

Withdrawal/Redaction Sheet

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. cable	Re: Futenma Replacement Options (4 pages)	11/13/1996	P1/b(1)
002. cable	Re: Discussions and Strategy Planning (6 pages)	11/15/1996	P1/b(1)
003. cable	Re: November 21-22 Visit to Tokyo (7 pages)	11/15/1996	P1/b(1)

COLLECTION:

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

FOLDER TITLE:

[11/08/1996 - 11/19/1996]

2016-0420-F

sb1887

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.

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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 A0303 3130350-UUUU--RHEHAAA.
LINE2: ZNR UUUUU ZZH
LINE3: O 080350Z NOV 96
LINE4: FM AMEMBASSY TOKYO
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DTG: 080350Z NOV 96
ORIG: AMEMBASSY TOKYO
TO: RUEHC/SECSTATE WASHDC IMMEDIATE 9366
RUEHIA/USIA WASHDC IMMEDIATE 1871
INFO: RHHMUNA/USCINCPAC HONOLULU HI//USIA//
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RUCPDOG/USDOC WASHDC
RUEHRC/USDA FAS WASHDC 2734
RHEHAAA/WHITE HOUSE WASHDC
SUBJ: JAPANESE MORNING PRESS HIGHLIGHTS NOVEMBER 8

TEXT:
UNCLAS SECTION 01 OF 11 TOKYO 010303

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; USDA;
USCINCPAC/PA; CINCPACFLT/PA; COMUSJ/PA;
COMNAVFORJAPAN/PA.

E.O. 12958: N/A

SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS NOVEMBER 8

TOP HEADLINES:

ASAHI: SECOND HASHIMOTO CABINET FORMED; ALL LDP CABINET
MINISTERS WITH CONSIDERATION GIVEN TO FACTIONS;
IMPLEMENTATION OF ADMINISTRATIVE REFORM NOW SEEN AS MAJOR
CHALLENGE (TRANSLATION BELOW)

NIHON KEIZAI: SECOND HASHIMOTO CABINET LAUNCHED;
PRACTICAL LINEUP FOR CARRYING OUT ADMINISTRATIVE REFORM;
PRIME MINISTER SPEAKS OF REFORM OF BANKING AND FINANCES;

ALL LDP CABINET FIRST EVER IN THREE YEARS

TOKYO SHIMBUN: SECOND HASHIMOTO CABINET PUT UP BANNER OF ADMINISTRATIVE REFORM; PRACTICAL CABINET WITH BALANCE KEPT AMONG FACTIONS; ALL LDP CABINET FIRST EVER IN THREE YEARS

MAINICHI: SECOND HASHIMOTO CABINET CONSISTING OF ALL LDP MEMBERS; ADMINISTRATIVE REFORM NOW VIEWED AS MOST IMPORTANT CHALLENGE

YOMIURI: SECOND HASHIMOTO CABINET MAKES A START, EYEING ADMINISTRATIVE AND FINANCIAL REFORM; ALL LDP CABINET MINISTERS FIRST EVER IN THREE YEARS; "BALANCE KEPT AMONG FACTIONS" AGAIN

SANKEI: SECOND HASHIMOTO CABINET FORMED; INFLUENTIAL MEMBERS INSTALLED FOR "ADMINISTRATIVE REFORM"; MAJOR PARLIAMENTARY VICE MINISTER POSITIONS GO TO EX-CABINET MINISTERS; FIRST ALL LDP CABINET IN THREE YEARS; MUTO AS MANAGEMENT AND COORDINATION AGENCY DIRECTOR GENERAL, MITSUZUKA AS FINANCE MINISTER, KOIZUMI AS POST AND TELECOMMUNICATIONS MINISTER; TROUBLE MAY ARISE IN FOREIGN AND SECURITY AFFAIRS

2ND HASHIMOTO CABINET STARTS, ALL FROM LDP
(ASAHI - TOP PLAY)

IN THE PLENARY SESSIONS OF THE TWO HOUSES IN THE 138TH SPECIAL DIET THAT WAS CONVENED YESTERDAY, LIBERAL DEMOCRATIC PARTY (LDP) PRESIDENT RYUTARO HASHIMOTO WAS REELECTED AS PRIME MINISTER. HE IS THE 39TH PRIME MINISTER OR THE 22ND PERSON TO ASSUME THE POST UNDER THE NEW CONSTITUTION; OR THE 83RD PRIME MINISTER, 53RD PERSON, SINCE THE OLD CONSTITUTION. PRIME MINISTER THE LINEUP OF THE NEW CABINET, ANNOUNCED LATE YESTERDAY, UNDERWENT IMPERIAL ATTESTATION SOON AFTER THAT AND WAS FORMALLY INAUGURATED AS THE SECOND HASHIMOTO CABINET. THE NEW ADMINISTRATION, FORMED AS AN LDP SINGLE-PARTY CABINET AFTER A HIATUS OF THREE YEARS AND THREE MONTHS SINCE THE MIYAZAWA ADMINISTRATION, CARRIES STRONG LDP FACTIONAL OVERTONES. AT THE SAME TIME, IT WILL CONTINUE TO WORK CLOSELY WITH THE SOCIAL DEMOCRATIC PARTY (SDP) AND THE SAKIGAKE PARTY, WHICH VOTED FOR HASHIMOTO IN THE PRIME MINISTERIAL ELECTION, TO SUSTAIN THE NATURE OF AN "LDP-SDP-SAKIGAKE COOPERATIVE GOVERNMENT" IN ORDER TO MAINTAIN A MAJORITY IN THE DIET. NEVERTHELESS, THE ADMINISTRATION'S FOUNDATION IS SOMEWHAT WEAK SINCE IT HAS FAILED TO HAVE SDP AND SAKIGAKE MEMBERS IN ITS CABINET LINEUP. THE ADMINISTRATION'S FATE IS LIKELY TO BE AFFECTED GREATLY BY ITS GREATEST CHALLENGE OF ADMINISTRATIVE REFORM.

SECOND HASHIMOTO CABINET (NOVEMBER 7, 1996)
PRIME MINISTER: RYUTARO HASHIMOTO 59
FORMER OBUCHI FACTION; LDP PRESIDENT; SERVED AS MITI MINISTER, FINANCE MINISTER, HEALTH AND WELFARE MINISTER; GRADUATED FROM KEIO UNIVERSITY; ELECTED 12 TIMES TO THE

LOWER HOUSE; OKAYAMA 4TH DISTRICT.
JUSTICE MINISTER: ISAO MATSUURA 73
FORMER OBUCHI FACTION; LDP UPPER- HOUSE POLICY
DELIBERATION COUNCIL CHAIRMAN; SERVED AS HOME AFFAIRS
MINISTRY ADMINISTRATIVE VICE MINISTER; GRADUATED FROM
UNCLAS SECTION 02 OF 11 TOKYO 010303

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; USDA;
USCINCPAC/PA; CINCPACFLT/PA; COMUSJ/PA;
COMNAVFORJAPAN/PA.

