

Withdrawal/Redaction Sheet

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. cable	Re: Okinawa Base Issues: (5 pages)	08/22/1996	P1/b(1)
002. cable	Re: Japan-U.S./Okinawa Base Issues (5 pages)	08/26/1996	P1/b(1)
003. cable	Re: Digest Executive Edition (12 pages)	08/27/1996	P1/b(1)
004. cable	Re: Japan Defense Agency (3 pages)	08/28/1996	P1/b(1)
005. cable	Re: Japan-U.S./Okinawa Base Issues (7 pages)	08/28/1996	P1/b(1)
006. cable	Re: Digest Executive Edition (13 pages)	08/30/1996	P1/b(1)

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[08/22/1996 - 08/30/1996]

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RESTRICTION CODES

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

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

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- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

Cable

PREC: IMMEDIATE

CLASS: UNCLASSIFIED

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LINE2: ZNR UUUUU ZZH

LINE3: O 220135Z AUG 96

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TO: RUEHC/SECSTATE WASHDC IMMEDIATE 6312
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INFO: RHHMHAH/CINCPACFLT PEARL HARBOR HI//N5//
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RUEBBEA/USDOT WASHDC

SUBJ: JAPANESE MORNING PRESS HIGHLIGHTS AUGUST 22

TEXT:

UNCLAS SECTION 01 OF 07 TOKYO 007759

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 22

TOP HEADLINES:

ASAHI: UNTREATED BLOOD PRODUCTS GIVEN TO PATIENTS OTHER
THAN HEMOPHILIACS; HEALTH AND WELFARE MINISTRY TO UNVEIL
LIST OF HOSPITALS NEXT MONTH; 500 - 600 MEDICAL
INSTITUTIONS COVERED

NIHON KEIZAI: VENTURE FIRM JAPAN TELECOMMUNICATIONS TO RE-
SELL PORTABLE PHONE CIRCUITS TO CORPORATIONS; FOR
ENRICHMENT OF SERVICES AT SAME PRICES AS THOSE RIGHT NOW;
A VARIETY OF FORMS OF BILLING

TOKYO SHIMBUN: GREEN CROSS MANAGEMENT QUESTIONED BY OSAKA DISTRICT PUBLIC PROSECUTORS' OFFICE ON DRUG-RELATED AIDS PROBLEM; FORMER CHAIRMAN IN RESEARCH SECTOR HAD POINTED OUT DANGER OF BLOOD PRODUCTS

MAINICHI: SAKIGAKE PARTY AS A WHOLE TO FORM A NEW PARTY; NO OBJECTION FROM HATOYAMA; AGREEMENT REACHED IN EMERGENCY EXECUTIVES MEETING (ARTICLE IN ENGLISH ED.)

YOMIURI: AGRICULTURE, FORESTRY AND FISHERIES MINISTRY TO ADOPT U.S. SYSTEM WITH DETAILED GUIDELINES FOR PRODUCTION OF FOODS; THOROUGH PREVENTION MEASURES AGAINST BACTERIA (ARTICLE IN ENGLISH ED.)

SANKEI: HATOYAMA-LED NEW PARTY TO BE ESTABLISHED NEXT MONTH IN THE FORM OF INDIVIDUALS PARTICIPATING IN IT;

TAKING OVER OF SAKIGAKE DENIED IN SECRET MEETING (TRANSLATION BELOW)

LDP SECRETARY GENERAL KATO TO OKINAWA ON 24TH TO QLISTENQ TO THE PEOPLE (ASAHI - PAGE 2)

IN AN EFFORT TO BRING TO SETTLEMENT THE PROBLEM OF UNITED STATES BASES ON OKINAWA, LIBERAL DEMOCRATIC PARTY (LDP) SECRETARY GENERAL KOICHI KATO WILL VISIT OKINAWA PREFECTURE ON THE 24TH TO MEET GOVERNOR MASAHIDE OTA, BUT THE PARTY'S POLICY COURSE IS TO PUT ITS HEART AND SOUL INTO LISTENING CAREFULLY TO OKINAWA'S REQUESTS WHILE AVOIDING MAKING AN IMPRESSION OF THE LDP VISITING THE PREFECTURE WITH "A PRESENT" CALLED A PROMOTION PACKAGE FORMULATED WITH THE LDP'S INITIATIVE. LYING BEHIND THIS IS CONSIDERATION FOR A POSSIBLE DISCORD IN THE RULING COALITION IF THE ONLY THE LDP STANDS OUT IN DEALING WITH THE PROBLEM. IN ADDITION, THERE SEEMS TO BE THE AIM OF PUSHING IN A PRUDENT MANNER FOR PAVING THE WAY AFTER THE SUPREME COURT GIVES A RULING ON THE PROXY-SIGNING LAWSUIT ON AUGUST 28 SO THAT IT WILL BECOME EASIER TO ELICIT A FLEXIBLE POSTURE FROM THE PREFECTURAL SIDE.

REGARDING THE PLANNED CONFERENCE WITH GOVERNOR OTA, KATO STRESSED IN A MEETING YESTERDAY OF THE PARTY SPECIAL RESEARCH COUNCIL THAT IS CONSIDERING PROMOTIONAL MEASURES FOR OKINAWA: "I WOULD LIKE TO GIVE THE FIRST PRIORITY TO LISTENING TO WHAT THE PREFECTURAL SIDE DESIRES INSTEAD OF THINKING ABOUT SUCH A THING IN TOKYO." AT THE SAME TIME, STATING, "I ALSO WISH TO EXERT MYSELF WITH SCRUPULOUS CARE TO TAKE A CONCERTED ACTION, AVOIDING CAUSING THE THREE RULING PARTIES TO COMPETE WITH ONE ANOTHER OVER THE DEVELOPMENT PACKAGE," HE INDICATED HIS DESIRE TO MAKE EFFORTS SO THAT THE MEETING BETWEEN THE LDP AND GOVERNOR OTA WILL NOT BRING ABOUT A SOURCE OF DISCORD IN THE RULING PARTIES.

AT FIRST, THE LDP IN DEALING WITH THE OKINAWA PROBLEM STATED: "BY SHOWING THE PARTY'S IDENTITY, WE WANT TO YIELD GOOD RESULTS" (SENIOR MEMBER OF THE LDP OKINAWA

CHAPTER). IN JULY, THE PARTY SENT DEPUTY SECRETARY GENERAL HIROMU NONAKA AS AN "ADVANCE TEAM" PRIOR TO KATO'S TRIP TO THE PREFECTURE AND LISTENED TO DESIRES FROM BUSINESS LEADERS. BUT THIS NOTICEABLE ACTION BY THE LDP IRRITATED THE SOCIAL DEMOCRATIC PARTY (SDP), WHICH UNCLAS SECTION 02 OF 07 TOKYO 007759

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 22

WANTS TO DISPLAY ITS OWN POLICY FEATURES.

IF THE OKINAWA PROBLEM CAUSES A SPLIT IN THE RULING CAMP, AND IF THE LOWER HOUSE IS DISSOLVED AND A GENERAL ELECTION SET WITH THAT PROBLEM AS A POINT AT ISSUE IN THE ELECTION CAMPAIGN, A WORST CASE SCENARIO MIGHT COME TRUE THAT "IT WOULD BECOME DOUBTFUL THAT THE COALITION GOVERNMENT OF THE LDP, THE SDP AND THE SAKIGAKE PARTY COULD BE MAINTAINED" (SENIOR LDP MEMBER). PRIME MINISTER RYUTARO HASHIMOTO IN HIS TALKS WITH KATO AND LDP POLICY AFFAIRS RESEARCH COUNCIL CHAIRMAN TAKU YAMASAKI ON THE 19TH, HE INSTRUCTED THEM TO MOVE AHEAD WITH THE COORDINATION WORK IN COMPLETE UNISON WITH THE GOVERNMENT AND THE RULING CAMP. ON THE 23RD, THE EVE OF KATO'S DEPARTURE FOR OKINAWA, SECRETARIES GENERAL AND POLICY-MAKERS OF THE THREE RULING PARTIES ARE TO DISCUSS (OKINAWA) PROMOTION MEASURES FOR THE PURPOSE OF HIGHLIGHTING A "UNITY OF THE RULING CAMP" (SENIOR LDP MEMBER).

THE LDP'S SCENARIO IS: AFTER THE MEETING BETWEEN KATO AND GOVERNOR OTA, THE THREE RULING PARTIES WILL BEGIN TO FORGE A PROMOTIONAL PACKAGE, AND EFFORTS WILL BE MADE TO PAVE THE WAY SO THAT THE PREFECTURAL SIDE CAN OPT FOR FLEXIBILITY IN DEALING WITH THE LAND EXPROPRIATION ISSUE. THEN, AFTER THE SUPREME COURT RULES ON THE 28TH AND THE PREFECTURAL REFERENDUM SET FOR SEPTEMBER 8 IS OVER, AN OUTLINE OF THE DEVELOPMENT PACKAGE WILL BE REVEALED IN A CONFERENCE BETWEEN PRIME MINISTER HASHIMOTO AND GOVERNOR OTA ON SEPTEMBER 10.

BUT SINCE KATO'S TRIP TO OKINAWA IS TO BE MADE JUST BEFORE THE SUPREME COURT'S RULING IS HANDED DOWN, SOME IN THE SDP EXPRESS CONCERN THAT "HIS TRIP MIGHT IRRITATE OKINAWAN SIDE NEEDLESSLY." IN THE MEETING OF THE LDP SPECIAL RESEARCH COUNCIL THAT DAY, TOO, SOME GAVE A WARNING, NOTING: "GOING AT THIS TIME, YOU SHOULD PAY ATTENTION TO NEGATIVE ASPECTS OF YOUR TRIP."

OKINAWA MAYORS WRITE LETTER TO GOVERNMENT PROTESTING
HELIPORT MOVE TO KADENA AIR BASE (MAINICHI - PAGE 3)

ON THE QUESTION OF CONSTRUCTION OF AN ALTERNATE HELIPORT
FOLLOWING THE REVERSION OF THE HELIPORT OF FUTENMA AIR
STATION OF THE UNITED STATES MILITARY FACILITIES IN
OKINAWA, THE HEADS OF OKINAWA CITY, KADENA TOWN, HOKUTAN
TOWN, THE ADJACENT AREAS TO KADENA AIR BASE, A CANDIDATE
SIDE FOR RELOCATION, YESTERDAY CALLED ON CENTRAL
GOVERNMENT OFFICIALS INCLUDING DEPUTY CHIEF CABINET
SECRETARY SADAJIRO FURUKAWA AND DEFENSE FACILITIES
ADMINISTRATION AGENCY DIRECTOR GENERAL MASUO MORODOMI IN
SUCCESSION. THEY EXPRESSED THEIR VIEW THAT: "WE WILL
ADAMANTLY OPPOSE RELOCATION TO KADENA." THE GOVERNMENT,
HOWEVER, HAS PRESENTED THE REALIGNMENT PLAN TO THE UNITED
STATES GOVERNMENT THAT "THE PLAN WILL BE ACCEPTED BY THE
LOCALS." NOW THAT NEGOTIATION WITH THE U.S. IS ROUGH
GOING, IN ADDITION TO STRONG OPPOSITION FROM THE LOCALS,
THE IDEA OF CONSTRUCTING AN ALTERNATE HELIPORT WILL
LIKELY RUN AGROUND.

THOSE WHO CALLED ON THE GOVERNMENT OFFICIALS WERE MAYOR
SHUSEI ARAKAWA OF OKINAWA CITY, KADENA TOWN HEADMAN
MIYAGI, HOKUTAN TOWN HEADMAN'S ASSISTANT HIGA AND OTHERS.
MAYOR ARAKAWA AND OTHERS REMARKED: "FOR 51 YEARS AFTER
THE END OF WORLD WAR II, WE HAVE BEEN SUFFERING DAMAGE
FROM THE BASES. THE THREE LOCAL GOVERNMENTS AS A
COMMUNITY BOUND TOGETHER BY COMMON FATE WILL BLOCK
RELOCATION (OF THE HELIPORT OF FUTENMA AIR STATION) TO
KADENA AIR BASE."

TOWARD THIS, DIRECTOR GENERAL MORODOMI REPLIED: "THE
PROPOSAL OF SHIFTING THE HELIPORT TO KADENA AIR BASE IS
JUST ONE VIEW. WE WILL LOOK INTO THE ISSUE BASED ON THE
OPINIONS OF THE LOCAL RESIDENTS."

UNCLAS SECTION 03 OF 07 TOKYO 007759

USIA

FOR: USIA D/P, I/GEA, I/RF, I/RFW, EA, RMR; STATE FOR
EAR/J; STATE PASS TO USTR/PUBLIC AFFAIRS OFFICE; CIA
WASHDC; SECDEF FOR JCS/J-5/JAPAN, OASD/ISA/EAPR/JAPAN;
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SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS AUGUST 22

LDP MOVES TO REVISE SOFA ON U.S. MILITARYQS COMPENSATION
FOR AUTO ACCIDENTS (MAINICHI - PAGE 3)

THE LIBERAL DEMOCRATIC PARTY (LDP) YESTERDAY HELD A
MEETING OF THE "SPECIAL COUNCIL FOR PROMOTION
COUNTERMEASURES OF OKINAWA PREFECTURE" (CHAired BY

SECRETARY GENERAL KOICHI KATO) AT THE PARTY HEADQUARTERS. THE MEETING HAS APPROVED PROMOTIONAL EFFORTS TO REVISE AN ITEM IN THE JAPAN-U.S. STATUS OF FORCES AGREEMENT (SOFA) IN ORDER TO HAVE THE JAPANESE GOVERNMENT (TEMPORARILY) PAY COMPENSATION ON BEHALF OF U.S. SERVICEMEN WHEN THEY CAUSE CAR ACCIDENTS.

OKINAWA PREFECTURAL POLL: 71.2 PERCENT PLAN TO VOTE IN REFERENDUM (MAINICHI - PAGE 1)

THE RESULTS OF A QUESTIONNAIRE SURVEY OF 2,000 OKINAWANS REGARDING THE SEPTEMBER 8 REFERENDUM ON THE OKINAWA BASE PROBLEM WERE RELEASED ON THE 21ST. THE SURVEY FOUND THAT MORE THAN 80 PERCENT OF THE RESPONDENTS WERE AWARE OF THE REFERENDUM AND THAT MORE THAN 70 PERCENT REPLIED, "I WILL VOTE." ACCORDING TO THE OKINAWA REFERENDUM PROMOTION OFFICE, "WHILE THE SURVEY FOUND THAT MANY CITIZENS ARE AWARE OF THE REFERENDUM, THERE WAS A HIGH RATE OF THOSE WHO WERE UNFAMILIAR WITH ITS DETAILS."

AS FOR THE RATE OF THOSE WHO WERE AWARE OF THE REFERENDUM, 55.2 PERCENT OF THE RESPONDENTS SAID, "I AM VERY FAMILIAR WITH IT," AND 32.5 PERCENT ANSWERED, "I AM AWARE OF IT BUT DO NOT KNOW MUCH ABOUT THE DETAILS." WITH BOTH ADDED, THE RATE REACHED 87.7 PERCENT, WHEREAS THOSE WHO "DID NOT KNOW" ACCOUNTED FOR 12.3 PERCENT.

IN REPLY TO THE QUESTION "DO YOU INTEND TO VOTE?", 71.2 PERCENT OF THE RESPONDENTS SAID "YES," INDICATING THAT A HIGH TURN-OUT RATE CAN BE EXPECTED.

BREAKING DOWN OF THOSE WHO REPLIED "YES" INTO MEN AND WOMEN, THE TALLY WAS 75.9 PERCENT AND 66.9 PERCENT, RESPECTIVELY. IN THE BREAKDOWN BY AGE GROUP, THOSE IN THEIR 20'S HAD THE LOWEST RATE OF 59.2 PERCENT. OTHER AGE BRACKETS ACCOUNTED FOR 72 TO 77 PERCENT.

INTER-MINISTRY COORDINATION TO START ON OKINAWA DEVELOPMENT PACKAGE (YOMIURI - PAGE 3)

THE GOVERNMENT YESTERDAY STARTED A FULL-FLEDGED STUDY OF MEASURES TO DEVELOP OKINAWA, SUCH AS IMPROVING AND STRENGTHENING THE FREE TRADE ZONE, AS REQUESTED BY OKINAWA PREFECTURE. THE CABINET COUNCILORS' OFFICE ON INTERNAL AFFAIRS HAS INSTRUCTED RELEVANT GOVERNMENT AGENCIES TO LOOK INTO THE REPORT "DEREGULATION AND INDUSTRIAL DEVELOPMENT MEASURES," COMPILED BY OKINAWA, WHICH INCLUDES A LIGHTENING OF THE CORPORATE TAX LOAD AND THE INTRODUCTION OF A NO-VISA SYSTEM. A MEETING OF BUREAU DIRECTORS' GENERAL OF RELEVANT GOVERNMENT AGENCIES, SUCH AS THE FOREIGN AND FINANCE MINISTRIES, WILL BE CHAIRED BY TEIJIRO FURUKAWA, DEPUTY CHIEF CABINET SECRETARY, ON THE 26TH AT THE EARLIEST TO HEAR PROGRESS IN THE STUDY.

OKINAWA'S REQUEST CONSISTS OF THE FOLLOWING FIVE ITEMS:
(1) REDUCTION OF CORPORATE TAXES AND IMPROVEMENT AND STRENGTHENING OF THE CURRENT FREE-TRADE ZONE BY

ESTABLISHING A "SPECIAL ECONOMIC DISTRICT" THROUGH THE INTRODUCTION OF AN INDEPENDENT TARIFF SYSTEM, THE AIM BEING TO CREATE LAND PLOTS FOR CORPORATE USE; AND (2) CONSTRUCT (INFRASTRUCTURE) THAT WOULD PROMOTE INTERNATIONAL TOURISM AND RESORT DEVELOPMENT, INCLUDING THE INTRODUCTION OF A NO-VISA SYSTEM AND THE LOWERING OF AIR FARES FOR THE NAHA ROUTE.

LIFE INSURANCE ASSOCIATION CHAIRMAN BLASTS U.S. PROPOSAL
UNCLAS SECTION 04 OF 07 TOKYO 007759

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 22

IN INSURANCE TALKS (NIHON KEIZAI - PAGE 7)

IN THE ONGOING JAPAN-UNITED STATES INSURANCE TALKS, THE U. S. GOVERNMENT HAS REQUESTED THAT LIFE INSURERS' PARTICIPATION IN THE ACCIDENT INSURANCE MARKET THROUGH NON-LIFE INSURANCE SUBSIDIARIES BE POSTPONED FOR SIX YEARS. IN RESPONSE TO THE REQUEST, KENJI HATA, THE CHAIRMAN OF THE LIFE INSURANCE ASSOCIATION OF JAPAN, TOLD A REPORTER OF THE NIHON KEIZAI SHIMBUN, "THE U.S. PROPOSAL IS OUT OF THE QUESTION. WE CANNOT GIVE WAY ON OUR PLAN TO ENTER THAT MARKET BEFORE THE END OF THE YEAR." REFERRING TO THE U.S. GOVERNMENT'S BRANDISHING THE THREAT OF SANCTIONS IN CASE THE NEGOTIATIONS FALL THROUGH, HE STRESSED, "AN EASY AGREEMENT SHOULD BE AVOIDED. WE ARE NOT AFRAID OF THE U.S. ISSUING SANCTIONS AGAINST THE LIFE INSURANCE INDUSTRY."

CHAIRMAN HATA POINTED OUT THAT THE U.S. GOVERNMENT'S PROPOSAL "REFLECTS THE ARROGANT EGOISM OF ONE COMPANY, AIG, WHICH IS EARNING PROFITS IN THE NON-LIFE INSURANCE SECTOR. IT IS NOT THE CONSENSUS OF THE U.S. INDUSTRY AS A WHOLE." HE ONCE AGAIN SHOWED THE INTENTION TO ASK THE JAPANESE GOVERNMENT TO IMMEDIATELY GRANT APPROVAL FOR THEIR MARKET ENTRY AND NOTED, "POSTPONING OUR MARKET ENTRY GOES AGAINST THE INSURANCE BUSINESS LAW, UNDER WHICH MUTUAL MARKET ENTRY HAS BEEN ALLOWED."

IN ADDITION, HE INDICATED A STANCE OF OBJECTING TO DEREGULATION OF NON-LIFE INSURANCE, SUCH AS LIBERALIZATION OF THE ADOPTION OF THE MAIL-ORDER SYSTEM FOR AUTO INSURANCE, AS REQUESTED BY THE U.S. SIDE, REMARKING, "THERE IS A POSSIBILITY OF SUCH A SYSTEM BREAKING DOWN THE INSURANCE PREMIUMS CALCULATION COMMITTEE (SANTEIKAI) SYSTEM, WHICH WILL IN TURN LEAD TO

A RISE IN INSURANCE PREMIUMS FOR SUBSCRIBERS WHO ARE PRONE TO CAUSE ACCIDENTS." HE ALSO STATED, "WE HEARD THAT THE U.S. HAS ASKED FOR THE MAINTENANCE OF THE SANTEIKAI SYSTEM IN THE ACCIDENT INSURANCE SECTOR. IF THAT IS SO, ITS ASSERTION IS INCONSISTENT."

JAPANESE SIDE PERPLEXED BY U.S. AUTOMAKERS CALL ON USTR TO PUT JAPAN ON WATCH LIST (NIHON KEIZAI - PAGE 11)

THE JAPANESE AND THE UNITED STATES AUTOMOBILE INDUSTRIES WERE ENJOYING A COOPERATIVE RELATIONSHIP FOR A WHILE, BUT A COLD WIND HAS BEGUN TO BLOW BETWEEN THEM. THE AMERICAN AUTOMOBILE MANUFACTURERS ASSOCIATION(AAMA) REQUESTED THE UNITED STATES TRADE REPRESENTATIVE (USTR) TO PUT JAPAN'S AUTOMOBILE INDUSTRY ON ITS WATCH LIST FOR LAUNCHING INVESTIGATIONS BASED ON SUPER 301 OF THE U.S. OMNIBUS TRADE ACT. JAPANESE MANUFACTURERS AND THE MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY (MITI) ARE NOW PERPLEXED, TOYOTA MOTORS PRESIDENT OKUDA REMARKING "WE HAVE HAD NO PROBLEMS." UNDER THE SITUATION WHERE THE CURRENT YEN DEPRECIATION MIGHT UNDERMINE THE EXPORT COMPETITIVENESS OF THE U.S. BIG THREE AUTOMAKERS, THE JAPAN-U.S. AUTOMOBILE ISSUE MAY BE ENTANGLED IN POLITICS AGAIN JUST BEFORE A FOLLOW-UP MEETING BASED ON THE BILATERAL AUTOMOBILE AGREEMENT IN MID-SEPTEMBER.

