

Withdrawal/Redaction Sheet

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. cable	Re: Election Timing (4 pages)	08/07/1996	P1/b(1)
002. cable	Re: Okinawa Base Issues: What To Do Next (5 pages)	08/08/1996	P1/b(1)
003. cable	Re: Support Cable for East Asia Brief (4 pages)	08/12/1996	P1/b(1)
004. cable	Re: Okinawa Base Issues: Mixed Signals (3 pages)	08/13/1996	P1/b(1)
005. cable	Re: Secretary's Morning Summary (15 pages)	08/14/1996	P1/b(1)
006. cable	Re: Ministry of Finance Assessment (4 pages)	08/15/1996	P1/b(1)

COLLECTION:

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

FOLDER TITLE:

[08/07/1996 - 08/15/1996]

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

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Cable

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SUBJ: JAPANESE DAILY PRESS SUMMARY 08/07/96
(PART 1)

TEXT:

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INDEX:

- (1) Prime Minister to "Assess" 300 Billion Yen Worth of Budgetary Funds for Structural Reform
- (2) Prime Minister Moving for Review of SOFA Pact; "Feeling A Drowning Man Will Catch at A Straw ..."
- (3) Okinawa Recovery Package: High Wall for the Government Offices at Kasumigaseki
- (4) Politics: Statehood (Part 2); "Not in My Backyard" Even If Its in the Public Interest

ARTICLES:

- (1) Prime Minister to "Assess" 300 Billion Yen Worth of Budgetary Funds for Structural Reform; Decides Even on Their Distribution; Strategic Move for Reforming Financing Ministry

NIHON KEIZAI (Page 1) (Full)
August 4, 1996

Prime Minister Ryutaro Hashimoto will introduce a new formula under which he himself will "assess" at his residential office (Kantei) items requested by each government agency in connection with the of 300-billion-yen special-measures fund for economic structural reform to be newly created during the compiling of the fiscal 1997 budget. He himself will actually decide even the specific allocations of such funds. The Cabinet Councilors' Office on Internal Affairs (CCOIA) consisting of Kantei staff members will act as the secretariat and hear requests from each government agency. The Prime Minister himself will make decisions on which requests are to be accepted and will so instruct the MOF Budget Bureau. The aim is to shift a portion of the right to shift a portion of the annual state budget, which is now solely in the hands of MOF, to the Kantei, aiming at finding a foothold for reforming that ministry.

In order to propel structural reform, a special measure of 300 billion yen has been authorized under the guidelines set for estimated budget requests for fiscal 1997. The idea is to have various government agencies include in their general-account budget requests by the end of August, projects they think useful for structural reform, centering on basic scientific research and building information and communications infrastructure. The agencies will vie with each other for the budgeted funds.

Under normal procedures, MOF is responsible for listening to explanations from each government agency and making assessments for the compilation of the annual state budget that occurs at the end

of the year. The Prime Minister, however, has decided that "the CCOIA should give priority orders" on the distribution of funds under the special measure "and that "the Prime Minister should give instructions to Wataru Kubo, Deputy UNCLAS SECTION 02 OF 09 TOKYO 007314

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Prime Minister and Finance Minister" (Chief Cabinet Secretary Seiroku Kajiyama). The aim is to play up his stance of vigorously propelling "Kantei-driven" structural reform, a slogan his Administration advocates.

In the past, there was an example of the ruling coalition establishing a task force to consider the priority distribution of public works projects (300 billion yen in fiscal 1996) for the purpose of taking a second look at the rigidified distribution of public works projects. However, it is unusual for the Prime Minister himself to engage in assessment work of approving or disapproving specific project items in the process of compiling the state budget. Some are taking the decision as "it is a shift of the right to assess the state budget to the Cabinet, depending on how one looks at it" (senior MOF official).

At work behind his decision is the maneuvering to play up his positive stance toward reform, denying a view heard in the ruling coalition, which is tackling reform of the organization of MOF, "The Prime Minister is reluctant to reform MOF."

(2) Prime Minister Moving for Review of SOFA Pact;
"Feeling A Drowning Man Will Catch at A Straw ...";
Strong Resistance to Relocation within Prefecture

MAINICHI (Top Play) (Full)
August 6, 1996

The Depths of "Futenma": Security "Redefinition"
(Part 1)

The Japan-U.S. Status of Forces Agreement (SOFA)
regarding the U.S. Forces in Japan (USFJ) has been

said to be humiliating to the people of Okinawa Prefecture. In such a situation, Prime Minister Ryutaro Hashimoto is now about to move forward to review the SOFA pact. The reason is that the issue of the Futenma airfield's reversion, widely known as the fruit of the Prime Minister's powerful effectiveness and the U.S. side's great decisiveness, has now provoked a strong feeling of distrust in the local public of Okinawa over the proposal of relocation within the prefecture. What brought these two major long-pending issues to the fore, after the Japanese and U.S. Governments' failure for years to step into such issues, is the pain and anger of Okinawa, touched off by the rape incident of a local schoolgirl there in September last year. The Mainichi Shimbun will probe the depths of problems about "Ampo (security) and Okinawa" as symbolized by the Futenma problem. (Okinawa Affairs Coverage Team, Mainichi Shimbun)

Two local executive officers of the Liberal Democratic Party from Okinawa Prefecture, LDP Okinawa Prefectural Federation Chairman Kenjiro Nishida and Secretary General Takayoshi Iramina (?), travelled to Tokyo with a "secret proposal" in mind, which they revealed over lunch with Prime Minister Hashimoto at his official residence on UNCLAS SECTION 03 OF 09 TOKYO 007314

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July 30. "If the voice of Okinawa does not reach you, there will be a second and third disposal of Ryukyu." With those words, Nishida sent his imagination back to the Meiji Era government's disposal of Ryukyu during the latter half of the nineteenth century when it dispatched armed forces across the sea to annex the Ryukyu Kingdom in defiance of the local inhabitants' sentiment. Nishida added, "So as to attain results easily understandable to the people of Okinawa Prefecture, it's necessary to review the Japan-U.S. Status of Forces Agreement."

In November last year the prefectural government of Okinawa called for the central government to implement a 10-point review of the SOFA pact, such

as the Japanese Government's compensation for those victimized by criminal acts committed by U.S. servicemen and its hearing of the opinion of local municipalities concerned about base operations. Okinawa Prefecture is slated to hold a public plebiscite on September 8, and those in favor of a review of the SOFA pact are certain to hold a majority. Forestalling that, Nishida sought the central government's positive posture.

The Prime Minister replied after pausing to take a breath, "I'm also thinking we'll have to do something about that problem." He was the first person in the seat of authority to reveal a posture of addressing base issues, by even envisioning a review of the SOFA pact.

SOFA has been referred to as "something like Pandora's box," the explanation given that the two countries may open it once they set about reviewing SOFA. So, the pact itself has been left intact even after the schoolgirl rape incident in the fall of last year. But for Okinawa, the SOFA has been the "primary evil" of the island's having been compelled to shoulder the burden of the bases. Both the Government and the LDP were about to awaken at long last, realizing the political difficulty of continuing to ignore the voice of Okinawa even after the prefectural people's plebiscite.

Another person in the LDP Okinawa Prefectural Federation predicts that the scheduled meeting of LDP Secretary General Koichi Kato, who will go to Okinawa on the 23rd of this month, and Okinawa Prefecture's Governor Masahide Ota will become a major climax. He says Kato "will come over here perhaps with a big souvenir." Futenma's return is now deadlocked, and various strategies are beginning to move behind the scenes.

Impatience over the forthcoming public vote

On July 29, the day before his meeting with Nishida and others, the Prime Minister met with Atsushi Shimokabe, Managing Director of the Tokyo Marine & Fire Insurance Research Institute, at his official residence. The Prime Minister complained to Shimokabe, "The schedule is now set for the Supreme
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Court's ruling (on August 28) and for the public referendum in Okinawa Prefecture. So, there is no time to lose. I feel that I am now grasping at straws."

Shimokabe once served as Administrative Deputy Director General of the National Land Agency, and has long been associated with the political world. From last year through January this year he presided over the Hanshin-Awaji Rehabilitation Committee and was on the move for the making of a recovery plan after the earthquake disaster hit the Hanshin (Osaka-Kobe) belt and Awaji Island. The Hashimoto administration is trying to put up Shimokabe over again. This time, he has been tasked with "Okinawa."

Shimokabe used to be deeply concerned with the Okinawa problem before Okinawa's return to Japan, and he has had a wide circle of acquaintances in Okinawa, including Governor Ota. Kajiyama, who also is from Mito City, asked Shimokabe to serve as a channel with Okinawa.

Shimokabe showed interest, remarking: "If the Government thinks it will give aid to Okinawa out of mercy for the burden of military bases, the Okinawa problem will not be resolved." But Shimokabe did not give a clear answer to the request for his playing the role of a bridge. The Prime Minister regretfully asked, "Will you please meet me again around my visit to Central and South America (August 20 to 30). When Shimokabe was leaving the Prime Minister's official residence, Kajiyama whispered to him, "I don't want you to think that I have given up now. There is no one but you."

The Prime Minister and his staff had a miscalculation. The bilateral agreement reached between Japan and the U.S. in April on the Futenma airfield's reversion was said to be the greatest achievement obtained by the Hashimoto government, and it was to have become a golden hit to repair the relationship of the central government and Okinawa Prefecture, which had been torn by mutual distrust until then.

At a joint press conference held on April 12, the Prime Minister and U.S. Ambassador to Japan Mondale announced the agreement on Futenma return. At that time, the Governor frankly expressed his happy

feelings. About the Futenma airfield stretching over the middle part of Ginowan City, Mayor Seiken Tobaru remarked, "That part corresponds to our chest and belly. If our chest and belly are taken away, we can't live." With this, the mayor stressed the local side's earnest request for the airfield site's return. He also added with an excited voice: "It was really good that the Prime Minister and the Ambassador made the decision for us. I welcome their decision from the bottom of my heart."

(To be continued)

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(3) Okinawa Recovery Package: High Wall for the Government Offices at Kasumigaseki; Ministries and Agencies Resisting Deregulation: Extending the "Free-Trade Zone" to the Entire Island; Introducing a No-Visa System; and Holding Summit There in the Year 2000

SANKEI (Page3) (Full)

August 6, 1996

On August 5, Prime Minister Ryutaro Hashimoto ordered Okinawa Governor Masahide Ota to take procedures necessary for forced leasing of land by about 3000 land owners to U.S. military bases at Futenma and other places. On the other hand, proposals centering on measures to rebuild Okinawa, coming from public and private sectors, are in the works. The recovery package has an aspect of "being the carrot part of the carrot and stick" (informed source), aiming at the prefectural referendum on the U.S. military bases scheduled for September, but to bring it about, it is necessary first to have a clear political decision and to remove (certain) restrictions. Here, too, the high wall of Kasumigaseki officialdom stands in the way.

Showcase Proposal for a Second Hong Kong

What has now raised the relatively modest Okinawa

recovery package into the spotlight was in great part the heightening anti-base movement set off by the incident of a schoolgirl being raped by American servicemen. The attitude of the government and coalition, which until late last year "never treated the Okinawa recovery policy and base problem on the same level" (then Hokkaido Development Agency Director General Masaaki Takagi), has perceptibly changed. In June, the Liberal Democratic Party (LDP) launched a "special research committee on comprehensive measures for Okinawa's recovery," as an organ directly under party President and Prime Minister Hashimoto. It has grappled in earnest with completing the recovery package.

What the various recovery measures have in common is the point that they stress and promote the economic independence of Okinawa.

The average annual income of Okinawans is about 2.1 million yen, the lowest level in Japan. The unemployment rate at 7 percent is about double the national average. Even now, close to a quarter century after reversion, the gap between Okinawa and the mainland has not narrowed.

A sense of expectation has heightened regarding the expansion of the current free-trade zone to include the entire island, as a last resort to overcome that condition. Many of the various proposals contain the provision of making all Okinawa into a free-trade zone, where investment from home and abroad would be activated due to the removal of tariffs and other features -- the aim being to

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create a "second Hong Kong."

On the other hand, the proposals have focused also on lowering the prices of airlines tickets (to and from the island). It costs close to 70,000 yen (regular rate) to fly round trip between Tokyo and Okinawa, which is much higher than the rate (making use of package deal) to such places as Seoul and

Saipan. This is one reason for tourists avoiding Okinawa. A reduction in air rates is included in the proposals of both the LDP and the Social Democratic Party (SDP).

In addition, sparked by a proposal from Yukio Okamoto, former Foreign Ministry first North American division director turned international consultant who is an expert on Japan-U.S. relations, a study has begun of Okinawa hosting the Industrialized Nations Summit which is scheduled to be held in Japan in the year 2000. Plans for Okinawa to host other international conferences also will be activated.

Unchanging Wall of Government Agencies

However, the Finance Ministry already has come out against the expansion of the free-trade zone to all Okinawa that is premised on removal of all tariffs, arguing, "The tax system is the foundation of national management but this would permit two systems to operate in one country." Concerning the introduction of a no-visa system in order to increase foreign tourists, the Ministry of Justice has expressed concerns that this would increase illegal worker entries and create loopholes in immigration controls.

Even the situation involving the lowering of airline rates, which requires no legal changes and seems the quickest to do, is not that simple to carry out.

Airline companies must pay over 20 percent of fares to the national treasury in the guise of airport usage fees and the like. If such is exempted, then this will lead to a massive drop in air fares. However, the Ministry of Transport claims, "Once we make an exception, we will be hit with requests from other local governments wanting the same for other airports, so the possibility is that things will get out of control." The Ministry will not lower its reluctance to removing the airport usage fees for Naha Airport.

Even the Okinawa Development Agency, which is supposed to treat the problem of Okinawa's recovery in a generalized way, has taken a cold attitude, one senior official stating, "We have listened to a number of proposals, but since we have not received any concrete request, we are in no position to request anything from the concerned ministries and agencies." One voice raised went so far as to say, "It is already at the stage of work linked to budget guideline requests having begun in earnest, so it is technically impossible to include in the

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fiscal 1997 budget a new recovery package."

Even talking about the same recovery package, the Okinawa Prefecture proposal aims at a full removal of U.S. bases in the future, while the LDP proposal is premised implicitly on the principle of "coexistence with the bases," so there is a wide gulf between the two concepts.

One Dietmember connected to the ruling camp who hails from Okinawa said in his office: "It is fine to pump up one's dreams, but we can't say anything specific. How do we explain that to the people in the prefecture?" He could not conceal his skepticism about how effective all these recovery packages will be when the Okinawans have their referendum in September.

(4) Politics: Statehood (Part 2); "Not in My Backyard" Even If Its in the Public Interest

YOMIURI (Page 1) (Excerpts)
July 24, 1996

Tsuruga City in Fukui Prefecture has four nuclear power plants, including the fast breeder reactor "Monju."

People working for the power plants and their families account for more than 30 percent of the city's population (67,000). To date, Tsuruga City has received a total of 11.9 billion yen in subsidies. The Monju reactor alone can generate 7.5 billion yen in municipal property tax for the city -- about one-third of the city's total annual income. Such reflects the city's coexistence with nuclear power plants since the first plant started operation in 1970.

Tsuruga City has begun to change.

In the mayoral election in April last year, the voters selected Kazuharu Kawase -- who pledged to "bring the power-plant extension plan back to a

clean slate" -- over incumbent Koichi Takagi, who was eager to add two more plants.

Mayor Kawase has been putting emphasis on "tourism" in an effort to prove that his city is no longer a city of nuclear power plants.

Maki Town in Niigata Prefecture is a small town facing the Sea of Japan, like Tsuruga City.

Masahiko Saito, director of the Office of Power Source Sites, Agency of Natural Resources and Energy (ANRE) under the Ministry of International Trade and Industry, spends half of his week in Maki Town in preparation for the plebiscite on August 4 to determine the propriety of nuclear power plant construction.

"What if the citizens say 'no' to the project in the plebiscite?" we asked Saito, who calls the project "a national decision."

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Saito replied, "I would rather not to answer such a hypothetical question. (But if such turns out to be true), the Government might have to turn to some other (possible alternative sites). Such would not be good."

On July 8, about the ANRE division director faced about 100 citizens in a town meeting held at the Maki Town Civic Hall, and delivered this message:

"Are there any differences between Japanese nuclear power plants and those at Chernobyl? The answer is yes. The greatest difference is the 'people' who constructed and now operate the plants here. We should trust Japanese technology and engineers. That's the way for Japan to survive in the present age."

On July 10, Okinawa Governor Masahide Ota's voice resounded through the Grand Bench of the Supreme Court:

"Why does Okinawa alone have to shoulder an excessive burden? If the U.S.-Japan Security Treaty is so important for Japan, its fair share and its responsibility should be shouldered equally and nationally. Otherwise, isn't that discrimination?"

The growing anti-base movement that was triggered by the Okinawa schoolgirl rape incident last September, is rocking the country.

It is not "national programs" alone that are being buffeted by storms.

Municipal skirmishes are underway here and there in Tokyo's 23 wards over construction of public crematoriums. In Hinode in the western part of Tokyo, the residents are fiercely opposing the local government's plan to construct a garbage incineration facility. In addition, electric power companies in such regional cities as Kanazawa and Sendai are perplexed by the severe opposition movement launched against the construction of transformer substations or high-voltage transmissions.

All those cases described above depict the sharp contradiction between the local will and "national/public interest." Why has such become so evident recently?

An analysis by Takashi Inoguchi, Vice Rector of United Nations University:

"Local governments have acquired power and confidence over the last half century. In addition, when it comes to security, people tend to think of it as something all around themselves first, instead of it as national security. For them, local politics that immediately affects their livelihood is far more important than the the country's intention."

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The word "NIMBY," an abbreviation of "not in my back yard," was coined in America more than ten years ago. It means "such facilities are necessary, but not in my back yard."

Miyagi Prefecture houses the Oujojihara training area, which is one of the possible alternative sites for the U.S. live artillery firing range on Okinawa.

Miyagi Governor Shiro Asano, a former Welfare Ministry division director, does not hide his discontent with the central government: "The Government should become more serious about information disclosure. Minor misunderstandings often block a deal from reaching a settlement."

Says Yasutaka Abe, Professor (of Administrative Law) at Kobe University: "The Government should do everything to secure the people's safety; disclose information, give compensation earnestly to obtain the understanding of local residents."

Public interests, such as national security and energy programs, should not be pursued at the expense of local circumstances. Coordinating the two is part of the job of politics.