E.O. 12958: N/A

SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS NOVEMBER 8

TOKYO UNIVERSITY; ELECTED THREE TIMES TO THE UPPER HOUSE;
PROPORTIONAL REPRESENTATION CONSTITUENCY.

FOREIGN MINISTER: YUKIHIKO IKEDA (RETAINED) 59
FORMER MIYAZAWA FACTION; SERVED AS JAPAN DEFENSE AGENCY
DIRECTOR GENERAL, MANAGEMENT AND COORDINATION AGENCY
DIRECTOR GENERAL; GRADUATED FROM TOKYO UNIVERSITY;
ELECTED EIGHT TIMES TO THE LOWER HOUSE; HIROSHIMA 5TH
DISTRICT.

FINANCE MINISTER: HIROSHI MITSUZUKA 69
FORMER MITSUZUKA FACTION; SERVED AS FOREIGN MINISTER,
MITI MINISTER; GRADUATED FROM WASEDA UNIVERSITY; ELECTED
NINE TIMES TO THE LOWER HOUSE; MIYAGI 3RD DISTRICT.

EDUCATION MINISTER: TAKASHI KOSUGI 61

FORMER WATANABE FACTION; LDP DEPUTY SECRETARY GENERAL;
FORMER LOWER HOUSE ENVIRONMENT COMMITTEE CHAIRMAN;
GRADUATED FROM TOKYO UNIVERSITY; ELECTED SIX TIMES TO THE
LOWER HOUSE; TOKYO 5TH DISTRICT.

HEALTH AND WELFARE MINISTER: JUNICHIRO KOIZUMI 54

FORMER MITSUZUKA FACTION; SERVED AS POSTS AND
TELECOMMUNICATIONS MINISTER, LDP SECRETARY GENERAL,
HEALTH AND WELFARE MINISTER; GRADUATED FROM KEIO
UNIVERSITY; ELECTED NINE TIMES TO THE LOWER HOUSE;
KANAGAWA 11TH DISTRICT.

AGRICULTURE, FORESTRY AND FISHERIES MINISTER:
TAKAO FUJIMOTO 65

FORMER KOMOTO FACTION; SERVED AS DEPUTY CHIEF CABINET
SECRETARY, WEALTH AND WELFARE MINISTER; GRADUATED FROM
TOKYO UNIVERSITY; ELECTED TEN TIMES TO THE LOWER HOUSE;
KAGAWA 1ST DISTRICT.

INTERNATIONAL TRADE AND INDUSTRY MINISTER:
SHINJI SATO 64

FORMER OBUCHI FACTION; SERVED AS TRANSPORT MINISTER,
PARLIAMENTARY MITI VICE MINISTER; GRADUATED FROM KEIO
UNIVERSITY; ELECTED SEVEN TIMES TO THE LOWER HOUSE, ONCE
TO THE UPPER HOUSE; YAMAGUCHI 2ND DISTRICT.
TRANSPORT MINISTER: MAKOTO KOGA 56

FORMER MIYAZAWA FACTION; LDP DEPUTY SECRETARY GENERAL;
SERVED AS LOWER HOUSE CONSTRUCTION COMMITTEE CHAIRMAN;
GRADUATED FROM NIHON UNIVERSITY; ELECTED SIX TIMES TO THE
LOWER HOUSE; FUKUOKA 7TH DISTRICT.

POSTS AND TELECOMMUNICATIONS MINISTER:
HISAO HORINOUCI 71

FORMER WATANABE FACTION; SERVED AS AGRICULTURE MINISTER,
DEFENSE AGENCY PARLIAMENTARY VICE MINISTER; FORMER
IMPERIAL JAPANESE NAVY LIEUTENANT; ELECTED SEVEN TIMES TO
THE LOWER HOUSE; PROPORTIONAL REPRESENTATION KYUSHU BLOC.

LABOR MINISTER: YUTAKA OKANO 69

FORMER OBUCHI FACTION; LDP DEPUTY SECRETARY GENERAL;
SERVED AS UPPER HOUSE CABINET COMMITTEE CHAIRMAN;
GRADUATED FROM KYOTO UNIVERSITY; ELECTED THREE TIMES TO
THE UPPER HOUSE; PROPORTIONAL REPRESENTATION
CONSTITUENCY.

CONSTRUCTION MINISTER: SHIZUKA KAMEI 60

FORMER MITSUZUKA FACTION; LDP ORGANIZATIONAL PUBLIC
INFORMATION HEADQUARTERS CHIEF; SERVED AS TRANSPORT
MINISTER; GRADUATED FROM TOKYO UNIVERSITY; ELECTED SEVEN
TIMES TO THE LOWER HOUSE; HIROSHIMA 6TH DISTRICT.

UNCLAS SECTION 03 OF 11 TOKYO 010303

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; USDA;
USCINCPAC/PA; CINCPACFLT/PA; COMUSJ/PA;
COMNAVFORJAPAN/PA.

E.O. 12958: N/A

SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS NOVEMBER 8

HOME AFFAIRS MINISTER AND NATIONAL PUBLIC SAFETY
COMMISSION CHAIRMAN: KATSUHIKO SHIRAKAWA 51
FORMER MIYAZAWA FACTION; LDP GENERAL AFFAIRS BUREAU
CHIEF; SERVED AS POSTS AND TELECOMMUNICATIONS
PARLIAMENTARY VICE MINISTER; GRADUATED FROM TOKYO
UNIVERSITY; ELECTED SIX TIMES TO THE LOWER HOUSE;
PROPORTIONAL REPRESENTATION HOKURIKU-SHIN'ETSU BLOC.

CHIEF CABINET SECRETARY: SEIROKU KAJIYAMA (RETAINED) 70

FORMER OBUCHI FACTION; SERVED AS LDP SECRETARY GENERAL, JUSTICE MINISTER, MITI MINISTER; GRADUATED FROM NIHON UNIVERSITY; ELECTED NINE TIMES TO THE LOWER HOUSE; IBARAKI 4TH DISTRICT.

MANAGEMENT AND COORDINATION AGENCY DIRECTOR GENERAL: KABUN MUTO 69

FORMER WATANABE FACTION; SERVED AS LDP EXECUTIVE COUNCIL CHAIRMAN, FOREIGN MINISTER, MITI MINISTER, GRADUATED FROM KYOTO UNIVERSITY; ELECTED 11 TIMES TO THE LOWER HOUSE; GIFU 3RD DISTRICT.