ACCORDING THE AAMA, THE BIG THREE CONCLUDED CONTRACTS WITH 106 OUTLETS FOR SALES IN THE JAPANESE MARKET AFTER JAPAN AND THE U.S. REACHED AGREEMENT IN LATE JUNE OF LAST YEAR. NO NUMERICAL TARGET WAS INCLUDED IN THE JAPAN-U.S. ACCORD, BUT THE U.S. SIDE UNILATERALLY SET THE GOAL OF "INCREASING THE NUMBER BY 200 BY THE END OF 1996." AT THE PRESENT RATE, IT SEEMS TO BE DIFFICULT TO REACH THE GOAL. BASED ON SUCH A JUDGMENT, THE AAMA FILED THE REQUEST.

JAPANESE COMPANIES ARE BEWILDERED. A TOYOTA MOTORS EXECUTIVE STATED, "U.S. MANUFACTURERS HAVE EXPRESSED UNTIL VERY RECENTLY THEIR SATISFACTION WITH THE STATE OF THE JAPANESE MARKET." HE POINTED OUT AS THE REASON FOR UNCLAS SECTION 05 OF 07 TOKYO 007759

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SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS AUGUST 22

THE SLOW INCREASE IN THE BIG THREE'S NEW OUTLETS IN JAPAN "A LACK OF THEIR EFFORTS, COMPARED WITH EUROPEAN MANUFACTURERS." MITI OFFICIALS HAVE ALSO EXPRESSED

DISPLEASURE.

MANY TAKE A COOL VIEW TOWARD THE U.S. MOVE, A MAJOR MANUFACTURER EXECUTIVE SAYING, "THE U.S. AIM IS TO IMPOSE PRESSURE ON JAPAN, BEARING IN MIND THE GOVERNMENT-LEVEL FOLLOW-UP MEETING AND THE U.S. PRESIDENTIAL ELECTION."

THE EUROPEAN UNION (EU), WHICH HARBORS DISCONTENT WITH THE AGREEMENT BETWEEN JAPAN AND THE U.S., WILL ALSO PARTICIPATE IN THE SEPTEMBER FOLLOW-UP MEETING IN THE U.S. AS AN OBSERVER. THE JAPANESE GOVERNMENT HAS ALSO FILED A COMPLAINT WITH THE WORLD TRADE ORGANIZATION (WTO) AGAINST BRAZIL FOR ITS AUTOMOBILE POLICY APPROACH. THE CURRENT GENERAL TREND "AUTO ISSUES SHOULD BE DISCUSSED IN A (MULTILATERAL) LARGE LEAGUE" (HONDA MOTORS PRESIDENT KAWAMOTO). DESPITE SUCH A TREND, THE U.S. INDUSTRY'S MOVE, BETRAYING JAPAN'S BELIEF OF THEIR BEING IN A FRIENDLY RELATIONSHIP, IS SOMEWHAT OF AN ATTACK AGAINST THE JAPANESE AUTOMOBILE MARKET, GOING OVER THEIR HEADS.

LDP SECRETARY GENERAL KATO LIKELY TO APPEAR BEFORE ETHICS COMMITTEE ON MONEY ISSUE (ASAHI - PAGE 1)

LIBERAL DEMOCRATIC PARTY (LDP) SECRETARY GENERAL KOICHI KATO MADE UP HIS MIND ON THE 21ST TO APPEAR AND TESTIFY BEFORE THE LOWER HOUSE'S POLITICAL ETHICS EXAMINING COMMITTEE (SEIJI RINRI SHINSAKAI), THE CONVENING OF WHICH HAS BEEN REQUESTED BY THE SHINSHINTO (NEW FRONTIER PARTY), IN CONNECTION WITH HIS ALLEGED RECEIPT OF A SECRET CONTRIBUTION OF 10 MILLION YEN FROM THE (NOW DEFUNCT) IRON PROCESSING COMPANY, KYOWA. HE HAS TRANSMITTED THAT INTENTION TO THE LEADERSHIP OF THE THREE RULING PARTIES. ETHICS COMMITTEES WERE ESTABLISHED IN 1985 IN THE LOWER AND UPPER HOUSES, BUT UNTIL NOW NEITHER HAS EVER MET, SO IF THE COALITION PARTIES AGREE, IT WOULD BE THE FIRST TIME FOR SUCH A PANEL TO BE CONVENED.

SECRET UNDERSTANDING TO LAUNCH NEW HATOYAMA PARTY NEXT MONTH' (SANKEI - TOP PLAY)

IT WAS REVEALED YESTERDAY THAT SAKIGAKE PARTY SECRETARY GENERAL YUKIO HATOYAMA AND OTHER MEMBERS WILL LAUNCH A NEW PARTY IN EARLY SEPTEMBER. EARLIER, IN KARUIZAWA, NAGANO PREFECTURE, HATOYAMA MET SECRETLY WITH MEMBERS OF SUCH PARTIES AS THE SHINSHINTO (NEW FRONTIER PARTY), SOCIAL DEMOCRATIC PARTY (SDP), AND THE SHIMIN LEAGUE. IN IT, THEY RENOUNCED LAUNCHING A NEW PARTY AS AN EXTENSION OF THE SAKIGAKE PARTY, AN OPTION THAT HAS SUDDENLY SURFACED IN THE SAKIGAKE. INSTEAD, THEY AGREED TO AIM AT A NEW PARTY ON AN INDIVIDUAL BASIS TRANSCENDING THE EXISTING PARTY BOUNDARIES, AND HATOYAMA HIMSELF WOULD BOLT THE SAKIGAKE PARTY. REGARDLESS OF THE SCALE OF THE NEW PARTY AT THE INITIAL STAGE, THE NUMBER OF MEMBERS JOINING IT IS EXPECTED TO SWELL, ALL WITH THEIR EYES ON THE NEXT GENERAL ELECTION. IT IS CERTAIN THAT THE NEW PARTY WOULD HAVE A DEFINITE EFFECT ON PRIME MINISTER HASHIMOTO'S POLITICAL MANAGEMENT.

THE SECRET MEETING TOOK PLACE LATE ON AUGUST 17, ACCORDING TO AN INFORMED SOURCE. BESIDES HATOYAMA, THOSE PARTICIPATING IN THE SESSION INCLUDED FORMER EDUCATION MINISTER KUNIO HATOYAMA, YUKIO HATOYAMA'S YOUNGER BROTHER; FORMER SDP SECRETARY GENERAL HIROTAKA AKAMATSU OF THE "SOSHIKAI"; LOWER-HOUSE MEMBER AKIHIRO OHATA OF THE "LIBERAL 96"; BANRI KAIEDA OF THE SHIMIN LEAGUE; LOWER-HOUSE MEMBER SUSUMU YANASE; AND FORMER HOKKAIDO GOVERNOR TAKAHIRO YOKOMICHI.

THE KARUIZAWA SESSION WAS HELD IN REACTION TO A SET OF CONDITIONS PRESENTED A DAY EARLIER, ON AUGUST 16TH, BY ECONOMIC PLANNING AGENCY DIRECTOR GENERAL SHUSEI TANAKA UNCLAS SECTION 06 OF 07 TOKYO 007759

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 22

OF THE SAKIGAKE PARTY IN AN EFFORT TO BRIDGE THE PERCEPTION GAP BETWEEN LEADER MASAYOSHI TAKEMURA AND YUKIO HATOYAMA REGARDING THE NEW-PARTY SCHEME.

THE CONDITIONS PRESENTED BY TANAKA WERE:

1. THE NEW PARTY SHOULD ESTABLISH AN ADMINISTRATIVE REFORM INITIATIVE;
2. AGREEMENT SHOULD BE REACHED BETWEEN TAKEMURA AND HATOYAMA;
3. ACCORD SHOULD BE ACHIEVED IN THE SAKIGAKE PARTY; AND
4. THE NEW PARTY SHOULD DEVELOP AND CARRY ON THE SAKIGAKE'S VISION

BUT AN OPINION IS DEEP-SEATED AMONG THOSE WHO ATTENDED THE KARUIZAWA SESSION THAT SUCH CONDITIONS AS REACHING AGREEMENT IN THE SAKIGAKE PARTY AND CARRYING ON THE SAKIGAKE VISION WOULD CONTRADICT THEIR GOAL OF "RALLYING TOGETHER LIKE-MINDED MEMBERS AT THEIR OWN INITIATIVE" (HATOYAMA). AS A RESULT, THEY REACHED ACCORD THAT "THE NEW PARTY SHOULD BE FORMED ON AN INDIVIDUAL BASIS" (INFORMED SOURCE).

IN THIS CONNECTION, HATOYAMA, LATE YESTERDAY NOTED TO THE PRESS IN YAKAGE TOWN, OKAYAMA PREFECTURE, WHERE HE IS STAYING: "MEETING THE FOUR CONDITIONS (PRESENTED BY TANAKA) IS DIFFICULT."

HAToyAMA HAS FIRMed UP HIS INTENTION TO BOLT THE SAKIGAKE PARTY EARLY IN SEPTEMBER AS A PRECONDITION TO FORM A NEW PARTY ON AN VOLUNTARY BASIS. OTHER MEMBERS WHO ATTENDED THE KARUIZAWA SESSION WOULD FOLLOW SUIT AND LEAVE THEIR RESPECTIVE PARTIES TO LAUNCH A NEW PARTY IMMEDIATELY. THEY ALSO DECIDED TO TAKE A "MULTIPLE-STAGE APPROACH" TO ALLOW MEMBERS TO JOIN THE NEW PARTY WHEN THEY ARE READY, SUCH AS "SIMULTANEOUSLY AT THE TIME OF THE ESTABLISHMENT OF THE NEW PARTY," AND "SHORTLY BEFORE THE NEXT GENERAL ELECTION."

HAToyAMA FINDS SELF ISOLATED IN SAKIGAKE PARTY
(NIHON KEIZAI - PAGE 2)

THE SAKIGAKE PARTY'S LEADERS, SUCH AS PARTY REPRESENTATIVE MASAYOSHI TAKEMURA AND SECRETARY GENERAL YUKIO HAToyAMA, HELD AN EXECUTIVES MEETING ON THE 19TH AND 20TH. TAKEMURA AND ALL OTHER EXECUTIVES EXCEPT FOR HAToyAMA CONCERTEDLY PRESSED HAToyAMA TO COME INTO LINE WITH THEM ON A PLAN TO REORGANIZE THE WHOLE SAKIGAKE INTO A NEW PARTY WITHIN SEPTEMBER. ALL THIS WAS REVEALED ON THE 21ST. ON THE NIGHT OF THE 21ST, HAToyAMA, WHO HAS INSISTED ON CREATING A NEW PARTY THAT WILL BE JOINED BY INDIVIDUALS, SAID TO THE REPORTERS AT YAKAGE TOWN IN OKAYAMA PREFECTURE: "IT IS HARD TO ACCEPT (SUCH A PLAN)." OVER THE CREATING OF A NEW PARTY, HAToyAMA HAS BEEN INCREASINGLY ISOLATED IN THE SAKIGAKE, AND BEFORE LONG, HE WILL LIKELY BE PRESSED TO MAKE A DIFFICULT CHOICE, INCLUDING THE POSSIBILITY OF HIS LEAVING THE PARTY.

PARTICIPATING IN THE EXECUTIVES MEETING HELD ON THE 19TH AND 20TH WERE DEPUTY REPRESENTATIVE HIROYUKI SONODA, ECONOMIC PLANNING AGENCY DIRECTOR GENERAL SHUSEI TANAKA (DEPUTY REPRESENTATIVE), HEALTH AND WELFARE MINISTER NAOTO KAN AND OTHERS. KAN STRESSED (THE NEED) FOR THE ENTIRE SAKIGAKE TO SHIFT INTO A NEW PARTY, REASONING: "IF THE SAKIGAKE PARTY IS SPLIT, THAT WILL RESULT IN CREATING TWO THIRD-FORCE PARTIES (EXCLUDING THE LDP AND THE SHINSHINTO (NEW FRONTIER PARTY))." UNTIL THEN TANAKA HAD ADOPTED A CAUTIOUS STANCE TOWARD A CONCEPT OF FORMING A NEW PARTY, BUT NOW HE PRESSED HAToyAMA TO ACCEPT A PLAN FOR THE WHOLE SAKIGAKE TO SHIFT INTO A NEW PARTY, BY UNCLAS SECTION 07 OF 07 TOKYO 007759

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 22

INDICATING THE FOLLOWING FOUR POINTS: (1) ESTABLISHING AN "ADMINISTRATIVE REFORM-ORIENTED GOVERNMENT" AFTER THE GENERAL ELECTION; (2) TAKING OVER AND DEVELOPING BY A NEW PARTY OF THE PHILOSOPHIES AND POLICIES OF THE SAKIGAKE PARTY; (3) DRAWING UP A WRITTEN AGREEMENT BY BOTH TAKEMURA AND HATOYAMA ON THE PROBLEM OF FORMING A NEW PARTY; AND (4) OBTAINING APPROVAL FOR THE WRITTEN AGREEMENT FROM THE ENTIRE SAKIGAKE. IN RESPONSE, HATOYAMA WITHHELD HIS REPLY IN THE MEETING, SAYING, "I NEED 10 DAYS TO THINK ABOUT IT."

SEEING SUCH MOVES OF THE SAKIGAKE, HAJIME FUNADA OF THE SHINSHINTO SAID CATEGORICALLY TO THE PRESS CORPS LAST EVENING THAT HE WOULD NOT JOIN A NEW PARTY IN WHICH TAKEMURA WOULD PARTICIPATE. KUNIO HATOYAMA, A SHINSHINTO MEMBER WHO IS THE BROTHER OF YUKIO HATOYAMA, ALSO MADE CLEAR HIS VIEWPOINT OF REJECTING TAKEMURA'S PARTICIPATION IN A NEW PARTY. CRANE

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(1) To Bring about a Better Understanding on Security Issues ...; Comments by Defense Affairs Experts

MAINICHI (Page 3) (Almost Full) August 22, 1996

Citizens have been kept away from intelligence related to military bases partly because a large number of diplomatic and military secrets of both Japan and the United States are kept there. On the other hand, information that justifiably should be made public is kept secret for arbitrary reasons resulting in the people being hampered from having the opportunity to understand security affairs. This newspaper interviewed three military experts.

Noboru Hoshuyama, Former Defense Facilities Administration Agency Director General: Living together and Co-Existing by Transferring Military Facilities to Areas Where Little Harm Will Be Done

Okinawa has encountered many difficulties because of overcrowded military bases there, so it is necessary to realign and reduce them. But from the viewpoint of national security, it is impossible to remove all of them. Unless cooperation is offered to relocate such bases to areas which would not be troubled much by their presence, realignment and reduction can never make any headway. This is my true intention about the wording, "living together and co-existing," which I expressed in 1994 but was misunderstood and came under fire for it.

I understand why people are asking that military base-related information be made available to the public. But the reality is there is a limit to doing so. The major job of the Defense Facilities Administration Agency (DFAA) is managing

facilities, but the agency has no right to monitor operations of bases and to make public information connected with the United States. (U.S.) base facilities that is out of our reach owing to UNCLAS SECTION 02 OF 07 TOKYO 007789

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extraterritorial rights. And under international law, it is impossible to ask for inspections of bases.

The Foreign Ministry (MOFA) plays the role of negotiators with the U.S., but the DFAA has its branches in the local area, so it can understand how people there feel. If requests come (from people to the DFAA), the DFAA relays them to the U.S. side via MOFA. In view of administrative procedures, this process appears insufficient, but it is unavoidable under the current situation. Regarding information disclosure, efforts are needed to make available to the public as much information as possible as quickly as possible by beefing up the DFAA's function as coordinator.

Tetsuo Maeda, Military Commentator and Professor at Tokyo International University.

I now realize anew how the Japan-U.S. Joint Committee has been closed to the public.

The ongoing Okinawa problem and the Japan-U.S. Status of Forces Agreement (SOFA), a restudy of which is now loudly called for, are both in the hands of the Joint Committee. Where to relocate bases is also a matter that is decided solely by the Joint Committee. But despite its uniqueness, the Joint Committee is non-transparent (in its deliberations). That is presumably a major reason why it is not possible to obtain a national consensus on security matters.

In the cold-war period, in part because of the conflict between the Liberal Democratic Party (LDP) and the Social Democratic Party (SDP) in Japan, (security) matters were concealed, but now that the SDP switched its policy line to the one that acknowledges the bilateral security treaty, it no

longer makes sense to have the deliberations of the Joint Committee be allowed to remain closed (to the public).

The first task the central government needs to carry out is to make the Joint Committee deliberations more open to the public by unveiling the previously unreleased portions of items agreed on by the Committee before suggesting relocation of bases on Okinawa to somewhere else in Japan.

Toshiyuki Shikata, Former Commanding General of Ground Self Defense Force's Northern Army Headquarters, But Now Professor at Teikyo University

The intelligence the Japan Defense Agency (JDA) and the Self Defense Forces (SDF) possess are categorized into purely military, political and gray. Since the LDP-SDP confrontation age, purely military intelligence has been handled as political because it is often the case that purely military intelligence makes a political issue before long. As a result, a gray zone is expanding. For that reason, the JDA and the SDF are believed not to be open. This situation, above all, has to be
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straightened out.

As for information related to policies, once it was made open to the public, the past circumstances as to it should be opened.

It is however natural to keep secret purely military intelligence, for example, performance of equipment, such as weapons, and military strategies. But even regarding such intelligence, there is no problem with releasing it if it is no longer used. One idea is to release intelligence after a certain period of time passes, but a flexible judgment in view of the nature of intelligence would be more desirable. If that is realized, both the JDA and the SDF will be further open.

(2) Strategic ODA (Part 1): Coverage of the State of Japan's Technical Assistance Abroad; Know-How of Japanese Clay Charcoal Stoves and Water Pollution Prevention Measures Capable of Preventing Environmental Destruction

SANKEI (Page 4) (Excerpts) August 20, 1996

I left Japan to travel over 10,000 kilometers to visit Hungary, Poland, Jordan and Zambia. I went to see how Japan, as the world's largest donor of official development assistance (ODA), was implementing technical assistance projects in those countries, which are all along the 30 degrees of east longitude line. Through witnessing the serious and individual activities by a variety of talented personnel including experts dispatched from the Japan International Cooperation Agency (JICA), I became convinced that "assistance means people." I looked at technical assistance from the aspect of diplomatic strategy.

(Ken Yasumura, Editorial Writer)

First I went to Lusaka, the capital of Zambia. Since it lies on a highland, I did not feel the heat of Africa. Once I went deep into the country departing from the city, the color of the roads changed to black because most people living there use charcoal as fuel. The lifestyle which relies mainly on charcoal for cooking and heating is now bringing Zambian forests to a crisis state. According to calculations by the United Nations Food and Agricultural Organization (FAO), the forests, 1.4-fold the size of Tokyo, are disappearing. This is a typical example of environmental destruction.

Fearing such a situation, the Zambian government requested Japan's support ten years ago.

Akihiko Yamaguchi (37 years), an expert, is now responsible for a technical aid "project to develop home fuel." He is a unique person, who used to be a member of the archery club at Nippon College of Physical Education. He previously worked in Kenya, Tanzania, and Malawi, transferring technical know-how about insulators. He seemed to have enjoyed

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living in Africa.

How far has a project to widely disseminate of oval briquettes and clay charcoal stoves been promoted? Yamaguchi makes clay charcoal stoves of heat-insulation quality for practical use. He has made several kinds for different applications such as a "popular kind," which is made of clay and sawdust, and a "high quality one."

Local people use fire-buckets called Baura(?). Compared with Baura, the heat-efficiency of his invention, the clay charcoal stoves, is extremely high. Even if charcoal is used, they can save fuel by 30 - 40 percent. It is also possible to constrain the cost of production no more than two-fold that of Baura, and 8,000 units has already been sold. The project has only started, so it will take a long time to attain the goal. As local potters are able to produce the popular kind, technical transfer capability is critical.

Producing egg-shaped briquettes, however, takes much time. There is a prospect of applying the know-how of using strained lees of sugar canes to keep the hardness. Such would be less expensive than charcoals. Regarding tentative ones that Japan extended, there is the limitation of productivity.

After Yamaguchi returns home, another expert will be dispatched there. Japan will continue to spread oval briquettes and charcoal stoves in this country.

Dotting along the shore of Lake Balaton in Hungary are a number of neo-Gothic buildings. Balaton is called the pearl of East Europe because it looks light green from a distance. This is in fact the problem. Pollution of the Zala(?) River which runs into the lake has created the hue. The Hungarian government asked Japan, which has the know-how from purifying the water of Biwa Lake, and the European Union. From Japan, specialist Imai of the Japan International Cooperation Agency was sent to inspect the lake. The Hungarian government plans to carry out a huge project of building a bank along two swamps which lie west of the lake in order to intercept polluted materials that the Zala River carries into the lake. This would be a "natural water-purifier tank." However, "Unless agricultural measures for the basin of the Zala are included in the project, efforts will not work as a comprehensive water-purification measure" (said

Imai).

JICA intends to draw up a full-scale master plan in the future. If Japan cannot extend funds, the plan itself will become a transfer of know-how.

Offering the means to prevent environmental pollution to this East European country, with which Japan does not have close ties, is a new field for Japan's economic assistance. Japan can make new friends in this way. Such cooperation, as part of Japan's global contribution, will also contribute
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to prevent environmental destruction in Africa, a continent suffering from abject poverty.

NIHON KEIZAI (Page 39) (Excerpts) August 22, 1996

(3) Option: Okinawa, the Base Island: (Part 1);
Base-Reversion Mood Evident; Apprehension
Widespread Over Losing the Financial Resources;
Some Landowners Hopeful of Soaring Land Prices

"I'm glad that the bases here are going to be realigned and reduced. Of course, I'm going to cast my vote in the prefectural referendum," said a Naha-City company employee (46) who owns a 1,000-square-meter plot in Futenma Air Station.