DEMING

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RUCPDO/USDOC WASHDC
RUYNJDK/COMNAVFORJAPAN YOKOSUKA JA
RUEAIIA/CIA WASHDC
RUALSFJ/COMUSJAPAN YOKOTA AB JA
SUBJ: JAPANESE MORNING PRESS HIGHLIGHTS AUGUST 8

TEXT:
UNCLAS SECTION 01 OF 05 TOKYO 007326

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 AUGUST 8

TOP HEADLINES:

ASAHI: U.S., CHINA AGREE IN PRINCIPLE ON CTBT; HOW TO
PERSUADE INDIA NOW IN FOCUS

NIHON KEIZAI: ASIAN ECONOMIES SLOWING DOWN; EXPORTS OF
HIGH-TECH PRODUCTS UNABLE TO GROW; COMPETITIVENESS
DECLINING DUE TO YEN DEPRECIATION

TOKYO SHIMBUN: EDUCATION MINISTRY'S 1995 SURVEY: MORE
THAN 80,000 ELEMENTARY, JUNIOR HIGH SCHOOL STUDENTS WOULD

NOT GO TO SCHOOL; NO HALT BROUGHT TO THAT TREND; ONE OUT OF 70 JUNIOR HIGH SCHOOL STUDENTS TRUANT

MAINICHI: REVISION OF SOFA: JAPAN LIKELY TO PAY TEMPORARILY FOR U.S. SERVICEMEN IN CASE OF TRAFFIC ACCIDENT COMPENSATION (TRANSLATION BELOW)

YOMIURI: EDUCATION MINISTRY'S 1995 SURVEY: 81,600 ELEMENTARY AND JUNIOR HIGH SCHOOL STUDENTS ARE TRUANT -- LARGEST NUMBER EVER; ONE STUDENT OF TWO CLASSES AT JUNIOR HIGH SCHOOLS

SANKEI: O-157 E. COLI IN SAKAI CITY: RADISH SPROUTS ARE PROBABLE SOURCE OF INFECTION; SUSPICIONS OF "INFECTED WATER"; SAME SUPPLIER HAD PROVIDED SUCH SPROUTS FOR SCHOOL MEALS IN OSAKA CITY; PRODUCING FARM DENIES ANY LINKAGE

GOVERNMENT TO ASK SOFA REVISION ON AUTO-ACCIDENT COMPENSATION (MAINICHI - TOP PLAY)

AS PART OF STEPS TO DEAL WITH THE PROBLEM OF UNITED STATES BASES IN OKINAWA PREFECTURE, THE GOVERNMENT AND THE RULING PARTIES AS OF AUGUST 7 STARTED CONSULTATIONS WITH THE U.S. SIDE IN THE DIRECTION OF REVISING THE CURRENT JAPAN-U.S. STATUS OF FORCES AGREEMENT (SOFA) TO MAKE IT POSSIBLE FOR THE JAPANESE GOVERNMENT TO TEMPORARILY PAY COMPENSATION TO A VICTIM OF A TRAFFIC ACCIDENT CAUSED BY A U.S. SERVICEMAN WHEN IT IS DETERMINED THAT HE HAS TO PAY. REVISION WORK IS UNDERWAY ALSO ON THE U.S. SIDE, WHICH IS MOST LIKELY TO ACCEPT JAPAN'S IDEA. IF AGREEMENT IS OBTAINED (FROM THE U.S. SIDE), KOICHI KATO, SECRETARY GENERAL OF THE LIBERAL DEMOCRATIC PARTY (LDP), WILL RELAY THIS MEASURE IN HIS MEETING WITH OKINAWAN GOVERNOR MASAHIRO OTA SET FOR THE 23RD. THAT MEASURE WILL LIKELY BE FORMALLY AGREED IN THE JAPAN-U.S. SECURITY CONSULTATIVE COMMITTEE (2 PLUS 2) OF FOREIGN AND DEFENSE OFFICIALS THAT WILL TAKE PLACE IN LATE SEPTEMBER.

A REVIEW PROPOSAL BY THE GOVERNMENT AND THE RULING PARTIES SUGGESTS THE FOLLOWING THREE POINTS AS STEPS TO HANDLE TRAFFIC ACCIDENTS:

1. THE JAPANESE GOVERNMENT WILL TEMPORARILY PAY ANY COMPENSATION REQUIRED FROM THE U.S. SERVICEMAN;
2. IT WILL PROMPT SMOOTHEN AND QUICKEN PAYMENT FOR COMPENSATION; AND
3. IT WILL ASK THE U.S. SIDE TO BUY VOLUNTARY AUTOMOBILE INSURANCE.

ACCORDING TO THE NAHA DEFENSE FACILITIES ADMINISTRATIVE AGENCY, THE NUMBER OF TRAFFIC ACCIDENTS CAUSED BY U.S. SERVICEMEN IN OKINAWA PREFECTURE (INCLUDING THOSE ACCIDENTS THAT OCCURRED WHILE THEY WERE NOT ON DUTY) CAME TO 1,023 CASES IN FY1993 AND 1,024 IN FY1994.

UNDER THE CURRENT SOFA, A DECISION ON WHETHER TO COMPENSATE VICTIMS AND ON WHAT AMOUNT WILL BE PAID TO THEM IS LEFT ENTIRELY TO U.S. FORCES, BUT VICTIMS ARE QUITE OFTEN UNABLE TO GET SUFFICIENT COMPENSATION.
UNCLAS SECTION 02 OF 05 TOKYO 007326

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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FURTHERMORE, AS WAS INDICATED IN A REQUEST MADE IN LAST NOVEMBER BY OKINAWA PREFECTURE, "NEGOTIATIONS WITH U.S. FORCES REQUIRE MUCH TIME, AND MANY DAYS ARE CONSUMED BEFORE VICTIMS RECEIVE COMPENSATION." THEREFORE THE PREFECTURAL SIDE HAS ASKED THE JAPANESE GOVERNMENT TO INCLUDE SOME SPECIFICATION IN THE BILATERAL AGREEMENT SO THAT COMPENSATION CAN BE GIVEN ON THE JAPANESE GOVERNMENT'S RESPONSIBILITY.

LATE LAST MONTH, LDP'S OKINAWA CHAPTER CHAIRMAN KENJIRO NISHIDA AND OTHER MEMBERS MET PRIME MINISTER RYUTARO HASHIMOTO AND STRONGLY ASKED FOR QUICK HANDLING OF THE TRAFFIC-ACCIDENT COMPENSATION ISSUE IN THE PROCESS OF RESTUDYING SOFA.

OKINAWA PREFECTURE HAS CALLED FOR AN AMENDMENT TO ARTICLE 18 -- RELATED TO TRAFFIC ACCIDENT COMPENSATION -- OF SOFA, BUT IT IS PREDICTED THAT THE U.S. SIDE WILL OBJECT TO REVISING THE AGREEMENT ITSELF, SO THERE IS SOME POSSIBILITY OF AIMING AT BRINGING AN AGREEMENT BY IMPROVING OPERATIONS OF THE AGREEMENT. THE OKINAWA PREFECTURE HAS ASSUMED THE STAND OF ENTRUSTING THE HANDLING OF THIS MATTER TO THE CENTRAL GOVERNMENT, NOTING: "IT WOULD BE MOST DESIRABLE IF THE AGREEMENT ITSELF WERE MODIFIED, BUT IMPROVING THE POOR CONDITION OF COMPENSATION IS OF GREAT IMPORTANCE FOR THE PREFECTURAL RESIDENTS " (SENIOR MEMBER OF THE LDP OKINAWA CHAPTER).

IN REFERENCE TO COMPENSATION FOR VICTIMS OF TRAFFIC ACCIDENTS, THE JAPAN-U.S. SPECIAL ACTION COMMITTEE ON OKINAWA (SACO) STATED IN ITS INTERIM REPORT RELEASED THIS APRIL: "EDUCATION ABOUT VOLUNTARY AUTOMOBILE INSURANCE WILL BE EXPANDED TO PEOPLE CONCERNED WITH U.S. FORCES." BUT ITS EFFECT HAS BEEN THOUGHT TO BE DUBIOUS BECAUSE (SACO'S) ACTION STILL HAS BEEN "WE WILL PROMOTE EDUCATION ABOUT MERITS OF VOLUNTARY INSURANCE THAT WILL BE GIVEN IN AN EDUCATION COURSE TO NEWLY-ARRIVED OFFICERS." (AKIRA FUKUI)

LDP SECRETARY GENERAL KATO TO OKINAWA ON THE 24TH, BUT WITHOUT OTHER COALITION REPS (ASAHI - PAGE 2)

IT HAS BEEN DECIDED THAT LIBERAL DEMOCRATIC PARTY (LDP) SECRETARY GENERAL KOICHI KATO WOULD VISIT OKINAWA ON THE 24TH TO MEET WITH GOVERNOR MASAHIRO OTA. THE SECRETARY GENERAL IS EXPECTED TO EXCHANGE VIEWS WITH THE OKINAWA SIDE ON OKINAWA PROMOTION MEASURES LINKED WITH THE U.S. BASE REDUCTION PLAN.

THE LDP HAS CALLED ON THE SOCIAL DEMOCRATIC PARTY (SDP) AND THE SAKIGAKE PARTY TO JOIN THE LDP, HOPING TO "KEEP PACE AMONG THE THREE RULING PARTIES." BUT OBJECTIONS HAVE APPEARED IN THE SDP, SUSPECTING, "IF LEADERS OF THE THREE RULING PARTIES VISIT THERE BEFORE THE SUPREME COURT DECISION COMES OUT ON PROXY SIGNING ON THE 28TH, SUCH WOULD DRAW ALL KINDS OF CONJECTURES" (SDP SECRETARY GENERAL KANJU SATO). AS A RESULT, THE LDP HAS DECIDED TO SEND ITS REPRESENTATIVE TO OKINAWA INDEPENDENTLY WITHOUT THE SDP OR SAKIGAKE.

FUTENMA WORKING GROUP MEETS TOMORROW
(TOKYO SHIMBUN - PAGE 3)

THE GOVERNMENT YESTERDAY DECIDED TO HOLD ON THE 9TH THE SECOND MEETING OF THE "FUTENMA AIR STATION REVERSION WORKING GROUP" (CHAIRMANED BY DEPUTY CHIEF CABINET SECRETARY SADAJI FURUKAWA), IN WHICH THE CENTRAL GOVERNMENT AND OKINAWA PREFECTURAL GOVERNMENT WILL DISCUSS THE PROBLEM OF REDUCING THE UNITED STATES MILITARY FACILITIES.

OF 11 U.S. MILITARY FACILITIES AGREED TO BE RETURNED IN THE INTERIM REPORT COMPILED IN APRIL BY THE "JAPAN-U.S. SPECIAL ACTION COMMITTEE" (SACO), THE GOVERNMENT WILL EXPLAIN ABOUT THE PORTION ON WHICH DEFINITE AGREEMENT HAS UNCLAS SECTION 03 OF 05 TOKYO 007326

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 AUGUST 8

BEEN REACHED IN TALKS WITH THE U.S. AND THEN SEEK OKINAWA'S COOPERATION TO IMPLEMENT THE AGREEMENT.

IT WILL ALSO CONVEY THE DEVELOPMENT OF CONSULTATIONS WITH THE U.S. OVER ALTERNATIVE SITE FOR THE HELIPORT IN THE FUTENMA AIR STATION.

KODAK FILES REQUEST WITH FTC FOR INVESTIGATION INTO FILM
ISSUE (YOMIURI - PAGE 6)

"EASTMAN KODAK," A LEADING AMERICAN PHOTO FILM
MANUFACTURER, YESTERDAY MADE A REQUEST TO THE FAIR TRADE
COMMISSION (FTC) TO LOOK INTO JAPAN'S PHOTOGRAPHIC FILM
AND PAPER MARKET ON SUSPICION OF VIOLATION OF THE
ANTIMONOPOLY LAW, ALLEGING THAT THERE EXIST ANTI-
COMPETITIVE ACTIVITIES IN THAT MARKET. WHEN THE UNITED
STATES GOVERNMENT FILED A COMPLAINT WITH THE WORLD TRADE
ORGANIZATION (WTO) ALLEGING THAT JAPAN'S PHOTO FILM
MARKET IS CLOSED, KODAK WAS ASKED BY THE OFFICE OF THE
UNITED TRADE REPRESENTATIVE (USTR) TO MAKE THAT REQUEST
TO THE FTC.

KODAK HAS NOT REVEALED THE CONTENTS OF THE REQUEST, BUT
IT SEEMS THAT IT HAS COMPLAINED ABOUT FUJI FILM'S
INTERLOCKING BUSINESS RELATIONSHIPS (KEIRETSU) INVOLVING
DOMESTIC SALES AGENTS.

KODAK SAID THAT THE REQUEST IT HAS MADE THIS TIME "IS NOT
A PROBLEM THAT CAN BE SETTLED BY THE FTC ALONE." IT IS
ABSOLUTELY SEEKING A GOVERNMENT-TO-GOVERNMENT SETTLEMENT,
NOTING THAT PROOF OF VIOLATION OF THE ANTIMONOPOLY LAW
"IS ONLY PORTIONS OF THE INFORMATION WE HAVE COLLECTED.
WE WILL PRESENT MORE IN ACCORDANCE WITH PROPOSED
BILATERAL GOVERNMENT-TO-GOVERNMENT TALKS."

NEW TOP MITI POLICY-MAKERS GIVE NEWS CONFERENCE
(NIHON KEIZAI - PAGE 7)

THE OUTGOING AND INCOMING ADMINISTRATIVE VICE MINISTERS
AND VICE MINISTER FOR INTERNATIONAL AFFAIRS OF THE
MINISTRY FOR INTERNATIONAL TRADE AND INDUSTRY (MITI)
YESTERDAY HELD A NEWS CONFERENCE. MITI VICE MINISTER FOR
INTERNATIONAL AFFAIRS (HISASHI) HOSOKAWA COMMENTED, "THE
EMPHASIS ON THE UNITED STATES IS DROPPING." HE EXPRESSED
HIS VIEW THAT JAPAN WAS EMERGING FROM A TRADE POLICY THAT
WAS TILTED TOWARD THE UNITED STATES AND INDICATED THAT
THE MINISTRY IS STRENGTHENING ITS STANCE TOWARD THE WORLD
TRADE ORGANIZATION (WTO) AND IS CONSIDERING CHINA'S ENTRY
INTO THE WTO AS AN IMPORTANT TOPIC.

COMMENTING ON JAPAN'S POLICY APPROACH TOWARD THE U.S., HE
NOTED, "THE U.S. IS NOT MONOLITHIC" AND HE STRESSED A
STANCE OF EXCHANGING VIEWS FROM A MULTILATERAL VIEWPOINT
NOT ONLY WITH THE FEDERAL GOVERNMENT, WHICH IS LIKELY TO
BE AFFECTED BY LOBBYING AND POLITICS, BUT WITH STATE
GOVERNMENTS AND INDUSTRIAL CIRCLES AS WELL.

FORMER VICE MINISTER FOR INTERNATIONAL AFFAIRS
(YOSHIHIRO) SAKAMOTO POINTED OUT THAT AS A RESULT OF
VARIOUS CHANGES, SUCH AS THE END OF THE COLD WAR, "IT IS
TIME FOR OUR ABILITY TO CHANGE TRADE POLICIES ON OUR OWN
TO BE TESTED."

HE REMARKED, "WE ARE PROUD" THAT JAPAN PURSUED THE AUTO
AND SEMICONDUCTOR TALKS IN ACCORDANCE UNDER A NEW POLICY

LINE AND HE NOTED, "THE PROCUREMENT AGREEMENT REACHED IN SEPTEMBER, 1994, BETWEEN THE TWO GOVERNMENTS WHICH SUCCEEDED IN ELIMINATING NUMERICAL TARGETING WAS A WATERSHED THAT DECIDED THE COURSE OF BILATERAL NEGOTIATIONS TO FOLLOW."

VICE MINISTER (TSUTOMU) MAKINO STATED HIS RESOLVE, "WE WILL FURTHER PROMOTE STRUCTURAL REFORM." REFERRING TO ATOMIC POWER GENERATION POLICY MEASURES, HE NOTED, UNCLAS SECTION 04 OF 05 TOKYO 007326

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 AUGUST 8

"NUCLEAR POWER PLANTS ARE ABSOLUTELY NECESSARY. WE NEED TO MAKE UTMOST EFFORTS TO OBTAIN UNDERSTANDING." FORMER VICE MINISTER TSUSTUMI EXPRESSED HIGH HOPES FOR THE CONTINUATION OF STRUCTURAL REFORM AND PUMP-PRIMING MEASURES, NOTING, "STRUCTURAL REFORM HAS COME JUST HALF WAY, AND THE ECONOMY REMAINS ON A WEAK NOTE."

PROJECT TEAM TO PROPOSE LAW TO REMOVE DISCRIMINATION (TOKYO SHIMBUN - PAGE 3)

THE "PROJECT TEAM REGARDING HUMAN RIGHTS AND DISCRIMINATION" OF THE RULING PARTIES YESTERDAY AFTERNOON HELD A MEETING AT THE LOWER HOUSE MEMBERS' OFFICE BUILDING TO DISCUSS MEASURES FOR THE SPECIAL ACTION LAW ON REGIONAL IMPROVEMENT MEASURES AND FISCAL CONDITION, WHICH WILL RUN OUT AT THE END OF THE YEAR. AS A RESULT, THE GROUP HAS REACHED AGREEMENT THAT IT WILL ASK THE GOVERNMENT TO DRAW UP AND PRESENT TO THE DIET A NEW BILL DESIGNED TO END DISCRIMINATORY PERCEPTIONS.

THE TEAM HAS STRESSED THAT A NEW LAW SHOULD SPELL OUT THAT IT IS "THE COUNTRY'S RESPONSIBILITY" 1) TO EDUCATE AND ENLIGHTEN PEOPLE ABOUT MINORITY GROUPS (IN JAPAN) IN ORDER TO EXTINGUISH DISCRIMINATORY ATTITUDES, AND 2) TO PROVIDE RELIEF TO THOSE WHO ARE THE VICTIMS OF CIVIL RIGHTS TRANSGRESSIONS. IT HAS ALSO AGREED TO SET UP A COUNCIL COMPRISING OF EXPERTS TO DISCUSS SPECIFIC MEASURES.

