF MAJOR COUNTRIES AS A MULTILATERAL FRAMEWORK THAT WILL BE JOINED BY THE EUROPEAN UNION (EU).

-- COMPLY WITH NEGOTIATIONS ON MARKET ACCESS UNDER THE FRAMEWORK OF A MEETING OF THE GOVERNMENTS OF MAJOR COUNTRIES.

-- AIM AT REACHING A GOVERNMENT-TO-GOVERNMENT AGREEMENT BETWEEN JAPAN AND THE U.S., MAKING AN AGREEMENT ON A PRIVATE SECTOR-LEVEL INDUSTRIAL COOPERATION A PRECONDITION.

PHOTOFILM DISPUTE: DISTRUSTFUL MITI SAYS U.S. HAS SWITCHED DEBATE TO LARGE STORE LAW
(NIHON KEIZAI - PAGE 5)

"THE U.S. IS ATTEMPTING TO SWITCH THE SUBJECT." THE MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY (MITI) HAS EXPRESSED ITS DISPLEASURE TOWARD U.S. ASSERTIONS MADE DURING TALKS BETWEEN THE JAPANESE AND UNITED STATES GOVERNMENT OVER THE JAPANESE PHOTOFILM MARKET, WHICH STARTED ON THE 10TH UNDER THE WORLD TRADE ORGANIZATION (WTO) PROCEEDING.

THE U.S. CALLED FOR AMENDING THE LARGE-SCALE RETAIL STORE LAW, COMPLAINING "THE REGULATIONS ON STORE-OPENINGS UNDER THE LAW RUNS AGAINST THE WTO AGREEMENT ON SERVICES AND TRADE." MITI HAS REFUTED, "THE PHOTOFILM ISSUE HAS NOTHING TO DO WITH THE LARGE-SCALE RETAIL STORE LAW."

MITI ADMINISTRATIVE VICE MINISTER TOMIO TSUTSUMI IN A

PRESS CONFERENCE ON THE 11TH STATED, "THE VIEWS OF BOTH COUNTRIES ARE TOO FAR APART." HE LOOKED PERPLEXED AT SUCH A U.S. ASSERTION, WONDERING IF THAT IS APPROPRIATE FOR TALKS UNDER WTO DESIGNATED FOR THE PHOTOFILM ISSUE.

MITI IS PREPARING TO COUNTER THE U.S. ASSERTION THAT THE LARGE-SCALE RETAIL STORE LAW HAS HINDERED SALES OF FOREIGN PRODUCTS. IT HAD A SENSE OF ALARM THAT THE LAW COULD BE USED AS A MEANS TO DRAW OUT THE JAPANESE
UNCLAS SECTION 04 OF 08 TOKYO 006436

USIA

FOR: USIA D/P, I/GEA, I/RF, I/RFW, EA, RMR; STATE FOR EAR/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; CINCPACFLT/PA; COMUSJ/PA; COMNAVFORJAPAN/PA.

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GOVERNMENT, ESPECIALLY MITI TO SIT AT THE NEGOTIATING TABLE." AS EXPECTED, MITI DOES NOT SEEM TO BE ABLE TO HIDE ITS PERPLEXITY AT THE U.S.' STRATEGY OF FOCUSING ON THE LAW.

SEMICONDUCTOR TALKS: VICE-MINISTER, CABINET-LEVEL NEGOTIATIONS START TOMORROW (YOMIURI - PAGE 7)

TALKS REMAIN DEADLOCKED BETWEEN JAPAN AND THE UNITED STATES OVER WHETHER TO RETAIN OR SCRAP THE BILATERAL SEMICONDUCTOR AGREEMENT THAT WILL EXPIRE AT THE END OF THE MONTH. AT THE LYON SUMMIT IN JUNE, JAPANESE AND U.S. LEADERS AGREED TO REACH A CONCLUSION TO THE ISSUE BY THE END OF JULY, BUT DURING THE WORKING-LEVEL MEETINGS HELD IN TOKYO ON THE 9TH AND 10TH OF THIS MONTH, NO PROGRESS WAS EVIDENT, AND IT IS NOT AT ALL CLEAR WHETHER A COMPROMISE CAN BE WORKED OUT EVEN AT THE VICE-MINISTER AND CABINET-LEVEL TALKS IN NEW ZEALAND THAT START ON THE 13TH. THE CURRENT ACCORD, WHICH WAS MADE INTO A NUMERICAL TARGET, HAS GREATLY INFLUENCED THE NEGOTIATIONS THAT CAME LATER. WHAT ARE THE PROBLEM AREAS CENTERING AROUND THE CHIP ACCORD, WHICH CAN BE SAID TO BE THE STARTING POINT OF BILATERAL TRADE (POLICY) IN THE 1990S? WE POINT OUT BELOW THE DIFFERENCES IN THE STANCES OF BOTH SIDES, AND SCOPE OUT THE DIRECTION OF NEGOTIATIONS AS THEY ENTER THE FINAL STAGE.

NERVOUS NEGOTIATIONS

ON THE EVENING OF THE 9TH AFTER THE FIRST DAY OF WORKING-LEVEL MEETINGS ENDED, A MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY (MITI) TOP OFFICIAL GRUMBLED, "THERE'S PROBABLY NO NEED TO HOLD A SECOND DAY OF TALKS." THIS WAS BECAUSE BOTH SIDES JUST REPEATED THE SAME STANCES AND

NO PROGRESS WAS MADE AT ALL.

WITH THE PRESIDENTIAL ELECTION AHEAD, PRESIDENT CLINTON WANTS TO RUSH A DECISION, AND PRIME MINISTER HASHIMOTO ALSO UNDERSTANDS HIS SITUATION, BUT THE DILEMMA BY THOSE AT THE WORKING LEVEL, WHERE THERE HAS ONLY RISING DIFFERENCES IN TEMPERATURE BETWEEN EACH SIDE, NOT AT ALL MATCHING THE INTENTIONS OF THEIR LEADERS.

ON THE OTHER HAND, THE JAPANESE HAVE INITIATED A STRATEGY OF PULLING IN THE EUROPEAN UNION (EU) ON THEIR SIDE. AT A MEETING BETWEEN JAPAN AND EUROPE ON THE 8TH, JUST BEFORE THE NEGOTIATIONS WITH THE U.S., THERE WAS GENERAL AGREEMENT TO ESTABLISH IN PLACE OF A JAPAN-U.S. AGREEMENT, A NEW "MAJOR COUNTRIES' FORUM" THAT WOULD INCLUDE THE EU. JAPAN AND THE EU HAVE CREATED A SCHEME TO OPPOSE AMERICA BY FORMING AN ALLIANCE.

HOWEVER, TRUST IN THE EU IS NOT COMPLETE. IF THE U.S. INDICATES FLEXIBILITY REGARDING TARIFFS, "THERE IS THE POSSIBILITY THAT THE EU WOULD SWITCH OVER TO THAT SIDE" (SENIOR MITI OFFICIAL). A GAME LOGIC WITH NO CLEAR CUT SOLUTION IS NOW CONTROLLING THE NEGOTIATIONS AT THEIR CURRENT STAGE.

PANEL PROBES HIGH PUBLIC SERVICE CHARGES, INCLUDING POSTAGE (ASAHI - PAGE 2)

WHY DOES A POSTCARD STAMP COST 50 YEN? CONSUMERS ARE NOT HAPPY WITH THE AMBIGUOUS GROUNDS FOR SUCH COSTS TO BE CALCULATED. THE PRICE STABILIZATION COUNCIL (CHAIRMANED BY TSUNEO UMINO, DEPUTY MANAGING DIRECTOR OF THE JAPAN RESEARCH INSTITUTE), AN ADVISORY PANEL TO THE PRIME MINISTER, HELD ITS FIRST MEETING YESTERDAY. IN IT, THE COUNCIL REACHED A DECISION TO INTRODUCE A MANDATORY COSTS-DISCLOSURE SYSTEM IN TEN PUBLIC SERVICE AREAS, SUCH AS THE AIRLINES AND TAXI INDUSTRIES, AND ALSO TO LOOK INTO SPECIFIC DEREGULATION MEASURES.

THE AIM IS TO ENCOURAGE COMPETITION AND LOWER PUBLIC
UNCLAS SECTION 05 OF 08 TOKYO 006436

USIA

FOR: USIA D/P, I/GEA, I/RF, I/RFW, EA, RMR; STATE FOR
EAR/J; STATE PASS TO USTR/PUBLIC AFFAIRS OFFICE; CIA
WASHDC; SECDEF FOR JCS/J-5/JAPAN, OASD/ISA/EAPR/JAPAN;
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SERVICE CHARGES, WHICH IS ONE FACTOR CONTRIBUTING TO JAPAN'S HIGH PRICES. THE COUNCIL IS PLANNING TO ASK A SUBCOMMITTEE HEADED BY HITOTSUBASHI UNIVERSITY PROFESSOR

MASAO HORIBE TO COMPILE A REPORT A YEAR FROM NOW RECOMMENDING WHAT SHOULD BE DISCLOSED, AND WHEN AND HOW IT SHOULD BE DONE.

THE CALCULATING GROUNDS FOR POSTAL FARES, SUCH AS LETTERS, POSTCARDS AND PARCELS, ARE PARTICULARLY UNCLEAR BECAUSE EACH IS COMPUTED AND SET AT A CERTAIN LEVEL SO THAT THE POSTAL SERVICES BUSINESS AS A WHOLE CAN MAKE PROFIT IN ACCORDANCE WITH THE POSTAL SERVICES LAW. IN THE COUNCIL MEETING YESTERDAY, SOME MEMBERS SUGGESTED MAKING EACH LEVEL MORE TRANSPARENT AND COMPETITIVE IN ORDER TO VIE WITH PRIVATE PARCEL-DELIVERY COMPANIES.

DRINKING WATER RATES ALSO VARY. FOR INSTANCE, THE RATE IN NAGANOHARA TOWN, GUNMA PREFECTURE, IS TEN TIMES HIGHER THAN THAT IN TAKASAGO CITY, HYOGO PREFECTURE. CORRECTING PRICE DIFFERENTIALS IS AN URGENT TASK. THE COUNCIL ALSO SUGGESTS COST-DISCLOSURES IN SUCH AREAS AS DOMESTIC AIRLINES AND TAXI FARES.

AFTER THE SESSION, CHAIRMAN UMINO STATED: "INFORMATION DISCLOSURE IS VITAL REGARDING PUBLIC SERVICES THAT ARE CLOSELY ASSOCIATED WITH THE PEOPLE'S LIVELIHOOD. I CANNOT UNDERSTAND WHY THE POSTAL SERVICES, WHICH IS A NATIONAL BUSINESS, IS SO FAR BEHIND IN DEREGULATION, UNLIKE THE ELECTRIC POWER BUSINESS. WE WOULD LIKE TO LOOK INTO THE POSSIBILITY OF INTRODUCING A MANDATORY INFORMATION-DISCLOSURE SYSTEM."

FOREIGN MINISTRY UPSET AT ODA BUDGET GUIDELINE BEING SET AT ZERO GROWTH (NIHON KEIZAI - PAGE 5)

THE MINISTRY OF FINANCE (MOF) WILL COORDINATE WITH THE GOVERNMENT AND RULING COALITION IN LINE WITH FREEZING ANY INCREASE IN APPROPRIATIONS OF OFFICIAL DEVELOPMENT ASSISTANCE (ODA). ODA HAS BEEN TREATED OUTSIDE THE FY1997 BUDGET CEILING. THIS POLICY LINE REFLECTS THE STATE OF THE UNITED STATES AND MAJOR EUROPEAN COUNTRIES CONSTRAINING THEIR ODA EXPENDITURES AND STRINGENT GOVERNMENT FINANCES. OWING TO THESE CIRCUMSTANCES, THE MOF WILL DRASTICALLY CONSTRAIN ODA APPROPRIATIONS. THIS UNAVOIDABLY WILL INCUR A FIERCE REACTION FROM THE MINISTRY OF FOREIGN AFFAIRS, WHICH WANTS TO ENHANCE JAPAN'S INTERNATIONAL CONTRIBUTIONS. BUT EVEN RULING PARTIES OFFICIALS HAVE CALLED FOR CUTTING IN EXPENDITURES NOW PLACED OUTSIDE THE CEILING, AND THE LIKELIHOOD IS THAT THE GROWTH RATE OF ODA APPROPRIATIONS WILL BE SIGNIFICANTLY CONSTRAINED.

THE GOVERNMENT HAS TREATED ODA AS THE CENTERPIECE OF ITS INTERNATIONAL CONTRIBUTIONS, SETTING IT OUTSIDE THE CEILING. REFLECTING SUCH, THE GROWTH RATES OF ODA OVER THE PAST FIVE YEARS HAVE BEEN HIGH, WITH A 7 TO 9 PERCENT LEVEL AT THE CEILING STAGE AND A 3.5 TO 7 PERCENT IN THE ACTUAL BUDGET.

AS A RESULT, JAPAN'S ODA DISBURSEMENTS SURPASSED THE U.S.' IN 1991. SINCE THEN, IT HELD THE TOP POSITION FOR

FIVE CONSECUTIVE YEARS. REFLECTING THE WORSENEED FINANCIAL CIRCUMSTANCES IN JAPAN AND THE MOVES OF THE U.S. AND EUROPEAN COUNTRIES FOR TRIMMING THEIR ASSISTANCE DUE TO THEIR "AID FATIGUE," A MOOD HAS GROWN FOR EMPHASIZING "QUALITY" INSTEAD OF "QUANTITY" FOR ODA DISBURSEMENTS.

BASED ON THESE CIRCUMSTANCES, THE MOF IS READY TO TAKE A STRICT STANCE FROM THE STAGE OF WORKING OUT THE CEILING. WHILE TREATING ODA OUTSIDE THE CEILING, THE MOF WILL NEGOTIATE WITH THE MOFA AND EACH RULING PARTY TO FREEZE ITS GROWTH, ALTHOUGH IT REGISTERED A 7 PERCENT INCREASE FROM THE PREVIOUS YEAR.

UNCLAS SECTION 06 OF 08 TOKYO 006436

USIA

FOR: USIA D/P, I/GEA, I/RF, I/RFW, EA, RMR; STATE FOR EAR/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; CINCPACFLT/PA; COMUSJ/PA; COMNAVFORJAPAN/PA.

E.O. 12958: N/A

SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS JULY 12

THE MOF IS WILLING TO CURTAIL THE GROWTH RATES OF INVESTMENT-POLICY AND ORDINARY APPROPRIATIONS, BUT BY HOLDING DOWN EXPENDITURES FOR ITEMS THAT ARE PLACED OUTSIDE THE CEILING, THE MINISTRY WANTS TO UNDERSCORE A SWITCH IN ITS POSTURE TOWARD ODA FROM ITS EMPHASIZING "QUALITY INSTEAD OF QUANTITY." IT ALSO AIMS TO INDICATE THE GOVERNMENT'S RESOLUTION TO DO ITS BEST TO RECONSTRUCT ITS FINANCES.

MOFA, HOWEVER, HOPES TO SECURE THE SAME LEVEL OF GROWTH AS IN FY1996, AT LEAST, IN THE FY1997 ODA BUDGET. NOW THAT IT SEEM DIFFICULT TO ATTAIN THE MEDIUM-TERM TARGET OF ODA DISBURSEMENTS AMOUNTING TO 70 TO 75 BILLION YEN DURING A PERIOD OF 1993 AND 1997, MOFA IS DETERMINED NOT TO BUDGE AN INCH, ON THE STRENGTH OF "ATTAINMENT OF OUR INTERNATIONAL PLEDGE." GIVEN THE CURRENT ROUND OF YEN DEPRECIATION, THE AMOUNT OF AID IN TERMS OF DOLLARS WILL NATURALLY SHRINK. UNDER SUCH A SITUATION, COORDINATION WILL UNAVOIDABLY FACE SETBACKS.

OKINAWA G-7 SUMMIT BEING CONSIDERED FOR YEAR 2000
(NIHON KEIZAI - PAGE 1)

JAPAN IS SCHEDULED TO HOST THE SUMMIT OF THE SEVEN INDUSTRIALIZED NATIONS (G-7 SUMMIT) IN THE YEAR 2000, AND THE GOVERNMENT IS NOW LOOKING INTO THE POSSIBILITY OF HOLDING IT IN OKINAWA PREFECTURE. THIS IDEA CAME UP AS A PLAN TO IMPROVE THE ENVIRONMENT SO AS TO OBTAIN THE PREFECTURAL PEOPLE'S UNDERSTANDING FOR THE PROBLEM OF

REALIGNING, CONSOLIDATING, AND REDUCING U.S. MILITARY BASES IN THE PREFECTURE, AS IT IS NOW BEING FACED WITH DIFFICULTIES.

MEANWHILE, PRIME MINISTER RYUTARO HASHIMOTO LAUNCHED HIS "WORLD WELFARE INITIATIVE" AT THE LYON SUMMIT. IN ORDER TO SHAPE THIS INITIATIVE, THE GOVERNMENT IS ALSO GOING TO CARRY OUT COORDINATION IN THE DIRECTION OF HOLDING A CONFERENCE OF ASIAN AND PACIFIC COUNTRIES' MINISTERS FOR SOCIAL-WELFARE AFFAIRS IN OKINAWA THIS YEAR AT THE EARLIEST.

ALONG WITH A NUMBER OF INTERNATIONAL CONFERENCES NOW BEING PLANNED TO BE BROUGHT TO OKINAWA PREFECTURE, THE GOVERNMENT WILL ALSO FULLY CONSIDER NECESSARY INFRASTRUCTURE CONSTRUCTION AND OTHER ECONOMIC DEVELOPMENT MEASURES. FOR INSTANCE, THE GOVERNMENT IS NOW PLANNING SUCH MEASURES AS IMPROVING AIRPORTS, PORT-HARBOR FACILITIES, AND OTHER ECONOMIC DEVELOPMENT BASES, REDUCING AIR FARES AND AIRPORT LANDING FEES, AND CONSTRUCTING A FREE TRADE ZONE IN THE FUTURE. THE IDEA OF HOLDING THE G-7 SUMMIT IN OKINAWA IS ENDORSED BY THE GOVERNMENT'S JUDGMENT THAT OKINAWA IS A PLACE APPROPRIATE FOR THE TOP LEADERS OF THE G-7 MEMBERS TO DECLARE THEIR RESOLVE FOR WORLD PEACE AND DEVELOPMENT.

THE "WORLD WELFARE INITIATIVE" IS THE PRIME MINISTER'S CONCEPT AIMING TO ESTABLISH AN INTERNATIONAL COOPERATION REGIME FOR BETTER SOCIAL SECURITY SYSTEMS. THE GOVERNMENT WILL STUDY CONCRETE PLANS BY THE TIME OF THE DENVER SUMMIT TO BE HELD NEXT YEAR, AND IS THEN GOING TO HOLD A MINISTERIAL CONFERENCE WITHIN THE YEAR AT THE EARLIEST IN ORDER TO ELUCIDATE THE INITIATIVE TO VARIOUS COUNTRIES IN ASIA.