It was just this past April that this man bought a piece of land in Futenma Air Station paying 30 times the annual rent. He calculated, "If the base is returned to Japan, land prices would go up." The "good news" reporting total reversion of Futenma Air Station came out in less than two weeks after he bought the land. "I was really lucky because I was first considering the purchase of a land lot at Kadena Air Base," said the man.

Futenma Air Station, which covers 480 hectares in Ginowan City, sits on "a fast-draining soft hill that is close to Naha City and that is one of the best areas in Okinawa," according to a local realtor. The standard base-land price is 100,000 - 150,000 yen per 3.3 square meters. "But after the

reversion, it would cost at least 500,000 yen, although that would depend on the location" (same source). In addition, stable land revenue that comes with a tax credit is guaranteed until the base is returned to Japan.

Says a Naha realtor who started the military real estate business early this year: "I have sealed about 10 cases already. The nation's economy is still slow, but selling and buying military sites is a lucrative business." His "buyers list" includes nearly 100 names.

While a handful of "new landowners" and realtors are in high spirits anticipating "bubbly land prices after the reversion," a majority of landowners heavily depending on land revenue have been increasingly growing wary about their livelihood after the reversion.

After Okinawa was returned to Japan, it took about 14 years on the average before construction completed (in 18 facilities) to start new businesses. "We might have to wait many years before Futenma is made into our new income source" (Kiyoyoshi Hanashiro (?), chairman of the Ginowan City Military Sites Landowners Association). Nearly 40 percent of the landowners belonging to the Association are over 60 years of age. Some even say, "In view of the rest of our lifespans, having the base back is not such a good deal."

Many landowners are deep in debt, having used their military lots as collateral. As of July this year, UNCLAS SECTION 06 OF 07 TOKYO 007789

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outstanding military land loans totaled about 20 billion yen, according to the Federation of Okinawa Military Sites Landowners Associations (Tochiren for short).

Wariness is widespread among all landowners. "For the last two months, I have been wavering between keeping my land and selling it," said an Urasoe City self-employed man in his 30s. He has borrowed nearly 20 million yen from a financial institution

on his Kadena AB land lot.

"We will spare no effort to carry out post-reversion projects. But neither the central government nor the Okinawa government has drawn up any specific blueprint for that. They should lend their ears more attentively to the landowners who are suffering from heavy loans," spat Naoyoshi Sunagawa, Tochiren chief of secretariat.

Land Rent Totals 55 Billion Yen

Ever since Okinawa was returned to Japan in 1972, the central government has been paying land rent to Okinawa landowners for the U.S. armed forces there. In FY1995, the Government paid about 4,600 yen per square meter for Naha port facilities, and 1,370 yen for Futenma and Kadena air bases.

Land rent inflates 5 - 10 percent annually. In FY1995, the Government paid approximately 55 billion yen to a total of 32,000 landowners, or 1.7 million yen per landowner.

(4) Patent Office to Cut in Half Patent-Award Screening Period to One Year, Aiming at Year 2000, in Response to Criticism, "Screening Is Too Slow to Respond to Technical Innovation"

ASAHI (Page 2) (Full) August 22, 1996

The Patent Office yesterday revealed its policy decision to shorten the patent- and utility-model-award screening period from the present two years to one year by the year 2000. It will include the expenditures necessary for this change in its budgetary request for fiscal 1997. The action is in response to criticism that "screening by the Patent Office is too slow to respond to technical innovation."

Average time needed from the request for screening to the end of the first screening used to be three years, but in the Structural Impediments Initiative talks held in 1990, Japan and the United States agreed to shorten that period to two years over a five year period. That goal was achieved at the end of last year.

Even so, the U.S. Government remains dissatisfied, because the process can be completed in about eight months in the U.S. Japanese firms, too, are criticizing Japan's system, complaining that it is slower than that of Europe.

A budgetary request will be made to employ a "paperless" system, under which clerical work for
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handling patents from the application to screening stages, can be computerized. The data base for searching for existing documents will also be improved. Currently "electric applications" cover only patents and model utilities, but designs and trade marks will also be included under the new system.

The staff of the screening and judging departments will be (beefed up by 45. In addition, a request will also be made to entrust portions of screening work to juridical foundations. The estimated budget scale is approximately 40 billion yen.

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. cable	Re: Okinawa Base Issues: (5 pages)	08/22/1996	P1/b(1)

COLLECTION:

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

FOLDER TITLE:

[08/22/1996 - 08/30/1996]

2016-0420-F
sb1879

RESTRICTION CODES

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

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

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

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

RR. Document will be reviewed upon request.

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

- b(1) National security classified information [(b)(1) of the FOIA]
- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
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- b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
002. cable	Re: Japan-U.S./Okinawa Base Issues (5 pages)	08/26/1996	P1/b(1)

COLLECTION:

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

FOLDER TITLE:

[08/22/1996 - 08/30/1996]

2016-0420-F
sb1879

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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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
003. cable	Re: Digest Executive Edition (12 pages)	08/27/1996	P1/b(1)

COLLECTION:

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

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[08/22/1996 - 08/30/1996]

2016-0420-F
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RESTRICTION CODES

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

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
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Cable

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RUALSFJ/COMUSJAPAN YOKOTA AB JA
RUAYJAA/COMPATWING ONE KAMI SEYA JA
RUYNJDK/COMNAVFORJAPAN YOKOSUKA JA
SUBJ: JAPANESE MORNING PRESS HIGHLIGHTS AUGUST 27

TEXT:
UNCLAS SECTION 01 OF 09 TOKYO 007918

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 27

TOP HEADLINES:

ASAHI: CONFERENCE OF CONCERNED COUNTRIES TO BE HELD NEXT
MONTH IN BANGKOK TO DISCUSS DETAILS ABOUT PASSENGER
PLANES CROSSING OVER NORTH KOREA; TOKYO-BANGKOK FLIGHT
INCLUDED

NIHON KEIZAI: SURVEY OF FY1995 BUDGET: 17 PERCENT OF
AGRICULTURAL BUDGET STILL REMAINS UNUSED; 930 BILLION YEN
IN ALL IN 47 PREFECTURES; REFLECTION OF EXCESSIVE
COUNTERMEASURES TOWARD URUGUAY ROUND

TOKYO SHIMBUN: FULL-FLEDGED INVESTIGATION OF ABE AS EARLY AS NEXT MONTH; STRONGLY SUSPECTED OF NEGLIGENCE RESULTING IN DEATH IN MEDICALLY-INDUCED AIDS PROBLEM; TOKYO DISTRICT PUBLIC PROSECUTORS' OFFICE CONCLUDES HE WAS AWARE OF DANGER

MAINICHI: JUSTICE MINISTRY'S ENTERTAINMENT MANUAL IN CASE OF INSPECTION BY NATIONAL PERSONNEL AUTHORITY OFFICIALS OF JUSTICE MINISTRY; ARRANGEMENTS OF WOMEN FOR A CONVIVIAL MEETING AND RESERVATION OF FIRST-CLASS HOTEL INCLUDED

YOMIURI: HATOYAMA LIKELY TO DECLARE BREAKING AWAY FROM PARTY POSSIBLY TODAY; TO MEET TAKEMURA THIS EVENING; ARRIVING AT COMPROMISE UNLIKELY; FUNADA WILL "NOT JOIN" NEW PARTY

SANKEI: SAKIGAKE PARTY UNLIKELY TO AVERT SPLIT; HATOYAMA, TAKEMURA TO MEET TODAY; EFFORTS FOR FORMING A "NEW PARTY" TO GAIN MOMENTUM; KUNIO HATOYAMA ANNOUNCES HIS DEFECTION FROM SHINSHINTO TO JOIN NEW PARTY

SUPREME COURT RULES TOMORROW ON OKINAWA LAND ISSUE; GOVERNMENT EXPECTED TO WIN (ASAHI - PAGE 1)

ON AUGUST 28, A GRAND BENCH OF THE SUPREME COURT WILL HAND DOWN A FINAL RULING ON THE (GOVERNMENT-INSTITUTED) PROXY-SIGNING LAWSUIT CASE OVER THE ISSUE OF CONTINUING THE (GOVERNMENT'S) FORCIBLE USE OF LAND LOTS CURRENTLY OFFERED TO THE U.S. MILITARY IN OKINAWA PREFECTURE. WHEN VIEWED FROM THE PROGRESS OF COURT HEARINGS, THE PROBABILITY IS NOW STRONG THAT THE SUPREME COURT MAY JUDGE THAT IT IS CONSTITUTIONAL TO TAKE PROCEDURES FOR THE FORCIBLE USE OF LAND LOTS AS UNDER THE SPECIAL LAND LEASE LAW FOR THE (U.S.) FORCES STATIONED IN JAPAN (TOKUSOHO), AND THAT THE TOP COURT MAY TURN DOWN THE OKINAWA PREFECTURAL GOVERNOR SIDE'S FINAL APPEAL.

THE PREFECTURAL GOVERNOR HAS ASSERTED THAT "THE TOKUSOHO LAW INFRINGES ON THE CONSTITUTION-GUARANTEED RIGHT TO LIVE PEACEFULLY AND TO OWN PROPERTY." HOWEVER, THE GRAND BENCH FOLLOWS THE SUPREME COURT RULING OF THE (AIR SELF-DEFENSE FORCE) HYAKURI BASE LAWSUIT CASE IN 1989, WHICH STATED THAT "THE RIGHT TO LIVE PEACEFULLY CANNOT BE SAID TO BE A RIGHT THAT IS SPECIFICALLY GUARANTEED UNDER THE CONSTITUTION." REGARDING THE PROPERTY RIGHT AS WELL, THE SUPREME COURT IS EXPECTED TO SHOW A JUDGMENT SIMILAR TO ITS FIRST-INSTANCE RULING TO THE EFFECT THAT "MAKING FORCIBLE USE OF LAND IS IN THE INTERESTS OF THE PUBLIC, AND COMPENSATION ALSO HAS BEEN MADE."

ON THE OTHER HAND, ANOTHER POINT AT ISSUE IS "HOW FAR THE COURT WILL BE ABLE TO STEP INTO THE SERIES OF PROCEDURES FOR THE FORCIBLE USE OF LAND LOTS AND WILL BE ABLE TO EXAMINE THE PROPRIETY OF AN ORDER ISSUED BY THE GOVERNMENT." CONCERNING THIS ISSUE, THE POSSIBILITY IS HIGH THAT THE SUPREME COURT MAY REVISE ITS FIRST-INSTANCE

RULING THAT SHOWED A NARROW INTERPRETATION TO THE EFFECT THAT "IT IS LIMITED TO WHETHER THE PROCEDURE OF MAKING LAND AND PROPERTY PROTOCOLS WHICH SHOULD BE SIGNED BY THE GOVERNOR IS RATIONAL OR NOT."

UNCLAS SECTION 02 OF 09 TOKYO 007918

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 27

HOWEVER, EVEN THOUGH THE SCOPE OF JUDICIARY EXAMINATIONS IS WIDENED OVER TO THE PROPRIETY OF "THE PRIME MINISTER'S ACTION FOR AUTHORIZED USE (OF EXPROPRIATED LAND)" -- A PROCESS TO DETERMINE WHETHER OR NOT TO CONTINUE THE FORCIBLE USE OF LAND LOTS, THE SUPREME COURT IS LIKELY TO HAND DOWN A JUDGMENT AGAINST THE GOVERNOR OF OKINAWA PREFECTURE, POSSIBLY CITING SUCH REASONS AS: "THE PRIME MINISTER IS VESTED WITH WIDE-RANGING DISCRETIONARY AUTHORITY." "NO SERIOUS OR OBVIOUS FAULT CAN BE RECOGNIZED, SO THE PROCEDURES CANNOT BE CALLED INVALID."

U.S., JAPAN REMAIN AT ODDS OVER WHERE TO MOVE FUTENMAQS HELIPORT (SANKEI - PAGE 2)

IN CONNECTION WITH THE PLANNED RETURN OF FUTENMA AIR STATION, NOW AT THE CENTER OF ATTENTION IN ASSOCIATION WITH THE REALIGNMENT, CONSOLIDATION AND REDUCTION OF UNITED STATES MILITARY BASES ON OKINAWA, THE ISSUE OF RELOCATING THE HELIPORT OF FUTENMA AIR STATION WILL REACH A CLIMAX IN SEPTEMBER. BOTH THE JAPANESE AND U.S. GOVERNMENT WOULD LIKE TO OBTAIN PROSPECTS FOR SETTLEMENT AT THE WORKING-GROUP MEETING OF THE SPECIAL ACTION COMMITTEE ON OKINAWA (SACO) TO DEAL WITH THE OKINAWA PROBLEM THAT WILL TAKE PLACE AROUND SEPTEMBER 10, AS WELL AS THE MEETING OF THE JAPAN-U.S. SECURITY CONSULTATIVE COMMITTEE (2 PLUS 2) OF FOREIGN AND DEFENSE MINISTERS DUE TO OCCUR IN WASHINGTON ON SEPTEMBER 19. BUT THE TWO COUNTRIES ARE APART IN VIEWS AS TO WHERE TO RELOCATE THAT HELIPORT. IT IS NOW A DELICATE ISSUE WHETHER THEY CAN NARROW DOWN RELOCATION CANDIDATES TO ONE SITE BY THE TIME OF THE 2 PLUS 2 MEETING.

REGARDING AN ALTERNATIVE HELIPORT, THE JAPANESE SIDE ONCE PLANNED TO CHOOSE A CANDIDATE SITE BY THE END OF JULY AFTER RECEIVING A CONCRETE PROPOSAL FROM THE U.S. SIDE IN JUNE, AND THEN TO ENTER COORDINATION WITH OKINAWA PREFECTURE. BUT COORDINATION ON THE U.S. SIDE REGARDING THE SIZE OF THE RUNWAY FOR THE HELIPORT HAS BOGGED DOWN,

RESULTING IN A DELAY IN PRESENTATION OF A PROPOSAL.

DURING THAT TIME, THE JAPANESE SIDE SOUNDED OUT THE U.S. ABOUT CONSTRUCTING A HELIPORT WITHIN KADENA AIR STATION, NOTING, "IT IS A SUGGESTION BASED ON THE PREFECTURE'S DESIRE" (GOVERNMENT SOURCE). THE U.S. RESPONDED DISAPPROVINGLY, ARGUING THERE WOULD BE A SAFETY PROBLEM IF A HELIPORT IS ATTACHED TO AN AIR FIELD THAT MAINLY SERVES JET AIRCRAFT. BUT THE JAPANESE SIDE HAS ASKED FOR MORE "EXPLANATIONS" AS "CONCRETE REASONS CONVINCING TO THE PREFECTURE" (SENIOR OFFICIAL OF THE JAPAN DEFENSE AGENCY (JDA)).

ASIDE FROM THE TECHNICAL ASPECTS, THE U.S. SIDE HAS BEEN NEGATIVE, "FEARING THAT IF BASES FUNCTIONS ARE CENTERED ON THE ABOVE AIR STATION, OUTCRIES AGAINST THE AIR STATION WILL GROW STRONGER AMONG THE PREFECTURAL RESIDENTS, RESULTING IN MAKING STABLE USE OF THE BASE DIFFICULT" (SACO-RELATED PERSON). THERE IS A GAP IN VIEWS WITH THE JAPANESE SIDE, WHICH HAS PLACED EMPHASIS ON COORDINATION WITH THE PREFECTURAL SIDE.

ACCORDING TO THE SOURCE INVOLVED IN THE ISSUE, IT IS EXPECTED THAT THE U.S. SIDE WILL REVEAL A SPECIFIC PROPOSAL POSSIBLY IN EARLY SEPTEMBER. IN THE STUDY PROCESS UNTIL NOW, AS AN ALTERNATIVE FOR KADENA AIR STATION, RECLAIMED LAND OFF CAMP SHWAB LOCATED IN THE MIDDLE OF OKINAWA MAIN ISLAND HAS BEEN FLOATED AS A LIKELY CANDIDATE. IN THAT CASE, THE ENTIRE CONSTRUCTION COST SEEMS LIKELY TO RISE GREATLY, COMPARED WITH THE CONSTRUCTION OF A HELIPORT WITHIN KADENA AIR STATION.

IF THE U.S. SIDE CONTINUES TO REFUSE A PLAN TO CONSTRUCT A HELIPORT WITHIN KADENA AIR STATION TO THE LAST MOMENT, THE JAPANESE SIDE WILL BE PRESSED HARD TO TAKE SOME OTHER ACTION IN MID-SEPTEMBER OR AFTERWARDS IN COORDINATING UNCLAS SECTION 03 OF 09 TOKYO 007918

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 27

WITH THE PREFECTURE AND LOCAL MUNICIPALITIES, AS WELL AS BEING FORCED TO STUDY CONSTRUCTION EXPENSES. CONSEQUENTLY, THE 2 PLUS 2 MEETING MAY FIND IT MUCH MORE DIFFICULT TO NARROW DOWN CANDIDATE PLACES TO ONE.

CHIEF CABINET SECRETARY KAJIYAMA TO SURVEY OKINAWA NEXT MONTH FOR ECONOMIC PLAN (SANKEI - PAGE 2)

THE ROUND TABLE FOR OKINAWAN MUNICIPALITIES WITH UNITED STATES MILITARY BASES (CHAIRMANED BY HARUO SHIMADA, KEIO UNIVERSITY PROFESSOR), AN ADVISORY PANEL TO CHIEF CABINET SECRETARY SEIROKU KAJIYAMA TO STUDY OKINAWA DEVELOPMENT MEASURES, HELD ITS FIRST MEETING AT THE PRIME MINISTER'S RESIDENTIAL OFFICE (KANTEI) LAST EVENING. THE COUNCIL DECIDED TO STUDY THE FOLLOWING TWO TASKS: (1) SUPPORTING CITIES, TOWNS AND VILLAGES WHERE BASES ARE LOCATED IN THEIR EFFORTS TO CREATE BETTER ENVIRONMENTS; AND (2) FORMING A BETTER RELATIONSHIP BETWEEN LOCALITIES AND U.S. FORCES. FOR THOSE TASKS, THE COUNCIL DECIDED TO INSPECT 24 CITIES, TOWNS AND VILLAGES, ALL OF WHICH HAVE BASES, IN THE MIDDLE AND LATE DAYS OF SEPTEMBER.

AT THE OUTSET OF THE PANEL'S MEETING, CHIEF CABINET SECRETARY KAJIYAMA STATED:

"OKINAWA PREFECTURE HAS MANY TASKS TO DEAL WITH REGARDING EMPLOYMENT AND INDUSTRY PROMOTION. IT IS AN IMPORTANT TO PUSH FORWARD WITH PROMOTIONAL MEASURES SO THAT THE PREFECTURE CAN DRAW UP A BRIGHT BLUEPRINT FOR ITS FUTURE. WHAT THIS PANEL WILL DISCUSS WILL BE WHAT TO DO IN ORDER FOR THE ADMINISTRATIVE SIDE TO GRASP GRASS-ROOTS' DESIRES."

HE THEN STRESSED HIS INTENTION TO DEVOTE HIMSELF TO COMPILING A DEVELOPMENT PACKAGE.

THOSE WHO ATTENDED THE MEETING EXPRESSED THEIR VIEWS IN SUCCESSION, SUCH AS: "HAVE THE PROMOTIONAL MEASURES TAKEN UNTIL NOW BEEN REALLY EFFECTIVE?" "FOR SETTLEMENT OF PROBLEMS THAT MUNICIPALITIES SUFFER FROM, WE HAVE TO CHANGE THE ADMINISTRATIVE SYSTEM."

THE PANEL WILL MAKE POLICY PROPOSALS WHEREVER NECESSARY, AND STARTING IN OCTOBER, IT WILL MEET ONCE EVERY TWO WEEKS. IT WILL ISSUE AN INTERIM REPORT BEFORE BUDGET COMPILATION FOR FY1997 AND WILL INCORPORATE ITS SUGGESTIONS IN THE BUDGET. IT INTENDS TO COMPILE ITS FINAL REPORT EARLY NEXT YEAR.

TRANSFER OF LIVE-FIRE TRAINING: JDA DIRECTOR GENERAL ENDS PILGRIMAGE OF PERSUASION (ASAHI - PAGE 3)

REGARDING THE ISSUE OF TRANSFERRING THE U.S. FORCES OKINAWA'S LIVE-FIRE ARTILLERY TRAINING ACROSS A PREFECTURAL HIGHWAY (ROUTE 104) TO SEVERAL SITES ON THE MAINLAND (OF JAPAN), JAPAN DEFENSE AGENCY DIRECTOR GENERAL HIDEO USUI MADE A ROUND OF VISITS TO THE MUNICIPALITIES AROUND THE GROUND SELF-DEFENSE FORCE'S YAUSUBETSU MANEUVER AREA IN HOKKAIDO ON AUGUST 26, WINDING UP HIS SERIES OF VISITS THAT STARTED ON AUGUST 19. THE JDA DIRECTOR GENERAL HAS NOW MET WITH THE HEADS OF FIVE PREFECTURES, INCLUDING HOKKAIDO, AND WITH THE HEADS OF 15 MUNICIPALITIES. BUT NOT ONE OF THEM INDICATED ACCEPTANCE. ACCORDINGLY, THE QUESTION OF WHETHER OR NOT THE PLANNED TRANSFER OF SUCH ARTILLERY

DRILLS FROM NEXT FISCAL YEAR ON WILL BE SMOOTHLY CARRIED OUT DEPENDS ON THE FUTURE WORK OF PERSUADING THOSE LOCAL GOVERNMENTS.

ON AUGUST 26, JDA ADMINISTRATIVE DEPUTY DIRECTOR GENERAL NAOAKI MURATA TOUCHED ON THE JDA DIRECTOR GENERAL'S "PERSUASION PILGRIMAGE," AND STATED: "THE DIRECTOR GENERAL HIMSELF MADE REQUESTS, SHOWING THEM EVERY COURTESY. THIS IS NOT THE END (OF THE WORK OF PERSUADING UNCLAS SECTION 04 OF 09 TOKYO 007918

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 27

THE LOCAL MUNICIPALITIES)." ONE ON THE SIDE OF THE PRIME MINISTER'S OFFICIAL RESIDENCE HAD CAUTIOUSLY REMARKED, "WOULD IT BE ALL RIGHT EVEN IF THE DIRECTOR GENERAL GOES FIRST?" SO, MURATA INDICATED JDA'S INTENTION OF BREAKING THROUGH THE SITUATION AT THE WORKING LEVEL.