PROJECT TEAM CHAIR TSURUO YAMAGUCHI OF THE SOCIAL DEMOCRATIC PARTY (SDP) AND OTHER MEMBERS CALLED ON CHIEF CABINET SECRETARY SEIROKU KAJIYAMA AT THE PRIME MINISTER'S RESIDENTIAL OFFICE AND REQUESTED HIM TO PRESENT SUCH A BILL TO THE EXTRAORDINARY DIET SESSION.

KAJIYAMA PROMISED: "I WOULD LIKE TO DO SO AFTER CONSULTING WITH PERSONS CONCERNED."

PRIME MINISTERQS REMARK ABOUT DIET DISSOLUTION WAS QREAL INTENTIONQ (NIHON KEIZAI - PAGE 2)

SHIZUKA KAMEI, CHIEF OF THE ORGANIZATIONAL PUBLIC RELATIONS HEADQUARTERS OF THE LIBERAL DEMOCRATIC PARTY (LDP) MADE A SPEECH AT THE PARTY HEADQUARTERS. REFERRING TO PRIME MINISTER RYUTARO HASHIMOTO'S STATEMENT MADE IN A PRESS CONFERENCE ON THE 6TH, IN WHICH HE HINTED THAT THE POSSIBLE TIMING OF A LOWER HOUSE DISSOLUTION AND A GENERAL ELECTION WOULD BE AFTER THE COMPILATION OF THE FISCAL 1997 STATE BUDGET, KAMEI INDICATED HIS OPINION THAT THAT WAS THE PRIME MINISTER'S CANDID VIEW, NOTING, "IT IS ALL RIGHT TO THINK THAT THAT STATEMENT IS THE PRIME MINISTER'S REAL INTENTION. THE PRIME MINISTER STATED HIS OWN VIEW STRAIGHTFORWARDLY." HE ADDED, "THE PRIME MINISTER'S PRIME CONCERN IS THE ECONOMY. THE EMERGING ECONOMIC RECOVERY IS STILL FRAGILE. THE PRIME MINISTER THINKS THAT HE WILL DISSOLVE THE LOWER HOUSE ONCE HE JUDGES THAT THE SITUATION WILL ALL RIGHT EVEN IF THAT CREATES A POLITICAL VACUUM DURING THE GENERAL ELECTION."

NAMES FLOATING UP FOR RESHUFFLING OF SHINSHINTO OFFICERS (YOMIURI - PAGE 2)

SHINSHINTO (NEW FRONTIER PARTY) PRESIDENT ICHIRO OZAWA YESTERDAY REACHED A POLICY DECISION REGARDING THE ALLOCATION OF KEY POSTS AND THE TREATMENT OF FORMER PRIME MINISTERS IN DETERMINING A NEW LINEUP OF THE PARTY LEADERSHIP. SPECIFICALLY, HIS PLAN INCLUDED THE FOLLOWING:

1. GIVE THE TOP THREE POSTS TO MEMBERS EACH FROM THE FORMER DEMOCRATIC SOCIALIST PARTY (DSP), KOMEITO, SHINSEI/LDP;
2. GIVE KEY POSTS OF THE SOON-TO-BE-LAUNCHED ELECTION UNCLAS SECTION 05 OF 05 TOKYO 007326

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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 AUGUST 8

HEADQUARTERS TO THREE FORMER PRIME MINISTERS -- KAIFU, HOSOKAWA, AND HATA; AND

3. APPOINT THE THREE INCUMBENT OFFICERS, SUCH AS SECRETARY GENERAL YONEZAWA AND EXECUTIVE COUNCIL CHAIRMAN WATANABE, VICE PRESIDENTS.

BASED ON THIS PLAN, PRESIDENT OZAWA MET WITH VARIOUS GROUPS IN THE PARTY AND SUPPORT GROUPS TO WORK OUT DETAILS. AS A RESULT, THE POST OF EXECUTIVE COUNCIL CHAIRMAN IS LIKELY TO GO TO FORMER KOMEITO MEMBER TAKENORI KANZAKI, WHO IS NOW DEPUTY SECRETARY GENERAL.

AS FOR TWO OTHER POSTS, SECRETARY GENERAL AND POLICY DELIBERATION COUNCIL CHAIRMAN, POSSIBLE NOMINEES INCLUDE FORMER DSP MEMBER KANSEI NAKANO, NOW DEPUTY PRIME MINISTER/FOREIGN MINISTER IN THE "TOMORROW CABINET"; FORMER MANAGEMENT AND COORDINATION AGENCY DIRECTOR GENERAL MICHIIHIKO KANO; FORMER ECONOMIC PLANNING AGENCY (EPA) DIRECTOR GENERAL TAKESHI NODA; FORMER JUSTICE MINISTER MEGUMU SATO OF THE NOW DEFUNCT HATA GROUP (KOSHIKAI); AND FORMER INTERNATIONAL TRADE AND INDUSTRY (MITI) MINISTER EIJIRO HATA. A NEW LINEUP IS EXPECTED TO BE DETERMINED TODAY.

PRESIDENT OZAWA'S MAJOR GOAL THROUGH THIS RESHUFFLE IS TO WIN FORMER PRIME MINISTER HATA'S COMMITMENT. TO THAT END, OZAWA SEEMS TO BE WILLING TO ACCEPT HATA'S REQUEST AS MUCH AS POSSIBLE. LEARNING OZAWA'S THINKING, HATA HAS REQUESTED OZAWA TO GIVE SOME POSTS -- BESIDES THE ABOVE MENTIONED SATO AND HATA -- TO OTHER HATA MEMBERS AS WELL, SUCH AS FORMER EPA DIRECTOR GENERAL KOICHIRO AINO; FORMER NATIONAL LAND AGENCY CHIEF HAJIME ISHII; FORMER AGRICULTURAL MINISTER MASAMI TANABU; AND LOWER-HOUSE MEMBER SHIGERU ISHIBA. HATA SPECIFICALLY REQUESTED TO GIVE THE POST OF DEPUTY SECRETARY GENERAL TO HAJIME ISHII.

OZAWA HAS BEEN WORKING OUT TO NAME EITHER NAKANO OR KANO AS HIS NEW SECRETARY GENERAL. SOME ARE PREDICTING NAKANO BECOMING POLICY DELIBERATION COUNCIL CHAIRMAN FOR THE SECOND TIME. NEVERTHELESS, NAKANO BEING A FORMER DSP MEMBER LIKE SECRETARY GENERAL YONEZAWA, OTHERS ARE CALLING FOR HIS SUCCEEDING TO YONEZAWA TO TIGHTEN RELATIONS WITH SUPPORT LABOR UNIONS.

NAMES FLOATING UP FOR RESHUFFLING OF SHINSHINTO OFFICERS (YOMIURI - PAGE 2)

THE NEWLY-LAUNCHED POLICY GROUP CALLED "SHINPUUKAI (NEW BREEZE GROUP)" LED BY FORMER IZUMO MAYOR TETSUNDO IWAKUNI, WHO WILL RUN IN THE NEXT LOWER-HOUSE ELECTION FROM THE SHINSHINTO (NEW FRONTIER PARTY), YESTERDAY HELD AN INAUGURAL PRESS MEETING IN THE DIET. THE GROUP COMPOSED OF A TOTAL OF 42 MEMBERS -- 25 SHINSHINTO JUNIOR MEMBERS OF THE TWO HOUSES AND 17 SHINSHINTO LOWER-HOUSE ELECTION CANDIDATES -- WOULD HOLD ITS FIRST MEETING SOMETIME BY THE END OF AUGUST. IN THE PRESS MEETING, IWAKUNI REVEALED HIS GROUP'S VISION FOCUSING ON SEVEN ELEMENTS, SUCH AS, DOUBLING HOUSING CONSTRUCTION; OPPOSITION TO THE PLANNED CONSUMPTION TAX HIKE; REDUCING

THE NUMBER OF DIETMEMBERS BY 50 PERCENT; AND THE
INTRODUCTION OF A PUBLIC PRIME MINISTERIAL ELECTION
SYSTEM. YAMAUCHI, ACTING

SECT: SECTION: 01 OF 05

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TEXT:

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Pressing for Improvement of Film Distribution

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(4) MAGAZINE ARTICLE: With Prime Minister's
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ARTICLES:

(1) MOF Reform Talks to Be Resumed; LDP Corrects
Course to Ward off Public Criticism; Three Ruling
Parties Showing Different Reactions to Chair's Plan

NIHON KEIZAI (Page 2) (Excerpts)
August 8, 1996

The ruling coalition decided yesterday to resume the grounded talks on reforming the Ministry of Finance (MOF). The Liberal Democratic Party (LDP) at one point had rejected the reform plan drafted by Shigeru Ito, the chair of the Finance Ministry reform project team. But later, the LDP changed its mind in consideration of the recent mood in the country. Nevertheless, the three ruling parties -- the LDP, Social Democratic Party (SDP), and the Sakigake Party -- are still very much clinging to their own view. Difficulties are foreseen in producing a unified package in September.

Complications Expected in Compiling a Unified Plan Next Month

"Our constantly rejecting plans may earn us the image of backpedaling on reform," warned former LDP executive council chairman Kabun Muto to Secretary General Koichi Kato yesterday. In a meeting of the project team held earlier, the LDP was adamant, insisting that Chairman Ito's plan was totally unacceptable. But obviously out of fear for a possible backlash from the general public, the LDP, in the secretaries general and policy officers' meeting yesterday, made an about-face and responded positively to the call for resuming the talks.

At the same time, some in the LDP suspect, "Even if a unified plan is compiled at the SDP's pace, it would not score any points for the LDP" (senior Policy Affairs Research Council (PARC) member). In a news conference yesterday, PARC Chairman Taku Yamasaki asserted that "(the plan) has nothing in it to debate." He said this with the intention of somehow pulling developments back under the lead of the LDP.

Administrative reform promotion headquarters chief Kiyoshi Mizuno also made his move. Mizuno yesterday called on Prime Minister Ryutaro
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Hashimoto at his Residential Office and reported that the reform headquarters would "compile a package for reforming central government agencies, including MOF, possibly in early September."
"Taking back the lead from the SDP by unfolding a comprehensive bureaucratic reform plan" is part of its goal.

Meanwhile, the chair, Ito, categorically stated to the press yesterday: "I have no intention of making compromise on my plan during the coordination work of the ruling camp." Ito's remarks reflected his determination to stick to his proposal that calls for unifying all financial offices into a "financial bureau (kin'yuu kyoku)" as well as for the establishment of a "financial inspection and supervisory council."

The SDF's hard-line stance derives from its strategy to generate a clear image for the next lower-house election.

Compared to the LDP and the SDP, the Sakigake Party has been slow to react to the chair's plan. In fact, it was only yesterday that the Sakigake Party finally gave its consent to it. Reforming MOF is a good opportunity for the Sakigake to display its leadership. In reality, however, that party seems to have exhausted its energy on the new-party scheme and has nothing left for MOF reform.

(2) Kodak Presents Case to Fair Trade Commission; Pressing for Improvement of Film Distribution

NIHON KEIZAI (Page 11) (Slightly Abridged)
August 8, 1996

(Rochester, New York; August 7, Nobumichi Miyake)

Eastman Kodak of the United States announced today

that it has filed a statement (moushitate) with Japan's Fair Trade Commission (JFTC) seeking improvements in conditions in the Japanese domestic photofilm and photographic printing paper markets that it considers has anti-competitive practices. Kodak stressed that customary practices of the Japanese photofilm industry, including Fuji Film, have long been in violation Japan's Anti-Monopoly Law (AML). The U.S. Government will take this and present its case now to the Japanese Government at the World Trade Organization (WTO).

Kodak's petition is a measures request (sochi seikyu) based on article 4 of the AML, which makes it obligatory for the JFTC to investigate the substance of the allegations presented in the document. Regarding the contents of the petition, Kodak has requested improvement of "legal implementing measures regarding specific anti-competitive activities that are present in the Japanese photofilm and photographic printing paper markets," but it has not made clear the detailed contents. It only said that "we presented proof regarding certain business practices that restrict competition in the Japanese market."

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Until now, that company has been citing as the basis of Fuji Film's control of distribution such factors as Fuji's rebate system and the deposit money it receives from its designated sales agents (hanbai tokuyaku-ten). It appears that it is asking for improvement of such customary practices, citing them as restricting competition. In addition, it appears also that the target of the petition includes the industrial association connected to photofilm wholesalers.

Kodak filed a complaint last year in May under Section 301 of the U.S. Trade Act (retaliation against unfair trading practices by trading partners and regions), claiming that access to the ordinary photofilm market in Japan is being impeded. For a part of that complaint, procedures for dispute settlement have been started under the

World Trade Organization (WTO), so with the (JFTC) petition this time, the requests are complete.

Regarding the new petition, Fuji Film stated, "In the public documents of Kodak, the name of Fuji Film could not be found, so there is no way for us to comment" (spokesman).

MITI: JFTC to Study (Kodak Petition) Carefully; Takes It as Natural Step

Commenting on Eastman Kodak's petition with the JFTC for improvement (of film distribution), the Ministry of International Trade and Industry (MITI) has taken it as a natural step. JFTC's thinking also is to study the material without rejecting it and consider whether it will take up the request. The Japanese Government, which already has stressed to the WTO at the beginning of bilateral consultations there that "the market has no closed nature," is considering accepting the request from the U.S. side on both sides, the WTO and the JFTC.

MITI has previously argued that "this is not an industrial-policy problem; it is a problem of competition policy, namely, whether the Anti-Monopoly Law has been violated." For that reason, it now says, "Japan's view has been understood," by Kodak's request for measures. It intends to respect the judgment of the JFTC.

In addition, on bilateral consultations under the WTO also, the thinking is it would like a clear cut decision, taking a posture that if the U.S. requests restarting talks or the establishment of a dispute panel (subcommittee), following on the first round of talks with the U.S. in July, it will accept it.

JFTC will not comment on single cases, but it stated, "We will study (the petition) carefully to see if we should investigate this as a violation case" (Investigation Bureau).

The JFTC has already begun its independent investigation of Japan's oligopolistic photofilm market, and it plans to issue the results of its investigation later this year, irrespective of the UNCLAS SECTION 04 OF 08 TOKYO 007354

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new request from Kodak, that will determine whether there are practices in the photofilm market that restrict competition.

Interpretation:

Kodak's petition to the JFTC holds two aspects of its motivation: the first being its aim to win popular appeal by maintaining a hard-line stance against Japan, as that company has been displaying since last year, and second being its self-benefiting promotion of negotiations with the Fuji Photofilm Group for future tie-ups.

In the Japan-U.S. film dispute, the U.S. Government delayed the initiation of sanctions measures against Japan this June, in connection with Kodak's complaint against Japan based on Article 301 of the U.S. Trade Act. The points of dispute, such as the Large Store Law and the Premium Law, were brought into the WTO, and on the AML-related points of dispute, Kodak filed a complaint with the JFTC.

The petition to the JFTC "was not an option at the time of our filing a 301 complaint" (top Kodak executive), and Chairman Fisher has indicated his strong view that there being no leeway for political judgment at the WTO, this (301 action) is better than bilateral talks. But the Japanese Government having strongly rejected bilateral talks under the 301 clause, a contradiction developed in which Kodak representatives strongly criticized the Japanese Government for such factors as having "a trade policy that rejects negotiation."

On the other hand, Kodak, in order to acquire sales routes to film shops in the local areas for ordinary film, will soon launch business negotiations with sales agents (special contract stores) connected to Fuji Film, with which it has had no business relations for close to 20 years. Until now, the company has asserted that Fuji Film by controlling its special contract stores was obstructing access to the Japanese market. The petition this time has the aim at spurring on those negotiations for its own benefit.

On the one hand Kodak and Fuji Film are at odds, and on the other they're being pressed to build a cooperative relationship.

(3) "Return" Turns into "Base Subleasing";
Okinawans' Feelings Rubbed the Wrong Way; Eruption
Even of "Independent Ryukyu Argument"

MAINICHI (Page 2) (Full)
August 6, 1996

The Depths of "Futenma": Security "Redefinition"
(Part 1)

Continued from Page 1

The mood in Okinawa suddenly changed after the revelation of a plan for constructing a new runway somewhere in the same prefecture for the proposed UNCLAS SECTION 05 OF 08 TOKYO 007354

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relocation of a U.S. Marine Corps heliport based at Futenma. Local municipalities displayed a negative reaction to that plan, calling it "base subleasing." The problem of heliport relocation was bound to end up in deadlock from the start. On April 30, the Association of Cities, Towns, and Villages in Central Okinawa (chaired by Ginowan City's Mayor Seiken Tobaru) released a statement calling for evacuating the sites of the military bases (in Okinawa) and relocating those bases to somewhere on the mainland (of Japan) or in the U.S. On July 16, Okinawa Prefecture's assembly also adopted a resolution in opposition to the idea of within-prefecture transferal leading to a buildup of the base functions.

Now, Mayor Tobaru says, "As long as the Government is carrying it out by running it around to this place or that place within this prefecture, Okinawa's burden will not be reduced. If the Government keeps on forcing the burden on Okinawa alone, then we must choose the path to independence, as the Ryukyu state." With this, the mayor went so far as to touch on the long-pent up desire of the people of Okinawa Prefecture for an independent Ryukyu.

On the other hand, a feeling of dissatisfaction is now smoldering in the Prime Minister's official residence (kantei). One official there grumbled, "We explained this to the Governor (of Okinawa Prefecture, Masahide Ota) over the telephone, and

the Governor also promised cooperation." Even after the Japanese and U.S. Governments reached an agreement on (Futenma) reversion, Governor Ota still refused to execute the procedures for a public posting and review (of the Government's application to the prefecture's expropriation commission) for continuing its use of land lots currently offered to the U.S. military. At that point, one official in the Kantei became upset and called the Governor a "betrayor."

However, Governor Ota says, "In my telephone talks with the Prime Minister, I didn't know anything at all about on what I was supposed to cooperate." The Governor set forth a rebuttal, emphasizing that his understanding was not premised on a within-prefecture transfer. This "wrong buttoning" still leaves a trail, again deepening the gulf of distrust between the Kantei and Okinawa.

These days the Government and Okinawa Prefecture are as cold as ice toward each other as if they were back in the days right after the (rape) incident that took place in the fall of last year. Prior to the Supreme Court's ruling and a plebiscite in Okinawa Prefecture, Governor Ota assumed a posture of remaining silent toward a Mainichi Shimbun reporter's questions -- "because saying something would cause misunderstanding." The Hashimoto administration is now thinking of launching a new package of Okinawa development measures, whereby it would like to have the Futenma problem make a soft landing. But an Okinawa prefectural government official refutes, "We don't

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want it to be taken as a deal." The circuit of communication between the Prime Minister and the Governor is still closed down.