HOKKAIDO AND OKINAWA DEVELOPMENT AGENCIES DIRECTOR GENERAL: JITSUO INAGAKI 68

FORMER WATANABE FACTION; LDP POLICY AFFAIRS RESEARCH COUNCIL VICE CHAIRMAN; SERVED AS LOWER HOUSE SOCIAL AND LABOR COMMITTEE CHAIRMAN; GRADUATED FROM WASEDA UNIVERSITY; ELECTED SEVEN TIMES TO THE LOWER HOUSE; PROPORTIONAL REPRESENTATION TOKAI BLOC.

DEFENSE AGENCY DIRECTOR GENERAL: FUMIO KYUMA 55

FORMER OBUCHI FACTION; SERVED AS LOWER HOUSE FINANCE COMMITTEE CHAIRMAN, TRANSPORT PARLIAMENTARY VICE MINISTER; GRADUATED FROM TOKYO UNIVERSITY; ELECTED SIX TIMES TO THE LOWER HOUSE; NAGASAKI 2ND DISTRICT.

ECONOMIC PLANNING AGENCY DIRECTOR GENERAL: TARO ASO 56
FORMER MIYAZAWA FACTION; SERVED AS LDP DEPUTY SECRETARY GENERAL, EDUCATION PARLIAMENTARY VICE MINISTER; GRADUATED FROM GAKUSHUIN UNIVERSITY; ELECTED EIGHT TIMES TO THE LOWER HOUSE; FUKUOKA 8TH DISTRICT.
SCIENCE AND TECHNOLOGY AGENCY DIRECTOR GENERAL: RIICHIRO CHIKAOKA 70

FORMER OBUCHI FACTION; LDP EXECUTIVE COUNCIL VICE CHAIRMAN; SERVED AS HEALTH AND WELFARE PARLIAMENTARY VICE MINISTER; FORMER MILITARY OFFICER; ELECTED SIX TIMES TO THE LOWER HOUSE; YAMAGATA 3RD DISTRICT.

ENVIRONMENT AGENCY DIRECTOR GENERAL: MICHIKO ISHII 63

FORMER MIYAZAWA FACTION; LDP WOMEN'S AFFAIRS BUREAU CHIEF; SERVED AS UPPER HOUSE EDUCATION COMMITTEE CHAIRPERSON; GRADUATED FROM TOKYO COLLEGE OF PHARMACY; ELECTED THREE TIMES TO THE UPPER HOUSE; PROPORTIONAL REPRESENTATION CONSTITUENCY.

NATIONAL LAND AGENCY DIRECTOR GENERAL: KOSUKE ITO 55
FORMER MITSUZUKA FACTION; LDP POLICY AFFAIRS RESEARCH COUNCIL VICE CHAIRMAN; SERVED AS LOWER HOUSE FOREIGN AFFAIRS COMMITTEE CHAIRMAN; GRADUATED FROM HOSEI UNIVERSITY; ELECTED SIX TIMES TO THE LOWER HOUSE; TOKYO 23RD DISTRICT.

BUT LDPQS FOUNDATION FRAGILE (ASAHI - PAGE 2)

THE CHALLENGE THE SECOND HASHIMOTO CABINET FACES IS HOW TO SOLIDIFY THE NOW-UNSTABLE BASE OF THE ADMINISTRATION LED ONLY BY THE LIBERAL DEMOCRATIC PARTY (LDP) MEMBERS,

BUT THERE ARE INDICATIONS THAT THE POWER MAP IN THE PARTY WILL BECOME FLUID. FEUD AMONG THE FORMER FACTIONS IN THE PARTY, IN FACT, SURFACED OVER PERSONNEL SELECTION FOR THE CABINET AND PARTY EXECUTIVE OFFICER POSITIONS PARTLY BECAUSE A TENSE ATMOSPHERE HAS NOW BEEN EASED AFTER THE SOCIAL DEMOCRATIC PARTY (SDP) AND THE SAKIGAKE PARTY DECIDED NOT TO JOIN THE CABINET.
UNCLAS SECTION 04 OF 11 TOKYO 010303

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; USDA; USCINCPAC/PA; CINCPACFLT/PA; COMUSJ/PA; COMNAVFORJAPAN/PA.

E.O. 12958: N/A

SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS NOVEMBER 8

IN SELECTING PARTY EXECUTIVE OFFICERS AND CABINET MINISTERS, FORMER FACTIONS, WHICH HAD BEEN INACTIVE UNTIL RECENTLY, HAD A TUG OF WAR OPENLY. THREE YEARS AGO, WHEN THE LDP WENT OUT OF POWER, WHAT THE ENTIRE PARTY DESIRED FOR WAS TO "COME BACK TO POWER TO FORM AN LDP ADMINISTRATION." IN SEPTEMBER LAST YEAR, A GROUP OF MEDIUM-RANKING AND JUNIOR MEMBERS TRANSCENDING FORMER FACTIONS MOVED TO MAKE HASHIMOTO PRESIDENT OF THE PARTY. BECAUSE OF A SENSE OF TENSION THAT "INTERNAL TROUBLE IN THE LDP WOULD DRIVE THE SDP AND THE SAKIGAKE AWAY FROM THE LDP" (SENIOR LDP MEMBER), IT WAS POSSIBLE TO HOLD DOWN MOVEMENTS OF FORMER FACTIONS.

BUT SINCE THE OCTOBER GENERAL ELECTION, THE ATMOSPHERE HAS CHANGED COMPLETELY. FIRST OF ALL, THE FORMER OBUCHI FACTION, SUCCEEDING IN WINNING A NUMBER OF NEW-COMER MEMBERS TO ITS SIDE, MADE A START TO EXPAND ITS STRENGTH. AGAINST SUCH A MOVE, THE PARTY EXECUTIVES EXPRESSED A SENSE OF DISPLEASURE: "WE EVENHANDEDLY BACKED NEW-COMER CANDIDATES IN ELECTION CAMPAIGNING, BUT NOW WE FEEL AS IF ONLY THE FORMER OBUCHI FACTION STRIVED TO WIN NEW-COMER CANDIDATES TO ITS SIDE" (SENIOR OFFICER). IN ADDITION, NEGATIVE REACTION CAME FROM THE FORMER MITSUZUKA FACTION AND THE FORMER MIYAZAWA FACTION. MOTIVES AMONG THE FORMER FACTIONS ALSO AFFECTED THE PROBLEM OF SECRETARY GENERAL KOICHI KATO'S COURSE OF ACTION.

HOWEVER, THE POSSIBILITY OF "FACTIONS REVIVING," THE DOMINANT VIEW IN THE PART IS THAT: "NOW IS THE SEAN F PERSONNEL SELECTION, SO (FORMER FACTIONS) JUST FUNCTION AS COORDINATORS TO SETTLE STRUGGLE FOR POSITIONS. THERE IS NO POSSIBILITY OF REVIVAL OF FACTIONS" (SENIOR MEMBER).