MOST OF THE HEADS OF THE LOCAL MUNICIPALITIES AROUND EACH OF THOSE GSDF MANEUVER AREAS FROWNED AT JDA DIRECTOR GENERAL USUI WHEN HE MENTIONED THE PLANNED TRANSFER OF ARTILLERY TRAINING BECAUSE OF THE SELF-DEFENSE FORCES' CROWDED TRAINING -- AND PARTLY BECAUSE OF THE LOCAL RESIDENTS' FEELINGS TOWARD U.S. SERVICEMEN.

BEFORE THE JDA DIRECTOR GENERAL'S GOING ON A ROUND OF VISITS, A JDA OFFICIAL HAD STATED THAT THE JDA DIRECTOR GENERAL "WILL NOT SHOW ANY CONDITIONS TO THE LOCAL SIDE FOR TRANSFER." HOWEVER, THE JDA DIRECTOR GENERAL TOLD THE PRESS IN OITA AND OTHER PREFECTURES, "I CONFIRMED AGAIN THAT THE LOCAL RESIDENTS HAVE BEEN PUTTING UP WITH GREAT SUFFERING FOR A LONG TIME." SO REMARKING, HE COULD NOT BUT REFER TO THE POSSIBILITY OF REDUCING THE SDF'S EXERCISES IN EACH MANEUVER AREA. THE HURDLE OF 'CONDITIONAL STRUGGLE' IS ALREADY BEING RAISED.

UNDER SUCH CIRCUMSTANCES, JDA DIRECTOR GENERAL USUI'S ROUND OF LOCAL VISITS THIS TIME RESULTED IN HIS LEARNING OF EACH LOCAL GOVERNMENT'S HONEST VIEWS ABOUT ACCEPTANCE. THE JDA DIRECTOR GENERAL TOUCHED ON THE CASE OF LOCAL MUNICIPALITIES SITUATED AROUND THE GSDF'S HIJIUDAI MANEUVER AREA (IN OITA PREFECTURE), SAYING, "THE LOCAL RESIDENTS' MOVEMENT AGAINST THE PLANNED TRANSFER OF DRILLS IS NOW EMERGING ON A LARGE SCALE." ON THE OTHER HAND, AN OFFICIAL OF BETSUKAI TOWN (WHERE THE YAUSUBETSU MANEUVER RANGE IS LOCATED) SAID, "IF WHAT MAKES THE LOCAL

RESIDENTS FEEL UNEASY IS ENTIRELY ELIMINATED, WE WILL THEN NOT OPPOSE IT." WITH THIS, THE TOWN HAS NOW INDICATED THE POSSIBILITY OF ACCEPTING THE TRAINING TRANSFER PLAN, DEPENDING ON THE GOVERNMENT'S RESPONSE. AS SEEN FROM THIS, THE DEGREE OF OPPOSITION VARIES WITH THE LOCAL MUNICIPALITY.

A JDA OFFICIAL SAID, "WE'D LIKE TO HAVE THE TRAINING PLAN ACCEPTED AS EARLY AS POSSIBLE -- EVEN AT ONE PLACE." BUT THE LOCAL MUNICIPALITIES AROUND EACH GSDF MANEUVER AREA WOULD BE BROKEN DOWN INTO THOSE RESPONDING TO EARLY ACCEPTANCE AND THOSE SHOWING THEIR RELUCTANCE TILL THE END, AND THOSE LOCAL MUNICIPALITIES WILL PRESUMABLY BE INVOLVED IN A TUG OF WAR AMONG THEMSELVES. IT IS, THEREFORE, UNCLEAR WHETHER THE PLANNED TRAINING WILL BE ACCEPTED AT ANY OF THE FIVE PLACES.

KAJIYAMA: PRIORITY ON RESOLVING BASE PROBLEM; DIET DISSOLUTION NOT UNTIL JANUARY OR LATER (YOMIURI - PAGE 3)

CHIEF CABINET SECRETARY KAJIYAMA LAST NIGHT REVEALED HIS OUTLOOK REGARDING THE TIMING FOR THE DISSOLUTION OF THE LOWER HOUSE AND A GENERAL ELECTION, STATING, "THE LOWER HOUSE WILL BE DISSOLVED ON OR AFTER NEXT JANUARY." THIS CAN BE TAKEN AS MEANING THAT THE HASHIMOTO GOVERNMENT WOULD PUT ALL ITS ENERGY INTO RESOLVING OKINAWA BASE ISSUES FOR THE TIME BEING, AND THE DISSOLUTION OF THE LOWER HOUSE WOULD ONLY OCCUR AFTER THAT.

HE ALSO REFERRED TO THE FIRST MEETING OF THE "FORUM OF OKINAWA COMMUNITIES WITH U.S. MILITARY BASES" (CHAIRIED BY KEIO UNIVERSITY PROFESSOR HARUO SHIMADA) REMARKING, "WE WERE ABLE TO FRANKLY EXCHANGE VIEWS. SO THE MEETING WAS A GREAT SUCCESS. I WILL SPARE NO PAINS (TO RESOLVE THE ISSUE OF) OKINAWA. IT WOULD GIVE ME DEEP SATISFACTION TO DO SO." SO SAYING, HE STRESSED HIS VIEW OF MAKING EFFORTS FOR DRAWING UP PROMOTION MEASURES FOR OKINAWA IN ORDER TO SETTLE THE OKINAWA PROBLEM.

LDP TRYING TO EXTINGUISH PARTY MOVE TO FREEZE PLANNED UNCLAS SECTION 05 OF 09 TOKYO 007918

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 27

CONSUMPTION TAX INCREASE (YOMIURI - PAGE 3)

THE LIBERAL DEMOCRATIC PARTY (LDP) AT TODAY'S EXECUTIVE

MEETING WILL CONFIRM THAT THE PARTY WILL STEP UP ITS BID TO RAISE THE CONSUMPTION TAX AS PLANNED TO 5 PERCENT STARTING NEXT APRIL. IT ALSO WILL AFFIRM ITS COMMITMENT TO ADMINISTRATIVE REFORM. THIS IS IN RESPONSE TO THE REMARKS OF ORGANIZATION PUBLIC RELATIONS HEADQUARTERS DIRECTOR SHIZUKA KAMEI DURING A SPEECH DELIVERED IN TOJO CITY, MIYAGI PREFECTURE, ON THE 25TH. KAMEI REFERRED TO AN IDEA OF PUTTING THE PLANNED TAX HIKE ON HOLD, SAYING, "WE NEED TO WATCH THE ECONOMIC SITUATION AND THE NATIONAL LIVELIHOOD. DEPENDING ON CIRCUMSTANCES, WE WOULD LIKE TO CONSIDER THE POSSIBILITY OF KEEPING (THE CONSUMPTION TAX AT THE CURRENT LEVEL OF 3 PERCENT)." HIS REMARKS SET OFF A STIR AMONG LDP MEMBERS, WHO HAVE THE NEXT LOWER HOUSE ELECTION IN MIND. THE EXECUTIVE AIMS TO EXTINGUISH SUCH AN ARGUMENT.

IN THE LDP, POLICY BOARD CHAIRMAN YAMASAKI, COMMENTING ON THE PUBLICIZED KAMEI REMARKS, IN A MEETING WITH REPORTERS LAST EVENING, CRITICIZED KAMEI: "THIS ISSUE WILL NATURALLY BE TAKEN UP AT THE EXECUTIVE MEETING ON THE 27TH. I WANT TO HEAR HIM OUT." PRIOR TO THIS, DEPUTY POLICY BOARD CHAIRMAN HAJIME YOSANO DISMISSED KAMEI'S REMARK, TELLING REPORTERS, "THERE IS NO SUCH MOVEMENT (FOR FREEZING THE TAX HIKE). THERE IS NO ROOM FOR SUCH CONSIDERATION, EITHER." ANOTHER PARTY LEADER STATED, "CALLS FOR PEGGING A TAX HIKE ARE FEW AND FAR BETWEEN IN THE LDP."

THE SWIFT RESPONSE OF LDP LEADERSHIP, INCLUDING YAMASAKI, ALSO REFLECTS THE DISSATISFACTION GROWING (OVER THE KAMEI REMARK) WITHIN THE SOCIAL DEMOCRATIC PARTY (SDP), WHICH HAS BEEN RESISTING TO THE CONSUMPTION TAX HIKE, AS SEEN FROM THE WORDS "WE ARE PUTTING EVERY EFFORT INTO PERSUADING OUR OWN MEMBERS (WHO HAVE REJECTED THE TAX HIKE). ONE LDP MEMBER'S CALL FOR A FREEZE WOULD WRECK OUR EFFORTS" (RULING PARTIES' TAX SYSTEM STUDY GROUP MEMBER). IN ADDITION, CRITICAL VOICES SEEMED TO URGE THE EXECUTIVE TO TAKE A QUICK ACTION, AN LDP OFFICER SAYING, "SUCH AN IRRESPONSIBLE STATEMENT IS WHAT ONE WOULD EXPECT FROM AN OPPOSITION MEMBER" (FORMER MITSUZUKA FACTION OFFICIAL), AND ANOTHER ADDING, "IF THE UNITY OF THE RULING PARTIES IS DISRUPTED OVER THE CONSUMPTION TAX ISSUE, THE SITUATION WILL GO AS THE OPPOSITION PARTY SHINSHINTO HAS DESIRED" (FORMER KOMOTO FACTION OFFICIAL).

CALLS FOR PEGGING THE PLANNED TAX HIKE ARE GROWING IN THE LDP. JUNIOR MEMBERS ARE NOW CONSIDERING A MOVEMENT TO COLLECT SIGNATURES. IN ADDITION, ONE MEMBER HAS POINTED OUT, "IF THE CONSUMPTION TAX IS RAISED TO 5 PERCENT AS SCHEDULED, DRASTIC ADMINISTRATIVE REFORM SHOULD BE CARRIED OUT" (FORMER WATANABE FACTION OFFICIAL). REFLECTING SUCH VIEWS, THE EXECUTIVE HAS DECIDED TO UNDERScore ITS PROMOTION OF ADMINISTRATIVE REFORM.

MITI'S BUDGET REQUEST FOCUSES ON COUNTERING INDUSTRIAL HOLLOWING OUT AND BOOSTING RESEARCH
(NIHON KEIZAI - PAGE 5)

AS PART OF EFFORTS TO STOP INDUSTRIAL HOLLOWING OUT FROM PROGRESSING, THE MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY (MITI) YESTERDAY FINISHED COMPILING ITS REQUEST FOR THE FISCAL 1997 STATE BUDGET BY PLACING EMPHASIS ON THE FOSTERING OF NEW INDUSTRIES. MITI'S REQUEST FOR MEASURES TO ACTIVATE LOCAL INDUSTRIES HAS GROWN 7.7 FOLD LARGER THAN THE FISCAL 1996 INITIAL BUDGET. IN ADDITION, AS A FEATURE OF THE REQUESTS, IT HAS POSITIVELY USED THE ENLARGED FRAMEWORK FOR PRIORITY PUBLIC WORKS PROJECTS AND THE NEWLY-ESTABLISHED SPECIAL ECONOMIC STRUCTURAL REFORM MEASURE. IT HAS COME UP WITH A CLEAR-CUT STANCE OF RENDERING POSITIVE SUPPORT TO MEDIUM AND SMALL-SIZED LOCAL INDUSTRIES FROM THE ASPECTS OF TECHNICAL UNCLAS SECTION 06 OF 09 TOKYO 007918

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 27

DEVELOPMENT, FUNDS AND HUMAN RESOURCES.

MITI'S BUDGETARY REQUEST FOR THE GENERAL ACCOUNT PORTION TOTALS 973.6 BILLION YEN, UP 6.0 PERCENT OVER THE FIRST FISCAL 1996 BUDGET. RESEARCH AND DEVELOPMENT-RELATED BUDGETARY ITEMS HAVE BEEN SCHEDULED FOR MAJOR INCREASES, SIMILAR TO THE PREVIOUS YEAR, AND WILL REACH 395.9 BILLION YEN, UP 16.9 PERCENT OVER THE FISCAL 1996 ORIGINAL BUDGET.

AS COUNTERMEASURES AGAINST INDUSTRIAL HOLLOWING OUT, MITI PLANS TO ENACT A "LAW TO ACTIVATE THE CONCENTRATION OF INDUSTRIES IN LOCAL AREAS" (TENTATIVE NAME), AIMING AT STRENGTHENING OF THE VITALITY OF INDUSTRIES THAT A KEY TO THE REGION, SUCH AS PARTS INDUSTRIES. AS PART OF SUCH EFFORTS, MITI ALSO HAS REQUESTED 7.7 BILLION YEN TO PUT INTO PRACTICE A SYSTEM OF SUBSIDIES TO COVER COUNTERMEASURES EXPENSES, IN ORDER TO HEIGHTEN THE TECHNICAL LEVEL OF TARGETTED REGIONS, AND TO PROMOTE DEVELOPMENT OF NEW INDUSTRIES.

ITS BUDGETARY REQUEST ALSO INCLUDE ALLOCATIONS FOR SWEEPING IMPROVEMENT OF THE NEW INDUSTRY CREATION AND TECHNICAL DEVELOPMENT SUPPORT SYSTEM FOR MID-RANKING FIRMS AND THE ESTABLISHMENT OF A PUBLIC PROPOSAL SUBSCRIPTION-TYPE RESEARCH AND DEVELOPMENT PROJECTS. THE AIM IS TO DEVELOP PROMISING TECHNOLOGIES WITH HIGH FEASIBILITY.

RENGO ASKS MITI SUPPORT TO REALIZE 40-HOUR WORK WEEK

(MAINICHI - PAGE 3)

PRIOR TO THE COMPLETE IMPLEMENTATION OF A 40-HOUR WORK WEEK SYSTEM STARTING NEXT APRIL, RENGO (JAPAN TRADE UNIONS CONFEDERATION) YESTERDAY, REPRESENTED BY CHAIRMAN JINNOSUKE ASHIDA, CALLED ON MINISTER OF INTERNATIONAL TRADE AND INDUSTRY SHUNPEI TSUKAHARA TO ISSUE "THE NECESSARY POLICY MEASURES FOR SMALL TO MEDIUM-SIZED BUSINESSES SO THAT THAT THE SYSTEM IN FULL CAN BE IMPLEMENTED AS SCHEDULED."

ALTHOUGH THE LABOR STANDARDS LAW STIPULATES THE 40-HOUR WORK WEEK SYSTEM IN PRINCIPLE, SOME BUSINESSES ARE ALLOWED TO APPLY A 44-HOUR WEEK SYSTEM UNTIL THE END OF NEXT MARCH. SUCH BUSINESS ORGANIZATIONS AS THE JAPAN CHAMBER OF COMMERCE AND INDUSTRY WHICH CONSISTS OF SMALL AND MEDIUM-SIZED FIRMS, AIMING AT THE END OF NEXT MARCH WHEN THE GRACE PERIOD WILL RUN OUT, HAVE ASKED THE EXTENSION OF THE GRACE PERIOD TO THE LIBERAL DEMOCRATIC PARTY AND MITI.

RENGO, WHICH HAS PROMOTED A POLICY OF SLASHING WORK HOURS, YESTERDAY SOUGHT COOPERATION OF MITI FOR THE PLAN. IT INTENDS TO MAKE ITS APPEAL TO VARIOUS CIRCLES SO THAT THE 40-HOUR WORK WEEK SYSTEM WILL START NEXT FISCAL YEAR.

JAPAN-AUSTRALIA SECURITY COOPERATION ON AGENDA FOR NEXT MONTHS BILATERAL SUMMIT MEETING (YOMIURI - PAGE 3)

AT THE ARRANGED SUMMIT MEETING BETWEEN AUSTRALIAN PRIME MINISTER JOHN HOWARD, WHO WILL VISIT JAPAN IN SEPTEMBER, AND PRIME MINISTER HASHIMOTO, THE EXPANSION OF BILATERAL SECURITY COOPERATION IS LIKELY TO BECOME A SUBJECT OF DISCUSSION. BOTH COUNTRIES ARE THE ALLIES OF THE UNITED STATES. KEEPING THIS COMMONALITY IN MIND, AUSTRALIA HAS INDICATED A POSITIVE STANCE FOR STRENGTHENING THE RELATIONSHIP WITH JAPAN. THE JAPANESE GOVERNMENT IS EXPECTED TO AGREE TO AN APPROACH TO PROMOTION OF SECURITY DIALOGUE.

JAPAN ISSUED THE JAPAN-U.S. JOINT SECURITY DECLARATION AT THE JAPAN-U.S. SUMMIT MEETING THIS APRIL, AND AUSTRALIA DECIDED TO STRENGTHEN U.S.-AUSTRALIA JOINT MILITARY TRAINING DURING THE BILATERAL PERIOD MINISTERIAL TALKS IN UNCLAS SECTION 07 OF 09 TOKYO 007918

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 27

JULY. SINCE THE BEGINNING OF THIS YEAR, BOTH COUNTRIES HAVE BEEN STRIVING FOR STRENGTHENING SECURITY RELATIONS WITH THE U.S., WHICH IS THEIR ALLY.

A COOPERATIVE RELATIONSHIP ALSO HAS BEEN ESTABLISHED BETWEEN JAPAN AND AUSTRALIA, DEFENSE OFFICIALS MAKING GOOD-WILL VISITS TO EACH OTHER'S COUNTRY AND SEMINARS BEING HELD REGARDING UN PEACE KEEPING OPERATIONS (PKO). AUSTRALIA IS WILLING TO STRENGTHEN ITS RELATIONS WITH JAPAN WITH THE AIM OF IMPROVING THE SECURITY ENVIRONMENT IN THE ASIA-PACIFIC REGION BY ESTABLISHING A CLOSER COOPERATIVE SETUP AMONG JAPAN, THE U.S. AND AUSTRALIA, WHICH ARE MARITIME STATES ENCIRCLING THE PACIFIC.

EVEN SO, IF TOO MUCH EMPHASIS IS PLACED ON THE ALLIANCE AMONG JAPAN, THE U.S. AND AUSTRALIA, "A MISUNDERSTANDING THAT 'THE THREE' COUNTRIES MAY BE TRYING TO CONTROL ASIA' MIGHT BE GENERATED" (SENIOR OFFICIAL OF THE FOREIGN MINISTRY). FOR THIS REASON, JAPAN TENDS TO TAKE A CAUTIOUS STANCE TOWARD JAPAN-AUSTRALIA DISCUSSION ON SUBSTANTIVE BILATERAL COOPERATION.

VICE FOREIGN MINISTER DENIES COMMONALITY OF HISTORICAL PERCEPTION BETWEEN JAPAN, ROK (SANKEI - PAGE 3)

ADMINISTRATIVE VICE FOREIGN MINISTER SADAYUKI HAYASHI HELD A PRESS CONFERENCE ON THE EVENING OF THE 26TH. REFERRING TO THE JAPAN-ROK JOINT HISTORICAL RESEARCH PROJECT, WHICH WAS AGREED ON AT THE SUMMIT MEETING LAST NOVEMBER BETWEEN FORMER PRIME MINISTER TOMIICHI MURAYAMA AND PRESIDENT KIM YOUNG SAM, HE UNDERScoreD THAT THE PLANNED RESEARCH IS NOT DESIGNED TO FORGE A COMMON PERCEPTION OF THE HISTORY OF JAPAN AND THE ROK, NOTING, "THE AIM IS TO PROMOTE RESEARCH INTO THE HISTORY OF JAPAN AND THE ROK THAT IS NOW GOING ON AT VARIOUS LEVELS." HE MADE IT CLEAR THAT THE ROK HAS SHOWN ITS UNDERSTANDING TOWARD THE AIM OF THE PROJECT.

CENTERING ON THIS ISSUE, THE ROK ONCE TRIED TO HAVE THE RESULTS OF THE GOVERNMENT-SPONSORED RESEARCH REFLECTED IN JAPAN'S SCHOOL TEXTBOOKS, BUT THE JAPANESE SIDE OBJECTED TO THE IDEA. TALKS HAD BEEN GOING ON PREMISED ON GOING NO FARTHER THAN THE PRIVATE-SECTOR LEVEL IN SUCH RESEARCH.

ALTHOUGH STIFF SENTENCES, INCLUDING THE DEATH PENALTY, PASSED ON FORMER ROK FORMER PRESIDENTS CHUN DOO HWAN AND ROH TAE WOO, HAYASHI AVOIDED COMMENT, ONLY SAYING, "IT IS AN ROK DOMESTIC ISSUE. THE DECISION IS BASED ON DOMESTIC LAW, SO IT IS NOT APPROPRIATE FOR ME TO MAKE ANY COMMENT ON THAT."

VICE MINISTER HAYASHI ALSO TOUCHED ON THE MINISTRY'S BUDGETARY REQUEST FOR AN ALLOCATION OF EXPENSES IN NEXT FISCAL YEAR'S BUDGET FOR STUDYING THE FEASIBILITY OF INTRODUCING RECONNAISSANCE SATELLITES. HE TOOK THE VIEW THAT THE REQUEST WOULD BE FOR EXPENSES NEEDED PURELY FOR

RESEARCH INTO THE PROPRIETY OF INTRODUCING SUCH, NOTING, "OUR REQUEST IS NOT PREMISED ON THE INTRODUCTION (OF A RECONNAISSANCE SATELLITE). WE ARE PRESSING AHEAD WITH PROCEDURES FOR OBTAINING THE RULING PARTIES' UNDERSTANDING."

HATOYAMAQS NEW PARTY TO HAVE 20 MEMBERS
(NIHON KEIZAI - PAGE 2)

SAKIGAKE'S YUKIO HATOYAMA IS ENGAGING IN A TUG OF WAR WITH PARTY LEADER MASAYOSHI TAKEMURA WITH POSSIBLE HATOYAMA NEW-PARTY MEMBERS AT STAKE. AT THIS POINT, HATOYAMA IS HOPING TO LURE ABOUT 20 MEMBERS INTO HIS NEW PARTY. TAKEMURA, ON THE OTHER HAND, IS DESPERATELY TRYING TO CONSOLIDATE THE PARTY BEDROCK, WHILE SEARCHING FOR WAYS TO FIND COMMON GROUND WITH HATOYAMA THROUGH HIS PLANNED TALKS WITH HIM.