PRIME MINISTER TODAY TO PRESENT HIS CASE AGAINST GOVERNOR OTAQS REFUSAL TO SIGN PROXY (TOKYO SHIMBUN - PAGE 3)

REGARDING THE ISSUE OF THE FORCIBLE USE OF A PORTION OF LAND LOTS NOW USED AS UNITED STATES FORCES' SOBE TELECOMMUNICATIONS FACILITY, OKINAWAN GOVERNOR MASAHITE OTA REFUSED TO ACCEPT PRIME MINISTER RYUTARO HASHIMOTO'S "ORDERS" AND FAILED TO ACT AS A PROXY TO ANNOUNCE THE WRITTEN APPLICATION FOR A DECISION BY JULY 11, THE UNCLAS SECTION 07 OF 08 TOKYO 006436

USIA

FOR: USIA D/P, I/GEA, I/RF, I/RFW, EA, RMR; STATE FOR EAR/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; CINCPACFLT/PA; COMUSJ/PA; COMNAVFORJAPAN/PA.

E.O. 12958: N/A

SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS JULY 12

DEADLINE. SO THE PRIME MINISTER DECIDED ON JULY 11 TO FILE A LAWSUIT AGAINST GOVERNOR OTA, POSSIBLY TODAY, WITH THE FUKUOKA HIGH COURT'S NAHA BRANCH FOR REFUSING TO IMPLEMENT HIS DIRECTIVE. THE PRIME MINISTER WILL INSTRUCT JUSTICE MINISTER RITSUKO NAGAO TO FILE THE CASE.

THIS WILL BE THE SECOND LEGAL DISPUTE BETWEEN THE CENTRAL GOVERNMENT AND OKINAWA PREFECTURE, FOLLOWING THE PROXY-SIGNING SUIT, ON WHICH ORAL PLEADINGS WERE HELD AT THE GRAND BENCH OF THE SUPREME COURT ON JULY 10.

A RULING ON THE LAWSUIT OVER THE ORDER FOR THE PROCEDURES TO BE IMPLEMENTED IS EXPECTED TO BE HANDED DOWN IN NOVEMBER OR LATER. AFTER OPEN HEARINGS BY THE PREFECTURAL EXPROPRIATION COMMITTEE, A DECISION WILL BE HANDED DOWN. CONSEQUENTLY, THE STATE OF "ILLEGAL OCCUPATION" OF SOBE TELECOM SITE WILL LIKELY BE PROTRACTED, AND OKINAWA PREFECTURE WILL THEN BE MORE STRONGLY OPPOSED (TO THE CENTRAL GOVERNMENT).

REGARDING THE PROCEDURES NECESSARY FOR THE FORCIBLE USE OF LAND PLOTS NOW USED FOR THE SOBE TELECOM SITE, THE HEAD OF YOMITAN VILLAGE IN WHICH THAT FACILITY IS LOCATED REFUSED THIS MAY TO ANNOUNCE A WRITTEN APPLICATION FOR A DECISION FOR PUBLIC REVIEW. THE CENTRAL GOVERNMENT THEN ASKED THE GOVERNOR TO DO SO AS A PROXY. UNDER THE LOCAL GOVERNMENT LAW, THE PRIME MINISTER "ADVISED" THE GOVERNOR TO DO SO AND THEN "ORDERED" HIM TO DO SO, BUT THE GOVERNOR STILL REFUSED TO DO SO.

AMBASSADOR MONDALE SAYS NEW FUTENMA PROPOSAL IN 2 WEEKS
(TOKYO SHIMBUN - PAGE 3)

KOSUKE UEHARA, VICE CHAIRMAN OF THE SOCIAL DEMOCRATIC PARTY (SDP), SHIGERU ITO, CHAIRMAN OF THE PARTY POLICY DELIBERATION COUNCIL MET WITH UNITED STATES AMBASSADOR TO JAPAN WALTER MONDALE ON JULY 11 TO EXCHANGE VIEWS REGARDING THE PROBLEM OF U.S. BASES ON OKINAWA.

IN THE MEETING, REFERRING TO THE ISSUE OF RELOCATION OF FUTENMA AIR FIELD, THE AMBASSADOR TOLD THEM, "I THINK THE U.S. SIDE WILL STATE ITS VIEW IN ONE OR TWO WEEKS," REVEALING AN OUTLOOK THAT ANOTHER SUGGESTION REGARDING A RELOCATION PLACE AND THE SCALE OF SUCH RELOCATION WILL BE FLOATED SHORTLY BY THE U.S. SIDE. IN ADDITION, HE EMPHASIZED: "I AM HOPING THAT A PRACTICAL AND REALISTIC BREAKTHROUGH WILL BE POSSIBLE."

IN RESPONSE, ITO SAID: "I WOULD LIKE TO SEE A FIVE-TO-TEN-YEAR FUTURE PROSPECTIVE BROUGHT IN (REGARDING THE REALIGNING, CONSOLIDATING, AND REDUCING OF THE BASES)."

JDA TO REFURBISH F-15 FIGHTER AS INTRIM STAGE BEFORE NEXT GENERATION INTRODUCED (NIHON KEIZAI - PAGE 1)

THE JAPAN DEFENSE AGENCY AND ITS AIRCRAFT-RELATED CONTRACTORS -- INCLUDING MITSUBISHI HEAVY INDUSTRIES,

LTD. (MHI) AND MITSUBISHI ELECTRIC CORPORATION -- WILL SET ABOUT REMODELING THE AIR SELF-DEFENSE FORCE'S F-15 MAINSTAY FIGHTER PLANES. IN THE BEGINNING, JDA WILL EXPERIMENTALLY IMPROVE SEVERAL UNITS FOR A PERIOD OF FIVE YEARS FROM FY1997, AND PLANS TO REPLACE THEIR EQUIPMENT, SUCH AS FIREARMS AND CONTROL RADAR SYSTEMS, WITH ADVANCED ONES. AFTER RATING AND TESTING THOSE IMPROVED FIGHTERS, THE OTHER F-15 FIGHTERS CURRENTLY DEPLOYED ON THE FRONTLINE ARE GOING TO BE UPGRADED. JDA IS ALSO PLANNING TO REMODEL THE F-15'S PILOT EMERGENCY ESCAPE SYSTEM TOGETHER WITH THE U.S. DEPARTMENT OF DEFENSE. THE F-15 IS SAID TO BE THE STRONGEST OF ALL WESTERN FIGHTER PLANE MODELS EVEN AT PRESENT, BUT IT WAS DEVELOPED 20 YEARS AGO. SO, JDA IS AIMING TO ENSURE THE F-15'S AIR-DEFENSE CAPABILITY READIED AGAINST ADVANCED MISSILES AND OTHER WEAPONS.

UNCLAS SECTION 08 OF 08 TOKYO 006436

USIA

FOR: USIA D/P, I/GEA, I/RF, I/RFW, EA, RMR; STATE FOR EAR/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; CINCPACFLT/PA; COMUSJ/PA; COMNAVFORJAPAN/PA.

E.O. 12958: N/A

SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS JULY 12

THE U.S. IS NOW DEVELOPING THE F-2 AS ITS NEXT-GENERATION MAINSTAY FIGHTER. MEANWHILE, HOWEVER, JAPAN HAS YET TO DECIDE ON WHEN TO INTRODUCE ITS OWN FOLLOW-ON MAINSTAY FIGHTERS. EVEN IN THE CASE OF PLANNING TO INTRODUCE THEM AFTER THE NEXT DEFENSE BUILDUP PROGRAM (FOR A PERIOD OF FIVE YEARS FROM FY2001), THE ASDF WILL HAVE TO CONTINUE ITS USE OF THOSE F-15 FIGHTERS FOR ABOUT 20 YEARS TO COME. ACCORDINGLY, JAPAN, IN EFFECT, WILL MAINTAIN ITS AIR-FORCE STRENGTH BASED ON THE COMBINATION OF REMODELED F-15 FIGHTERS AND F-2 FOLLOW-ON FIGHTER SUPPORT PLANES, THE DEPLOYMENT OF WHICH IS SLATED TO START IN 1999 AT THE EARLIEST.

THE ASDF CURRENTLY HAS ABOUT 180 F-15 FIGHTERS, AND JDA WILL MAKE A CONTRACT IN FY1996 FOR FOUR OTHER F-15 FIGHTERS. PARTLY BECAUSE JDA'S F-15 PROCUREMENT PLAN WILL THEN TERMINATE, MHI AND OTHER DEFENSE INDUSTRY CONTRACTORS WERE HOPING TO REMODEL THE F-15. HARA, ACTING

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. cable	Re: Ambassador Mondale's July 12 Breakfast (4 pages)	07/12/1996	P1/b(1)

COLLECTION:

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

FOLDER TITLE:

[07/12/1996 - 07/23/1996]

2016-0420-F
sb1875

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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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.

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- b(1) National security classified information [(b)(1) of the FOIA]
- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
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- 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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002. cable	Re: Ambassador Mondale's July 12 Breakfast (3 pages)	07/12/1996	P1/b(1)

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

FOLDER TITLE:

[07/12/1996 - 07/23/1996]

2016-0420-F
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003. cable	Re: Support cable for East Asia Brief (5 pages)	07/13/1996	P1/b(1)

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
004. cable	Re: Japan-U.S. / Security Relationship (3 pages)	07/15/1996	P1/b(1)

COLLECTION:

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

FOLDER TITLE:

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Cable

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LINE2: ZNR UUUUU ZZH

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LINE4: FM AMEMBASSY TOKYO

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DTG: 160838Z JUL 96

ORIG: AMEMBASSY TOKYO

TO: RUEHC/SECSTATE WASHDC IMMEDIATE 4968

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RUEHKOS/AMCONSUL SAPPORO 7460
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RUCWAAB/FBIS RESTON VA
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RUAGJHA/CGUSARJ CAMP ZAMA JA//IX CORPS G5//

SUBJ: JAPANESE DAILY PRESS SUMMARY 07/16/96

TEXT:
UNCLAS SECTION 01 OF 07 TOKYO 006574

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

E.O. 12356: N/A

TAGS: PGOV, PINR, JA

SUBJECT: JAPANESE DAILY PRESS SUMMARY 07/16/96

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(1) Criticism of Bureaucrats in Succession at
Productivity Headquarters' Senior

(2) North Korea's Sets Conditions (for Acceptance) of Four-Party Talks, U.S. Presidential Assistant Relays to Foreign Minister

(3) Priority Given to Progress in Relations with Russia; Foreign Minister Ikeda To Meet with 10 Foreign Ministers

(4) Government to Give Indirect Assistance to Jordan and Palestine Focusing on Tourism and Medical Service as Part of Middle-East Peace Process Support

(5) Reverend Jesse Jackson, Now Visiting Japan, May Be Taking Advantage of Sexual Harassment Issue to Promote Civil Rights Movement

(6) Sexual Harassment Issue of Mitsubishi Motors' Subsidiary Casts "Shadow"

ARTICLES:

(1) Criticism of Bureaucrats in Succession at Productivity Headquarters' Senior; Chairman Kamei: "No Future for Japan"; Masao Ogura: "Government Officials Know Nothing about Actual Situation"

NIHON KEIZAI (Page 5) (Excerpt)
July 12, 1996

In the Top-Management Senior of the Social Economy Productivity Headquarters (SEPH) held in Karuizawa Town, Nagano Prefecture, severe proposals were raised for administrative and fiscal reforms and deregulation.

SEPH Chairman Masao Kamei first remarked: "Now is the time for another great change, one that has come every 50 years following the Meiji Restoration and Japan's defeat in the War. Unless sweeping administrative reform is carried out, there will be no future for Japan." Many business executives participated in the seminar expressed their unhappiness with the Government's deregulation efforts that have not been pushed forward.

Masao Ogura, former chairman of Yamato Transport Co., was most critical about regulations that govern the transport industry. He flatly said: "Technological innovation has dramatically advanced in the transport industry, and every trucking company has had fifth grade students visiting them on field trips. But until quite recently, no Transport Ministry officials has ever come to visit any of the firms. The reason why the government officials do not change the way they manage is because they do not know the actual situation in

the field." He then stressed that from his experience in package delivery service, "regulations must be scrapped, not relaxed."

UNCLAS SECTION 02 OF 07 TOKYO 006574

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E.O. 12356: N/A

TAGS: PGOV, PINR, JA

SUBJECT: JAPANESE DAILY PRESS SUMMARY 07/16/96

Regarding the government agency's claim that private firms are negative about deregulation, Ogura revealed the device that exists: "They are talking about 835 organizations that obtained licenses from the Ministry of Transport (MOT). These ought to be called "regulated industries" since they owe their existence to the regulations. They are MOT's detached force."

Business executives are now losing their confidence in politics and government offices. Hiroshi Hamada, chairman of Ricoh, revealed that anticipating in 1991 when he started restructuring his company that "public investments would be useless, he had made all his employees understand that they could not rely on the government's measures, and that his company had carried out restructuring on its own.

Toward the question whether the Ministry of International Trade and Industry (MITI) will scale down its functions in the future, Dentsu Research Institute President Shinji Fukukawa, a former MITI vice minister, replied, "If there are needs, the scale of MITI will become larger, but if not, it will be reduced. The debate should be over what MITI's role should be in international trade policy." A numbers of sighs came from session participants when he made the remark that seemed to have a sense of defending the bureaucracy's authority.

Administrative Minister Says I Want to Hear Mr. Ogura's True Motive for Criticizing MOT

"I would like to hear what Mr. Ogura really meant if I have the chance," said MOT Administrative Vice Minister Toyoda at a press conference on the 11th. Ogura Masao, former chairman of Yamato Transport Co., criticized the MOT's strict regulations on the

industry, by saying at a seminar that "MOT officials know less about the real situation than fifth graders."

Toward Ogura's criticism of the MOT, Vice Minister Ogura stressed: "We have been grappling with deregulation in various areas. We have received positive evaluation from parties concerned, but we are not content with that." So saying, he underlined that his ministry would continue efforts for promoting deregulation.

(2) North Korea's Sets Conditions (for Acceptance) of Four-Party Talks, U.S. Presidential Assistant Relays to Foreign Minister; Conditional Struggle Linked with Food-Aid (Issue)

TOKYO SHIMBUN (Page 2) (Full)
July 16, 1996

It was learned the Democratic People's Republic of Korea (North Korea) had set conditions, such as additional food aid and the lifting of economic sanctions imposed by the United States on the North, for its acceptance of the four-party talks among South and North Korea, the U.S. and China as UNCLAS SECTION 03 OF 07 TOKYO 006574

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USIA FOR MR AND REA
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TAGS: PGOV, PINR, JA
SUBJECT: JAPANESE DAILY PRESS SUMMARY 07/16/96

well as of a joint explanation meeting as to such talks. This information was clarified by U.S. Presidential Assistant (for National Security Affairs) Anthony Lake in his meeting with Foreign Minister Yukihiko Ikeda held on July 15.

According to explanations by the Japanese side, Presidential Assistant Lake told Foreign Minister Ikeda, "I hope the four-way talks and a joint explanation meeting will be realized at an early date," and conveyed that the North has asked for an additional package of food assistance as a condition for acceptance.

Japan, the U.S. and the Republic of Korea (ROK) will likely coordinate their response to North Korea's limited struggle by holding a meeting of Japanese, American and ROK Foreign Ministers when

the Association of Southeast Asian Nations' (ASEAN) Regional Forum (ARF) is to take place in Jakarta on July 23.

However, the ROK has been wary of additional food aid to North Korea. When Presidential Assistant Lake visited the ROK prior to his trip to Japan, he was reportedly asked by (ROK) Foreign Minister Kong No-myong and other officials for self-restraint on additional food aid to the North.

In addition, Chinese Premier Li Peng said to Kanju Sato, Secretary General of the Social Democratic Party (SDP) during his stay in China: "A good idea is to go along with the flow." And he showed his policy approach of not rushing into the four-way talks." Gaps are thus seen in responses by the countries involved.

Under these circumstances, much time will be required for coordination among Japan, the U.S. and the ROK. There seem to be also complications before a joint explanation meeting for North Korea is actually held.

(3) Priority Given to Progress in Relations with Russia; Foreign Minister Ikeda To Meet with 10 Foreign Ministers

TOKYO SHIMBUN (Page 2) (Full)
July 16, 1996

It was firmed up as of July 15 that Foreign Minister Yukihiko Ikeda would meet separately with his counterparts of about 10 countries, such as the United States, the Republic of Korea (ROK), China and Russia, taking advantage of the occasion of the third ministerial conference of the Association of Southeast Asian Nations' (ASEAN) Regional Forum (ARF) to take place in Jakarta on July 23.

His series of talks are expected to occur mainly on the 22nd, the day before the ministerial meeting. His meeting with Chinese Foreign Minister/Vice Premier Qian Qichen and with Russian Foreign Minister Primakov will carry the most weight.

What is aimed at in the Japan-China foreign
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DEPT FOR E, P, PM, EB, EAP/J AND S/AL
USIA FOR MR AND REA
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DEPT PASS USTR FOR SHAPIRO/WOLD
DEPT PASS ELECTRONICALLY TO USDA FAS/ITP FOR SCHROETER

E.O. 12356: N/A

TAGS: PGOV, PINR, JA

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ministerial is to restore bilateral relations to the former condition because they have been strained in part because of the Japan-U.S. Joint Security Declaration released in this April and nuclear blasts conducted in June by China. In the meeting, Foreign Minister Ikeda will exert himself to remove the Chinese side's "misinterpretation" (U.S. Presidential Assistant Lake) by giving explanations that the Japan-U.S. Joint Security Declaration, which reaffirmed the significance of the U.S.-Japan Security Treaty, is not targeted at any third country.

In the Japan-Russia foreign ministerial, efforts will be made to adjust a schedule of events aimed at promoting relations with Russia, such as when to hold a meeting of the vice-minister-level working group to conclude a Japan-Russia peace treaty in line with the agreement reached in the April Japan-Russia summit meeting, as well as the timing for Foreign Minister Ikeda to travel to Russia for a meeting with his Russian counterpart.

Additionally, in the meeting with U.S. Secretary of State Christopher, both foreign ministers will confirm that the two countries will work together to deal with such problems as realigning, consolidating and reducing U.S. bases on Okinawa, focusing on relocation of Futenma Air Field, and on the review of Japan-U.S. defense cooperation guidelines.

(4) Government to Give Indirect Assistance to Jordan and Palestine Focusing on Tourism and Medical Service as Part of Middle-East Peace Process Support

NIHON KEIZAI (Page 2) (Full)
July 16, 1996

The Government has compiled a long-term economic cooperation plan to support Jordan and the Palestinian self-rule government as part of the Middle-East Peace process over which murkiness has become stronger. It will provide Jordan with 3 billion yen in grant aid a year with priority being given to: 1) tourism development, and 2) human-resources training. It will look for extending aid worth a billion yen to Palestine for such purposes as medical treatment and securing water resources. It also will start researching the commercial feasibility of a new industrial park

The Government in March dispatched an economic-cooperation survey mission to Jordan for the first

time. As a result of consultations on how Japan should offer aid to Jordan in the medium to long run, it has come up with a conclusion that it will focus on such three areas as 1) basic livelihood, 2) environmental conservation, and 3) fostering new industries. Taking such elements into account, the Government intends to push support indirectly by providing reimbursable and grant aid for "tourism resources development and human-resources training" for which Jordan has been making efforts to obtain foreign money.