WHAT MAKES THE MATTER MORE COMPLEX IS THE FACT THAT

DISCORD AMONG THE FORMER FACTIONS HAS CONNECTIONS WITH THE DISPUTE OVER POLICY COURSES. IN THE FORMER OBUCHI FACTION, A NUMBER OF MEMBERS, SUCH AS CHIEF CABINET SECRETARY SEIROKU KAJIYAMA, FAVOR THE FORMING OF A "CONSERVATIVE-CONSERVATIVE ALLIANCE." AND REPORTEDLY FORMER PRIME MINISTER NOBORU TAKESHITA, WHO VIRTUALLY PUTS THE FACTION UNDER HIS CONTROL, ALSO HAS SHOWN SOME UNDERSTANDING TOWARD SUCH A MOVE. WHAT UNDERLIES THIS IS THE AIM OF RE-RALLYING MEMBERS OF THE FORMER TAKESHITA FACTION, WHO ARE NOW DIVIDED INTO THE LDP AND THE SHINSHINTO (NEW FRONTIER PARTY). OUT OF A STRONG SENSE OF ALARM, THE FORMER MITSUZUKA AND MIYAZAWA FACTIONS REACTED NEGATIVELY TO (THE FORMER OBUCHI FACTION). TO COUNTER THE FORMER OBUCHI FACTION, THEY GAVE SUPPORT TO SECRETARY GENERAL KATO, WHO FAVORS THE COOPERATIVE LINE AMONG "THE LDP, THE SDP AND THE SAKIGAKE," STAYING ON IN THE POST.

KATO TOOK THE INITIATIVE IN SELECTING CABINET MEMBERS AND PARTY EXECUTIVE OFFICERS AND MADE AN IMPRESSION THAT THE GROUP FAVORING THE LDP-SDP-SAKIGAKE COOPERATIVE LINE WILL HOLD A DOMINANT POSITION FOR THE TIME BEING. BUT JUDGING FROM THE LINEUP OF THE NEW CABINET, THERE SEEMS TO HAVE BEEN KEEN COMPETITION FOR CABINET POSITIONS BETWEEN THE GROUP FOR THE "LDP-SDP-SAKIGAKE" COOPERATIVE LINE AND THE GROUP FAVORING A "CONSERVATIVE-CONSERVATIVE ALLIANCE."

SHIZUKA KAMEI AND KATSUHIKO SHIRAKAWA, WHO UNTIL RECENTLY HAD SUPPORTED KATO IN THE PARTY EXECUTIVES, JOINED THE CABINET THIS TIME: THE FORMER AS CONSTRUCTION MINISTER AND THE LATTER AS HOME AFFAIRS MINISTER. THEIR ROLE WILL BE TO CHECK MOVEMENTS OF KAJIYAMA AND OTHER MEMBERS IN THE CABINET. ON THE OTHER HAND, MANAGEMENT AND COORDINATION AGENCY DIRECTOR GENERAL KABUN MUTO AND AGRICULTURE, FORESTRY AND FISHERIES MINISTER TAKAO FUJIMOTO, AS MEMBERS OF A VETERANS GROUP, HAVE BEEN CLOSE TO KAJIYAMA, AND SO FAR THEY HAVE BEEN CONSPICUOUSLY

UNCLAS SECTION 05 OF 11 TOKYO 010303

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; USDA; USCINCPAC/PA; CINCPACFLT/PA; COMUSJ/PA; COMNAVFORJAPAN/PA.

E.O. 12958: N/A

SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS NOVEMBER 8

CRITICAL OF THE EXECUTIVES. KAJIYAMA ALSO APPOINTED KAORU YOSANO WHO IS WELL-VERSED ON POLICY-MAKING AND DIET MANAGEMENT TO THE POSITION OF DEPUTY CHIEF CABINET SECRETARY IN ORDER TO FORTIFY AROUND HIMSELF. IN THE PERSONNEL RESHUFFLE IN THE PARTY, DIET POLICY COMMITTEE CHAIRMAN KENZO MURAOKA WAS DECIDED TO REMAIN IN OFFICE.

THIS MEANS THE "CONSERVATIVE-CONSERVATIVE" GROUP STILL REMAINS HERE.

IT IS PREDICTED THAT THOSE TWO MAJOR GROUPS WILL ESCALATE AGAIN THE CONFRONTATION IN THE NEW ADMINISTRATION SOMETIME IN THE FUTURE. IN THIS CONTEXT, WHAT IS NOTICEABLE IS THE LINEUP AIMED AT CARRYING OUT ADMINISTRATIVE REFORM, A MAJOR CHALLENGE THE CABINET IS FACING. FOR THAT PURPOSE, THERE IS MANAGEMENT AND COORDINATION AGENCY DIRECTOR GENERAL MUTO IN THE CABINET, WHILE ADMINISTRATIVE REFORM PROMOTION HEADQUARTERS CHIEF KOKO SATO IN THE PARTY. BOTH ARE DOMINANT FIGURES CLOSE TO FORMER PRIME MINISTER YASUHIRO NAKASONE. NAKASONE ADVOCATES FORMING A "GREAT CONSERVATIVE-CONSERVATIVE ALLIANCE" TO BRING ADMINISTRATIVE REFORM TO FRUITION. IF NAKASONE GAINS MORE STRENGTH IN THE COMING MONTHS, THE "CONSERVATIVE-CONSERVATIVE" GROUP, WHICH IS NOW FORCED TO BE DEFENSIVE, MAY TURN TO BE OFFENSIVE.

ON THE OTHER HAND, THERE IS "DISAGREEMENT IN THE CABINET" AS TO HOW TO COPE WITH THE SOKA GAKKAI RELIGIOUS SECT. KAMEI AND SHIRAKAWA ARE ACTIVE LEADERS AMONG THOSE "CRITICAL OF SOKA GAKKAI," WHICH YOSANO ONCE ADVOCATED A "RECONCILIATION LINE" WITH THE SOKA GAKKAI. SOME IN THE FORMER OBUCHI FACTION ARE SEARCHING WAYS FOR RECONCILIATION WITH THE SOKA GAKKAI. IN THE NEXT YEAR'S TOKYO METROPOLITAN ASSEMBLY ELECTION, THE LDP WILL BE PRESSED TO MAKE A DECISION AS TO WHETHER TO BACK A KOMEITO CANDIDATE RECOMMENDED BY THE SOKA GAKKAI. JUDGING FROM THE LINEUP OF THE CABINET, IT SEEMS DIFFICULT TO PUT TOGETHER OPINIONS INTO ONE IN ORDER TO TAKE A UNANIMOUS ACTION.