UNCLAS SECTION 08 OF 09 TOKYO 007918

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 27

FOLLOWING SUSUMU YANASE, THE FIRST SAKIGAKE MEMBER WHO HAS MADE IT CLEAR TO JOIN HATOYAMA'S NEW PARTY, SUCH MEMBERS AS KO TANAKA, KOICHIRO BENBA, TADAMASA KODAIRA, AND FUMIHIKO IGARASHI ARE CONSIDERING ENTERING IT. AT THIS POINT, FIVE OR SO ARE EXPECTED IN THE END TO BOLT THE SAKIGAKE PARTY TO JOIN THE NEW PARTY.

THOSE BACKING HATOYAMA ARE ALSO HOPEFUL TO HAVE ABOUT 10 MEMBERS, INCLUDING HIROTAKA AKAMATSU OF THE "SOUSHIKAI," FROM THE SOCIAL DEMOCRATIC PARTY (SDP). SHIMIN LEAGUE (FIVE IN ALL) LED BY BANRI KAIEDA HAS ALSO BEEN LEANING TOWARD JOINING HANDS WITH HATOYAMA AS A WHOLE. THE NUMBER OF MEMBERS RALLYING TOGETHER WITH HATOYAMA FROM OUTSIDE THE SAKIGAKE PARTY IS EXPECTED TO REACH 15 AT THE MOST.

HAJIME FUNADA OF THE SHINSHINTO (NEW FRONTIER PARTY) MET THE PRESS YESTERDAY IN THE DIET AND REMARKED: "EVEN IF TAKEMURA DOES NOT PARTICIPATE IN THE NEW PARTY, THERE STILL REMAINS THE TASK OF MY ALIGNING POLICIES (WITH HATOYAMA)." HIS REMARKS MIRRORED HIS CAUTIOUS ATTITUDE ABOUT JOINING HATOYAMA'S NEW PARTY IMMEDIATELY. ANOTHER SHINSHINTO MEMBER KUNIO HATOYAMA, YUKIO HATOYAMA'S YOUNGER BROTHER, HAS BEEN ENCOURAGING HIS FORMER SECRETARY KATSUYUKI ISHIDA AND OTHERS TO LAUNCH A NEW

PARTY TOGETHER. BUT THEIR REACTIONS HAVE BEEN SLOW.

MEANWHILE, MASAYOSHI TAKEMURA IN MATSUE CITY YESTERDAY NOTED TO THE PRESS ABOUT HIS PLANNED TALKS WITH HATOYAMA: "I AM GOING TO DO MY BEST TO FIND COMMON GROUND WITHOUT HINDERING OUR RELATIONSHIP OF TRUST."

IN LINE WITH TAKEMURA'S WILL, SAKIGAKE DEPUTY SECRETARY GENERAL HIROYUKI SONODA HAS BEEN WORKING HARD TO PERSUADE OTHER MEMBERS TO STAY CALM AND REMAIN IN THE PARTY TO AVOID A SPLIT. POLICY AFFAIRS RESEARCH COUNCIL CHAIRMAN KISABURO TOKAI YESTERDAY AFTERNOON MET WITH HATOYAMA IN THE DIET AND BARKED AT HIM: "WHEN WE SHOULD BE WORKING HARD TO RALLY TOGETHER THIRD FORCES WIDELY, WHY ARE YOU TRYING TO DUMP MR. TAKEMURA?"

LATE YESTERDAY IN HIROSHIMA CITY, TAKEMURA MET WITH SUCH MEMBERS AS SDP CHAIRMAN TOMIICHI MURAYAMA AND JICHIRO (ALL JAPAN PREFECTURAL AND MUNICIPAL WORKERS' UNION) CHAIRMAN MORISHIGE GOTO. MURAYAMA INDICATED HIS PREDICTION: "MR. AKAMATSU WOULD BE THE ONLY ONE WHO WOULD JOIN THE NEW PARTY FROM THE SDP."

ALERTNESS AND EXPECTATIONS IN SHINSHINTO

YUKIO HATOYAMA'S INDICATION THAT HE WOULD BOLT THE PARTY TO LAUNCH A NEW PARTY HAS EVOKED BOTH ALERTNESS AND EXPECTATIONS IN THE SHINSHINTO. THE PARTY LEADERSHIP HAS BEEN KEEPING A WATCHFUL EYE PARTICULARLY ON KUNIO HATOYAMA AND HAJIME FUNADA, WHO ARE EXPECTED TO JOIN HANDS WITH HATOYAMA, SUSPECTING THAT SOME OTHER JUNIOR MEMBERS MIGHT FOLLOW THEM. AT THE SAME TIME, SOME SHINSHINTO MEMBERS ARE DRAWING A ROSY PICTURE: IF HATOYAMA'S NEW PARTY POSITIONS ITSELF AS AN OPPOSITION PARTY WITH A CERTAIN NUMBER OF MEMBERS FROM THE RULING CAMP, "TEAMING UP WITH THE SHINSHINTO IS POSSIBLE AND THAT MIGHT LEAD TO THE TERMINATION OF THE HASHIMOTO ADMINISTRATION."

THE SHINSHINTO LEADERSHIP SAID HIGH-HANDEDLY, "THE DEPARTURE OF THOSE TWO HAVE LONG BEEN EXPECTED, BUT NO ONE WILL FOLLOW THEM" (MEMBER CLOSE TO OZAWA). NEVERTHELESS, SOME JUNIOR MEMBERS CRITICAL OF THE PARTY LEADERSHIP MIGHT FOLLOW THE TWO. IN ADDITION, THE GROUP LED BY FORMER PRIME MINISTER TSUTOMU HATA HAS BEEN SEARCHING FOR WAYS TO TEAM UP WITH HATOYAMA'S NEW PARTY AFTER THE NEXT GENERAL ELECTION.

UNCLAS SECTION 09 OF 09 TOKYO 007918

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 27

MEANWHILE, SHINSHINTO PRESIDENT ICHIRO OZAWA IN A MEETING OF THE FIVE PARTY EXECUTIVES YESTERDAY EXPRESSED A CERTAIN UNDERSTANDING TOWARD HATOYAMA'S MOVE, NOTING, "I CAN UNDERSTAND HIS ACTION IF IT IS BACKED BY HIS BELIEF." ALSO YESTERDAY, SECRETARY GENERAL NISHIOKA IN A PRESS MEETING EXPRESSED HIS EXPECTATIONS TOWARD THE HATOYAMA NEW PARTY GENERATING DEFINITE OVERTONES AS AN OPPOSITION PARTY, REMARKING, "MR. HATOYAMA'S ACTION SUGGESTS A MAJOR LIMITATION OF THE PRESENT COALITION ARRANGEMENT." CRANE

SECT: SECTION: 01 OF 09

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
004. cable	Re: Japan Defense Agency (3 pages)	08/28/1996	P1/b(1)

COLLECTION:

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

FOLDER TITLE:

[08/22/1996 - 08/30/1996]

2016-0420-F
sb1879

RESTRICTION CODES

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

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
- P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
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PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

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

- b(1) National security classified information [(b)(1) of the FOIA]
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- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

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005. cable	Re: Japan-U.S./Okinawa Base Issues (7 pages)	08/28/1996	P1/b(1)

COLLECTION:

Clinton Presidential Records
NSC Cables
Jan 1995-Dec 1996 ([Futenma])
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SUBJ: JAPANESE MORNING PRESS HIGHLIGHTS AUGUST 29

TEXT:
UNCLAS SECTION 01 OF 09 TOKYO 008019

USIA

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EAR/J; STATE PASS TO USTR/PUBLIC AFFAIRS OFFICE; CIA
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TREASURY/OASIA/IMI; WHITE HOUSE; COMMERCE FOR DAS;
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SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS AUGUST 29

TOP HEADLINES:

ASAHI: PROXY-SIGNING LAWSUIT: OKINAWA'S APPEAL REJECTED
BY SUPREME COURT; "FORCED LEASE CANNOT BE SAID TO BE
UNCONSTITUTIONAL"; PROVIDING OF LAND UNDER PRIME
MINISTER'S DISCRETION (TRANSLATION BELOW)

NIHON KEIZAI: PROXY-SIGNING CASE: OKINAWA'S APPEAL
REJECTED BY GRAND BENCH OF SUPREME COURT; "REFUSAL IS TO
DO HARM TO PUBLIC INTEREST"; PROCEDURES FOR FORCED LEASE
OF LAND FOR U.S. MILITARY ARE CONSTITUTIONAL

TOKYO SHIMBUN: FORCED LEASE OF LAND PLOTS FOR U.S. FORCES IS CONSTITUTIONAL; SUPREME COURT'S DECISION ON PROXY-SIGNING LAWSUIT; OKINAWAN GOVERNOR LOSES THE CASE; REFUSAL OF SIGNING "CAUSES DOES SERIOUS HARM TO PUBLIC INTEREST"

MAINICHI: AIDS SCANDAL: FORMER VICE PRESIDENT ABE TO BE ARRESTED TODAY; TOKYO DISTRICT PUBLIC PROSECUTORS' OFFICE ASKS HIM EARLY THIS MORNING TO COME TO PROSECUTORS' OFFICE; ALSO TO INVESTIGATE HEALTH AND WELFARE MINISTRY

YOMIURI: SUPREME COURT REJECTS APPEAL BY OKINAWAN GOVERNOR; "REFUSAL OF PROXY-SIGNING IS HARMFUL TO PUBLIC INTEREST"; FORCED LEASE OF LAND FOR U.S. MILITARY IS CONSTITUTIONAL; BUT SOME UNDERSTANDING SHOWN TOWARD BURDEN BROUGHT ABOUT BY MILITARY BASES IN SUPPLEMENTARY EXPLANATION

SANKEI: SUPREME COURT'S RULING ON PROXY-SIGNING CASE RELATED TO SITES NOW USED BY U.S. FORCES ON OKINAWA : "REFUSAL OF SIGNING DOES HARM TO PUBLIC INTEREST"; PREFECTURE'S APPEAL REJECTED; SPECIAL MEASURES LAW IS CONSTITUTIONAL; UNANIMOUS DECISION BY 12 JUDGES

SUPREME COURT REJECTS OKINAWA GOVERNOR'S APPEAL ON BASE-LAND LEASES (ASAHI - TOP PLAY)

IN ORDER TO CONTINUE THE (GOVERNMENT'S) FORCIBLE USE OF LAND LOTS OFFERED TO THE U.S. MILITARY IN OKINAWA PREFECTURE, THE PRIME MINISTER HAD INSTITUTED A LAWSUIT AGAINST GOVERNOR MASAHIDE OTA FOR HIS PROXY SIGNING OF LAND AND PROPERTY PROTOCOLS REQUIRED FOR PROCEDURES. AS A RESULT OF THE HEARING OF FINAL APPEAL ON THIS "OKINAWA PROXY-SIGNING LAWSUIT" CASE, THE SUPREME COURT'S GRAND BENCH (PRESIDED OVER BY SUPREME COURT CHIEF JUSTICE TOHRU MIYOSHI) HANDED DOWN A RULING ON AUGUST 28, DISMISSING THE GOVERNOR'S FINAL APPEAL. THE JUDICATURE HAS NOW SHOWN ITS FINAL JUDGMENT AS TO THE ISSUE OF MILITARY BASES ON OKINAWA, WHICH HAS BEEN ROCKING THE JAPAN-U.S. SECURITY ARRANGEMENT SINCE THE FALL OF LAST YEAR. FROM NOW ON, THE FOCUS WILL BE ON OKINAWA PREFECTURE'S PLEBISCITE SET FOR THE 8TH OF NEXT MONTH ON THE PROPRIETY OF REDUCING THE MILITARY BASES THERE -- AND ALSO ON WHETHER OR NOT THE GOVERNOR WILL RESPOND TO (THE GOVERNMENT'S REQUEST FOR) EXECUTING 'PUBLIC POSTING AND REVIEW' WHICH IS THE NEXT PROCEDURE FOR CONTINUED FORCIBLE USE (OF EXPROPRIATED LAND). THE COURT RULING HAS NOW UTTERLY TURNED DOWN THE OKINAWA SIDE'S PETITION. YET, FOR THE GOVERNMENT, THERE IS NO CHANGE IN THE SEVERE SITUATION, WITH THE CURRENT TERM OF UNRENEWED MILITARY LAND LEASES BEING DUE TO EXPIRE IN MAY NEXT YEAR.

GOVERNOR OTA EXPRESSES REGRET OVER SUPREME COURT'S DECISION (SANKEI - PAGE 1)

OKINAWAN GOVERNOR MASAHIDE OTA'S COMMENT:

"FOR OKINAWA PREFECTURE, THE REJECTION OF OUR APPEAL IS AN EXTREMELY SEVERE JUDGMENT. OKINAWA PREFECTURE HAD APPEALED TO THE SUPREME COURT THE HISTORICAL FACT THAT IT'S LAND LOTS HAVE BEEN FORCIBLY USED AS THE U.S. MILITARY BASES, AS WELL AS THE ACTUAL SITUATION OF THE UNCLAS SECTION 02 OF 09 TOKYO 008019

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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U.S. MILITARY BASES. IT HAD STRESSED THAT DAMAGE AND PRESSURE CAUSED BY THE BASES HAVE TRAMPLED ON THE BASIC HUMAN RIGHTS OF THE OKINAWAN PEOPLE. WE ARGUED THAT SUCH IS AGAINST THE MAIN PRINCIPLE OF THE LOCAL GOVERNMENT. HOWEVER, IT IS TRULY REGRETTABLE THAT THE COURT DECISION REJECTED THE PREFECTURE'S ARGUMENTS. I WOULD LIKE TO CONTINUOUSLY DEAL WITH THE ISSUE OF SOLVING THE U.S. MILITARY BASES PROBLEM AS THE MOST IMPORTANT TASK FOR THE PREFECTURAL GOVERNMENT IN ORDER TO PROTECT THE OKINAWAN PREFECTURAL CITIZENS' LIVES AND WAY OF LIFE."

PRIME MINISTER CALLS ON OTA TO COOPERATE AND SIGN DOCUMENTS FOR LAND LEASING (SANKEI - PAGE 1)

(LIMA, AUGUST 28, KEN KASAHARA) PRIME MINISTER RYUTARO HASHIMOTO, WHO IS NOW VISITING PERU, ON THE MORNING OF THE 28TH (NIGHT ON THE SAME DAY, JAPAN TIME) MADE A COMMENT ON THE CENTRAL GOVERNMENT HAVING WON THE LAW SUIT AT THE SUPREME COURT REGARDING (OKINAWAN GOVERNOR OTA'S REFUSAL OF) PROXY SIGNING ON THE DOCUMENTS NECESSARY FOR THE FORCED USE OF LAND BY THE UNITED STATES MILITARY BASES: "I WOULD LIKE TO PAY MY RESPECTS TO THE SUPREME COURT THAT APPROPRIATELY CONDUCTED THE CASE IN CONFORMITY WITH THE LAW. I ALSO WANT THE GOVERNOR TO UNDERSTAND THE REASON WHY THE SUIT WAS BROUGHT TO THE SUPREME COURT AND THEN TO COOPERATE." HE THUS SOUGHT THE COOPERATION OF OKINAWAN GOVERNOR MASAHIDE OTA.

HE ALSO STATED: "THE GOVERNMENT MUST CONTINUE ITS EFFORTS TO REDUCE THE BURDEN OF OKINAWA PREFECTURE AND ITS PEOPLE AS MUCH AS POSSIBLE. THERE IS NO CHANGE IN OUR POLICY OF CONSOLIDATING, REALIGNING, AND REDUCING THE U.S. MILITARY FACILITIES ON OKINAWA, WHILE LISTENING TO VIEWS FROM THE LOCAL PEOPLE THROUGH THE FORUM THAT HAS BEEN SET UP UNDER THE CHIEF CABINET SECRETARY'S LEADERSHIP, WHILE GIVING CONSIDERATION TO SUCH BEING IN HARMONY WITH ATTAINING THE OBJECTIVES OF THE U.S.-JAPAN SECURITY ARRANGEMENT." HE WAS REPLYING FROM HIS HOTEL IN

LIMA TO A GROUP OF REPORTERS ACCOMPANYING HIM.

HOW OKINAWA GOVERNOR WILL RESPOND TO COURT DECISION NOW
IN SPOTLIGHT (ASAHI - PAGE 1)

WITH THE SUPREME COURT'S REJECTION OF OKINAWA GOVERNOR
MASAHIDE OTA'S APPEAL, THE FOCUS HAS NOW SHIFTED IN THE
OKINAWA BASE PROBLEM TO WHETHER OTA WILL CHANGE HIS
STANCE TO DATE OF REJECTING THE FORCIBLE USE OF LAND BY
THE BASES, OR ASSUMING HE CHANGES HIS POSITION, WHEN WILL
THAT BE. THE GOVERNMENT'S POSITION HAS BEEN TO PUT ALL
ITS EFFORTS INTO PROMOTING A RELAXING OF THE ATTITUDE OF
THE PREFECTURAL GOVERNMENT BY GOING AHEAD WITH TALKS
BETWEEN JAPAN AND THE UNITED STATES TO REALIGN AND REDUCE
U.S. BASES, AIMING AT RESOLVING THE LOCATION SITES FOR
TRANSFERS FROM FUTENMA AIR STATION, AND BY PUTTING
TOGETHER A PACKAGE OF PROMOTIONAL MEASURES FOR OKINAWA
PREFECTURE. HOWEVER, IF IT TURNS INTO A SITUATION OF NOT
BEING ABLE TO OBTAIN THE UNDERSTANDING OF OKINAWA AND THE
GOVERNOR DELAYING HIS JUDGMENT, THE RESULT WOULD NOT ONLY
INVITE POLITICAL TURMOIL BUT ALSO WOULD LIKELY HAVE AN
IMPACT ON THE JAPAN-U.S. SECURITY ARRANGEMENT ITSELF.

GOVERNMENT BUILDING ENVIRONMENT FOR SMOOTH RESOLUTION OF
BASE PROBLEM (NIHON KEIZAI - PAGE 3)

THE ISSUE OF THE FORCED LEASE OF LAND LOTS FOR UNITED
STATES MILITARY FACILITIES IN OKINAWA HAS NOW ENTERED A
NEW PHASE WITH THE DISMISSAL OF THE PREFECTURAL SIDE'S
APPEAL. IF GOVERNOR MASAHIDE OTA FOLLOWS THE RULING, THE
ISSUE WILL MOVE TOWARD A SETTLEMENT, BUT IF HE INSISTS ON
REFUSING TO SIGN DOCUMENTS AS A PROXY, THE POLITICAL
SITUATION WILL GROW STRAINED. THE FATE OF THE BASES
ISSUE, WHICH HAS ROCKED THE CENTRAL GOVERNMENT OVER THE
PAST ONE YEAR OR SO DEPENDS ON WHAT DECISION THE GOVERNOR
WILL MAKE, BEING IN BETWEEN THE JUDICIAL RULING AND
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OKINAWANS' SENTIMENTS.

THE CENTRAL GOVERNMENT AND THE RULING COALITION ARE
EARNESTLY EXPECTING GOVERNOR OTA TO SWITCH TO A MORE
FLEXIBLE STAND IN RESPONSE TO THE RULING. TO ATTAIN AN
"AMICABLE SETTLEMENT" IN THE WAY OF OBTAINING COOPERATION
FROM THE GOVERNOR, THEY INTEND TO POUR THEIR ENERGIES

INTO PAVING THE ROAD BY SHAPING UP AN OKINAWA DEVELOPMENT PACKAGE. IN ADDITION TO A DEVELOPMENT PACKAGE, THEY WILL ALSO COMPILE A SET OF SPECIFIC MEASURES FOR REALIGNING AND TRIMMING BASES PRIOR TO THE PLANNED MEETING OF THE JAPAN-U.S. SECURITY CONSULTATIVE COMMITTEE (2 PLUS 2) IN SEPTEMBER AND A FINAL REPORT THAT IS TO BE ISSUED IN NOVEMBER BY THE JAPAN-U.S. SPECIAL ACTION COMMITTEE ON OKINAWA (SACO) AND SEEK AN UNDERSTANDING OF THE PREFECTURAL SIDE.

AS FOR THE FORCED LEASING OF LAND PLOTS RELATED TO SOBE TELECOMMUNICATION STATION, WHOSE LAND-LEASE CONTRACTS EXPIRED AT THE END OF MARCH THIS YEAR, AND 12 FACILITIES INCLUDING KADENA AIR BASE, WHOSE CONTRACTS ARE TO RUN OUT ON MAY 14 NEXT YEAR, THE PROCESS HAS COME TO THE STAGE OF DISPLAYING PAPERS TO LET LANDOWNERS KNOW APPLICATIONS FOR DECISION SUBMITTED BY THE CENTRAL GOVERNMENT TO THE PREFECTURAL EXPROPRIATION COMMITTEE. THE CENTRAL GOVERNMENT INTENDS TO EXERT ITSELF TO OBTAIN COOPERATION FROM THE GOVERNOR IN DISPLAYING DOCUMENTS PUBLICLY. IT WILL WITHDRAW THE CASE IF THE GOVERNOR CHANGES HIS MIND TO COOPERATE WITH THE CENTRAL GOVERNMENT.

ON THE PART OF GOVERNOR OTA, AS TO WHETHER TO COMPLY WITH THE REQUEST ASKING HIM TO GO THROUGH THE PROCEDURES FOR THE FORCED USE OF LAND PLOTS, THE GOVERNOR WILL MAKE A FINAL DECISION AFTER CAUTIOUSLY ASCERTAINING THE OUTCOME OF THE PREFECTURAL REFERENDUM SET FOR SEPTEMBER 8 TO ASK ABOUT PROS AND CONS OF THE PROBLEM OF REALIGNING AND TRIMMING U.S. BASES, AND PROSPECTS FOR CONSTRUCTING AN ALTERNATIVE HELIPORT FOR RELOCATION OF FUTENMA AIR STATION AND AN OKINAWA PROMOTION PACKAGE.

