

Withdrawal/Redaction Sheet

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. cable	Re: Support Cable for East Asia Brief (5 pages)	10/28/1996	P1/b(1)
002. cable	Re: Mutual Security Treaty Role (3 pages)	10/29/1996	P1/b(1)
003. cable	Re: FBIS Foreign Media Note - Futenma Relocation [partial] (3 pages)	10/31/1996	P3/b(3)
004. cable	Re: Futenma Relocation Options (7 pages)	11/01/1996	P1/b(1)
005. cable	Re: Okinawa Base Issues: A Futenma Relocation Scorecard (6 pages)	11/01/1996	P1/b(1)
006. cable	Re: November 1 Lunch (5 pages)	11/06/1996	P1/b(1)

COLLECTION:

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

FOLDER TITLE:

[10/28/1996 - 11/07/1996]

2016-0420-F
sb1886

RESTRICTION CODES

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

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

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

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

RR. Document will be reviewed upon request.

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

- b(1) National security classified information [(b)(1) of the FOIA]
- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
- b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

Cable

PREC: IMMEDIATE

CLASS: UNCLASSIFIED

LINE1: OAAUZYUW RUEHKO A9962 302023Z--RHEHAAA.

LINE2: ZNR UUUUU ZZH

LINE3: O 280232Z OCT 96

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ORIG: AMEMBASSY TOKYO

TO: RUEHC/SECSTATE WASHDC IMMEDIATE 8879
RUEHIA/USIA WASHDC IMMEDIATE 1688

INFO: RHHMUNA/USCINCPAC HONOLULU HI//USIA//
RUALSFJ/COMUSJAPAN YOKOTA AB JA
RHEHAAA/WHITE HOUSE WASHDC
RUAYJAA/COMPATWING ONE KAMI SEYA JA
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RHHMHAH/CINCPACFLT PEARL HARBOR HI//N5//
RUEKJCS/JOINT STAFF WASHDC//J5//
RUCPDOG/USDOC WASHDC

SUBJ: JAPANESE MORNING PRESS HIGHLIGHTS OCTOBER 28

TEXT:

UNCLAS SECTION 01 OF 08 TOKYO 009962

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 OCTOBER 28

TOP HEADLINES:

ASAHI: SENIOR POLICE OFFICER TESTIFIES HE "KEPT IN
CONTACT WITH AUM CULT MEMBER INOUE," INCLUDING THE
MORNING WHEN NATIONAL POLICE AGENCY DIRECTOR GENERAL WAS
SHOT

NIHON KEIZAI: HEALTH AND WELFARE MINISTRY TO SCALE DOWN
CHILD-CARE ASSISTANCE PROGRAM, GIVING UP PLAN OF
ATTAINING GOAL; LAW WILL BE REVISED FOR PROMOTION OF
ENTRY; LIMITS OF GOVERNMENT'S LEADERSHIP

TOKYO SHIMBUN: REGULAR SUMMIT MEETINGS TO BE HELD WITH GERMANY, FRANCE, AND UK; NORTH KOREA PROBLEM WILL COME UP AS AGENDA ITEM; MUCH CLOSER RELATIONS WITH EUROPE NOW DESIRED

MAINICHI: GUNNING DOWN OF NATIONAL POLICE AGENCY DIRECTOR GENERAL KUNIMATSU: SHOOTING HIM ORDERED "FOR THE SAKE OF AUM GURU; DEFENDANT INOUE HAD HANDED HIM A GUN AND BULLETS TAKEN FROM INVESTIGATIONS HEADQUARTERS, ACCORDING TO TESTIMONY BY SENIOR POLICEMAN

YOMIURI: "CHANGCHIANG RIVER CIVILIZATION" EMERGED 5,000 YEARS AGO; 1,000 YEARS OLDER THAN YELLOW RIVER (CIVILIZATION); JAPAN-CHINA JOINT SURVEY MISSION CONFIRMS SITE OF RELIGIOUS ALTAR IN SZECHUAN PROVINCE

SANKEI: SHOOTING INCIDENT OF NATIONAL POLICE AGENCY DIRECTOR GENERAL KUNIMATSU: CASING OF SITE MADE THREE TIMES ON PREVIOUS DAY AND TEST FIRING CONDUCTED, ACCORDING TO TESTIMONY BY SENIOR POLICEMAN; INVESTIGATORS JUDGE "ASAHARA GAVE THE ORDER"; PROCUREMENT OF GUN CONFIRMED BY DEFENDANT INOUE; NO GUN FOUND IN SEARCH OF KANDA RIVER

LDP-BACKED ISHII WINS; SHINSHINTO-SUPPORTED EDA CRUSHED (ASAHI - PAGE 1)

THE OKAYAMA GUBERNATORIAL ELECTION WAS HELD YESTERDAY JUST ONE WEEK AFTER THE LOWER-HOUSE ELECTION AND THE VOTES WERE COUNTED YESTERDAY. AS A RESULT, FORMER CONSTRUCTION MINISTRY OFFICIAL MASAHIRO ISHII (50), AN INDEPENDENT BACKED BY THE LIBERAL DEMOCRATIC PARTY (LDP) WAS ELECTED, DEFEATING NARROWLY FOUR RIVALS, INCLUDING FORMER SCIENCE AND TECHNOLOGY AGENCY DIRECTOR GENERAL SATSUKI EDA (55), A CANDIDATE BACKED BY SUCH PARTIES AS THE SHINSHINTO (NEW FRONTIER PARTY), SOCIAL DEMOCRATIC PARTY (SDP), AND KOMEI. FOLLOWING ITS VICTORIES IN THE FIVE SINGLE-SEAT CONSTITUENCIES IN THE LOWER-HOUSE ELECTION, THE LDP AGAIN ACHIEVED VICTORY IN THE GUBERNATORIAL RACE OF OKAYAMA, PRIME MINISTER HASHIMOTO'S HOME TURN. EDA FAILED TO OVERCOME THE WEAKNESS OF THE "NON-LDP" SCRATCH TEAM. THE TURNOUT MARKED 61.90 PERCENT (46.97 PERCENT IN THE PREVIOUS ELECTION).

RESULTS OF THE OKAYAMA GUBERNATORIAL ELECTION

MASAHIRO ISHII: (INDEPENDENT, BACKED BY THE LDP) 441,696

SATSUKI EDA: (INDEPENDENT, BACKED BY THE SHINSHINTO,
- SDP, RENGO, KOMEI) 435,984

RITSUO MAE: (MINOR PARTY, BACKED BY THE JCP) 45,786

KIYOSHI TSUJIYAMA (MINOR PARTY) 3,528

AKIRA KITTAKA (MINOR PARTY) 619

MASAHIRO ISHII:

AGE 50; FORMER CONSTRUCTION MINISTER'S SECRETARIAT
COUNCILLOR; ADMINISTRATIVE COORDINATION DIVISION
DIRECTOR; GIFU PREFECTURE CHILDREN AND HOUSEHOLD AFFAIRS
DIVISION DIRECTOR; GRADUATED FROM TOKYO UNIVERSITY.
UNCLAS SECTION 02 OF 08 TOKYO 009962

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 OCTOBER 28

SHINSHINTO WEAK IN GATHERING ORGANIZED VOTE IN OKAYAMA
ELECTION (NIHON KEIZAI - PAGE 2)

IN THE OKAYAMA GUBERNATORIAL ELECTION YESTERDAY, MASAHIRO
ISHII, A CANDIDATE SUPPORTED BY THE LIBERAL DEMOCRATIC
PARTY (LDP), WON THE ELECTION, DEFEATING SATSUKI EDA WHO
WAS BACKED BY THE SHINSHINTO (NEW FRONTIER PARTY),
SOCIAL DEMOCRATIC PARTY (SDP) AND OTHER PARTIES.
FOLLOWING THE LOWER-HOUSE ELECTION, THE LDP HAS WON
ANOTHER ELECTION. WITH THE INAUGURATION OF HIS SECOND
GOVERNMENT IN MIND, PRIME MINISTER HASHIMOTO HAS FURTHER
SOLIDIFIED HIS LOCAL BASE. THE SHINSHINTO, WHICH BACKED
A WELL-KNOWN FORMER LOWER-HOUSE DIETMEMBER, COULD NOT
HIDE ITS SHOCK OVER THE UNEXPECTED LOSS.

SHINSHINTO SECRETARY GENERAL TAKEO NISHIOKA ON THE NIGHT
OF THE 27TH RELEASED A COMMENT, NOTING, "TAKING THE
OUTCOME HUMBLLY, WE WILL STRIVE TO REGAIN OUR STRENGTH IN
NATIONAL POLITICS." SINCE EDA WOULD HAVE BEEN RE-ELECTED
HAD HE RUN IN THE LOWER-HOUSE ELECTION, HIS FAILURE TO
WIN IS A GREAT BLOW TO SHINSHINTO LEADERS, WHO HAD TRIED
TO REGAIN THEIR POLITICAL STRENGTH IN A GUBERNATORIAL
ELECTION WITHIN "HASHIMOTO'S DOMAIN."

THE LDP SECURED FIVE LOWER-HOUSE SEATS IN OKAYAMA,
CREATING A SENSE OF CRISIS AMONG SHINSHINTO EXECUTIVES.
THE PARTY DISPATCHED ITS SENIOR MEMBERS, INCLUDING FORMER
PRIME MINISTERS HATA AND HOSOKAWA, TO OKAYAMA PREFECTURE
TO STUMP FOR EDA. BUT THE RELIGIOUS SECT SOKA GAKKAI AND
LABOR UNIONS WERE UNENTHUSIASTIC ABOUT SUPPORTING THE
SHINSHINTO CANDIDATE. THIS HAS PRODUCED CONCERN ABOUT
FUTURE LOCAL ELECTIONS.

MEANWHILE, LDP SECRETARY GENERAL KOICHI KATO LAST NIGHT
RELEASED A COMMENT: "THE REASON FOR VICTORY IN THE
GUBERNATORIAL ELECTION IS BECAUSE THE VOTERS PUT
CONFIDENCE IN OUR PARTY'S POLICIES AND ACHIEVEMENTS, AND

SOUGHT STABILITY IN POLITICS." THE RESULT OF THE ELECTION WILL CERTAINLY HELP STRENGTHEN THE HASHIMOTO GOVERNMENT'S LOCAL BASE, AS WELL AS ADDED TO THE PARTY'S STRENGTH. THE LDP LEADERSHIP NOW HAS GREATER CONFIDENCE IN ITS POLITICAL MANAGEMENT.

GROWING NUMBER OF SHINSHINTO MEMBERS MAY LEAVE THE PARTY
(MAINICHI - PAGE 3)

IN THE GUBERNATORIAL ELECTION HELD IN OKAYAMA PREFECTURE, PRIME MINISTER RYUTARO HASHIMOTO'S (PRESIDENT OF THE LIBERAL DEMOCRATIC PARTY EQUAL LDP) HOME GROUND, MASAHIRO ISHII, A NEW CANDIDATE SUPPORTED BY THE LDP WHO WAS FORMERLY A COUNCILLOR IN THE MINISTRY OF CONSTRUCTION, DEFEATED SATSUKI EDA, A SHINSHINTO (NEW FRONTIER PARTY)-BACKED FORMER MEMBER OF THE LOWER HOUSE -- DESPITE AN OVERWHELMING DIFFERENCE IN PUBLICITY. A SENSE OF RELIEF THAT "THE PRIME MINISTER'S FACE HAS NOW BEEN SAVED" HAS SPREAD IN THE GOVERNMENT AND THE LDP. EDA'S DEFEAT HAS APPARENTLY ADDED TO THE MISERY OF THE SHINSHINTO, WHICH IS IN TURMOIL BECAUSE OF THE RECENT LOWER HOUSE ELECTION. THE LIKELIHOOD IS THAT THE RESULT OF THIS ELECTION WILL FURTHER RATTLE THE PARTY, WORKING AS AN FACT THAT MAY SPUR MORE MEMBERS TO BOLT THE PARTY. THE PARTY EXECUTIVE IS LIKELY TO BE FORCED TO FURTHER TIGHTEN CONTROLS OVER THE PARTY.

"WE HAVE WON A NECK-AND-NECK ELECTION BATTLE. THIS IS ALL THAT CAN BE DESIRED. MR. HASHIMOTO NOW CAN DEVOTE HIMSELF TO RUNNING HIS ADMINISTRATION." THIS STATEMENT FROM A LEADING OFFICER IN THE FORMER OBUCHI FACTION, WHOSE LEADER IS CLOSE TO PRIME MINISTER HASHIMOTO, REVEALED THE PERCEPTION THAT THE LDP VICTORY IN THE OKAYAMA GUBERNATORIAL ELECTION HAS ALLOWED A SOON-TO-BE-FORMED SECOND HASHIMOTO ELECTION THE LATITUDE TO DEVOTE ITSELF TO SETTLING A MOUNTAIN OF DOMESTIC AND EXTERNAL
UNCLAS SECTION 03 OF 08 TOKYO 009962

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 OCTOBER 28

PROBLEMS.

THE CONVENTIONAL WISDOM IS THAT THE LDP SET THE ELECTION DATE FOR THE LOWER HOUSE ELECTION, THE 20TH, DELIBERATELY A WEEK BEFORE THE OCTOBER 27 VOTE FOR THE OKAYAMA GOVERNOR'S RACE, AFTER EDA, WHO IS HIGHLY POPULAR IN THAT CONSTITUENCY, WAS PICKED AS THE CANDIDATE. IT FEARED THE

IMPACT OF ISHII'S POSSIBLE DEFEAT COULD FALL ON THE LOWER HOUSE. SINCE THE LDP WON THE LOWER-HOUSE ELECTION, THE POSSIBILITY OF THE OUTCOME OF THE GUBERNATORIAL ELECTION AFFECTING THE POLITICAL SITUATION WEAKENED, BUT AS SOON LDP CANDIDATE ISHII'S SHAKY SITUATION WAS REVEALED IN OPINION POLLS, NOT ONLY PRIME MINISTER HASHIMOTO BUT ALSO DEPUTY SECRETARY GENERAL HIROMU NONAKA AND SENIOR SECRETARY GENERAL MAKOTO KOGA VISITED OKAYAMA PREFECTURE ONE AFTER ANOTHER. THEIR SUPPORT REVERSED ISHII'S SHAKY SITUATION AT THE VERY LAST MINUTE, UNDERSCORING THE LDP'S POTENTIAL POWER.

SINCE THE PRESIDENT HASHIMOTO - SECRETARY GENERAL KATO ARRANGEMENT BEGAN, THE LDP HAS WON A SERIES OF KEY ELECTIONS, INCLUDING THE UPPER HOUSE BY-ELECTIONS IN SAGA AND GIFU PREFECTURES, YAMAGUCHI GUBERNATORIAL ELECTION, KYOTO MAYORAL ELECTION, LOWER HOUSE ELECTION AND OKAYAMA GUBERNATORIAL ELECTION. ONE SENIOR LDP MEMBER SELF-ASSERTIVELY NOTED, "OUR VICTORY THIS TIME STRESSED THE PERCEPTION THAT IF ONE REMAINS IN THE SHINSHINTO, ONE'S FUTURE WILL DWINDLE AWAY." THE LDP IS EXPECTED TO MORE INTENSELY MANEUVER THE SHINSHINTO TO BRING SPLINTERS INTO THE FOLD.

DEFEATED BOTH IN THE GENERAL ELECTION AND THE OKAYAMA GUBERNATORIAL ELECTION, THE PLAN OF THE SHINSHINTO EXECUTIVE, SUCH AS PRESIDENT OZAWA, WHICH HAD WANTED TO "MAKE THOSE ELECTIONS A FOOTHOLD FOR ITS STAGING A COUNTER-OFFENSIVE," HAS GONE WRONG.

EDA HAD WIDE PUBLICITY. IN ADDITION, A NON-LDP "FORMER COALITION" STRUCTURE HAD CONTINUED IN OKAYAMA PREFECTURE. IT WAS, THEREFORE, AN ELECTION, "IN WHICH IT WAS THOUGHT THAT HE COULD NOT HAVE BEEN DEFEATED" (SENIOR SHINSHINTO MEMBER). ALL THE MORE FOR THAT REASON, A SENSE OF DISAPPOINTMENT IS BOUND TO FURTHER PERMEATE IN THE PARTY, ONE JUNIOR MEMBER NOTING, "AFTER ALL, NOTHING HAS CHANGED IN THE SHINSHINTO. NOTHING WILL CHANGE IN THE FUTURE, TOO," ADDED WITH A "SPIN-OFF PARTY HURLY-BURLY" OCCURRED AFTER THE GENERAL ELECTION AND THE PROBLEM OF EXPELLING DEFIANT MEMBERS. THE SEEDS OF FRICTION THAT WILL CAUSE A POSSIBLE BREAK-UP OF THE PARTY WILL LIKELY GROW, DEPENDING ON WHAT MEASURES THE PARTY EXECUTIVE TAKES. (AKIO NAKAJIMA, KOJI AKAMATSU)

LDP PUTTING MAJOR EFFORT INTO ABSORBING ENOUGH DIETMEMBERS FOR MAJORITY RULE (ASAHI - PAGE 1)

WITH THE LIBERAL DEMOCRATIC PARTY'S (LDP) DECISION ON THE 27TH TO LAUNCH AN ADMINISTRATION INDEPENDENTLY, THE FOCUS IS NOW LIKELY TO SHIFT TO WHETHER OR NOT THE LDP WILL BE ABLE TO ATTRACT ENOUGH INDEPENDENTS AND SHINSHINTO (NEW FRONTIER PARTY) REBELS TO SECURE A MAJORITY. THE LDP AT THIS POINT DOES NOT HAVE A MAJORITY AND RUNNING A STABLE ADMINISTRATION IS NOT POSSIBLE WITHOUT OTHER PARTIES' COOPERATION. IN TANDEM WITH SUCH MAJORITY-ORIENTED MANEUVERING, THE LDP INTENDS TO CONTINUE TO HOLD TRIPARTITE POLICY TALKS WITH THE SOCIAL DEMOCRATIC PARTY

(SDP) AND THE SAKIGAKE PARTY TO STRENGTHEN COOPERATIVE TIES WITH THEM, AS WELL AS TO PERSUADE IN PARTICULAR THE SDP TO STAY IN THE COALITION FRAMEWORK.

IN LINE WITH CHAIRPERSON TAKAKO DOI'S INTENTION, THE SDP DOES NOT INTEND TO JOIN THE NEW CABINET. SECRETARY GENERAL SHIGERU ITO, WHO HAS BEEN ENTHUSIASTIC ABOUT CONTINUING THE "LDP-SDP-SAKIGAKE" ARRANGEMENT, CATEGORICALLY SAID IN NHK AND TV ASAHI TALK SHOWS UNCLAS SECTION 04 OF 08 TOKYO 009962

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 OCTOBER 28

YESTERDAY: "THE PREDOMINANT VIEW IS THAT WE WILL NOT PARTICIPATE IN THE NEW CABINET. SUCH IS QUITE LIKELY."

GIVEN SUCH A SITUATION, THE FOCUS IS NOW ON WHETHER PRIME MINISTER RYUTARO HASHIMOTO (LDP PRESIDENT) WILL BE ABLE TO GARNER A MAJORITY WITHOUT THE SDP IN THE INITIAL VOTE FOR THE PRIME MINISTER. IN THE LOWER HOUSE THE LDP HOLDS 239 SEATS, 12 SEATS SHORT OF A MAJORITY (251 SEATS). THE JAPAN COMMUNIST PARTY (JCP), WHICH NOW HOLDS 26 SEATS, IS EXPECTED NOT TO JOIN HANDS WITH ANY PARTY. BUT EVEN WITHOUT THE JCP, HASHIMOTO'S RE-ELECTION IS CERTAIN, GRABBING A MAJORITY OF THE REMAINING (238 SEATS). BUT IF A NO-CONFIDENCE MOTION IS FILED AGAINST A MINORITY CABINET, SUCH MAY HINDER THE OPERATION OF THE ADMINISTRATION AND THE DIET.

THAT IS WHY THE LDP HAS BEEN WORKING HARD TO TAKE IN INDEPENDENTS AND SHINSHINTO REBELS. SUCH MEMBERS AS MASAYOSHI TAKEMURA OF THE SAKIGAKE PARTY, HAJIME FUNADA, SHIGERU ISHIBA AND SHOKEI ARAI, WHO HAVE BEEN MOVING TO LAUNCH A NEW GROUP, INDEPENDENT KISHIRO NAKAMURA, HIROSHI KUMAGAI, WHO HAS JUST RECENTLY BEEN REMOVED FROM THE SHINSHINTO, ARE ALL EXPECTED TO VOTE FOR HASHIMOTO IN THE FIRST ROUND. EVEN WITH THEM COUNTED IN, A MAJORITY IS STILL NOT CERTAIN.

THE LDP HAS BEEN WORKING ON THE SDP TO VOTE FOR HASHIMOTO FROM THE FIRST ROUND. IN FACT, ITO IN A TELEVISION TALK SHOW YESTERDAY REVEALED THE INTENTION TO VOTE FOR HASHIMOTO IF THE TWO PARTIES MANAGE TO AGREE ON POLICY GOALS "TO A CERTAIN EXTENT."

IN THE SDP THERE IS A VIEW, CENTERING ON COALITION-ORIENTED PARTY EXECUTIVES: "IF THE LDP IS TO GARNER A

MAJORITY INDEPENDENTLY, WE SHOULD VOTE FOR HASHIMOTO FROM THE BEGINNING SO AS NOT TO LOSE THE CHANCE TO JOIN THE RULING CAMP AND NOT TO LOSE OUR POLITICAL CLOUT." BUT SOME CLOSE TO DOI THINK, "IN ORDER TO UNDERScore OUR PARTY'S OVERTONES, WE SHOULD VOTE FOR DOI IN THE FIRST ROUND AND FOR HASHIMOTO IN THE RUN-OFF ELECTION." THE SDP'S POLICY DIRECTION IS NOT FIRM AT THIS POINT.

THE LDP PLANS TO CREATE AN ENVIRONMENT TO DEEPEN POLICY COOPERATION WITH THE SDP IN AN EFFORT TO STRENGTHEN THE FOUNDATION OF THE SECOND HASHIMOTO ADMINISTRATION. POLICY AFFAIRS RESEARCH COUNCIL CHAIRMAN TAKU YAMASAKI REMARKED IN A TELEVISION TALK SHOW YESTERDAY REGARDING POLICY COOPERATION WITH THE SDP AND THE SAKIGAKE PARTY: "WE CAN COOPERATE ON MOST OF POLICY GOALS. WE ARE GOING TO LAUNCH A BODY TO CONFER ON ELEMENTS AGREED UPON TO IMPLEMENT THEM UNDER A TRIPARTITE SYSTEM."

HASHIMOTO, INVIGORATED BY ELECTION WIN, NOW TURNS TO ADMINISTRATIVE REFORM AND DIPLOMACY (MAINICHI - PAGE 2)

NOW THAT ONE WEEK HAS PASSED SINCE THE GENERAL ELECTION, THE POLITICAL OUTLOOK IS THE LIBERAL DEMOCRATIC PARTY (LDP) WILL HAVE TO ESTABLISH ITS SINGLE-PARTY ADMINISTRATION BECAUSE THE SOCIAL DEMOCRATIC PARTY (SDP) AND THE SAKIGAKE PARTY, WHICH WERE DEVASTATINGLY DEFEATED IN THE ELECTION, HAVE BOTH RECEDED FROM JOINING A COALITION GOVERNMENT. PRIME MINISTER RYUTARO HASHIMOTO (PRESIDENT OF THE LDP), IS SPENDING HIS TIME PUTTING THE FINISHING TOUCHES ON HIS DAILY SCHEDULE, WHILE GIVING A SIDWAYS GLANCE AT POLICY TALKS NOW GOING ON AMONG THE LDP, THE SDP AND THE SAKIGAKE. SINCE IT HAS BEEN IN EFFECT DECIDED HE WILL STAY ON AS PRIME MINISTER, HE HAS LEFT EVERYTHING RELATED TO THE FORMING OF A FRAMEWORK OFR A NEW ADMINISTRATION ENTIRELY TO HIS PARTY OFFICERS. HE INSTEAD HAS DEVOTED ALL HIS ENERGIES TO GRAPPLING WITH SUCH POLICY TASKS AS ADMINISTRATIVE REFORM AND THE DIPLOMATIC SCHEDULE. BUT THERE ARE INDICATIONS OF A STORMY POLITICAL SITUATION IN THE COMING MONTHS BECAUSE HIS PLAN TO ESTABLISH A NEW ADMINISTRATION SUPPORTED BY A UNCLAS SECTION 05 OF 08 TOKYO 009962

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 OCTOBER 28

STABLE MAJORITY HAS GONE AWRY. ALTHOUGH THE PRIME MINISTER IS NOW CALM AND COMPOSED, THE SECOND HASHIMOTO ADMINISTRATION WILL NOT SET SAIL AS SMOOTHLY.