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Since Palestine "has yet to become the object of yen-loan recipients" (Foreign Ministry leader), the Japanese Government will implement grant aid in each project.

The Government sent a group to survey roads to Palestine in June to study cooperation in the road-building area. It is now finalizing a million yen scale project to construct a hospital in Jericho. Moreover, it is expected to dispatch another mission to Palestine within the year to exchange views on a medium to long-term project, like one planned for Jordan.

With the birth of the hard-line Netanyahu government in Israel, there have heard voices doubting progress of the Middle-East process talks. Based on the G-7 summit (Lyon Summit) chairman's declaration, which stipulates the importance of the promotion of the Middle-East reconciliation, the Japanese Government has judged that it is necessary to make efforts to stabilize the Palestine and Jordanian society through economic cooperation.

(5) Reverend Jesse Jackson, Now Visiting Japan, May Be Taking Advantage of Sexual Harassment Issue to Promote Civil Rights Movement

TOKYO SHIMBUN (Page 9) (Full)
July 16, 1996

U.S. civil rights leader Reverend Jesse Jackson,

who has been spearheading the drive to boycott Mitsubishi products ever since the sexual harassment issue involving Mitsubishi Motors Manufacturing America (MMA) came to light, kicked off his activities in Japan, delivering a speech yesterday at the Foreign Correspondents Club of Japan (FCCJ) in Tokyo's Yurakucho district.

It was obvious from his speech that he lays far greater emphasis on the minority issue -- creating more jobs, improving the overall employment condition, and creating business opportunities for minorities -- than the sexual harassment issue. Before he leaves Japan on the 18th, Jackson is scheduled to meet with executives of the five major Japanese automakers -- Mitsubishi, Toyota, Nissan, Honda, and Mazda -- plus some senior officials of the Hotel New Otani, Sony, and Bridgestone. But somehow, it appears that the sexual harassment issue involving MMA has now been transformed into a civil rights issue with emphasis on minorities.

During his FCCJ press conference, Jackson criticized Japanese automakers:

"Of the 10,500 import-car dealerships (in the U.S.), only 161 are owned by minorities. In addition, there are 530 Mitsubishi dealerships. Of them, only three are run by African-Americans and eight by Hispanics, despite the fact that 12.7 percent of the African-American population and 8.6 percent of the Hispanic population own Mitsubishi automobiles.

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E.O. 12356: N/A
TAGS: PGOV, PINR, JA
SUBJECT: JAPANESE DAILY PRESS SUMMARY 07/16/96

Furthermore, of the 1,190 Toyota dealerships, only 13 are operated by African-Americans and 12 by Hispanics. As for Honda, African-Americans number only two dealerships, and Hispanics nine."

Jackson, however, failed to cite any figures for Native Americans or any comparative statistics involving the American Big Three. Asked about that point, Jackson only noted, "I have data. Theirs are much better (than the Japanese makers')." He

also indicated that having a "dealership ratio proportional to the population" would be most desirable.

Reverend Jesse Jackson, an eloquent former presidential candidate, is a champion of the civil rights movement. But his propensity for showy action often draws backbiting. In fact, many perceive his Japan trip is a "mere performance to draw attention to himself by taking advantage of the sexual discrimination issue."

(Atsushi Honda)

(6) Sexual Harassment Issue of Mitsubishi Motors' Subsidiary Casts "Shadow"

SANKEI (Page 8) (Full)
July 16, 1996

Criticism during Speech in Japan; Jackson Urges "Employment of Minority Groups"

Visiting United States civil-rights activist Rev. Jesse Jackson delivered a speech at the Foreign Correspondents Club of Japan in Yurakucho, Tokyo, yesterday. Commenting on the sexual harassment issue involving Mitsubishi Automobile Manufacturing Company of America, a U.S. subsidiary of Mitsubishi Motors, he stated, "Japanese companies' employment systems are not as open to minority workers as those of the U.S. Big Three automakers." He also severely criticized Mitsubishi Motors regarding its civil rights record, as well as that of equal rights for both sexes and for all races.

Rev. Jackson stated, "For instance, the number of dealerships of Mitsubishi, Toyota, Honda and other automakers owned by African-Americans or Hispanic-Americans is extremely small." He then said, "Especially, Mitsubishi has the poorest hiring records, with only eight African-Americans and Hispanics included among 150 executives. Regarding specialists, too, minority workers account for only 0.1 percent of the total. Most of them have been treated as semi-skilled workers. In addition, Mitsubishi caused the worst sex harassment scandal in history."

Referring to the U.S. Big Three automakers' postures toward hiring minority groups, he emphatically stated, "Because of pressure applied by citizen groups in the U.S. at an early stage, the environment surrounding them is much better than those of Japanese companies. We have specific
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SUBJECT: JAPANESE DAILY PRESS SUMMARY 07/16/96

figures." He then indicated, "It is essential to come up with a law to secure economic fairness. In the same way, enactment of international laws is also urged to protect the human rights of women and minority groups." Jackson will meet executives of Japanese leading automakers and Sony until the 18th starting on the 16th to ask for their views about the human rights of women and minority groups, as well as employment issues.

Decline in Sales of New Cars in U.S.; 16 Percent Drop in June from Year Ago

Are the stagnant sales in the United States attributed to the sex harassment scandal? Sales of new cars by Mitsubishi Auto Manufacturing Corporation in June showed a 16 percent year-on-year drop to 19,948.

Reflecting the slackened sales in the U.S. market in June as a whole, Toyota and Nissan Motors also experienced a drop of 9 percent and 11 percent, respectively, but Mitsubishi's sales drop was conspicuous.

The rumor of "the sexual harassment scandal" now being reflected in its sales performance is now afloat.

Set off by the sexual harassment scandal involving Mitsubishi Automobile Manufacturing Company of America, civil rights activist Jackson and women's groups have staged boycott campaigns in the U.S.

Even so, out of Mitsubishi automobiles placed on the U.S. market in June, cars assembled at the corporation in question increased to 13,759, up 49.9 percent on a year-on-year basis. Given such a result, some point out "no connection between the sexual harassment scandal and the sales results." They ascribe the drop to the lessening attraction of Mitsubishi.

Mitsubishi hopes to work out countermeasures promptly after analyzing the causes, but "the company does not want to admit the drop was due to the sexual harassment scandal. But once Mitsubishi

rules it out, the boycott campaigns might be spurred in the U.S," said an executive perplexedly.

The company is now up against the wall.

DEMING

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005. cable	Re: Digest Executive Edition (11 pages)	07/17/1996	P1/b(1)

COLLECTION:

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

FOLDER TITLE:

[07/12/1996 - 07/23/1996]

2016-0420-F
sb1875

RESTRICTION CODES

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006. cable	Re: NSC Advisor Lake's Tokyo Meetings (10 pages)	07/17/1996	P1/b(1)

COLLECTION:

Clinton Presidential Records
NSC Cables
Jan 1995-Dec 1996 ([Futenma])
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Cable

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SUBJ: JAPANESE MORNING PRESS HIGHLIGHTS JULY 18
TEXT:
UNCLAS SECTION 01 OF 08 TOKYO 006638

USIA

FOR: USIA D/P, I/GEA, I/RF, I/RFW, EA, RMR; STATE FOR
EAR/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/JA; CINCPACFLT/PA; COMUSJ/PA;
COMNAVFORJAPAN/PA.

E.O. 12958: N/A

SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS JULY 18

TOP HEADLINES:

ASAHI: 4 BILLION YEN FINANCED BY JAPAN HOUSING LOAN TO
TAKAMINE GROUP EVEN AFTER RECONSIDERING LOANS; FULL
PICTURE OF SUCH LOANS REVEALED; FOCUS NOW ON LOAN OF 1.6
BILLION YEN REGARDING CHARGES OF BREACH OF TRUST

NIHON KEIZAI: U.S., CHINA SUDDENLY DRAW CLOSER ON GRAIN-
TRADE DEAL; CHINA SENDS MISSION TO U.S. FOR SECURING
IMPORT QUOTA; TO DISCUSS PRICE STABILIZATION

TOKYO SHIMBUN: "FLOATING-TYPE HELIPORT" LIKELY; DFAA CONSIDERING IT IN DEALING WITH PROBLEM OF RELOCATION OF "FUTENMA"; OFF KADENA BASE; 200 BILLION YEN REQUIRED WITH FIVE-YEAR PERIOD OF CONSTRUCTION (TRANSLATION BELOW)

MAINICHI: CHINA LIKELY TO HELP NORTH KOREA IN EARNEST; SEC RET AGREEMENT ON SUPPLY OF FOOD, OIL AT EXCEPTIONALLY LOW PRICES; AIMING AT PREVENTING COLLAPSE OF THE POLITICAL SYSTEM IN THE NORTH

YOMIURI: JAPAN NATIONAL RAIWAYS LIQUIDATION CORPORATION ANNOUNCES ITS LAND ASSETS HAVE SHRUNK 1 TRILLION YEN AS OF APRIL, COMPARED WITH YEAR AGO; AFFECTED BY FALLING LAND PRICES; NATIONAL BURDEN TO REACH 20.2 TRILLION YEN

SANKEI: HEALTH AND WELFARE MINISTRY'S POLICY CHANGE BY ACKNOWLEDGING A HEMOPHILIAC HAD BEEN THE FIRST "AIDS PATIENT" AT HOME; TO WITHDRAW ITS STATEMENT RECOGNIZING IN 1985 THAT THE FIRST CASE HAD BEEN FOUND IN A GAY; ADMITS "CONCEALING DRUG-RELATED HARMFUL EFFECTS"

JDA THINKING OF SHIFTING FUTENMA CHOPPERS TO FLOATING HELIPORT OFF KADENA A.F.B. (TOKYO SHIMBUN - TOP PLAY)

ON THE PROBLEM OF RELOCATING THE U.S. FORCES' FUTENMA AIR STATION IN OKINAWA TO AN ALTERNATIVE SITE, IT BECAME KNOWN ON JULY 17 THAT THE DEFENSE FACILITIES ADMINISTRATION AGENCY WAS CONSIDERING A PLAN TO CONSTRUCT A "FLOATING HELIPORT" IN THE WATERS OFF THE U.S. FORCES' KADENA AIR FORCE BASE. THE U.S. FORCES IN JAPAN ALSO ARE SERIOUSLY INTERESTED IN THE PLAN. THERE HAS NEVER BEEN A FLOATING HELIPORT ANYWHERE IN THE WORLD. ACCORDING TO THE DFAA'S EXPLANATION, HOWEVER, OFFSHORE CONSTRUCTION WOULD REDUCE THE LEVEL OF LOCAL RESIDENTS' SUFFERING FROM AIRCRAFT NOISE, AND ENVIRONMENTAL DESTRUCTION ALSO SHOULD BE AT A LOWER LEVEL AS COMPARED WITH LAND RECLAMATION. THE DFAA ESTIMATES THE COST OF CONSTRUCTION AT APPROXIMATELY 200 BILLION YEN, AND PRESUMES THAT IT WOULD TAKE FIVE YEARS TO COMPLETE THE WORK. THE DFAA, POSITIONING THE PLAN AS ITS "TRUMP CARD" FOR FUTENMA TRANSFERAL, WOULD LIKE TO OBTAIN THE LOCAL SIDE'S UNDERSTANDING.

THE PLANNED FLOATING HELIPORT IS BASED ON THE IDEA OF A "MEGAFLOAT" TO BE MADE UP OF A NUMBER OF GIGANTIC FERROUS BLOCKS, EACH OF WHICH WOULD BE 300 METERS LONG, 60 METERS WIDE, AND 5 METERS THICK. THE PLAN IS TO INSTALL SUCH FACILITIES AS A RUNWAY AND HANGARS ON ITS UPPER SURFACE.

THE ARCHITECTURE IS PLANNED TO BE SET THE ISLAND AFLOAT WITHIN THE OFFING OF KADENA AFB AND FIX IT WITH MOORING POSTS EXTENDED FROM THE SEABED. THE DFAA IS ALSO PLANNING TO BRIDGE THE MEGAFLOAT WITH THE SHORE SO AS TO SMOOTH TRAFFIC COMMUNICATIONS. ADDITIONALLY, THE DFAA NOTES THAT THE LOCAL RESIDENTS' SUFFERING FROM AIRCRAFT NOISE WILL BE LESSENERED WITH AN OFFSHORE INSTALLATION. REGARDING POSSIBLE EFFECTS ON FISHERIES AND THE NATURAL ENVIRONMENT, THE DFAA SAYS IT WANTS TO MINIMIZE SUCH BY

SETTING UP BREAKWATERS THAT ARE PERMEABLE TO SEAWATER. YET, THE PLANNED ALTERNATIVE FACILITY IS BASED ON A CONCEPT OF OFFSHORE INSTALLATION, AND THERE IS NO CHANGE IN THE IDEA OF "WITHIN-PREFECTURE TRANSFERAL" FACING OKINAWA PREFECTURE'S OPPOSITION. SO, THE LOCAL UNCLAS SECTION 02 OF 08 TOKYO 006638

USIA

FOR: USIA D/P, I/GEA, I/RF, I/RFW, EA, RMR; STATE FOR EAR/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; CINCPACFLT/PA; COMUSJ/PA; COMNAVFORJAPAN/PA.

E.O. 12958: N/A

SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS JULY 18

COMMUNITY'S RESPONSE IS TO BE WATCHED.

CONCERNING THE ISSUE OF RELOCATING THE FUTENMA AIRFIELD'S HELIPORT, THE U.S. CLARIFIED ITS DECISION IN APRIL THIS YEAR TO RETURN THE AIRFIELD SITE IN FIVE TO SEVEN YEARS. AFTER THAT, THERE CAME UP FOUR U.S. MILITARY FACILITIES ON THE LIST OF CANDIDATE SITES. THE LIST INCLUDED THE KADENA AMMUNITION DEPOT, CAMP HANSEN, CAMP SCHWAB, AND KADENA AFB. HOWEVER, OKINAWA PREFECTURE OPPOSED THAT RELOCATION PLAN, AND ALL THOSE CANDIDATE SITES WERE REGARDED AS DIFFICULT. SO, THE RELOCATION PLAN ITSELF MIGHT HAVE BEEN UP IN THE AIR.

THE DFAA THEN SURMISED THAT A FLOATING HELIPORT MIGHT OBTAIN THE LOCAL SIDE'S UNDERSTANDING, AND REQUESTED TWO SHIPBUILDING COMPANIES, INCLUDING ISHIKAWAJIMA-HARIMA HEAVY INDUSTRIES CO., LTD. (IHI), AND A STEEL CORPORATION TO COME UP WITH A JOINT PLAN. A CONCRETE PLAN HAS ALREADY BEEN PRESENTED.

IF SUCH A PLAN IS TO BE SHAPED AND ACTUALLY CARRIED OUT, IT WILL BE A GRAND-SCALE PROJECT OF THE DOMESTIC SHIPBUILDING AND STEEL INDUSTRIES.

AS FOR RESEARCH ON FLOATING STRUCTURES AT SEA, JAPAN HAS THE LEAD IN THE WORLD. IN APRIL LAST YEAR, DOMESTIC SHIPBUILDERS AND STEEL MAKERS, NUMBERING 17 COMPANIES, FORMED A "MEGAFLOAT TECHNOLOGY RESEARCH GUILD" (CHIEF DIRECTOR: KENTARO AIKAWA, CHAIRMAN OF MITSUBISHI HEAVY INDUSTRIES, LTD.) UNDER THE GUIDANCE OF THE MINISTRY OF TRANSPORT. NONE OF THE GROUP MEMBERS HAS YET ACTUALLY CONSTRUCTED SUCH A MEGAFLOAT FACILITY AS AN AIRPORT. ABOUT A FLOATING HELIPORT, HOWEVER, AN OFFICIAL CONCERNED SAYS, "TECHNICALLY, THAT'S POSSIBLE RIGHT AWAY -- EVEN TOMORROW." COMPARING THE CASE OF CONSTRUCTING A FLOATING HELIPORT WITH THE CASE OF FORESHORE RECLAMATION, THE OFFICIAL ALSO EXPLAINS THAT "THE TERM OF CONSTRUCTION WILL BE HALF, AND THE COST OF CONSTRUCTION WILL BE ABOUT

70 PERCENT."

PLOQS ARAFAT TO VISIT JAPAN IN SEPTEMBER
(YOMIURI - PAGE 3)

AS PART OF EFFORTS TO PROMOTE PEACE IN THE MIDDLE EAST, THE GOVERNMENT DECIDED AS OF JULY 17 TO INVITE PALESTINE LIBERATION ORGANIZATION (PLO) CHAIRMAN ARAFAT TO JAPAN. COORDINATION WAS LAUNCHED WITH THE PLO SIDE AS TO A VISIT TO JAPAN BY CHAIRMAN ARAFAT IN COMING SEPTEMBER. HIS JAPAN VISIT HAD BEEN ASKED IN LAST SEPTEMBER BY THEN PRIME MINISTER MURAYAMA. HIS TRIP TO JAPAN, IF REALIZED, WOULD BE THE THIRD.

WITHIN THE WEEK, SEIICHIRO NOBORU, DIRECTOR GENERAL OF THE MIDDLE EASTERN AND AFRICAN AFFAIRS BUREAU OF THE FOREIGN MINISTRY (MOFA), WHO IS NOW IN THE MIDDLE EAST, WILL SOUND OUT AGAIN THE PLO SIDE ABOUT THE CHAIRMAN'S TRIP TO JAPAN.

WITH THE INAUGURATION OF THE NEW NETANYAHU ADMINISTRATION, WHICH CALLS FOR RECONSIDERING THE CONVENTIONAL APPROACH TO THE PEACE PROCESS IN THE MIDDLE EAST, ANXIETY IS ARISING OVER PEACE IN THAT REGION. AWARE OF SUCH A SITUATION, THE GOVERNMENT, TAKING ADVANTAGE OF THE OCCASION OF CHAIRMAN ARAFAT'S LIKELY VISIT TO JAPAN, WILL EXPRESS SUPPORT FOR THE CONTINUATION OF THE PRESENT PEACE PROCESS. AT THE SAME TIME, IT WILL ONCE AGAIN EMPHASIZE ITS INTENTION TO OFFER A MAXIMUM CONTRIBUTION. IN ADDITION, IT WILL LIKELY CONVEY ITS INTENTION TO BOOST ASSISTANCE TO THE PLO, INCLUDING PROGRAMS ALREADY PROVIDED BY JAPAN.