RESULTS OF PRIME MINISTERIAL ELECTION IN THE DIET
(TOKYO SHIMBUN - PAGE 1)

PRIME MINISTERIAL ELECTION WAS CARRIED OUT IN THE PLENARY SESSIONS OF THE TWO HOUSES YESTERDAY AFTERNOON. AS A RESULT, LIBERAL DEMOCRATIC PARTY (LDP) PRESIDENT RYUTARO HASHIMOTO WAS ELECTED 83RD PRIME MINISTER. HASHIMOTO EARNED A MAJORITY IN THE FIRST BALLOT IN BOTH HOUSES. SOME MEMBERS OF THE SHINSHINTO (NEW FRONTIER PARTY) AND THE SOCIAL DEMOCRATIC PARTY (SDP) CAST THEIR VOTES CONTRARY TO THEIR PARTY DECISIONS. FOR INSTANCE, AS FOR THE LOWER HOUSE, THREE SDP MEMBERS, SUCH AS NOBUTO HOSAKA, VOTED FOR SDP CHAIRPERSON TAKAKO DOI. HIROSHI KUMAGAI, WHO HAS BEEN EXPELLED FROM THE SHINSHINTO, CAST A BLANK VOTE. AS FOR THE UPPER HOUSE, ALL SDP MEMBERS VOTED FOR HASHIMOTO. FOUR MEMBERS WHO HAVE BOLTED THE SDP BUT NOT YET JOINED OTHER PARTIES FORMALLY, SUCH AS HISAMITSU SUGANO VOTED FOR NAOTO KAN. KEIKO CHIBA AND TSUYOSHI SAITO, WHO ARE EXPECTED TO JOIN THE MINSHUTO (DEMOCRATIC PARTY OF JAPAN), VOTED FOR TAKAKO DOI.

IN ADDITION, KEI HATA AND ONE ANOTHER, WHO HAVE SUBMITTED THEIR RESIGNATIONS TO LEAVE THE SHINSHINTO, WHO ARE ALSO MEMBERS OF THE HEISEIKAI, A GROUP CONSISTING OF THE SHINSHINTO AND KOMEI, VOTED FOR HASHIMOTO INSTEAD OF

OZAWA. A TOTAL OF EVEN MEMBERS FROM SHIN RYOKUFU KAI, NIIN CLUB, AND INDEPENDENTS CAST BLANK VOTES.

RESULTS OF PRIME MINISTERIAL ELECTION

(LOWER HOUSE)

TOTAL VOTES: 498.

- (MAJORITY 250).

UNCLAS SECTION 06 OF 11 TOKYO 010303

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; USDA; USCINCPAC/PA; CINCPACFLT/PA; COMUSJ/PA; COMNAVFORJAPAN/PA.

E.O. 12958: N/A

SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS NOVEMBER 8

RYUTARO HASHIMOTO: 262.

ICHIRO OZAWA: 152.

NAOTO KAN: 52.

TETSUZO FUWA: 26.

TAKAKO DOI: 3.

INVALID: 3.

(UPPER HOUSE)

TOTAL VOTES: 248.

- (MAJORITY 125).

RYUTARO HASHIMOTO: 145.

ICHIRO OZAWA: 68.

TETSUZO FUWA: 14.

NAOTO KAN: 9.

OSAMU YATABE: 3.

TAKAKO DOI: 2.

BLANK VOTES: 7.

MANY JOBS IN STORE FOR NEW CABINET, INCLUDING U.S.-JAPAN RELATIONS (NIHON KEIZAI - PAGE 3)

THE JUST-INAUGURATED SECOND HASHIMOTO CABINET WILL IMMEDIATELY BE PRESSED TO TACKLE A MOUNTAIN OF IMPORTANT AGENDA ITEMS. THE FIRST FOCUS WILL BE THE ESTABLISHING OF A SYSTEM TO CARRY OUT ADMINISTRATIVE REFORM, FOLLOWED BY THE COMPILATION OF THE FY1997 DRAFT BUDGET, A TOUCHSTONE FOR THE NEW CABINET'S EFFORT FOR ADMINISTRATIVE REFORM, AT THE END OF THE YEAR. PRESSING ISSUES ON THE DIPLOMATIC FRONT ARE THE MENDING OF RELATIONS WITH CHINA AND THE RECONSTRUCTION OF RELATIONS WITH THE U.S., WHERE PRESIDENT CLINTON WILL CONTINUE HIS SECOND TERM. THE HARDEST HURDLE AFTER NEW YEAR WOULD BE TO STEER THE REGULAR DIET SESSION, SUCH AS THE HANDLING

OF A DRAFT BUDGET AND PUBLIC NURSING-CARE INSURANCE LEGISLATION. ONCE THIS HURDLE IS CLEARED AND PROSPECTS ARE OBTAINED FOR THE DRAFTING A "COMPLETED PLAN" FOR ADMINISTRATIVE REFORM NEXT FALL, PRIME MINISTER HASHIMOTO'S REELECTION IN THE PRESIDENTIAL ELECTION OF THE LIBERAL DEMOCRATIC PARTY (LDP) WILL BECOME PLAUSIBLE.

(BEFORE END OF YEAR)

THE PRIME MINISTER WILL LAUNCH NEXT WEEK AN "ADMINISTRATIVE REFORM PROMOTION HEADQUARTERS" (TENTATIVE NAME) CONSISTING OF ABOUT TEN KNOWLEDGEABLE PERSONS DRAWN FROM THE PRIVATE SECTOR. UPON WAITING FOR DEREGULATORY MEASURES AND TO BE PRESENTED BY THE EXISTING ADMINISTRATIVE REFORM COMMITTEE AND PROPOSALS BY THE DECENTRALIZATION PROMOTION COMMITTEE, THE PRIME MINISTER WILL BUCKLE DOWN TO THE MAPPING OUT OF A "MAJOR POLICY DIRECTION" REGARDING ADMINISTRATIVE REFORM, CENTERED ON THE RECONSTRUCTION OF GOVERNMENT AGENCIES, BEFORE THE END OF THE YEAR.

ON THE ECONOMIC FRONT, HE IS SCHEDULED TO ATTEND THE JAPAN-U.S. SUMMIT MEETING TO BE HELD ON THE FRINGES OF AN INFORMAL TOP-LEVEL MEETING OF THE ASIA-PACIFIC ECONOMIC COOPERATION FORUM (APEC) PLANNED TO BE HELD LATER IN THE MONTH. HE ALSO NEEDS TO SETTLE THE ISSUE OF CONSTRUCTING AN OFFSHORE FLOATING HELIPORT IN CONDUCTION WITH THE REVERSION OF U.S. FORCES' FUTENMA AIR STATION AT A MEETING OF THE JAPAN-U.S. SPECIAL ACTION COMMITTEE (SACO) SCHEDULED TO BE HELD IMMEDIATELY AFTER THAT. ANOTHER PLAN FLOATING IS TO DISPATCH A PRIME MINISTER'S SPECIAL EMISSARY TO CHINA TO REPAIR BILATERAL RELATIONS, WHICH HAVE COOLED DOWN BECAUSE OF THE SENKAKU ISLANDS ISSUE.