AS SOON AS THE GENERAL ELECTION ENDED, PRIME MINISTER HASHIMOTO ON THE 21ST HELD A THREE-PARTY-HEAD MEETING OF THE LDP, THE SDP AND THE SAKIGAKE AND ASKED THE SDP AND THE SAKIGAKE FOR THEIR CONTINUOUS COOPERATION TOWARD HIS NEW GOVERNMENT. HE HAS BEEN GENIAL ALL THE TIME EVEN THOUGH THE SDP HAS INSISTED ON NOT PROVIDING ANY MEMBER AS A CABINET MINISTER BUT COOPERATING WITH THE NEW NEW ADMINISTRATION FROM OUTSIDE THE CABINET. NO SIGNS OF IMPATIENCE WERE SEEN COMING FROM THE PRIME MINISTER. ON THE EVENING OF THE 25TH, WHEN HE WAS RETURNING TO HIS OFFICIAL RESIDENCE FROM HIS OFFICE AFTER FINISHING WORK, HE WAS HAILED BY REPORTERS, "DID YOU, MR. PRIME MINISTER, GIVE SOME ORDERS REGARDING THREE-PARTY POLICY TALKS, WHICH ARE SET TO START TOMORROW." BUT HIS ANSWER WAS SIMPLE, "I HAVE GIVEN NO ORDERS."

IN A PRESS BRIEFING AS PARTY PRESIDENT ON THE 21ST, HE STRESSED THE ESTABLISHMENT OF A PANEL UNDER HIS DIRECT CONTROL FOR PROMOTION OF ADMINISTRATIVE REFORM: "I WOULD LIKE TO LAUNCH IT AS SOON AS POSSIBLE AFTER I AM REAPPOINTED PRIME MINISTER." REGARDING THE MINSHUTO (DEMOCRATIC PARTY OF JAPAN), WHICH HAS DECIDED NOT TO JOIN THE NEW ADMINISTRATION, HE STATED, "THE LDP WOULD NOT BE ABLE TO CARRY OUT ADMINISTRATIVE REFORM." HASHIMOTO EXPRESSED HIS DETERMINATION: "REGARDING ADMINISTRATIVE REFORM, WE WILL IMPLEMENT IT REGARDLESS OF WHETHER WE CAN OBTAIN COOPERATION (FROM OTHER PARTIES)." THIS REMARK IN A WAY CAN BE TAKEN AS HIS HAVING SOLIDIFIED HIS RESOLVE "TO BE POISED TO MANAGE THE DIET UNDER THE LDP'S SINGLE-PARTY ADMINISTRATION."

LATE THIS MONTH, TOP-LEVEL GOVERNMENT LEADERS, SUCH AS GERMAN CHANCELLOR KOHL AND FRENCH PRESIDENT CHIRAC, WILL EACH COME TO JAPAN. ON THE OCCASION OF THE ASIA-PACIFIC ECONOMIC COOPERATION (APEC) FORUM TO TAKE PLACE IN MANILA IN LATE NOVEMBER, A NUMBER OF IMPORTANT BILATERAL TALKS, SUCH AS WITH AMERICAN PRESIDENT CLINTON, ARE PLANNED. RIGHT AFTER THE GENERAL ELECTION ENDED, THE PRIME MINISTER MADE THE DISPLAY OF HIS "METICULOUS CONSIDERATION," BY TELEPHONING OKINAWAN GOVERNOR MASAHIDE OTA AND PROMISING HIM TO CONTINUE HIS EFFORTS TO TACKLE THE U.S. BASES ISSUE.

IN YESTERDAY'S OKAYAMA GUBERNATORIAL ELECTION AN LDP CANDIDATE WON OVER THE SHINSHINTO CANDIDATE. THIS, TOO, HAS BRIGHTENED THE MOOD OF AIDES TO THE PRIME MINISTER. ONE COMMENTED: "(THE PRIME MINISTER) MAY BE IN THE HIGHEST SPIRITS NOW IN OVER TWO YEARS."

HOWEVER, THERE ARE NOT A FEW CAUSES FOR CONCERN. IF THE LDP FORMS A SINGLE-PARTY GOVERNMENT, THERE WOULD BE AN IMPACT ON DIET DELIBERATIONS ON IMPORTANT BILLS, AND NO MEMBERS OF THE PLANNED SPECIAL-FEATURE ADMINISTRATIVE REFORM PANEL HAS YET BEEN INSTALLED. HIS CAMPAIGN PLEDGE TO "PUT TOGETHER A DEFINITE PLAN IN A YEAR" IS A DOUBLE-EDGED SWORD IN A SENSE.

(POLITICAL SCHEDULE THIS YEAR)

OCTOBER

- 28 SDP'S EXTRAORDINARY STANDING SECRETARIES GENERAL MEETING.
-
- 29 SDP'S PLENARY MEETING OF PARTY MEMBERS OF BOTH HOUSES OF THE DIET.
-
- 30 MINSHUTO DIETMEMBERS TO MEET FOR POLICY DISCUSSION. (THROUGH THE 31ST AT ATAMI CITY, SHIZUOKA PREF.)
-
- 31 GERMAN CHANCELLOR KOHL WILL VISIT JAPAN (THROUGH NOVEMBER 3).
-

UNCLAS SECTION 06 OF 08 TOKYO 009962

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 OCTOBER 28

NOVEMBER

- 5 U.S. PRESIDENTIAL ELECTION.
- 7 A SPECIAL DIET SESSION WILL BE CONVENED, AND THE PRIME MINISTER APPOINTED.
-
- A SECOND HASHIMOTO ADMINISTRATION WILL BE INAUGURATED.
- 14 RUSSIAN FOREIGN MINISTER PRIMAKOV WILL COME TO JAPAN (THROUGH THE 17TH).
-
- 17 FRENCH PRESIDENT CHIRAC WILL VISIT JAPAN (THROUGH THE 22ND).
-
- 22 APEC FORUM WILL TAKE PLACE (IN MANILA ON THE 23RD).
- 25 APEN'S INFORMAL SUMMIT WILL BE HELD.
-
- LATE NOVEMBER AN EXTRAORDINARY DIET SESSION WILL BE CONVENED.
- LATE NOVEMBER THE GOVERNMENT TAX SYSTEM RESEARCH COUNCIL
- WILL START DEBATE ON NEXT FISCAL YEAR'S TAX SYSTEM REFORM.

DECEMBER

- MID-DECEMBER THE GOVERNMENT TAX SYSTEM RESEARCH COUNCIL
- WILL ISSUE A REPORT ON TAX-SYSTEM REFORM.
- AROUND 15TH THE RULING PARTY WILL OUTLINE NEXT FISCAL
- YEAR'S BUDGET.
- AROUND 20TH THE FINANCE MINISTRY'S DRAFT OF NEXT --
- FISCAL YEAR'S BUDGET WILL BE DECIDED.
- AROUND 25TH THE GOVERNMENT'S DRAFT OF NEXT FISCAL
- YEAR'S BUDGET WILL BE DECIDED.
- (TOSHIKI HASHIMOTO)

PRIME MINISTER REVIEWS ASDF; VOWS RESOLUTION OF FUTENMA
HELIPORT PROBLEM (SANKEI - PAGE 3)

PRIME MINISTER RYUTARO HASHIMOTO DELIVERED A DIRECTIVE AT
THE AIR SELF-DEFENSE FORCE'S FIRST PARADE AT ITS HYAKURI
BASE IN OGAWA TOWN, IBARAKI PREFECTURE, ON OCTOBER 27.
IN HIS DIRECTIVE SPEECH, THE PRIME MINISTER TOUCHED ON
THE PROBLEM OF REALIGNING AND REDUCING U.S. MILITARY
BASES ON OKINAWA, AND STATED THAT THE GOVERNMENT "WILL
MAKE UTMOST EFFORTS TO SETTLE THE PROBLEM OF CONSTRUCTING
AN ALTERNATIVE HELIPORT FOR FUTENMA AIR STATION."

THE PRIME MINISTER STRESSED, "THE JAPAN-U.S. RELATIONSHIP
IS IMPORTANT ALSO FOR THE INTERNATIONAL COMMUNITY -- MUCH
MORE IMPORTANT THAN WE FEEL. WHAT STAYS AS ITS POLITICAL
FOUNDATION AND AS ITS CORE IS THE JAPAN-U.S. SECURITY
ARRANGEMENT." BASING HIMSELF ON THIS VIEW, THE PRIME
MINISTER POINTED OUT THE NECESSITY OF SECURING FACILITIES
AND AREAS FOR THE U.S. FORCES IN A STABLE WAY, AND THEN
STATED: "THE WHOLE NATION IS ASKED TO SHARE OKINAWA
PREFECTURE'S BURDEN."

THE PRIME MINISTER ALSO INDICATED HIS POSTURE OF PUSHING
AHEAD WITH MULTILATERAL SECURITY DIALOGUES THROUGH THE
ASEAN (ASSOCIATION OF SOUTHEAST ASIAN NATIONS) REGIONAL
FORUM (ARF) AND OTHER OCCASIONS IN ORDER TO PROMOTE
CONFIDENCE-BUILDING MEASURES ON SECURITY IN THE ASIA-
PACIFIC REGION. THE SELF-DEFENSE FORCES USED TO HOLD AN
ANNUAL PARADE AT THE GROUND SELF-DEFENSE FORCE'S ASAKA
TRAINING AREA IN SAITAMA PREFECTURE. FROM THIS YEAR ON,
HOWEVER, AN SDF PARADE IS GOING TO BE HELD BY EACH OF THE
GROUND, MARITIME, AND AIR SELF-DEFENSE FORCES IN
ROTATION.

JAPAN TO PICK UP TAB FOR CONSTRUCTION OF ALTERNATE SITE
FOR FUTENMA HELIPORT (NIHON KEIZAI - PAGE 2)

IN CASE THE JAPANESE AND U.S. GOVERNMENTS ADOPT A PLAN
FOR CONSTRUCTING AN OFFSHORE FLOATING FACILITY (SEA-BASED
HELIPORT) AS AN ALTERNATIVE FACILITY FOR THE U.S. FORCES'
FUTENMA AIR STATION IN OKINAWA AFTER ITS RETURN IN THE
FUTURE, THE JAPANESE SIDE, IN PRINCIPLE, IS GOING TO TAKE
ON THE BURDEN OF PAYING FOR CONSTRUCTING THAT FACILITY AT
UNCLAS SECTION 07 OF 08 TOKYO 009962

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 OCTOBER 28

A COST ESTIMATED AT SEVERAL HUNDRED BILLION YEN. THIS WAS REVEALED BY A SOURCE CONNECTED TO JAPAN-U.S. RELATIONS. THE GOVERNMENT HAS NOT INCORPORATED BASE RELOCATION COSTS IN ITS BUDGETARY ESTIMATES, SO IT WILL PREPONDERANTLY STUDY SUCH IN THE PROCESS OF ITS YEAR-END BUDGET COMPILATION. FROM NOW ON, THE PLAN COULD IGNITE ARGUMENTS OVER SUCH QUESTIONS AS WHETHER OR NOT THE COST OF CONSTRUCTION SHOULD BE OUTSIDE THE FRAMEWORK OF DEFENSE SPENDING.

ACCORDING TO THE SOURCE, THIS COURSE OF ACTION WAS DETERMINED AT WORKING-LEVEL CONSULTATIONS HELD IN TOKYO AND WASHINGTON THIS MONTH. REGARDING THE ORDERING AND CONSTRUCTION OF AN OFFSHORE FACILITY, U.S. DEPUTY ASSISTANT SECRETARY OF DEFENSE CAMPBELL HAS REMARKED, "WE'RE NOT THINKING OF CONCLUDING A WORK-SHARE AGREEMENT BETWEEN JAPAN AND THE U.S." CAMPBELL THUS INDICATED THAT THE U.S. WOULD NOT STICK TO U.S. FIRMS' HAVING ACCESS TO THE PROJECT AND JAPAN SHOULD BE RESPONSIBLE FOR IT AS A FACILITY TO BE OFFERED TO THE U.S. MILITARY IN CONFORMITY WITH THE JAPAN-U.S. STATUS OF FORCES AGREEMENT (SOFA).

IN THE OCTOBER 21-22 CONSULTATIONS, BOTH SIDES AGREED TO CONDUCT A FEASIBILITY STUDY ON RELOCATING THE FUTENMA STATION'S HELICOPTER FUNCTIONS ENTIRELY TO AN OFFSHORE SITE. BUT A SOURCE IN THE GOVERNMENT SAYS, "WE DISCUSSED THE MATTER ON THE PREMISE OF THE JAPANESE SIDE'S TAKING ON THE BURDEN."

THE U.S. SIDE HAD TRANSMITTED ITS VIEW TO THE EFFECT THAT THE U.S. GOVERNMENT WOULD NOT BE RELUCTANT TO BEAR A PARTIAL BURDEN. IN THE MEANTIME, HOWEVER, THE TWO COUNTRIES CAME TO DROP THE PLAN FOR A SELF-PROPELLED MOBILE OFFSHORE BASE WHICH HAD BEEN INITIALLY STUDIED ON THE U.S. SIDE. THE U.S. SIDE SEEMS TO HAVE JUDGED THAT IT WOULD BE VIRTUALLY IMPOSSIBLE TO SHARE THE BURDEN OF COSTS FOR THE PLANNED OFFSHORE FACILITY, WHILE REGARDING IT AS 'EQUIPMENT' LIKE AN AIRCRAFT CARRIER.

HOWEVER, STUDIES ARE NOW BEING MADE ON RELOCATING CONTROL AND OTHER FUNCTIONS, IN ADDITION TO A RUNWAY, TO THE OFFSHORE FACILITY, AND ALSO ON INSTALLING RADAR AND VARIOUS OTHER SYSTEMS ON IT. THERE IS ALSO AN VIEW WITHIN THE GOVERNMENT WHICH INSISTS: "WE SHOULD SEPARATELY THINK ABOUT COSTS FOR EQUIPMENT." THEREFORE, THE JAPANESE SIDE INTENDS TO NEGOTIATE WITH THE U.S. SIDE ALSO ABOUT DRAWING A LINE BETWEEN THE PORTION FOR FACILITIES AND THAT FOR EQUIPMENT AND OTHER SYSTEMS.

GOVERNMENT TO EXPAND ODA TO CENTRAL ASIA TO 10 BILLION YEN SCALE (NIHON KEIZAI - PAGE 2)

AS PART OF JAPAN'S ASIA POLICY CENTERING ON RUSSIA, CHINA, INDIA AND OTHER COUNTRIES, THE GOVERNMENT HAS ADOPTED A POLICY LINE TO RENDER FULL-FLEDGED ECONOMIC AID TO FIVE CENTRAL ASIAN COUNTRIES INCLUDING KAZAKHSTAN. UNTIL NOW IT HAS CHARACTERIZED AID TO THOSE COUNTRIES AS

SUPPORT FOR THE TRANSITIONAL PERIOD OF REMOVAL OF THE STRUCTURE OF THE FORMER SOVIET UNION, AND IT HAS EXTEND AT MOST A BILLION YEN FOR A PROJECT. SINCE FIVE YEARS HAVE PASSED SINCE THOSE COUNTRIES BECAME INDEPENDENT, THE GOVERNMENT HAS NOW JUDGED THAT THOSE COUNTRIES "HAVE ENTERED THE STAGE OF NATION BUILDING" (FOREIGN MINISTRY SOURCE). SO JAPAN WILL ALLOCATE IN NEXT FISCAL YEAR'S AID PROGRAMS 10 BILLION YEN FOR EACH PROJECT, MAINLY BY PROVIDING YEN LOANS. IN AN ENVIRONMENT WHERE NEIGHBORING COUNTRIES HAVE BEEN TRYING TO EXPAND THEIR INFLUENCE OVER THEM, THE GOVERNMENT OF JAPAN HAS SET ITS GOAL TO BUILDING TIES WITH THOSE CENTRAL ASIAN COUNTRIES.

THE GOVERNMENT HAS ANALYZED: 1) SELF-SUPPORT BY THESE COUNTRIES WOULD BE EFFECTIVE TO PREVENT RUSSIAN POLITICS FROM BACKTRACKING; 2) THESE COUNTRIES CAN BE IMPORTANT AS ENERGY- TRANSPORTATION ROUTES FROM THE MIDDLE EAST; AND UNCLAS SECTION 08 OF 08 TOKYO 009962

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 OCTOBER 28

3) THEY ARE EASILY INFLUENCED BY SUCH NEIGHBORING COUNTRIES AS CHINA AND INDIA. CONSIDERING THOSE POINTS, IT HAS JUDGED THAT PROMOTING DEMOCRATIZATION IN THIS REGION WILL SERVE JAPAN'S INTEREST. CRANE

SECT: SECTION: 01 OF 08

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. cable	Re: Support Cable for East Asia Brief (5 pages)	10/28/1996	P1/b(1)

COLLECTION:

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

FOLDER TITLE:

[10/28/1996 - 11/07/1996]

2016-0420-F
sb1886

RESTRICTION CODES

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

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

P1 National Security Classified Information [(a)(1) of the PRA]
P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
P3 Release would violate a Federal statute [(a)(3) of the PRA]
P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
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b(1) National security classified information [(b)(1) of the FOIA]
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b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
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b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
002. cable	Re: Mutual Security Treaty Role (3 pages)	10/29/1996	P1/b(1)

COLLECTION:

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

FOLDER TITLE:

[10/28/1996 - 11/07/1996]

2016-0420-F
sb1886

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Cable

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CLASS: UNCLASSIFIED

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LINE3: O 300227Z OCT 96

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OSRI: RUEHKO

DTG: 300227Z OCT 96

ORIG: AMEMBASSY TOKYO

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RHHMUNA/USCINCPAC HONOLULU HI//USIA//
RUEKJCS/JOINT STAFF WASHDC//J5//

SUBJ: JAPANESE MORNING PRESS HIGHLIGHTS OCTOBER 30

TEXT:

UNCLAS SECTION 01 OF 07 TOKYO 010041

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 OCTOBER 30

TOP HEADLINES:

ASAHI: FRONTLOADED REPAYMENTS BY SMALL BUSINESS NATIONAL
CORPORATION REACHES 1.2 TRILLION YEN, TOTAL SINCE APRIL
1995; REPAYMENTS INCREASING EVEN AFTER INTEREST-RATE
CUTS; LOSSES AMOUNT TO SEVERAL BILLIONS OF YEN

NIHON KEIZAI: CONSTRUCTION MINISTRY WILL RELEASE
MANAGEMENT INSPECTION OF CONSTRUCTION FIRMS FROM FISCAL
1998; FOR THE PURPOSE OF IMPROVING TRANSPARENCY OF PUBLIC
WORKS PROJECTS BIDDING; COMPETITION AMONG FIRMS WILL BE

PROMOTED

TOKYO SHIMBUN: SHOOTING INCIDENT OF NATIONAL POLICE AGENCY DIRECTOR GENERAL KUNIMATSU: "FORMER SENIOR AUM MEMBER ACTED AS MONITOR," ACCORDING TO TESTIMONY BY DEFENDANT HAYAKAWA, WHO HOWEVER DENIES HIS INVOLVEMENT

MAINICHI: JDA ALTERS BUDGET-RELATED PAPERS DUE TO 40-MILLION-YEN DEFICIT IN FISCAL 1994'S TRANSPORT COST; GAVE ORDERS TO CONTRACTOR MARUBENI; A SHORTAGE PORTION FALSIFIED AS IF TO BE COVERED BY NEXT FISCAL YEAR'S BUDGET; BOARD OF AUDIT POINTS OUT (TRANSLATION BELOW)

YOMIURI: GOVERNMENT TAX SYSTEM RESEARCH COUNCIL INTENDS TO PUT A CURB ON A HIKE RANGE OF THE FIXED ASSETS TAX; BURDEN COORDINATION RATE TO BE CUT; TO COPE WITH DROPPED LAND PRICES IN TAX SYSTEM REFORM FOR NEXT FISCAL YEAR (ARTICLE IN ENGLISH ED.)

SANKEI: SHOOTING INCIDENT OF NATIONAL POLICE AGENCY DIRECTOR GENERAL KUNIMATSU: SENIOR POLICEMAN TESTIFIES, "I SHOT HIM DRAWING MYSELF UP TO MY FULL HEIGHT; CONTRADICTS TESTIMONY BY EYE-WITNESS

OPINIONS SCATTERED IN SDP OVER VOTING FOR HASHIMOTO AS PRIME MINISTER (MAINICHI -PAGE 2)

THE SOCIAL DEMOCRATIC PARTY (SDP) YESTERDAY DISCUSSED AGAIN ITS APPROACH TO HAVING A "SECOND HASHIMOTO GOVERNMENT," BUT IT FAILED TO REACH A DECISION AS TO WHETHER IT WOULD SUPPORT RYUTARO HASHIMOTO IN THE UPCOMING PRIME MINISTERIAL ELECTION, AN ISSUE NOW IN THE SPOTLIGHT. SECRETARY GENERAL SHIGERU ITO, HOWEVER, CLEARLY STATED: "I WILL VOTE FOR PRIME MINISTER HASHIMOTO." WITH THIS, HE REVEALED HIS POSITION THAT HIS PARTY SHOULD BE A RULING PARTY, DESPITE ITS UNWILLINGNESS TO SEND ANY MEMBER TO SERVE IN THE NEW HASHIMOTO CABINET. BUT PARTY HEAD TAKAKO DOI HAS REFRAINED FROM REVEALING HER ATTITUDE. THE PARTY PLATFORM INCLUDES A PLANK THAT IT SHOULD STAY OUT OF THE CABINET, GIVING SUPPORT ONLY FROM OUTSIDE THE CABINET, REFLECTING DOI'S VIEW. THEREFORE, THE PARTY IS NOW WAITING FOR HER DECISION.

PRIME MINISTERIAL ELECTION

IN THE FIRST-ROUND OF VOTING, IF A CANDIDATE OBTAINS A MAJORITY OF VOTES FROM THE MEMBERS OF THE LOWER HOUSE, HE OR SHE WILL WIN THE ELECTION. BUT IF NO CANDIDATE SECURES A MAJORITY, ANOTHER VOTE WILL BE TAKEN BETWEEN THE TWO CANDIDATES WITH THE HIGHEST NUMBER OF VOTES THE FIRST TIME ROUND. THE CANDIDATE WHO OBTAINS A MAJORITY OF VOTES IN THE RUNOFF WILL BECOME THE PRIME MINISTER. IF A NAME OTHER THAN THE TWO IS WRITTEN ON A BALLOT, THAT VOTE WILL NOT BE COUNTED. REGARDING THE RUNOFF ELECTION, DIET MEMBERS HAVE THE CHOICE OF CASTING THEIR VOTE WITHOUT WRITING IN ANY NAME OR TO ABSTAIN FROM VOTING.

SDP IN UPPER HOUSE MAY SPLIT WITH SOME DEFECTING TO

DEMOCRATIC PARTY (TOKYO SHIMBUN - PAGE 2)

THREE SOCIAL DEMOCRATIC PARTY (SDP) MEMBERS OF THE UPPER HOUSE -- HISAMITSU KANNO, YASUKO TAKEMURA, AND SHIGEZO KAYANO -- MADE UP THEIR MINDS ON THE 29TH TO LEAVE THE UNCLAS SECTION 02 OF 07 TOKYO 010041

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 OCTOBER 30

PARTY, TIMED AT THE EARLIEST WITH THE CONVENING OF A SPECIAL SESSION OF THE DIET ON NOVEMBER 7. THE EASTERN HOKKAIDO RENGO, WHICH KAYANO REPRESENTS, HAS ALREADY DECIDED ON A POLICY COURSE OF MERGING WITH THE MINSHUTO, AND THE FOUR PERSONS, INCLUDING UPPER-HOUSE MEMBER NAOKI MINEZAKI, WHO ALREADY HAS JOINED THE PARTY, WILL FORMALLY ADD THEIR NAMES TO THE MINSHUTO LIST AT THE SPECIAL DIET SESSION.

IN ADDITION TO THE ABOVE THREE, THERE ARE KIYOSHI IMAI AND JUNJI ICHII, WHO ARE AIMING AT LINKING UP WITH THE MINSHUTO, AND DIETMEMBER(S) ELECTED FROM KANAGA PREFECTURE HAVE ALSO INDICATED THEY WOULD MAKE THE SAME MOVE. THE OUTLOOK IS THAT THERE WILL BE OVER TEN PERSONS FROM THE UPPER HOUSE JOINING THE MINSHUTO. FOLLOWING THE LOWER HOUSE, THE SDP IN UPPER HOUSE IS ALSO BREAKING APART.

IMAI AND THE OTHERS OPPOSED THE SDP TAKING THE POSITION OF COOPERATING WITH THE RULING PARTY FROM OUTSIDE THE CABINET. EVEN THOSE SDP UPPER-HOUSE DIETMEMBERS WHO WILL STAY IN THE PARTY HAVE INDICATED THEY WOULD ACT AT A DISTANCE FROM PARTY HEAD TAKAKO DOI, LIKE THE GROUP CENTERED ON FINANCE MINISTER KUBO, WHO HAS RESIGNED AS DEPUTY PARTY HEAD. THE FISSURES IN THE SDP CONTINUE TO WIDEN.