THE PLO HAS BEEN FORWARD-LOOKING ABOUT A TRIP BY ITS CHAIRMAN TO JAPAN. THAT IS WHY IT HAS APPARENTLY JUDGED THAT IT IS VITAL TO OBTAIN JAPAN'S SUPPORT FOR THE UNCLAS SECTION 03 OF 08 TOKYO 006638

USIA

FOR: USIA D/P, I/GEA, I/RF, I/RFW, EA, RMR; STATE FOR EAR/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; CINCPACFLT/PA; COMUSJ/PA; COMNAVFORJAPAN/PA.

E.O. 12958: N/A

SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS JULY 18

PRESENT PEACE-PROCESS LINE AND FOR CONTINUED ASSISTANCE TO PALESTINE ESPECIALLY SINCE THE DISPUTE BETWEEN THE PLO AND ISRAEL WILL LIKELY BECOME TENSE NOW WITH A NEW ISRAELI GOVERNMENT.

PRIME MINISTER TO PROPOSE IN MEXICO THE CONSTRUCTION OF A SOUTH-SOUTH COOPERATION CENTER (SANKEI - PAGE 2)

THE GOVERNMENT ON THE 17TH ADOPTED A POLICY LINE OF ESTABLISHING A "SOUTH-SOUTH COOPERATION CENTER" (TENTATIVE NAME) IN ORDER TO ASSIST THE CONCEPT OF "SOUTH-SOUTH COOPERATION," WHICH MEXICO HAS CARRIED OUT AMONG CARIBBEAN AND LATIN AMERICAN COUNTRIES. THIS PLAN WILL BE ANNOUNCED WHEN PRIME MINISTER HASHIMOTO VISITS MEXICO IN LATE AUGUST AS PART OF JAPAN'S INTERNATIONAL CONTRIBUTION WITH EYE ON THE 21ST CENTURY. THE JAPANESE GOVERNMENT WILL SEND A DELEGATION TO DISCUSS THE SPECIFICS OF THE PROJECT WITH THE MEXICAN GOVERNMENT AS EARLY AS NOVEMBER.

IT IS THOUGHT THAT THE SOUTH-SOUTH COOPERATION CENTER WOULD FUNCTION AS THE BASE TO WHICH MEXICO WOULD INVITE ENGINEERS FROM THE CARIBBEAN AND LATIN AMERICAN COUNTRIES AND THERE CARRY OUT TECHNICAL COOPERATION. JAPAN WILL BUILD THE CENTER AND SUPPORT ITS MANAGEMENT.

MEXICO IS THE LARGEST COUNTRY AMONG THE CENTRAL AMERICAN COUNTRIES. COMPARED TO OTHER COUNTRIES, IT HAS A CERTAIN TECHNICAL LEVEL. SO JAPAN THINKS THAT CARRYING OUT SOUTH-SOUTH COOPERATION THROUGH MEXICO "WILL EFFECTIVELY SUPPORT THAT REGION" (GOVERNMENT SOURCE) IN WHICH THE SAME LANGUAGE IS SPOKEN.

IN ADDITION, THE GOVERNMENT ANTICIPATES THAT MEXICO WILL BE ABLE TO CONTRIBUTE TO THE STABILITY OF THE LATIN AMERICAN REGION BY OFFERING SUCH HUMANITARIAN ASSISTANCE AS TECHNICAL TRAINING, AS WELL AS SUPPORTING ECONOMIC DEVELOPMENT OF THE CARIBBEAN AND LATIN AMERICAN COUNTRIES.

THE JAPANESE GOVERNMENT HAS ASSISTED MEXICO'S SOUTH-SOUTH COOPERATION, INCLUDING IMPROVEMENT OF PORTS, DIGITAL ELECTRICAL TRANSMISSION, AND VOCATIONAL TRAINING. IT HAS EXTENDED ABOUT 10 MILLION YEN WORTH AID PER PROJECT EACH YEAR SINCE 1990. WHEN MEXICAN FOREIGN MINISTER GURRIA VISITED JAPAN THIS MONTH, THE TWO GOVERNMENTS AGREED ON SUCH FOUR PROJECTS IN FISCAL 1996: 1) CONSOLIDATION OF PORTS, 2) ELECTRONIC CONTROL TECHNOLOGY, 3) EDUCATIONAL TELEVISION PROGRAM PRODUCTION, AND 4) SEMINARS ON MANAGEMENT OF OCEAN TRANSPORT.

PRIME MINISTER PUTS OFF VISIT TO YASUKUNI SHRINE IN DEFERENCE TO ASIAN COUNTRIES (MAINICHI - PAGE 2)

PRIME MINISTER RYUTARO HASHIMOTO HAS DECIDED NOT TO PAY HOMAGE AT THE YASUKUNI SHRINE IN KUDAN, TOKYO, ON AUGUST 15, THE ANNIVERSARY OF THE END OF THE WAR. HE HAD PAID HIS RESPECTS AT THE SHRINE ANNUALLY AS LONG AS CIRCUMSTANCES PERMITTED, AND EVEN WHEN HE WAS MINISTER OF INTERNATIONAL TRADE AND INDUSTRY (MITI), HE VISITED THE SHRINE UNDER THE TITLE OF "CHAIRMAN OF THE JAPAN ASSOCIATION FOR THE BEREAVED FAMILIES OF THE WAR DEAD." AS HEAD OF THE TRIPARTITE COALITION GOVERNMENT, THE PRIME MINISTER SEEMS TO HAVE GIVEN PRIORITY CONSIDERATION TO (THE SENSITIVITIES OF) ASIAN COUNTRIES. CHIEF CABINET

SECRETARY SEIROKU KAJIYAMA PLANS TO PERSONALLY PAY HOMAGE AT THE SHRINE.

WHEN YASUHIRO NAKASONE WAS PRIME MINISTER, HE FORMALLY PAID HIS RESPECTS AT THE YASUKUNI SHRINE IN 1985 AND AS A RESULT CAME UNDER SEVERE CRITICISM. SINCE THEN NO PRIME MINISTER HAS VISITED THE SHRINE (ON AUGUST 15). REGARDING SUCCESSIVE CHIEF CABINET SECRETARIES, TAKAO FUJINAMI FORMALLY PAID HIS RESPECTS IN 1985 AND IN 1987 UNCLAS SECTION 04 OF 08 TOKYO 006638

USIA

FOR: USIA D/P, I/GEA, I/RF, I/RFW, EA, RMR; STATE FOR EAR/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; CINCPACFLT/PA; COMUSJ/PA; COMNAVFORJAPAN/PA.

E.O. 12958: N/A

SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS JULY 18

MASAHARU GOTODA PAID HIS RESPECTS PRIVATELY ON THE ANNIVERSARY OF THE END OF WORLD WAR. SINCE THEN, ALL CHIEF CABINET SECRETARIES HAVE AVOIDED PAYING HOMAGE AT THE SHRINE.

A PERSON CLOSE TO HASHIMOTO SAID: "I THINK HE HAS VERY DEEP FEELINGS ABOUT THIS." THE PRIME MINISTER THEREFORE IS CONSIDERING PAYING HIS RESPECTS AT A TIME OTHER THAN THE ANNIVERSARY OF THE END OF THE WAR.
(CHIYAKO SATO)

ONE YEAR AFTER ESTABLISHMENT, WWII SEX-SLAVE FUND IN DEEP TURMOIL (MAINICHI - PAGE 3)

JULY 19 MARKS THE FIRST ANNIVERSARY OF THE "PEACE FUND FOR ASIAN WOMEN" (LED BY BUNBEI HARA). THIS PRIVATE ORGANIZATION WAS ESTABLISHED DURING THE MURAYAMA ADMINISTRATION TO PROMOTE THE SIGNIFICANCE OF ASIAN HISTORY IN COMMEMORATION OF THE 50TH POSTWAR YEAR. BUT AT THIS FINAL STAGE, THE DEBATE IS STILL GOING ROUND IN CIRCLES WITH NO SPECIFIC DIRECTION. CRITICISM IS ESPECIALLY STRONG FROM PRO-COMFORT WOMEN ORGANIZATIONS SEEKING NATIONAL COMPENSATION. DIFFICULTIES ARE FORESEEN BEFORE THE ISSUE IS SETTLED.

THE FUND HAS THREE IMMEDIATE GOALS:

1. PAYING A MINIMUM 2 MILLION YEN IN "COMPENSATION MONEY" TO ALL COMFORT WOMEN;
2. DELIVERING "THE PRIME MINISTER'S LETTER OF APOLOGY AND SELF-REMORSE" ALONG WITH THE COMPENSATION MONEY; AND
3. PROMOTING GOVERNMENT-FUNDED MEDICAL AND WELFARE

PROJECTS

THE DEBATE IN THE FUND ON SUCH GOALS HAS REACHED A STALEMATE. IN THE MAY 24 SESSION, THE ORIGINAL DEADLINE FOR A FINAL DECISION, THE DEBATE BROKE UP OVER WHETHER TO INCLUDE THE WORD "APOLOGY" IN "THE PRIME MINISTER'S LETTER." NO CONCLUSION WAS REACHED THAT DAY, MANY ARGUING, "THE LETTER AND COMPENSATION GO HAND IN HAND. WHEN WE DON'T KNOW WHAT WILL GO INTO THE LETTER, WE CANNOT DETERMINE THE AMOUNT OF COMPENSATION."

ANOTHER DIRECTORS MEETING TOOK PLACE ON JUNE 4, AFTER MANAGING DIRECTOR HARA MET WITH PRIME MINISTER HASHIMOTO TO PAVE THE WAY FOR HIS "LETTER." IN THAT SESSION, THE DEBATE REVOLVED AROUND GOVERNMENT-FUNDED MEDICAL AND WELFARE PROJECTS. BUT AGAIN, THE DIRECTORS FAILED TO REACH ANY CONCLUSION, REASONING A SIMULTANEOUS SETTLEMENT WAS NECESSARY.

THE GOVERNMENT SAYS THAT THE "LETTER" WOULD EXPRESS JAPAN'S APOLOGY AND SELF-REMORSE THROUGH THE PRIME MINISTER'S HEARTILY MESSAGE. BUT THE FUND'S MANAGEMENT COUNCIL HAS BEEN CALLING FOR INCLUSION OF SUCH EXPRESSIONS AS "MORAL RESPONSIBILITY," AND "PHRASES OF APOLOGY." CHANCES ARE THAT THE DEBATE WOULD SPARK AGAIN OVER THE CONTENTS OF THE LETTER.

THE FUND'S PLAN IS TO PRODUCE A UNIFIED VIEW AND WORK OUT ALL THE SPECIFICS NECESSARY TO MAKE PAYMENT ON AUGUST 15. THE TALKS WITH THE GOVERNMENTS OF THE REPUBLIC OF KOREA (ROK), TAIWAN, AND THE PHILIPPINES, WHERE THERE ARE COMFORT WOMEN, HAVE BEEN MAKING LITTLE PROGRESS. PARTICULARLY, THE ROK GOVERNMENT HAS CONSISTENTLY REJECTED ANY TALKS. RESENTMENT IS ESPECIALLY STRONG FROM PRO-COMFORT WOMEN ORGANIZATIONS IN THE ROK, WHICH ARGUE, "PRIVATE COMPENSATION DOES NOT HELP SETTLE THE REAL ISSUE." (HIROKO ARITA)

JAPANQS SHARE OF KEDO TO TOP 1 BILLION DOLLARS
(TOKYO SHIMBUN - PAGE 3)
UNCLAS SECTION 05 OF 08 TOKYO 006638

USIA

FOR: USIA D/P, I/GEA, I/RF, I/RFW, EA, RMR; STATE FOR
EAR/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; CINCPACFLT/PA; COMUSJ/PA;
COMNAVFORJAPAN/PA.

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SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS JULY 18

A TRILATERAL MINISTERIAL WILL START NEXT WEEK IN JAKARTA
TO DETERMINE THE WORK SHARE OF THE THREE MAJOR PLAYERS --

JAPAN, THE UNITED STATES, AND THE REPUBLIC OF KOREA (ROK) -- TO CARRY OUT THE LIGHT-WATER REACTOR CONSTRUCTION PROJECT IN NORTH KOREA LED BY THE KOREAN PENINSULA ENERGY DEVELOPMENT ORGANIZATION (KEDO). JAPAN'S SHARE HAS BEEN REGARDED TO BE ABOUT 1 BILLION DOLLARS (100 BILLION YEN). BUT IN REALITY, IT WILL LIKELY EXCEED THAT AMOUNT GREATLY.

ROK ELECTRIC POWER CORPORATION, KEDO'S MAJOR CONTRACTOR, ON THE 15TH SUBMITTED ITS ESTIMATE TO KEDO THAT AMOUNTED TO OVER 5 BILLION DOLLARS -- FAR GREATER THAN THE ORIGINAL 4.3 BILLION DOLLARS.

A FOREIGN MINISTRY (MOFA) OFFICIAL ON THE 17TH ADMITTED THAT THE JAPANESE GOVERNMENT HAS OBTAINED SOME INFORMATION ABOUT THE ESTIMATE, AND REMARKED: "DUE PARTLY TO THE RECENT EXCHANGE RATE, THE ESTIMATE HAS NOW BECOME HIGHER THAN WE ORIGINALLY EXPECTED."

SOME IN THE RULING COALITION HAVE TAKEN A CAUTIOUS STANCE TOWARD NORTH KOREA ON THE QUESTION OF JAPAN PROVIDING FOOD AID. JAPAN'S SHARE IN THE REACTOR PROJECT IS FAR GREATER THAN ITS FOOD ASSISTANCE, SO THE CAUTIOUS GROUP MAY BECOME EVEN MORE VOCAL. FOR THE GOVERNMENT, PERSUADING THE RULING CAMP TO GO ALONG WILL BE A MAJOR TASK.

AS FOR NORTH KOREA'S LIGHT-WATER REACTOR PROJECT, THE FOLLOWING HAS BEEN DECIDED AMONG JAPAN, THE U.S., AND THE ROK:

1. THE ROK WILL PLAY A "CENTRAL ROLE";
2. JAPAN WILL SHOULDER A "MEANINGFUL SHARE"; AND
3. THE U.S. WILL SHOULDER THE COST OF HEAVY OIL TO NORTH KOREA

LDPQS FOREIGN AFFAIRS DEPARTMENT PROTESTS BUDGETARY CONSTRAINT ON ODA (YOMIURI - PAGE 3)

THE LIBERAL DEMOCRATIC PARTY'S (LDP) FOREIGN AFFAIRS DEPARTMENT (CHAIRMANED BY EISUKE MORI) ON JULY 17 DECIDED TO TAKE A POLICY LINE OF OPPOSING THE EXCESSIVE CONSTRAINT TO BE PLACED ON OFFICIAL DEVELOPMENT ASSISTANCE (ODA) IN THE NEXT FISCAL YEAR'S BUDGET. THIS DECISION IS IN REACTION TO THE DECISION BY THE GOVERNMENT AND THE RULING CAMP TO PUT A CURB ON ALL BUDGET OUTLAYS, WITHOUT CONSIDERING ODA AS SACROSANCT, WHEN THE BUDGET REQUEST GUIDELINES (CEILINGS) ARE SET.

IN THAT SESSION OF THE FOREIGN AFFAIRS DEPARTMENT, MANY STATED, "TAKING INTO ACCOUNT THE LOWER VALUE OF THE YEN, EVEN AN 11 PERCENT INCREASE WOULD NOT MEAN REAL GROWTH BUT ONLY A MEANS TO REMAIN IN PLACE IN EFFECT"; AND "ODA-RECIPIENT COUNTRIES HAVE ALREADY INCORPORATED ODA IN THEIR ECONOMIC PLANS." ALL MEMBERS THEN AGREED TO THE VIEW THAT "ALTHOUGH THE FISCAL CONDITIONS ARE FACED WITH

DIFFICULTIES, WE NEED TO SECURE A CERTAIN GROWTH IN ODA BECAUSE IT IS THE MAJOR ELEMENT IN JAPAN'S FOREIGN POLICY."

THIS FISCAL YEAR'S ODA BUDGET IS THE LOWEST EVER. A 7.0 PERCENT INCREASE (COMPARED WITH LAST YEAR'S INITIAL BUDGET) WAS REQUESTED AT THE SETTING BUDGET GUIDELINES, BUT IT ENDED UP A 3.5 PERCENT INCREASE (COMPARED WITH LAST YEAR'S FINAL BUDGET). IN NEXT FISCAL YEAR'S BUDGET, ODA IS EXPECTED TO BE FURTHER CONSTRAINED.

CIVIL AVIATION TALKS: WAR OF SANCTIONS BEGINS IN CARGO AREA (YOMIURI - PAGE 7)
UNCLAS SECTION 06 OF 08 TOKYO 006638

USIA

FOR: USIA D/P, I/GEA, I/RF, I/RFW, EA, RMR; STATE FOR EAR/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; CINCPACFLT/PA; COMUSJ/PA; COMNAVFORJAPAN/PA.

E.O. 12958: N/A

SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS JULY 18

FOLLOWING THE UNITED STATES DEPARTMENT OF TRANSPORTATION'S (DOT) STARTING OF PROCEDURES FOR SANCTIONS AGAINST JAPAN AIRLINES' (JAL) CARGO SERVICES, THE MINISTRY OF TRANSPORT (MOT) ON THE 17TH ANNOUNCED THAT IT WOULD TAKE COUNTERMEASURES TO BAN SOME CARGO SERVICES TO JAPAN BY U.S. CARRIERS IN CASE THE U.S. RESORTS TO SANCTIONS.

MOT MINISTER KAMEI WILL SEND TO DOT SECRETARY PENA A LETTER THAT GOES: "IF THE DISPUTE CANNOT BE RESOLVED BY BILATERAL TALKS, JAPAN WILL TAKE STEPS ON ITS OWN."

IN THE PASSENGER SECTOR, JAPAN AND THE U.S. HAVE ALSO STAGED A TIT-FOR-TAT EXCHANGE, REFRAINING FROM APPROVING THE OTHER SIDE'S APPLICATIONS FOR INITIATING OR INCREASING FLIGHTS. IN THE CARGO SECTOR, AN AGREEMENT WAS REACHED IN LATE MARCH, BUT ONLY FOUR MONTH AFTER THAT, THE DISPUTE REIGNITED.

CITED AS THE REASON IS THAT BOTH SIDES, OBSCURING THE CONTENTIOUS BEYOND-RIGHTS (THE RIGHT TO FLY TO THIRD COUNTRIES BEYOND THE OTHER COUNTRY) ISSUE, REACHED AGREEMENT IN THE CARGO TALKS IN LATE MARCH IN A BID TO EXPAND THE FLIGHT RIGHTS OF THEIR RESPECTIVE AIRLINES. MOT THEN PRAISED THIS RESULT WITH THE REMARK, "JAPAN WAS ABLE TO SECURE CAPACITY ENOUGH TO ACCOMMODATE INCREASED FLIGHTS OVER THE NEXT TWO DECADES. WE ATTAINED EQUALIZATION IN EFFECT." BUT THE GAP REMAINED IN THE INTERPRETATIONS OF BEYOND-RIGHTS BETWEEN THE U.S., WHICH

THINKS THAT SUCH A RIGHT CAN BE USED WITHOUT ANY LIMITATION, AND JAPAN, WHICH VIEWS FLIGHTS BEYOND JAPAN TO THIRD COUNTRIES AS SOMETHING TO BE SUBORDINATED. JAPAN AND THE U.S. HAVE PUT THE BEYOND-RIGHT ISSUE ON HOLD BY USING THE AMBIGUOUS EXPRESSION "BOTH SIDES WILL MAINTAIN THEIR OWN INTERPRETATIONS."