ON JULY 10, THE GOVERNOR STATED IN THE GRAND BENCH OF THE SUPREME COURT AND APPEALED BASED ON "THE HEAVY BURDEN FROM THE BASES." WHILE DEALING WITH THE LAWSUIT, THE GOVERNOR ELICITED A COMMITMENT FROM THE CENTRAL GOVERNMENT AND THE RULING COALITION TO INCORPORATE IN AN OKINAWA DEVELOPMENT PACKAGE AN EXPANSION OF A FREE TRADE ZONE AND A LOWERING OF AIR FARES. PARTLY BECAUSE OF THOSE CIRCUMSTANCES, IT IS A REALITY THAT A KIND OF "SENSE OF SATISFACTION" IS FELT AMONG PERSONS CLOSE TO THE GOVERNOR, EVEN THOUGH THEY ARE UNHAPPY WITH THE RULING.

FROM AN EARLY STAGE, OKINAWA PREFECTURE HAS GROPED FOR A POINT OF COMPROMISE BY MAKING ALLOWANCES FOR DISMISSAL OF ITS APPEAL BY THE SUPREME COURT. THE GOVERNOR HIMSELF ALSO STATED IN A NEWS CONFERENCE HELD AFTER THE COURT DECISION WAS HANDED DOWN ON THE 28TH: "IT IS NATURAL TO MAKE EFFORTS TO SETTLE THE PROBLEM WHILE ENHANCING THE RELATIONSHIP OF TRUST (WITH THE CENTRAL GOVERNMENT)." HE THEN MADE CLEAR HIS INTENTION OF GOING ON WITH REPAIRING RELATIONS WITH THE CENTRAL GOVERNMENT IN ORDER TO FURTHER PUSH AHEAD WITH REALIGNMENT AND REDUCTION OF BASES AND AN OKINAWA DEVELOPMENT PLAN. JUDGING FROM THESE CIRCUMSTANCES, SOME BELIEVE STRONGLY THAT IN HIS MEETING WITH PRIME MINISTER HASHIMOTO, WHICH IS SUPPOSED TO TAKE

PLACE AFTER THE PREFECTURAL REFERENDUM, THE GOVERNOR MAY CHANGE HIS PREVIOUS STANCE TOWARD THE STEPS FOR FORCED LEASING OF LAND AND INSTEAD DECLARE HIS COOPERATION.

BUT IF THE PREFECTURAL REFERENDUM RESULTS IN SHOWING A MAJORITY "OPPOSING THE BASES," THE GOVERNOR WILL BE PRESSED HARD TO MAKE A DIFFICULT DECISION. THERE IS A DEFINITE POSSIBILITY THEREFORE THAT HE MAY CONTINUE TO REFUSE TO COOPERATE, BACKED BY A "CONSENSUS OF UNCLAS SECTION 04 OF 09 TOKYO 008019

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PREFECTURAL RESIDENTS."

FURTHERMORE, HOW TO REALIGN AND REDUCE BASES IS STILL UNCLEAR. REGARDING THE ISSUE OF RELOCATING THE HELIPORT OF FUTENMA AIR STATION, THE U.S. SIDE HAS SHOWN DISAPPROVAL OF A PLAN TO RELOCATE THE HELIPORT TO KADENA AIR BASE. IN ADDITION, NEARBY MUNICIPALITIES ARE OPPOSED TO THAT PLAN. MOREOVER, IT IS EXPECTED JAPAN-U.S. NEGOTIATIONS, WHICH WILL COME TO A CLIMAX IN SEPTEMBER, WILL EXPERIENCE DIFFICULTIES. IT IS THEREFORE CONCEIVABLE THAT THE GOVERNMENT WILL DELAY MAKING A DECISION SO AS TO ASCERTAIN THE PROGRESS OF THE COORDINATION WORK GOING ON IN JAPAN-U.S. NEGOTIATIONS AND WITHIN THE GOVERNMENT.

GOVERNMENT TO ARRANGE SPECIAL TRANSFERS OF STATE REVENUES TO EASE OKINAWAQS BURDEN (YOMIURI - PAGE 2)

A TOP-LEVEL GOVERNMENT OFFICIAL YESTERDAY EVENING REVEALED THAT THE GOVERNMENT IS NOW CHECKING INTO THE POSSIBILITY OF ESTABLISHING A SPECIAL TAX SUBSIDIES (KOUFUKIN) FOR LOCAL GOVERNMENTS THROUGHOUT THE COUNTRY, INCLUDING OKINAWA, WHERE U.S. MILITARY BASES ARE LOCATED. THIS ARRANGEMENT SEEMS TO HAVE OKINAWA PREFECTURE IN MIND. UNDER THE SCHEME, BASE SUBSIDIES AND COORDINATION SUBSIDIES, WHICH ARE CURRENTLY PAID OUT, WILL BE AUGMENTED TO EASE THE BURDEN IMPOSED ON LOCAL GOVERNMENTS THAT HAVE U.S. MILITARY BASES.

THE SAME OFFICIAL STATED THAT SPECIAL BASE SUBSIDIES "CAN BE GRANTED (TO LOCAL GOVERNMENTS WHERE U.S. MILITARY BASES ARE LOCATED) IN PROPORTION TO THE AREA OF THOSE BASES AND THE NUMBER OF LANDINGS AND TAKE-OFFS OF AIRCRAFT THERE." APPROXIMATELY 6 BILLION YEN WAS PAID

LAST YEAR TO OKINAWA PREFECTURE AS A WHOLE AS BASE AND COORDINATION SUBSIDIES. THE INCIDENT INVOLVING THE RAPE OF A SCHOOLGIRL BY U.S. SERVICEMEN LAST SEPTEMBER RELEASED AN ENORMOUS AMOUNT OF PENT-UP DISSATISFACTION AND ANGER IN OKINAWA OVER THE WAY THE GOVERNMENT HAS TREATED IT SINCE THE ISLAND'S REVERSION TO JAPAN. TO RECOGNIZE THIS "NEGLIGENCE" IS THE STARTING POINT FOR TAKING ANY MEASURES ON THE OKINAWA PROBLEM. LIBERAL DEMOCRATIC PARTY (LDP) SECRETARY GENERAL KATO IN HIS TALKS WITH GOVERNOR MASAHIDE OTA HELD ON THE 24TH ACKNOWLEDGED A LACK OF EFFORTS ON THE GOVERNMENT SIDE AND EXPRESSED APOLOGY AND SELF-REFLECTION. THIS CAN BE APPRECIATED.

STANDING ON THAT BASIS, THE GOVERNMENT NEEDS TO TACKLE WITH "SINCERITY" THE CONSOLIDATION AND DOWN-SIZING OF U.S. MILITARY BASES AND DEVELOPMENT MEASURES AS REQUESTED BY OKINAWA ON A LONG-STANDING BASIS.

IT IS ALSO TRUE THAT MANY PEOPLE ON THE MAINLAND HAVE PERCEIVED THE OKINAWA PROBLEM AS "SOMEONE ELSE'S AFFAIR." IT IS ONLY NATURAL FOR THE MAINLAND TO SHARE THE PAIN IN ORDER TO MAINTAIN THE JAPAN-U.S. SECURITY ARRANGEMENT. IF UNDERSTANDING CANNOT BE OBTAINED FROM LOCAL GOVERNMENTS THAT HAVE BEEN NAMED AS CANDIDATES FOR THE TRANSFERS OF U.S. MILITARY LIVE-FIRE TRAINING EXERCISES OVER THE PREFECTURAL ROAD ROUTE 104 IN OKINAWA, IT WILL RESULT IN OKINAWA ALONE CONTINUING TO SHOULDER THE BURDEN.

THE GOVERNMENT NEEDS TO MAKE ITS UTMOST EFFORTS TO PERSUADE LOCAL GOVERNMENTS AND RESIDENTS WHO ARE OBJECTING TO THE RELOCATION OF SUCH TRAINING TO THEIR AREAS. IT IS NECESSARY FOR BOTH THE GOVERNMENT AND OKINAWA TO MAKE FURTHER EFFORTS TO DISSOLVE "THE UNFORTUNATE RELATIONSHIP" THAT THEY NOW HAVE BY SEARCHING FOR A COMMON SETTLEMENT LINE BETWEEN THE LEGAL JUDGMENT HANDED DOWN YESTERDAY AND THE WILL OF THE PREFECTURAL CITIZENS, WHICH WILL BE REVEALED IN A REFERENDUM TO TAKE PLACE ON SEPTEMBER 8.

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(POLITICAL NEWS SECTION REPORTER KAZUNORI OZAKI)

U.S., JAPAN STILL BOGGED DOWN IN TALKS ON HELIPORT

TRANSFER (ASAHI - PAGE 2)

REGARDING THE PROBLEM OF U.S. MILITARY LAND EXPROPRIATION IN OKINAWA PREFECTURE, GOVERNOR MASAHIDE OTA'S RESPONSE IS EXPECTED TO BE GREATLY AFFECTED BY THE ISSUE OF HAVING THE FUTENMA AIRFIELD SITE RETURNED. MEANWHILE, INTERGOVERNMENTAL CONSULTATIONS BETWEEN JAPAN AND THE U.S. HAVE BEEN AT A STANDSTILL OVER THE QUESTION OF WHERE TO RELOCATE THE HELIPORT. THE JAPANESE GOVERNMENT HAS BEEN WORKING ON THE U.S. SIDE WITH THE PROPOSAL OF "ABSORPTION" INTO KADENA AIR FORCE BASE AS A PLAN THAT MAY POSSIBLY OBTAIN THE OKINAWA SIDE'S UNDERSTANDING. HOWEVER, THE U.S. SIDE STILL REMAINS RELUCTANT ABOUT THE IDEA. WHEN GIVING THOUGHT TO THE OKINAWA SIDE'S PRESENT CONDITION, IT WOULD PRESUMABLY BE DIFFICULT FOR THE JAPANESE SIDE TO FIND ANY OTHER SOLUTION. IF THE JAPAN-U.S. NEGOTIATIONS BECOME ENTANGLED, IT MAY TAKE A LONG TIME TO SETTLE NOT ONLY THE ISSUE OF BASE REALIGNMENT AND REDUCTION BUT ALSO THE PROBLEM OF LAND EXPROPRIATION.

AN OFFICIAL SAYS THAT THE JAPANESE AND U.S. SIDES NEGOTIATED THIS APRIL ON THE ISSUE OF FINDING AN ALTERNATIVE SITE FOR THE FUTENMA AIRFIELD, AND THE LIKELY IDEA AT THAT TIME WAS TO RELOCATE THE AIRFIELD'S FUNCTIONS TO THE KADENA AMMUNITION DEPOT. IN LATE JUNE, HOWEVER, THE JAPANESE SIDE OVERTURED THE IDEA OF ABSORPTION INTO KADENA AFB. CONCERNING THIS PROPOSAL, THE U.S. SIDE HAS SHOWN RELUCTANCE FROM THE VIEWPOINT OF OPERATION AND SAFETY.

HOWEVER, THE JAPANESE AND U.S. SIDES HAVE YET TO ENTER INTO SPECIFIC AND TECHNICAL STUDIES ON THE PROPOSAL OF ABSORPTION. THE U.S. SIDE IS EXPECTED TO SHORTLY COME UP WITH CONDITIONS, SUCH AS THE SCALE, GEOGRAPHICAL FEATURES, AND FACILITIES OF A RELOCATED HELIPORT, AND IT IS PRESUMED THAT THE IDEA OF ABSORPTION INTO THE KADENA AIRFIELD ALSO WILL BE PUT TO FULL-FLEDGED STUDY THEN.

A SENIOR OFFICIAL OF THE JAPAN DEFENSE AGENCY EXPLAINS THE JAPANESE SIDE'S POSITION: "THEY'RE JUST SAYING THEY CAN'T ACCEPT THE PROPOSAL WITHOUT SHOWING ANY DATA. THAT'S UNCONVINCING TO US. WE WILL PURSUE THE KADENA AIR BASE OPTION TO THE VERY LIMIT." ACCORDING TO JDA, THE U.S. SIDE ONCE SOUNDED OUT THE JAPANESE SIDE ON THE IDEA OF RECLAIMING A FORESHORE OF CAMP SCHWAB FOR CONSTRUCTION, BUT THE JAPANESE SIDE HAS BEEN REFUSING TO TREAT IT EVEN AS AN IDEA ON THE GROUNDS THAT "SUCH CANNOT BE ACCEPTED BY OKINAWA."

ANOTHER SENIOR JDA OFFICIAL SAYS, "ACTUALLY, THE U.S. SIDE HAS YET TO UNDERSTAND HOW SEVERE THE OKINAWA PROBLEM IS. REFUSING THE ABSORPTION PROPOSAL MAY EVEN LEAD TO THE POSSIBILITY OF THE U.S. FORCES BEING DRIVEN OUT OF OKINAWA." SUCH A FEELING IS STRONG ON THE JAPANESE SIDE. IT SEEMS THAT THE JAPANESE SIDE IS EXPECTING THE U.S. SIDE TO DEPART FROM "MILITARY RATIONALITY" AND COMPROMISE WITH A POLITICAL JUDGMENT.

HOWEVER, THE U.S. SIDE HAS REPEATEDLY ANSWERED THAT IT WOULD BE "DIFFICULT" TO ACCEPT THE PROPOSAL. SOME OFFICIALS IN THE JAPANESE GOVERNMENT ALSO ARE NOW VOICING THEIR CONCERN, ONE SENIOR FOREIGN MINISTRY OFFICIAL REMARKING, "IF WE ASSUME TOO STRONG AN ATTITUDE, THAT MAY RESULT IN IMPAIRING JAPAN-U.S. RELATIONS." AS SEEN FROM THIS, OFFICIALS ON THE JAPANESE SIDE ARE NOW GETTING OUT OF STEP.

THE JAPANESE AND U.S. GOVERNMENTS ARE GOING TO HOLD A SECURITY CONSULTATIVE COMMITTEE (TWO-PLUS-TWO) MEETING IN WASHINGTON ON THE 19TH OF NEXT MONTH, AND THE TWO GOVERNMENTS HAVE NOW AGREED THAT ON THAT OCCASION THE SCC UNCLAS SECTION 06 OF 09 TOKYO 008019

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WOULD LIKE TO MANIFEST AN ALTERNATIVE SITE FOR THE FUTENMA AIRFIELD'S FUNCTIONS, IF POSSIBLE. HOWEVER, IN CASE THE TWO GOVERNMENTS FAIL TO AGREE TO THE "ABSORPTION IDEA" AT THAT MEETING, NOT A FEW OFFICIALS WITHIN THE (JAPANESE) GOVERNMENT PREDICT THAT THE POSSIBILITY IS STRONG THAT THE TWO GOVERNMENT'S MAKING OF A DECISION ON AN ALTERNATIVE SITE MAY BE POSTPONED UNTIL NOVEMBER WHEN THE JAPAN-U.S. SPECIAL ACTION COMMITTEE (ON FACILITIES AND AREAS IN OKINAWA) (SACO) IS EXPECTED TO ISSUE ITS FINAL REPORT.

MSDF SHIPS TO DOCK IN ROKQS PUSAN HARBOR, A POSTWAR FIRST (MAINICHI - PAGE 3)

(SEOUL, AUGUST 28, REPORTER TATSUJI NAGATA) THE ROK DEFENSE MINISTRY ON THE 28TH ANNOUNCED THAT A TRAINING SQUADRON OF THE MARITIME SELF-DEFENSE FORCE OF JAPAN (MSDF) WOULD CALL AT PUSAN PORT FROM SEPTEMBER 2 TO 6 AND ITS CREW WOULD LAY A WREATH AT THE NATIONAL CEMETERY IN SEOUL AND PAY A COURTESY CALL ON THE NAVAL ACADEMY. THIS IS THE FIRST TIME FOR SHIPS FROM THE SELF-DEFENSE FORCES TO CALL AT A ROK PORT IN THE POSTWAR PERIOD. ATTENTION WILL BE FIXED ON HOW THE ROK PEOPLE, WHO ARE ALERT TO JAPAN'S POSSIBLE REARMAMENT, WILL RESPOND TO THE MSDF SQUADRON'S CALLING AT THEIR PORT, FLYING THE JAPANESE FLAG AND THE TRAINING SQUADRON'S FLAG.

TWO SHIPS WILL MAKE A CALL THIS TIME -- THE TRAINING SHIP KASHIMA AND THE DESTROYER SAWAYUKI. THE SHIPS HAVE ABOARD ABOUT 550 GRADUATES OF THE CADET SCHOOL IN

EDAJIMA, HIROSHIMA. THE TWO SHIPS LEFT JAPAN THIS SPRING. SINCE LEAVING POST, THE SHIPS HAVE STOPPED IN THAILAND, AUSTRALIA, HONOLULU AND GUAM. THEY ARE SCHEDULED TO RETURN TO JAPAN ON SEPTEMBER 10, AFTER THE STAYOVER IN THE ROK.

JAPAN AND THE ROK AGREED IN 1994 TO EXCHANGE SUCH COURTESY CALLS. THE ROK'S SQUADRON VISITED JAPAN AT THE END OF LAST YEAR.

NEXT DIET SESSION MIGHT START IN LATE OCTOBER, WITH OKINAWA AND KATO SCANDAL ON HOTPLATE (SANKEI - PAGE 3)

A PROPOSAL TO DEFER THE START OF THE EXTRAORDINARY DIET SESSION FROM EARLY OCTOBER, WHICH WAS BEING CONSIDERED, TO LATE OCTOBER GAINED STRENGTH YESTERDAY IN THE LIBERAL DEMOCRATIC PARTY. THIS IS BASED ON THE JUDGMENT THAT IT WOULD NOT BE TO THE PARTY'S ADVANTAGE TO HOLD THE SESSION EARLIER SINCE THERE IS NO PROSPECT OF A BREAKTHROUGH IN COORDINATION OVER THE ISSUE OF CONVENING THE POLITICAL ETHICS COMMITTEE OVER ALLEGATIONS OF LDP SECRETARY GENERAL KATO HAVING RECEIVED AN ILLEGAL DONATION. THIS HAS BECOME A NEW CONTENTIOUS ISSUE BETWEEN THE RULING AND OPPOSITION PARTIES. POLICY COORDINATION ALSO IS STILL FAR FROM CERTAIN ON OTHER ISSUES: THE FUTURE DEVELOPMENT OF THE OKINAWA BASE ISSUE, A NURSING INSURANCE BILL, AND THE COMPILATION OF A SUPPLEMENTARY BUDGET.

A SENSE OF ALARM IS GROWING IN THE LDP OVER THE OPPOSITION PARTY SHINSHINTO'S POSSIBLE STRENGTHENING OF ITS OFFENSIVE REGARDING THE CONVENING OF A POLITICAL ETHICS COMMITTEE MEETING OVER THE ALLEGATIONS AGAINST KATO. REGARDING THE CONVENTION OF AN EXTRAORDINARY DIET SESSION, A SENIOR OFFICIAL REMARKED, "THIS ISSUES MAY DRIVE THE COALITION GOVERNMENT TO DISSOLVE THE DIET."

THERE IS ALSO THE JUDGMENT: "IF THE SESSION IS CONVENED IN EARLY OCTOBER, IT WILL BE DIFFICULT TO COMPLETE COORDINATION OF VIEWS IN THE RULING CAMP OVER THE NURSING INSURANCE BILL, THE OKINAWA BASE ISSUE AND OTHER AGENDA ITEMS" (DIET POLICY COMMITTEE MEMBER). AS IT STANDS, THE DOMINANT VIEW IS THAT "UNDER THE CURRENT SITUATION, THE SESSION WILL BE HELD, PREMISED ON DIET DISSOLUTION AT THE OUTSET OF THE SESSION."

UNCLAS SECTION 07 OF 09 TOKYO 008019

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 29

IN ADDITION, SOME SUGGEST THAT CLOSE TABS BE KEPT ON THE MOVEMENT OF FORMATION OF A "NEW HATOYAMA PARTY" TO SEE HOW FAR IT WILL AFFECT THE COALITION GOVERNMENT.

UNDER SUCH CIRCUMSTANCES, THE VIEW GAINING PRODOMINANCE IN THE LDP LEADERSHIP IS THAT "AN EXTRAORDINARY DIET SESSION MUST BE HELD, BUT IT MAY BE BETTER TO DELAY IT UNTIL LATE OCTOBER."

DIET POLICY COMMITTEE CHAIRMAN KENZO MURAOKA, WHO HAS BEEN CALLING FOR A DIET DISSOLUTION AT THE OUTSET OF THE EXTRAORDINARY DIET SESSION, EMPHATICALLY STATED TO REPORTERS YESTERDAY, "AN EARLY DISSOLUTION WILL BE DESIRABLE. WE WILL NO LONGER BE ABLE TO DISCUSS COOLLY SUCH ISSUES AS NURSING INSURANCE AND OKINAWA AS THE EXPIRATION OF OUR TERM OF OFFICE COMES CLOSER." HE HINTED AT EVEN THE POSSIBILITY OF CONVENING THE SESSION IN LATE SEPTEMBER.

IN THE LDP, LOWER HOUSE POLITICAL ETHICS COUNCIL CHAIRMAN OKUNO AND OTHER CANDIDATE COUNCIL MEMBERS AGREED TO START EARLY NEXT WEEK NEGOTIATIONS AMONG SENIOR OFFICIALS OF THE RULING AND OPPOSITION PARTIES.

NEW PARTY TO BE LAUNCHED AROUND THE 20TH
(NIHON KEIZAI - PAGE 1)

YUKIO HATOYAMA AND MASAYOSHI TAKEMURA OF THE SAKIGAKE PARTY HELD TALKS ON THE NEW-PARTY ISSUE AT THE PARTY HEADQUARTERS YESTERDAY. THE TWO, HOWEVER, FAILED TO FIND COMMON GROUND, AND THE SESSION ENDED UNSUCCESSFULLY. AFTER THE TALKS, THE TWO LATER YESTERDAY HELD A JOINT PRESS CONFERENCE. IN IT, HATOYAMA FORMALLY ANNOUNCED HIS DECISION TO LEAVE THE SAKIGAKE PARTY. TAKEMURA ALSO REVEALED HIS INTENTION TO STEP DOWN AS PARTY PRESIDENT IN TAKING RESPONSIBILITY FOR HIS FAILURE TO PERSUADE HATOYAMA. HATOYAMA PLANS TO SUBMIT HIS RESIGNATION FROM THE PARTY ON THE 30TH. HE HAS BEGUN FULL-FLEDGED PREPARATIONS AIMING AT LAUNCHING THE NEW PARTY AROUND SEPTEMBER 20 IN COLLABORATION WITH HIS BROTHER KUNIO HATOYAMA OF THE SHINSHINTO (NEW FRONTIER PARTY), SUSUMU YANASE OF THE SAKIGAKE PARTY, AND OTHERS.