VIEWS DIVERGE ON SENKAKUS ISSUE AT JAPAN-CHINA VICE MINISTERSQ MEETING (NIHON KEIZAI - PAGE 1)

JAPAN AND CHINA HELD THEIR PERIODIC VICE MINISTERIAL TALKS AT THE IIKURA GUEST HOUSE IN TOKYO YESTERDAY. DEPUTY FOREIGN MINISTER YANAI AND FOREIGN VICE MINISTER TANG JIAXUAN EXCHANGED VIEWS FOCUSING ON BILATERAL ISSUES, INCLUDING SOVEREIGNTY OVER THE SENKAKU ISLANDS, THE HISTORICAL PERCEPTION ISSUE, AND THE JAPAN-UNITED STATES SECURITY ARRANGEMENT. THEY CONFIRMED THE NEED TO PLACE EMPHASIS ON THE BILATERAL RELATIONSHIP IN THE

FUTURE AS WELL, BUT REGARDING THE OWNERSHIP OF THE SENKAKUS, CHINA INSISTED "THE TWO COUNTRIES HAVE TACITLY AGREED TO SHELVE THE ISSUE," WHEREAS JAPAN CLAIMED "THERE IS NO SUCH FACT." THEIR ARGUMENTS THUS REMAINED ALONG DIVERGENT LINES.

JAPAN-CHINA VICE FOREIGN MINISTERIAL TALKS WERE HELD AFTER A LAPSE OF ONE YEAR AND SEVEN MONTHS. THIS IS THE FIRST VISIT TO JAPAN BY A HIGH-RANKING CHINESE OFFICIAL SINCE BILATERAL RELATIONS BECAME TOUCHY OVER PRIME MINISTER RYUTARO HASHIMOTO'S OFFICIAL HOMAGE AT YASUKUNI SHRINE AND OTHER FACTORS. THE TALKS STARTING AT 9:00 A.M. CONTINUED UNTIL LATE AT NIGHT.

JAPAN REVEALED THAT IT WOULD CONTINUE ECONOMIC ASSISTANCE TOWARD CHINA. ON THE PENDING ISSUE OF CHEMICAL WEAPONS LEFT BEHIND BY THE FORMER JAPANESE IMPERIAL ARMY, BOTH SIDES AGREED TO START GOVERNMENTAL TALKS IN BEIJING IN EARLY DECEMBER.

REGARDING THE STRENGTHENING OF THE JAPAN-U.S. SECURITY ARRANGEMENT, THE CHINESE NEGOTIATOR, EXPRESSING CONCERN, STATED: "IT SHOULD NOT GO BEYOND THE BILATERAL FRAMEWORK." JAPAN ANEW EXPLAINED THAT (1) THE STRUCTURE OF THE JAPAN-U.S. SECURITY ARRANGEMENT HAS NOT CHANGED; (2) THE AREAS THAT ARE COVERED BY THE ARRANGEMENT WILL NOT BE EXPANDED; AND (3) SPECIFIC COUNTRIES HAVE NOT BEEN TARGETED. IN THIS CONNECTION, JAPAN AND CHINA CONFIRMED THE NEED FOR EXPANDED BILATERAL SECURITY DIALOGUE.

AS FOR THE HISTORICAL PERCEPTION ISSUE, THE JAPANESE NEGOTIATOR STATED, "REGARDING OFFICIAL HOMAGE AT YASUKUNI SHRINE, JAPAN WILL FOLLOW THE POLICY LINE" INSERTED IN A STATEMENT BY THEN PRIME MINISTER TOMIICHI MURAYAMA IN AUGUST 1995. CHINA WARNED, "SUCH A POLICY DIRECTION MIGHT INVITE CAUSE (ANTI-JAPANESE) REACTION AMONG THE UNCLAS SECTION 03 OF 07 TOKYO 010041

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 OCTOBER 30

CHINESE PEOPLE."

NATIONALISM AT ROOT OF CHINA'S LACK OF FLEXIBILITY ON SENKAKUS (NIHON KEIZAI - PAGE 2)

TALKS BETWEEN THE VICE FOREIGN MINISTERS OF JAPAN AND CHINA CONTINUED SPORADICALLY INTO THE NIGHT OF THE 29TH,

SPENDING FAR MORE TIME THAN EITHER SIDE EXPECTED. IN THE TALKS, BOTH SIDES FAILED TO FIND COMMON GROUND, REITERATING THEIR STANCES ON SOVEREIGNTY OVER THE SENKAKU ISLANDS, THE JAPAN-UNITED STATES SECURITY ARRANGEMENT, HISTORICAL PERCEPTION, AND OTHER ISSUES. THE DISPUTE WAS PARTICULARLY FOCUSED ON THE SENKAKU ISSUE. CHINA PROPOSED "PUTTING IT ON HOLD TO THE NEXT GENERATION," BASED ON A STATEMENT BY DENG XIAOPING, BUT JAPAN REJECTED THE PROPOSAL. THE GOVERNMENT INTENDED TO USE THE TALKS AS MOMENTUM TO IMPROVE BILATERAL RELATIONS, WITH THE 25TH ANNIVERSARY OF THE OPENING OF DIPLOMATIC RELATIONS BETWEEN JAPAN AND CHINA COMING NEXT YEAR, BUT IT NOW SEEMS DIFFICULT TO RESTORE THE SOURED RELATIONSHIP.

THE PERIODIC TALKS ARE DESIGNED TO BE A "FORUM TO EXCHANGE VIEWS EQUALLY BETWEEN JAPANESE AND CHINESE DIPLOMATIC OFFICIALS ON ISSUES IN BILATERAL RELATIONS AND THE INTERNATIONAL SITUATION" (MINISTRY OF FOREIGN AFFAIRS (MOFA) SOURCE). THE TALKS ON THE 15TH WERE ARRANGED AT BOTH SIDES' REQUESTS. THE BILATERAL RELATIONSHIP" IS SAID TO BE AT ITS WORST SINCE THE RESTORATION OF DIPLOMATIC RELATIONS." UNDER SUCH CIRCUMSTANCES, BOTH SIDES, PROPOSED AN EXCHANGE OF VIEWS ON THE BILATERAL RELATIONS, WHICH WAS THEN DONE IN A FRANK MANNER.

AS FOR CHINA'S TOUGH STANCE, A SENIOR MOFA OFFICIAL ANALYZED, "WITH JAPAN'S PROTEST TO CHINA'S MILITARY EXERCISE IN THE TAIWAN STRAITS, THE JAPAN-U.S. JOINT SECURITY DECLARATION AND PRIME MINISTER HASHIMOTO'S VISIT TO YASUKUNI SHRINE, CHINA HAS BEGUN TO HARBOR A DISTRUST OF JAPAN. IT BELIEVES THAT JAPAN MAY HAVE CHANGED ITS FUNDAMENTAL POSTURE TOWARD CHINA."

IN AN EFFORT TO DISPEL SUCH DOUBTS ON THE CHINESE SIDE, FOREIGN MINISTER YUKIHIKO IKEDA DURING JAPAN-CHINA FOREIGN MINISTERIAL TALKS EXPLAINED JAPAN'S REAL STANCE TO DEPUTY PREMIER AND FOREIGN MINISTER QIAN QICHEN. WITH THIS, JAPANESE SIDE HAD BELIEVED "CHINA'S DOUBTS ABOUT JAPAN HAVE NOW ALMOST REMOVED" (SENIOR OFFICIAL). BUT THE TALKS THIS TIME ENDED UP UNDERSCORING THAT CHINA WILL NOT EASILY SOFTEN ITS STANCE TOWARD JAPAN, GIVEN THE GROWING NATIONALISM IN CHINA.

JDA IN 1994 FUDGED BOOKS WHEN TRANSPORT BUDGET FOR IMPORTING U.S. NAVAL EQUIPMENT (MAINICHI - TOP PLAY)

AN INSPECTION CONDUCTED BY THE BOARD OF AUDIT (BOA) UNTIL THE 29TH UNVEILED THAT IN ORDER TO DEAL WITH AN EXCESS IN SPENDING FOR THE TRANSPORT OF NAVAL VESSEL EQUIPMENT PURCHASED FROM THE UNITED STATES -- THE OUTLAY EXCEEDING FISCAL 1994 ESTIMATES -- THE DEFENSE AGENCY (JDA) DOCTORED OFFICIAL DOCUMENTS, SUCH AS BILLS FOR BUDGETED FUNDS, BY GIVING INSTRUCTIONS TO MARUBENI CORPORATION (HEAD OFFICE IN TOKYO), WITH WHICH IT CONCLUDED A CONTRACT, TO MAKE IT SEEM THAT PORTIONS OF SUCH PURCHASES WERE MADE IN FISCAL 1995. DEFERRING BUDGET FUNDS TO THE NEXT FISCAL YEAR IS BANNED UNDER THE ACCOUNTING LAW. MARUBENI ADMITTED THAT IT ALTERED THE DOCUMENTS ON THE

INSTRUCTION OF THE JDA. VIEWING THE MATTER WITH MUCH CONCERN, THE BOA NOTIFIED THE JDA OF ITS FINDINGS IN WRITING.

BOA POINTS OUT

IT WAS FOUND THAT BUDGETARY DOCUMENTS PERTAINING TO THE TRANSPORTATION OF EQUIPMENT FOR NAVAL DEFENSE VESSELS, WHICH JAPAN PURCHASED FROM THE U.S. UNDER THE FOREIGN UNCLAS SECTION 04 OF 07 TOKYO 010041

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 OCTOBER 30

MILITARY SALES (FMS) FORMULA IN ACCORDANCE WITH THE MUTUAL DEFENSE ASSISTANCE AGREEMENT CONCLUDED UNDER THE JAPAN-U.S. SECURITY TREATY HAVE BEEN ALTERED.

MARUBENI HAS BEEN IN CHARGE OF TRANSPORTING EQUIPMENT FOR VESSELS AND WEAPONS PROCURED UNDER THE FMS UNDER NEGOTIATED CONTRACTS FOR MORE THAN 30 YEARS.

ACCORDING TO AN INFORMED SOURCE, BUDGETARY FUNDS FOR SUCH TRANSPORTATION WERE APPROXIMATELY 1.5 BILLION YEN IN FISCAL 1994 AND APPROXIMATELY 450 MILLION YEN IN FISCAL 1995. THIS SOURCE REVEALED THAT THE JDA PLACED ORDERS WITH MARUBENI FOR TRANSPORTATION OF TRAILERS TO BE LOADED ON VESSELS TO THE U.S. TO HAVE THEM REPAIRED THERE.

HOWEVER, IT WAS FOUND ON FEBRUARY 15, 1995 THAT THE ESTIMATED BUDGET ALLOCATED FOR THAT PURPOSE WOULD BE ABOUT 113 BILLION YEN SHORT DUE TO SLOPPY ESTIMATES. THE JDA COMPILED AN ADDITIONAL BUDGET OF ABOUT 67 MILLION YEN ON MARCH 8 IN THE SAME YEAR, BUT THERE WAS AGAIN MORE THAN A 40 MILLION YEN SHORTFALL. THE JDA THEN ASKED MARUBENI TO ALTER THE DATE OF THE TRANSPORTATION OF 14 UNITS OF THE TRAILERS TO BE CARRIED IN BUDGET REQUEST DOCUMENTS (OFFICIAL DOCUMENTS) TO MAY 1995 (FISCAL 1995), WHEN ACTUAL TRANSPORTATION OF SUCH WAS COMPLETED IN FEBRUARY 1995 (FISCAL 1994), TO MAKE IT SEEM THAT THE TRANSPORTATION TOOK PLACE OVERLAPPING TWO FISCAL YEARS. INCLUDED AMONG THE ALTERED DOCUMENTS ARE RECEIPTS WHICH U.S. FIRMS, WHICH UNDERTOOK THE REPAIR, ISSUED WHEN THEY RECEIVED EQUIPMENT FOR REPAIR.

AN INVESTIGATION BY THE BOA HAS ALSO REVEALED THAT TWO PERSONS IN CHARGE IN THE PROCUREMENT HEADQUARTERS IMPORT DIVISION WERE INVOLVED.

THE BOA IN ITS SUGGESTION PAPER ASKED THE JDA FOR IMPROVEMENT, NOTING, "THE ACTION IS ABSOLUTELY INTOLERABLE, BECAUSE PUBLIC ACCOUNTANTS WHO SHOULD ABIDE BY LAWS AND ORDINANCES HAVE DAMAGED TRUST IN OFFICIAL DOCUMENTS."

DEPUTY CHIEF KEIJI OMORI OF THE JDA PROCUREMENT HEADQUARTERS COMMENTED, "WE ARE STILL AT THE STAGE OF UNDERGOING AN INVESTIGATION BY THE BOA. IT IS, THEREFORE, NOT APPROPRIATE FOR US TO MAKE ANY COMMENT NOW."

"CARELESS IN VIEW OF RESULTS"

IN THE MEANTIME, THE MARUBENI PUBLIC RELATIONS DEPARTMENT EXPLAINED, "IT SEEMS THAT OUR FIRM RESPONDED TO A REQUEST FOR (THE ALTERATION), WHEN WE WERE TOLD THAT IT WAS A NECESSARY PROCEDURE FOR (THE JDA) TO MAKE PAYMENTS. WE MUST ADMIT THAT OUR ACTION WAS CARELESS IN VIEW OF THE RESULTS."

SPARKS FLY BETWEEN U.S. AND JAPAN OVER WHICH SIDE TO CONSTRUCT FLOATING HELIPORT (SANKEI - PAGE 4)

(WASHINGTON, OCTOBER 29, HIROSHI YUASA) A FIERCE SALES BATTLE HAS ALREADY BEGUN AMONG JAPANESE AND AMERICAN FIRMS OVER THE PLAN OF CONSTRUCTING AN ALTERNATIVE OFFSHORE HELIPORT IN RESPONSE TO THE RETURN OF UNITED STATES MARINE'S FUTENMA AIR STATION ON OKINAWA. ONE AMERICAN COMPANY, WHICH AIMS AT CONSTRUCTING A MOVABLE OFFSHORE BASE (MOB), HAS CONNECTIONS WITH A FORMER DEFENSE SECRETARY, WHILE IN JAPAN, THE RUMOR HAS IT THAT PRIME MINISTER HASHIMOTO FAVORS THE FLOATING-PIER-TYPE (QIP) BASE. A SALES WAR AMONG VARIOUS COMPANIES WILL ESCALATE EVEN MORE BECAUSE OF POSSIBLE INCREASING DEMAND FOR FLOATING-TYPE AIRPORTS, SUCH AS A PLAN FOR CONSTRUCTING CHUBU INTERNATIONAL AIRPORT.

BOTH JAPAN AND THE U.S. HAVE AGREED TO MOVE AHEAD WITH A UNCLAS SECTION 05 OF 07 TOKYO 010041

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 OCTOBER 30

JOINT STUDY OF A FLOATING-TYPE OFFSHORE HELIPORT. THE FEASIBILITY STUDY WILL BE COMPLETED BY THE TIME WHEN A FINAL REPORT IS COMPILED IN LATE NOVEMBER AT THE SPECIAL

ACTION COMMITTEE FOR FACILITIES AND AREAS IN OKINAWA (SACO).

CONSTRUCTING A SEA HELIPORT IS A GRAND PROJECT THAT WOULD REQUIRE SEVERAL YEARS AND A TOTAL COST OF 2 BILLION DOLLARS. KEEN COMPETITION IS UNFOLDING BETWEEN JAPANESE AND AMERICAN FIRMS, WHICH ARE PROUD OF THEIR TECHNOLOGY.

THE ALTERNATIVE HELIPORT HAS TO MEET SUCH REQUIREMENTS AS HELPING IMPROVING OKINAWAN CITIZENS' LIVING ENVIRONMENT AS WELL AS CONTRIBUTING TO SECURITY ARRANGEMENTS IN JAPAN. ALTHOUGH A FINAL DECISION HAS YET TO BE MADE ON CONSTRUCTING AN OFFSHORE HELIPORT, MORE PRIORITY IS NOW BEING GIVEN TO SEIZING THE INITIATIVE TO WIN THE COMPETITION THAN TO LOGIC AS SALES BATTLE OVER THE COLOSSAL PROJECT MOVES INTO THE FOREFRONT.

IN THE MIDST OF THIS TUG OF WAR, IT WAS REPORTED BY SOME PRESS AGENCIES THAT DEPUTY ASSISTANT SECRETARY CAMPBELL OF THE DEFENSE DEPARTMENT "IS NOT THINKING ABOUT AN AMERICAN FIRM RECEIVING AN ORDER." BUT ON HEARING THAT REPORT, THE DEPUTY ASSISTANT SECRETARY WAS INFURIATED, ACCORDING TO ONE U.S. MILITARY OFFICER.

AMERICAN FIRMS HAVE AN EDGE IN CONSTRUCTING A MOVABLE OFFSHORE BASE EQUIPPED WITH A FLOATING-TYPE OFFSHORE RUNWAY AND A SUPPLY STATION BY UTILIZING CONSTRUCTION TECHNOLOGY FOR SEA PLATFORMS.

A PIONEER IN THIS TECHNOLOGY IS BROWN AND ROOT (PHONETIC), A SUBSIDIARY OF HALLIBURTON (PHONETIC), A MAJOR OIL COMPANY. THE REPRESENTATIVE OF HALLIBURTON IS RICHARD CHENEY, WHO WAS SECRETARY OF DEFENSE IN THE BUSH ADMINISTRATION. HE OF COURSE HAS INFLUENCE IN THE DEFENSE DEPARTMENT.

ITS RIVAL IS BECHTEL, A MAJOR CONSTRUCTION FIRM. THAT COMPANY HAS AS MEMBERS OF ITS BOARD OF DIRECTORS GEORGE SHULTZ, SECRETARY OF STATE IN THE REAGAN ADMINISTRATION AND CARLA HILLS, THE US TRADE REPRESENTATIVE IN THE BUSH ADMINISTRATION. BECHTEL HAS CLOSE TIES WITH ITOCHU CORP IN JAPAN. NISSHO IWAI NOW IS ALSO MAKING AN APPROACH TO BECHTEL.

THE SCRAMBLE FOR ORDERS IS INCREASINGLY HEATING UP IN WASHINGTON. FOR EXAMPLE, ONE RUMOR IS, "ONE TRADING COMPANY'S PLAN INCLUDES DISCUSSIONS WHILE PLAYING GOLF WITH A FORMER AMBASSADOR TO JAPAN IN AN EFFORT TO FORM A PERSONNEL NETWORK." ANOTHER IS, "BECHTEL'S HEAD OFFICE LOCATED IN SAN FRANCISCO HAS BEEN VISITED BY MANY CORPORATE EXECUTIVES."

ACCORDING TO AN OFFICIAL OF THE DEPARTMENT OF COMMERCE OF THE DEPARTMENT, BECHTEL WANTS TO HAVE ACCESS TO SUCH PROJECTS AS DISPOSAL OF CHEMICAL WEAPONS LEFT IN CHINA BY THE IMPERIAL JAPANESE ARMY AND CONSTRUCTION OF CHUBU INTERNATIONAL AIRPORT, AND OVER THOSE MATTERS, NEGOTIATIONS ARE UNDERWAY BETWEEN THAT COMPANY AND THE

JAPANESE GOVERNMENT.

THE RIVAL TECHNOLOGY JAPAN HAS TO COMPETE WITH THOSE AMERICAN FIRMS INCLUDES, FOR EXAMPLE, THE FLOATING-PIER TYPE (QIP) STRUCTURE, WHICH NIPPON STEEL CORPORATION AND MITSUBISHI HEAVY INDUSTRIES ARE SAID TO EXCELL ANOTHER TECHNOLOGY IS A MEGAFLOAT STRUCTURE, THE TESTING OF WHICH IS BEING CARRIED OUT BY A GROUP OF 17 FIRMS IN THE SHIPBUILDING, IRON-STEEL AND CONSTRUCTION AREAS. THE QIP FORMULA IS RETREATING OUT OF CONCERN OVER THE DESTRUCTION OF CORAL REEFS SURROUNDING OKINAWA. ATTENTION IS NOW BEING FOCUSED ON THE MEGAFLOAT TYPE.

UNCLAS SECTION 06 OF 07 TOKYO 010041

USIA

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SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS OCTOBER 30

AS A RESULT OF JAPAN-U.S. CONSULTATIONS THAT CONTINUED UNTIL THE 24TH, THE POSSIBILITY BECAME STRONG THAT MOST FUNCTIONS OF FUTENMA AIR STATION WOULD BE TRANSFERRED. FOR NOW THE JUDGMENT IS SURFACING THAT IN ORDER TO CONSTRUCT A LARGE BASE, THE MEGAFLOAT TYPE WILL BE MORE SUITABLE BECAUSE IT IS EQUIPPED WITH THE FUNCTION OF WEAKENING WAVE MOTIONS MORE EFFICIENTLY THAN THE MOB RECOMMENDED BY THE U.S.

THE PLANNED ALTERNATIVE HELIPORT WILL REPORTEDLY COVER DOZENS OF HECTARES, GIVEN THAT AS MANY AS 70 HELICOPTERS OF U.S. MARINES WILL TAKE OFF AND LAND THERE AND THAT THE HANGAR AND THE SUPPLY AND CONTROL FUNCTIONS WILL ALSO BE TRANSFERRED.

THERE ARE STILL TECHNOLOGICAL PROBLEMS TO BE SOLVED, SO IF JAPAN AND THE U.S. CAN WORK TOGETHER TO SOLVE THEM, THIS SORT OF STRUCTURE AS A BYPRODUCT OF AN OFFSHORE BASE MAY BE ADOPTED TO CONSTRUCT A LOCAL AIRPORT SOMEWHERE IN JAPAN IN THE FUTURE.

GOVERNMENT HAVING PROBLEMS SELECTING SITE FOR RELOCATED FUTENMA HELIPORT (NIHON KEIZAI - PAGE 3)

THE GOVERNMENT AND PRIVATE SECTOR ARE NOW EVEN MORE BUSILY MOVING AHEAD FOR A SEA-BASED HELIPORT CONCEPT, WHICH IS CONSIDERED AS THE LIKELY PLAN FOR CONSTRUCTING AN ALTERNATIVE FACILITY FOR THE U.S. FORCES' FUTENMA AIR STATION IN OKINAWA. THE GOVERNMENT IS HURRYING TO NARROW DOWN CONSTRUCTION METHODS AND CANDIDATE CONSTRUCTION

SITES ON THE LIST, AIMING AT A FINAL REPORT TO BE ISSUED BY THE JAPAN-U.S. SPECIAL ACTION COMMITTEE (ON FACILITIES AND AREAS IN OKINAWA) (SACO) IN LATE NOVEMBER. IN INDUSTRIAL CIRCLES, A NUMBER OF ENTERPRISES ARE VYING WITH EACH OTHER IN ORDER TO WIN CONTRACTS ON THE BIG PROJECT -- ESTIMATEDLY TOTALING SEVERAL HUNDRED BILLION YEN -- AND THEY ARE NOW ENGINEERING VARIOUS MOVES BEHIND THE SCENES.

PRIME MINISTER RYUTARO HASHIMOTO HAS ORDERED ADMINISTRATIVE OFFICIALS TO EXPEDITE A FEASIBILITY STUDY FOR A SETTLEMENT OF THE SEA HELIPORT PROBLEM IN LATE NOVEMBER. ON OCTOBER 28, THE PRIME MINISTER HELD CONSULTATIONS WITH OFFICIALS INCLUDING THE FOREIGN MINISTRY'S NORTH AMERICAN AFFAIRS BUREAU DIRECTOR GENERAL ORITA AND THE DEFENSE AGENCY'S DEFENSE POLICY BUREAU DIRECTOR GENERAL AKIYAMA. IN THAT PROCESS, THE PRIME MINISTER APPROVED THE DEFENSE AGENCY'S REPORT THAT THE JAPANESE AND U.S. GOVERNMENTS HAVE AGREED TO CHANGE THE PLANNED ALTERNATIVE FACILITY'S NAME FROM 'OFFSHORE FLOATING FACILITY' (OKIAI FUTAI SHISETSU) TO 'SEA FACILITY' (KAIJO SHISETSU).

THE JAPANESE AND U.S. GOVERNMENTS HAVE NOW ENTERED INTO COORDINATION TO SHIFT THE FUTENMA AIRFIELD'S HELICOPTER AND RELEVANT FUNCTIONS ENTIRELY TO AN ALTERNATIVE FACILITY. AT AN INFORMAL CONSULTATIVE MEETING OF SACO HELD IN WASHINGTON ON OCTOBER 21 AND 22, THE JAPANESE SIDE ASSERTED, "WE CAN'T OBTAIN OKINAWA PREFECTURE'S UNDERSTANDING UNLESS WE MINIMIZE THE SHORE FACILITIES." THE U.S. SIDE BASICALLY SHOWED ITS UNDERSTANDING, AND BOTH SIDES AGREED TO GO AHEAD WITH A FEASIBILITY STUDY OF A LARGE-SCALE FACILITY.

THE U.S. MILITARY HAD ONCE PLANNED A SELF-PROPELLED MOBILE OFFSHORE BASE (MOB OR IDO OKIAI KICHI), AND HAD TRANSMITTED ITS VIEW TO THE EFFECT THAT THE MOB CONCEPT WOULD BE FEASIBLE IF IT IS A SMALL-SCALE FACILITY. THE CHANGE OF THE PLANNED STRUCTURE'S NAME FROM 'OFFSHORE FLOATING FACILITY' TO 'SEA FACILITY' IS TAKEN AS THE U.S. MILITARY'S CLARIFICATION OF ITS INTENTION TO CONSIDER A 'FIXED' LARGE-SCALE FACILITY.