JFTC REBUTS CLAIM AT WTO THAT JAPAN'S PREMIUM RESTRICTIONS BLOCK MARKET ENTRY (MAINICHI - PAGE 9)

SHOGO ITODA, EXECUTIVE DIRECTOR OF THE FAIR TRADE COMMISSION (FTC), REVEALED AT A PRESS CONFERENCE ON THE 17TH THAT DURING BILATERAL TALKS OVER THE PHOTOFILM ISSUE BETWEEN JAPAN AND THE U.S. AT THE WORLD TRADE ORGANIZATION (WTO) IN GENEVA, THE FTC, REFUTING THE U.S. CLAIM "JAPAN'S PREMIUM LAW HAS CONSTITUTED A BARRIER TO FOREIGN ACCESS TO THE JAPANESE MARKET," HAD STATED, "THE PREMIUM LAW IS DESIGNED TO RESTRICT EXCESS PREMIUMS AND EXAGGERATED OR IMPROPER LABELING, AND IT IS NOT A TRADE BARRIER."

ADMINISTRATIVE REFORM SUBCOMMITTEE PROPOSES THIRD-PARTY ORGAN TO OVERSEE ADMINISTRATION (NIHON KEIZAI - PAGE 1)

A DRAFT PLAN FOR "LAYING OUT ISSUES," WHICH THE BUREAUCRATIC AND PRIVATE-SECTOR ACTIVITIES SHARING SUBCOMMITTEE (CHAIRMANED BY SUSUMU TENPORIN) UNDER THE ADMINISTRATIVE REFORM COMMITTEE PREPARED WAS UNVEILED YESTERDAY. THE DRAFT PLAN INCLUDES A PROPOSAL FOR THE ESTABLISHMENT OF A THIRD-PARTY ORGAN THAT WOULD MONITOR ADMINISTRATIVE ACTIVITIES TO PREVENT THE GOVERNMENT FROM OVERLY INTERVENING IN THE MARKET. IT POINTS OUT THE EMASCULATION OF VARIOUS ADVISORY COUNCILS, WHICH GOVERNMENT AGENCIES HAVE ESTABLISHED TO MAINTAIN THE NEUTRALITY OF THEIR POLICY MEASURES. IT CALLS FOR REDUCING THE NUMBER OF THOSE ADVISORY COUNCILS AND ELIMINATING FORMER OFFICIALS OF GOVERNMENT AGENCIES FROM MEMBERSHIP.

THE BUREAUCRATIC AND PRIVATE-SECTOR WORK-SHARING SUBCOMMITTEE STARTED ITS WORK IN MARCH, FOCUSING ON THE SCALING DOWN OF ADMINISTRATIVE FUNCTIONS, INCLUDING POSTAL SERVICES AND SPECIAL CORPORATIONS (TOKUSHU HOJIN). THE "LAYING OUT OF ISSUES" IS A SUMMARY OF DISCUSSIONS UNCLAS SECTION 07 OF 08 TOKYO 006638

USIA

FOR: USIA D/P, I/GEA, I/RF, I/RFW, EA, RMR; STATE FOR EAR/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; CINCPACFLT/PA; COMUSJ/PA; COMNAVFORJAPAN/PA.

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SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS JULY 18

EXCHANGED UNTIL NOW. THE SUBPANEL PLANS TO PRESENT BEFORE THE END OF THE YEAR JUDGMENT STANDARDS FOR SHRINKING SPECIFIC ADMINISTRATIVE FUNCTIONS, BASED ON THIS SUMMARY.

THE "LAYING OUT OF ISSUES" ADVOCATES A "SHIFT FROM BUREAUCRATIC-DRIVEN (ADMINISTRATION) TO SELF-RELIANCE OF PUBLIC SECTOR" AS A BASIC PRINCIPLE. ALONG WITH THAT POLICY LINE, IT PROPOSES THE PROMOTION OF DEREGULATION TO TRIM GOVERNMENT INTERVENTION IN THE MARKET AND THE MINIMIZING THE ACTIVITIES OF "GOVERNMENT BUSINESSES" -- BUSINESS OPERATIONS BY THE GOVERNMENT. IT UNDERLINES THAT EVEN IF GOVERNMENT BUSINESSES ARE TO BE CONTINUED, THE GOVERNMENT SHOULD BE OBLIGATED TO EXPLAIN WHY THOSE BUSINESSES ARE NECESSARY.

STARTING FROM THAT BASIS, THE DRAFT PLAN CALLS FOR STRENGTHENING THE FUNCTIONS OF THE FAIR TRADE COMMISSION TO ENSURE THE PROPER FUNCTIONING OF MARKET PRINCIPLES. IT, AT THE SAME TIME, NOTES, "IT IS NECESSARY TO HAVE AN ORGAN THAT CHECKS SPECIFIC POLICY MEASURES SO THE GOVERNMENT WILL NOT OVERLY INTERVENE (IN THE MARKET)."

ECONOMIC COUNCIL SCOUTING FOR EXPERTS ON DEREGULATION
(ASAHI - PAGE 2)

THE ECONOMIC PLANNING AGENCY (EPA), THE ADMINISTRATIVE OFFICE OVER THE ECONOMIC COUNCIL -- AN ADVISORY PANEL TO THE PRIME MINISTER -- IS STAGING A "SCOUTING OPERATION" TO RECRUIT MEMBERS RESPONSIBLE FOR DEREGULATION IN THE ADMINISTRATIVE REFORM COMMITTEE. EPA DIRECTOR GENERAL SHUSEI TANAKA LAST WEEKEND ISSUED AN ADDITIONAL DEREGULATION PLAN THAT COVERS SIX AREAS, INCLUDING THE FINANCIAL SECTOR. THE PLAN IS NOW THE CABINET'S AGENDA ITEM. SUCH AN ACTION BY THE ECONOMIC ADVISORY COUNCIL'S ACTION IS MOTIVATED BY THE DESIRE TO OBTAIN "EXPERIENCED PERSONNEL" TO WORK OUT SPECIFIC ISSUES INCLUDED IN THAT PLAN. THE TREND INDICATES THE REALITY IN WHICH AN ADMINISTRATIVE METHOD OF TAPPING ADVISORY COUNCILS IS RAMPANT CONTRARY TO ITS SLOGAN "POLITICIANS-DRIVEN (DEREGULATION)."

THOSE DEREGULATORY MEASURES HAVE BEEN ADDED FOR THE PURPOSE OF "PUTTING THE ECONOMY ON A STABLE TRACK OVER THE MEDIUM TO LONG TERM PERSPECTIVE THROUGH REFORM OF THE ECONOMIC STRUCTURE" (DIRECTOR GENERAL TANAKA). THEY INCLUDE COMPLETE LIBERALIZATION OF STOCK CONSIGNING FEES AND THE SCRAPPING OF THE CHARGE-APPROVAL SYSTEM SET ON THE INFORMATION AND COMMUNICATIONS AREA. THE ARRANGEMENT HAS BEEN SO MADE THAT THE ACTION PLAN COMMITTEE UNDER THE ECONOMIC ADVISORY COUNCIL WILL ESTABLISH SIX WORKING GROUPS COVERING THE PROPOSED AREAS AND THESE WILL LOOK INTO VARIOUS ISSUES. WHEN IT CAME TO SELECTING SUITABLE PERSONS TO TAKE CHARGE OF THOSE WORKING GROUPS, THE COMMITTEE HAS SET ITS EYES ON THE ADMINISTRATIVE COMMITTEE. THE MEMBERS OF THE DEREGULATION SUBCOMMITTEE UNDER THE ADMINISTRATIVE REFORM COMMITTEE INCLUDE

AKIYOSHI HORIUCHI, A PROFESSOR AT TOKYO UNIVERSITY, AND KIKUO IWATA, A PROFESSOR AT SOFIA UNIVERSITY -- BOTH ARE EXPERTS ON FINANCES, AND SOJIRO TAKIGAMI, PRESIDENT OF GREEN TOKYO AND AN EXPERT ON MEDICAL CARE AND WELFARE.

THE EPA WISHES TO COMPLETE PERSONNEL SELECTION BEFORE THE END OF AUGUST, NOTING, "OVERLAPPING OF THE PERSONNEL COMPOSITION TO SOME EXTENT CANNOT BE HELPED," BUT THE MANAGEMENT AND COORDINATION AGENCY, THE ADMINISTRATIVE OFFICE OF THE ADMINISTRATIVE REFORM COMMITTEE, IS APPARENTLY DISPLEASED WITH THE RECENT SERIES OF MOVES. ONE SENIOR OFFICIAL MADE A SARCASTIC REMARK, "SOME OF THE PROPOSALS INCLUDED IN DIRECTOR GENERAL TANAKA'S PLAN HAVE ALREADY BEEN COVERED BY OUR PLAN. IF DEREGULATION SEES ANY PROGRESS WITH THAT, THAT WILL BE FINE, BUT IF THE EPA CALLS FOR POLITICIANS-DRIVEN DEREGULATION, IT SHOULD BE DONE IF EACH CABINET MINISTER MAKES A DECISION."
UNCLAS SECTION 08 OF 08 TOKYO 006638

USIA

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SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS JULY 18

YAMAUCHI, ACTING

SECT: SECTION: 01 OF 08

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DIST:

SIT: CULLIN FETIG JOHNSON KRISTOFF MOFFETT PRITCHARD SUETTINGER
SIT: NSC

Cable

PREC: PRIORITY
CLASS: UNCLASSIFIED
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LINE2: ZNR UUUA ZYN
LINE3: P 182324Z JUL 96
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OSRI: RUCWAAA
DTG: 182324Z JUL 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//
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RUEHBJ/AMEMBASSY BEIJING
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RUEHGP/AMEMBASSY SINGAPORE
RUEHGP/AMEMBASSY SINGAPORE//FOR REGIONAL AFFAIRS//
RUHPHQ/CDR JTF-FA HONOLULU HI//J2//
RUAGTB/CDR1STBN1STSFGA TORII STA JA//SSO//
RUAGYIN/CDRCSCTTHREE YONGIN KOR//EACT-T-I//
RUAGAMS/CINC UNC CFC SEOUL KOR//UNCMAC//
RUHDBKT/DATT-TLO BANGKOK TH
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RAYWBBK/DIO CANBERRA AS
RUYLBAH/DODSPECREP OKINAWA JA
RUESFG/FBIS BANGKOK TH
RUESDG/PTS HONG KONG
RUDKMKD/FBIS LONDOND UK
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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
RUEHLO/AMEMBASSY LONDON UK
RUEAIIS/STORAGE CENTER FBIS RESTON VA

ACCT FBWA-EWDK

INFO: ////

SUBJ: FBIS FMN-18JUL96-OKINAWAN OPPOSITION TO HELIPORT

TEXT:

UNCLAS 4Z/LD

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

SERIAL: WA1807232496

PASS: ATTN BLOUGH/MILLER
ATTN BBC RDSUP

SUBJ: FBIS FMN-18JUL96-OKINAWAN OPPOSITION TO HELIPORT

SOURCE: FOREIGN BROADCAST INFORMATION SERVICE

TEXT:

Japan-U.S.: Media Report Okinawan Opposition to Relocation of
Futenma Heliport Remains Strong

[FBIS Media Analysis] Japanese media reporting suggests that
grassroots Okinawan opposition to plans to move a heliport from
Futenma Airbase to another site on the island continues to be
strong--a situation that may make it difficult for Tokyo to
identify a location on the island which will win local acceptance.

In a sign that Tokyo is trying hard to find a location
acceptable to local Okinawan officials and residents, the Japanese
Government has floated a number of trial balloons in the Japanese
media over the past two weeks.

-- Unnamed government officials told Kyodo on 4 and 6 July that
Tokyo was considering relocating the heliport to Kadena Airbase,
Camp Schwab, and Camp Hansen.

-- Other government sources told Nihon Keizai Shimbun, Japan's
leading economic newspaper, on 12 July that because of local or
U.S. opposition to those sites, the government is weighing a
proposal to move the heliport to unused land on the Self Defense
Forces' base in Naha (Nihon Keizai Shimbun, 13 July).

-- Still other sources told Tokyo Shimbun on 17 July that the
Defense Facilities Administration Agency is considering a plan to
put the heliport on a large "float" consisting of metal blocks to
be built in the waters off Kadena Airbase (Tokyo Shimbun, 18 July).

Okinawan Reaction

Judging from Japanese and Okinawan media reporting, however,
there is still considerable grass-roots Okinawan resistance to
such plans.

-- On 17 July, the Mayor of Kadena Town told the Okinawa Times

Withdrawal/Redaction Marker

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
007. cable	Re: FBIS FMN [Foreign Media Note] - Okinawan Opposition to Heliport [partial] (1 page)	07/18/1996	P3/b(3)

COLLECTION:

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

FOLDER TITLE:

[07/12/1996 - 07/23/1996]

2016-0420-F
sb1875

RESTRICTION CODES

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

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

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

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

RR. Document will be reviewed upon request.

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

- b(1) National security classified information [(b)(1) of the FOIA]
- 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]

that moving the heliport to Kadena Airbase is "absolutely unacceptable" because the base is "already overcrowded" (Okinawa Times, 18 July)

-- The same day, he and the mayors of two other towns near the base, Chatan Town and Okinawa City, agreed to work together to resist the transfer, according to the 18 July Okinawa Times.

-- Also on 17 July, 700 residents of Kin Town, near Camp Hansen, held a rally against proposals to move the heliport to the camp. The town mayor plans to fly to Tokyo on 23 July to present a resolution adopted during the rally to the prime minister's office and the Foreign Ministry, according to the 18 July Okinawa Times.

-- On 10 July, Nago City held a rally against proposals to move the heliport to nearby Camp Schwab (Okinawa Times, 18 July). According to the 4 July Ryukyu Shimpō, the city's mayor, government, and assembly were all involved in planning the rally.

Moreover, Okinawan media reporting suggests that a number of politicians are unlikely to accept the relocation of the heliport to any part of the island.

-- According to the 16 July Okinawa Times, the Okinawa prefectural assembly unanimously passed a protest resolution that day demanding that the U.S. and Japanese Governments "give up plans to relocate Futenma Airbase to other U.S. facilities on Okinawa." Arguing that Tokyo and Washington should "lessen the Okinawan people's heavy burden of military bases," the resolution stated that the assembly "can by no means approve" of moving the base to "other places in Okinawa."

(b)(3)

007

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(endall) EAG/HH/sdj 18/2309Z JUL

SECT: SECTION: 01 OF 01

SSN: 4589

TOR: 960718193251 M2321865

DIST:

SIT: NSC

Cable

PREC: IMMEDIATE

CLASS: UNCLASSIFIED

LINE1: OTTUZYUW RUEKJCS9595 2042122-UUUU--RHEHNSC.

LINE2: ZNR UUUUU

LINE3: RUALGQA T 13AF INTEL ANDERSEN AFB GU

LINE4: RUHPHMS T COMMARFORPAC

OSRI: RUEKJCS

DTG: 192044Z JUL 96

ORIG: SECDEF WASHINGTON DC//ASD:PA/DPL//

TO: RHHMUNA/USCINCPAC HONOLULU HI//J01PA//
RHEHNSC/NSC WASHINGTON DC//PA//
RUEHC/SECSTATE WASHINGTON DC//PA-P//
RUEKJCS/SECDEF WASHINGTON DC//ISA/EA//
RUEHIA/USIA WASHINGTON DC//EA/I-GEA/D-P//
RUEKJCS/CJCS WASHINGTON DC//PA//
RUEHBY/AMEMBASSY CANBERRA//USIS//
RUEHGP/AMEMBASSY SINGAPORE//USIS//
RUEAUSA/NGB WASHINGTON DC//PA//
RUEADWD/DA WASHINGTON DC//SAPA//
RUEAHQA/OSAF WASHINGTON DC//PA//
RUEACMC/CMC WASHINGTON DC//DIRPA//
RUHVPAC/HQ PACAF HICKAM AFB HI//PA/DOX//
RUEAHIC/CDRUSARPAC FT SHAFTER HI//PA//
RUHPHMS/COMMARFORPAC//PA//
RUALSFJ/COMUSJAPAN YOKOTA AB JA//PA//
RHCUAAA/HQ AMC SCOTT AFB IL//PAX//
RUALGQA/13AF INTEL ANDERSEN AFB GU//PA/DOZ//

INFO: RUEKJCS/SECDEF WASHINGTON DC//ASD:PA/DPL//

SUBJ: PUBLIC AFFAIRS GUIDANCE - EXERCISE PITCH BLACK '96//

REF/A/GENADMIN/HQPACAF/130409ZJUN96//

REF/B/GENADMIN/USCINCPAC/162200ZJUL96//

AMPN/REF A IS HQ PACAF PROPOSED PUBLIC AFFAIRS GUIDANCE (PPAG)ON

TEXT:

UNCLAS SECTION 01 OF 02

SUBJ/PUBLIC AFFAIRS GUIDANCE - EXERCISE PITCH BLACK '96//

REF/A/GENADMIN/HQPACAF/130409ZJUN96//

REF/B/GENADMIN/USCINCPAC/162200ZJUL96//

AMPN/REF A IS HQ PACAF PROPOSED PUBLIC AFFAIRS GUIDANCE (PPAG)ON

EXERCISE PITCH BLACK '96. REF B IS USCINCPAC PPAG.//

RMKS/1. THE FOLLOWING PUBLIC AFFAIRS GUIDANCE (PAG) FOR EXERCISE

PAGE 03 RUEKJCS9595 UNCLAS

PITCH BLACK '96 IS DECLASSIFIED AND APPROVED AFTER THEATER AND INTERAGENCY WASHINGTON COORDINATION. AN ACTIVE APPROACH IS RECOMMENDED WITH AN ANNOUNCEMENT BY HEADQUARTERS PACIFIC AIR FORCE, ON JUL 19, 1996 AT 1500, HAWAII TIME, THREE DAYS BEFORE U.S. ACTIVE PARTICIPATION. AUSTRALIA AND SINGAPORE HAVE ALREADY ANNOUNCED THE EXERCISE, WHICH COMMENCED ON JUL 15.