Satoru Nakasone, Secretary General of the Okinawa Prefectural Federation of the Liberal Democratic Party, elucidates the local public's inherent image of Futenma's return, remarking, "Its meaning was that the 18,000 Marine troops would be reduced." Some in the Government also point out the

difficulty of obtaining the prefectural people's understanding for the idea of pushing ahead with within-prefecture transferal while retaining the base functions. For instance, a senior official of the Japan Defense Agency confesses, "It was also our understanding that the Marines would be gone."

Under such circumstances, what was thought to be likely to obtain the local public's understanding - even in the case of transferal within the prefecture -- was the plan to integrate the Futenma airfield's functions into the U.S. Air Force's Kadena Air Base which has two 3,650-meter runways.

On July 9, Matsusho Miyasato, an LDP Dietmember elected from Okinawa Prefecture, arrived in Washington as the head of a parliamentary delegation from the Lower House's Special Committee on Okinawa and Northern Territories. In Washington, the visiting delegation's members met with U.S. Under Secretary of Defense Slocombe. There, Miyasato told Under Secretary Slocombe, "In the case of relocation within Okinawa Prefecture, my personal view is that there will be no option other than integration into Kadena Air Force Base." Another LDP Dietmember present at that meeting there, Muneo Suzuki, referred to a possible plan for constructing a new heliport in addition to Kadena AFB. Suzuki said definitely, "If so, all the 1,200,000 people of Okinawa Prefecture will oppose it."

Government fears "another case of Naha military port"

However, Under Secretary Slocombe stated, "We understand that it is important to minimize the prefectural people's burden, but it is also important to maintain the military functions." With this, Under Secretary Slocombe flatly rejected the proposed idea of integration into Kadena AFB.

Meanwhile, early this month, U.S. Deputy Assistant Secretary of Defense Campbell visited Japan for a working group meeting of the Japan-U.S. Special Action Committee (on Facilities and Areas in Okinawa) (SACO). In a session of informal consultations with the ruling parties' officers, Deputy Assistant Secretary Campbell said bewilderingly, "Those of you from the ruling parties are proposing integration into Kadena. Is it not a strategy of Okinawa Prefecture? Why is it not good to consider Camp Hansen or Camp Schwab?" On the problem of finding an alternative site, the Hashimoto government is now being compelled to hold hard negotiations with two different counterparts, UNCLAS SECTION 07 OF 08 TOKYO 007354

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namely the local entity and the U.S. military.

On the other hand, the Kantei is now being irritated at its having seen no progress in the (Futenma) reversion issue against its expectations. One of the coalition government leaders at the Kantei, almost giving himself up to despair, remarked that if the Government should fail to find an alternative site for relocation or remains unable to settle other problems within five years to seven years "that means Futenma will not come back." In 1974, Tokyo and Washington agreed to have the Naha military port facilities' area returned to Japan. But the reversion of that area was shelved as long as two decades due to the difficulty of looking for an alternative area. Last year, at long last, the Urasoe area was designated for relocation. However, such encountered the local side's opposition, and the Government still cannot obtain future prospects.

Seiji Maehara, a member of the Lower House Foreign Affairs Committee, said, "If the problem is left as it is, Futenma will become 'another case of the military port of Naha'." "It's a diplomatic achievement done in every ten years." So saying, a Foreign Ministry bureaucrat highly acclaimed the Prime Minister's leadership for the Futenma airfield's reversion. But it connotes a sort of precariousness that may cause the coalition government to lose its political compass and drift out to sea.

(To be continued)

(4) MAGAZINE ARTICLE: With Prime Minister's Formal Approval in Hand, MITI Actively Meddling in Other Government Agencies' Affairs

EKONOMISUTO (Full)
August 20, 1996

Recently, the Ministry of International Trade and Industry (MITI) is often seen "meddling in" other government agencies' affairs. For instance, the consolidated taxation system, pension, employment,

topics which concern the Finance, Health and Welfare, and Labor ministries, respectively. MITI ostensibly says, "Our 'company' is the only one which can advise and work out important issues that transcend agency sectionalism." But a senior MITI official says otherwise: "That's because we can no longer feed on conventional MITI issues alone."

Good economic management to sustain our country's business stability is one of the goals set for FY1997. Specifically, the package calls for a "keen awareness toward economic policy for social welfare" as well as for a lighter public burden on businesses. As seen in this case, MITI's objective is to lessen the corporate burden so that they can conduct business more freely. Such is a natural consideration as the ministry of trade. But there must be something else that propped up MITI's intervention. The answer appears to be "Prime Minister Ryutaro Hashimoto's assistance."
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Back in May, Administrative Vice Minister Tomio Tsutsumi called on the Prime Minister at his office, the Kantei, to brief him on MITI's new policy. It is extremely rare for an MITI official to visit the Kantei to explain such a theme. In the session, Tsutsumi was encouraged by the Prime Minister to meddle in other agencies' affairs actively. For the Prime Minister himself as well, MITI's cooperation is indispensable, especially in mapping out his vision that focuses on economic policy, employment, and pension. In other words, today's trade policy is worked out by the Prime Minister and MITI as a team.

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TEXT:
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TOP HEADLINES:

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CONSTRUCTION STANDARDS FOR CHANGE TO "PERFORMANCE
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PROBLEM REMAINS IN HOW TO SECURE SAFETY

NIHON KEIZAI: MORE THAN 3 TIMES AS MANY AS APPLICANTS FOR
BIDDING FOR WHOLESALE ELECTRIC POWER; TOKYO ELECTRIC
POWER RECEIVES APPLICATIONS FROM 31 BIDDERS; PETROLEUM,
STEEL MAKERS ENTHUSIASTIC; COMPETITION FOR LOW COST

TOKYO SHIMBUN: NISHIOKA PICKED AS SHINSHINTO SECRETARY GENERAL; KANZAKI AS GENERAL COUNCIL CHAIRMAN; NODA AS POLICY DELIBERATION COUNCIL CHAIRMAN

MAINICHI: 180,000 YEN PAID ANNUALLY FOR CRAM SCHOOLS; PARENTS OF PUBLIC JUNIOR HIGH STUDENTS FORKING OUT HUGE AMOUNTS OF MONEY; 80 PERCENT USE CRAM SCHOOLS

YOMIURI: PATENT AGENCY TO COVER MEMORY MEDIUM BY PATENT RIGHTS TO PREVENT COPIES OF COMPUTER SOFTWARE; POSSIBILITY OF PROHIBITING SALE OF CD-ROMS; FOR PROTECTION OF DEVELOPERS' RIGHTS

SANKEI: NEED RE-INTERPRETATION OF CONSTITUTION FOR USE OF WEAPONS IN PKO AND EMERGENCIES; INTERNATIONAL PEACE COOPERATION HEADQUARTERS SAYS, "NOT CONSIDERED UNDER USE OF ARMED FORCE"

SHINSHINTO RESHUFFLES PARTY LEADERS BUT NOT EVERY MEMBER HAPPY (ASAHI - PAGE 2)

SHINSHINTO (NEW FRONTIER PARTY) PRESIDENT ICHIRO OZAWA YESTERDAY REVEALED A NEW PARTY LINE-UP OF LEADERS, INCLUDING THE THREE EXECUTIVE POSTS THAT WENT TO TAKEO NISHIOKA AND TAKESHI NODA, WHO ARE CLOSE TO OZAWA, AND FORMER KOMEITO MEMBER TAKENORI KANZAKI, WHO WAS PICKED TO DEEPEN THE RELATIONSHIP WITH SOKA GAKKAI. THE NEW LINEUP LACKS FRESHNESS FOR THE NEXT GENERAL ELECTION, AND STILL CARRIES A STRONG OZAWA IMPRINT.

REPORTEDLY, OZAWA, IN HIS TALKS WITH FORMER PRIME MINISTER TSUTOMU HATA ON THE 6TH, EXPRESSED APPRECIATION ABOUT THE DISSOLUTION OF THE HATA GROUP AND ALSO REQUESTED HIM TO BECOME AN ELECTION HEADQUARTERS DEPUTY CHIEF. OBVIOUSLY, HIS AIM WAS TO CREATE AN ALL-PARTY SYSTEM FOR THE NEXT ELECTION "UNDER HATA'S LEADERSHIP" (MEMBER CLOSE TO OZAWA) AS WELL AS TO WARD OFF A SPLIT OF THE PARTY.

HIS OTHER AIM WAS TO STRENGTHEN THE TIES WITH SOKA GAKKAI WHICH APPEARED TO BE WAVERING. SOME SHINSHINTO JUNIOR MEMBERS HAVE BEEN PARTICULARLY UNEASY EVER SINCE SOKA GAKKAI DECIDED TO BACK SOME LIBERAL DEMOCRATIC PARTY (LDP) CANDIDATES. IT CAN READILY BE IMAGINED THAT OZAWA GAVE AN EXECUTIVE POST TO KANZAKI, WHO HAS BEEN EXCLUDED FROM THE LEADERSHIP PREVIOUSLY, IN AN EFFORT TO UNDERLINE THE IMAGE THAT THE SOKA GAKKAI'S COMMITMENT TO THE SHINSHINTO IS AS STRONG AS EVER.

NEVERTHELESS, WHEN IT COMES TO THE EFFECTIVENESS TO CREATE AN "ALL-PARTY SYSTEM," THE EFFORT IS HIGHLY QUESTIONABLE. OZAWA'S COLD TREATMENT OF THE HATA GROUP -- NO EXECUTIVE POST WAS GIVEN TO ANY FROM THAT GROUP -- HAS EVOKED RESENTMENT FROM IT, ONE PERSON QUIPPING, "IS HE REALLY SERIOUS ABOUT ENHANCING PARTY UNITY?" (FORMER CABINET MINISTER) THE FORMER DEMOCRATIC SOCIALIST PARTY (DSP), WHICH ALSO FAILED TO WIN ANY EXECUTIVE POST, IS

EQUALLY FURIOUS. ONE OFFICER EVEN SAID CYNICALLY, "HAVING THE THREE TOP POSTS HAS NOTHING TO DO WITH COMMITMENT TO THE SHINSHINTO" (DEPUTY CHAIRMAN).

OZAWA GAVE TWO EXECUTIVE POSTS TO FORMER LDP MEMBERS AND UNCLAS SECTION 02 OF 06 TOKYO 007367

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 AUGUST 9

PICKED NISHIOKA, WHO WAS DIET AFFAIRS COMMITTEE CHAIRMAN DURING THE "JUSEN (HOUSING LOAN COMPANIES) DIET," AS HIS NEW SECRETARY GENERAL. THIS DECISION HAS ALREADY BROUGHT OUT VOICES OF DOUBT, ONE SAYING, "WHAT'S NEW ABOUT THE PARTY MANAGEMENT? I DOUBT IT VERY MUCH THAT SUCH WOULD HELP IMPROVE THE PARTY IMAGE FOR THE NEXT ELECTION."

HIS OFFICE ON VACATION, PRIME MINISTER TO GET PHYSICAL EXAM (YOMIURI - PAGE 3)

THE PRIME MINISTER'S RESIDENTIAL OFFICE (KANTEI) ENTERED INTO ITS SUMMER-VACATION MODE ON THE 8TH. PRIME MINISTER HASHIMOTO WILL SPEND HIS SUMMER VACATION RELAXING; HE ALSO WILL UNDERGO A MEDICAL CHECKUP. MOST OF KEY CABINET MINISTERS WILL REST UP IN THE COUNTRY. VISIBLE MOVES ARE AFOOT ALSO IN CONSCIOUSNESS OF THE LOWER-HOUSE DISSOLUTION AND GENERAL ELECTION EXPECTED TO COME BEFORE THE END OF THE YEAR.

THE KANTEI WILL SUSPEND REGULAR PRESS CNFERENCES BY CHIEF CABINET SECRETARY KAJIYAMA FROM TODAY UNTIL THE 19TH. DURING THAT TIME, CHIEF CABINET KAJIYAMA WILL SPEND HIS SUMMER VACATION IN IBARAKI, HIS HOME CONSTITUENCY.

THE PRIME MINISTER IS SCHEDULED TO ATTEND A MEMORIAL SERVICE FOR THE ATOMIC-BOMB VICTIMS AND A CEREMONY TO PRAY FOR PEACE TO BE HELD IN NAGASAKI CITY ON THE 9TH. HE THEN WILL UNDERGO A MEDICAL CHECKUP FROM THE 10TH TO THE 14TH. ON THE 15TH, HE WILL ATTEND A MEMORIAL SERVICE FOR THE WAR DEAD. HE WILL SPEND THREE HOLIDAYS FROM THE 16TH TO THE 18TH WITH HIS FAMILY IN TOKYO TO PREPARE FOR THE UPCOMING TOUR OF FIVE LATIN AMERICAN COUNTRIES. FINANCE MINISTER KUBO WILL REPORTEDLY REST UP IN TOKYO. HEALTH AND WELFARE MINISTER KAN PLANS TO TAKE SUMMER VACATION AROUND A MEMORIAL SERVICE TO BE HELD ON THE 15TH, BUT IT IS NOT CERTAIN WHETHER HE WILL BE ABLE TO TAKE DAYS OFF BECAUSE OF THE PRESSING ISSUE OF TAKING

COUNTERMEASURES AGAINST O-157 STRAIN OF E. COLI BACTERIA.

HASHIMOTO SAYS WILL BEGIN FULLL-FLEDGED AGENCY
RESTRUCTURING NEXT MONTH (NIHON KEIZAI - PAGE 2)

PRIME MINISTER RYUTARO HASHIMOTO IN A MEETING AT HIS OFFICIAL RESIDENCE WITH THE LIBERAL DEMOCRATIC PARTY'S POLICY AFFAIRS RESEARCH COUNCIL CHAIRMAN TAKU YAMASAKI, STATED, "IN SEPTEMBER I WILL SERIOUSLY TACKLE ADMINISTRATIVE REFORM OF GOVERNMENT OFFICES." THE PRIME MINISTER SO INDICATED HIS INTENTION OF TACKLING HEAD ON STARTING THIS SEPTEMBER THE TASK OF SCRAP-AND-BUILD OR RESTRUCTURING THE CENTRAL GOVERNMENT'S MINISTRIES AND AGENCIES, INCLUDING A REFORM OF THE FINANCE MINISTRY. THIS SEEMS TO BE AIMED AT UNDERSCORING THE HASHIMOTO ADMINISTRATION'S POSITIVE POSTURE TOWARD ADMINISTRATIVE REFORM WITH AN EYE ON A GENERAL ELECTION EXPECTED SOON. IT ALSO IS AIMED AT RECOUPING THE LIBERAL DEMOCRATIC PARTY'S INITIATIVE IN REFORMING THE FINANCE MINISTRY, A TASK NOW IN THE HANDS OF THE SOCIAL DEMOCRATIC PARTY.

NOT CLEAR WHETHER HASHIMOTO WILL BE ABLE TO VISIT U.S. IN SEPTEMBER (YOMIURI - PAGE 3)

WITH THE PROBLEM OF CONSOLIDATING AND DOWNSIZING UNITED STATES MILITARY BASES IN OKINAWA COMING TO A STANDSTILL, PRIME MINISTER HASHIMOTO'S VISIT TO THE U.S. SCHEDULED FOR SEPTEMBER HAS BECOME UNCERTAIN. THE GREATEST PENDING ISSUE IS THE REVERSION OF FUTENMA AIR STATION. JAPAN IS CALLING FOR CONSTRUCTING AN ALTERNATIVE HELIPORT AT KADENA AIR FIELD FOR THE CONSOLIDATION OF FACILITIES. THE U.S., ON THE OTHER HAND, IS RELUCTANT TO ACCEPT THE PROPOSAL FOR THE REASONS OF SECURITY AND EMERGENCY OPERATIONS. A GAP BETWEEN THE TWO COUNTRIES IS WIDENING OVER THE RELOCATION OF FUTENMA AIR STATION. AS IT STANDS, SOME ARE ALREADY EXPRESSING CONCERN, "AT THE UNCLAS SECTION 03 OF 06 TOKYO 007367

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 AUGUST 9

PRESENT STAGE, THE POSSIBILITY IS HIGH THAT THE PRIME MINISTER MAY NOT BE ABLE TO VISIT THE U.S." (SOURCE CONNECTED WITH THE PRIME MINISTER'S RESIDENTIAL OFFICE (KANTEI)).

WITH AN EYE ON THE NEXT GENERAL ELECTION, PRIME MINISTER IS REPORTEDLY DRAFTING A SCENARIO OF "DRAWING UP MEASURES

TO PROMOTE OKINAWA BY THE SUMMIT MEETING WITH PRESIDENT CLINTON SCHEDULED FOR SEPTEMBER, REACHING AN AGREEMENT WITH THE PREFECTURAL SIDE ON THE ISSUE OF THE CONSOLIDATION AND DOWNSIZING OF U.S. MILITARY BASES, AND THEN VISITING THE U.S. TO UNDERSCORE CLOSE BILATERAL RELATIONS" (GOVERNMENT SOURCE).

HOWEVER, THAT SCENARIO IS COMING UP AGAINST A WALL. DEPUTY ASSISTANT SECRETARY OF DEFENSE CURT CAMPBELL RECENTLY CAME TO JAPAN TO ATTEND A MEETING OF THE SPECIAL ACTION COMMITTEE (SACO) FOR OKINAWA PROBLEMS AND AREAS. DURING THE MEETING WITH SENIOR RULING PARTY MEMBERS HELD TO EXCHANGE VIEWS, HE REVEALED A SENSE OF DISTRUST, "I HAVE DOUBTS THAT PERHAPS YOU ARE CLIMBING ON BOARD OKINAWA PREFECTURE'S STRATEGY."

WITH HIS REELECTION CLOSE AT HAND, PRESIDENT CLINTON IS IN A SITUATION IN WHICH IF HE COMPLIES WITH JAPAN'S REQUESTS ANY FURTHER, "IT WILL GIVE AN EXCUSE TO HIS OPPONENT TO CRITICIZE HIM" (SENIOR FOREIGN MINISTRY OFFICIAL).

THERE IS ALSO CONCERN THAT IF THE PRIME MINISTER ATTENDS THE SUMMIT MEETING WITH THE OKINAWA PROBLEM UNSETTLED, IT MAY IMPAIR THE BILATERAL SECURITY RELATIONSHIP.