IN THE CASE OF A 'FIXED' STRUCTURE, THE ALTERNATIVE UNCLAS SECTION 07 OF 07 TOKYO 010041

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 OCTOBER 30

FACILITY COULD BE AN LARGE-SCALE MILITARY FACILITY AT SEA, UNPRECEDENTED IN THE WORLD, COVERING AN AREA OF SEVERAL TENS OF HECTARES. AS FOR HOW TO BUILD IT, THE GOVERNMENT IS NOW MULLING OVER SUCH OPTIONS AS THE 'FLOATING PIER METHOD' (OR QIP) AND THE 'MEGAFLOAT' CONCEPT FOR A FLOATING STRUCTURE CONSISTING OF PONTOON-TYPE MODULES. YET, THERE IS NO KNOWING IF SUCH CAN BE USED AS A MILITARY FACILITY.

THE GOVERNMENT, THEREFORE, HAS NOW SET UP A 'TECHNICAL SUPPORT GROUP' CONSISTING OF OFFICIALS FROM THE GOVERNMENT MINISTRIES AND AGENCIES CONCERNED, AND AN 'ADVISORY GROUP' MADE UP OF ACADEMICS. INCLUDING HEARINGS FROM INDUSTRIAL CIRCLES, THE GOVERNMENT HAS SET ABOUT TECHNICAL EVALUATION.

AMONG THOSE GOVERNMENT OFFICES, THE TRANSPORT MINISTRY, WHICH HAS BEEN SUBSIDIZING THE PRIVATE SECTOR'S MEGAFLOAT EXPERIMENT, IS NOW SHOWING POSITIVE MOVES. IN THE POLITICAL WORLD, THERE ARE ALSO MOVES, CENTERING ON SUCH FIGURES AS THE LIBERAL DEMOCRATIC PARTY'S SHIZUKA KAMEI AND TAKEO HIRANUMA, WHO HAVE BOTH EXPERIENCED THE POST OF TRANSPORT MINISTER, FOR LAUNCHING A 'MEGAFLOAT PARLIAMENTARY LEAGUE' (TENTATIVE NAME).

AS FOR THE CONSTRUCTION SITE, THE GOVERNMENT IS NOW CONSIDERING THE U.S. MILITARY'S SEA TRAINING AREAS, INCLUDING AN AREA OFF WHITE BEACH AND THE AWASE RADIO STATION LOCATED ALONG THE RIM OF NAKAGUSUKU BAY AND AN AREA IN THE WATERS AROUND TSUKEN-JIMA ISLAND. THIS IS BECAUSE SACO, IN ITS APRIL INTERIM REPORT, HAS INCORPORATED A COURSE OF ACTION TO RELOCATE THE HELIPORT'S FUNCTIONS TO A SITE WITHIN THE U.S. MILITARY FACILITIES AND AREAS.

HOWEVER, LOCAL MUNICIPALITIES AND FISHERY COOPERATIVE ASSOCIATIONS ALONG THE SHORE OF NAKAGUSUKU BAY HAVE NOW ALREADY EXPRESSED THEIR OPPOSITION. OKINAWA PREFECTURE'S GOVERNOR OTA COMMENTED ON OCTOBER 28, "IT'S ONLY NATURAL THAT FISHERMEN FEEL ANXIETY." MEANWHILE, DEFENSE AGENCY VICE MINISTER MURATA ALSO HAS INDICATED THE POSSIBILITY OF LOOKING FOR ANOTHER WATER AREA. SO, THE GOVERNMENT WOULD PRESUMABLY HAVE TO GO THROUGH HARD COORDINATION.

FOR THE FOREGOING REASON, AN OFFICIAL IN THE GOVERNMENT HAS ALSO VOICED CONCERN: "WE GUESS IT WILL BE DIFFICULT TO WORK OUT THE DETAILS OF CONSTRUCTION METHODS AND CANDIDATE AREAS BY THE END OF NOVEMBER."

FINAL REPORT ON OKINAWA DEVELOPMENT PLAN TO BE READY NOVEMBER 19 (MAINICHI - PAGE 2)

THE FORUM ON OKINAWA COMMUNITIES WITH U.S. MILITARY BASES (CHAIRD BY KEIO UNIVERSITY PROFESSOR HARUO SHIMADA), AN ADVISORY PANEL TO CHIEF CABINET SECRETARY SEIROKU KAJIYAMA, YESTERDAY HELD ITS SIXTH-ROUND MEETING AT THE PRIME MINISTER'S RESIDENTIAL OFFICE (KANTEI). IN THE

SESSION, THE PANEL DECIDED TO FINISH COMPILATION
HOPEFULLY BY NOVEMBER 19 A FINAL REPORT THAT WILL INCLUDE
SPECIFIC PROJECTS FOR PROMOTION OF OKINAWAN
MUNICIPALITIES. CRANE

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RHEHAAA/WHITE HOUSE WASHDC
RUEKJCS/SECDEF WASHDC
SUBJ: JAPANESE MORNING PRESS HIGHLIGHTS OCTOBER 31
TEXT:
UNCLAS SECTION 01 OF 08 TOKYO 010078

USIA

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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;
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SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS OCTOBER 31

TOP HEADLINES:

ASAHI: PROSECUTION TO INVESTIGATE MITSUBISHI OIL'S OFFER
OF VAST FUNDS; OSAKA DISTRICT PUBLIC PROSECUTORS' OFFICE
ACCEPTS INDICTMENT BY NATIONAL TAX ADMINISTRATION AGENCY
IN CONNECTION WITH SUSPICION OF TAX EVASION BY OIL
WHOLESALE; THIS CASE TO BE SENT SOON TO TOKYO DISTRICT
PUBLIC PROSECUTORS' OFFICE

NIHON KEIZAI: LDP, SDP, SAKIGAKE AGREE TO ESTABLISH
STANDING CONSULTATIVE PANEL; PLAN FOR RESTRUCTURING

GOVERNMENT AGENCIES TO BE DRAFTED INTO BILL IN 1998;
IMPLEMENTATION IN FIVE YEARS AFTER BILL APPROVED; PARTY-
HEAD TALKS TO OCCUR TODAY

TOKYO SHIMBUN: LDP, SDP, SAKIGAKE AGREE ON 40 ITEMS
INCLUDING ADMINISTRATIVE REFORM; BASIC POLICY LINE FOR
RESTRUCTURING OF GOVERNMENT AGENCIES TO BE SET IN MARCH;
IMPLEMENTATION IN FIVE YEARS AFTER BILL APPROVED;
"DONATIONS," "BASES" ARE SUBJECTS FOR CONTINUED
DISCUSSION; PARTY-HEAD TALKS SET FOR TODAY

MAINICHI: TOKYO DISTRICT PUBLIC PROSECUTORS' OFFICE TO
INVESTIGATE MEDICINE MAKER TSUMURA, SUCH AS FORMER
PRESIDENT AND FOUR OTHERS; ON CHARGE OF SPECIAL BREACH OF
TRUST

YOMIURI: LDP TO HAVE A NEW LINEUP OF THREE TOP PARTY
OFFICERS; SECRETARY GENERAL KATO INCLINING TO RESIGN;
PRIME MINISTER PLACES EMPHASIS ON UNITY OF THE NEW LINEUP
(TRANSLATION BELOW; ARTICLE ALSO IN ENGLISH ED.)

SANKEI: TOKYO AND OSAKA DISTRICT PUBLIC PROSECUTORS
OFFICES WILL JOINTLY INVESTIGATE SUSPECTED OIL DEALS; TO
START INVESTIGATION INTO HOW 5.8 BILLION YEN WAS USED;
OSAKA NATIONAL TAX ADMINISTRATION BUREAU INDICTS OIL
WHOLESALE ON CHARGES OF 300-MILLION-YEN TAX EVASION;
WIDER PERSONNEL NETWORK IN POLITICAL AND BUREAUCRATIC
WORLDS

POLICY AGREEMENT AMONG LDP, SDP, AND SAKIGAKE PRIORITIZES
ADMINISTRATIVE REFORM (ASAHI - PAGE 1)

THE LIBERAL DEMOCRATIC PARTY, SOCIAL DEMOCRATIC PARTY,
AND SAKIGAKE PARTY HELD A MEETING OF THEIR SECRETARIES
GENERAL AND OFFICERS IN CHARGE OF POLICY PLANNING ON
OCTOBER 30 AND CONTINUED POLICY CONSULTATIONS. AS A
RESULT, THE THREE PARTIES REACHED A FINAL AGREEMENT ON
SUCH MATTERS AS HOW TO PUSH AHEAD WITH ADMINISTRATIVE
REFORM, AS WELL AS ESTABLISHING AN ADMINISTRATIVE
SURVEILLANCE COMMITTEE, AND SETTING UP A SELECT COMMITTEE
TO DISCUSS THE CONSUMPTION TAX. AS FOR HOW TO CARRY OUT
ADMINISTRATIVE REFORM, THE THREE PARTIES AGREED TO
"DECIDE ON A BASIC COURSE OF ACTION BY MARCH NEXT YEAR,
CREATE A PLAN IN CONCRETE TERMS BY THE END OF SEPTEMBER,
AND LEGISLATE IT BY THE TIME OF AN ORDINARY DIET SESSION
IN THE YEAR AFTER NEXT." THE THREE PARTIES, AFTER
WORKING OUT THE DETAILS ON THE MORNING OF OCTOBER 31,
WILL DOCUMENT THEIR POLICY AGREEMENT, AND WILL THEN
FORMALLY ADOPT IT AT A MEETING OF THEIR TOP LEADERS TO BE
HELD IN THE AFTERNOON. IN ORDER TO IMPLEMENT SUCH
POLICIES, THE LDP IS PLANNING TO SET UP A STANDING
CONSULTATIVE PANEL WITH THE SDP AND SAKIGAKE, AND WOULD
LIKE TO FIRM UP A MODERATE COALITION STRUCTURE WITH
EMPHASIS ON POLICY COORDINATION. THE LDP WILL CALL ON
THE TWO PARTIES TO VOTE FOR LDP PRESIDENT HASHIMOTO IN
THE DIET'S DESIGNATION OF THE PRIME MINISTER.

THE THREE PARTIES' DOCUMENTED POLICY ACCORD FAST-TRACKS

ADMINISTRATIVE AND FISCAL REFORMS, LEAVING SPECIFICS TO FUTURE CONSULTATIONS. BUT THE THREE PARTIES HAVE CONFIRMED A GENERAL FRAMEWORK OF POLICY APPROACHES AIMING AT LEGISLATION BY THE TIME OF AN ORDINARY DIET SESSION IN THE YEAR AFTER NEXT. BEFORE THE RECENT GENERAL ELECTION UNCLAS SECTION 02 OF 08 TOKYO 010078

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 OCTOBER 31

THE THREE PARTIES HAD AGREED TO AMEND RELEVANT LAWS FOR A REFORM OF THE FINANCE MINISTRY, INTRODUCE A NURSING-CARE INSURANCE SYSTEM, AND PRESENT A NON-PROFIT ORGANIZATION (NPO) BILL. IN ADDITION, THEY ARE ALSO EXPECTED TO INCORPORATE SUCH ACTIONS AS REVIEWING THE CURRENT ELECTION SYSTEM WHILE MAKING IT A PREMISE TO REDUCE THE QUORUM OF DIETMEMBERS.

HOWEVER, THE SDP'S OPINION WAS WIDE APART FROM THE OTHER PARTIES' STANCE ON ITS EIGHT-POINT POLICY PROPOSALS, SUCH AS PLACING AN IMMEDIATE, OVERALL BAN ON CORPORATE AND ORGANIZATIONAL MONEY CONTRIBUTIONS (TO POLITICAL PARTIES), REDUCING AND WITHDRAWING THE U.S. MARINES IN OKINAWA, RETRENCHING THE DEFENSE BUDGET, AND INTRODUCING AN OPTIONAL SYSTEM OF USING DIFFERENT CONJUGAL SURNAMES. SO, THE THREE PARTIES FAILED TO AGREE COMPLETELY.

BOTH OF THE SDP AND THE SAKIGAKE PARTY HAVE NOW DECIDED NOT TO ENTER THE CABINET, BUT "WILL HAVE RESPONSIBILITY TO CARRY OUT THOSE POLICIES" (ACCORDING TO SDP SECRETARY GENERAL SHIGERU ITO). BASED ON THE POLICY CONSULTATIONS, THE LDP WILL CALL ON THE SDP AND SAKIGAKE AT THEIR OCTOBER 31 PARTY-HEAD TALKS TO ESTABLISH SUCH CONSULTATIVE PANELS AS A HIGHEST RESPONSIBLE PERSONS' COUNCIL AND A POLICY COORDINATION COUNCIL. BASICALLY, THE SDP AND SAKIGAKE ARE GOING TO ACCEPT THIS PROPOSAL. THE LDP IS AIMING TO STRENGTHEN THE NATURE OF THE SDP AND SAKIGAKE AS RULING PARTIES BY HOLDING CONSULTATIONS WITH THE TWO PARTIES ON A CONSTANT BASIS.

MEANWHILE, ON OCTOBER 30, THE SAKIGAKE PARTY HELD A MEETING OF ITS EXECUTIVE BOARD, WHERE THE PARTY APPRECIATED THE BASIC AGREEMENT ON ADMINISTRATIVE REFORM AND ALSO DECIDED TO VOTE FOR PRIME MINISTER HASHIMOTO FROM THE BEGINNING IN THE DIET'S DESIGNATION OF THE PRIME MINISTER AT ITS SPECIAL SESSION. THE SDP IS NOW SPLIT INTO THOSE INSISTING ON VOTING FOR PRIME MINISTER HASHIMOTO FROM THE START AND THOSE WHO WANT TO VOTE FIRST

FOR ITS PARTY HEAD, TAKAKO DOI, TO UNDERSCORE ITS IDENTITY. THE SDP WILL HOLD A GENERAL MEETING OF ITS LOWER AND UPPER HOUSE MEMBERS ON NOVEMBER 6 TO DECIDE ON ITS FINAL STANCE.

THREE-PARTY POLICY AGREEMENT PAPERS OVER CONFRONTATIONAL ISSUES, MAY IMPEDE IMPLEMENTATION (YOMIURI - PAGE 2)

THE LIBERAL DEMOCRATIC PARTY (LDP), SOCIAL DEMOCRATIC PARTY (SDP) AND THE SAKIGAKE PARTY REACHED A VIRTUAL AGREEMENT IN THEIR POLICY TALKS YESTERDAY. HOWEVER, THEY DECIDED TO PUT CONTENTIOUS POLICY ISSUES ON HOLD. MOST OF THE ITEMS ARE RECONFIRMATIONS OF THOSE THAT THE THREE PARTIES ALREADY HAVE AGREED ON TO IMPLEMENT BEFORE, AND ARE POINT OUT THEIR STANCES. SUCH RESULTS STEM FROM THE LACK OF EFFORTS TO IRON OUT THEIR DIFFERENT VIEWS, BASED ON THE PERCEPTION THAT CONSENSUS WOULD BE IMPOSSIBLE ON SOME ITEMS IN THE TALKS, WHICH WERE PREMISED ON THE SDP AND SAKIGAKE OFFERING COOPERATION FROM OUTSIDE THE CABINET. STORMY DISCUSSION IS EXPECTED IN A PANEL TO BE ESTABLISHED TO EXECUTE THE POLICY AGENDA.

THE ISSUES AGREED UPON IN THE TALKS INCLUDE THOSE THAT WERE PUT IN THE AGREEMENT'S TEXT BEFORE THE GENERAL ELECTION, SUCH AS THE REVISION OF THE BANK OF JAPAN LAW IN A BID TO REFORM THE FINANCE MINISTRY AND ENACTMENT OF THE NURSING INSURANCE BILL.

AS FOR THE MEASURE TO EASE REQUIREMENTS FOR LEGISLATION BY DIETMEMBERS AND OTHER ITEMS, THE TEXT USES THE EXPRESSION "WILL CONSIDER," WHICH MEANS DISCUSSION WILL BE CONTINUED. NO MENTION WAS MADE OF THE CONSUMPTION TAX ISSUE, WITH DISCUSSION ENTRUSTED TO SPECIAL COMMITTEE MEETINGS.

THE SDP, WHICH SUFFERED A SERIOUS RETREAT IN THE UNCLAS SECTION 03 OF 08 TOKYO 010078

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

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SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS OCTOBER 31

ELECTION, BROUGHT UP PROPOSALS TO TOTALLY PROHIBIT CORPORATE AND GROUP DONATIONS IMMEDIATELY AND TO STARTS TALKS WITH THE U.S. FOR REDUCTION AND WITHDRAWAL OF THE MARINE CORPS ON OKINAWA, BUT THESE ISSUES DID NOT SEE AGREEMENT. WITH THESE ITEMS, THE SDP APPARENTLY AIMED TO DEMONSTRATE ITS OWN POLICY IDENTITY. SDP HEAD DOI EXPRESSED HER DISSATISFACTION TO SPECIAL REPRESENTATIVE

MURAYAMA YESTERDAY, SAYING "ESSENTIAL ISSUES HAVE BEEN PUT ON HOLD." BUT ACCORDING TO SOME OTHER SDP SENIOR OFFICIALS, THE THREE PARTIES HAD TAKEN INTO CONSIDERATION THE POSSIBILITY THAT THEY WOULD NOT BE ABLE TO REACH ACCORD ON THESE ISSUES.

MANY SDP MEMBERS HAD INSISTED THAT PROBING POLICY TALKS WOULD NOT BE NECESSARY, AS SEEN FROM A SENIOR OFFICIAL'S STATEMENT "FROM OUTSIDE THE CABINET, WE WILL TAKE A DIFFERENT WAY OF COOPERATION FROM THAT WE TOOK WHILE IN THE COALITION GOVERNMENT." IT APPEARS THAT THEY HAD CONCERN THAT THE SDP WOULD NOT BE ABLE TO APPLY ITS OWN POLICY STAMP IF IT MADE A COMPROMISE WITH THE LDP IN THE TALKS AND WOULD BE UNDER HEAVY PRESSURE."

SUCH IS IMPLIED ALSO IN A SCENE WHERE THE SDP DID NOT "RAISE AS FIERCE A REACTION AS THE LDP HAD EXPECTED" (LDP SENIOR OFFICIAL) TO THE LDP'S CLAIM ABOUT THE SDP-ADVOCATED WORDING ON THE HISTORICAL PERCEPTION ISSUE "NATIONAL COMPENSATION SHOULD BE MADE BASED ON MORAL RESPONSIBILITY."

THE SAKIGAKE PARTY, WHICH HAS CALLED FOR ADMINISTRATIVE REFORM, FAILED TO PERSUADE THE OTHER PARTIES TO SET THE DEADLINE FOR BANNING THE AMAKUDARI (GOLDEN PARACHUTE) PRACTICES, PRESUPPOSING THAT THE PARTY WOULD NOT JOIN THE GOVERNMENT AS A RESULT OF ITS STRENGTHEN WANING TO ONLY TWO SEATS. BUT IT SUCCEEDED IN "HAVING OUR PARTY'S PROPOSALS FOR ADMINISTRATIVE REFORM AND POLICY TOWARD WOMEN INCORPORATED IN THE AGREEMENT TEXT TO SOME EXTENT, ALTHOUGH WE NEED TO ASCERTAIN WHETHER THEY WILL BE IMPLEMENTED" (SENIOR OFFICIAL). THE PARTY IS SATISFIED WITH THE RESULTS OF THEIR POLICY TALKS.

SDPQS THORNY PATH OF QCOOPERATION OUTSIDE THE CABINETQ REFLECTS TURMOIL IN THE PARTY (TOKYO SHIMBUN - PAGE 2)

IN REACTION TO THE COMPLETION OF A SERIES OF POLICY TALKS TO LAUNCH A SECOND HASHIMOTO ADMINISTRATION, THE SOCIAL DEMOCRATIC PARTY (SDP) WILL HOLD A STANDING SECRETARIES COUNCIL MEETING TODAY AS THE FIRST STEP TO FINALIZE ITS POLICY DIRECTION FOR THE UPCOMING PRIME MINISTERIAL ELECTION AND THE CREATION OF A "BODY FOR POLICY TALKS." THE PARTY HAS OPTED TO "EXTEND COOPERATION FROM OUTSIDE THE CABINET" IN ORDER TO RECONSTRUCT ITSELF AND SUSTAIN ITS POLITICAL CLOUT IN DEALING WITH THE NEW ADMINISTRATION. YET THE PARTY'S INTERNAL VIEWS ARE STILL DIVERSIFIED REGARDING ITS POLICY DIRECTION TO THE ELECTION TO DETERMINE THE PRIME MINISTER. COMING UP WITH THE CORRECT STEP IS VITAL TO MAXIMIZE THE EFFECTS OF "NOT JOINING THE CABINET." PARTY HEAD TAKAKO DOI'S CAPABILITY IN GUIDING THE SDP IS LIKELY TO BE TESTED.

"SUCH IS A MATTER THE PARTY HEAD SHOULD DECIDE. WE SHOULD JUST FOLLOW HER FINAL DECISION." THIS WAS THE COMMENT SECRETARY GENERAL SHIGERU ITO MADE IN THE UPPER-HOUSE MEMBERS CAUCUS ON THE 29TH REGARDING THE UPCOMING PREMIERSHIP ELECTION.

EARLIER IN A TELEVISION TALK SHOW, ITO HAD REMARKED, "IF WE CAN REACH POLICY AGREEMENT TO A SUBSTANTIAL DEGREE, WE WILL COOPERATE WITH (THE LDP) IN DESIGNATING THE NEW PRIME MINISTER." HE THUS REVEALED THE PLAN TO VOTE FOR PRIME MINISTER RYUTARO HASHIMOTO (PRESIDENT OF THE LDP) DESPITE ITS NOT JOINING THE CABINET DEPENDING ON HOW MUCH THE TWO PARTIES CAN FIND COMMON GROUND IN POLICY.

UNCLAS SECTION 04 OF 08 TOKYO 010078

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IN TURN DOI IS SAID TO HAVE EXPRESSED DISPLEASURE, REASONING, "WE ARE STILL IN THE MIDDLE OF POLICY TALKS." ITO HAS BEEN QUIET SINCE THEN.

IN A WAY, THE PRIME MINISTERSHIP ELECTION IS A "LITMUS TEST" TO MEASURE RULING PARTIES' COMMITMENT TO THE NEW CABINET. IF THE SDP VOTES FOR PRIME MINISTER HASHIMOTO, SUCH WOULD INEVITABLY COME WITH RESPONSIBILITY TO THE HASHIMOTO CABINET AND CLEARER SDP OVERTONES EVEN IF SUCH IS STILL PART OF ITS COOPERATION FROM OUTSIDE THE CABINET.

FROM EARLY ON, ITO THOUGHT HIS PARTY SHOULD VOTE FOR PRIME MINISTER HASHIMOTO IN THE FIRST BALLOT: SPECIAL REPRESENTATIVE TOMIICHI MURAYAMA, WHO SERVED AS PRIME MINISTER UNDER THE OLD COALITION ARRANGEMENT, HAS ALSO UNDERScoreD, "PUTTING 'HASHIMOTO' ON OUR BALLOTS IN THE FIRST PLACE WOULD BE HELPFUL TO SUSTAIN OUR POLITICAL CLOUT."

BUT DOI, WHO HAS BEEN INSISTING ON THE SDP REMAINING A "HEALTHY OPPOSITION PARTY," THINKS DOING ANYTHING THAT WOULD GENERATE RULING-PARTY OVERTONES SHOULD BE AVOIDED. FIRST-TIME DIET MEMBERS BACKING DOI ALSO THINK, "WE SHOULD MAKE A FRESH START. THERE IS NO SENSE TO STICKING TO THE OLD COALITION ARRANGEMENT. IT IS ONLY PROPER THAT WE VOTE FOR MS. DOI."

EARLIER, THE VIEW WAS RIFE, "WE SHOULD PUT 'DOI' DOWN (FOR PRIME MINISTER) IN THE FIRST ROUND. (IF NO ONE GARNERS A MAJORITY), WE SHOULD VOTE FOR HASHIMOTO IN A RUN-OFF ELECTION. THAT WAY WE CAN MAKE BOTH SIDES HAPPY" (SENIOR MEMBER). BUT THE LDP'S MANEUVERING HAS NOW MADE IT GENERALLY POSSIBLE FOR THE LDP TO WIN A MAJORITY

WITHOUT THE SDP. SO THE SDP'S PLAN IS APPARENTLY NOT GOING SO SMOOTHLY.

IN FACT, IT IS HIGHLY QUESTIONABLE IF DOI CAN UNIFY PARTY VIEWS TO BACK HER UNANIMOUSLY IN THE ELECTION. SOME PRO-COALITION MEMBERS IN THE UPPER HOUSE ARE SUGGESTING "REBELLIOUS" ACTION, "THE SITUATION IS DIFFERENT FROM THE LOWER HOUSE, WHERE THERE ARE ONLY 15 SDP MEMBERS. WE WILL TAKE ACTION INDEPENDENTLY AND VOTE FOR PRIME MINISTER HASHIMOTO."

LAUNCHING OF A PERMANENT "POLICY DISCUSSION BODIES," AN ELEMENT AGREED UPON IN THE POLICY TALKS, IS ANOTHER MATTER THAT WOULD AFFECT THE SDP'S STANCE TOWARD THE ADMINISTRATION.

ONE SENIOR MEMBER EXPLAINED: "WE NEED ONLY TWO BODIES: ONE BY SECRETARIES GENERAL AND POLICY-MAKING OFFICIALS, AND OTHER BY PARTY HEADS AND SECRETARIES GENERAL. FOR THE REST, WE SHOULD LAUNCH PROJECT TEAMS BY THEME, SUCH AS THE TAX SYSTEM AND ADMINISTRATIVE REFORM."