2. THE FOLLOWING STATEMENT IS APPROVED: (QUOTE) AIR FORCES FROM

THE UNITED STATES, AUSTRALIA AND SINGAPORE WILL TEAM UP FOR AUSTRALIA'S LARGEST AIR DEFENSE EXERCISE, PITCH BLACK '96. THE EXERCISE STARTED JULY 15 AND WILL CONTINUE UNTIL AUGUST 2. ACTIVE U.S. PARTICIPATION IN PITCH BLACK '96 WILL START JULY 22. THIS ANNUAL EXERCISE IS BEING CONDUCTED IN NORTHERN AUSTRALIA.

(PARA) WEEK ONE WAS DISSIMILAR AIR COMBAT TRAINING (DACT), WHICH IS DEFINED AS TWO OR MORE TYPES OF AIRCRAFT FLYING OPPOSING COMBAT MISSIONS, FOR ROYAL AUSTRALIAN AIR FORCE AND REPUBLIC OF SINGAPORE AIR FORCE ONLY.

(PARA) USAF UNITS WILL ARRIVE DURING WEEK TWO. THEY WILL CONDUCT DACT AND ENGAGE IN LARGE FORCE EMPLOYMENT PACKAGES. A FULL-BLOWN AIR DEFENSE EXERCISE WILL BE CONDUCTED DURING WEEK THREE. U.S. PILOTS WILL FLY PRIMARILY AIR-TO-AIR AND SOME AIR-TO-GROUND COMBAT TRAINING

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MISSIONS. THE FLYING PORTION OF THE EXERCISE WILL TAKE PLACE AT RAAF BASE DARWIN, RAAF BASE TINDAL AND RAAF BASE CURTIN.

(PARA) MORE THAN 4,000 PERSONNEL WILL PARTICIPATE, INCLUDING APPROXIMATELY 750 U.S. AIR FORCE, AIR NATIONAL GUARD, AIR RESERVE, U.S. MARINE CORPS, AND U.S. ARMY MEMBERS. U.S. PARTICIPANTS INCLUDE THE 18TH WING FROM KADENA AIR BASE, JAPAN, FLYING F-15'S AND E-3 AIRBORNE WARNING AND CONTROL SYSTEM AIRCRAFT; 917TH BOMB WING, AIR FORCE RESERVES, BARKSDALE AIR FORCE BASE, LOUISIANA, FLYING B-52'S; 349TH AIR MOBILITY WING, AIR FORCE RESERVES, TRAVIS AIR FORCE BASE, CALIFORNIA, FLYING KC-10'S; AND THE 150TH FIGHTER WING, NEW MEXICO AIR NATIONAL GUARD, FLYING F-16'S. THE U.S. MARINES WILL FLY F/A-18'S FROM VMFA-225, BASED AT MARINE CORPS AIR STATION, IWAKUNI, JAPAN, AND KC-130'S FROM VMGR-152, MARINE CORPS AIR STATION, FUTENMA, JAPAN. THE U.S. ARMY WILL PROVIDE AIR DEFENSE ARTILLERY PERSONNEL FROM THE 1/62ND AIR DEFENSE ARTILLERY BATTALION, SCHOFIELD BARRACKS, HAWAII. THE ROYAL AUSTRALIAN AIR FORCE WILL FLY F/A-18'S, F-111'S, C-130'S AND B-707'S. THE ROYAL SINGAPORAN AIR FORCE WILL PARTICIPATE WITH F-16'S, E-2'S AND A-4'S. (UNQUOTE)

3. THE PUBLIC AFFAIRS OBJECTIVES FOR EXERCISE PITCH BLACK '96 INCLUDE THE FOLLOWING:

PAGE 05 RUEKJCS9595 UNCLAS

A. PITCH BLACK IS A ROUTINE, REGULARLY SCHEDULED EXERCISE INVOLVING THE U.S., AUSTRALIA AND SINGAPORE.

B. PITCH BLACK DEMONSTRATES THE INTEROPERABILITY OF THE U.S., AUSTRALIA AND SINGAPORE IN COMBINED TRAINING EXERCISES.

C. PARTICIPATION DEMONSTRATES THE UNITED STATES COMMITMENT TO THE DEFENSE, PEACE AND STABILITY OF THE REGION.

D. THIS TRAINING WILL ENHANCE THE COMBAT READINESS OF ALL PARTICIPANTS.

4. THE FOLLOWING QUESTIONS AND ANSWERS ARE APPROVED FOR RTQ:

Q1. WHY IS THE U.S. INVOLVED IN AIR COMBAT TRAINING WITH AUSTRALIA AND SINGAPORE?

A1. THE UNITED STATES VALUES THE RESPECT AND TRUST OF ITS ASIA/PACIFIC PARTNERS. MILITARY-TO-MILITARY CONTACT WITH PARTNER NATIONS DEMONSTRATES OUR COMMITMENT TO PEACE AND STABILITY IN THE REGION. EXERCISES LIKE PITCH BLACK ALSO NURTURE SOLID RELATIONSHIPS WITH NATIONS IN THE REGION AS WE TRAIN SIDE-BY-SIDE WITH THEIR FORCES.

Q2. ARE PARTICIPANTS TRAINING FOR ANY PARTICULAR THREAT?
A2. NO. THE U.S., AUSTRALIA AND SINGAPORE ARE NOT TRAINING FOR ANY PARTICULAR THREAT. PITCH BLACK '96 IS DESIGNED TO SHARPEN THE

PAGE 06 RUEKJCS9595 UNCLAS

PARTICIPANTS' AIR COMBAT SKILLS AND BUILD A STRONG FOUNDATION OF TEAMWORK WITH OUR FRIENDS IN THE REGION.

Q3. WHAT TYPE OF TRAINING MISSIONS WILL BE FLOWN?

A3. THE MISSIONS INCLUDE OFFENSIVE COUNTER AIR, DEFENSIVE COUNTER AIR, AIRBORNE CONTROL BY AWACS AND AIR REFUELING CONTINUATION TRAINING.

Q4. WHY IS THE NEW MEXICO AIR NATIONAL GUARD PARTICIPATING IN THIS EXERCISE?

A4. THE NEW MEXICO AIR NATIONAL GUARD IS PARTICIPATING AS PART OF THE TOTAL FORCE CONCEPT WHERE ACTIVE, RESERVE AND GUARD UNITS TRAIN TOGETHER.

Q5. HAS THE U.S. PARTICIPATED IN PAST PITCH BLACKS?

A5. YES. PITCH BLACK IS AN ANNUAL TRAINING EXERCISE.

Q6. HOW WOULD YOU CHARACTERIZE CURRENT RELATIONSHIPS AMONG THE U.S., AUSTRALIAN AND SINGAPOREAN FORCES?

A6. THE U.S. HAS AN OUTSTANDING RELATIONSHIP WITH BOTH NATIONS. EXERCISES SUCH AS PITCH BLACK ENHANCE THE MULTILATERAL INTERACTION AMONG FORCES OF ALL THREE NATIONS.

Q7. IS THERE ANY CORRELATION BETWEEN THE U.S. MARINE CORPS' PARTICIPATION IN THIS EXERCISE AND THEIR RECENT INTEREST IN EXPANDING

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TRAINING IN AUSTRALIA?

A7. NO. THE U.S. MARINE CORPS HAS TRADITIONALLY CONDUCTED A WIDE VARIETY OF COMBINED EXERCISES IN AUSTRALIA. THIS IS NOT THE FIRST YEAR THE MARINE CORPS HAS PARTICIPATED IN EXERCISE PITCH BLACK, NOR IS THE MARINE CORPS PARTICIPATION DESIGNED TO REPLACE ANY TRAINING CURRENTLY ACCOMPLISHED ELSEWHERE.

Q8. WHICH UNITS AND AIRCRAFT WILL PARTICIPATE FROM AUSTRALIA AND SINGAPORE?

A8. ANY QUESTIONS INVOLVING AUSTRALIAN OR REPUBLIC OF SINGAPORE FORCES SHOULD BE DIRECTED TO MILITARY OR GOVERNMENT REPRESENTATIVES.

5. MISCELLANEOUS INFORMATION (NOT FOR PUBLIC RELEASE)

A. NEWS INFORMATION CENTER - (1) THREE USAF PA SPECIALISTS WILL AUGMENT THE RAAF MEDIA CENTER AT RAAF BASE DARWIN: LT COL WILLETTE CARTER, HQ PACAF/PAO, HICKAM AFB, HI, SSGT ORVILLE DESJARLAIS, 18WG/PA, KADENA AB, JAPAN, AND MSGT MIKE DAVIS, AFRES, GRISSON ARS, INDIANA.

B. COMMAND RELATIONSHIPS - (1) RAAF/PA WILL SERVE AS FINAL RELEASE AUTHORITY FOR EXTERNAL RELEASES.

C. INTERNAL RELEASES ARE ENCOURAGED.

D. AN AWACS ORIENTATION FLIGHT HAS BEEN APPROVED FOR FIVE AUSTRALIAN UNCLAS FINAL SECTION OF 02

MEDIA DURING PITCH BLACK. A MEDIA ORIENTATION FLIGHT ABOARD AN AFRES KC-10 HAS BEEN REQUESTED. THE RAAF IS HOLDING A NEWS CONFERENCE AT DARWIN ON JULY 22 AND HAS REQUESTED U.S. PARTICIPATION (TO BE DETERMINED). DEPLOYING UNIT COMMANDERS SHOULD BE PREPARED TO PARTICIPATE IN THE NEWS CONFERENCE.

E. THE RAAF IS HOLDING OPEN HOUSES AT TINDAL AND DARWIN ON AUGUST 3

PAGE 03 RUEKJCS9596 UNCLAS
AND 4, RESPECTIVELY. THE E-3B/C AND B-52'S WILL REMAIN FOR STATIC
DISPLAY DURING THOSE OPEN HOUSES. UNITS SHOULD BRING COPIES OF UNIT
FACT SHEETS AND PROVIDE TO LT COL CARTER, PACAF/PAO.
F. U.S. AIR FORCE TELEVISION NEWS AND AIRMAN MAGAZINE, KELLY AFB,
TEXAS, WILL DEPLOY THREE MEMBERS TO COVER THE EXERCISE. THEY SHOULD
WORK THROUGH USDAO CANBERRA FOR COUNTRY CLEARANCE AND COORDINATION
FOR TRANSPORTATION AND BILLETING ARRANGEMENTS. BILLETING HAS BEEN
REQUESTED THROUGH 13AF FOR DARWIN.

6. POC'S INCLUDE: PACAF/PAO: LT COL WILLETTE CARTER AT DSN:
449-2844, COMM: (808) 449-2844, AND COMM FAX: (808) 449-8601.
USCINCPAC PAO: LT COL JOHN MARTIN AT DSN: 477-6481, COMM: (808)
477-6481. DOD PA (MEDIA): LT COL PAT SIVIGNY AT DSN: 227-5131,
COMM: (703) 697-5131. DOD PA (PLANS): LCDR KAREN JEFFRIES AT
DSN: 223-1076, COMM: (703) 693-1076.//

SECT: SECTION: 01 OF 02
<^SECT>SECTION: 02 OF 02

SSN: 9595
<^SSN>9596

TOR: 960722172706 M2325986
<^TOR>960722172620 M2325985

DIST:
SIT: NSC

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
008. cable	Re: SACO [Special Action Committee on Okinawa] Discussion at July 18 Lunch (4 pages)	07/22/1996	P1/b(1)

COLLECTION:

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

FOLDER TITLE:

[07/12/1996 - 07/23/1996]

2016-0420-F
sb1875

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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- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

- C. Closed in accordance with restrictions contained in donor's deed of gift.
- PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).
- RR. Document will be reviewed upon request.

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

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- 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]

Cable

PREC: IMMEDIATE
CLASS: UNCLASSIFIED
LINE1: OAAUZYUW RUEHKO6785 2050532-UUUU--RHEHAAA.
LINE2: ZNR UUUUU ZZH
LINE3: O 230532Z JUL 96
LINE4: FM AMEMBASSY TOKYO
OSRI: RUEHKO
DTG: 230532Z JUL 96
ORIG: AMEMBASSY TOKYO
TO: RUEHC/SECSTATE WASHDC IMMEDIATE 5204
RUEHIA/USIA WASHDC IMMEDIATE 0204
INFO: RUEAIIA/CIA WASHDC
RUCPDOG/USDOC WASHDC
RUEBBEA/USDOT WASHDC
RHHMHAH/CINCPACFLT PEARL HARBOR HI//N5//
RHHMUNA/USCINCPAC HONOLULU HI//USIA//
RUEKJCS/JOINT STAFF WASHDC//J5//
RHEHAAA/WHITE HOUSE WASHDC
RUEKJCS/SECDEF WASHDC
RUAYJAA/COMPATWING ONE KAMI SEYA JA
RUYNJDK/COMNAVFORJAPAN YOKOSUKA JA
RUALSFJ/COMUSJAPAN YOKOTA AB JA
SUBJ: JAPANESE MORNING PRESS HIGHLIGHTS JULY 23
TEXT:
UNCLAS SECTION 01 OF 08 TOKYO 006785

USIA

FOR: USIA D/P, I/GEA, I/RF, I/RFW, EA, RMR; STATE FOR
EAR/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; CINCPACFLT/PA; COMUSJ/PA;
COMNAVFORJAPAN/PA.

E.O. 12958: N/A

SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS JULY 23

TOP HEADLINES:

ASAHI: OFFICE WORKER DIED POSSIBLY OF O-157 E. COLI
BACTERIA, ACCORDING TO ANNOUNCEMENT BY KYOTO CITY; 42
OTHER CO-WORKERS ALSO SUFFER FROM SIMILAR FOOD POISONING;
COMPANY CAFETERIA INVESTIGATED

NIHON KEIZAI: RANKING OF HOUSING BY QUALITY, SUCH AS
ENDURANCE, NOISE-PREVENTION AND FIREPROOFING;
CONSTRUCTION MINISTRY TO ADOPT SUCH RANKING AS EARLY AS
NEXT FISCAL YEAR; TO SHOW CONSUMERS SUCH RANKING BY

ESTABLISHING EVALUATION PANEL

TOKYO SHIMBUN: ISETAN, HANKYO, EXCHANGE MEMORANDUM FOR BUSINESS TIEUP; MAY SERVE AS CLUE TO RESTRUCTURING OF DEPARTMENT STORE INDUSTRY; DEVELOPMENT OF CLOTHING LINE AS TARGET

MAINICHI: FUTAGOYAMA STABLE DID NOT REPORT ITS INCOME OF 380 MILLION YEN; SUMO STABLE MASTER AND WRESTLERS WAKANOHANA AND TAKANOHANA INVOLVED; CENTERED ON FUNDS FOR TOSHIYORI-KABU (RIGHT TO SENIOR MEMBERSHIP IN THE JAPAN SUMO ASSOCIATION)

YOMIURI: JAPAN, RUSSIA TO RESUME TALKS FOR A "PEACE TREATY"; VICE-MINISTER-LEVEL NEGOTIATIONS TO START FROM SEPTEMBER; FOREIGN MINISTER'S VISIT TO JAPAN ALSO AGREED ON

SANKEI: FUTAGOYAMA STABLE FAILED TO REPORT INCOME OF 380 MILLION YEN, INVOLVING SUMO STABLE MASTER, WAKANOHANA, AND TAKANOHANA IN CONNECTION WITH FUND FOR TOSHIYORI-KABU AND GRATUITIES

RUSSIAQS FOREIGN MINISTER TO VISIT JAPAN IN NOVEMBER
(TOKYO SHIMBUN - PAGE 3)

(JAKARTA, JULY 22, TADAHIKO NASA) IN THEIR MEETING HELD IN A HOTEL IN JAKARTA ON JULY 22, FOREIGN MINISTER YUKIHIKO IKEDA AND RUSSIAN FOREIGN MINISTER PRIMAKOV AGREED ON A SCHEDULE FOR A BILATERAL DIALOGUE BETWEEN JAPAN AND RUSSIA, FOCUSING ON FOREIGN MINISTER PRIMAKOV'S TRIP TO JAPAN IN NOVEMBER THIS YEAR.

THE SCHEDULE OF MAJOR ACTIVITIES AGREED ON BETWEEN THE TWO INCLUDE:

1. FOREIGN MINISTER PRIMAKOV WILL VISIT JAPAN IN NOVEMBER, BUT PRIOR TO HIS TRIP, A MEETING OF THE (VICE-MINISTER-LEVEL) WORKING GROUP FOR CONCLUDING A PEACE TREATY WILL BE HELD IN TOKYO THAT FALL;
2. THE SECOND ROUND OF THE JAPAN-RUSSIA GOVERNMENT-TO-GOVERNMENT COMMITTEE ON TRADE AND THE ECONOMY WILL BE HELD NEXT YEAR AND IN PREPARATION FOR THAT, A (WORKING-LEVEL) SUBCOMMITTEE MEETING WILL TAKE PLACE IN TOKYO WITHIN THE YEAR; AND
3. EFFORTS WILL BE MADE TO REALIZE A VISIT TO JAPAN BY DEFENSE MINISTER GRACHEV AT AN EARLY DATE, AND CONSULTATIONS BETWEEN JAPANESE AND RUSSIAN DEFENSE OFFICIALS (AT THE BUREAU DIRECTOR LEVEL) WILL BE HELD IN TOKYO WITHIN THE YEAR.

A VISIT TO JAPAN BY A RUSSIAN DEFENSE MINISTER WOULD BE THE FIRST EVER. THIS WOULD A RETURN VISIT FOLLOWING JAPAN DEFENSE AGENCY (JDA) DIRECTOR GENERAL HIDEO USUI'S TRIP TO RUSSIA IN APRIL THIS YEAR. THE TIMING OF SUCH A VISIT SEEMS LIKELY TO BE NEXT YEAR.

RUSSIAQS FOREIGN MINISTER TO VISIT JAPAN IN NOVEMBER
(TOKYO SHIMBUN - PAGE 3)

(COMMENTARY)

UNCLAS SECTION 02 OF 08 TOKYO 006785

USIA

FOR: USIA D/P, I/GEA, I/RF, I/RFW, EA, RMR; STATE FOR
EAR/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; CINCPACFLT/PA; COMUSJ/PA;
COMNAVFORJAPAN/PA.

E.O. 12958: N/A

SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS JULY 23

IN THE JAPAN-RUSSIA FOREIGN MINISTERIAL HELD IN JAKARTA
ON JULY 22, A SCHEDULE FOR JAPAN-RUSSIA DIALOGUES,
STARTING WITH RUSSIAN FOREIGN MINISTER PRIMAKOV'S VISIT
TO JAPAN THIS NOVEMBER WAS SET.

UNTIL NOW, JAPAN AND RUSSIA HAVE SEEN A DWINDLING IN
BILATERAL RELATIONS BECAUSE OF POLITICAL CHANGES IN JAPAN
AS WELL AS IN RUSSIA'S POLITICAL SITUATION, THOUGH THE
BILATERAL RELATIONSHIP ONCE BECAME ANIMATED HELPED BY THE
"TOKYO DECLARATION" ISSUED IN 1993, WHEN RUSSIAN
PRESIDENT YELTSIN CAME TO JAPAN. REVITALIZING
DISCUSSIONS IS BENEFICIAL TO THE TWO COUNTRIES IN
MAINTAINING A GOOD BILATERAL RELATIONSHIP. IN THAT
SENSE, THE JAKARTA MEETING WAS REWARDED WITH GOOD
RESULTS. AN OFFICIAL ACCOMPANYING FOREIGN MINISTER
YUKIHIKO IKEDA APPEARED SATISFIED, REMARKING, "GOOD
RESULTS WERE YIELDED."