THE WORK OF COMPILING A DRAFT BUDGET AND REVISING THE TAX SYSTEM WILL TAKE PLACE CONCURRENTLY. THERE ARE A MOUNTAIN OF AGENDA ITEMS DIRECTLY LINKED TO ADMINISTRATIVE REFORM, SUCH AS A REVIEW OF THE ALLOCATION OF PUBLIC WORKS PROJECTS, REFORM OF MEDICAL INSURANCE AND UNCLAS SECTION 07 OF 11 TOKYO 010303

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; USDA; USCINCPAC/PA; CINCPACFLT/PA; COMUSJ/PA; COMNAVFORJAPAN/PA.

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SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS NOVEMBER 8

A REVIEW OF A NUMBER OF SPECIAL TAX MEASURES, THAT ARE CALLED "HIDDEN SUBSIDIES." THE KEY POINT WOULD BE WHETHER HIS ADMINISTRATION WILL BE ABLE TO SMOOTHLY OBTAIN COOPERATION FROM THE SOCIAL DEMOCRATIC PARTY (SDP)

AND THE NEW PARTY SAKIGAKE OVER THE HANDLING OF DEFENSE SPENDING AND THE PROBLEM OF HIKING THE CONSUMPTION TAX RATE.

(AFTER NEW YEAR)

SINCE THE LDP LACKS A MAJORITY IN BOTH HOUSES, PROSPECTS FOR THE REGULAR DIET SESSION WILL LARGELY DEPEND ON WHETHER IT CAN FORM AN ALLIANCE WITH THE SDP AND SAKIGAKE PARTY. IF IT CAN MAINTAIN COOPERATION WITH THEM, EARLY PASSAGE OF THE DRAFT BUDGET AND PASSAGE OF THE NURSING-CARE INSURANCE BILL WILL BECOME FEASIBLE, OPENING UP THE HORIZON FOR THE STEERING OF THE DIET.

IT IS, HOWEVER, CERTAIN THAT THE SHINSHINTO (NEW FRONTIER PARTY) WILL CONTINUE ITS PURSUIT OF A SECRET FINANCIAL DONATION SCANDAL INVOLVING LDP SECRETARY GENERAL KOICHI KATO. IF THIS PROBLEM RATTLES COOPERATION AMONG THE LDP, SDP AND SAKIGAKE, THE HASHIMOTO ADMINISTRATION WILL HAVE DIFFICULTIES HANDLING THOSE ISSUES. AS TO REFORM OF THE MINISTRY OF FINANCE (MOF), CHANCES ARE HIGH THAT POINTS AT ISSUE, INCLUDING A REVISION OF THE BANK OF JAPAN LAW, WILL BE DRAFTED INTO BILLS BEFORE OTHER ADMINISTRATIVE ITEMS UP FOR REVAMPING AND SUBMITTED TO THE REGULAR DIET SESSION. THE VIEW IS THAT THE MINSHUTO'S (DEMOCRATIC PARTY OF JAPAN) STANCE TOWARD THE HASHIMOTO ADMINISTRATION WILL BECOME CLEAR THROUGH THOSE PROBLEMS.

ONCE PRESIDENT CLINTON'S NEW ADMINISTRATION STARTS MOVING ON A FULL SCALE, DEBATE ON WHAT TO DO ABOUT BILATERAL DEFENSE COOPERATION IN EMERGENCY CASES IN THE FAR EAST -- A PENDING ISSUE -- WILL SURFACE AS AN IMPORTANT THEME. THE ISSUE HAS BEEN POSTPONED UNDER THE LDP- SDP-SAKIGAKE COALITION, BUT NOW THAT THE FRAMEWORK OF THE ADMINISTRATION HAS CHANGED, THE LDP WILL BE PRESSED TO COME UP WITH A NEW RESPONSE. PROVIDED THAT THE PROPOSED "CONSERVATIVE-CONSERVATIVE ALLIANCE" WHICH IS SMOLDERING AT THE BOTTOM OF THE POLITICAL SITUATION, IS TO REKINDLE, THIS ISSUE WILL LIKELY PROVIDE NEW FUEL.

(AFTER THAT ...)

THE REAL WORTH OF THE HASHIMOTO ADMINISTRATION WILL BE JUDGED IN ITS EFFORT FOR ADMINISTRATIVE REFORM AFTER TIDING OVER THE REGULAR DIET SESSION. THE ARRANGEMENT ENVISAGED UNDER THE POLICY AGREEMENT AMONG THE LDP, SDP AND SAKIGAKE IS TO OBTAIN A "COMPLETED PLAN" BEFORE NEXT FALL AND TO SUBMIT RELATED BILLS TO THE 1998 REGULAR DIET SESSION. DEBATE ON "REFORM OF KASUMIGASEKI (BUREAUCRACY)" WILL REACH A CLIMAX, FOCUSING ON A BLUEPRINT FOR RECONSTRUCTION OF GOVERNMENT AGENCIES.

AT PRESENT, THERE SEEMS TO BE NO PERSON WHO WILL LIKELY COME FORWARD, RUNNING COUNTER TO THE PRIME MINISTER AS A CANDIDATE FOR THE PARTY PRESIDENTIAL ELECTION SCHEDULED TO BE CALLED NEXT SEPTEMBER. IF THE PRIME MINISTER DISPLAYS STRONG LEADERSHIP THROUGH ADMINISTRATIVE REFORM, HE WILL BE ABLE TO SECURE A FOOTING FOR HIS REELECTION

AND A STABLE LONG-TERM ADMINISTRATION.

MAJOR POLITICAL AND ECONOMIC SCHEDULES

(1996)

NOVEMBER 14 - 17: RUSSIAN FOREIGN MINISTER PRIMAKOV TO VISIT JAPAN

- 17 UPPER HOUSE HYOGO PREFECTURE BY-ELECTION
 - 17 - 22 FRENCH PRESIDENT CHIRAC TO VISIT JAPAN
 - 19 GOVERNMENT-SPONSORED OKINAWA DISCUSSION COUNCIL
- UNCLAS SECTION 08 OF 11 TOKYO 010303

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; USDA; USCINCPAC/PA; CINCPACFLT/PA; COMUSJ/PA; COMNAVFORJAPAN/PA.