THERE IS NO OBJECTION IN THE PARTY REGARDING THE PERCEPTION, "PARTICIPATING IN THE DECISION-MAKING MECHANISM IS VITAL SO AS NOT TO PLAY SECOND FIDDLE TO THE JAPAN COMMUNIST PARTY" (MID-RANKING MEMBER). BUT SOME SUSPECT THAT LAUNCHING DISCUSSION BODIES OF THE OLD STYLE WOULD PLACE THE LDP AT AN ADVANTAGE BECAUSE THE SDP HAS LOST SO MANY SEATS.

FOR THE SDP, THE ONLY GOAL IS TO LAUNCH BODIES THAT WOULD ALLOW THE PARTY TO PRACTICE ITS "PRINCIPLE OF BEING FAIR AND JUST" (PERSON CLOSE TO DOI).

HASHIMOTO TO REPLACE TOP LDP EXECS AFTER SECRETARY GENERAL KATO SAYS HE WILL RESIGN (YOMIURI - TOP PLAY)

THE LIKELIHOOD IS THAT PRIOR TO THE LAUNCHING OF A SECOND HASHIMOTO CABINET ON NOVEMBER 7, THE LIBERAL DEMOCRATIC PARTY EXECUTIVE STRUCTURE, INCLUDING THE THREE TOP UNCLAS SECTION 05 OF 08 TOKYO 010078

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OFFICERS, WILL BE COMPLETELY CHANGED. THE DECISION WAS REVEALED BY SEVERAL SENIOR PARTY EXECUTIVES AND MEMBERS. IN THE BACKGROUND OF THIS MOVE IS THE FACT THAT SECRETARY

GENERAL KATO HAS EXPRESSED HIS INTENTION TO RESIGN. THE PRIME MINISTER IS NOW TRYING TO PERSUADE HIM TO REMAIN IN OFFICE, BUT MOST OBSERVERS BELIEVE THAT HE WILL RESIGN IN THE END. IN THAT CASE, THE PRIME MINISTER WANTS TO SET UP A POWERFUL WORKING CAMP ARRANGEMENT, ON PAR WITH THE NEXT CABINET, IN ORDER TO HANDLE IMMEDIATE POLITICAL ISSUES, SUCH AS ADMINISTRATIVE REFORM, WHICH IS THE HIGHEST PRIORITY. IF IT HAPPENS, THE RESIGNATION OF SECRETARY GENERAL KATO, WHO HAS PLACED EMPHASIS ON COOPERATIVE TIES WITH THE SOCIAL DEMOCRATIC PARTY (SDP) AND THE SAKIGAKE PARTY, WILL HAVE A DELICATE IMPACT ON SUCH ISSUES AS THE MANAGEMENT OF THE NEXT ADMINISTRATION.

SHINSHINTO DEFECTOR FUNADA FORMS NEW POLITICAL GROUP,
Q21ST CENTRYQ (SANKEI - PAGE 2)

INDEPENDENT LOWER-HOUSE MEMBERS INCLUDING HAJIME FUNADA, WHO HAD DEFECTED FROM THE SHINSHINTO (NEW FRONTIER PARTY) BEFORE THE RECENT GENERAL ELECTION, HAVE FORMED A NEW GROUP, "21ST CENTURY," YESTERDAY. THEY REPORTED THE ESTABLISHMENT OF THEIR GROUP TO THE LOWER HOUSE SECRETARIAT.

THE NEW GROUP HOLDS UP THE BANNER OF "A NEW CONSERVATISM," AND FUNADA ASSUMED OFFICE AS PARTY REPRESENTATIVE. SHOKEI ARAI SERVES AS REPRESENTATIVE SECRETARY FOR POLICY AND SHIGERU ISHIBA AS SECRETARY FOR DIET AFFAIRS MANAGEMENT. OTHER MEMBERS ARE SHINAKO TSUCHIYA AND YOSHIO MOCHIZUKI.

ASKED IN A NEWS CONFERENCE WHETHER THE GROUP WOULD VOTE FOR RYUTARO HASHIMOTO IN THE PRIME MINISTERIAL ELECTION, FUNADA INDICATED HIS STANDPOINT THAT THAT MATTER WOULD DEPEND ON THE RESULTS OF DISCUSSION WITH THE LIBERAL DEMOCRATIC PARTY (LDP) ON A NEW GOVERNMENT. STATING, "IT MAY BE POSSIBLE TO DO SO IF A CONSENSUS IS REACHED IN PRINCIPLE THROUGH COORDINATION," HE SHOWED HIS PLAN TO MOVE TO COORDINATE IN THE DIRECTION OF VOTING FOR HASHIMOTO.

REGARDING THE POSSIBILITY OF FORMING A UNIFIED GROUP WITH THE LDP, HE INDICATED HIS FORWARD-LOOKING RESPONSE, NOTING: "IF THERE IS PROGRESS IN POLICY DISCUSSION, WE WOULD LIKE TO CONSIDER SUCH AN IDEA AT THAT POINT."

AS TO WHETHER HIS NEW GROUP WOULD DEVELOP INTO A NEW POLITICAL PARTY, FUNADA STATED, "AT THIS POINT, I HAVE NOT YET THOUGHT HARD ABOUT IT," AND REGARDING THE POSSIBILITY OF HIS RETURNING TO THE LDP, HE STATED SUGGESTIVELY: "FOR NOW, I HAVE NO GOOD REASON TO COMMENT ON IT. NOTHING HAS YET BEEN DECIDED."

BUT ASKED WHETHER THE GROUP WOULD PROVIDE A CABINET MINISTER AS A RESULT OF POLICY DISCUSSION WITH THE LDP, ONE MEMBER OF THE GROUP WAS NEGATIVE, REMARKING: "WE WILL NOT ACCEPT SUCH A KIND OF OFFER."

FUNADA AND HIS GROUP INTEND TO LET OTHER SYMPATHIZERS

JOIN, BUT THEY SEEK TO MAKE CLEAR THEIR DIFFERENCES WITH KENZO YONEDA, WHO LEFT THE SHINSHINTO YESTERDAY, AND THE GROUP LED BY FORMER CHIEF CABINET SECRETARY HIROSHI KUMAGAI, WHO WAS TOLD RECENTLY THAT HE HAD BEEN REMOVED FROM THE SHINSHINTO.

NEWLY ELECTED DIETMEMBER YONEDA QUILTS SHINSHINTO OVER OZAWA'S MANAGEMENT OF PARTY AFFAIRS (MAINICHI - PAGE 2)

KENZO YONEDA, A SHINSHINTO (NEW FRONTIER PARTY) MEMBER (ELECTED FROM THE SOUTHERN KANTO BLOC UNDER THE PROPORTIONAL REPRESENTATION SYSTEM), YESTERDAY PRESENTED HIS NOTIFICATION OF LEAVING THE PARTY TO SECRETARY UNCLAS SECTION 06 OF 08 TOKYO 010078

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SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS OCTOBER 31

GENERAL TAKEO NISHIOKA AT THE PARTY HEADQUARTERS FOR THE REASON OF HIS DISSATISFACTION WITH PARTY MANAGEMENT BY PRESIDENT ICHIRO OZAWA. IN REACTION, NISHIOKA ASKED HIM TO RESIGN FROM THE DIET, STRESSING "SINCE HE HAS BEEN ELECTED UNDER THE PROPORTIONAL REPRESENTATION SYSTEM AS A SHINSHINTO MEMBER, BOLTING THE PARTY SOON AFTER THE LOWER-HOUSE ELECTION IS UNACCEPTABLE IN VIEW OF POLITICAL AND MORAL PRINCIPLES."

AFTER THE SESSION, BOTH NISHIOKA AND YONEDA CRITICIZED EACH OTHER:

"SUCH A MOVE WILL CREATE POPULAR DISTRUST OF POLITICS" (NISHIOKA).

"THERE WERE VOTERS WHO CAST THEIR BALLOTS FOR THE SHINSHINTO BECAUSE MY NAME WAS ON THE PARTY'S PROPORTIONAL REPRESENTATION LIST. I HAD MADE CONTRIBUTIONS TO THE PARTY BY ASKING CORPORATIONS' SUPPORT FOR THE PARTY, SO I AM NOT IN DEBT TO THE PARTY" (YONEDA).

YONEDA LEFT THE SHINSHINTO TEN DAYS AFTER HE WAS ELECTED TO THE

LOWER HOUSE. THERE WERE PRECEDENTS IN THE UPPER HOUSE THAT ITS MEMBERS ELECTED UNDER THE PROPORTIONAL REPRESENTATION SYSTEM TRANSFERRED TO OTHER PARTY. THEREFORE, THERE IS NO LEGAL RESTRICTION ON SUCH AN ACT. BUT FOR THOSE WHO VOTED FOR THE SHINSHINTO, HIS CONDUCT IS AN ACT OF TREACHERY. SO IT IS CERTAIN THAT (NISHIOKA

SAID): "THE ISSUE SHOULD BE RECONSIDERED FROM THE SYSTEMATIC PERSPECTIVE, NOT FROM THE INTERPRETATION OF LAW."

HOWEVER, NISHIOKA DID NOT CLEARLY STATE THE STANCE TOWARD THE ISSUE THAT DIETMEMBERS ELECTED UNDER THE PROPORTIONAL REPRESENTATION SYSTEM MOVE TO OTHER PARTY. BECAUSE IN THE PAST SIX OF NINE UPPER-HOUSE MEMBERS ELECTED UNDER THE PROPORTIONAL REPRESENTATION SYSTEM LEFT THE LIBERAL DEMOCRATIC PARTY (LDP) AND JOINED THE SHINSHINTO. IF NISHIOKA INSISTS OF YONEDA RESIGNING, IT WOULD DRIVE THE PARTY INTO A CORNER."

BUT THE SIX UPPER-HOUSE MEMBERS HAD THEIR REASONS, SUCH AS THE SPLIT OF THE LDP AND DISSOLUTION OF THEIR FORMER PARTIES. THIS IS THE FIRST TIME THAT A DIETMEMBER HAS LEFT THE PARTY RIGHT AFTER BEING ELECTED. YONEDA EMPHASIZED: "I HAD OBTAINED CONFIDENCE (TO HAVE BEEN ELECTED)." BUT IT IS TRUE THAT VOTERS WROTE ON THEIR BALLOTS THE WORD SHINSHINTO, NOT HIS NAME. IT IS CERTAIN THAT VOTERS WILL NOT UNDERSTAND THIS, AND THAT PUBLIC DISTRUST OF POLITICS WILL GROW EVEN MORE.

FINANCE MINISTRY PANEL IGNORES LIBERALIZATION OF INSURANCE PREMIUMS; PRIORITY ON U.S. TALKS
(TOKYO SHIMBUN -PAGE 7)

THE INSURANCE ADVISORY COUNCIL (CHAIRER BY RYUTSU-KAGAKU (DISTRIBUTION SCIENCE) UNIVERSITY PROFESSOR KAZUYA MIZUSHIMA), AN ADVISORY ORGAN TO THE PRIME MINISTER, YESTERDAY RESUMED DELIBERATIONS AFTER A HIATUS OF ONE YEAR AND FOUR MONTHS. THE KEY ISSUE IS THE IMPROVING OF THE "DEPOSIT INSURANCE SYSTEM" THAT PROTECTS INSURANCE HOLDERS. "LIBERALIZATION OF NON-LIFE INSURANCE PREMIUM RATES," A PROBLEM THAT WAS RAISED AT THE JAPAN-U.S. INSURANCE NEGOTIATIONS AND THAT HAS A GREAT IMPACT ON THE CONSUMERS, HAS NOT BEEN INCLUDED IN THE LIST OF ITEMS SUBJECT TO DISCUSSION. THE VIEW IS THAT THE MOVE IS STRONGLY MOTIVATED BY THE FINANCE MINISTRY'S (MOF) DESIRE TO HIDE ITS HAND FROM U.S. NEGOTIATORS. IF THE SITUATION IS LEFT AS IS, CHANCES ARE NON-LIFE INSURANCE PREMIUM RATES WILL BE LIBERALIZED WITHOUT DOMESTIC DISCUSSION, OVER-RIDDEN BY FOREIGN PRESSURE.

JAPAN'S FIRE AND AUTO INSURANCE RATES ARE SET BY THE FIRE UNCLAS SECTION 07 OF 08 TOKYO 010078

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 OCTOBER 31

AND MARINE INSURANCE RATING ASSOCIATION OF JAPAN. RATES SET BY VARIOUS INSURERS ARE, THEREFORE, IN LOCK-STEP. HOWEVER, IN THE JAPAN-U.S. INSURANCE TALKS, WHOSE FINAL DEADLINE IS DECEMBER 15, THE U.S. HAS STRONGLY SOUGHT LIBERALIZATION OF NON-LIFE INSURANCE PREMIUM RATES IN RETURN FOR THE REMOVAL OF A BAN ON NON-LIFE INSURERS ENTERING THE PERSONAL ACCIDENT INSURANCE SECTOR. THE PREVAILING VIEW IN MOF IS THAT LIBERALIZATION OF SUCH RATES WOULD BE UNAVOIDABLE IN ORDER TO SETTLE THE NEGOTIATIONS.

THE PRESENT INSURANCE PREMIUM RATES SETTING FORMULA IS EXEMPT FROM THE APPLICATION OF THE ANTI-MONOPOLY LAW, BUT THE FAIR TRADE COMMISSION (FTC) HAS SHOWN INTEREST IN THE MATTER, CITING, "THERE IS CONCERN THAT SUCH A FORMULA MAY BE IMPEDING PRICE COMPETITION."

HOWEVER, AT THE MEETING YESTERDAY, IT WAS DECIDED NOT TO DISCUSS THE PROBLEM OF LIBERALIZING INSURANCE PREMIUM RATES, THE MEMBERS ARGUING, "DEREGULATION AT THE PRESENT LEVEL IS SUFFICIENT FOR THE TIME BEING." IN THE BACKGROUND OF MOF'S AVOIDANCE OF OPEN DEBATE ON LIBERALIZATION OF SUCH RATES THERE IS CONCERN THAT "IT MIGHT PROVIDE THE U.S. SIDE ADVANTAGEOUS MATERIALS IN THE BILATERAL NEGOTIATIONS."

CHANCES ARE HIGH THAT IF THOSE PREMIUM RATES ARE ACTUALLY LIBERALIZED, IT WILL GIVE IMPETUS TO THE LOWERING OF RATES. IN THE MEANTIME, SOME HAVE POINTED OUT ITS NEGATIVE ASPECT, NOTING, "INSURANCE RATES SET FOR THOSE WHO HAD FREQUENT ACCIDENTS MANY TIMES IN THE PAST ARE LIKELY TO BE RAISED AS A RESULT OF LIBERALIZATION, WHICH WILL INCREASE THE NUMBER OF UNINSURED AUTOS" (LEADING NON-LIFE INSURANCE FIRM). IN ANY CASE, LIBERALIZATION IS BOUND TO AFFECT THE NATION'S LIFESTYLE GREATLY.

HOWEVER, UNLESS THE SITUATION CHANGES, A DECISION TO "LIBERALIZE INSURANCE PREMIUM RATES" MAY BE MADE AT THE LAST MOMENT BEFORE THE NEGOTIATION DEADLINE COMES IN THE FORM OF MEETING THE U.S. REQUEST. IF THAT HAPPENS, POPULAR DISTRUST OF MOF, WHICH TAKES A CASUAL VIEW OF ITS ADVISORY COUNCIL AND IS NEGATIVE TOWARD DISCLOSURE OF INFORMATION, WILL MOST LIKELY ACCELERATE.

U.S., JAPAN REACH UNDERSTANDING ON SCALE OF ALTERNATE HELIPORT FOR FUTENMA: 75 HECTARES (YOMIURI - PAGE 2)

REGARDING THE PLANNED CONSTRUCTION OF A SEA-BASED HELIPORT TO REPLACE THE U.S. FORCES' FUTENMA AIR STATION IN OKINAWA, IT BECAME KNOWN ON OCTOBER 30 THAT THE JAPANESE AND U.S. GOVERNMENTS WERE CONSIDERING A FACILITY TO THE EXTENT OF 75 HECTARES WITH AN OVERALL LENGTH OF 1,500 METERS AND A WIDTH OF 500 METERS.

THE PLANNED FACILITY, AS ONE OF ITS FEATURES, CAN BE USED ALSO BY LARGE-SIZE CHOPPERS THE U.S. MARINE CORPS IS

PLANNING TO INTRODUCE IN THE FUTURE. ONE SIDE OF THE HELIPORT WILL BE USED AS A 1,500-METER RUNWAY, AND THE OTHER SIDE WILL BE SPACE FOR SUCH RELEVANT INSTALLATIONS AS HANGARS, CONTROL TOWER FUNCTIONS, AND REPAIR WORKSHOPS.

THE PLAN IS PREMISED ON CONSTRUCTING A HELIPORT NEAR THE COAST AND PIER-BRIDGING IT WITH THE SHORE. CONSTRUCTION SITES ON THE LIST INCLUDE NAKAGUSUKU BAY, SITUATED IN THE SOUTHEASTERN PART OF THE MAIN ISLAND OF OKINAWA, AND THE SHORE ALONG CAMP SCHWAB IN THE NORTHERN PART OF OKINAWA.

AS FOR THE CONSTRUCTION METHOD, JAPANESE INDUSTRIAL CIRCLES -- INCLUDING SHIPBUILDING, CIVIL ENGINEERING, AND STEEL MANUFACTURERS -- HAVE BEEN CONDUCTING A FEASIBILITY STUDY OF THE FLOATING-PIER FORMULA (OR QIP), WHICH IS TO PROP UP THE STRUCTURE WITH POSTS FIXED TO THE SEA BOTTOM, AND THE PONTOON FORMULA, WHICH IS TO FLOAT A RUNWAY
UNCLAS SECTION 08 OF 08 TOKYO 010078

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

E.O. 12958: N/A

SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS OCTOBER 31

MOORED TO POSTS. THE PLANNED FACILITY IS EXPECTED TO EMPLOY EITHER OF THESE TWO METHODS.

CHEMICAL WEAPONS BAN: JAPANESE FIRMS WORRIED THEIR SECRETS MAY LEAK OUT DURING MONITORING
(MAINICHI - PAGE 3)

(GENEVA, OCTOBER 30, NAOKI FUKUHARA) IT WAS REVEALED RECENTLY THAT THE WITH THE CHEMICAL WEAPONS BAN TREATY GOING INTO EFFECT NEXT SPRING, JAPANESE COMPANIES HAVE ASKED THE TREATY SECRETARIAT (LOCATED IN THE HAGUE IN THE NETHERLANDS) TO ALLOW THE POSSIBILITY OF DAMAGE COMPENSATION FROM COMPANY INSPECTORS IF CORPORATE SECRETS ARE DISCLOSED BY THE PROCESS. THERE ARE NO SPECIFIC MEASURES SET UNDER THE TREATY REGARDING LEAKING OF SECRETS. THE TREATY WHICH AIMS AT ELIMINATING ALL CHEMICAL WEAPONS SEEMS TO BE FACING A MAJOR CHALLENGE IN THE FORM OF PROTECTION OF SECRETS.

ACCORDING TO THE TREATY SECRETARIAT, A CLOSED SEMINAR FOR THE ASIA-PACIFIC REGION WAS HELD IN JAPAN THIS MONTH. INVITED TO THE SEMINAR WERE RELATED CHEMICAL FIRMS, MAINLY FROM JAPAN, AS WELL AS GOVERNMENT OFFICIALS. BRIEFINGS WERE GIVEN THERE ABOUT ACTIONS THAT WOULD BE TAKEN AFTER THE TREATY COMES INTO EFFECT, SUCH AS THE

CARRYING OUT OF INSPECTIONS. ON THAT OCCASION, PARTICIPATING FIRMS EXPRESSED ANXIETY OVER PROTECTION OF CORPORATE SECRETS. SOME JAPANESE COMPANIES REPORTEDLY MADE A REQUEST, REMARKING: "WE WOULD LIKE AN INSPECTOR TO PRESENT IN ADVANCE A WRITTEN PLEDGE THAT ENSURES IF (SECRETS) ARE DISCLOSED, DAMAGE WILL BE COMPENSATED."

TO FIND WHETHER THERE ARE PROBLEMS, THE TREATY SECRETARIAT IS CARRYING OUT "MOCK INSPECTIONS" IN SECRET OF COMPANIES IN JAPAN, EUROPE AND OTHER AREAS. IN ONE SUCH MOCK INSPECTION, A MAJOR JAPANESE FIRM OBJECTED BECAUSE ONE INSPECTOR HAD TRIED TO CARRY HIS OWN MEMOS FROM THE COMPANY. AS A RESULT, THE INSPECTOR REPORTELY WAS STOPPED FROM CARRYING THEM OUT.

UNDER THE TREATY, IT IS STIPULATED THAT FIRMS THAT PRODUCE, PROCESS AND CONSUME APPROXIMATELY 20 CHEMICAL SUBSTANCES, WHICH ARE NECESSARY TO MAKE SARIN OR MUSTARD GAS, WILL BE SUBJECT TO INSPECTION FOR THREE YEARS AND THAT INSPECTION WILL BE CARRIED OUT TO SEE WHETHER SUCH RAW MATERIALS ARE NOT "ABUSED." AS MATERIALS FOR INSPECTION, EVEN A WASH FOR SEMICONDUCTORS AND DYES MIGHT BE INCLUDED. BUSINESSES SUBJECT TO INSPECTION IN JAPAN ARE EXPECTED TO NUMBER 100. CRANE

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RHHJDHA/HQ PACAF IDHS HICKAM AFB HI
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SUBJ: FBIS FOREIGN MEDIA NOTE-31OCT96-FUTENMA RELOCATION

TEXT:

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PASS: ATTN BLOUGH/MILLER
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COUNTRY: Japan-U.S.

SUBJ: FBIS FOREIGN MEDIA NOTE-31OCT96-FUTENMA RELOCATION

SOURCE: FOREIGN BROADCAST INFORMATION SERVICE

TEXT:

Japan-U.S.: Japanese Media Suggest Okinawan Opposition to
Heliport Plan May Delay Resolution of Futenma Relocation

Recent Japanese media reporting has indicated that while the
central government is committed to resolving the question of
relocating the Marine Corps Air Station Futenma by November,
mounting local opposition to the plan may delay these efforts.

According to the 30 October Nihon Keizai Shimbun, Prime
Minister Ryutaro Hashimoto is seeking to "expedite" feasibility
studies on the heliport construction so that outstanding issues
are resolved by the end of November, when the final report of the
Special Action Committee on Okinawa is scheduled to be released.

Okinawa Governor Masahide Ota has refrained from publicly
commenting on the issue but reportedly has remained sympathetic to
the concerns of local municipalities and fishermen over
prospective heliport options (Ryukyu Shimpo, 28 October).

Mounting Local Opposition

At the same time, however, both the central Japanese media and
Okinawan media are reporting growing opposition to the offshore
heliport plan.

According to the 28 October Ryukyu Shimpo, the Okinawan
prefectural government is "facing a barrage of protests" from
local municipalities and fishing associations near potential
heliport sites, and the governments of cities and towns hosting
U.S. bases are "very critical" of the plan.

Several newspapers, including the 25 October Yomiuri Shimbun,
have reported that a council for promoting fishery development in
Nakagusuku Bay, comprised of eight local municipalities and 11
fishery cooperative associations, has adopted a "unanimous

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
003. cable	Re: FBIS Foreign Media Note - Futenma Relocation [partial] (3 pages)	10/31/1996	P3/b(3)

COLLECTION:

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

FOLDER TITLE:

[10/28/1996 - 11/07/1996]

2016-0420-F
sb1886

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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- P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
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resolution"" to oppose construction of an offshore heliport.

The governments of Okinawa City, Gushikawa City, Katsuren Town, and Urasoe City also have reportedly passed resolutions objecting to the plan (Aera, 21 October).

Timing

Japanese media have suggested that mounting local opposition may affect Japan-U.S. negotiations on the issue and delay efforts to resolve it by the end of November.

The 30 October Nihon Keizai Shimbun, for example, cited unnamed government officials as stating that local opposition would make it "difficult" to reach a decision on the site and type of heliport by late November.

The 26 October Ryukyu Shimpō reported that there is "growing concern" among senior officials in the Okinawan prefectural government that it "may be impossible" to settle the issue in November.

(b)(3)

003

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(endall) EAG/HH/JN 31/2119Z OCT

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
004. cable	Re: Futenma Relocation Options (7 pages)	11/01/1996	P1/b(1)

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Clinton Presidential Records
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Jan 1995-Dec 1996 ([Futenma])
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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
005. cable	Re: Okinawa Base Issues: A Futenma Relocation Scorecard (6 pages)	11/01/1996	P1/b(1)

COLLECTION:

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

FOLDER TITLE:

[10/28/1996 - 11/07/1996]

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TAGS: PGOV, PINR, JA
SUBJECT: JAPANESE DAILY PRESS SUMMARY 11/06/96
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(1) Deregulation Accelerates New Entries: Fifteen
Companies In Steel, Petroleum and Other Industries

Poised to Supply 3 Million Kilo-watts of Electric Power

(2) Coffee-shop Operations Experiencing Changes; Entry into the Market by a U.S. Operator Fuels Competition

(3) Follow-up of General Election under Newly Introduced Election System: From Asahi Questionnaire

(4) Alternative Sea Heliport Plan for Futenma Airfield: 4 Candidate Construction Methods on List; What about Problems and Effects?