BUT WHETHER A SERIES OF DIALOGUES WILL REALLY CONTRIBUTE
TO SUBSTANTIVE PROGRESS IN THE NORTHERN TERRITORIES
ISSUE, THE OUTSTANDING PROBLEM DIVIDING THE TWO
COUNTRIES, IS STILL OPEN TO CONJECTURE. THE REASON IS
THERE ARE TOO MANY UNCERTAINTIES TO THINK THAT A DIALOGUE
WILL CONTRIBUTE TO PROGRESS.

AMONG SUCH UNCERTAINTIES IS ANXIETY OVER PRESIDENT
YELTSIN'S HEALTH. IF THE PRESIDENT WERE FORCED TO RESIGN
BECAUSE OF HIS HEALTH BEFORE HIS TENURE EXPIRES, THE
CONTINUATION OF THE "TOKYO DECLARATION," THE ONLY HOPE OF
JAPAN, WOULD BE IN JEOPARDY.

ANOTHER SERIOUS UNCERTAIN FACTOR IS A POWER STRUGGLE --
WHICH CAME TO THE FORE DURING THE PRESIDENTIAL ELECTION
CAMPAIGNING -- IN THE YELTSIN ADMINISTRATION. PRESIDENT
YELTSIN, JUST BEFORE A SECOND VOTE FOR THE PRESIDENTIAL
RACE, TEAMED UP WITH A FEDERATION COUNCIL MEMBER TO WIN A
THIRD FORCE GROUP OVER TO HIS SIDE. BUT BECAUSE THAT
MEMBER HAS INSISTED ON "STRONG RUSSIA," HIS INVOLVEMENT

IN THE ADMINISTRATION WILL UNDOUBTLY BRING ABOUT AN OBSTRUCTION IN MAKING CONCESSIONS WITH THE JAPANESE SIDE OVER THE NORTHERN TERRITORIES ISSUE.

IN ADDITION, ALTHOUGH YELTSIN WAS REELECTED AS PRESIDENT, THERE IS NO CHANGE IN THE SITUATION IN THE RUSSIAN FEDERAL ASSEMBLY WHERE IN THE FEDERATION COUNCIL, THE OPPOSITION PARTIES, SUCH AS THE COMMUNIST PARTY AND THE LIBERAL DEMOCRATS, HOLD A MAJORITY.

IF THE PRESIDENT IS ABOUT TO MAKE A GREAT POLITICAL DECISION ON THE NORTHERN TERRITORIES ISSUE, THOSE OPPOSITION FORCES WILL WITHOUT FAIL FUNCTION AS A BRAKE.

FURTHERMORE, THE PROGRAMS NOW FIXED HAVE ALSO PROBLEMS. FOR EXAMPLE, ALTHOUGH IT WAS DECIDED TO HOLD THE SECOND ROUND OF THE JAPAN-RUSSIA GOVERNMENT-TO-GOVERNMENT COMMITTEE ON TRADE AND THE ECONOMY NEXT YEAR, THE REPRESENTATIVE POST FROM THE RUSSIAN SIDE FOR THAT COMMITTEE HAS BEEN VACANT SINCE FIRST DEPUTY PREMIER SOSKOVETS WAS DISMISSED.

A NEW REPRESENTATIVE IS EXPECTED TO BE SOON APPOINTED, BUT DEPENDING ON A NEW REPRESENTATIVE'S STANCE TOWARD JAPAN, THE DATE OF HOLDING THE ABOVE COMMITTEE WILL LIKELY BE AFFECTED.

IT IS THUS UNWISE TO EXPECT TOO MUCH FROM THE SETTING OF A SERIES OF MEETINGS. WHAT IS NOW NEEDED IS STEADY EFFORTS BY THE JAPANESE SIDE TO WORK ON THE RUSSIAN SIDE SO THAT THE SCHEDULED EVENTS WILL TAKE PLACE WITHOUT FAIL. (SENIOR WRITER TADAHIKO NASA FROM JAKARTA)

BURMESE FOREIGN MINISTERQS NO COMPROMISE STANCE, REJECTS QINTERFERENCE IN DOMESTIC AFFAIRSQ (MAINICHI - PAGE3)

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USIA

FOR: USIA D/P, I/GEA, I/RF, I/RFW, EA, RMR; STATE FOR EAR/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; CINCPACFLT/PA; COMUSJ/PA; COMNAVFORJAPAN/PA.

E.O. 12958: N/A

SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS JULY 23

(JAKARTA, JULY 22, KINSHIRO HIROSE) FOREIGN MINISTER YUKIHIKO IKEDA, WHO IS NOW VISITING JAKARTA TO ATTEND THE ASSOCIATION OF SOUTHEAST ASIAN NATIONS (ASEAN) REGIONAL FORUM (ARF) AND THE EXPANDED ASEAN FOREIGN MINISTERIAL, MET WITH MYANMAR'S FOREIGN MINISTER OHN GYAW ON THE AFTERNOON OF THE 22ND.

IN THE SESSION, IKEDA URGED OHN GYAW THAT HIS MILITARY GOVERNMENT, FORMALLY KNOWN AS THE STATE LAW AND ORDER RESTORATION COUNCIL (SLORC), PROMOTE A DIALOGUE WITH PRO-DEMOCRACY LEADER AUNG SAN SUU KYI'S NATIONAL LEAGUE FOR DEMOCRACY (NLD), THE LARGEST OPPOSITION PARTY. OHN GYAW REPLIED: "THE PEOPLE FROM ALL CLASSES HAVE TAKEN PART IN THE NATIONAL CONFERENCE, WHICH WAS CONVENED BY OUR GOVERNMENT IN ORDER TO DRAFT A NEW CONSTITUTION. IT IS THE NLD WHICH BOYCOTTED THE NATIONAL CONFERENCE." SO SAYING, HE EXPRESSED THE VIEW THAT THE SLORC HAD NO INTENTION OF HOLDING A DIALOGUE WITH THE NLD AT PRESENT.

FOREIGN MINISTER IKEDA ALSO PRESSED THE OTHER, SAYING, "THERE WAS THE REASON FOR THE NLD'S ABSENTING ITSELF FROM THE NATIONAL CONFERENCE." OHN GYAW, HOWEVER, MADE IT CLEAR THAT THE MYANMAR GOVERNMENT WOULD EXCLUDE OTHER COUNTRIES' "INTERVENTION IN MY COUNTRY'S INTERNAL AFFAIRS," REMARK: "OUR DOMESTIC SITUATION IS DELICATE. WE ARE READY TO LISTEN TO CONSTRUCTIVE VIEWS ON OUR COUNTRY FROM THE INTERNATIONAL COMMUNITY. BUT (SECRETARY) SUU KYI (WHO HAS SUGGESTED OTHER COUNTRIES TO IMPOSE ECONOMIC SANCTIONS ON MYANMAR) HAS CALLED FOR SCRAPPING THE NATIONAL CONFERENCE. OUR COUNTRY'S PROBLEMS WILL BE SOLVED BY OURSELVES."

EXHAUSTED PRIME MINISTER TAKES WEEKDAY OFF
(ASAHI - PAGE 7)

PRIME MINISTER RYUTARO HASHIMOTO TOOK A DAY OFF YESTERDAY FOR THE FIRST TIME DURING THE WEEKDAYS SINCE HE ASSUMED OFFICE. IT WAS A "COMPENSATORY DAY OFF" FOR HIS WEEKEND STUMPING TOUR. HE SPENT THE DAY VISITING A GINZA TAILOR RUN BY HIS KEIO UNIVERSITY CLASSMATE, HAVING LUNCH AT A CERTAIN HOTEL, AND ENJOYING SHOPPING IN TOWN. HE EVEN CALLED ON HIS MOTHER, MASA, AT THE HOSPITAL AND OBSERVED HER REHABILITATION PROGRAM.

THE PRIME MINISTER MADE A ONE-DAY TRIP TO FUKUOKA CITY ON THE 20TH, AND TO MATSUYAMA CITY ON THE 21ST TO ATTEND LIBERAL DEMOCRATIC PARTY (LDP) PARTIES. HE IS ALSO SCHEDULED TO VISIT SAPPORO ON THE 26TH AND NAGOYA ON THE 28TH. HIS WEEKEND SCHEDULES ARE ALREADY TIGHT WITH POLITICAL ENGAGEMENTS.

"EVER SINCE HE ASSUMED OFFICE IN JANUARY, HE HAS BEEN MUCH TOO BUSY WITH THE JUSEN (HOUSING LOAN COMPANIES) DIET AND THE LYON SUMMIT THAT FOLLOWED IMMEDIATELY AFTER THE DIET. THE PRIME MINISTER IS 58. HE MUST BE EXHAUSTED" (HASHIMOTO'S SECRETARY). OWING TO SUCH A WARM CONSIDERATION, A "COMPENSATORY DAY OFF" WAS "AWARDED" TO THE PRIME MINISTER.

UPON RETURNING FROM OUTING, THE PRIME MINISTER NOTED TO THE REPORTERS: "I HAD A REALLY GOOD TIME TODAY. WHY DON'T YOU TAKE A DAY OR TWO OFF, TOO?"

SHINSHINTOQS HATA TO DISSOLVE SUPPORT GROUP, HINTS AT ALLIANCE WITH NEW HATOYAMA PARTY (TOKYO SHIMBUN - PAGE 2)

IN A PRESS SESSION AND SPEECH IN THE CITY OF HIROSHIMA, WHICH HE VISITED FOR CAMPAIGNING, FORMER PRIME MINISTER TSUTOMU HATA OF THE OPPOSITION PARTY SHINSHINTO INDICATED HIS WILLINGNESS TO COLLABORATE WITH THE NEW PARTY LIKELY TO BE FORMED BY SAKIGAKE PARTY LEADER HATOYAMA AND OTHERS. HE STATED: "I AM WILLING TO COOPERATE WITH ANY PERSON WHO AIMS AT REFORM," AND THEN ADDED, "WE ARE NOT RESIGNING OURSELVES TO STAYING OPPOSITION MEMBERS. OUR UNCLAS SECTION 04 OF 08 TOKYO 006785

USIA

FOR: USIAD/P, I/GEA, I/RF, I/RFW, EA, RMR; STATE FOR EAR/; STATE PASS TO USTR/PUBLIC AFFAIRS OFFICE; CIA ASHDC; SECDEF FOR JCS/J-5/JAPAN, OASD/ISA/EAPR/JAPN; TREASURY/OASIA/IMI; WHITE HOUSE; COMMERCE FOR DAS; USCINCPAC/PA; CINCPACFLT/PA; COMUSJ/PA; COMNAVFORJAPAN/PA.

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SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS JULY 23

PARTY WILL NOT BE ABLE TO WIN A MAJORITY IN THE NEXT ELECTION, BUT AFTER (THE SHINSHINTO) GAINS A CONSIDERABLE VICTORY, WE WILL BE ABLE TO WORK WITH THOSE WHO ARE PREPARING TO CARRY OUT REFORM," HATA REVEALED THAT HE WOULD CONSIDER THE OPTION OF JOINING HANDS WITH A HATOYAMA NEW PARTY AFTER THE NEXT GENERAL ELECTION.

REFERRING TO A DISSOLUTION OF THE HATA GROUP (KOUSHIKAI), HE IMPLIED THAT HE WOULD DECIDE TO DISSOLVE IT AT AN EXECUTIVES MEETING ON THE 23RD, REMARKING, "THE GROUP HAS FUNCTIONED NOT AS A FACTION BUT AS A STUDY GROUP, BUT IT HAS BEEN MUCH TALKED ABOUT. TAKING THAT INTO ACCOUNT, I WOULD LIKE TO DISCUSS IT WITH ITS DIRECTORS." FURTHER REMARKING, "FRIENDSHIP WILL LAST FOREVER," HE EXPRESSED HIS HOPE TO MAINTAIN THE UNITY OF THE GROUP IN SOME FORM EVEN AFTER IT IS DISSOLVED.

AS FOR THE TIME FOR A DISSOLUTION OF THE LOWER HOUSE AND GENERAL ELECTION, HE INDICATED, "AN EXTRAORDINARY DIET SESSION COULD BE HELD IN OCTOBER AND A DISSOLUTION MIGHT COME AT THE OUTSET OF THE SESSION. WE DO NOT YET KNOW WHEN, BUT SINCE (THE LIBERAL DEMOCRATIC PARTY) IS SUPERSTITIOUS, I BELIEVE THE VOTING WILL TAKE PLACE ON NOVEMBER 24."

LOCAL REACTION AGAINST MOVING FUTENMA FUNCTIONS WIDENS (YOMIURI - PAGE 3)

THE GOVERNMENT'S PLAN TO RELOCATE THE HELIPORT IN THE U.S. FUTENMA AIR STATION TO "KADENA AIR BASE" HAS NOW EVOKED STRONG RESENTMENT AMONG LOCAL RESIDENTS AROUND KADENA AB. THE OKINAWA GOVERNMENT LED BY GOVERNOR MASAHIRO OTA HAS GIVEN ITS CONSENT TO THE PLAN OF CONSTRUCTING A SMALL-SCALE HELIPORT IN KADENA AB. BUT

EVEN IF AN AGREEMENT IS REACHED BETWEEN THE GOVERNMENTS OF JAPAN AND THE UNITED STATES ON THE KADENA AB PLAN, CONVINCING THE OKINAWANS, ESPECIALLY LOCAL BODIES AROUND THE AIR BASE WOULD NOT BE EASY.

AT THIS POINT, THE SITE MOST LIKELY TO BE PICKED FOR A HELIPORT IS THE U.S. MILITARY HOUSING DISTRICT CALLED "WASHINGTON HEIGHTS," ON THE SOUTHWEST (PART OF THE BASE). FROM RIGHT ACROSS THE BASE GOLF COURSE LIES THE RESIDENTIAL AREA OF CHATAN TOWN. ON JULY 5, THE DAY THE PLAN WAS ANNOUNCED, CHATAN TOWN HEADMAN ASAICHI HEDONA (?) REACTED STRONGLY IN A PRESS MEETING: "IF WE ALLOW SUCH A PLAN, THE U.S. BASES WILL REMAIN HERE FOREVER." IN ADDITION, OKINAWA MAYOR SHUSEI ARAKAWA ON JULY 22 TRANSMITTED HIS IRRITATION WITH THE PLAN TO GOVERNOR OTA, REASONING, "SUCH WOULD END UP STRENGTHENING THE FUNCTIONS OF KADENA AIR BASE." KADENA IN ITS TOWN CONVENTION IN APRIL ADOPTED A RESOLUTION OPPOSING THE PLAN TO PARTIALLY RELOCATE FUTENMA HELIPORT FACILITIES. A STRONGER REACTION TO THE HELIPORT CONSTRUCTION PLAN IS INEVITABLE.

FOR THE OKINAWANS, RELOCATING THE HELIPORT TO THE KADENA AB AMMUNITION DEPOT AREA, FOR INSTANCE, WOULD BE TANTAMOUNT TO CONSTRUCTING A "NEW BASE" FOR SUCH WOULD INVOLVE CUTTING WOODS AND DESTROYING THE NATURAL ENVIRONMENT. THE DOMINANT VIEW IS THAT IN ORDER TO HAVE FUTENMA BACK, THE ONLY CHOICE WOULD BE CONSTRUCTING A HELIPORT INSIDE KADENA AB, WHICH WOULD BE REGARDED AS AN "INTEGRATION OF THE EXISTING BASES."

BUT SINCE GOVERNOR OTA'S PUBLIC PLEDGE IS TO MAKE AN "OKINAWA FREE OF BASE FACILITIES," EXPECTING HIS GOVERNMENT TO "PERSUADE" THE LOCAL BODIES WOULD BE DIFFICULT. IN FACT, "HOW TO HANDLE THE OPPOSITION OF LOCAL RESIDENTS WOULD BE THE MOST DIFFICULT PART" (GOVERNOR OTA). ON THE PART OF OKINAWA, IT WOULD BE MOST DESIRABLE THAT THE CENTRAL GOVERNMENT TAKE THE LEAD IN PUSHING AHEAD WITH THE RELOCATION PLAN.

UNDER THE CIRCUMSTANCES, EVEN IF AN AGREEMENT IS REACHED
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USIA

FOR: USIA D/P, I/GEA, I/RF, I/RFW, EA, RMR; STATE FOR
EAR/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; CINCPACFLT/PA; COMUSJ/PA;
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SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS JULY 23

BETWEEN JAPAN AND THE U.S., THE OKINAWA GOVERNMENT PLANS
TO OBTAIN UNDERSTANDING FROM THE LOCAL RESIDENTS BY
EXPLAINING THE FOLLOWING THROUGH THE WORKING GROUP: 1)

OKINAWA'S STANCE TOWARD THE CONSOLIDATION AND REDUCTION OF KADENA AB IN THE FUTURE; 2) STRENGTHENING OF SAFETY MEASURES AND COUNTERMEASURES AGAINST NOISE POLLUTION; AND 3) PROMOTION MEASURES FOR THE LOCAL BODIES. A SENIOR OKINAWA OFFICIAL POINTED OUT: "PERSUADING THE OKINAWANS WILL TAKE TIME. NO CITY, TOWN, OR VILLAGE CHIEF WILL GIVE HIS APPROVAL TO THE RELOCATION PLAN. SO THE TIMING TO REACH A SETTLEMENT BETWEEN THE CENTRAL GOVERNMENT AND OKINAWA PREFECTURE IS CRITICAL. BOTH SIDES SHOULD DO EVERYTHING THEY CAN TO BRING ABOUT A SETTLEMENT."

CONSTITUTIONAL PROBLEM TO DELAY SPECIAL LEGISLATION TO SPEED UP BASE-LAND EXPROPRIATION PROCESS
(NIHON KEIZAI - PAGE 2)

THE GOVERNMENT IS NOW CONSIDERING LEGAL CONSOLIDATION IN ORDER TO EXPEDITE THE PROCEDURES FOR CONTINUING ITS FORCIBLE USE OF LAND LOTS CURRENTLY OFFERED TO U.S. MILITARY BASES. IN THIS CONNECTION, THE GOVERNMENT WILL REVIEW IT IN THE DIRECTION OF SHELIVING SPECIAL LEGISLATION THAT TARGETS OKINAWA PREFECTURE ONLY. THE CONSTITUTION, IN ARTICLE 95, STIPULATES THAT "A SPECIAL LAW, APPLICABLE ONLY TO ONE LOCAL PUBLIC ENTITY, CANNOT BE ENACTED BY THE DIET WITHOUT THE CONSENT OF THE MAJORITY OF THE VOTERS OF THE LOCAL PUBLIC ENTITY CONCERNED, IN ACCORDANCE WITH LAW." BECAUSE OF THIS CLAUSE, THE GOVERNMENT JUDGED THAT IT WOULD BE DIFFICULT (TO ACTUALLY IMPLEMENT SUCH SPECIAL LEGISLATION). THE GOVERNMENT IS NOW EXPECTED TO STUDY TWO OPTIONS: (1) REVISING THE SPECIAL LAND LEASE LAW FOR THE FORCES STATIONED IN JAPAN, APPLICABLE TO LAND OFFERED TO USFJ BASES THROUGHOUT THE COUNTRY, INCLUDING MAINLAND JAPAN; AND (2) ESTABLISHING A NEW LAW THAT IS APPLICABLE NOT ONLY TO U.S. MILITARY LAND LOTS BUT ALSO TO THOSE USED BY THE SELF-DEFENSE FORCES THROUGHOUT THE COUNTRY.