THE GOVERNMENT INTENDS TO ADOPT A "TWO-TRACKED STRATEGY" OF MAPPING OUT PROMOTIONAL MEASURES TO OBTAIN OKINAWA'S UNDERSTANDING AND AT THE SAME TIME SEEKING UNDERSTANDING FROM THE U.S. SIDE REGARDING THE PRESENT STATE OF OKINAWA. THERE IS, HOWEVER, NO LIGHT TO BE SEEN AT THE END OF THE TUNNEL.

PRIME MINISTER NEGATIVE ABOUT COALITION REPS MEETING NORTH KOREAN DELEGATION (SANKEI - PAGE 2)

IN A MEETING WITH TAKU YAMASAKI, CHAIRMAN OF THE LIBERAL DEMOCRATIC PARTY (LDP) POLICY AFFAIRS RESEARCH COUNCIL, HELD YESTERDAY AT THE PRIME MINISTER'S RESIDENTIAL OFFICE (KANTEI), PRIME MINISTER RYUTARO HASHIMOTO REFERRED TO A VISIT TO JAPAN BY SENIOR MEMBERS OF THE DEMOCRATIC PEOPLE'S REPUBLIC OF KOREA'S (NORTH KOREA) KOREAN WORKERS PARTY (KWP), WHOM THE SOCIAL DEMOCRATIC PARTY (SDP) IS PLANNING TO INVITE TO JAPAN. HE STATED: "I WANT YOU TO GIVE THE HIGHEST PRIORITY TO REALIZING FOUR-PARTY TALKS AMONG SOUTH AND NORTH KOREA, THE UNITED STATES AND CHINA." HE THEN INDICATED HIS VIEW THAT UNDER THE CURRENT CIRCUMSTANCES WHERE NORTH KOREA HAS NOT YET SHOWN ITS DESIRE TO JOIN FOUR-PARTY TALKS, THE LDP SHOULD NOT TO MEET THE DELEGATION.

REGARDING THE VISIT OF SENIOR KWP OFFICIALS TO JAPAN, SDP POLICY DELIBERATION COUNCIL CHAIRMAN SHIGERU ITO SOUNDED FOREIGN MINISTER YUKIHIKO IKEDA'S AND YAMASAKI'S OPINIONS IN A MEETING HELD ON AUGUST 6. HE TOLD THEM THAT SENIOR KWP OFFICIALS WANTED TO REALIZE THEIR VISIT IN AUGUST IN ORDER TO REQUEST RICE AID. ON THAT OCCASION YAMASAKI SAID, "IF THE SENIOR MEMBERS COME HERE, WE WILL CONSIDER

MEETING THEM." HE, IN REPRESENTING THE THREE RULING PARTIES, TOOK THE STANDPOINT OF ACCEPTING A DELEGATION TO JAPAN.

BUT PRIME MINISTER HASHIMOTO'S REMARKS SHOWN YESTERDAY MADE CLEAR HIS POLICY LINE THAT THE LDP WOULD NOT ACCEPT (SUCH A MEETING), EXPECTING THE REPUBLIC OF KOREA WOULD EXPRESS CONCERN ABOUT SUCH A MOVE BY THE JAPANESE SIDE.

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SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS AUGUST 9

YAMASAKI IN HIS MEETING WITH REPORTERS YESTERDAY INDICATED HIS PLAN TO WORK ON THE SDP TO PUT OFF INVITING A (NORTH KOREAN) DELEGATION TO JAPAN, NOTING, "THIS IS THE ORDER OF THE PRIME MINISTER, AND IF NORTH KOREA DOES NOT TAKE A STEP FORWARD TOWARD FOUR-WAY TALKS, THE LDP SHOULD CANCEL MEETING SUCH A DELEGATION."

SAKIGAKE PARTY CAUTIOUS ABOUT NORTH KOREAN DELEGATION COMING TO JAPAN (YOMIURI -PAGE 3)

(SEOUL, AUGUST 8, AKIHARU ITO) HIROYUKI SONODA, DEPUTY SECRETARY GENERAL OF THE SAKIGAKE PARTY, WHO HAS BEEN VISITING THE ROK FROM THE 7TH, HELD A PRESS CONFERENCE IN SEOUL. TOUCHING ON THE ISSUE OF THE SOCIAL DEMOCRATIC PARTY (SDP) INVITING THE DEMOCRATIC PEOPLE'S REPUBLIC OF KOREA (NORTH KOREA)'S KOREAN WORKERS PARTY, HE INDICATED HIS VIEW THAT IT WOULD BE DIFFICULT TO ACCEPT THE DELEGATION UNLESS NORTH KOREA EXPRESSES A FORWARD-LOOKING ATTITUDE TOWARD THE PROPOSED FOUR-WAY TALKS. HE NOTED, "THE SAKIGAKE HAS NO CHOICE BUT TO TAKE A NEGATIVE STANCE TOWARD THE ACCEPTANCE OF THE DELEGATION UNLESS THERE IS PROGRESS SEEN IN THE ISSUE OF FOUR-WAY TALKS (PROPOSED TO NORTH KOREA BY THE UNITED STATES AND THE ROK)."

ROK FOREIGN MINISTER KON NO-MYONG HELD TALKS WITH DEPUTY SECRETARY GENERAL SONODA ON THE SAME DAY. DURING THE MEETING, HE REPORTEDLY REFERRED TO THE ISSUE OF THE SDP INVITING THE KOREAN WORKERS PARTY AND REMARKED, "IF JAPAN HAS CHANNELS (WITH NORTH KOREA), WE WOULD LIKE IT TO MAKE UTMOST EFFORTS, BUT FOUR-WAY TALKS HAVE TO BE HELD FIRST."

JDA VICE MINISTER TO CHINA FOR FIRST SUCH DEFENSE-EXCHANGE VISIT IN 9 YEARS (SANKEI -PAGE 2)

ADMINISTRATIVE VICE MINISTER OF THE JAPAN DEFENSE AGENCY (JDA) NAOKI MURATA HAS DECIDED TO VISIT CHINA FOR FOUR DAYS STARTING AUGUST 20TH. HE WILL TRAVEL TO BEIJING AND SHANGHAI AND DURING HIS VISIT PLANS TO MEET WITH NATIONAL DEFENSE MINISTER CHI HAOTIAN AND TOP COMMANDERS OF THE PEOPLE'S LIBERATION ARMY. DUE TO THE AFTERMATH OF THE TIANANMEN SQUARE INCIDENT, NO JAPANESE DEFENSE OFFICIAL AT OR ABOVE THE VICE-MINISTER LEVEL HAS VISITED CHINA SINCE THEN JDA DIRECTOR GENERAL YUKO KURIHARA (IN 1987). THE PLANNED VISIT WILL BE THE FIRST HIGH-LEVEL ONE IN NINE YEARS.

IN A SERIES OF TALKS, VICE MINISTER MURATA WILL EXPLAIN ABOUT THE NEW "NATIONAL DEFENSE PROGRAM OUTLINE THAT WAS DECIDED IN A CABINET MEETING LAST NOVEMBER AND JAPAN'S DEFENSE POLICY SET AFTER THE UNITED STATES-JAPAN SECURITY TREATY WAS DEFINED IN APRIL THIS YEAR. HE ALSO WILL EXCHANGE VIEWS ON THE INTERNATIONAL SITUATION AND OTHER MATTERS. IN ADDITION, HE WILL INVITE NATIONAL DEFENSE MINISTER CHI HAOTIAN TO JAPAN. HIS INTENTION IS TO SEEK AN UNDERSTANDING FROM CHINA, WHICH HAS EXPRESSED A SENSE OF ALARM ABOUT THE REVIEW OF "GUIDELINES FOR JAPAN-U.S. DEFENSE COOPERATION" FOR THE REASON THAT "SUCH WOULD LEAD TO STRENGTHENING THE SELF-DEFENSE FORCES AND BROADENING THE DEFENSE COVERAGE."

HASHIMOTO MEETS TOP SDF BRASS ON FUTENMA ISSUE
(SANKEI - PAGE 2)

PRIME MINISTER RYUTARO HASHIMOTO HAD A MEETING ON THE 8TH AT A LOCAL RESTAURANT WITH SELF DEFENSE FORCES (SDF) JOINT STAFF COUNCIL CHAIRMAN SUGIYAMA AND THE CHIEFS OF STAFF OF THE GROUND, MARITIME, AND AIR SDF. IN THE MEETING, ASDF CHIEF OF STAFF MURAGI TOUCHED ON CONSOLIDATING FUTENMA AIR STATION IN OKINAWA INTO KADENA AIR BASE, INDICATED THAT IN HIS VIEW IT WAS POSSIBLE OPERATION-WISE TO CONSOLIDATE THE TWO BY CONSTRUCTING A SEPARATE HELICOPTER PAD FROM THE RUNWAY AT KADENA. THIS WAS THE FIRST TIME FOR SOMEONE CONNECTED TO THE JAPANESE UNCLAS SECTION 05 OF 06 TOKYO 007367

USIA

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SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS AUGUST 9

SIDE TO MENTION SPECIFICALLY THE POSSIBILITY OF CONSOLIDATING THE TWO AIRFIELDS.

DFAA CHIEF SAYS NO TRANSFER OF LIVE-SHELL PRACTICE
WITHOUT LOCAL CONSENT (TOKYO SHIMBUN - PAGE 2)

REGARDING THE PROBLEM OF RELOCATING TO OTHER PLACES THE
LIVE-SHELL FIRING TRAINING THAT IS NOW CARRIED OUT BY
UNITED STATES FORCES IN OKINAWA ACROSS PREFECTURAL ROUTE
104, DEFENSE FACILITIES ADMINISTRATION AGENCY (DFAA)
DIRECTOR GENERAL MASUO MORODOMI MET YESTERDAY WITH THE
KITAFUJI MANEUVERING GROUND COUNTERMEASURES COUNCIL
(CHAIRIED BY PREFECTURAL ASSEMBLY MEMBER SHIGEMATSU
MAEJIMA), A PROTEST GROUP ORGANIZED BY LOCAL
MUNICIPALITIES (ONE CITY AND TWO VILLAGES, SUCH AS FUJI
YOSHIDA CITY IN YAMANASHI PREFECTURE) NEAR THE KITAFUJI
MANEUVERING GROUND. MORODOMI CLEARLY STATED: "IF NO
UNDERSTANDING IS OBTAINED, RELOCATION WILL NOT BE
CARRIED OUT." HE THEN INDICATED HIS STRONG WILL TO WORK
TO PERSUADE LOCAL RESIDENTS. IN ADDITION, DIRECTOR
GENERAL MORODOMI SAID, "AS FOR THE OTHER (FOUR) CANDIDATE
PLACES FOR RELOCATION, TOO, WE WILL NOT CARRY OUT
(RELOCATION) IF THERE IS NO UNDERSTANDING."

IN CONNECTION WITH THE DFAA DIRECTOR GENERAL'S COMMENTS,
A SENIOR DFAA OFFICIAL REMARKS: "IF AGREEMENT IS ONLY
OBTAINED FROM SOME OF THE FIVE PLACES, A PART OF TRAINING
NOW CARRIED OUT IN CAMP HANSEN IN OKINAWA PREFECTURE WILL
UNAVOIDABLY CONTINUE THERE."

CHIEF CABINET SECRETARY WANTS PRIVATE FORUM TO WORK ON
OKINAWA RECOVERY PLAN (NIHON KEIZAI - PAGE 2)

CHIEF CABINET SECRETARY SEIROKU KAJIYAMA MET WITH JAPAN
DEFENSE AGENCY DIRECTOR GENERAL HIDEO USUI AT THE PRIME
MINISTER'S OFFICIAL RESIDENCE ON THE AFTERNOON OF AUGUST
8, AND THEN TOLD THE JDA DIRECTOR GENERAL THAT THE CHIEF
CABINET SECRETARY WOULD ESTABLISH AN "OKINAWA FORUM"
(TENTATIVE TITLE) AS HIS PRIVATE ADVISORY PANEL REGARDING
ECONOMIC DEVELOPMENT MEASURES FOR OKINAWA PREFECTURE.
THE PANEL IS TO BE MADE UP OF PERSONS CONCERNED WITH
OKINAWA PREFECTURE AND ACADEMICS IN PRIVATE CIRCLES, AND
WILL HOLD ITS FIRST MEETING THIS MONTH AT THE EARLIEST.
ITS PURPOSE IS TO IMPROVE THE ENVIRONMENT, AIMING AT AN
AMICABLE SETTLEMENT OF THE PROBLEM OF U.S. MILITARY BASES
ON OKINAWA, WHICH WILL REACH A DEFINING MOMENT THIS FALL.

CHIEF CABINET SECRETARY KAJIYAMA HAS NOW SET ABOUT
CREATING OKINAWA PROMOTION MEASURES HIMSELF BY SETTING UP
A PRIVATE ADVISORY PANEL. THIS IS BECAUSE HE WANTS TO
SECURE COOPERATION FROM OKINAWA PREFECTURE'S GOVERNOR
MASAHIDE OTA ON SUCH MATTERS AS THE PROBLEM OF RELOCATING
THE FUTENMA AIRFIELD AND A SERIES OF PROCEDURES FOR
CONTINUING THE (GOVERNMENT'S) FORCIBLE USE OF LAND LOTS
CURRENTLY OFFERED TO U.S. MILITARY BASES. EYEING SUCH
SCHEDULED EVENTS AS THE SUPREME COURT'S RULING SLATED FOR
AUGUST 28 OVER PROXY SIGNING AND OKINAWA PREFECTURE'S
PUBLIC PLEBISCITE SET FOR SEPTEMBER 8, THE CHIEF CABINET
SECRETARY RECOGNIZES "THE NEED TO HURRY TO MAKE A PACKAGE
OF PROMOTIONAL MEASURES UNDER THIS POLITICAL LEADERSHIP"
(ACCORDING TO A PERSON CLOSE TO KAJIYAMA).

CONCERNING OKINAWA DEVELOPMENT, BOTH THE LIBERAL DEMOCRATIC PARTY AND THE SOCIAL DEMOCRATIC PARTY ARE NOW RESPECTIVELY IN THE PROCESS OF FORMULATING THEIR OWN MEASURES. BUT AN SDP EXECUTIVE OFFICER POINTS OUT, "THEY CONSPICUOUSLY LACK ANYTHING OF PRACTICAL EFFECTIVENESS." SO, THE PANEL IS EXPECTED TO CONSIDER A PACKAGE OF OKINAWA DEVELOPMENT MEASURES AIMING PRIMARILY AT CREATING "STAR, ITEMS."

MAINICHI POLL SHOWS 63 PERCENT OF OKINAWANS WILL VOTE IN REFERENDUM (MAINICHI - PAGE 1)

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USIA

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SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS AUGUST 9

OKINAWA PREFECTURE CONDUCTED A PRE-QUESTIONNAIRE REGARDING THE REFERENDUM ON THE PROPRIETY OF REVISING THE CURRENT JAPAN-U.S. STATUS OF FORCES AGREEMENT (SOFA) AND REALIGNING AND REDUCING THE UNITED STATES MILITARY FACILITIES IN OKINAWA. THE MAINICHI SHIMBUN ON THE 8TH OBTAINED THE OUTCOMES OF THE QUESTIONNAIRES. REGARDING THE TURNOUT OF VOTERS, A MATTER OF GREAT ATTENTION, 63 PERCENT OF RESPONDENTS REPLIED: "I WILL VOTE."

THE SURVEY WAS CONDUCTED AT THE "OKINAWA TALK AND LIVE," WHICH WAS AN EVENT HELD ON THE 3RD IN NAHA CITY UNDER THE SPONSORSHIP OF THE PREFECTURE IN ORDER TO ENLIGHTEN CITIZENS TO VOTE. THE SURVEY RECEIVED REPLIES FROM 346 (147 MEN, 197 WOMEN, AND 2 UNKNOWN) OUT OF ABOUT 480 PERSONS.

ACCORDING TO THE RESULTS, TOWARD THE QUESTION WHETHER "ARE YOU INTERESTED IN THE REFERENDUM?" 67 PERCENT OR 232 PERSONS REPLIED: "I AM VERY MUCH INTERESTED IN IT." WHEN COMBINED IT WITH THE REPLY, "I AM INTERESTED," ABOUT 92 PERCENT OR 320 PERSONS SAID WERE INTERESTED IN THE REFERENDUM. MEANWHILE, LESS THAN TWO PERCENT OR 6 PERSONS ANSWERED: "I AM NOT INTERESTED IN THE REFERENDUM," COMBINED WITH "I AM NOT AT ALL INTERESTED" AND "I HAVE LITTLE INTEREST." ASKED THE QUESTION "WILL YOU REALLY VOTE?" 218 PERSONS OR 63 PERCENT REPLIED THAT "I WILL VOTE"; 13 PERSONS OR FOUR PERCENT REPLIED, "I AM UNDECIDED." A TOTAL OF 102 PERSONS OR 29 PERCENT HAD "NO REPLY." THERE WAS NO ONE WHO REPLIED "I WILL NOT VOTE."

PKO USE OF WEAPONS IN EMERGENCY TO CHANGE INTERPRETATION
OF CONSTITUTION (SANKEI - TOP PLAY)

THE GOVERNMENT'S INTERNATIONAL PEACE COOPERATION
HEADQUARTERS (CHIEF OF THE SECRETARIAT: KOJIRO TAKANO),
WHICH HAS BEEN PUSHING FOR A REVIEW OF THE LAW FOR
COOPERATION ON UNITED NATIONS PEACEKEEPING OPERATIONS
(PKO), HAS NOW DRAFTED A REPORT AS OF AUGUST 8, INSISTING
ON THE NECESSITY OF REVIEWING THE GOVERNMENT'S
CONVENTIONAL INTERPRETATION OF THE CONSTITUTION SO AS TO
ALTER THE GUIDELINES THAT CURRENTLY ENTRUST EACH (OF
THOSE DISPATCHED OVERSEAS FOR JAPAN'S PKO PARTICIPATION)
WITH THE PROPRIETY OF USING WEAPONS. THE IPCH IS GOING
TO SUBMIT IT TO CHIEF CABINET SECRETARY SEIROKU KAJIYAMA
LATE THIS MONTH AT THE EARLIEST. THE IPCH ALSO WOULD
LIKE TO INTRODUCE A PKO COOPERATION LAW AMENDMENT AT NEXT
YEAR'S ORDINARY DIET SESSION AFTER SEEING A JUDGMENT TO
BE MADE BY PRIME MINISTER RYUTARO HASHIMOTO AND OTHER
COALITION LEADERS, BUT THE CABINET LEGISLATION BUREAU IS
STRONGLY OPPOSED TO CHANGING THE INTERPRETATION OF THE
CONSTITUTION, AND THE SOCIAL DEMOCRATIC PARTY ALSO IS
EXPECTED TO SHOW A NEGATIVE REACTION. THEREFORE, PRIME
MINISTER HASHIMOTO WILL LIKELY BE PRESSED FOR A DIFFICULT
DECISION. YAMAUCHI, ACTING

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regular general meeting of the forum in Naha City
on October 27 last year and a meeting of the

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SUBJECT: JAPANESE DAILY PRESS SUMMARY 08/13/96

regular general meeting of the forum in Naha City

on October 27 last year and a meeting of the Okinawa secretariat after that. Moroi there heard local participants saying: "Since the schoolgirl incident, the prefectural people's sentiment has been growing stronger. The way things are going, the relationship between the mainland and Okinawa will become serious." "Futenma at minimum will have to be returned, or the prefectural populace cannot be persuaded."