(5) ODA Should Function as Tool to Share the Benefits

(6) Senkakus Issue a Litmus Test for the U.S.: Shintaro Ishihara, Writer -- Security Treaty Not Invoked Despite Invasion of a Portion of Okinawa Islands

ARTICLES:

(1) Deregulation Accelerates New Entries

Fifteen Companies In Steel, Petroleum and Other Industries Poised to Supply 3 Million Kilo-watts of Electric Power

NIHON KEIZAI (Page 3) (Excerpt)
November 1, 1996

Following the liberalization of direct electric power supply to electric-power companies, 15 companies in the steel, petroleum, machinery and other industries are now poised to engage in the business. Six electric power companies have unofficially awarded contracts for 20 cases through bidding by October 31. The amount totals approximately 3 million kilowatts. The six companies will start supplies in FY1998.

Tohoku Electric Power Company selected Nippon Steel Corporation (136,000 kilowatts) and Taiheiyo Metal Industries (44,000 kilowatts). The wholesale volume to six electric power companies -- Tohoku, Hokkaido, Tokyo, Kansai, Chubu and Kyushu Electric Power Companies -- will total 3,046,900 kilowatts, exceeding the planned amount of 2,655,000 kilowatts.

Among the unofficially chosen companies, those in the material and energy industries account for the largest number, beginning with four in the steel industry, including Nippon Steel Corporation, to which a contract was unofficially awarded by four

electric power companies, and Kobe Steel. Such manufacturers have know-how on independently generating electricity and are able to produce fuels at low prices by using coals and residues of UNCLAS SECTION 02 OF 15 TOKYO 010240

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oil. Among the companies are several electric plant companies, such as Hitachi Work and Ebara Corporation. The successful bidders will construct power plants and will be guaranteed in principle 15 years of supply of electric power. With this, they will be able to expect long-term stable income and make use of land effectively. On the other hand, the electric power companies will be able to purchase electric power at lower prices than in the case of constructing their own plants.

Liberalization of new entries in the direct electric-power supply business was included in the revised Electricity Business Law last December. The aim is to cut electric power companies' costs and bring down electric charges by introducing competitive principles, given the widening internal and external gap in electric charges. In the first bidding, the competition rate was as high as four times, showing companies' enthusiasm for new entries.

Tokyo, Chubu, Chugoku and Tohoku Electric Power Companies have expressed their plans for next fiscal year to purchase 1 million, 400,000, 200,000 and 150,000 kilowatts, respectively.

Pricing and Service Competition Heating up in Industries of Gasoline, Cosmetics and Imported Housing

The appearance of newcomers due to deregulation efforts has contributed to benefiting consumers by lowering prices and presenting a variety of items.

Such benefits are observed remarkably in the gasoline industry. Major supermarkets have entered the market in succession, reflecting the liberalization of imports in April and with an eye on possible introduction of a self-service system

for gas stations. Daiei, which opened gas stations by joining hands with Marubeni, has priced down oil by about 15 yen per liter at its first station in the City of Matsumoto, serving to drive down the market price in the region.

In the cosmetic industry, Jusco has marketed the French product "Alkancil (TN: phonetic)" at almost the same price as that in France, about half the price those set by other companies. Import agents, such as Channel, have reduced prices of principle goods.

Sumitomo Real Estate started handling imported housing through its subsidiary last fall. The company received orders for about 1200 houses during one year -- double over the number of initially planned units, rising to the top position at a bound in the industry. It achieved such a success with a low-price strategy by setting about 300,000 yen per 3.3 square meters -- almost half the market price, using materials imported from the U.S. and Europe.

HIS, which has handled discount air tickets, will enter the domestic air service market, keeping in UNCLAS SECTION 03 OF 15 TOKYO 010240

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mind the introduction this June of the airfare-range system and further deregulation. The company is determined to "aim to reduce the current prices by half." The Ministry of Transport, welcoming such moves, intends to take a flexible stance about consigned fuselage overhaul work.

A typical success case of deregulation is the portable phone market. Now that two years have passed since deregulatory measures were taken, the contents of services have changed from simple pricing competition to secure new customers into those aimed to keep current customers, including discounts for long-term contractors or for large-scale users such as companies.

Recent Major Deregulatory Measures and Effects

- 1) -- Contents
- 2) -- Effect

Gasoline

- 1) Abolition of the Specific Oil Products Imports Provision Measure Law (March, 1996)
- 2) Daiei opened stations, underselling others by 10 percent

Cosmetics

- 1) Deregulation of import procedures (March, 1996)
- 2) Jusco marketed French products at half the prices set by others

Overhaul services

- 1) Deregulation of overhaul services of automobiles
- 2) Autobacs Seven started the afterservice business; the low-pricing trend has accelerated.

Imported housing

- 1) Encouragement by the Construction Ministry to use foreign materials and parts
- 2) Sumitomo Real Estate sets 300,000 per tsubo and receives double orders over its planned over volume

Cooking outside hospitals

- 1) Removal of the ban on cooking for hospitalized patients in facilities outside hospitals (March, 1996)
- 2) Nichii Gakkan is planning to start the business; varied menus will be arranged.

Civil aviation

- 1) Introduction of the air-fare range system (June, 1996) and the Transport Ministry's flexible stance toward consigned fuselage overhaul work

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2) HIS reveals plans to enter the domestic air service market; aiming at half-price air tickets

Cable television

1) Removal of the ban on wide-area services in the revision to the Broadcast Law

2) Wide-area-covering entities, including affiliates to Sumitomo Corporation, began engaging in the business; a variety of services have been provided.

(2) Coffee-shop Operations Experiencing Changes; Entry into the Market by a U.S. Operator Fuels Competition; Volume and Taste Shaking the Monopolistic Market

SANKEI (Page 9) (Excerpts)
October 28, 1996

Volume and Flavor

Starbucks is the major U.S. coffee-shop chain that set off a craze for thick and aromatic espresso coffee in the late 1980s. In less than ten years' time, it has opened about 1,000 outlets across North America. Its founder, Howard Schultz is one of the most successful self-made men in America along with Microsoft's Bill Gates who have accomplished the American Dream.

In August, Starbucks opened its first Japanese outlet in Tokyo's Ginza district, followed by another one in Ochanomizu in September. In November, it will open yet another coffee shop in the Yaesu underground shopping center (near Tokyo Station). Its one-year goal is to open a total of 15 outlets in the Tokyo metropolitan area. The predominant view in the industry is that it will eventually open more than a hundred shops. Many Japanese competitors are offering coffee for 160 to 180 yen per cup, whereas Starbucks' is a little higher at 250 yen. "But our coffee tastes better," explains the company. In fact, Starbucks uses 25 different kinds of coffee beans that were roasted at its U.S. plant and serves it in an American-sized 240-cc mug (regular is 180 cc).

Competitors use coffee makers that hold a large amount of coffee beans and water to produce dozens of cups. At a Starbucks coffee shop, however, a salesperson grinds coffee beans every time a customer places an order in order to serve the

customer a fresh cup of coffee. It takes only 18 to 23 seconds for a sales person to produce a cup of espresso, the company's specialty. Cups taking longer than that are considered badly brewed and discarded.

Grabbing Women's Hearts a Key

Starbucks' fastest seller is Cafe Mocha" (300 yen), a mixture of espresso, chocolate syrup, and milk with whipped cream on top, and Starbuck's Latte" (cafe au lait; 280 yen). Men prefer regular
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coffee. But creamy and milky products have been put on the market targeting female customers. The Starbucks chain is flexible enough to serve its Cafe Mocha" made with fat-free milk instead of regular milk for women on a diet. The stores are self-service style so customers can adjust the coffee to suit their own taste.

Starbucks' interior is coordinated in green, the company's color, with sophisticated woody chairs, tables, and sofas in corners to generate a more relaxed and luxurious mood than that of the conventional stand-up coffee shop.

Major Competitors Shifting Weight to Restaurants

Starbucks' strongest competitor is Doutor. As of the end of September, Doutor had a total of 671 outlets nationwide, including 472 Doutor coffee shops and its "Cafe Colorado" operation. "We are offering coffee for 180 yen a cup. Our price ranges and the numbers of shops are all very different. So there will be no effect," predicts Doutor.

Affected by the collapse of Japan's bubble economy (several years ago), Doutor for a while stopped opening new stores, but the current economic recovery has put the company's operations back on a sound course. In fact, over the last two years, the company has been adding 40 to 70 new outlets annually.

Nevertheless, the operation itself has been changing.

Even without inroads by American competitors, Japan's coffee market is already highly competitive. Today, "tasty coffee" is available at hamburger shops and family restaurants as well.

Given such conditions, Doutor has developed a low-cost operation -- costing one half of the conventional construction costs -- by simplifying the in-store cooking process to break even with fewer customers. Using the new system, the company in July opened its first shop in Tokyo's Hoya City. In addition, the company has laid out a plan to focus on the high-ticket dining-out operation, involving the company's Olive no Ki (Olive Tree) spaghetti restaurant chain.

Meanwhile, the second largest operator Pronto Corporation (financed by Suntory and other companies), which has 96 "Pronto" self-service coffee shops across Japan, has adopted the approach of increasing profit by means of emphasizing pasta and other Italian items on its menus.

At one point, Japan is said to have as many as 170,000 coffee shops, but the number has now dropped to 90,000.

"Our new goal is to draw more customers to the new and improved menus now being offered at our restaurants," says a Doutor executive. Various
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coffee-shop chains are looking for other ways to stay in business.

(Kenji Oyamada)

(3) Follow-up of General Election under Newly Introduced Election System: From Asahi Questionnaire

ASAHI (Page 7) (Extracts)

November 1, 1996

What did the general public expect in voting?

Only few people hope for a 'conservative-conservative alliance'

When voting in the general election this time, what form of government did the general public hope to see after the election and what did they want the political parties to tackle in the first place? The Asahi Shimbun conducted a questionnaire of voters on the voting day, October 20, in all minor (single-seat) constituencies of Tokyo and also in those of the prefectures of Aichi, Osaka, and Fukuoka to probe into the public attitude. For the questionnaire, the Asahi Shimbun selected typical voting places in each minor constituency, and asked 100 to 500 persons per constituency for their opinions. Answers were obtained from a total of 11,800 persons in the four areas.

Framework of Government Desired by General Public

(Broken down into groups in support of political parties voted for in proportional representation blocs)

Tokyo

- (1) -- LDP's single rule
- (2) -- NFP's single rule
- (3) -- LDP-SDP-Sakigake coalition
- (4) -- LDP-DPJ-SDP-Sakigake coalition
- (5) -- Coalition centering on LDP and NFP
- (6) -- Coalition centering on NFP and DPJ
- (7) -- Other answers; no answer

-	(1)	(2)	(3)	(4)	(5)	(6)	(7)
LDP	58	--	10	9	10	2	11
NFP	2	47	1	2	11	29	8
DPJ	4	1	5	28	2	28	33
JCP	7	1	4	9	1	6	72
SDP	5	1	32	25	--	4	32

Aichi

- (1) -- LDP's single rule
- (2) -- NFP's single rule
- (3) -- LDP-SDP-Sakigake coalition
- (4) -- LDP-DPJ-SDP-Sakigake coalition
- (5) -- Coalition centering on LDP and NFP
- (6) -- Coalition centering on NFP and DPJ
- (7) -- Other answers; no answer

-	(1)	(2)	(3)	(4)	(5)	(6)	(7)
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LDP	55	1	11	10	14	--	11
NFP	2	47	2	1	11	26	10
DPJ	4	1	6	28	1	32	29
JCP	4	3	3	7	4	9	69
SDP	3	--	40	22	--	4	31

Top-Priority Policy Tasks Pointed Out by General Public

(Broken down into groups in support of political parties voted for in proportional representation blocs)

Osaka

- (1) -- Administra-tive reform, decentralization
- (2) -- Political reform, political ethics
- (3) -- Security, defense, Okinawa
- (4) -- Economic recovery
- (5) -- Welfare
- (6) -- Education
- (7) -- Other answers;no answer

-	(1)	(2)	(3)	(4)	(5)	(6)	(7)
LDP	26	8	3	50	9	2	3
NFP	35	9	1	38	11	1	5
DPJ	41	14	3	28	9	1	4
JCP	21	11	9	29	23	3	5
SDP	27	13	5	30	18	4	3

Fukuoka

- (1) -- Administra-tive reform, decentralization
- (2) -- Political reform, political ethics
- (3) -- Security, defense, Okinawa
- (4) -- Economic recovery
- (5) -- Welfare
- (6) -- Education
- (7) -- Other answers; no answer

-	(1)	(2)	(3)	(4)	(5)	(6)	(7)
LDP	26	8	2	40	12	2	11
NFP	29	7	3	41	10	1	11
DPJ	33	11	1	32	12	3	7
JCP	20	12	11	33	15	--	9
SDP	28	10	8	26	15	5	7

(LDP = Liberal Democratic Party; NFP = New Frontier Party; DPJ = Democratic Party of Japan; JCP = Japan Communist Party; SDP = Social Democratic Party)

(Note) The figures are shown in terms of percentage. In some cases, the total percentage does not become 100 as a result of rounding.

(4) Alternative Sea Heliport Plan for Futenma Airfield: 4 Candidate Construction Methods on List; What about Problems and Effects?

ASAHI (Page 4) (Full)
October 31, 1996

A sea-based heliport has now surfaced as a new option for the planned construction of an alternative facility for the U.S. Marine Corps' Futenma Air Station in Okinawa. The Japanese and
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U.S. Governments, both taking it as a trump card to resolve the problem, are now pushing ahead with their studies at a high pitch for a final report to be released by the Japan-U.S. Special Action Committee (on Facilities and Areas in Okinawa) (SACO) in late November. At this point, however, the two governments have yet to decide even on the basic design of its structure, including such technological points as whether or not to adopt the formula of driving posts into the sea bottom to prop up its structure, whether or not to cite a floating structure, and what to do about its scale. The Japanese and U.S. sides have now come up with four candidate types, and the Asahi Shimbun looked into each formula from the aspect of such points as technical problems and possible effects on the environment.

(Yoichi Kato (Political Section), Kiyoshi Ikeuchi (Economic Section), Hideya Umehara (Foreign News Section))

Structure stability:
Possible to endure high waves and quakes?

Behind the presentation of those four different plans are differences between the Japanese and U.S. sides' respective basic concepts regarding how to install such a gigantic structure at sea. In order to use such an alternative facility as a heliport, it is important to ensure its stability at sea. Furthermore, it will be also required to be 'removable' as underscored by Prime Minister Ryutaro Hashimoto.

The simplest of all those four structures is the floating pier bridging process (or QIP) planned by the Japanese side. This method is to drive many steel-pipe posts into the sea bottom and place a deck on them.

Another Japanese plan citing a megafloat structure is to float a steel pontoon unit at sea, but it needs to be surrounded by breakwaters so as not to be affected by waves.

On the other hand, the U.S. side is planning to introduce a floating offshore facility (FOF) or a mobile offshore base (MOB), both of which are said to semi-submersible and are based on the same concept. Even while the sea is rough at its surface, its waters to the depth of 30 meters or so is stable. So, a structure of these types is propped up by its underwater 'legs' sinking to the depth of more than 30 meters. As an entire image of these structures, either type is designed to be afloat with a portion of it on the sea surface just like an iceberg. So as to keep its position and configuration, such a floating structure is planned to be anchored at sea for its fixed position, or otherwise it is designed to be mobile with the aid of computer-controlled propulsion devices attached to each of its 'legs'.

In either case, however, the task to be cleared is to what extent such a floating structure will be
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able to hold out as a 'base' if and when the sea becomes rough. Particularly, in the case of an MOB-

type structure, a number of assembly units (modules) are planned to be joined to secure a runway with an overall length of more than 1,000 meters, and the cardinal point, therefore, is to establish coupling technology. Also, in the case of QIP- and megafloat-type platforms, one on the U.S. side "would like to see actually" how such structures will be affected by an earthquake and a tidal wave. Even more, those structures are likely to be questioned also from the perspective of such points as dwelling amenity and how to maintain and control them.

Effects on the environment:

Every plan leaves concern over possible damage to coral and ecosystems

How the environment will be affected is also a major question to be considered. When Prime Minister Hashimoto clarified this concept for the first time on September 17, he underscored his thought to possible effects on the environment.

The sea around Okinawa is rich in coral reefs, but is easily affected by environmental changes. In the past as well, sea pollution resulting from the Okinawa ocean exhibition and resort reclamation projects became a big problem. Regarding every construction method, all joint-venture enterprises stress their "consideration for the environment." However, adverse effects, more or less, on the sea environment will be unavoidable.

The QIP formula, which is said to be in the mind of the Prime Minister, is to drive a large number of steel-pipe posts into the sea bottom, but such a construction method is pointed out as a problem. As the heliport's space is planned to be on the scale of "several tens of hectares" (according to a Government official), an estimate tells that its structure will have to be propped up by a total of about 10,000 underwater posts. In this connection, even those in industrial circles have voiced their concern, one saying, "The coral reefs there would be destroyed." However, corporations pushing ahead with the QIP method explain, "The steel pipes will be about one percent of the structure's total space, so the environment would not be affected greatly." Also, they add, "The steel pipes can be pulled out when the structure is removed. So, there will be little effect."

On the other hand, the biggest obstacle to the pontoon method for a megafloat is the existence of breakwaters. Such are required to prevent high waves from the ocean, but some point out that such may greatly change the ocean current, and the sea bottom and life surrounded by such breakwaters

could be subjected to adverse effects. Another view is that effects on life cannot be ignored also from the aspect of sunlight's being blocked from reaching the sea bottom.

In response to such views, the Technological
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Research Association of Megafloats, consisting of corporations concerned, is now studying construction methods with the use of breakwaters that can be relocated.

On the other hand, in the case of such construction methods as FOF and MOB that are designed to float a semi-submersible structure offshore, a Foreign Ministry official notes that "it will be fixed at a certain place." Accordingly, it will be necessary to drive some posts and anchors into the sea bottom, and the environment will inevitably be affected. Furthermore, any construction method could change the ocean current near the site, and such will presumably have a bad effect on the fisheries.

Securing base functions:
Pluses and minuses on noise problem and scale

An official of the Japanese Government says that the U.S. military is basically in the position of entrusting Japan with the construction method. In the case of MOB, however, the U.S. military has studied it since early in the 1990s as a future plan. After all, the U.S. military seems to be interested in MOB. Above all, the Marine Corps, which will become the 'user' of the facility planned this time, has shown a high interest in MOB from the position of giving priority to flexibility in deploying troops.

According to a U.S. Department of Defense official and others, the positive features of the MOB method include: (1) An MOB facility can be moved from one place to another at sea, and it is possible also for fixed-wing aircraft to take off and land on it, and it therefore can be used mainly as a logistical

or supply base near a dispute-ridden area; (2) there is no need to negotiate with the host nation over the use of it as a base; and (3) the MOB can hardly be the target of terrorist attacks.

Functionally, however, the MOB is similar to an aircraft carrier. Therefore, the Navy, even within the U.S. Forces, is strongly reluctant about accepting this concept. Furthermore, a negative reaction is also expected from Japan's neighbors, and the atmosphere is strong on the Japanese and U.S. sides that "it would be politically difficult to shape the MOB plan."

The FOF, basically, is a downscaled type of MOB. When employing the FOF formula, there will be such questions as whether or not it will be possible for the FOF to secure enough space for a runway, apron, and repair facilities. Its supply capability, such as fuel and ammunition storage, will be down, as a matter of course. Also, the FOF is a facility to be installed offshore. Accordingly, it could reduce such overland effects as the problem of aircraft noise and the danger of accidents. However, its space will be limited, and some of its facilities will therefore have to be constructed on shore.

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On the other hand, the QIP and megafloat structures can be greater in scale, compared to the FOF structure. But these two types can be constructed only in a shallow sea along the shore. So, its on-land impact, including the level of noise, will increase accordingly.

Under such various technical restrictions, future feasibility studies will have to resolve a number of difficult problems, including the questions of how to satisfy the U.S. military's requests and how to construct a facility that can obtain Okinawa's understanding, too.

(5) ODA Should Function as Tool to Share the Benefits

ASAHI (Page 4) (Full)
November 6, 1996

For Japan, official development assistance (ODA) is a powerful diplomatic tool for building friendships in Asia. But disputes over ODA are increasingly occurring.

For example, Aung San Suu Kyi, the leader of democracy movement in Myanmar (Burma), in a meeting with an official of the Japanese Foreign Ministry (MOFA) late last month, appealed to the Japanese Government: "We would like you to continue the freeze on ODA." She thinks extending assistance to the junta would only help prolong the life of that military dictatorship. In the late 1980s, Malaysian Prime Minister Mahathir complained: "Because of the upsurging value of the yen, the amount of our repayment has been increasing." But the Japanese Government only insisted: "The responsibility lies with the borrower." Disgusted with that, the Prime Minister refused further packages of yen loans.

The Japanese Government refutes the complaints. According to the results of the survey of academics in Asian countries conducted in October by the Japan International Cooperation Agency (JICA), of the 138 respondents, more than 90 percent said, "ODA was helpful," and frankly appreciated it, noting that it has boosted economic growth.

But the concern is that the Japanese Government has interpreted such "appreciation" shown by Asians as "Japan's aid being welcomed and appreciated by Asian people" and publicized such at home. What this reporter found during a three year tour in Bangkok is that most people there know nothing about Japan's ODA. Even if they have some knowledge of it, their viewpoint was, "It is a means for Japan to pursue its own economic profits." Politicians and government officials, who attended a completion ceremony for a project for the sake of protocol, expressed their "gratitude" to Japan, but to their people, they bragged it was the result of their distinguished services.

How many Japanese people do you think really know
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that the Tokaido Shinkansen railways and the Tomei Expressway were built with funds provided by the World Bank? Particularly regarding yen loans, the strong awareness is seen among aid-recipient countries that "such loans are given with interest, so we are repaying our borrowings."

Following World-War-II, the Japanese people were intoxicated with the idea of a business success in Asia. But in the 1970s, seeing anti-Japanese demonstrations often waged in Southeast Asia, they recalled war-memories and since the 1980s until today, in their daily life and corporate activities, they have restrained themselves to some extent toward local people. "If an aid-donor side thinks it natural to give instructions to and be appreciated by aid-recipients because the former gives assistance to the latter, such a behavior will give rise to ill feelings. The reason why I have been able to engage in this work is because it is 'economic cooperation' to share the benefit, different from unilaterally giving 'aid,'" says Purayuun Shiotana (?), director of the Japan-Thailand Economy and Technology Promotion Association, which was established in 1973 by interested people of both Japan and Thailand and for which he has worked without pay.

But it seems this self-restraint that has supported Japanese people who work in Asia has become weaker recently.

One example may be the debate on assistance to China. In the summer of 1995, when China, despite international protests, carried out nuclear blasts, the Japanese Government, under the four ODA principles, froze grant aid. This July, China declared it would stop nuclear testing, and later it signed the Comprehensive Nuclear Test Ban Treaty. Due to the changed situation, the Government intends to ask the ruling camp to approve the lifting of the freeze on aid. But a portion of the Liberal Democratic Party (LDP) have voiced opposition to resumption of assistance as a counteraction to anti-Japanese demonstrations staged in Hong Kong and other places over the territorial issue related to the Senkakus Islands, as well as to China's reaction to the problem of paying homage at Yasukuni Shrine.

Japan can make special requests to China and Myanmar as to nuclear weapons development,

reduction in military spending and promotion of democratization. But if Japan did so, out of its standpoint that it is extending assistance to them, economic cooperation would backfire. ODA could serve as sweet honey to play to a country's consciousness of being a superpower, but the right thinking is to view it as an auxiliary means or the like to improve a friendship between countries. From a long-term perspective, (ODA) will be reflected in Japanese politics and in the its economy. It may be time to recall that self-restraint once again to avoid becoming a high-handed Japan as a result of being overly swayed by narrow-minded nationalism.

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(Noriyuki Wakisaka of the Economic Affairs
Department)

(6) Senkakus Issue a Litmus Test for the U.S.:
Shintaro Ishihara, Writer
Security Treaty Not Invoked Despite Invasion of a
Portion of Okinawa Islands

SANKEI (Page 8) (Full)
November 5, 1996

Crucial Remark by (U.S.) Ambassador to Japan

The egoism of a superpower is beyond the imagination of we good-natured Japanese. The Senkaku isles, a portion of the Okinawa Islands that lies within Japan's inherent territory, recently has been subjected to China's (TN: the author uses the somewhat pejorative Japanese word "Shina" for China instead of the standard "Chugoku") overbearing hegemonism. Despite its invasion of our territorial waters for over a month to prospect for ocean-bed oil fields, the Japanese Government remains unable to drive away such prospectors. Presuming on such a weak-kneed Japanese Government, China is stirring up historically nationalistic sentiment against Japan in order to avert the eyes of its own people away from the corruption in China's political leadership

and dodge their dissatisfaction. At this point some Chinese are so excited that they have even landed on a portion of that Japanese territory. However, the Japanese Government and the mass media except for certain news agencies have hardly said a word. This matter was not made a point at issue in campaigning by political parties in the recent general election. Japan indeed has become an utterly strange country.