THE DEFENSE FACILITIES ADMINISTRATION AGENCY IN JUNE SOUNDED OUT THE RULING COALITION ON ITS PLAN TO ESTABLISH A SPECIAL LAW, THE APPLICATION OF WHICH WAS PLANNED TO BE LIMITED TO THE SITES OF 12 FACILITIES IN OKINAWA PREFECTURE, INCLUDING KADENA AIR FORCE BASE, AS ITS LAND LEASES WITH ABOUT 3,000 LOCAL LANDOWNERS ARE DUE TO EXPIRE IN MAY NEXT YEAR, AND LIMITED ALSO TO THE SOBE TELECOMMUNICATIONS SITE, WHICH HAS BEEN IN A STATE OF ILLEGAL OCCUPATION SINCE THE LEASE TERMINATED IN APRIL. THE REASON IS THAT THE DFAA THOUGHT IT WOULD BE EASIER FOR IT TO OBTAIN THE WHOLE NATION'S UNDERSTANDING IF IT FOCUSED ON THE OKINAWA PROBLEM AND UNDERScoreD ITS URGENCY.

HOWEVER, OKINAWA PREFECTURE AND THE SOCIAL DEMOCRATIC PARTY STRONGLY REACTED TO SUCH A PLAN. RESPONDING TO THAT REACTION, A TOP-LEVEL OFFICIAL OF THE GOVERNMENT THEN REVEALED THE IDEA OF EXPANDING THE APPLICABLE SCOPE (OF A PLANNED LAW) TO THE SITES OF U.S. MILITARY BASES ALL OVER THE COUNTRY, INCLUDING THOSE OF SDF BASES. THE IMPLICATION WAS THAT THE GOVERNMENT WANTED TO REDUCE THE IMPRESSION THAT IT IS FORCING ONLY OKINAWA PREFECTURE TO

BEAR THE BURDEN, AND TO COOL THE ARGUMENTS AGAINST LEGAL CONSOLIDATION.

ADDITIONALLY, THE GOVERNMENT, INCLUDING THE CABINET LEGISLATION BUREAU, HELD INFORMAL INTERNAL CONSULTATIONS ON THE MATTER. AT THAT POINT, THE PROBLEM OF THE CONSTITUTION'S ARTICLE 95 CAME UP AS A NEW ISSUE. IN FACT, A PLEBISCITE (EVEN IF CARRIED OUT) CANNOT BE EXPECTED AT ALL TO OBTAIN THE CONSENT OF MORE THAN HALF OF THE LOCAL PUBLIC OF OKINAWA PREFECTURE. SO, FROM THIS ASPECT AS WELL, THE GROWING GOVERNMENT VIEW IS THAT IT WILL INEVITABLY HAVE TO GIVE UP SPECIAL LEGISLATION LIMITED TO ONLY OKINAWA PREFECTURE.
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USIA

FOR: USIA D/P, I/GEA, I/RF, I/RFW, EA, RMR; STATE FOR EAR/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; CINCPACFLT/PA; COMUSJ/PA; COMNAVFORJAPAN/PA.

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SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS JULY 23

REGARDING THE APPLICABLE SCOPE OF SUCH LEGAL CONSOLIDATION, A GOVERNMENT LEADER STATED DEFINITELY, "IT'S FOR THE SELF-DEFENSE OF JAPAN. SO, WE MUST CONSIDER THE SDF'S CASE FIRST. AND NEXT IS THE JAPAN-U.S. SECURITY TREATY THAT BACKS UP THE SDF." WITH THIS, THE OFFICIAL HAS CLARIFIED THE IDEA OF ESTABLISHING A LAW THAT CAN BE APPLIED PRIMARILY TO THE SITES OF SDF BASES THROUGHOUT THE COUNTRY AND SECONDARILY TO THOSE OF U.S. MILITARY BASES THROUGH OUT THE COUNTRY AS WELL.

LAND EXPROPRIATION FOR THE SDF IS STIPULATED IN THE COMPULSORY PURCHASE OF LAND LAW, AND THAT FOR THE U.S. MILITARY IN THE SPECIAL LAND LEASE LAW. IN THE GOVERNMENT'S REVIEW WORK, THE PREDOMINANT VIEW IS THAT "A NEW LAW IS NEEDED" TO CARRY OUT LEGAL CONSOLIDATION IN THE DIRECTION OF COMBINING THOSE TWO EXISTING LAWS INTO ONE AND EMPOWERING THE GOVERNMENT'S AUTHORITY. IF THE GOVERNMENT SHOULD CHOOSE TO REVISE THE PROCEDURES ONLY FOR THE SITES OF U.S. MILITARY BASES, THE GOVERNMENT WILL THEN HAVE ONLY TO AMEND THE SPECIAL LAND LEASE LAW, INSTEAD OF OPTING FOR A NEW LAW.

IF THE GOVERNMENT IS GOING TO ADDRESS THE ISSUE OF LEGAL CONSOLIDATION FROM THE VIEWPOINT OF "THE GOVERNMENT'S RESPONSIBILITY FOR ADMINISTRATIVE FUNCTIONS PERTAINING TO (NATIONAL) SECURITY," THE GOVERNMENT COULD THEN MOVE FORWARD WITH THE IDEA OF ESTABLISHING A NEW LAW INCLUDING THE SITES OF SDF BASES. HOWEVER, THERE HAS SO FAR BEEN NO FAILURE TO EXPROPRIATE LAND FOR THE SDF. SO, A JAPAN

DEFENSE AGENCY OFFICIAL HAS BEEN NEGATIVE ABOUT IT, SAYING, "IT'S NO USE DISCUSSING THIS MATTER IDEOLOGICALLY." IF THE GOVERNMENT POSITIONS IT AS ITS "FAITHFUL IMPLEMENTATION OF THE OBLIGATION TO PROVIDE BASE SITES AS STIPULATED IN THE JAPAN-U.S. SECURITY TREATY," THEN IT WILL BE POSSIBLE TO AMEND THE SPECIAL LAND LEASE LAW, WITH ITS APPLICABLE SCOPE BEING NARROWED DOWN TO THE SITES OF U.S. MILITARY BASES.

JDA TO REQUEST 4.5 PERCENT INCREASE IN DEFENSE SPENDING (ASAHI - PAGE 1)

THE JAPAN DEFENSE AGENCY (JDA) DECIDED YESTERDAY TO REQUEST AS ITS FY 1997 BUDGET CEILING A 4.5 PERCENT INCREASE FOR DEFENSE SPENDING, NOT INCLUDING OUTLAYS FOR CONSOLIDATING AND DOWNSIZING THE UNITED STATES BASES ON OKINAWA. THE JDA WILL PRESENT THE REQUEST AT TODAY'S MEETING OF THE LIBERAL DEMOCRATIC PARTY THREE NATIONAL DEFENSE-CONNECTED DEPARTMENTS. BUT THE MINISTRY OF FINANCE (MOF) AND THE SOCIAL DEMOCRATIC PARTY (SDP) HAVE CALLED FOR HOLDING SPENDING DOWN BELOW THE 2.58 PERCENT LEVEL IN THE FY1996 BUDGET. THE GOVERNMENT AND RULING PARTIES WILL FACE DIFFICULT COORDINATION.

IN THE 1997 BUDGET, THE JDA WILL REQUEST AN INCREASE OF 70 BILLION YEN FOR PERSONNEL AND FOOD EXPENSES, 120 BILLION YEN FOR ANNUAL EXPENDITURES, GIVEN THE SWELLING PAYMENTS FOR AIRBORNE WARNING AND CONTROL SYSTEMS (AWACS), AND 30 BILLION YEN FOR SUCH ORDINARY EXPENSES AS TRAINING, TAKING INTO CONSIDERATION INCREASED FUEL EXPENSES DUE TO YEN DEPRECIATION. THE TOTAL COMES TO 220 BILLION YEN, OR A 4.5 PERCENT INCREASE.

THE JDA WANTS THE ENTIRE AMOUNT ACCEPTED ON THE GROUNDS THAT "PERSONNEL AND FOOD SPENDING AND ANNUAL EXPENDITURES CANNOT BE SLASHED IN VIEW OF THEIR BUDGETARY STRUCTURE; TRAINING OUTLAYS ARE ALSO AT THE LOWEST LEVEL EVER AT PRESENT." THE LDP IS WILLING TO ACCEPT ITS REQUEST, BUT THE MOF HAS REVEALED ITS PLAN TO CONSTRAIN DEFENSE SPENDING AND OFFICIAL DEVELOPMENT ASSISTANCE (ODA) DISBURSEMENTS, BOTH OF WHICH HAVE BEEN REGARDED AS SACROSANCT UNTIL NOW.

THE SDP ALSO REGARDS OKINAWA BASE-RELATED EXPENSES, WHICH UNCLAS SECTION 07 OF 08 TOKYO 006785

USIA

FOR: USIA D/P, I/GEA, I/RF, I/RFW, EA, RMR; STATE FOR EAR/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; CINCPACFLT/PA; COMUSJ/PA; COMNAVFORJAPAN/PA.

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SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS JULY 23

HAS BEEN PLACED OUTSIDE THE CEILING, AND DEFENSE-RELATED SPENDING AS A SET. IT INTENDS TO PUT ITS ENERGY INTO CONSTRAINING THE DEFENSE BUDGET. THIS STEMS ALSO FROM ITS DESIRE TO PUT ITS OWN STAMP ON POLICY. A MORE ROCKY PATH THAN USUAL IS EXPECTED THIS YEAR IN INTERNAL COORDINATION WORK.

IN THE FY1996 BUDGET, THE JDA REQUESTED AN 4.1 PERCENT INCREASE FOR DEFENSE BUDGET, BUT AT THE STAGE OF THE CEILING, AGREEMENT WAS REACHED ON A 2.9 PERCENT INCREASE. IN THE BUDGET, IT WAS SET AT 2.58 PERCENT.

SEMICONDUCTORS AND INSURANCE TALKS AT FINAL STAGE BEFORE END-OF-MONTH DEADLINE (MAINICHI - PAGE 9)

THE STALEMATED JAPAN-UNITED STATES SEMICONDUCTOR AND INSURANCE TALKS WILL ENTER THE FINAL STAGE OF NEGOTIATIONS THIS WEEK. THE TWO COUNTRIES, THOUGH STILL FAR APART ON THE ISSUES, ARE EXPECTED TO ENTER INTO SEVERE HORSE-TRADING THIS WEEK IN ORDER TO "WRAP UP A SETTLEMENT BY THE END OF JULY" AS AGREED IN THE BILATERAL SUMMIT MEETING HELD IN LYON, FRANCE.

SEMICONDUCTORS

"WE WILL CENTER ON THE JAPANESE PLAN," SAYS THE PRIME MINISTER

OVER THE ISSUE OF RENEWING OR SCRAPPING THE JAPAN-U.S. SEMICONDUCTOR AGREEMENT, WHICH EXPIRES ON JULY 31, INTERNATIONAL TRADE AND INDUSTRY (MITI) MINISTER SHUNPEI TSUKAHARA AND ACTING UNITED STATES TRADE REPRESENTATIVE (USTR) BARSHEFSKY WILL MEET IN A COUNTRY OTHER THAN JAPAN AND THE U.S. POSSIBLY ON THE 30TH. SINCE THE TWO COUNTRIES' TOP LEADERS HAVE ALREADY AGREED TO WRAP UP THE TALKS BY THE END OF THIS MONTH, THIS IN FACT WILL BE THE FINAL MEETING.

ACCORDING TO A GOVERNMENT SOURCE, PRIME MINISTER RYUTARO HASHIMOTO IS IMPATIENT AT THE ATTITUDE OF THE U.S., WHICH HAS TAKEN AN UNCOMPROMISING STANCE. HE REPORTEDLY GAVE AN INSTRUCTION TO MITI MINISTER TSUKAHARA, "WE HAVE TO CENTER OUR AXIS ON THE JAPANESE PLAN IN COMPLYING WITH U.S. REQUESTS."

THE JAPANESE SIDE INTENDS TO REJECT RENEWING THE BILATERAL PACT AND CONDUCTING A SHARE SURVEY AS REQUESTED BY THE U.S. SIDE.

JAPAN HAS PROPOSED TO SET UP A "SEMICONDUCTOR CONFERENCE FOR THE GOVERNMENTS OF MAJOR COUNTRIES," INCLUDING THE EUROPEAN UNION (EU). THE ELECTRONIC INDUSTRIES ASSOCIATION OF JAPAN (EIAJ) HAS PROPOSED TO THE U.S. SEMICONDUCTOR INDUSTRY ASSOCIATION A "WORLD SEMICONDUCTOR CONFERENCE." IN THIS CONNECTION, AS A JOINT EFFORT BETWEEN GOVERNMENT AND PRIVATE SECTOR, JAPAN MADE A PROPOSAL IN THE MINISTERIAL MEETING HELD LAST WEEK FOR HOLDING A "JOINT SESSION" THAT WOULD LINK THE TWO

PROPOSED MECHANISMS.

A REPLY TO JAPAN'S NEW PROPOSAL WILL BE MADE POSSIBLY ON THE 23RD.

JAPAN'S AIM IS TO REDUCE GOVERNMENT INVOLVEMENT AS MUCH AS POSSIBLE. THE PROPOSED "JOINT SESSION" IS ALSO PART OF ITS EFFORTS "NOT TO HAVE THE GOVERNMENT DIRECTLY INTERVENE IN PRIVATE-SECTOR INDUSTRIES AND THE MARKET" (SENIOR MITI OFFICIAL).

JAPAN MADE THIS NEW PROPOSAL IN THE BILATERAL TALKS HELD IN NEW ZEALAND. IN IT, THE U.S. SIDE REPORTEDLY COMMENTED, "THE GAP IN THE BILATERAL DISCUSSIONS HAS NARROWED," BUT ONE SENIOR MITI OFFICIAL WHO ATTENDED LAST YEAR'S AUTO TALKS REMAINS WARY, NOTING, "THE U.S.'S NEGOTIATION STRATEGY IS TO SHOW A STANCE OF MAKING UNCLAS SECTION 08 OF 08 TOKYO 006785

USIA

FOR: USIA D/P, I/GEA, I/RF, I/RFW, EA, RMR; STATE FOR EAR/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; CINCPACFLT/PA; COMUSJ/PA; COMNAVFORJAPAN/PA.

E.O. 12958: N/A

SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS JULY 23

CONCESSIONS FIRST BUT IN FACT IT DOES NOT CHANGE ITS ATTITUDE AT ALL."

NO COMPROMISE WAS SEEN IN THE TOP-LEVEL MEETING HELD ON THE 20TH BETWEEN THE JAPANESE AND U.S. INDUSTRIES, WITH THE U.S. CALLING FOR A MARKET SURVEY TO BE CONDUCTED BY THE GOVERNMENT. HEATED NEGOTIATIONS ARE LIKELY TO CONTINUE BOTH AT THE GOVERNMENT AND PRIVATE-SECTOR LEVELS BEFORE THE EXPIRATION OF THE PACT. (SHINJI FURUTA)

INSURANCE

FINANCE MINISTER MAY MAKE A POLITICAL JUDGMENT THE BILATERAL INSURANCE TALKS WILL REACH A CLIMAX IN THE SUB-CABINET-LEVEL TALKS BETWEEN INTERNATIONAL FINANCE BUREAU DIRECTOR GENERAL EISUKE SAKAKIBARA OF THE FINANCE MINISTRY AND USTR'S AMBASSADOR SHAPIRO TO BE HELD FOR TWO DAYS STARTING FROM THE 25TH.

THE CENTRAL THEME OF THE TALKS IS THE TIMING FOR EASING REGULATIONS ON ENTRY INTO THE THIRD SECTOR -- AN AREA LYING BETWEEN LIFE INSURANCE AND NON-LIFE INSURANCE. OVER THE TIMING FOR LIFE INSURERS MAKING INROADS INTO THE ACCIDENT INSURANCE BUSINESS THROUGH NON-LIFE INSURANCE SUBSIDIARIES, THE U.S., EAGER TO PROTECT THE VESTED RIGHTS OF THE FOREIGN-AFFILIATED INSURANCE FIRMS THAT ARE

SUCCESSFUL HERE, HAS REQUESTED DELAYING ENTRY UNTIL A LATER DATE. IN CONTRAST, JAPAN IS CLAIMING THAT THE CONTINUATION OF THE RESTRICTION ON MARKET-ENTRY RUNS COUNTER TO THE DEREGULATORY POLICY LINE BASED ON THE INSURANCE BUSINESS LAW, AMENDED THIS APRIL. THE TWO COUNTRIES REMAIN AT LOGGERHEADS OVER THIS ISSUE IN PARTICULAR.

IN A PRESS BRIEFING HELD AFTER THE MINISTERIAL ON THE 19TH, FINANCE MINISTER KUBO REVEALED THAT HE WAS READY TO MAKE A POLITICAL JUDGMENT, STATING, "I WOULD LIKE TO LOOK INTO WHETHER I SHOULD MAKE A POLITICAL JUDGMENT, AFTER CLOSELY WATCHING THE DEVELOPMENTS OF THE NEGOTIATIONS TO BE HELD ON THE 25TH AND 26TH." JAPAN HAS PRESENTED A COMPROMISE PLAN, PROPOSING TO DELAY THE ENTRY OF LIFE INSURERS INTO THE NON-LIFE INSURANCE SECTOR THROUGH NON-LIFE INSURANCE SUBSIDIARIES BY THREE MONTHS FROM THE TIME AS ORIGINALLY PLANNED AND START IT FROM NEXT JANUARY, BUT NO AGREEMENT WAS WRAPPED UP. THE FINANCE MINISTER'S POLITICAL JUDGMENTS PROBABLY INCLUDE A FUTURE DELAY IN THE TIMING FOR THEIR MARKET-ENTRY OR AN AMBIGUOUS SETTLEMENT OF REVIEWING THE TIMING FOR THEIR MARKET-ENTRY AFTER A CERTAIN FIXED PERIOD OF TIME. (TOMOHIRO KAWAMATA) YAMAUCHI, ACTING

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