The Prime Minister, after listening quietly to Moroi, thanked him, remarking, "You told me some very good news." Moroi guessed the Prime Minister's feeling, explaining, "He probably wanted to know if Okinawa's request was all or nothing." The Ministry of Foreign Affairs and the Japan Defense Agency were extremely cautious about bringing up the Futenma issue at the Japan-U.S. summit meeting, but three days later, the Prime Minister made a direct request to President Clinton at Santa Monica for "Futenma's return."

Before the Prime Minister's move, there existed a long course of events that led to Okinawa's distrust (of the Government). Tomomitsu Takayama, who served under Governor Ota until this April as Okinawa Prefecture's chief officer for policy coordination, heard the Governor say, "I had a terrible time."

Another story goes back to 1991 when Governor Ota, soon after his first election, was pressed to make a choice regarding the problem of public notice and review regarding forcible use of land lots offered to the U.S. Forces. Governor Ota, elected because of his pledge to rid Okinawa of the bases, planned to refuse to execute his duty, but the Local Government Law at that time had vested the Prime Minister with the right to dismiss a prefectural governor if and when the governor refused to execute (central government-assigned state administrative functions). It was also the time for the Government to prepare a third Okinawa promotional and development plan. Agonizing over the decision, Governor Ota decided to execute his duty, over the opposition of all the political parties and labor unions supporting him. He did so because the Government promised to "respond sincerely to the Governor's decision." It was then that the Government established a liaison committee of 11 ministries and agencies concerned with the reversion of military land lots. The Governor hoped to see "at least a little progress."

Takayama made frequent visits to Tokyo during the next three years. Nonetheless, Government officials repeatedly told him, "There is a wide gap among the Government ministries and agencies. So,

it's hard to put your topic on the table. We can't tell you anything about when to meet and what to discuss." Every time Takayama returned from Tokyo, Governor Ota asked him, "What happened to the promise?" The Governor's refusal of the Government's request for his proxy signing this time is rooted in his feeling of being ignored and

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(1) EDITORIAL: Civil Aviation Talks Should
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(2) Justice Ministry To Allow Foreigners Who Married Japanese But Are Now Divorced to "Have a Status of Permanent Residence"

(3) "Okinawa Development Policy" and Its Pitfall; Carrot to Urge Patience

(4) Reconsideration of Deregulation from Working People's Viewpoint (Part 1); Rice, Liquors, Gasoline

ARTICLES:

(1) EDITORIAL: Civil Aviation Talks Should Correct Unfairness

SANKEI (Page 2) (Full)
August 14, 1996

The civil aviation talks between Japan and the United States have narrowly averted a sanctions blitz, owing to the U.S. Government's decision to postpone invoking sanction measures against Japan. As the next step, the two countries will conduct bilateral talks tomorrow for two days in Tokyo. It is inevitable that in the session, the U.S. will press Japan to allow the U.S. major freighter Federal Express to fly over to five Asian destinations, including Manila, via Japan. Rocky developments are expected. The Japanese Government needs to face the talks in a cool-headed manner to achieve "fairness in civil aviation rights and interests" rather than to chase short-term profits.

Although the two countries have decided to resume their talks, there still remains a big perception gap regarding the Civil Aviation Agreement, such as beyond rights (flights to third countries). Overall conditions suggest a dim picture about reaching accord to correct unfairness, which is Japan's goal, anytime before the U.S. presidential election in the fall.

Of all the areas, the freight sector saw settlement first in April, prior to the Japan-U.S. summit talks. The problem of beyond rights still remains unsettled. But the latecomer Nippon Cargo Airlines' (NCA) expanded transport rights have resolved the unfairness problem substantially. With this as leverage, Japan has formally requested to resume passenger services talks. As a result, the bilateral talks took place in late June after a lapse of three years.

The number of passengers between Japan and the U.S. has grown about 80 percent annually during the five-year period until 1995. The number is expected to

reach 20 million in the year 2000. But with a disparity in transport volume widening yearly, Japan's share is now 30 percent whereas that of the U.S. is 70 percent.

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Japan ascribes the imbalance largely to the number of airlines (two for Japan, five for the U.S.) and airline routes (15 for Japan, 29 for the U.S.). Japan has made a new proposal, citing such specific cases as that "Japan Air Lines (JAL) is not accessible to Detroit or Dallas" and that "All Nippon Airways (ANA) is not allowed to fly from Kansai Airport into mainland America or Hawaii."

The U.S. has insisted to "give priority to settling long-standing problems," such as Northwest Airlines' (NWA) new Kansai Airport-Jakarta route, which has been put on hold by the Japanese Government. As a result, the talks have been suspended for all this time.

Britain and France in the past brought about a successful resolution of their negotiations with the U.S. to improve their share by threatening the abrogation of the agreement. Likewise, Japan needs to attend the new round armed with solid countermeasures, without attempting to pursue short-term goals.

Unlike the semiconductor talks, civil aviation is one area Japan is entitled to play up the unfairness aspect to elicit concessions from the U.S. Fair competition will inevitably facilitate diversified services and lower air fares. We hope for positive talks between the two countries.

(2) Justice Ministry To Allow Foreigners Who Married Japanese But Are Now Divorced to "Have a Status of Permanent Residence"

SANKEI (Page 2) (Full)
Eve., August 13, 1996

Until recently foreigners who married Japanese but

later were divorced had not been allowed to "have a status of permanent residence" even though they continued to bring up children in Japan. But the Ministry of Justice (MOJ) has set a policy now of allowing in principle those foreigners to "have a permanent resident status." As of August 13, the MOJ has issued permission for permanent residence to six Asian women. In the future, it plans to allow other foreigners who have stayed here beyond the approved period of stay to reside permanently. The MOJ's new policy line may be safely said to be an "open-doors measure" focusing on civil rights of parents and children, so it will likely shed light to many other problems linked to foreigners, such as cases pending in court.

Those who received a permanent residence status are six women -- three Taiwanese, two Filipinos and one South Korean.

Foreign women who married Japanese men are allowed to reside in Japan as a "spouse of a Japanese and the like," and they are guaranteed their permanent residence. But once they divorce from their husbands, that permanent residence status is changed into a "short-stay residence." Of the
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above six women, five came under this case. The remaining one came under another category because her marriage was not a lawful one but is bringing up a child or children.

In late July, the MOJ sent to immigration bureaus across Japan a notification that sheds light on such cases.

According to the notification, in case foreignerw once married to Japanese who have had children by the marriage (under age and unmarried) and who hope to live in Japan, are allowed to change their "short-stay status" to a "permanent residence status." Specifically, such a change will be approved once it is made sure that they are the person with parental authority and in fact are raising the children.

No conditions are added as to whether children have Japanese nationality or whether they are legitimate or illegitimate children. But in case their father is a Japanese, it is required that children be recognized by their father as his.

In the past, when a Japanese-foreigner couple divorced, the foreigner's status for residing in Japan was changed into a "short-stay one," and that person was forced to return to the home country. As a result, a family often fell apart. Additionally, in the case of children of those who stay in Japan beyond the approved period of stay, such children were unable to be covered by the health insurance system; as a result, they had no right to receive medical care.

To aim at giving a helping hand to such a case where the "right to live by the children" of those foreigners is questioned, a policy approach has been settled in the notification that if similar requirements are met, a "special permission of residence," which is issued upon a decision by the justice minister will be given to them and those persons will allow them to "reside permanently."

Special permission for residence

In case foreigners who come under those who have to withdraw from Japan hope to "reside permanently (in Japan)," they will first of all have to appear at immigration bureaus nearby identifying who they are. After that, three-stage procedures, such as a survey of whether there are any violations, will be taken. If, as a result, no approval is given to them for permanent residence and a decision is given for withdrawal, those foreigners can make a formal objection to the justice minister. At this point, if the justice minister, upon his own decision, concludes, "There are circumstances that require their residence in Japan," they will be allowed to reside permanently.

(3) "Okinawa Development Policy" and Its Pitfall;
Carrot to Urge Patience; First Consideration to
Political Situation; "Prefectural Voice" Also
Distorted

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MAINICHI (Page 2) (Full)
August 11, 1996

The Depths of "Futenma": Security "Redefinition"
(Part 5 -- Conclusion)

It must have been a matter for Okinawa Prefecture Lieutenant Governor Masanori Yoshimoto's great regret, because his message he had confidentially entrusted was disclosed and its real meaning was also distorted.

On the night of June 26, soon after Okinawa Prefecture's assembly adopted a public plebiscite ordinance, Lieutenant Governor Yoshimoto, who had secretly come up to Tokyo, was dining in Tokyo with the Social Democratic Party's Chairman Tomiichi Murayama, Secretary General Kanju Sato, and Vice Chairman and Policy Board Chairman Shigeru Ito.

They were all having a pleasant chat over sake when Yoshimoto said, "Outside the fence of Kadena will not be good. Once that issue is settled, the Governor will abide by the Supreme Court's ruling."

Regarding the U.S.' Kadena Air Force Base in Okinawa Prefecture, the runways and other base facilities are surrounded by a chain-link fence taller than a person's height. Outside that fence, however, there is an area called "permitted farmland" where local inhabitants engage in farming although that area is part of the land lots offered to the U.S. military. Yoshimoto informally conveyed his feeling that Governor Masahide Ota would respond to signing (as proxy for land leases) if it only would be possible to contain the new heliport "inside the fence" along with Futenma's other transferred functions.

Yoshimoto did not want those SDP officers to take it that the prefectural government, which is against the idea of within-prefecture transferal, had changed to a compromise behind the scenes. So, Yoshimoto carefully chose his words and said "outside the fence is no good" -- instead of saying "inside the fence is okay."

The SDP and Okinawa Prefecture share a history of joint struggles over the problem of U.S. military bases. Yoshimoto signaled the Government through that "longtime friend."

Later the situation took an unexpected turn. On

July 2, SDP Secretary General Sato called at the Prime Minister's official residence (Kantei), where Sato met with Chief Cabinet Secretary Seiroku Kajiyama. After that, Sato told the press, "If the Supreme Court hands down its judgment, he (Governor Ota) will have to follow it." So saying, Sato went back to the Diet. Then, at a press conference held in the Diet, Sato revealed the behind-the-scenes story by relating what Yoshimoto had said.

SDP Secretary General Sato did not go so far as to disclose the precondition that "outside the fence"
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of Kadena is no good. But Yoshimoto was infuriated at Sato's press remarks, which sounded as if to say that the Governor will unconditionally obey the Supreme Court's ruling. Yoshimoto made a telephone call of protest to an SDP official. With his expectations going awry, the Governor was instead driven into a position making it even harder for him to sign.

Around that time, Nagata-cho (Japan's political center where the Diet is located) was arguing about the propriety of establishing a special law for the purpose of expropriating land for the U.S. military. With the Kantei and the Liberal Democratic Party being positive on that issue and the SDP being negative, a gulf widened between them. The SDP fell into a mood of concern that fears the problem could lead to an early dissolution of the Diet. If the Governor responds to the ruling, it would likely wreck the special legislation initiative ... Such a calculation led to SDP Secretary General Sato's rashness. In the end, the SDP lost its chance, which was almost in its hands, to play the role of an 'arbitrator' and earn Okinawa Prefecture's trust -- both at one stroke.

Politicians in the center tried to deal with the Okinawa problem from a sense of (giving priority to) the political situation, and such insensitivity caused Okinawa Prefecture to stiffen its attitude. However, the prefecture also moved desperately

behind the scenes in order to find a clue to repair its relations with the central government. Yoshimoto hinted at 'where to settle' the issue of Futenma's functional transferal and the proxy-signing lawsuit, and this also is because of his desperate feeling that Okinawa will never lose the fruit of "Futenma's return" it has now secured as a result of its strenuous efforts.

At this point there is a growing loud and chant-like chorus in the Government and ruling parties entoning "Okinawa shinkosaku, Okinawa shinkosaku (Okinawa development measures)." This group is considering lowering the air fares (to and from Okinawa) and airport landing fees, expanding the free trade zone, and introducing a no-visa system. One proponent stated that the coalition government is now mulling also over the idea of Japan's hosting a ministerial meeting of the Asia-Europe summit talks and holding it in Okinawa.

Regarding the response the governing coalition is showing now, however, a central government bureaucrat, who has long been concerned with the development of Okinawa, says self-admonishingly: "I feel a dangerous mood. They're trying to have Okinawa put up with the burden of military bases by giving carrots called development packages. Such a way of doing things can never unravel the entangled feelings of people in Okinawa."

On the evening before Yoshimoto met with SDP Chairman Murayama and other SDP officers, Yoshimoto dined at a hotel in Naha City with Lower House UNCLAS SECTION 06 OF 08 TOKYO 007537

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Foreign Affairs Committee members who were visiting Okinawa to see local scenes regarding the problem of military bases. Among them were Tatsuo Matayoshi, Okinawa Prefecture's director general for policy coordination.

The Sakigake Party's Lower House Member Seiji Maehara, seated next to Matayoshi, said to him: "Okinawa Prefecture cannot just come out with lovely words. Will you persuade the local

municipalities on the list for relocation to settle this matter?" Matayoshi answered, "I understand." He continued, "We'd like you to consider our pride. You can't say everything's okay if you only give us a camphor injection with development measures."

SDP Lower House Member Hideyuki Maejima is said to be a prominent expert on the Okinawa problem in the SDP. He says, "The Government should know what has been propping up Governor Ota is his fear of the bases being fixed (in Okinawa). Everybody in Okinawa knows it's physically possible to construct a heliport on Kadena Air Force Base. The problem, essentially, is to reduce the bases to the last, instead of development measures."

Okinawa has been compelled to accept and put up with "one country with two security systems" (according to Yukio Okamoto, a foreign affairs consultant) as the prefecture's per capita area burdened with military bases is 230 times larger than on the mainland (of Japan). The issue of Futenma's reversion poses a sharp-edged question to the Government as to whether or not it will be able to face up to such facts in the past.

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This series was undertaken by Naoki Sakaki, Hiroshi Komatsu, Natsuki Mototani, and Shin Nakayama of the Political Section, Mainichi Shimbun.

(4) Reconsideration of Deregulation from Working People's Viewpoint (Part 1); Rice, Liquors, Gasoline; Regulations Remain, Store-Shelf Prices Remain High

NIHON KEIZAI (Page 5) (Excerpts)
August 1, 1996

The Administrative Reform Deregulation Subcommittee on July 25th released a list of issues for consideration, spurring a move for characterizing deregulation once again as driving force for reforming Japan's economic structure. Deregulatory measures adopted until now have been only nominal. They were often insufficient to put the economy on the recovery track or watered down, hitting a wall of protest by bureaucrats and industrial circles (which clinging to their vested interests. What measures should now be added? This newspaper explores hints for implementing reform from the working people's viewpoint.

"Rice Now on Sale" flags are fluttering in front of a Seven-Eleven store in Setagaya Ward, Tokyo. This
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store started selling rice in June. It is giving away mineral water to bulk purchasers.

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There is a rice store about 100 meter beyond this convenience store. One might think that the rice retailer may be in a fix. The store owner, however, categorically said, "We feel no impact of that convenience store. We have not cut the prices of our products, either."

As a result of the new Food Law put into force in June, a registration system was introduced for the wholesale and retailing of rice in place of the conventional licensing system. Acting on this, Seven-Eleven Japan started selling rice at its outlets, which total about 6,500 convenience stores. The price of 2-kilogram sack of Koshihikari rice is 1,220 yen. One rice store in Setagaya Ward said, "The price of their rice is higher than the average price in Tokyo by 50 to 80 yen."

New market entry has not spurred price-cutting competition. That is because there still remain restrictions on the prices of free market rice, which commands 80 percent of the rice market. Price limits are set on bidding held by rice wholesalers so that prices will not drop 5 percent than the level recorded in the previous bidding. The annualized rate of zigzag in prices remain locked within 10 percent. The new Food Law has liberalized retailers, but the "reform has ended half way with price restrictions still in force" (wholesaler).

The president of a certain liquor discount store (DS) is impatient about a delay in approval for his plan to open a new store in the Koshinetsu area, complaining, "The delay is a nuisance." The National Tax Administration Agency introduced a lottery system in 1989 to enhance the transparency of the licensing system adopted for the sale of liquors. In a lottery held last fall, this discount store secured a place on the list of

stores eligible for receiving a license, but it has not yet received approval, which under normal circumstances should have been granted by spring.

The president suspects that the delay for approval might have be due to a trade association (kumiai kamei) entry problem. At a license-granting ceremony held in May for another store in the same area, the superintendent of the revenue office in charge asked him to "join the association of liquor retailers," but he turned it down.

Retailers submit liquor reports to tax offices, but the actual counting work is done by the liquor retailers trade association. When tax offices issue licenses to newcomers, they inform the association of such. Even after deregulation there still remain cozy relations between industrial organizations and administration. The atmosphere of keeping out newcomers, whose weapon is bargain

UNCLAS SECTION 08 OF 08 TOKYO 007537

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. 12958: N/A
TAGS: PGOV, PINR, JA
SUBJECT: JAPANESE DAILY PRESS SUMMARY 08/14/96

sale, runs deep. Consumers are kept away from low-priced liquors.

- - - - -

Four months have passed since the Provisional Specific Petroleum Products Imports Measure Law (Tokusekiho), which limited imports of petroleum products, such as gasoline, to petroleum wholesale companies, was scrapped at the end of March. However, imports of petrochemical products have increased very little with a price disparity with ROK products being only 3 - 4 yen per litter and because of the high yen trend.