A even odder thing is the stance of the United States. That country has concluded a security alliance with Japan and has maintained a broad strategic base in Okinawa, which includes the Senkaku isles. Such a base is indispensable for it to carry out its international strategy. But the U.S. is wavering in making clear in diplomatic terms its stance of working together with Japan under the U.S.-Japan Security Treaty if the Senkakus were invaded by a foreign country, forcing Japan to use armed force to stop it. In fact, U.S. Ambassador to Japan Walter Mondale has noted that the Senkakus are not covered by the security pact. That is an extremely important remark, for if an incumbent ambassador, out of concern over China, made such a statement thoughtlessly, the only words to portray him is that he is disqualified for that position. He needs to take responsibility for that remark. But if he had so stated upon the instructions of his home country, that means it is the Democratic Party-led Administration's perception of Japan. If that is the case, the situation is far more serious than we imagine, for such would reflect the meaning and value of Japan's existence for present-day America.

UNCLAS SECTION 14 OF 15 TOKYO 010240

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E.O. 12958: N/A
TAGS: PGOV, PINR, JA
SUBJECT: JAPANESE DAILY PRESS SUMMARY 11/06/96

Why Must We Feel Hesitant to Our Neighbors?

Okinawa including the Senkakus was long under U.S. rule following the end of World War II. With the conclusion of a formal agreement in 1972, this occupied territory was reverted to Japan. Since there are a number of isles, including uninhabited ones, in Okinawa Prefecture, it is stipulated in

the above agreement to avoid specific descriptions about each isle that objects on the sea within the ocean waters that are located on the south side of the demarcation line that is drawn by connecting seven points, each of which is shown in east longitude and north latitude degrees, are all returned (to Japan). At that point, Beijing or Taiwan, as a victor nation, had the right to make a representation to Japan on this, but both kept silent. But the moment it was discovered that promising submarine oil fields are located near the Senkakus, these countries suddenly raised sovereignty claims to the Senkaku Islands. Perplexed at their claims, the Japanese Government recently asked the U.S., which had returned Okinawa, to testify as the party concerned with the reversion of such isles before the International Court of Justice at The Hague when Japan brings the case to the court. But the U.S. refused to do so, arguing that it has no responsibility for the ownership of islands that were already returned (to Japan). The U.S. reacted that way perhaps out of deference to Beijing in anticipation of normalizing ties with it, as well as to secure its own future interests.

Although China's hegemony is now regarded as a problem in Asia, it nonetheless is about to invade a part of the territory of Japan, with which the U.S. has concluded a security pact. Under such a circumstance, if the U.S. still remains unwilling to defend Japan, the question certainly arises about the significance of Okinawa Prefecture, which includes the Senkakus that are about to be invaded by (China), and which has continued to offer a broad area of land (to the U.S.) for the sake of the state, undergoing various problems. So if the Okinawan people voice their dissatisfaction and anger toward national politics that has hardly said a word about this matter for reasons that are not clear, such reaction would be very understandable.

It's Time to Ascertain the True Colors of the U.S.

One Okinawa resident wrote a letter to a major newspaper, and in it, that person asked that security personnel be sent to the Senkakus to protect the cultural remains and the graveyard there. How will the Government respond to such a request, which is only natural to crop up?

The uproar this time was triggered by a lighthouse erected on the Senkakus. The lighthouse was erected by some volunteers from our Seiran-kai, a political group that had first built such a lighthouse in 1978. The first beacon was very simple only equipped with an electric bulb hanging from an iron pipe. When we planned to erect a

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second one, the Japan Youth Federation (Seinensha) joined us and made contributions to build a good lighthouse. That lighthouse was appreciated by the Ministry of Transport, so we tried to register it in a nautical chart after giving an official name to it; but because of objection from the Ministry of Foreign Affairs (MOFA) for various reasons, that lighthouse has yet to be authorized. Why should we show constraint toward our neighbors when we put a gate lamp in our own yard? Sometime in the past, fishing boats caused accidents near Kaigara Island close to Nemuro because that island had no lighthouse. To avoid such accidents, one stupid socialist Diet member asked the Soviet Union to erect a lighthouse at their cost for bilateral friendship. The other side, taking advantage of such a proposal, quickly erected a shoddy lighthouse. Since then, that island has been regarded as being within the other side's territory because the demarcation line was drawn in between the island and Nemuro, for that lighthouse is looked on as the assets of the other side's territory. Strangely, such a thoughtless person is not called a traitor to our country. Out of consideration for Beijing, MOFA has prevented the lighthouse from being authorized. What should we call such a MOFA?

One year before, I predicted that Beijing would propose joint development of deepwater oil fields without fail. As I expected, Chinese Foreign Minister Qian Qichen unashamedly suggested joint development. Why must we dig a well in our own backyard together with our neighbor, who has neither money nor technology?

China's standpoint is absurd indeed, but at the same time what we must think about is whether it is time for us to carefully ascertain the true colors of the U.S. before a foreign country invades Japanese territory.

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SUBJ: JAPANESE MORNING PRESS HIGHLIGHTS NOVEMBER 7

TEXT:

UNCLAS SECTION 01 OF 09 TOKYO 010259

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 NOVEMBER 7

TOP HEADLINES:

ASAHI: TOKYO DISTRICT PUBLIC PROSECUTORS' OFFICE TO
INVESTIGATE REPRESENTATIVE IZUI SOON ON SUSPICION OF TAX
EVASION IN CONNECTION WITH OIL DEALS; TO ELUCIDATE MONEY
FLOW

NIHON KEIZAI: TO ENACT LAW FOR PROTECTION OF INVESTORS IN
PREPARATION FOR SECURITIES BUSINESS LIBERALIZATION;
REGARDING INDIVIDUAL INVESTORS, FINANCE MINISTRY WILL
COMPENSATE A CERTAIN AMOUNT AT TIME OF BANKRUPTCY

TOKYO SHIMBUN: "ADMINISTRATIVE-REFORM-ORIENTED CABINET" TO BE INAUGURATED TODAY; MAJOR PARLIAMENTARY VICE-MINISTERSHIPS WILL GO TO EX-CABINET MINISTERS; SHINJI SATO LIKELY TO BE APPOINTED MITI MINISTER

MAINICHI: TOKYO DISTRICT PUBLIC PROSECUTORS' OFFICE'S SPECIAL INVESTIGATION DEPARTMENT TO RAID REPRESENTATIVE IZUI; ON CHARGE OF 300-MILLION-YEN TAX EVASION

YOMIURI: PRESIDENT CLINTON'S VICTORY SPEECH; TO DEVOTE ALL HIS ENERGIES TO DEAL WITH FISCAL POLICY ISSUE AND TERRORISM; CONGRESS HOWEVER REMAINS CONTROLLED BY REPUBLICAN PARTY

SANKEI: TOKYO DISTRICT PUBLIC PROSECUTORS' OFFICE TO RAID CORPORATE MANAGER JUN'ICHI IZUI ON SUSPICION OF ILLEGAL OIL DEALS; CHARGED WITH 300-MILLION-YEN TAX EVASION

PRIME MINISTER CONGRATUALTES PRESIDENT CLINTON BY TELEPHONE (NIHON KEIZAI - PAGE 2)

PRIME MINISTER RYUTARO HASHIMOTO ISSUED A STATEMENT OFFERING HIS CONGRATULATIONS TO UNITED STATES PRESIDENT CLINTON ON HIS REELECTION, "I WISH YOU WILL CONTINUE TO MAKE POSITIVE ACHIEVEMENTS AS THE LEADER OF THE INTERNATIONAL COMMUNITY." REFERRING TO FUTURE BILATERAL RELATIONS, HE STATED, "I AM DETERMINED TO DEEPEN THE BILATERAL RELATIONSHIP. I SINCERELY HOPE BILATERAL RELATIONS WILL MOVE FORWARD." IN THE EARLY HOURS OF THE 7TH, THE PRIME MINISTER SENT TO PRESIDENT CLINTON AND VICE PRESIDENT GORE A CONGRATULATORY TELEGRAM THAT WENT; "I EXTEND MY CONGRATULATIONS. I BELIEVE I WILL BE ABLE TO DISSOLVE ANY PROBLEMS BY JOINING HANDS WITH THE PRESIDENT."

CALM PERIOD TO CONTINUE IN BILATERAL RELATIONS WITH FOCUS ON CRISIS MANAGEMENT (MAINICHI - PAGE 2)

THE RE-ELECTION OF UNITED STATES PRESIDENT CLINTON HAPPENS TO FALL ON THE INAUGURATION ON NOVEMBER 7 OF THE SECOND HASHIMOTO CABINET. JAPAN AND THE U.S. WILL MAKE A NEW START WITH BOTH "CONTINUING" THE CLINTON-HASHIMOTO LINE, BUT THANKS TO THERE BEING NO MAJOR DISPUTES OVER ECONOMIC AND SECURITY AFFAIRS, THE TWO COUNTRIES HAVE BEEN IN A CALM SITUATION FOR NOW. TO MAKE IT POSSIBLE FOR BOTH LEADERS TO DEVOTE ALL THEIR ENERGIES TO RESOLVING DOMESTIC CHALLENGES, THE KEY WILL BE HOW TO MAINTAIN GOOD AND FRIENDLY DIALOGUES AND HANDLE CRISIS MANAGEMENT BETWEEN THE TWO COUNTRIES.

REFERRING TO THE RE-ELECTION OF PRESIDENT CLINTON, PRIME MINISTER HASHIMOTO TOLD THE PRESS YESTERDAY AFTERNOON AT THE PRIME MINISTER'S RESIDENTIAL OFFICE (KANTEI), "I HEARTILY DESIRE HE AS A GOOD LEADER OF THE INTERNATIONAL COMMUNITY WILL PLAY AN ACTIVE ROLE," AND REVEALED HE SENT A CONGRATULATORY TELEGRAM TO HIM.

FOR THE PRIME MINISTER, WHO DOES NOT HAVE A WIDE PERSONNEL NETWORK IN THE U.S., HIS RELATIONSHIP WITH PRESIDENT CLINTON IS ONE OF HIS FEW MAINSTAYS ON DIPLOMATIC STAGE. HIS EXPRESSION IN THE TELEGRAM THAT "I, WITH YOU, MR. PRESIDENT, CAN BRING TO SETTLEMENT ANY UNCLAS SECTION 02 OF 09 TOKYO 010259

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 NOVEMBER 7

CHALLENGES BOTH OF US WILL FACE," MIRRORS HIS HONEST MIND, THOUGH THE RE-ELECTION OF THE PRESIDENT HAD BEEN OF COURSE TAKEN INTO ACCOUNT.

THE TWO LEADERS WILL MEET AGAIN AT THE JAPAN-U.S. SUMMIT THAT IS TO TAKE PLACE AT THE TIME OF THE ASIA-PACIFIC ECONOMIC COOPERATION (APEC) FORUM IN MANILA IN LATE THIS MONTH. BUT NO PRESSING ISSUES LIE AHEAD OF THE TWO, THOUGH THE JAPAN-U.S. SPECIAL ACTION COMMITTEE ON OKINAWA (SACO) WILL ISSUE A FINAL REPORT SHORTLY, WHILE JAPAN-U.S. INSURANCE TALKS WILL SEE THE DEADLINE COME SOON.

HOWEVER, IT IS INCORRECT TO SAY THAT THE PRIME MINISTER HAS NOTHING TO WORRY. FOR EXMPLE, SOME OF THE AMERICANS STILL HAVE AN IMAGE OF THE PRIME MINISTER BEING A "LEADER WHO STILL HAS THE OLD DISPOSITION OF THE LIBERAL DEMOCRATIC PARTY." IF HE ACTUALLY IMPLEMENTED ADMINISTRATIVE REFORM, HE COULD WIN THE NAME OF "REFORMIST," BUT IF HIS EFFORTS ENDED UP IN A HALF-BAKE WAY, EVALUATION OF HIM WOULD GO DOWN. IN ADDITION, ANYTHING HAS YET TO BE CERTAIN AS TO WHAT WILL HAPPEN TO THE PIVOTAL POINT IN THE NEXT U.S. ADMINISTRATION'S POLICY TOWARD JAPAN, AS IS SEEN IN THE RUMOR THAT AMBASSADOR TO JAPAN MONDALE MAY BE CHANGED. ALTHOUGH THE TWO COUNTRIES SEEM TO BE IN A "CALM SITUATION," THERE ARE STILL UNSTABLE FACTORS SMOULDERING BEHIND THEM, SUCH AS THE SITUATION AROUND EAST ASIA. (HIROSHI KOMATSU)

NO CHANGE IN U.S. POLICY TOWARD JAPAN BUT CLEAN SWEEP EXPECTED OF POLICY STAFF (YOMIURI - PAGE 2)

(WASHINGTON, NOVEMBER 6, HIROKAZU AKAZA) UNITED STATES PRESIDENT CLINTON WAS RE-ELECTED IN THE PRESIDENTIAL RACE ON NOVEMBER 5, AND IT SEEMS THERE WILL BE NO MAJOR CHANGE IN HIS ADMINISTRATION'S BASIC POLICY LINE SET DURING HIS FIRST TENURE, NAMELY THAT THE WEIGHT WAS SHIFTED FROM THE HARD-LINE STANCE OF PLACING EMPHASIS ON THE ECONOMY TO THE REINFORCEMENT OF THE JAPAN-U.S. ALLIANCE WITH AN EYE

ON THE SECURITY OF THE ASIA-PACIFIC REGION. HOWEVER, IN HIS SECOND TENURE, MOST OF HIS STAFF IN CHARGE OF DIPLOMACY AND SECURITY WILL LIKELY BE REPLACED, SO DEPENDING ON WHO WILL COME AS NEW STAFF, THERE MAY BE A SUBTLE EFFECT ON THE OUTSTANDING PROBLEM OF REALIGNING AND REDUCING U.S. FORCES' BASES ON OKINAWA, A REVIEW OF THE "JAPAN-U.S. DEFENSE COOPERATION GUIDELINES" AND OTHER MATTERS.

ACCORDING TO THE RECENT OBSERVATION, THE LIKELIHOOD IS STRONG THAT SECRETARY OF STATE CHRISTOPHER AND SECRETARY OF DEFENSE PERRY, BOTH BEING RESPONSIBLE FOR JAPAN-U.S. SECURITY DIALOGUE AND THE OKINAWA PROBLEM, WILL RESIGN THEIR POSTS. PARTICULARLY AS FOR A POSSIBLE CHANGE OF SECRETARY PERRY, A NUMBER OF OFFICIALS ON THE JAPANESE SIDE ARE RELUCTANT TO SEE HIM RESIGN BECAUSE HE, WHO IS VERY MUCH INTERESTED IN REINFORCING THE JAPAN-U.S. ALLIANCE, HAS DISPLAYED HIS LEADERSHIP CAPABILITY IN RELEASING THE "JAPAN-U.S. JOINT SECURITY DECLARATION" IN APRIL THIS YEAR AND REACHING AN AGREEMENT ON THE RETURN OF ALL OF FUTENMA AIR STATION NOW USED BY U.S. FORCES IN OKINAWA. AS A SUCCESSOR, CENTRAL INTELLIGENCE AGENCY (CIA) DIRECTOR DEUTCH OR SENATOR SAM NUNN ARE MENTIONED. DEPENDING ON WHOM TO CHOOSE BETWEEN A PRACTICAL DIRECTOR OR A BIGWIG CONGRESS MEMBER, THE U.S. APPROACH TO JAPAN WILL LIKELY CHANGE GREATLY.

FURTHERMORE WHAT ATTRACTS A GREAT DEAL OF ATTENTION IS AMBASSADOR TO JAPAN MONDALE'S COURSE OF ACTION. AT ONE POINT, THERE WAS A RUMOR THAT IN THE SECOND (DEMOCRATIC) ADMINISTRATION, HE WOULD ASSUME THE POSITION OF SECRETARY OF STATE, BUT NOW THE DOMINANT VIEW IS THAT "THERE IS HARDLY SUCH A POSSIBILITY" (OFFICIAL OF U.S. DEPARTMENT OF STATE). SOME PREDICT HE WILL STAY ON, @BUT REPORTEDLY HE HOPES SOMEONE WILL TAKE HIS PLACE. FOR NOW, NOTHING IS CERTAIN. IN THE CASE OF HIS BEING REPLACED BY UNCLAS SECTION 03 OF 09 TOKYO 010259

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 NOVEMBER 7

SOMEONE, FOLEY, FORMER SPEAKER OF THE HOUSE OF REPRESENTATIVES, IS MENTIONED, BUT THERE WOULD BE DIFFICULTIES IN SELECTING A SUCCESSOR TO SUCH AN UNUSUALLY BIGWIG AMBASSADOR TO JAPAN, WHO HAD BEEN VICE PRESIDENT.

IN ADDITION, IT IS EXPECTED THAT WORKING-LEVEL OFFICIALS

IN CHARGE OF JAPAN POLICY, SUCH AS ASSISTANT SECRETARY OF STATE LORD AND DEPUTY ASSISTANT SECRETARY OF DEFENSE CAMPBELL, WHO ARE FAMILIAR WITH THE JAPANESE SIDE, WILL BE REPLACED AS A RESULT OF CHANGES OF CABINET MINISTERS.

IT ALSO IS EXPECTED THAT THE SECOND CLINTON ADMINISTRATION, ENVISAGING A PRESIDENTIAL VISIT TO CHINA, WILL MOVE FORWARD WIDELY TOWARD HOLDING FULL-FLEDGED DIALOGUE WITH CHINA, THOUGH UNTIL NOW TENSION HAS REPEATEDLY MOUNTED BETWEEN THE TWO COUNTRIES. SINCE THE SENKAKUS PROBLEM LIES BETWEEN JAPAN AND CHINA, IF THE RAPPROCHEMENT MOOD BETWEEN THE U.S. AND CHINA BECOMES STRONGER, HOW TO RESPOND TO THAT WILL LIKELY COME UP AS A NEW DIPLOMATIC CHALLENGE FOR JAPAN.

GOVERNMENT CONCERNED ABOUT IMPACT OF NEW U.S. DEFENSE CHIEF ON SECURITY TALKS (MAINICHI - PAGE 3)

WITH U.S. PRESIDENT CLINTON'S REELECTION, THE JAPAN-U.S. SECURITY ARRANGEMENT, WHICH IS CALLED THE BASIS FOR THE TWO COUNTRIES' BILATERAL RELATIONS, WILL FOLLOW THE POLICY LINE OF STRENGTHENING DEFENSE COOPERATION, WHICH WAS REDEFINED IN THE JAPAN-U.S. JOINT DECLARATION ON SECURITY ISSUED IN APRIL. MEANWHILE, HOWEVER, JAPANESE SECURITY AND DEFENSE OFFICIALS ARE NOW RATHER CONCERNED ABOUT SECRETARY OF DEFENSE PERRY'S COURSE OF ACTION AS HE HAS DISPLAYED LEADERSHIP TO COORDINATE VIEWS WITHIN THE U.S. MILITARY FOR THE WORK OF REDEFINING BILATERAL DEFENSE COOPERATION AS WELL AS FOR A SOLUTION TO THE OKINAWA PROBLEM. SINCE SECRETARY OF DEFENSE PERRY IS NOW BEING RUMORED TO RESIGN, JAPANESE OFFICIALS ARE WORRIED ABOUT "THE POSSIBILITY OF A VACUUM PERIOD ARISING IN THE SECURITY TALKS" (ACCORDING TO A SENIOR OFFICIAL OF THE JAPAN DEFENSE AGENCY) IN THE SITUATION WHERE THE TWO COUNTRIES HAVE BEEN LOADED WITH A MOUNTAINOUS PILE OF PENDING ISSUES, INCLUDING SUCH STEPS AS CARRYING OUT AN OKINAWA U.S. MILITARY BASE REVERSION PLAN AND REVIEWING THE GUIDELINES FOR JAPAN-U.S. DEFENSE COOPERATION.

FOR THE PENTAGON'S PRESENT ASIA-PACIFIC STRATEGY, DECISIONS HAVE BEEN MADE UNDER SECRETARY PERRY BY THE LINE OF UNDER SECRETARY SLOCOMBE, ASSISTANT SECRETARY KRAMER, AND DEPUTY ASSISTANT SECRETARY CAMPBELL. SINCE THE RESIGNATION OF FORMER ASSISTANT SECRETARY NYE, WHO SUPERVISED THE COMPILATION OF THE EAST ASIA STRATEGY REPORT THAT LATER BECAME THE BASIS FOR THE BILATERAL JOINT DECLARATION ON SECURITY, THE PENTAGON'S POLICY TOWARD JAPAN HAS BEEN DETERMINED BY THAT LINE CENTERING ON CAMPBELL WHO HAS BEEN TRUSTED BY SECRETARY PERRY. HOWEVER, CAMPBELL ALSO IS NOW BEING REGARDED AS ONE OF THOSE WHO MAY LEAVE THE PENTAGON, AND JAPAN MAY LOSE ITS CONTACT POINT FOR A WHILE.

OVER THE PAST YEAR OR SO, TOKYO AND WASHINGTON HAVE EXPERIENCED PITCHES AND ROLLS BOTH ON THE SIDE OF COMPREHENSIVE SECURITY REDEFINITION AND ON THE SIDE OF SPECIFIC ISSUES REGARDING U.S. MILITARY BASES ON OKINAWA. SECRETARY PERRY HAS UNDERScoreD THE U.S. MILITARY

PRESENCE IN THE ASIA-PACIFIC REGION, BUT FOR THE OKINAWA PROBLEM HE HAS ALSO MADE STRENUOUS EFFORTS TO START UP THE JAPAN-U.S. SPECIAL ACTION COMMITTEE (ON FACILITIES AND AREAS IN OKINAWA) (SACO), INVOLVING HIGH-RANKING OFFICIALS OF THE U.S. GOVERNMENT, AND PROPELLED BILATERAL CONSULTATIONS ON BASE REALIGNMENT AND REDUCTION. THE SUBCOMMITTEE ON DEFENSE COOPERATION (SDC) FOR A REVIEW OF THE GUIDELINES ALSO ADOPTS A SIMILAR PROCESS, AND THE TWO GOVERNMENTS HAVE SET UP A HIGH-LEVEL CONSULTATIVE ORGAN UNCLAS SECTION 04 OF 09 TOKYO 010259

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 NOVEMBER 7

FOR THE TWO COUNTRIES' OFFICIALS IN CHARGE OF FOREIGN AND DEFENSE AFFAIRS AND FOR THE SELF-DEFENSE FORCES AND THE U.S. FORCES.

THE FOREIGN MINISTRY AND THE DEFENSE AGENCY ARE BOTH EXPECTING THAT "THERE WILL BE NO CHANGE IN THE JAPAN-U.S. SECURITY ARRANGEMENT THAT HAS BEEN BUILT TO DATE, EVEN THOUGH THERE MAY BE A CHANGE THE LINE-UP OF OFFICIALS OVER THERE." ALL THE MORE BECAUSE THE BASE REVERSION TALKS, IN WHICH THE U.S. HAS MADE A NUMBER OF CONCESSIONS, "OWE MUCH TO MR. PERRY'S LEADERSHIP" (ACCORDING TO A SENIOR JDA OFFICIAL), SOME JAPANESE OFFICIALS ARE WORRIED ABOUT THE POSSIBLE SLOWDOWN OF AN ATMOSPHERE FOR JAPAN-U.S. COOPERATION DIRECTED TOWARD CARRYING OUT SACO AGREEMENTS, DEPENDING ON THE POST-PERRY U.S. DEFENSE STRATEGY. IN AND AFTER THE SUMMER OF NEXT YEAR, THERE WILL BE THE PROBLEM OF PARTICIPATING IN THE THEATER MISSILE DEFENSE (TMD) INITIATIVE. FOR THE MILITARY PROJECT ESTIMATEDLY ON THE SCALE OF TRILLIONS (OF YEN), THE U.S. SIDE HAS BEEN URGING THE JAPANESE SIDE, AS SECRETARY PERRY HAS SAID, "I HOPE JAPAN WILL MAKE A DECISION EARLY." HOWEVER, THE JAPANESE GOVERNMENT WILL BE REQUIRED TO MAKE A PRUDENT POLICY DECISION WHILE ASCERTAINING JAPAN'S NATIONAL INTERESTS, INCLUDING DIPLOMATIC CONSIDERATION FOR NEGATIVE REACTIONS FROM VARIOUS ASIAN COUNTRIES. (NATSUKI MOTOTANI (OR MOTOYA?))

U.S. ECONOMIC POLICY TOWARD JAPAN TO STRESS ECONOMIC STIMULATION AND DEREGULATION (NIHON KEIZAI - PAGE 3)

IN ITS SECOND TERM, THE CLINTON ADMINISTRATION IS EXPECTED TO CONTINUE ITS EXPORT-LED ECONOMIC GROWTH POLICY. THE LIKELIHOOD IS THAT IT WILL URGE JAPAN TO TAKE ADDITIONAL MACRO-ECONOMIC POLICY MEASURES TO ENSURE

ITS ECONOMIC RECOVERY. AT THE SAME TIME, THE U.S. WILL LIKELY PRESS OUR COUNTRY TO IMPLEMENT DEREGULATORY STEPS IN A STEADY MANNER, AS WELL AS SEEK RESULTS IN SPECIFIC SECTOR MARKET ACCESS ISSUES. HOWEVER, AS ASIA RISES, THE IMPORTANCE OF THE JAPAN PROBLEM IN U.S. TRADE POLICY IS WANING. AS A RESULT, MORE SCENES OF BILATERAL COOPERATION ARE LIKELY TO BE SEEN IN JAPAN-U.S. RELATIONS, INSTEAD OF THE FREQUENT CONFRONTATIONS WITH EACH OTHER AS BEFORE.