E.O. 12958: N/A

SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS NOVEMBER 8

TO PRESENT A FINAL REPORT

- 22 - 23 APEC MINISTERIAL CONFERENCE (MANILA)
- 24 JAPAN-U.S. SUMMIT MEETING (MANILA)
- 25 INFORMAL APEC SUMMIT CONFERENCE (MANILA)
- 27 (AROUND) EXTRAORDINARY DIET SESSION TO CONVENE
- 29 GOVERNMENT'S TAX SYSTEM
- RESEARCH COUNCIL TO START DELIBERATIONS ON A REVISION OF THE TAX SYSTEM FOR FY1997 END OF THE MONTH?
- U.S. DEFENSE SECRETARY TO VISIT JAPAN FINAL SACO REPORT

DECEMBER

(MIDDLE OF THE MONTH?) EXTRAORDINARY DIET SESSION TO

- ADJOURN
- 17 (AROUND) OUTLINE OF A REVISED TAX SYSTEM FOR FY1997
- 20 (AROUND) INFORMAL ANNOUNCEMENT OF FY1997 MOF DRAFT
- BUDGET.
- 25 (AROUND) DECIDE ON THE FY1997 GOVERNMENT DRAFT
- BUDGET.

(1997)

LATE IN JANUARY CONVENE THE REGULAR DIET SESSION
FEBRUARY FULL-FLEDGED DELIBERATIONS BY THE LOWER HOUSE
BUDGET COMMITTEE.

LATE IN MARCH FY1997 DRAFT BUDGET TO BE PASSED WITHIN
THE FISCAL YEAR?

END OF APRIL GROUP OF SEVEN FINANC MINISTERS AND
CENTRAL BANK GOVERNORS CONFERENCE (WASHINGTON).

MAY 14 DEADLINE FOR FORCED USE OF U.S. FORCES'
FACILITIES IN OKINAWA, SUCH AS FUTENMA AIR STATION.

MIDDLE OF JUNE ORDINARY DIET SESSION TO ADJOURN.

JUNE 19 - 21 SEVEN NATIONS SUMMIT CONFERENCE (DENVER)

SUMMIT).
SEPTEMBER LDP PRESIDENTIAL ELECTION.

NEW CABINET'S FIRST JOB ON DIPLOMATIC FRONT IS TO BETTER
JAPAN-CHINA RELATIONS (ASAHI - PAGE 3)

FOR THE SECOND HASHIMOTO GOVERNMENT, IMPROVING RELATIONS
WITH CHINA, THAT HAVE BEEN STAGNANT DUE TO THE ISSUE OF
SOVEREIGNTY OVER THE SENKAKU ISLANDS (DIAOYU ISLANDS IN
CHINESE) AND PRIME MINISTER RYUTARO HASHIMOTO'S HAVING
PAID HOMAGE AT YASUKUNI SHRINE, WILL LIKELY BECOME AN
IMMEDIATE DIPLOMATIC ISSUE. A JAPAN-CHINA SUMMIT MEETING
SCHEDULED TO BE HELD IN TIMING WITH THE ASIA-PACIFIC
ECONOMIC COOPERATION (APEC) FORUM IN LATE THIS MONTH WILL
BECOME A CLIMATIC STAGE. BEFORE THE APEC FORUM, FRENCH
PRESIDENT CHIRAC IS EXPECTED TO VISIT JAPAN. IN
ADDITION, UNITED STATES SECRETARY OF DEFENSE PERRY WILL
COME TO JAPAN IN EARLY DECEMBER. SO THE HASHIMOTO
GOVERNMENT WILL BE PRESSED TO MAKE A FINAL DECISION ON
THE ISSUE OF RELOCATION OF THE HELIPORT OF THE FUTENMA
AIR STATION IN OKINAWA.

AFTER HAVING CONFIRMED THE IMPORTANCE OF BILATERAL
RELATIONS IN A JAPAN-CHINA SUB-CABINET-LEVEL MINISTERIAL
IN LATE OCTOBER, THE TENSION BETWEEN JAPAN AND CHINA IS
NOW GRADUALLY BEING ASSUAGED. BUT THE UNSTABLE SITUATION
HAS NOT CHANGED BECAUSE THE WIDE GULF OVER THE SENKAKU
ISLANDS ISSUE STILL REMAINS. THE HASHIMOTO GOVERNMENT
CONSIDERS THAT THE SUMMIT TALKS TO BE HELD TAKING
ADVANTAGE OF THE APEC FORUM WILL BECOME THE FIRST
OCCASION TO REPAIR BILATERAL TIES. THEREFORE, IT INTENDS
TO SPEED UP DOMESTIC COORDINATION AIMING AT RESUMING
GRANT AID SUSPENDED SINCE CHINA'S NUCLEAR TESTS, AS WELL
AS DISPATCHING A SURVEY MISSION FOR RESTARTING YEN-LOAN
PROGRAMS.

AS FOR THE OKINAWA PROBLEM, THE TIME IS NOW APPROACHING
TO DRAW UP A SPECIFIC PLAN FOR RETURN OF THE HELIPORT ON
THE FUTENMA AIR STATION. THIS NOVEMBER IS THE TIME LIMIT
FOR COMPILING THE DRAFT FOR REALIGNING AND REDUCING THE
U.S. MILITARY FACILITIES, WHICH THE JAPAN-U.S. SPECIAL
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USIA

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

E.O. 12958: N/A

SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS NOVEMBER 8

ACTION COMMITTEE ON OKINAWA (SACO) HAS BEEN TACKLING FOR
A YEAR. DEFENSE SECRETARY PERRY'S JAPAN VISIT IS LIKELY

TO BE PUT OFF TO EARLY DECEMBER. SO THE SCHEDULE IS THAT A MINISTERIAL CONSULTATION, WHICH IS CORRESPOND TO THE JAPAN-U.S. SECURITY CONSULTATION COMMITTEE (TWO PLUS TWO), WILL TAKE PLACE AND THERE THE FINAL REPORT COMPILED BY SACO WILL BE PRESENTED.

PRIME MINISTER HASHIMOTO WILL ATTEND THE INFORMAL SUMMIT MEETING ON THE 25TH OF THE APEC FORUM, WHICH WILL START ON THE 22ND IN THE PHILIPPINES. HE IS EXPECTED TO MEET WITH THE PRESIDENTS OF THE U.S. AND SOUTH KOREA, IN ADDITION TO TALKS WITH THE CHINESE PRESIDENT.

ON NOVEMBER 17, FRENCH PRESIDENT CHIRAC WILL VISIT JAPAN AS A STATE GUEST. ON THE 14TH, RUSSIAN FOREIGN MINISTER PRIMAKOV ALSO WILL COME TO JAPAN FOR THE REGULAR FOREIGN MINISTERIAL.