ONLY ONE OF FOUR MAJOR BACKERS OF HATOYAMA'S CONCEPT TO JOIN NEW PARTY (MAINICHI - PAGE 2)

FORMER EDUCATION MINISTER KUNIO HATOYAMA OF THE SHINSHINTO (NEW FRONTIER PARTY) MET THE PRESS LATE YESTERDAY IN THE DIET. REFERRING TO HIS BROTHER YUKIO HATOYAMA'S CLEAR INDICATION TO LAUNCH A NEW PARTY, HE NOTED, "I AM RELIEVED THAT HE CARRIED THROUGH WITH HIS BELIEF." HE ALSO REVEALED HIS INTENTION TO BOLT THE PARTY IN SEVERAL DAYS, REMARKING, "I AM GOING TO MAKE MY ULTIMATE DECISION." AS FOR THE POSSIBILITY OF JOINING HANDS WITH OTHER PARTIES, HE NOTED: "WE HAVE RECEIVED ENCOURAGING WORDS FROM THE FORMER KOSHIKAI (HATA GROUP).

WE WILL TIE UP WITH ANYONE POSSIBLE." HIS REMARKS SUGGESTED A PLAN TO TAKE A JOINT STEP WITH SOME SHINSHINTO MEMBERS.

MEANWHILE, HEALTH AND WELFARE MINISTER NAOTO KAN ALSO YESTERDAY NOTED ABOUT HIS FUTURE PLAN: "I AM NOT AT ALL CONSIDERING TO LEAVE THE PARTY NOW. I HOPE THAT THE SAKIGAKE PARTY AND THE HATOYAMA NEW PARTY WILL BE ABLE TO MAINTAIN A FRIENDLY RELATIONSHIP. I ALSO HOPE TO TAKE JOINT ACTION ON A GREATER SCALE SOMETIME IN THE NOT TOO DISTANT FUTURE."

ALSO LATE YESTERDAY, FORMER HOKKAIDO GOVERNOR TAKAHIRO YOKOMICHI SAID TO THE PRESS: "THE NEW PARTY HAS TO BE A BODY CONSISTING OF A WIDE RANGE OF DEMOCRATIC-LIBERAL FORCES IN ORDER TO CREATE ULTIMATELY A SOLID THIRD POLITICAL FORCE. TO THAT END, I WOULD LIKE TO WORK HARD UNCLAS SECTION 08 OF 09 TOKYO 008019

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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WITH MR. HATOYAMA." YOKOMICHI, HOWEVER, AVOIDED MENTIONING WHETHER OR NOT HE WOULD PARTICIPATE IN THE HATOYAMA NEW PARTY.

ANOTHER POSSIBLE KEY MEMBER, FORMER ECONOMIC PLANNING AGENCY DIRECTOR GENERAL HAJIME FUNADA OF THE SHINSHINTO LATE YESTERDAY IN TOKYO REMARKED TO THE PRESS CORPS: "MR. HATOYAMA'S EFFORT IS ADMIRABLE." BUT HE ALSO INDICATED THAT HE HAS NO INTENTION OF JOINING HIS PARTY, DECLARING, "IT HAS NOW BECOME CLEAR THAT IF HE LAUNCHES A NEW PARTY NOW, IT WOULD BE OVERLY LIBERAL. THE ENVIRONMENT SUGGESTS THAT THERE IS NO ROOM TO ACCEPT MY VISION. I HAVE NO INTENTION OF RESPONDING TO HIS CALL."

MEMBERS EXPECTED TO JOIN HATOYAMA NEW PARTY

(SAKIGAKE)

SUSUMU YANASE	(2)
FUMIHIKO IGARASHI	(1)
KO TANAKA	(1)

(SHIMIN LEAGUE)

BANRI KAIEDA	(1)
YUZURU SHIMAZAKI	(8)
SADAO YAMAHANA	(7)
SHIGERU GOTO	(6)

SEISHU MAKINO (1)

(SOCIAL DEMOCRATIC PARTY)

NOBUYUKI SEKIYAMA (4)

HIROTAKA AKAMATSU (2)

MASAO NAKAMURA (4)

(SHINSHINTO)

KUNIO HATOYAMA (6)

NOTE: NUMBERS IN THE PARENTHESES DENOTE THE NUMBER OF
TIMES ELECTED TO THE DIET.

HATOYAMA FINDS IT TOUGH TO SHAKE OFF CHECKBOOK DIPLOMACY
IMAGE IN LATIN AMERICA (YOMIURI - PAGE 2)

(LIMA, AUGUST 28, OISHI) HAVING HELD A SUMMIT MEETING
WITH PERUVIAN PRESIDENT FUJIMORI ON THE 27TH (JAPAN TIME,
SAME), PRIME MINISTER HASHIMOTO NOW HAS COMPLETED HIS
MAJOR ITINERARY OF VISITING FIVE LATIN AMERICAN
COUNTRIES. HE OBTAINED UNDERSTANDING FROM EACH LATIN
AMERICAN COUNTRY TOWARD HIS STANCE OF PLACING EMPHASIS ON
LATIN AMERICA UNDER THE RUBRIC "ESTABLISHMENT OF A
PARTNERSHIP FOR THE NEW AGE," AND HE PRODUCED CERTAIN
RESULTS THAT WOULD BRING LATIN AMERICA, WHICH HAS LONG
BEEN SEEN AS REMOTE FROM JAPAN, A LITTLE CLOSER.
PREVIOUS PRIME MINISTERS PAID LITTLE ATTENTION TO THAT
REGION. BUT HASHIMOTO WAS UNABLE TO REACH THE STAGE OF
PRESENTING A "LATIN AMERICA VISION" TO SHOW WHAT ROLE
JAPAN WILL FULFILL IN LATIN AMERICA BEYOND ITS LONG-TERM
DIPLOMACY THAT FOCUSES ON ECONOMIC ASSISTANCE.

AS THE FIRST STEP IN THE "ESTABLISHMENT OF PARTNERSHIPS
FOR A NEW AGE," THE PRIME MINISTER TRIED TO TAKE A NEW
APPROACH THAT WOULD BE SOMEWHAT DIFFERENT FROM
"CHECKBOOK DIPLOMACY" CENTERING ON ECONOMIC ASSISTANCE.

SUCH EFFORTS ARE REPRESENTED BY HIS COMMITMENT TO "SOUTH-
SOUTH COOPERATION," BY WHICH DEVELOPING COUNTRIES, UPON
REACHING A CERTAIN LEVEL OF ECONOMIC ACHIEVEMENT, PROVIDE
SUPPORT TO POORER COUNTRIES. IN MEXICO AND BRAZIL, HE
REVEALED PLANS TO ACCEPT TRAINEES FROM NEIGHBORING
COUNTRIES. IN CHILE, HE ANNOUNCED COOPERATION FOR
DISPATCHING TO EAST EUROPE OF SPECIALISTS ON THE PENSION-
FUND SYSTEM, THE PRIVATIZATION OF WHICH CHILE HAS JUST
ACHIEVED.

IN MEXICO, HE REQUESTED THE GOVERNMENT TO TAKE THOROUGH
UNCLAS SECTION 09 OF 09 TOKYO 008019

USIA

FOR: USIA D/P, I/GEA, I/RF, I/RFW, EA, RMR; STATE FOR
EAR/J; STATE PASS TO USTR/PUBLIC AFFAIRS OFFICE; CIA
WASHDC; SECDEF FOR JCS/J-5/JAPAN, OASD/ISA/EAPR/JAPAN;
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SECURITY MEASURES, IN VIEW OF THE JAPANESE ABDUCTION INCIDENT. IN BRAZIL, HE CALLED FOR RECTIFYING ITS PROTECTIONIST AUTOMOBILE POLICY. AS IT STANDS, HE PLAYED UP THE STANCE OF "SAYING WHAT HAS TO BE SAID" (SOURCE ACCOMPANYING THE PRIME MINISTER).

DESPITE SUCH A POSTURE BY THE PRIME MINISTER, EXPECTATIONS FOR JAPAN'S ECONOMIC ASSISTANCE ARE STILL HIGH IN THE REGION, AS SEEN FROM THE REMARK OF CHILE'S PRESIDENT FREI DURING A LUNCHEON PARTY, "WE ARE CONSIDERING A NEW WAY OF RECEIVING FINANCIAL AID FROM JAPAN." CRANE

SECT: SECTION: 01 OF 09

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SUBJ: JAPANESE MORNING PRESS HIGHLIGHTS AUGUST 30

TEXT:
UNCLAS SECTION 01 OF 07 TOKYO 008058

USIA

FOR: USIA D/P, I/GEA, I/RF, I/RFW, EA, RMR; STATE FOR
EAR/J; STATE PASS TO USTR/PUBLIC AFFAIRS OFFICE; CIA
WASHDC; SECDEF FOR JCS/J-5/JAPAN, OASD/ISA/EAPR/JAPAN;
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SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS AUGUST 30

TOP HEADLINES:

ASAHI: COAGULANTS NOT NECESSARY FOR HEMOPHILIAC WHOSE
BEREAVED FAMILY NOW ACCUSES (ABE); DETAILS OF TREATMENT
REVEALED; BLEEDING FOUND MAINLY IN JOINTS

NIHON KEIZAI: HASHIMOTO'S ADMINISTRATIVE REFORM VISION:
REORGANIZATION OF CENTRAL GOVERNMENT MINISTRIES, AGENCIES
INTO 10 MINISTRIES; MOF, MITI TO BE DISMANTLED; EXECUTIVE
SECTOR TO BE SET AS "OUTSIDE AGENCY"

TOKYO SHIMBUN: HIV SCANDAL: "UNTREATED BLOOD PRODUCTS" GIVEN EVEN AFTER "TREATED ONES" APPROVED; UNDER ABE'S LEADERSHIP IN "CLINICAL TRIALS" IN JULY 1985, OTHER DOCTORS IN CHARGE SAID, "MEANINGLESS".

MAINICHI: ABE IN 1984 HAD REJECTED ADVICE FOR "USE OF CLIO" FOR HEMOPHILIACS EVEN AFTER MAKING SURE "INFECTION WITH UNTREATED BLOOD PRODUCTS"

YOMIURI: PROHIBITED USE OF CLIO; DUE TO DIFFICULTIES IN CLIO ON WHICH HE HIMSELF PARTICIPATED IN DEVELOPMENT; ONE REASON FOR CONTINUATION OF "UNTREATED BLOOD PRODUCTS," ACCORDING TO INVESTIGATIONS BY TOKYO DISTRICT PUBLIC PROSECUTORS' OFFICE

SANKEI: AIDS SCANDAL: GUNJI, MATSUMURA TO BE PURSUED FOR THEIR CRIMINAL RESPONSIBILITY BY TOKYO DISTRICT PUBLIC PROSECUTORS' OFFICE; ON SUSPICION OF NEGLIGENCE RESULTING IN DEATH; HEALTH AND WELFARE MINISTRY'S DOING NOTHING" NOW BEING FOCUSED ON

OKINAWA REFERENDUM POSTED; GOVERNMENT SEEKS TO ELICIT FLEXIBILITY FROM GOVERNOR OTA (SANKEI - PAGE 2)

THE OKINAWA REFERENDUM ON THE QUESTIONS OF CONSOLIDATION AND REDUCTION OF U.S. MILITARY BASES AND THE JAPAN-UNITED STATES STATUS OF FORCES AGREEMENT WAS ANNOUNCED YESTERDAY. IN ANTICIPATION OF THE HIGH POSSIBILITY THAT VOTING RESULTS WILL BE IN AN UNDESIRE DIRECTION, THE GOVERNMENT, FOCUSING NOW ON IMPROVING THE ENVIRONMENT FOR GOVERNOR MASAHIDE OTA TO MAKE A "POLITICAL DECISION" AFTER THE REFERENDUM, IS DETERMINED TO STEP UP ITS BID TO MAKE CONCRETE ARRANGEMENTS TO CONSOLIDATE AND REDUCE MILITARY BASES AND TO IMPLEMENT OKINAWA REVITALIZATION MEASURES.

IN THE LIBERAL DEMOCRATIC PARTY (LDP), MANY OFFICIALS LOOK ASKANCE AT A PREFECTURAL REFERENDUM ON THE PROPRIETY OF ISSUES RELATED TO NATIONAL SECURITY POLICY. LDP POLICY BOARD CHAIRMAN TAKU YAMASAKI, COMMENTING ON THE LDP OKINAWA PREFECTURAL CHAPTER'S CALL FOR ABSTENTION FROM THE VOTING, SAID YESTERDAY, "THIS IS ONE WAY TO RESPOND TO THIS ISSUE." HE ADDED, "THE STATE HAS THE OBLIGATION TO ABIDE BY ITS TREATIES. I WANT (THE OKINAWAN PEOPLE) TO UNDERSTAND THE THINKING OF THE GOVERNMENT, WHICH HAS BEEN SINCERELY ADDRESSING THE BASE-CONSOLIDATION ISSUE, AND TO DECIDE WHAT ATTITUDE THEY WILL TAKE TOWARD THE REFERENDUM." HE SHOWED UNDERSTANDING TOWARD THE CHAPTER'S MOVE.

IN THE LDP, CRITICISM HAS BEEN VOICED AGAINST THE MEANS OF QUESTIONING "ITEMS THAT NOBODY CAN OPPOSE" (LDP SOURCE) BY MAKING A SET "A REVIEW OF THE JAPAN STATUS OF FORCES AGREEMENT" AND "CONSOLIDATION AND REDUCTION OF THE OKINAWA MILITARY BASES."

EVEN UNDER THE CIRCUMSTANCE, THE GOVERNMENT HAS REFRAINED FROM OFFICIALLY CRITICIZING THE PLANNED REFERENDUM,

STEMMING FROM THE JUDGMENT THAT IF IT EXCITES THE SENTIMENTS OF THE OKINAWAN PEOPLE, IT MIGHT ADVERSELY EFFECT THE TALKS BETWEEN PRIME MINISTER RYUTARO HASHIMOTO AND GOVERNOR OTA ON SEPTEMBER 10TH, RESULTING IN FURTHER BOGGING DOWN THE SITUATION.

UNCLAS SECTION 02 OF 07 TOKYO 008058

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 30

THE GOVERNMENT HAS TAKEN THE STANCE THAT "QUESTIONS IN THE REFERENDUM HAVE NO RELEVANCE IN ESSENCE TO THE MEASURES THE GOVERNMENT IS NOW IMPLEMENTING. WHATEVER ITS RESULTS MAY BE, THE GOVERNMENT IS WILLING TO PUT EVERY EFFORT INTO RESOLVING THE OKINAWA PROBLEM" (SENIOR GOVERNMENT OFFICIAL). BY UNDERSCORING THE POSTURE OF TACKLING OKINAWA DEVELOPMENT MEASURES EARNESTLY, THE GOVERNMENT AIMS TO DRAW OUT A FLEXIBLE STANCE FROM THE GOVERNOR AND TO MAKE A "SOFT LANDING" ON THE OKINAWA ISSUE.

HOWEVER, ON THE HEATED ISSUE OF RELOCATING TO AN ALTERNATE SITE THE HELIPORT ON THE SOON TO BE RETURNED FUTENMA AIR STATION, JAPAN-U.S. TALKS ARE NOW AT A STANDSTILL. IN ADDITION, "AMONG THE OKINAWA-PROMOTION MEASURES, THERE ARE ONLY A FEW THAT CAN BE TURNED INTO A CONCRETE ARRANGEMENT IMMEDIATELY" (GOVERNMENT SOURCE). IN SUCH A CONTEXT, PRIME MINISTER HASHIMOTO WILL BE ABLE TO SECURE ONLY A FEW CARDS UNTIL HE HOLD TALKS WITH THE GOVERNMENT. IT IS STILL UNCERTAIN WHETHER THE GOVERNOR WILL DECIDE TO ACCEPT THE ORDER FOR SIGNING DOCUMENTS FOR THE FORCED LEASING OF LAND FOR THE U.S. MILITARY.

DFAA PREPARING FOR MOVE OF LIVE-FIRE DRILLS TO MAINLAND, STARTING WITH FUJI AREA (ASAHI - PAGE 2)

IN AN EFFORT TO DEAL WITH THE PROBLEM OF RELOCATING TO SEVERAL PLACES ON MAINLAND JAPAN THE LIVE-ARTILLERY FIRING EXERCISES NOW CARRIED OUT ACROSS ROUTE 104 IN OKINAWA PREFECTURE, YOKOHAMA DEFENSE FACILITIES ADMINISTRATION BUREAU'S FACILITIES DEPARTMENT DIRECTOR TADAAKI HIMEDA VISITED YESTERDAY GOTENBA AND OTHER CITIES IN SHIZUOKA, THE PREFECTURE WHICH HOUSES THE HIGASHI-FUJI MANEUVERING GROUND, THE SITE FOR RELOCATION AGREED ON BETWEEN THE JAPANESE AND UNITED STATES GOVERNMENTS. DURING HIS STAY THERE, HE CONVEYED: "HIGASHI- AND KITA-FUJI MANEUVERING GROUNDS WILL BE NEGOTIATED SEPARATE FROM

OTHER MANEUVERING GROUNDS." BUT LOCAL MUNICIPALITIES WERE WARY OF HIS REMARK, OUT OF THE CONCERN THAT NEGOTIATIONS MAY BE STARTED WITH THE HIGASHI-FUJI MANEUVERING GROUND, WHICH HAS NOT OFFICIALLY EXPRESSED OBJECTION, IN AN ATTEMPT TO REALIZE RELOCATION EVEN THOUGH PARTIALLY.

ACCORDING TO WHAT DIRECTOR HIMEDA TRANSMITTED TO GOTENBA AND OTHER CITIES, OF THE FIVE MANEUVERING GROUNDS ON WHICH AGREEMENT WAS REACHED, THREE EXCLUDING HIGASHI-FUJI AND KITA-FUJI MANEUVERING GROUNDS DO NOT HAVE EXERCISES BY U.S. TROOPS ON A DAILY BASIS, SO IT IS NECESSARY TO CHANGE THE PURPOSE OF USING A TRAINING GROUND AT THE JAPAN-U.S. JOINT COMMITTEE. FOR THIS REASON, HIGASHI-FUJI AND KITA-FUJI MANEUVERING GROUNDS WILL BE DISCUSSED SEPARATELY FROM NEGOTIATIONS ON THE THREE OTHER GROUNDS.

GOTENBA AND OTHER CITIES TOLD JAPAN DEFENSE AGENCY DIRECTOR GENERAL HIDEO USUI WHO VISITED THERE ON THE 19TH: "THE GOVERNMENT SHOULD HANDLE THE HIGASHI-FUJI GROUND SEPARATE FROM OTHER CANDIDATE PLACES WHERE NO TRAINING HAS BEEN SO FAR CARRIED OUT BY U.S. FORCES. IF NO CONCORD IS SEEN IN OTHER PLACES, WE CANNOT RESPOND TO NEGOTIATIONS REGARDING THE HIGASHI-FUJI MANEUVERING GROUND."

BUDGET REQUEST OF 314.9 BILLION YEN FOR OKINAWA PROMOTIONAL MEASURES (SANKEI - PAGE 2)

THE OKINAWA DEVELOPMENT AGENCY YESTERDAY FINALIZED ITS BUDGET REQUEST FOR FY1997. THE TOTAL AMOUNT IS 337,262 MILLION YEN, UP 3.0 PERCENT FROM THE FY1996 INITIAL BUDGET.

THE AGENCY REQUESTED AN APPROPRIATION OF 32 MILLION YEN AS EXPENSES RELATED TO STUDIES ON THE RETURNED UNITED UNCLAS SECTION 03 OF 07 TOKYO 008058

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 30

STATES MILITARY SITES. THIS AMOUNT IS MORE THAN FIVE TIMES THAT FOR THIS FISCAL YEAR (6 MILLION YEN). FOLLOWING THE "REVERSION OF 11 FACILITIES OF THE U.S. MILITARY BASES ON OKINAWA, INCLUDING FUTEMNA AIRFIELD, THE AGENCY WILL AIM TO CONDUCT SURVEYS ON HOW TO USE SUCH SITES.

AS OKINAWA ECONOMIC DEVELOPMENT EXPENSES, THE AGENCY SOUGHT 314,992 MILLION YEN, AN INCREASE OF 3.2 PERCENT OVER THIS FISCAL YEAR.

WITH THE YEAR 1997 AS THE FIRST YEAR OF THE LATTER HALF FOR THE THIRD OKINAWA PROMOTION AND DEVELOPMENT PROJECT (FY1992 - FY2001), THE AGENCY INCLUDED IN NEW PROJECTS THE START-UP OF CONSTRUCTION OF A NEW AQUARIUM AT THE OKINAWA MEMORIAL PARK WITH THE LARGEST TANKS IN JAPAN AND CONSTRUCTION OF A INDUSTRIAL TECHNOLOGY EDUCATION CENTER (TENTATIVE NAME), IN ADDITION TO SUCH CONTINUED PROJECTS AS IMPROVEMENT OF ROADS AND WATER-SUPPLY AND SEWERAGE, AND DEVELOPMENT OF WATER RESOURCES.

IN ADDITION, THE AGENCY WILL REQUEST EXPENSES FOR INVIGORATING THE FREE TRADE ZONE (THE AMOUNT UNDECIDED) OUTSIDE THE FRAMEWORK OF THE BUDGET REQUEST.

HIGH-LEVEL FOREIGN MINISTRY OFFICIALS HINTS AT WITHDRAWAL OF FUTENMA TRANSFER PROPOSAL (SANKEI - PAGE 2)

A HIGH-LEVEL FOREIGN MINISTRY OFFICIAL, COMMENTING ON THE PROPOSAL TO CONSOLIDATE THE HELIPORT OF FUTEMA AIR STATION INTO KADENA AIR BASE AS PART OF THE RETURN OF THAT BASE BY THE UNITED STATES FORCES IN OKINAWA: "IF (THE U.S. SIDE) TELLS US IT CANNOT ACCEPT THE PLAN IN THE END, WE WILL HAVE TO FIND SOME OTHER PLACE." HE INDICATED THAT IN HIS VIEW, IF THE U.S. SIDE STICKS TO OPPOSING THE PLAN, THERE WILL BE NO OTHER WAY THAN TO ABANDON THE MERGER PLAN."