A MEETING OF THE ASIA-PACIFIC ECONOMIC COOPERATION COUNCIL (APEC) IS SCHEDULED TO BE HELD IN THE PHILIPPINES FROM THE 22ND, PROVIDING AN OPPORTUNITY TO THE TOP LEADERS OF THE TWO COUNTRIES HOLDING THE FIRST SUMMIT MEETING AFTER PRESIDENT CLINTON'S REELECTION. U.S. PRESIDENT CLINTON IS BOUND TO ANNOUNCE HIS STANCE OF FOCUSING ON THE TREND OF JAPAN'S ECONOMIC RECOVERY. THE ESTIMATE IS THAT THE U.S. WILL REQUEST JAPAN TO SHORE UP THE ECONOMY THROUGH FISCAL MEANS, INCLUDING ADDITIONAL FISCAL DISBURSEMENTS AND TAX BREAKS.

IN RESPONSE, THE JAPANESE SIDE IS POISED TO SEEK THE UNDERSTANDING OF THE U.S., BY CONTINUING THE PRESENT ULTRA-LOW-INTEREST MEASURE, CITING, "IT IS DIFFICULT TO TAKE ADDITIONAL MEASURES, BECAUSE OUR COUNTRY'S FISCAL DEFICIT IS AT A CRITICAL LEVEL" (FINANCE MINISTRY (MOF) BUDGET BUREAU).

NEGOTIATIONS ON INDIVIDUAL TRADE ISSUES, WHICH HAD BEEN SUSPENDED BECAUSE OF THE ELECTION, WILL NOW MOVE INTO FULL SWING. THE BIGGEST ISSUE IN THE INSURANCE NEGOTIATIONS, WHICH ARE TO BE REOPENED ON THE 15TH, IS THE TIMING FOR ALLOWING DOMESTIC INSURERS TO MAKE INROADS INTO THE THIRD SECTOR, WHICH COVERS PERSONAL ACCIDENT INSURANCE. THE VIEWS OF THE TWO COUNTRIES ARE POLES APART IN THE CIVIL AVIATION TALKS, TOO. THE U.S. GOVERNMENT HAS SOUGHT MONITORING OF SECTORS IN WHICH AGREEMENTS HAVE ALREADY BEEN REACHED, SUCH AS AUTOS, FROM A "RESULTS-ORIENTED" STANDPOINT.

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CHANCES ARE THAT IF CHANGES ARE SEEN IN THE U.S. ECONOMY AND THE CURRENT TREND OF A SHRINKING DEFICIT WITH JAPAN, PRESSURE MAY RISE FOR MORE MARKET ACCESS. THERE IS ALSO

THE POSSIBILITY OF ITS BRINGING UP STRUCTURAL ISSUES SUCH AS IMPROVEMENT OF NON-TRANSPARENT BUSINESS PRACTICES, AS WELL AS THE STILL REGULATED SECTORS, SUCH AS INFORMATION, COMMUNICATIONS, FINANCES, TRANSPORTATION AND CONSTRUCTION.

ON THE 6TH, AMERICAN AMBASSADOR TO JAPAN MONDALE MET WITH DEPUTY PRIME MINISTER AND FINANCE MINISTER WATARU KUBO AND REMINDED HIM, "IT IS NECESSARY FOR JAPAN TO IMPLEMENT FURTHER DEREGULATION."

THE U.S. IS SADDLED WITH SERIOUS TRADE ISSUES WITH COUNTRIES OTHER THAN JAPAN, SUCH AS A SHARP INCREASE IN TRADE WITH CHINA. AS IT STANDS, A VIEW IS EMERGING IN THE MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY (MITI) THAT "THE TIME HAS COME WHEN THE TWO COUNTRIES COOPERATE WITH EACH OTHER, UNFETTERED BY INDIVIDUAL BILATERAL ISSUES." THE ISSUE, FOR INSTANCE OF HOW TO URGE CHINA, WHICH HAS MANY DOMESTIC REGULATIONS, TO LIBERALIZE THEM, OCCASIONED BY THE ISSUE OF ITS JOINING THE WORLD TRADE ORGANIZATION (WTO), IS LIKELY TO BECOME A TOUCHSTONE FOR JAPAN-U.S. COOPERATION.

IMMEDIATE ISSUES AFFECTING JAPAN-U.S. ECONOMIC RELATIONS

- MACRO-ECONOMIC POLICY MEASURES:

THE U.S. GOVERNMENT WILL REQUEST JAPAN TO TAKE ADDITIONAL MACRO-ECONOMIC MEASURES TO SUPPORT THE JAPANESE ECONOMY, REGARDING WHICH THERE IS CONCERN THAT IT MIGHT TAKE A DOWNWARD TURN.

- FOREIGN EXCHANGE:

THE U.S. GOVERNMENT WILL CONTINUE ITS STANCE OF CONDONING THE PRESENT HIGHER-DOLLAR TREND. THERE IS ALERTNESS TO DEPRECIATION OF THE YEN FURTHER THAN THE 115 YEN LEVEL.

- INSURANCE TALKS:

RESUME NEGOTIATIONS ON DEREGULATION OF LIFE AND NON-LIFE INSURANCE AND LIBERALIZATION OF THE THIRD SECTOR AS THE DECEMBER 15 DEADLINE APPROACHES.

- CIVIL AVIATION TALKS:

IN THE ALL PASSENGER AREA, THE U.S. GOVERNMENT CALLED FOR AN OPEN-SKIES POLICY, WHICH WILL TOTALLY LIBERALIZE THE NUMBER OF FLIGHTS AND THE LIKE.

- PHOTOGRAPHIC FILM MARKET:

NEGOTIATIONS ON DISTRIBUTION MEASURES AT THE DISPUTE-SETTLEMENT PANEL AT THE WTO.

- AGRICULTURE:

THE U.S. GOVERNMENT INSISTS ON THE FRONTLOADING OF NEGOTIATIONS ON AGRICULTURAL NEGOTIATIONS SCHEDULED FOR 1999. THE KEY STICKING POINT IN THIS SECTOR IS THE TARIFFICATION OF RICE.

CLINTON ADMINISTRATION LIKELY TO FOCUS MORE ON CHINA RELATIONS (NIHON KEIZAI - PAGE 2)

WITH UNITED STATES PRESIDENT CLINTON'S REELECTION VICTORY, THE GOVERNMENT WILL AIM AT THE "ESTABLISHMENT OF A JAPAN-U.S. RELATIONSHIP FOR THE 21ST CENTURY" (SENIOR OFFICIAL OF THE MINISTRY OF FOREIGN AFFAIRS (MOFA)). IT HOPES JAPAN AND THE U.S. WILL COOPERATE TO STABILIZE THE POST-COLD WAR ASIA-PACIFIC REGION BASED ON THE BILATERAL JOINT SECURITY DECLARATION ISSUED IN APRIL AND TO WORK OUT MEASURES TO PROTECT THE ENVIRONMENT, TO COUNTER TERRORISM AND TO SUPPORT DEVELOPING COUNTRIES.

IN RESPONSE TO CLINTON'S REELECTION BECOMING DEFINITE YESTERDAY AFTERNOON, FOREIGN MINISTER YUKIHIKO IKEDA UNCLAS SECTION 06 OF 09 TOKYO 010259

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STATED, "JAPAN HAS STRENGTHENED BILATERAL COOPERATION WITH THE CLINTON ADMINISTRATION ON GLOBAL ISSUES, INCLUDING THOSE IN THE ASIA-PACIFIC REGION." CHIEF CABINET SECRETARY SEIROKU KAJIYAMA IN A PRESS BRIEFING STRESSED, "WE WANT TO CONTINUE A CLOSE COOPERATIVE RELATIONSHIP WITH PRESIDENT CLINTON."

THE GOVERNMENT IS SCHEDULED TO COMPILE BY THE END OF NOVEMBER A FINAL REPORT ON ISSUES RELATED TO U.S. MILITARY BASES IN OKINAWA PREFECTURE, INCLUDING THE REVERSION OF FUTENMA BASE. IT ALSO HOPES TO REVISE THE U.S.-JAPAN DEFENSE COOPERATION GUIDELINES AND COME UP WITH NEW ONES BY THE FALL OF NEXT YEAR IN A BID TO SOLIDIFY THE BILATERAL COOPERATIVE REGIME IN THE ASIA-PACIFIC REGION.

MOFA IS WILLING TO STRENGTHEN BILATERAL COOPERATION TO MAP OUT POLICY MEASURES TOWARD CHINA AND THE KOREAN PENINSULA, LOCK ARMS ON THE MIDDLE-EAST PEACE PROCESS AND ASSISTANCE FOR RUSSIA, AND TO ESTABLISH A GLOBAL-SCALE PARTNERSHIP.

BUT SOME ANALYSTS PREDICT THAT THE SECOND-TERM CLINTON ADMINISTRATION WILL BEGIN TO FOCUS ON CHINA INSTEAD OF JAPAN IN ITS ASIA POLICY. SOME GOVERNMENT OFFICIALS SUGGEST, "JAPAN SHOULD DO ITS BEST TO CHANGE ITSELF BY STEPPING UP DEREGULATION EFFORTS IN ORDER TO ESTABLISH A NEW BILATERAL RELATIONSHIP" (MOFA SENIOR OFFICIAL).

IT HAS BEEN POINTED OUT THAT DURING A PERIOD FROM THE

YEAR'S END THROUGH THE NEW YEAR, U.S.-CHINA RELATIONS MIGHT DRASTICALLY CHANGE. ALARM IS GROWING TOWARD APPROACHES BETWEEN THE U.S. AND CHINA, A MOFA SOURCE REMARKING "U.S. GOVERNMENT OFFICIALS' RECENT VIEWS OF JAPAN ARE SOMEWHAT COOL."

NEW CABINET LINEUP TODAY TO INCLUDE SHINJI SATO AS MITI MINISTER (SANKEI - PAGE 1)

THE 138TH SPECIAL DIET STARTS TODAY. IN THE PLENARY SESSIONS OF THE TWO HOUSES THIS AFTERNOON, PRIME MINISTER RYUTARO HASHIMOTO IS EXPECTED TO BE REELECTED IN THE FIRST BALLOT OWING TO THE COOPERATION OF THE SOCIAL DEMOCRATIC PARTY (SDP) AND OTHER PARTIES. AS A RESULT, A "SECOND HASHIMOTO CABINET" WILL BE LAUNCHED TODAY AS AN LDP SINGLE-PARTY ADMINISTRATION AFTER A HIATUS OF THREE YEARS AND THREE MONTHS, THE LAST BEING THE MIYAZAWA ADMINISTRATION.

ACCORDING TO THE COORDINATION BY LATE YESTERDAY, THE PRIME MINISTER HAS ALREADY DECIDED TO APPOINT FORMER (LDP) SECRETARY GENERAL HIROSHI MITSUZUKA AS NEW FINANCE MINISTER, RETAIN FOREIGN MINISTER YUKIHIKO IKEDA AND CHIEF CABINET SECRETARY SEIROKU KAJIYAMA, AND APPOINT FORMER TRANSPORT MINISTER SHINJI SATO TO THE POST OF MINISTER OF INTERNATIONAL TRADE AND INDUSTRY (MITI). IN ADDITION, FORMER EXECUTIVE COUNCIL CHAIRMAN MUTO KABUN IS MOST LIKELY TO BE NAMED NEW DIRECTOR GENERAL OF THE MANAGEMENT AND COORDINATION AGENCY (MCA) TO TAKE THE INITIATIVE IN CARRYING OUT ADMINISTRATIVE REFORM. THE POST OF JUSTICE MINISTER IS EXPECTED TO BE GIVEN TO UPPER HOUSE MEMBER ISAO MATSUURA.

THE PRIME MINISTER (PRESIDENT OF THE LIBERAL DEMOCRATIC PARTY (LDP)) FROM NOON OF THE 6TH THROUGH EARLY HOURS OF THE 7TH MET WITH SECRETARY GENERAL KOICHI KATO AND TWO OTHER LDP EXECUTIVE OFFICERS TO FINALIZE THE LINEUP OF HIS NEW CABINET AND LDP KEY POSTS. IN THE SESSION, KATO AND OTHER MEMBERS EXPLAINED THE TREND OF VARIOUS FACTIONS. IN RESPONSE, THE PRIME MINISTER REVEALED HIS POLICY DIRECTION, REMARKING, "I WOULD LIKE TO APPOINT THE RIGHT PERSON TO THE RIGHT POSITION BEFORE CONSIDERING TO BALANCE OUT FACTIONAL STRENGTH." THE PRIME MINISTER ALSO REVEALED HIS INTENTION TO GIVE MAJOR CABINET POSTS TO

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SOME STRONG LDP MEMBERS TO DEAL WITH SUCH PRESSING ISSUES AS ADMINISTRATIVE REFORM, A PUBLIC NURSING-CARE INSURANCE SYSTEM, FISCAL RECONSTRUCTION, AND THE PROBLEMS OF U.S. OKINAWA BASES AND AGRICULTURE. AT THIS POINT, THE PRIME MINISTER IS NOT PLANNING TO APPOINT ANYONE FROM THE PRIVATE SECTOR.

ADDITIONALLY, THE PRIME MINISTER SUGGESTED AS A NEW TEST CASE TO APPOINT FORMER CABINET MINISTERS TO THE POSTS OF PARLIAMENTARY VICE MINISTER OF THE MINISTRY OF FINANCE (MOF) AND THE MINISTRY OF FOREIGN AFFAIRS (MOFA). THOSE POSTS ARE EXPECTED TO ASSUME GREAT WEIGHT EQUIVALENT TO A "DEPUTY MINISTER." THE ONE WHO IS THE CLOSEST TO THE POST OF PARLIAMENTARY VICE FINANCE MINISTER IS SHOZABURO NAKAMURA, FORMER ENVIRONMENT AGENCY DIRECTOR GENERAL. THE PRIME MINISTER WILL AGAIN THIS MORNING MEET WITH SECRETARY GENERAL KATO AND OTHERS TO MAKE FINAL COORDINATION.

IN ADDITION TO FORMER SECRETARY GENERAL HIROSHI MITSUZUKA, WHO IS CERTAIN TO BECOME NEW FINANCE MINISTER, FORMER TRANSPORT MINISTER SHINJI SATO IS EXPECTED TO BE NAMED NEW MITI MINISTER. AT THE SAME TIME, FORMER AGRICULTURE, FORESTRY AND FISHERIES (MAFF) MINISTER HISAO HORINOUCHI HAS SURFACED AS A LIKELY CANDIDATE TO HEAD MAFF ONCE AGAIN. DEPUTY SECRETARY GENERAL MAKOTO KOGA IS ALSO A LIKELY CANDIDATE TO HEAD THE CONSTRUCTION MINISTRY. THE POST OF JUSTICE MINISTER THAT WOULD HANDLE REVISION OF THE CIVIL LAW AND THE ANTI-SUBVERSIVE ACTIVITIES LAW IS LIKELY TO GO TO ISAO MATSUURA.

THE FORMER MITSUZUKA FACTION HAS BEEN CALLING FOR GIVING EITHER THE POST OF MITI MINISTER OR CONSTRUCTION MINISTER TO ORGANIZATIONAL PUBLIC INFORMATION HEADQUARTERS CHIEF SHIZUKA KAMEI. THE PRIME MINISTER, HOWEVER, IS CONSIDERING TO APPOINT HIM AS HEALTH AND WELFARE MINISTER. DIFFICULTIES ARE FORESEEN REGARDING KAMEI'S APPOINTMENT.

OTHER MEMBERS LIKELY TO JOIN THE NEW CABINET INCLUDE FORMER HEALTH AND WELFARE MINISTER TAKAO FUJIMOTO AND LOWER HOUSE BUDGET COMMITTEE MEMBER RIICHIRO CHIKAOKA.

AS FOR KEY LDP POSTS, IT WAS DECIDED LATE YESTERDAY THAT KOICHI KATO WOULD STAY ON AS SECRETARY GENERAL, YOSHIRO MORI AS EXECUTIVE COUNCIL CHAIRMAN, AND TAKU YAMASAKI AS POLICY AFFAIRS RESEARCH COUNCIL CHAIRMAN. LOWER HOUSE STEERING COMMITTEE CHAIRMAN SADAKAZU TANIGAKI WILL BECOME NEW GENERAL AFFAIRS BUREAU CHIEF AND TAKAO FUJII NEW TREASURY BUREAU CHIEF.

MEANWHILE, THE SDP AT ITS CAUCUS OF THE TWO HOUSES YESTERDAY DECIDED TO VOTE FOR PRIME MINISTER HASHIMOTO IN THE FIRST BALLOT DURING THE PRIME MINISTERIAL ELECTION ON THE 7TH.

MEMBERS CERTAIN TO JOIN THE NEW CABINET:

CHIEF CABINET SECRETARY: SEIROKU KAJIYAMA
 (FORMER OBUCHI FACTION).
 FOREIGN MINISTER: YUKIHIKO IKEDA
 (FORMER MIYAZAWA FACTION).
 FINANCE MINISTER: HIROSHI MITSUZUKA
 (FORMER MITSUZUKA FACTION).
 MANAGEMENT AND COORDINATION AGENCY DIRECTOR GENERAL: KABUN
 MUTO (FORMER WATANABE FACTION).
 INTERNATIONAL TRADE AND INDUSTRY MINISTER: SHINJI SATO
 (FORMER OBUCHI FACTION).
 JUSTICE MINISTER: ISAO MATSUURA (UPPER HOUSE).

MEMBERS LIKELY TO JOIN THE NEW CABINET:
 FORMER OBUCHI FACTION: RIICHIRO CHIKAOKA; FUMIO
 KYUMA. FORMER MITSUZUKA FACTION: SHIZUKA KAMEI; KOSUKE
 ITO.
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FORMER MIYAZAWA FACTION: MAKOTO KOGA; KATSUHIKO
 SHIRAKAWA; TARO ASO.
 FORMER WATANABE FACTION: JITSUO INAGAKI; HISAO
 HORINOUCI; HIKARU MATSUNAGA;
 TAKASHI KOSUGI.
 FORMER KOMOTO FACTION: TAKAO FUJIMOTO.
 UPPER HOUSE: YUTAKA OKANO; MICHIKO ISHII.

HASHIMOTO SAYS HE WANTS TO END FACTIONAL BALANCING ACT IN
 SELECTING NEW CABINET (ASAHI - PAGE 1)

TODAY THE 138TH SPECIAL DIET SESSION WILL BE CONVENED.
 THERE PRIME MINISTER RYUTARO HASHIMOTO WILL BE REELECTED
 IN THE PRIME MINISTERIAL ELECTION BY THE LAWMAKERS FROM
 THE UPPER AND LOWER HOUSES AS THE 39TH PRIME MINISTER, OR
 AS THE 22ND PERSON, UNDER THE PRESENT CONSTITUTION (SINCE
 THE FORMER CONSTITUTION, HE WILL BE THE 83RD PRIME
 MINISTER AND THE 53RD PERSON). HE THEN WILL IMMEDIATELY
 START CHOOSING HIS CABINET MEMBERS. SO THE SECOND
 HASHIMOTO CABINET WILL COME INTO EXISTENCE TODAY. THE
 NEW CABINET WILL BE COMPOSED OF MEMBERS OF THE LIBERAL
 DEMOCRATIC PARTY ALONE. BUT SINCE THE LDP HAS OBTAINED
 AGREEMENT ON COOPERATION FROM THE SOCIAL DEMOCRATIC PARTY
 (SDP) AND SAKIGAKE PARTY, THE NEW ADMINISTRATION WILL BE
 AN "LDP-SDP-SAKIGAKE COOPERATIVE GOVERNMENT." HASHIMOTO
 CONTINUED UNTIL THE EARLY HOURS OF THE 7TH ARRANGEMENTS

FOR THE CABINET MINISTER AND LDP EXECUTIVE OFFICER POSTS WITH THE THREE LDP TOP OFFICERS INCLUDING SECRETARY GENERAL KOICHI KATO. AS A RESULT, HASHIMOTO DECIDED TO APPOINT FORMER FOREIGN MINISTER KABUN MUTO AS DIRECTOR GENERAL OF THE MANAGEMENT AND COORDINATION AGENCY.

THE SPECIAL DIET SESSION WILL LAST FOR SIX DAYS UNTIL THE 12TH. THE PLENARY DIET SESSION, WHERE THE PRIME MINISTERIAL ELECTION WILL TAKE PLACE, WILL BE HELD ON THE AFTERNOON OF THE 7TH BY THE DIETMEMBERS OF BOTH CHAMBERS. SINCE THE SDP HAS DECIDED TO VOTE FOR HASHIMOTO, IT IS CERTAIN THAT HASHIMOTO WILL WIN A MAJORITY IN THE FIRST ROUND ELECTIONS OF THE UPPER AND LOWER HOUSES. THE LDP'S SOICHIRO ITO, A FORMER DIRECTOR GENERAL OF THE JAPAN DEFENSE AGENCY (JDA), WILL BE PICKED AS NEW SPEAKER OF THE LOWER HOUSE, AND SHINSHINTO (NEW FRONTIER PARTY) MEMBER KOZO WATANABE, A FORMER INTERNATIONAL TRADE AND INDUSTRY (MITI) MINISTER, TO BE THE NEW VICE SPEAKER OF THE LOWER HOUSE.

ON THE 6TH, AN EXECUTIVE COUNCIL MEETING OF THE LDP FORMERLY DECIDED ON THE APPOINTMENTS OF THREE TOP EXECUTIVE OFFICERS -- SECRETARY GENERAL KOICHI KATO, POLICY AFFAIRS RESEARCH COUNCIL CHAIRMAN TAKU YAMASAKI AND EXECUTIVE COUNCIL CHAIRMAN YOSHIRO MORI. PRIOR TO THE SESSION, HASHIMOTO MET WITH THE NEW THREE TOP OFFICERS AND DECIDED ON THE FOLLOWING POINTS:

(1) APPOINTING INFLUENTIAL POLITICIANS TO SUCH POSTS AS FINANCE MINISTER, JDA DIRECTOR GENERAL, HEALTH AND WELFARE MINISTER AND AGRICULTURAL, FORESTRY AND FISHERIES MINISTER;

(2) PICKING FORMER CABINET MINISTERS AS PARLIAMENTARY FOREIGN AND FINANCE VICE MINISTERS;

(3) NOT APPOINTING DEPUTY PRIME MINISTER; AND

(4) CARRYING OUT THE APPOINTMENTS OF THE NEW CABINET MEMBERS WITHOUT GIVING CONSIDERATIONS TO THE FORMER FACTIONS.

WITH THOSE ELEMENTS IN MIND, THE PRIME MINISTER CONTINUED TALKS ON THE NEW CABINET LINEUP FROM LATE YESTERDAY UNTIL THE EARLY HOURS OF TODAY WITH THE THREE LDP TOP OFFICERS AND ACTING SECRETARY GENERAL HIROMU NONAKA. CITING THE ADMINISTRATIVE REFORM AND OKINAWA PROBLEMS, HASHIMOTO ASKED THEM: "WHO DO YOU THINK WILL BE APPROPRIATE (FOR UNCLAS SECTION 09 OF 09 TOKYO 010259

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SUCH POSTS)?" WHILE HEARING THEIR VIEWS, HE PROCEEDED WITH THE SELECTION OF MAIN CABINET MINISTERS. HE ALSO STATED: "I WANT YOU TO PICK MINISTERS WITHOUT STICKING TO THE LISTS OF NAMES (PRESENTED BY THE FORMER FACTIONS.)" WITH THIS, HE EXPRESSED HIS RESOLVE THAT HE WOULD NOT GIVE CONSIDERATIONS TO THE FORMER FACTIONS.

KABUN MUTO, WHO EXPERIENCED THE POSTS OF FOREIGN MINISTER AND LDP EXECUTIVE COUNCIL CHAIRMAN, IS NOW CERTAIN TO BE APPOINTED AS NEW DIRECTOR GENERAL OF THE MANAGEMENT AND COORDINATION AGENCY. IT IS LIKELY THAT FORMER SECRETARY GENERAL HIROSHI MITSUZUKA WILL BE PICKED AS NEW FINANCE MINISTER, FORMER AGRICULTURE, FORESTRY AND FISHERIES MINISTER HISAO HORINOUCI AS MINISTER OF THE AGRICULTURE, FORESTRY AND FISHERIES MINISTRY, AND FORMER TRANSPORT MINISTER SHINJI SATO AS NEW MITI MINISTER. IN THE PAST, THOSE IN THE POST OF OKINAWA DEVELOPMENT AGENCY DIRECTOR GENERAL USED TO SERVE CONCURRENTLY IN THE POST OF HOKKAIDO DEVELOPMENT AGENCY DIRECTOR GENERAL. BUT NOW THERE IS ALSO A PLAN FOR HAVING ONE SERVE ONLY IN THE POST OF OKINAWA DEVELOPMENT AGENCY DIRECTOR GENERAL, SEPARATELY FROM THE POST OF HOKKAIDO DEVELOPMENT AGENCY DIRECTOR GENERAL, SO AS TO SHOW THE (NEW CABINET'S) STANCE OF GIVING MUCH WEIGHT TO THE OKINAWA PROBLEM.
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