According to the Petroleum Federation, the total import volume of gasoline in April and May ran about 248,000 kilo litters, accounting for only 2.9 percent of the total sales volume. With imports not increasing as anticipated, a trend for cutting back the prices of gasoline has slowed down since April. Furthermore, main importers of gasoline are petroleum wholesale companies, such as Nippon Oil and Japan Energy. They say, "We want to check the

quality," but the volume they are importing is too large for a quality check.

An executive officer of a certain supermarket chain, which is considering importing foreign-made gasoline, is suspicious, "Petroleum wholesale companies are maneuvering to raise the prices of imported gasoline, by making the supply and demand of gasoline tight."

The Administrative Reform Committee released 38 items as priority themes for deregulation. Rice and gasoline are already on the deregulation list, and so, they have not been included in the priority list released this time, but working people are not fully enjoying the benefits of deregulation.

Deregulation would be remote from deregulation in the true sense of the term, unless easing of regulations spurs competition, which in turn lowers the prices of goods.

DEMING

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
005. cable	Re: Secretary's Morning Summary (15 pages)	08/14/1996	P1/b(1)

COLLECTION:

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

FOLDER TITLE:

[08/07/1996 - 08/15/1996]

2016-0420-F
sb1877

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]
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- 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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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
006. cable	Re: Ministry of Finance Assessment (4 pages)	08/15/1996	P1/b(1)

COLLECTION:

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

FOLDER TITLE:

[08/07/1996 - 08/15/1996]

2016-0420-F
sb1877

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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Cable

PREC: IMMEDIATE
CLASS: UNCLASSIFIED
LINE1: OAAUZYUW RUEHKO7559 2280150-UUUU--RHEHAAA.
LINE2: ZNR UUUUU ZZH
LINE3: O 150150Z AUG 96
LINE4: FM AMEMBASSY TOKYO
OSRI: RUEHKO
DTG: 150150Z AUG 96
ORIG: AMEMBASSY TOKYO
TO: RUEHIA/USIA WASHDC IMMEDIATE 0577
RUEHC/SECSTATE WASHDC IMMEDIATE 6046
INFO: RUEKJCS/SECDEF WASHDC
RHEHAAA/WHITE HOUSE WASHDC
RUAYJAA/COMPATWING ONE KAMI SEYA JA
RUYNJDK/COMNAVFORJAPAN YOKOSUKA JA
RUALSFJ/COMUSJAPAN YOKOTA AB JA
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//
SUBJ: JAPANESE MORNING PRESS HIGHLIGHTS AUGUST 15
TEXT:
UNCLAS SECTION 01 OF 07 TOKYO 007559

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 AUGUST 15

TOP HEADLINES:

ASAHI: "SAFETY ROAD" HARD TO DRIVE; BUMPS OR BARRIERS ON
ROADS HELP REDUCE SPEED; S-LETTER-LIKE ROAD HELPS IMPROVE
DRIVERS' ATTENTIVENESS; MITAKA CITY DESIGNATED AS A MODEL
AREA; CONSTRUCTION MINISTRY, NATIONAL POLICE AGENCY
PLANNING TO DESIGNATE 300 PLACES ACROSS JAPAN

NIHON KEIZAI: INTERNET PLAYS LEADING ACTOR IN JAPAN-U.S.
INTERNATIONAL COMMUNICATIONS; FREQUENCY OF USE OF
PERSONAL COMPUTERS EXCEEDS THAT OF TELEPHONE; OUTLOOK FOR

THIS FISCAL YEAR'S END; PRICE REDUCTIONS LIKELY TO BE SPURRED

TOKYO SHIMBUN: THINK ABOUT "OKINAWA"; PREFECTURAL RESIDENTS' PAIN REVEALED IN "ARGUMENT CALLING FOR INDEPENDENCE"; GOVERNOR NOW "NOT BOUND BY ANYTHING"; STRUGGLE WITH ALL POSSIBLE MEASURES TAKEN; GAPS STILL REMAIN; JUDICIAL JUDGMENT AND PREFECTURAL REFERENDUM; UNDER PRESSURE TO MAKE A CHOICE BETWEEN CONTRADICTIONARY MATTERS

MAINICHI: TAKESHI ABE QUESTIONED BY TOKYO DISTRICT PUBLIC PROSECUTORS' OFFICE ON AIDS PROBLEM

YOMIURI: GENERAL ACCOUNT EXPECTED TO REACH 80-TRILLION-LEVEL IN BUDGETARY REQUESTS FOR FISCAL 1997; EXCESS OF 20 TRILLION YEN OVER REVENUES; ISSUANCE OF DEFICIT-COVERING GOVERNMENT BONDS INEVITABLE (TRANSLATION BELOW; ALSO, ARTICLE IN ENGLISH ED.)

SANKEI: AIDS PROBLEM: ABE QUESTIONED FOR FIRST TIME BY TOKYO DISTRICT PUBLIC PROSECUTORS' OFFICE; JUDGMENT WILL BE MADE AS EARLY AS THIS FALL REGARDING POSSIBLE CRIMINAL ACT

FISCAL 1997 BUDGET REQUESTS TOTAL 80 TRILLION YEN (YOMIURI - TOP PLAY)

THE FINANCE MINISTRY (MOF) YESTERDAY RELEASED THE OUTLOOK THAT THE TOTAL AMOUNT OF ESTIMATED BUDGET REQUESTS FOR THE GENERAL ACCOUNT BUDGET FOR FISCAL 1997 TO BE CLOSED AT THE END OF AUGUST WOULD REACH THE 80 TRILLION YEN LEVEL, UP 7 PERCENT OVER THE FY 1996 ORIGINAL BUDGET (75.1049 TRILLION YEN). THE UPSWING STEMS FROM A RISE IN MANDATORY EXPENSES, SUCH AS A SURGE IN THE COST OF GOVERNMENT BONDS (EXPENSES NEEDED FOR REDEMPTION AND INTEREST PAYMENTS) CAUSED BY THE INCREASED OUTSTANDING BALANCE OF THE ISSUANCE OF GOVERNMENT BONDS AND A SWEEPING HIKE IN TAX ALLOCATIONS TO LOCAL GOVERNMENTS. THE AMOUNT WILL EXCEED BY APPROXIMATELY 20 TRILLION YEN REVENUES ESTIMATED FOR FISCAL 1997, EXCLUDING INCOME COMING FROM THE ISSUANCE OF GOVERNMENT BONDS. MOF WILL SLASH BUDGET REQUESTS AS MUCH AS POSSIBLE BEFORE THE STATE BUDGET COMPILATION SLATED FOR THE END OF THE YEAR, BUT THE SITUATION IS SO GRIM THAT THE ISSUANCE OF DEFICIT-COVERING GOVERNMENT BONDS WITHOUT ANY PROSPECTS FOR FUNDING RESOURCES FOR REDEMPTION WILL BE UNAVOIDABLE FOR THE SECOND YEAR IN A ROW, FOLLOWING THE FY1996 ORIGINAL BUDGET. BUDGET COMPILATION FOR THE "FIRST YEAR OF FISCAL STRUCTURAL REFORM" WILL FACE AN EXTREMELY HARSH REALITY.

CARGO SANCTIONS LOOMING, CIVAIR TALKS START TODAY (NIHON KEIZAI - PAGE 5)

THE JAPANESE AND UNITED STATES TRANSPORTATION AUTHORITIES WILL HOLD CIVIL AVIATION TALKS STARTING TODAY AT THE TRANSPORT MINISTRY AT KASUMIGASEKI, TOKYO. ACRIMONY BETWEEN THE TWO COUNTRIES OVER THE CARGO SECTOR HAS

DEGENERATED INTO THEIR ADOPTION OF PUNITIVE MEASURES. IN ORDER TO AVOID ACTUAL INVOCATION OF SANCTIONS, THE TWO COUNTRIES WILL SEARCH FOR POINTS OF AGREEMENT AT THE TALKS. ON SANCTIONS, BOTH JAPAN AND THE U.S. HAVE DECIDED TO PROHIBIT FLIGHTS ON ONLY SOME ROUTES, BUT WHEN UNCLAS SECTION 02 OF 07 TOKYO 007559

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 AUGUST 15

THOSE SANCTIONS WILL BE PUT INTO EFFECT IS STILL NOT SETTLED. RUPTURE IN THE TALKS WILL MOST LIKELY RESULT IN ACTUAL IMPOSITION OF THE SANCTIONS.

THE TALKS, WHICH THIS TIME WILL RUN FOR TWO DAYS, ARE INFORMAL WORKING-LEVEL NEGOTIATIONS. THERE ARE TWO AGENDA ITEMS. ONE IS THE SANCTIONS PROBLEM REGARDING THE CARGO SECTOR. THE U.S. HAS ASKED FOR IMMEDIATE APPROVAL OF AN APPLICATION BY FEDERAL EXPRESS FOR THE OPENING OF AIR ROUTES UNDER THE FIFTH FREEDOM TO FIVE ASIAN POINTS BY WAY OF JAPAN. THE TRANSPORT MINISTRY HAS BEEN WITHHOLDING APPROVAL, ARGUING, "REGARDING THE FIFTH FREEDOM ISSUE, JAPAN AND THE U.S. ACKNOWLEDGED DIFFERENCES IN THE POSITION OF EACH OTHER'S COUNTRY AT THE TIME OF THE AGREEMENT ON THE CARGO SECTOR IN APRIL. IT IS NECESSARY TO REACH AN AGREEMENT THROUGH NEGOTIATIONS" (CIVIL AVIATION BUREAU). THE U.S. HAS INDICATED ITS STANCE OF LAYING IMPORTANCE ON THIS PROBLEM WITH TRANSPORTATION SECRETARY PENA SENDING A LETTER TO TRANSPORT MINISTER KAMEI BEFORE THE NEGOTIATIONS.

THE OTHER IS THE PROBLEM OF THE ALL-PASSENGER TALKS, WHICH RUPTURED IN LATE JUNE. THE JAPANESE GOVERNMENT SOUGHT PROGRESS IN FORMAL NEGOTIATIONS FOCUSED ON PROMOTION OF EQUAL OPERATING RIGHTS, MAKING A PROPOSAL FOR A "FREE OPERATING SYSTEM INVOLVING TWO JAPANESE AND U.S. FIRMS EACH." THE U.S., HOWEVER, REQUESTED ROUTES OPERATED UNDER BEYOND RIGHTS, SUCH AS THE OSAKA - JAKARTA ROUTE OPERATED BY UNITED AIRLINES BE GIVEN PRIORITY UNCONDITIONALLY. THE TWO COUNTRIES ARE AT ODDS OVER THIS ISSUE, TOO.

MAJOR AREAS OF DIVERGENCE IN JAPAN-U.S. CIVAIR TALKS

ALL CARGO SECTOR:

UNITED STATES -- - APPROVAL SHOULD BE GIVEN IMMEDIATELY FOR ROUTES OPERATED BY FEDEX UNDER THE FIFTH FREEDOM.- PROPOSES AS A PUNITIVE MEASURE A "BAN ON JAPAN AIR LINE'S

FLIGHTS FROM FIVE ASIAN POINTS TO THE U.S."

JAPAN--

- APPLICATION PROCEDURES MADE BY FEDEX ARE INCOMPLETE. NEGOTIATIONS ARE NECESSARY FOR AIR ROUTES OPERATED UNDER BEYOND RIGHTS.

- PROPOSES AS A COUNTER MEASURE A "BAN ON TRANSPORTATION BY TWO U.S. AIR CARRIERS FROM JAPAN TO FIVE ASIAN POINTS."

ALL PASSENGER SECTOR:

UNITED STATES --

- THE PENDING ISSUE THAT SHOULD BE GIVEN PRIORITY BEFORE THE TALKS ON THE AIR TRANSPORT ACCORD IS UNCONDITIONAL APPROVAL FOR ROUTES OPERATED BY TWO U.S. CARRIERS UNDER BEYOND RIGHTS.

JAPAN --

- FORMAL TALKS SHOULD BE PROMOTED TO REVIEW THE PRESENT AIR TRANSPORT AGREEMENT, WHICH IS ADVANTAGEOUS TO THE U.S.

FIERCE OKINAWAN REACTION TO KEEPING TRANSFERRED U.S. BASE FUNCTIONS WITHIN PREFECTURE (MAINICHI - PAGE 3)

IN RESPONSE TO THE DECISION BY (THE UNITED STATES) TO RETURN (TO THE LOCAL AREA) THE SITE OF U.S. FORCES' FUTENMA AIR STATION IN OKINAWA PREFECTURE, THE CENTRAL GOVERNMENT HAS SHOWN A BASE-RETURN PROPOSAL FOR RELOCATION WITH SOME CONDITIONS ATTACHED, SUCH AS CONSTRUCTING AN ALTERNATIVE HELIPORT IN THE KADENA AIRFIELD, BUT PREFECTURAL GOVERNMENT OFFICIALS AND RESIDENTS ARE OPPOSING SUCH A PLAN, ARGUING, "IT IS NOTHING MORE THAN A ROTATION OF BASES."

ON AN ALTERNATIVE HELIPORT FOR FUTENMA AIR STATION, THE CENTRAL GOVERNMENT REVEALED IN THE SECOND ROUND OF UNCLAS SECTION 03 OF 07 TOKYO 007559

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 AUGUST 15

MEETING HELD ON AUGUST 9 OF THE "WORKING COMMITTEE FOR RETURN OF FUTENMA AIR STATION AND OTHER MATTERS THAT THE JAPANESE SIDE HAD ASKED FOR A PLAN FOR INTEGRATING (FUTENMA AIR STATION) INTO KADENA AIR BASE IN A WORKING GROUP MEETING OF THE JAPAN-U.S. SPECIAL ACTION COMMITTEE ON OKINAWA (SACO).

REGARDING FOUR OTHER FACILITIES AS WELL, BOTH JAPAN AND THE U.S. HAVE ALREADY AGREED TO RETURN ALL OF THEM, BUT THE CONDITIONS FOR SUCH RETURN ARE ALL OF THOSE FACILITIES BE RELOCATED OR SECURE AN ALTERNATIVE SITE FOR THEMSELVES WITHIN THE PREFECTURE AS FOLLOWS: (1) THE GIMBAL (?) TRAINING GROUND SHOULD BE TRANSFERRED TO THE BLUE BEACH TRAINING GROUND; (2) THE YOMITAN AUXILIARY AIRFIELD SHOULD TRANSFER ITS PARACHUTE JUMPING TRAINING TO THE IEJIMA AUXILIARY AIRFIELD; (3) SOBE TELECOMMUNICATIONS SITE SHOULD RELOCATE ITS ANTENNA FACILITIES TO THE OSTRICH DISTRICT (IN KIN TOWN) IN CAMP HANSEN; AND (4) AWA TRAINING GROUND SHOULD RELOCATE ITS TRAINING WATER ZONE TO THE NORTHERN TRAINING GROUND.

THE CENTRAL AREA LABOR UNION ON THE EVENING OF THE 9TH HELD A RESIDENTS RALLY AIMING AT COMING OUT WELL IN THE COMING PREFECTURAL REFERENDUM WHILE OPPOSED TO RELOCATION OF BASE FACILITIES WITHIN THE PREFECTURE. IN THE RALLY, DEPUTY CHAIRMAN NAKAMURA OF THE JOINT STRUGGLE COMMITTEE AGAINST AIRCRAFT NOISE, A GROUP THAT HAS BACKED UP LAWSUITS AGAINST KADENA AIR BASE FOR ITS AIRCRAFT NOISE, CALLING FOR CANCELLATION OF FLIGHTS AT NIGHTS AND IN EARLY HOURS IN THE MORNING, CLAIMED: "KADENA AIR BASE ITSELF IS DANGEROUS (BECAUSE CRASHES AND OTHER INCIDENTS HAVE OCCURRED THERE). THE PROPOSAL NONETHELESS INCLUDES A CONSTRUCTION OF A HELIPORT FOR RELOCATION. IT APPEARS VERY DANGEROUS INDEED TO EVEN NON-PROFESSIONALS. NOISE DAMAGE, WHICH EVEN NOW HAS BEEN AT SERIOUS LEVELS, WOULD WORSEN EVEN MORE." OTHER RALLY PARTICIPANTS ALSO VOICED IN SUCCESSION: "WE HAVE HAD ENOUGH OF RELOCATION OF BASES."

ON CONSTRUCTING ALTERNATIVE FACILITIES, CITIES, TOWNS AND VILLAGES IN THE NORTHERN AREA ON THE OKINAWA MAINLAND HAVE RESOLVED TO OPPOSE IT. NAGO CITY, KIN TOWN AND OTHER AREAS HELD A CITIZENS ASSEMBLY OF MORE THAN 1,000 PEOPLE. AND THE OKINAWA PREFECTURAL ASSEMBLY ALSO UNANIMOUSLY ADOPTED A WRITTEN OPINION PAPER AND RESOLUTION OPPOSED TO RELOCATION OF BASES WITHIN THE PREFECTURE IN MID-JULY. SINCE THIS APRIL, GATHERINGS AND ASSEMBLIES OPPOSING RELOCATION OF (BASES) WITHIN THE PREFECTURE HAVE BEEN HELD EVERYWHERE IN THE PREFECTURE.

A SENIOR PREFECTURAL GOVERNMENT OFFICIAL, WHO ATTENDED THE WORKING GROUP MEETING WITH THE CENTRAL GOVERNMENT, ALSO SHOWS HIS DISPLEASURE REGARDING THE PLACE FOR CONSTRUCTING A HELIPORT, SAYING: "IN THE WORKING GROUP MEETING, NO SPECIFIC EXPLANATION ABOUT IT WAS GIVEN. SEEING THERE WOULD BE NO PROBLEM WITH CONSTRUCTING IT IN KADENA AIR BASE IS THE TOKYO SIDE'S IDEA. THE DANGER OF MILITARY PLANES' CRASHES AND NOISE LEVELS WOULD INCREASE TO THE LEVELS OF TWO OR THREE TIMES AS HIGH AS THE CURRENT LEVELS." IN ADDITION, REGARDING FOUR OTHER FACILITIES, OPPOSITIONS ARE NOW COMING MAINLY FROM THOSE LIVING IN THE CANDIDATE PLACES FOR RELOCATION, FOR EXAMPLE, "IT WILL NEVER REMOVE DAMAGE CAUSED BY BASES."