PRIME MINISTER CAUTIOUS ABOUT EARLY CONVENING OF DIET; AIMS TO ATTEND UNGA IN FALL (MAINICHI - PAGE 1)

(KONA (HAWAII, USA), AUGUST 28, ATSUSHI NAKAMURA) PRIME MINISTER RYUTARO HASHIMOTO ON THE EVENING OF THE 28TH, HELD AN INFORMAL DISCUSSION MEETING WITH THE PRESS CORPS ACCOMPANYING HIM AT MAUNA KEA BEACH HOTEL IN KONA, HAWAII. REFERRING TO THE TIMING FOR CONVENING THE EXTRAORDINARY DIET SESSION, WHICH IS ANTICIPATED TO INFLUENCE THE TIMING FOR A LOWER-HOUSE DISSOLUTION AND GENERAL ELECTION, HE CLARIFIED HIS INTENTION TO WITHHOLD HIS DECISION UNTIL AFTER MID-SEPTEMBER. THE PRIME MINISTER HAD MADE CLEAR HIS INTENTION TO "CONVENE SUCH IN OCTOBER," BUT NOW HE HAS STRESSED A CAUTIOUS STANCE TOWARD AN EARLY CONVOCATION OF THE DIET, BY REFRAINING FROM MENTIONING ANY SPECIFIC TIMING FOR IT. AT WORK BEHIND HIS CHANGE OF MIND, THERE SEEMS TO BE THE DESIRE TO SEARCH OUT THE RIGHT TIMING, WHILE WATCHING DEVELOPMENTS IN THE OKINAWA PROBLEM AND IN THE NEW POLITICAL PARTY OF YUKIO HATAYAMA.

ASKED ABOUT THE TIMING FOR CONVENING THE EXTRAORDINARY DIET SESSION, THE PRIME MINISTER STEERED CLEAR OF MAKING A CATEGORICAL STATEMENT, SIMPLY NOTING, "I WILL TRY TO THINK ABOUT WHETHER TO COMPILE (A SUPPLEMENTARY BUDGET OR NOT) UNTIL MID-SEPTEMBER." AS FOR A SUPPLEMENTARY BUDGET, HE INDICATED HE WOULD LIKE TO TAKE MORE TIME TO

CONSIDER IT, SAYING, "I THINK THAT IT WILL TAKE UNTIL AFTER MID-SEPTEMBER OR EVEN BEYOND TO REACH A JUDGMENT ON WHETHER IT IS NECESSARY OR NOT."

REGARDING A "NEW HATOYAMA PARTY," HE REMARKED, "TO BE HONEST, I DO NOT KNOW MUCH ABOUT IT. WILL IT GROW INTO A PARTY THAT IS STRONG ENOUGH TO INFLUENCE THE CURRENT POLITICAL SITUATION?" AND "WE DO NOT KNOW WHAT WILL APPEAR AFTER STIRRING THE WATER. ONLY AFTER THE WATER UNCLAS SECTION 04 OF 07 TOKYO 008058

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BEING LEFT AS IS FOR SEVERAL DAYS UNTIL IT QUIETS DOWN, SHOULD FUTURE PROSPECTS BE CONSIDERED."

HATOYAMA HAS NOTED THAT HE WOULD GO ALONG WITH A NO-CONFIDENCE MOTION AGAINST THE CABINET IF IT IS FILED. THE PRIME MINISTER CRITICIZED HIS STATEMENT, "(WHEN HE MADE THAT STATEMENT,) HE WAS THE SECRETARY GENERAL OF ONE OF THE THREE RULING PARTIES. ISN'T THAT A STATEMENT REJECTING HIS OWN SELF?"

THE PRIME MINISTER ANNOUNCED HIS INTENTION OF VISITING THE U.S. IN LATE SEPTEMBER TO ATTEND THE UN GENERAL ASSEMBLY SCHEDULED TO BE HELD IN NEW YORK AT THAT TIME, BUT EXPRESSED A NEGATIVE VIEW ON THE POSSIBILITY OF HOLDING A SUMMIT MEETING WITH PRESIDENT CLINTON, REASONING THAT IT WOULD NOT BE POSSIBLE FOR THE PRESIDENT TO SPARE ENOUGH TIME FOR DISCUSSIONS IMMEDIATELY BEFORE THE PRESIDENTIAL ELECTION.

THE LDP OFFICERS' RESHUFFLE IS DUE AT THE END OF SEPTEMBER, BUT THE PRIME MINISTER REMARKED, "I AM NOT THINKING AT ALL ABOUT IT RIGHT NOW."

NOTION OF QFREEZINGQ HIKE IN CONSUMPTION TAX CATCHING ON IN LDP (TOKYO SHIMBUN - PAGE 2)

THE "COUNCIL OF JUNIOR DIET MEMBERS WHO WILL SHOULDER THE NEXT ERA" (CHAIRMANED BY TOSHIKATSU MATSUOKA) CONSISTING OF LDP (LIBERAL DEMOCRATIC PARTY) DIET MEMBERS WHO HAVE BEEN ELECTED LESS THAN THREE TIMES HELD AN OFFICERS' MEETING AT THE LDP HEADQUARTERS. THE MEETING RESOLVED TO MAKE A REQUEST FOR RETAINING THE PRESENT CONSUMPTION RATE AT 3 PERCENT AND PLACING A FREEZE ON THE PROPOSED HIKE OF THE TAX TO 5 PERCENT NEXT APRIL. THE GROUP ALSO WILL SEEK

THE COMPILATION OF A LARGE-SCALE SUPPLEMENTARY BUDGET FOR FISCAL 1996. IT PRESENTED ITS PROPOSALS THEN TO POLICY BOARD CHAIRMAN TAKU YAMASAKI. YAMASAKI SHOWED UNDERSTANDING TOWARD A REQUEST FOR A LARGE-SCALE SUPPLEMENTARY BUDGET, BUT REGARDING THE ISSUE OF PUTTING THE CONSUMPTION TAX HIKE ON ICE, HE NOTED, "THE HIKE HAS ALREADY BEEN DECIDED. I CANNOT SAY RIGHT NOW THAT I UNDERSTAND YOUR REQUEST."

THE COUNCIL POINTED OUT THE FOLLOWING REASONS FOR DEMANDING A FREEZE ON THE TAX RATE: (1) "A SPECIFIC DIRECTION FOR ADMINISTRATIVE, FISCAL AND POLITICAL REFORMS -- THE PREMISE FOR HIKING THE CONSUMPTION TAX -- HAS YET TO BE INDICATED TO THE PEOPLE; AND (2) TO IMPLEMENT SUCH A HIKE WHEN PERSONAL CONSUMPTION IS IN A SLUMP WILL HAVE A GREAT IMPACT ON THE ECONOMY. IT CALLED FOR THE TAX HIKE TO BE IMPLEMENTED AFTER A DIRECTION FOR ADMINISTRATIVE, FISCAL AND POLITICAL REFORMS HAS BEEN CLEARLY SHOWN AND CONDITIONS, SUCH AS ECONOMIC RECOVERY, HAVE BEEN CONSOLIDATED.

A "COUNCIL ON REFORM" IS PLANNED TO BE ESTABLISHED EARLY NEXT MONTH BY ABOUT 40 LDP MEMBERS, INCLUDING FORMER HOME AFFAIRS MINISTER FUKAYA. THEY HAVE DECIDED TO SEEK A FREEZE ON THE PROPOSED CONSUMPTION TAX HIKE, ARGUING THE HIKE WOULD DELAY ECONOMIC RECOVERY.

IN RESPONSE TO THOSE ARGUMENTS CALLING FOR PEGGING THE CONSUMPTION TAX, SECRETARY GENERAL KOICHI KATO STRESSED THE PARTY POLICY LINE OF RAISING SUCH AS PLANNED, NOTING, "I UNDERSTAND THAT THE PLANNED CONSUMPTION TAX HIKE IS RECEIVING A SEVERE RESPONSE, BUT SINCE THIS IS THE POLICY MEASURE THE THREE RULING PARTIES HAVE DECIDED, WE HAVE TO CARRY IT THROUGH EVEN IF IT ENTAILS DIFFICULTIES."

NEW SAKIGAKE HEAD IS IDE; SONODA WILL BE HIS DEPUTY
(TOKYO SHIMBUN - PAGE 1)

UNDER THE LEADERSHIP OF DEPUTY SECRETARIES GENERAL HIROYUKI SONODA AND SHUSEI TANAKA, THE SAKIGAKE PARTY
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LATE YESTERDAY DISCUSSED POSSIBLE REPLACEMENTS FOR
PRESIDENT MASAYOSHI TAKEMURA AND SECRETARY GENERAL YUKIO
HATOYAMA. AS A RESULT, THE MEMBERS INFORMALLY DECIDED TO

NAME FORMER WELFARE MINISTER SHOICHI IDE AND HIROYUKI SONODA NEW PARTY PRESIDENT AND SECRETARY GENERAL, RESPECTIVELY. THE DECISION IS LIKELY TO BE APPROVED AT THE EMERGENCY EXECUTIVE COUNCIL MEETING TO BE HELD THIS MORNING.

IN THE SESSION, SONODA AND TANAKA PERSISTENTLY CALLED FOR GIVING THE PARTY PRESIDENCY TO HEALTH AND WELFARE MINISTER NAOTO KAN. BUT BECAUSE KAN WOULD NOT CHANGE HIS MIND ON NOT TAKING THE POST, THE TWO FINALLY GAVE UP. INSTEAD, THEY DECIDED TO OFFER THE POST TO IDE, WHO HAS A HIGH REPUTATION IN THE PARTY. IN ADDITION, IN VIEW OF HIS STRONG TIES WITH OTHER PARTIES AND HIS COORDINATION ABILITY, THE PARTY DECIDED TO GIVE THE SECRETARY GENERAL'S POST TO SONODA.

SHOICHI IDE HAS BEEN ELECTED TO THE LOWER HOUSE THREE TIMES. HE HAS BEEN A MEMBER OF THE SAKIGAKE PARTY EVER SINCE IT WAS LAUNCHED. HE HAS ALSO SERVED AS HEALTH AND WELFARE MINISTER DURING THE MURAYAMA ADMINISTRATION. HE IS 57.

FUNADA TO LEAVE SHINSHINTO BUT WILL STAY INDEPENDENT IN NEXT ELECTION (NIHON KEIZAI - PAGE 2)

HAJIME FUNADA OF THE SHINSHINTO (NEW FRONTIER PARTY) HAS MADE UP HIS MIND TO LEAVE HIS PARTY BEFORE THE NEXT ELECTION FOR THE LOWER HOUSE. THIS WAS REVEALED AS OF THE 29TH BY SEVERAL SOURCES CONNECTED TO HIS LOCAL SUPPORT ORGANIZATION. FUNADA HAS ALREADY DECLARED THAT HE WOULD NOT JOIN THE NEW PARTY TO BE ESTABLISHED BY YUKIO HATAMOTO IN SEPTEMBER, SO THE POSSIBILITY IS STRONG THAT HE WILL RUN IN THE ELECTION AS AN UNAFFILIATED CANDIDATE.

FUNADA'S REASON FOR LEAVING THE PARTY APPARENTLY IS HIS DISSATISFACTION WITH THE MANAGEMENT OF THE PARTY BY PRESIDENT ICHIRO OZAWA AND POLICY-MAKING BY THE PARTY EXECUTIVE. ON THE POLICY SIDE, IN PARTICULAR, THERE IS A NOTICEABLE DIVERGENCE ON THE HIKE IN THE CONSUMPTION TAX NEXT APRIL, WHICH THE PARTY OPPOSES. FUNADA HAS A DIFFERENT VIEW, STATING, "WE NEED TO RAISE THE TAX RATE FOR THE SAKE OF HAVING A SOUND FISCAL POLICY." HE SEEMS TO HAVE JUDGED THAT "I CAN NO LONGER STAY IN THE PARTY AS THINGS STAND."

IN HIS LOCAL GROUP, MANY HAVE STRONGLY EXPRESSED THEIR HOPE THAT HE WOULD MAKE HIS POSITION CLEAR EARLY BEFORE THE ELECTION, AND FUNADA HIMSELF HAS REVEALED TO THEM: "I WOULD LIKE TO MAKE EVERYTHING CLEAR BEFORE THE DIET GOES INTO SESSION." SO IT WOULD SEEM THAT HE WILL ANNOUNCE HIS LEAVING THE PARTY BEFORE THE EXTRAORDINARY SESSION IS CONVENED.

RENGO TO MEET TOMORROW TO CONFER ON ELECTION STRATEGY (YOMIURI - PAGE 2)

IN AN EFFORT TO COME UP WITH UNIFIED CANDIDATES AND ELECTION COOPERATION FOR THE NEXT LOWER-HOUSE ELECTION,

TWO GROUPS IN RENGO (JAPANESE TRADE UNIONS CONFEDERATION; CHAIRED BY JINNO SUKE ASHIDA) -- ONE BACKING THE SOCIAL DEMOCRATIC PARTY (SDP) AND THE OTHER THE SHINSHINTO (NEW FRONTIER PARTY) -- WILL MEET TOMORROW IN TOKYO. WITH THE "HATOYAMA NEW-PARTY" SCHEME RAPIDLY TAKING SHAPE, THE TWO GROUPS ARE ALSO EXPECTED TO EXCHANGE VIEWS ON THEIR APPROACH TO IT.

TOMORROW'S SESSION TO DISCUSS ELECTION COOPERATION BETWEEN SDP-AFFILIATED AND SHINSHINTO-AFFILIATED LABOR UNIONS WILL BE THE SECOND, FOLLOWING ONE ON AUGUST 6. MEMBERS WHO ATTENDED THE PREVIOUS SESSION INCLUDED REPRESENTATIVES FROM JICHIRO (ALL JAPAN PREFECTURAL AND UNCLAS SECTION 06 OF 07 TOKYO 008058

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MUNICIPAL WORKERS' UNION), ZENDENTSU (JAPAN TELECOMMUNICATION WORKERS UNION), AND DENKI RENGO (ELECTRIC MACHINE WORKERS UNIONS' LEAGUE) FROM THE SDP SIDE; AND ZENSEN DOMEI (JAPANESE FEDERATION OF TEXTILE, GARMENT, CHEMICAL, DISTRIBUTION AND ALLIED INDUSTRY WORKERS' UNIONS), AND ZENKIN RENGO (NATIONAL TRADE UNION OF METAL AND ENGINEERING WORKERS) FROM THE SHINSHINTO SIDE. ALSO THERE WAS KIYOSHI SASAMORI, CHAIRMAN OF DENRYOKU SOREN (GENERAL FEDERATION OF ELECTRIC WORKERS' UNIONS). IN ADDITION TO THE ABOVE, A TOTAL OF 14 LABOR UNIONS ARE EXPECTED TO TAKE PART IN TOMORROW'S SESSION, SUCH AS ZENTEI (JAPAN POSTAL WORKERS' UNION), NIKKYOSO (JAPAN TEACHERS UNION), TEKKO SOREN (JAPANESE FEDERATION OF IRON AND STEEL WORKERS' UNIONS), AND JIDOSHA SOREN (CONFEDERATION OF JAPAN AUTOMOBILE WORKERS' UNIONS).

IN THE PREVIOUS SESSION, PRO-SDP LABOR UNIONS SUGGESTED A COMMITMENT TO HATOYAMA'S NEW PARTY "AS A NEW POLITICAL PARTY THAT CAN BE SUPPORTED BY LABOR UNION CIRCLES AS A WHOLE WITHOUT BREAKING DOWN RENGO." BUT THE PRO-SHINSHINTO GROUP TURN IT DOWN, REASONING, "LABOR UNIONS SHOULD ABSTAIN FROM PARTICIPATING ACTIVELY IN POLITICAL REALIGNMENT." NEVERTHELESS, SUCH GROUPS AS JIDOSHA SOREN AND DENRYOKU SOREN ARE NOT TOTALLY OPPOSED TO SUPPORTING HATOYAMA'S PARTY, ALTHOUGH SUCH WOULD ENTIRELY DEPEND ON THE PARTY'S POLICIES.

AT THE SAME TIME, UOME SDP-AFFILIATED LABOR UNIONS ARE EXPRESSING PERPLEXITY OVER THE PROSPECT THAT HATOYAMA'S NEW PARTY IS LIKELY TO MAKE A START SOMEWHAT DIFFERENT

FROM BEING A PIVOTAL PARTY REPLACING THE SDP. WITH A NEW ELEMENT, NAMELY HATOYAMA'S NEW PARTY, ADDED TO THE CONDITION, ELECTION COOPERATION IN RENGO HAS NOW BECOME EVEN MORE COMPLEX.

JAPAN, CHINA AT ODDS OVER 200 MILE ECONOMIC ZONE IN LAW-OF-SEA NEGOTIATIONS (ASAHI - PAGE 2)

(BEIJING, AUGUST 29, HIRONORI NAGAMUCHI) GOVERNMENT-TO-GOVERNMENT NEGOTIATIONS WERE HELD IN BEIJING THROUGH THE 29TH BETWEEN JAPAN AND CHINA ON CONCLUDING A NEW FISHERIES AGREEMENT AND ON SETTING AN EXCLUSIVE ECONOMIC ZONE (OF 200 NAUTICAL MILES) WITHIN WHICH THE RIGHT TO MANAGE FISHERIES RESOURCES WOULD BE ALLOWED. THE BILATERAL NEGOTIATIONS WERE HELD AS A RESULT OF THE RATIFICATION OF THE UNITED NATIONS CONVENTION ON THE LAW OF SEA IN JULY. THE TWO COUNTRIES WILL ENGAGE IN FULL-FLEDGED DISCUSSION IN THE COMING MONTHS, BUT DIFFERENCES IN VIEWS HAVE AGAIN BECOME OBVIOUS REGARDING DEMARCATION OF THE ZONE.

PARTLY BECAUSE OF THE EXISTENCE OF THE PROBLEM OF SOVEREIGNTY OVER THE SENKAKU ISLANDS (OR DIAOYUTAI ISLANDS IN CHINESE), IN THE NEGOTIATIONS THIS TIME, THE JAPANESE GOVERNMENT EMPHASIZED THE NECESSITY OF CONCLUDING A NEW FISHERIES ACCORD AT AN EARLY TIME BEFORE EARNESTLY DISCUSSING AN EXCLUSIVE ECONOMIC ZONE. THE CHINESE SIDE GAVE AGREEMENT IN PRINCIPLE TO JAPAN, BUT ADDED, "WE WOULD LIKE TO DISCUSS HOW TO DEMARCATHE THE OCEAN ZONE AT THE SAME TIME," AND INDICATED ITS STANDPOINT OF NOT NECESSARILY INSISTING ON CONCLUDING AN EARLY FISHERIES PACT.

REGARDING SETTING THE ECONOMIC ZONE, THE JAPANESE SIDE EXPLAINED ITS POSITION BASED ON THE U.N. LAW OF SEA AND JAPAN'S DOMESTIC LAW: "IF THE DISTANCE FROM US TO THE OTHER COUNTRY IS LESS THAN 400 NAUTICAL MILES, THE BORDERLINE WILL BE SET EQUIDISTANTLY." THE CHINESE SIDE, HOWEVER, INSISTED THAT IT WOULD BE NECESSARY TO SET THE DEMARCATION LINE TAKING INTO CONSIDERATION A NUMBER OF FACTORS, SUCH AS HISTORY AND CONDITIONS OF FISHING OPERATIONS, JUST NOT MAKING IT BASED ON AN EQUIDISTANT LINE.

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FOREIGN MINISTRY ADDS NINE PLANNING OFFICERS
(TOKYO SHIMBUN - PAGE 2)

THE MINISTRY OF FOREIGN AFFAIRS (MOFA) ON THE 29TH SUBMITTED TO THE RULING COALITION'S POLICY COORDINATION COUNCIL A PLAN DESIGNED TO EXPAND ITS ORGANIZATION NEXT FISCAL YEAR. THE PLAN WAS ADOPTED. MOFA WILL ADD A TOTAL OF NINE PLANNING AND COORDINATION OFFICERS, TO BE SELECTED FROM OFFICIALS NOW IN LINE FOR PROMOTION TO DIVISION DIRECTOR. THE NEW OFFICERS WILL BE PLACED IN CHARGE OF SUCH URGENT ISSUES AS THE STATUS OF FORCES AGREEMENT (SOFA), TERRITORIAL AFFAIRS, AND THE SAFETY OF JAPANESE LIVING ABROAD.

THE PLANNING OFFICER IN CHARGE OF SOFA WILL CONFRONT A MOUNTAINING OF ISSUES CONNECTED TO THE JAPAN-U.S. SOFA, INCLUDING THE ISSUE OF CONSOLIDATION, REALIGNMENT AND REDUCTION OF THE U.S. MILITARY BASES ON OKINAWA. IN ADDITION TO THE NORTHERN TERRITORIES DISPUTE (WITH RUSSIA), THE OFFICER RESPONSIBLE FOR TERRITORIAL AFFAIRS WILL HANDLE OTHER DISPUTED AREAS SUCH AS THE TAKESHIMA ISLANDS, CLAIMED ALSO BY THE REPUBLIC OF KOREA (ROK), AND THE SENKAKU ISLANDS, CLAIMED BY CHINA. HE WILL DEAL WITH THOSE ISSUES BY APPLYING THE UNIFIED APPROACH UNDER THE RECENTLY UNITED NATIONS RATIFIED LAW OF THE SEA.

MOFA WILL ESTABLISH AN EMBASSY IN ZAGREB, THE CAPITAL OF CROATIA, AND A REPRESENTATIVE OFFICE IN SARAJEVO, THE CAPITAL OF BOSNIA, TO PROMOTE DIPLOMACY TOWARD THE FORMER YUGOSLAVIA. THE MINISTRY ALSO WILL OPEN A REPRESENTATIVE OFFICE ON THE GAZA STRIP IN THE SELF-RULE AREA OF THE PALESTINE GOVERNMENT.

IT ALSO WILL SET UP A CONSULATE GENERAL IN DENVER (STATE OF COLORADO OF THE UNITED STATES), WHICH HAS BEEN UNDER THE JURISDICTION OF THE CONSULATE GENERAL IN SAN FRANCISCO. CRANE

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