LISTENING TO THOSE OBJECTIONS, OKINAWA PREFECTURAL

GOVERNOR'S OFFICE CHIEF MASAOKI AWAKUNI URGES THE CENTRAL GOVERNMENT SIDE TO MAKE MORE EFFORTS, NOTING: "OUR POSITION IS THAT IF THE CENTRAL GOVERNMENT EXERTS ITSELF TO OBTAIN AN UNDERSTANDING FROM CITIES, TOWNS AND VILLAGES, THE PREFECTURAL SIDE WILL THEN COOPERATE FOR AREAS IN WHICH WE CAN DO SO. WHAT KIND OF COOPERATION WILL BE POSSIBLE WILL BE HAMMERED OUT IN THE COMING MONTHS. FRANKLY SPEAKING, THE CIRCUMSTANCES ARE FAR FROM BEING BRIGHT." (SHUNJI NOZAWA)
UNCLAS SECTION 04 OF 07 TOKYO 007559

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 AUGUST 15

OKINAWA RECOVERY PLAN TO INCLUDE CENTER FOR ASIA EXCHANGES (YOMIURI - PAGE 2)

THE GOVERNMENT HAS NOW BEGUN TO CONSIDER DEVELOPING OKINAWA INTO A BASE FOR INTERNATIONAL EXCHANGES IN ASIA BY TAKING ADVANTAGE OF OKINAWA'S REGIONAL FEATURES AS ONE ELEMENT IN ITS PACKAGE OF OKINAWA DEVELOPMENT MEASURES. IN CONCRETE TERMS, THE GOVERNMENT IS NOW CONSIDERING OVER SUCH MEASURES AS: (1) EXPANDING THE OKINAWA INTERNATIONAL CENTER OF THE JAPAN INTERNATIONAL COOPERATION AGENCY (JICA); (2) HOLDING MINISTERIAL CONFERENCES THERE, SUCH AS THE ASIA-PACIFIC ECONOMIC COOPERATION (APEC) FORUM; AND (3) IMPROVING THE ENVIRONMENT IN OKINAWA FOR ACCEPTING FOREIGN STUDENTS FROM CHINA AND SOUTHEAST ASIAN COUNTRIES.

OKINAWA PREFECTURE HAS REQUESTED THE GOVERNMENT TO "PROMOTE AN INTERNATIONAL CITY FORMULATION CONCEPT" AS ONE OF ITS DEVELOPMENT MEASURES. IN THIS REGARD, OKINAWA PREFECTURE'S GOVERNOR MASAHIRO OTA HAS SAID, "THE REPUBLIC OF KOREA IS GOING TO DEVELOP CHEJU ISLAND INTO A PLACE FOR INTERNATIONAL CONFERENCES IN ASIA." WITH THIS, THE GOVERNOR ALSO HAS EXPRESSED HIS ENTHUSIASM FOR TURNING OKINAWA INTO A HUB FOR INTERNATIONAL EXCHANGES. SO, THE GOVERNMENT ALSO HAS DECIDED ON ITS OWN COURSE OF ACTION TOWARD MAKING EFFORTS TO SHAPE THE PROPOSED CONCEPT WHILE IN CONSIDERATION OF THE PREFECTURE'S INTENTION AS WELL, PARTLY IN ORDER TO OBTAIN OKINAWA PREFECTURE'S COOPERATION ON THE PROBLEM OF U.S. MILITARY BASES.

ARGUMENT FOR ABOLISHING OKINAWA DEVELOPMENT AGENCY COMING FROM LDP (SANKEI - PAGE 3)

AN ARGUMENT CALLING FOR THE ABOLITION OF THE OKINAWA DEVELOPMENT AGENCY HAS EMERGED IN THE RULING CAMP, INTERLINKED WITH THE OKINAWA RECOVERY PACKAGE THAT HAS ACCOMPANIED THE U.S. OKINAWA BASE ISSUE. THIS IS BASED ON THE JUDGMENT THAT AT THE TIME OF THE STUDY AND IMPLEMENTATION OF THE OKINAWA RECOVERY PACKAGE, THE PRESENCE OF THE DEVELOPMENT AGENCY WOULD BE A HINDRANCE AS IT WOULD DUPLICATE SUCH ADMINISTRATION OVER THE PREFECTURE. AN EMINENT RULING-PARTY MEMBER NOTED YESTERDAY: "OKINAWA DEVELOPMENT MEASURES SHOULD BE HANDLED BY A CONSULTATIVE FORUM LINKING THE CENTRAL GOVERNMENT AND THE LOCAL GOVERNMENT. SO THE AGENCY SHOULD BE ABOLISHED." HE THUS REVEALED THAT THE RULING CAMP HAS ALREADY BEGUN LOOKING INTO SPECIFIC APPROACHES.

ACCORDING TO A NUMBER OF RULING-CAMP SOURCES, THE OKINAWA SIDE HAS ALREADY CONVEYED ITS CONCERN TO THE CENTRAL GOVERNMENT: "WE WOULD RATHER DISCUSS OKINAWA DEVELOPMENT MEASURES DIRECTLY WITH THE CENTRAL GOVERNMENT. IF THE DEVELOPMENT AGENCY INTERVENES, IT MIGHT ALTER THE CONTENTS OF THE PACKAGE."

ANOTHER MEMBER POINTED OUT, "IF THE OKINAWA DEVELOPMENT PACKAGE WE ARE NOW LOOKING INTO IS IMPLEMENTED, THE EXISTENCE OF THE DEVELOPMENT AGENCY MIGHT CAUSE DUAL ADMINISTRATION." THE MEMBER CONTINUED, "WE NEED MEASURES THAT REFLECT AND RESPECT OKINAWA'S WILL. SO THE AGENCY IS NO LONGER NECESSARY."

THE OKINAWA DEVELOPMENT AGENCY HAS LONG BEEN REGARDED AS AN "EXTRA ROOF ON A HOUSE" BY SOME POLITICIANS. THERE IS DEEP-SEATED OPINION THAT EVEN IF THE AGENCY IS ABOLISHED, MAPPING OUT OKINAWA MEASURES IS POSSIBLE BY AN CONSULTATIVE FORUM THAT WOULD BE LAUNCHED JOINTLY BY THE PRIME MINISTER'S RESIDENTIAL OFFICE (KANTEI) AND THE PREFECTURAL GOVERNMENT.

SOME IN THE RULING CAMP PREDICT IN TERMS OF ADMINISTRATIVE REFORM: "REALIGNMENT OF GOVERNMENT
UNCLAS SECTION 05 OF 07 TOKYO 007559

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 AUGUST 15

AGENCIES WILL BE A PRIORITY ISSUE IN THE FALL. AND IT SHOULD START WITH THE FATE OF THE OKINAWA DEVELOPMENT AGENCY" (PARTY EXECUTIVE).

GSDF STARTS JOINT TRAINING ON U.S. MAINLAND ON 16TH
(SANKEI - PAGE 1)

THE GROUND SELF-DEFENSE FORCE IS GOING TO HAVE FOUR OF ITS MOST ADVANCED M-90 TANKS PARTICIPATE IN FIRING PRACTICE TO BE CARRIED OUT THIS FALL AT THE YAKIMA RANGE IN THE STATE OF WASHINGTON IN THE U.S. THIS IS THE FIRST TIME FOR JAPAN THROUGHOUT THE PREWAR AND POSTWAR PERIODS TO HAVE ITS TANK FORCE "LAND" IN THE U.S. MAINLAND.

MOREOVER, THE GSDF HAS SO FAR BEEN UNABLE TO CARRY OUT AN ON-THE-RUN MAXIMUM-RANGE LIVE-FIRE DRILL IN JAPAN BECAUSE ITS MANEUVER AREAS AT HOME ARE SMALL, BUT THE GSDF WILL NOW HAVE THE FIRST OPPORTUNITY TO CARRY IT OUT IN THE SIXTH YEAR AFTER ITS FRONTLINE DEPLOYMENT OF THOSE M-90 TANKS STARTED IN 1990.

THE TRAINING IS SCHEDULED TO BE CARRIED OUT FOR A WEEK FROM SEPTEMBER 16 WITH THE PARTICIPATION OF M-90 TANKS AND 24 GUNNERS FROM THE TANK REGIMENT OF THE GSDF'S 7TH DIVISION (HEADQUARTERED IN HOKKAIDO) -- IN ADDITION TO FOUR AH-1S ANTI-TANK HELICOPTERS AND FOUR M-79 ANTI-TANK GUIDED MISSILE SETS.

THE PLANNED LIVE-FIRE EXERCISE IS TO TARGET THE U.S. ARMY'S SCRAPPED TANKS AT A FIRING RANGE OF ABOUT THREE KILOMETERS. IN THAT TRAINING, THE GSDF'S M-90 TEAM WILL FIRE LIVE SHELLS WITH THE USE OF A GUN STABILIZER THAT IS DESIGNED TO CONSTANTLY KEEP THE BARREL OF A GUN TRAINED ON A TARGET IRRESPECTIVE OF THE TANK'S POSITION ON THE RUN.

THE M-90 PROTOTYPE USED TO TEST-FIRE ITS GUN WHILE RUNNING ON A LEVELED GROUND, BUT THE GSDF SAYS IT HAS NEVER EXPERIENCED SUCH LIVE-FIRE TRAINING IN A FIRING RANGE OR A PRACTICE OF FIRING AT ACTUAL TANKS.

IT WILL BE THE FIFTH DISPATCH TO THE U.S. FOR FIRING EXERCISES, BUT THE GSDF HAS NOT DISPATCHED ITS TANK UNIT TO THE U.S. PARTLY BECAUSE OF THE BUDGET AND OTHER REASONS.

ONE OF THE GSDF STAFF OFFICERS PARTICIPATING IN THE EXERCISES SAYS HOPEFULLY, "COMPARED WITH FREQUENT TRAINING IN OUR OWN MANEUVER AREAS AT HOME UNDER MANY RESTRICTIONS, TRAINING THERE -- EVEN JUST ONCE -- WILL BE GREATLY EFFECTIVE."

SHINSHINTO MAY CALL FOR LDP KATOQS RESIGNAATION OVER MONEY SCANDAL (TOKYO SHIMBUN - PAGE 2)

THE SCANDAL INVOLVING LIBERAL DEMOCRATIC PARTY (LDP) SECRETARY GENERAL KOICHI KATO FOR HIS ALLEGED ACCEPTANCE OF ILLEGAL DONATION WAS AGAIN BROUGHT INTO FOCUS YESTERDAY IN THE BITTER WRANGLING BETWEEN THE TWO CAMPS.

SHINSHINTO (NEW FRONTIER PARTY) SECRETARY GENERAL TAKEO

NISHIOKA, IN HIS PRESS MEETING HELD AFTER THE FOUR OFFICERS MEETING YESTERDAY AFTERNOON, AGAIN UNDERLINED SOME PROBLEMATICAL ELEMENTS REGARDING KATO'S CASE. THE SHINSHINTO'S STRATEGY IS TO SHED LIGHT ONCE AGAIN ON KATO'S INVOLVEMENT IN THE MONEY SCANDAL BY FOCUSING ON HIS ABSENCE FROM THE COURT AND HIS "FAILURE TO FIGHT BACK" THE FORMER CHIEF OF KATO'S SUPPORT GROUP IN COURT, RATHER THAN TO DIG DEEPER INTO WHETHER OR NOT KATO ACTUALLY RECEIVED ILLEGAL DONATION FROM THE STEEL-MAKER "KYOWA."

THE SHINSHINTO HAS REACHED A POLICY DECISION TO DEMAND:
1) KATO'S RESIGNATION FROM THE DIET; 2) KATO'S APPEARANCE
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AS A WITNESS AT A LOWER HOUSE FINANCIAL SPECIAL COMMITTEE SESSION; AND 3) KATO'S ATTENDANCE AT A POLITICAL ETHICS COMMITTEE SESSION. THE SHINSHINTO PLANS TO WORK OUT SPECIFICS EARLY NEXT WEEK WHEN THE TERM OF APPEAL EXPIRES. SUCH IS BECAUSE, "IF KATO DECIDES TO BRING AN INTERMEDIATE APPEAL AS HE LEARNS OUR MOVE, OUR PLAN WOULD FALL THROUGH. WE ARE GOING TO DRIVE HIM INTO A TIGHT CORNER WHERE THERE IS NO WAY-OUT" (SENIOR MEMBER).

SHINSHINTO'S REAL GOAL IS TO ROCK THE UNITY OF THE RULING CAMP BY SEIZING UPON KATO, WHO IS A PIVOTAL FIGURE OF THE COALITION.

ANOTHER AIM THAT IS ALSO LOOMING OVER BEHIND THE SHINSHINTO IS TO FUEL THE LDP'S POWER STRUGGLE TOWARD THE LEADERSHIP SHAKE-UP IN SEPTEMBER.

SHINSHINTO SECRETARY GENERAL HINTS AT NO-CONFIDENCE MOTION AGAINST LDP (YOMIURI - PAGE 1)

SHINSHINTO (NEW FRONTIER PARTY) SECRETARY GENERAL NISHIOKA ON THE 14TH GAVE AN INTERVIEW TO A YOMIURI SHIMBUN REPORTER IN THE DIET. ASKED WHETHER THE PARTY WOULD SUBMIT A NO-CONFIDENCE MOTION AGAINST THE HASHIMOTO CABINET IN THE FALL EXTRAORDINARY DIET SESSION, HE REPLIED, "WE ARE PUTTING OUR RESPECTIVE BRAINS TOGETHER IN ORDER TO MOVE TOWARD DIET DISSOLUTION," EMPHASIZING AN APPROACH IN THE EXTRAORDINARY SESSION OF PRESSING FOR DISSOLUTION OF THE DIET AND GENERAL ELECTION, HAVING IN MIND A POSSIBLE SUBMISSION OF A NO-CONFIDENCE RESOLUTION.

THIS WAS THE FIRST TIME FOR A TOP LEADER OF THE SHINSHINTO TO EXPRESS AN OPINION ABOUT SUBMITTING A NO-CONFIDENCE VOTE SINCE THE PARTY RECENTLY RESHUFFLED ITS EXECUTIVE LINEUP.

IN THAT CONNECTION, NISHIOKA COMMENTED ON THE PROBLEM HAVING LOST A DEFAMATION OF CHARACTER LAWSUIT LINKED TO ALLEGATIONS OF ILLEGAL POLITICAL CONTRIBUTIONS: "HIS CHARACTER AS A MEMBER OF PARLIAMENT IS BEING QUESTIONED. THERE IS NO ROOM FOR DEBATE. OF COURSE, HE SHOULD RESIGN." HE INDICATED THAT THE SHINSHINTO WOULD THOROUGHLY PURSUE THE ISSUE OF KATO'S POLITICAL CONTRIBUTION, CENTERING ON THE DEMAND THAT HE QUIT THE DIET.

POLITICAL LEADERS STUMPING IN LOCAL DISTRICTS; NO VACATION THIS YEAR (YOMIURI -PAGE 2)

IN THIS SUMMER HOLIDAY SEASON, WHILE SOME POLITICAL PARTY LEADERS ARE NOW TOURING OVERSEAS, STILL OTHERS HAVE RETURNED TO THEIR HOME CONSTITUENCIES, CONSCIOUS OF THE DISSOLUTION OF THE LOWER HOUSE AND GENERAL ELECTION EXPECTED TO TAKE PLACE LATER THIS YEAR. LIBERAL DEMOCRATIC PARTY SECRETARY GENERAL KATO WENT BACK YAMAGATA PREFECTURE, HIS HOME TOWN, FOR JUST A DAY ON THE 9TH, AND REPORTEDLY, "HE IS NOW ON VACATION IN HAWAII WITH HIS FAMILY" (LDP SECRETARY GENERAL'S OFFICE). POLICY AFFAIRS RESEARCH COUNCIL CHAIRMAN YAMASAKI, HOWEVER, PLANS TO STAY 9 DAYS FROM THE 10TH TO THE 18TH IN HIS HOME DISTRICT IN FUKUOKA PREFECTURE WHERE A SEVERE ELECTION BATTLE IS EXPECTED. EXECUTIVE COUNCIL CHAIRMAN SHIOKAWA ALSO IS DEVOTING MOST OF HIS TIME TO A STUMPING TOUR, EXCEPT FOR A TRIP IN JAPAN FOR TWO NIGHTS AND THREE DAYS WITH HIS EIGHT GRANDCHILDREN. IN CONTRAST, FORMER PRIME MINISTERS NAKASONE, TAKESHITA, AND MIYAZAWA ARE NOW ENJOYING THEIR RESPECTIVE SUMMER HOLIDAYS IN KARUIZAWA OR LAKE KAWAGUCHI.

SOCIAL DEMOCRATIC PARTY HEAD MURAYAMA WILL SPEND FIVE DAYS FROM THE 16TH IN HIS HOME CONSTITUENCY IN OITA PREFECTURE. SECRETARY GENERAL SATO PLANS TO SPEND THE SUMMER HOLIDAYS ON A TRIP WITH HIS FAMILY, PAUSING FOR A STUMPING TOUR IN HIS HOME CONSTITUENCY.
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SAKIGAKE PARTY REPRESENTATIVE TAKEMURA IS NOW VISITING CHINA FROM THE 12 TO 19TH. AFTER THAT, HE WILL BE BUSY WITH COORDINATION WORK IN THE PARTY IN ORDER TO PUT AN END TO THE ISSUE OF FORMING A NEW PARTY.

MEANWHILE, SHINSHINTO (NEW FRONTIER PARTY) PRESIDENT OZAWA, WHO SHOOK UP THE PARTY LEADERSHIP ON THE 8TH, IS LIKELY TO STRENGTHEN HIS EFFORTS TO SUPPORT CANDIDATES-TO-BE FOR THE NEXT LOWER-HOUSE ELECTION IN VARIOUS CONSTITUENCIES. ON AUGUST 28, HE WILL HOLD A SPEECH RALLY WITH FORMER PRIME MINISTERS HOSOKAWA, HATA AND KAIFU. SECRETARY GENERAL NISHIOKA REPORTEDLY WILL WORK THROUGH THE SUMMER HOLIDAYS ON PARTY AFFAIRS. FORMER PRIME MINISTER HATA IS NOW TOURING SWITZERLAND AND ROMANIA, INCLUDING DELIVERING SPEECHES, UNTIL THE 18TH. FORMER PRIME MINISTER HOSOKAWA RETURNS TO KUMAMOTO PREFECTURE, HIS HOME CONSTITUENCY, ON WEEKENDS AND SPENDS THE REST OF HIS TIME IN KARUIZAWA RELAXING.

JAPANESE COMMUNIST PARTY CHAIRMAN FUWA WILL BE DEVOTING TIME TO WRITING AN ARTICLE, IN ADDITION TO CLIMBING IN THE NORTHERN JAPAN ALPS. CRANE

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