EPA CHIEF ASO POINTS OUT PROBLEMS IN AMERICAN SOCIETY
(NIHON KEIZAI - PAGE 5)

AT A PRESS CONFERENCE HELD AFTER THE FIRST CABINET MEETING EARLY THIS MORNING, ECONOMIC PLANNING AGENCY DIRECTOR GENERAL TARO ASO STATED, "IN THE U.S. ONLY GOODNESS COMES FROM VICTORY. ONCE ONE BECOMES A LOSER, THE DEFEATED WILL TAKE TO CRIME INVOLVING DRUGS OR SEX OFFENSES; BECAUSE A REPECHAGE HAS NOT BEEN MADE INTO A SYSTEM. THE HIGH RATES OF CRIMES AND DIVORCES AMONG YOUNGER PERSONS MIGHT BE ATTRIBUTED TO SUCH A STATE."

HE MADE THIS COMMENT IN THE COURSE OF REFERRING TO DEREGULATION AND OTHER MEASURES FOR ECONOMIC STRUCTURAL REFORM. HE UNDERScoreD, "THE U.S. HAS THRUST VARIOUS TASKS AT JAPAN IN TALKS ON FINANCIAL SERVICES AND CIVIL AVIATION, BUT IT WOULD NOT BE NECESSARILY DESIRABLE TO ADJUST ALL JAPANESE STANDARDS TO FIT THOSE OF THE U.S." HE CONTINUED, "JAPAN SHOULD WORK OUT HOW IT SHOULD PUSH AHEAD WITH REFORM WHILE KEEPING ITS GOOD POINTS."

OPPOSITION PARTIES TO STRIVE FOR REFORM AND WATCH RESULTS; DOI HINTS AT POSSIBILITY OF HER PARTY GOING BACK TO OPPOSITION BENCH IN CASE OF POLICY DISAGREEMENT WITH LDP (MAINICHI - PAGE 2)

OPPOSITION PARTIES YESTERDAY REQUESTED THE HASHIMOTO CABINET TO ADDRESS ADMINISTRATIVE REFORM, AND STRESSED THEIR DETERMINATION TO MAKE EFFORTS TO IMPLEMENT THEIR OWN ADMINISTRATIVE REFORM PLANS.

THE SHINSHINTO HEAD ICHIRO OZAWA STATED, "I OFFER MY CONGRATULATIONS TO MR. HASHIMOTO." HE THEN EXPRESSED HIS RESOLVE TO DELIVER ON HIS PARTY'S PLEDGES INCLUDING REDUCTION OF THE FIXED NUMBER OF PUBLIC SERVANTS BY HALF, SAYING "SINCE OUR PARTY IS A MINORITY ONE, WE CANNOT REALIZE POLICY MEASURES ON ADMINISTRATIVE REFORM, BUT WE WILL DO OUR BEST TO (PUSH OUR PLANS) EVEN A FEW STEPS FORWARD."

MINSHUTO (DEMOCRATIC PARTY OF JAPAN) CO-LEADER NAOTO KAN

STATED, "ONLY THE DIET CAN CARRY OUT ADMINISTRATIVE REFORM. IF THE LIBERAL DEMOCRATIC PARTY (LDP) TAKES AN ATTITUDE OF CONSULTING KASUMIGASEKI (GOVERNMENT OFFICE AREA) OFFICIALS FOR EVERYTHING, IT WILL END IN FAILURE." HE ALSO STATED, "IN THE DIET, OUR PARTY AS AN OPPOSITION PARTY WILL SUPPORT POINTS WHICH WE AGREE ON. EXPECTATIONS ARE RUNNING HIGH (ON ADMINISTRATIVE REFORM BY THE NEW ADMINISTRATION), SO I WILL WATCH PROGRESS CAREFULLY."

JAPAN COMMUNIST PARTY (JCP) CHAIRMAN TETSUZO FUWA MADE A CRITICAL COMMENT, "ALTHOUGH THE NEW ADMINISTRATION IS CALLED AN ADMINISTRATIVE REFORM CABINET, IT HAS SAILED UNCLAS SECTION 10 OF 11 TOKYO 010303

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; USDA; USCINCPAC/PA; CINCPACFLT/PA; COMUSJ/PA; COMNAVFORJAPAN/PA.

E.O. 12958: N/A

SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS NOVEMBER 8

UNDER FALSE COLORS."

HEAD DOI SAYS "IF SDP DISAGREES WITH LDP ON KEY POLICIES, WILL BECOME OPPOSITION PARTY"

SOCIAL DEMOCRATIC PARTY HEAD TAKAKO DOI AT A PRESS CONFERENCE LAST NIGHT INDICATED THAT THE PARTY WOULD BECOME AN OPPOSITION PARTY IF THE SDP DISAGREES WITH THE LDP ON KEY POLICIES. ASKED BY A REPORTER ABOUT WHETHER THE SDP WOULD BECOME AN OPPOSITION PARTY IN CASE ITS ASSERTIONS ARE NOT ACCEPTED, SHE REPLIED, "SHOULD SUCH BE RELATED TO OUR BASIC STANCE, WE THEN CANNOT SIDESTEP THAT PROBLEM." SHE ALSO REVEALED THAT SHE WOULD NOT PUNISH THOSE WHO VOTED FOR DOI IN THE PRIME MINISTER-NOMINATION ELECTION, RUNNING COUNTER TO THE PARTY DECISION.

3 EX-MINISTERS NOW VICE MINISTERS (MAINICHI - PAGE 1)

CHIEF CABINET SECRETARY SEIROKU KAJIYAMA AND FOREIGN MINISTER YUKIHIKO IKEDA RETAINED THEIR RESPECTIVE POSTS IN THE NEW CABINET. KAJIYAMA WILL TAKE CHARGE OF WORKING OUT MEASURES FOR THE OKINAWA ISSUE AND ECONOMIC RECOVERY FROM THE GREAT HANSHIN EARTHQUAKE. HE HAS INDICATED HE WOULD DEAL WITH THE OKINAWA BASE ISSUE AND DISASTER-CRISIS MANAGEMENT UNDER THE LEADERSHIP OF THE PRIME MINISTER'S RESIDENTIAL OFFICE (KANTEI).

PLACING TOP PRIORITY ON ADMINISTRATIVE REFORM FOR THE NEW CABINET, THE PRIME MINISTER APPOINTED FORMER LIBERAL DEMOCRATIC PARTY (LDP) EXECUTIVE BOARD CHAIRMAN KABUN

MUTO AS DIRECTOR GENERAL OF THE MANAGEMENT AND COORDINATION AGENCY, WHICH IS IN CHARGE OF ADMINISTRATIVE REFORM. FORMER SECRETARY GENERAL HIROSHI MITSUZUKA WAS CHOSEN FINANCE MINISTER, WHO WILL TACKLE FINANCIAL SYSTEM REFORM, AND FORMER MINISTER OF HEALTH AND WELFARE TAKAO FUJIMOTO WAS NAMED MINISTER OF AGRICULTURE, FORESTRY AND FISHERIES (MAFF).

JUNICHIRO KOIZUMI WAS APPOINTED MINISTER OF HEALTH AND WELFARE, REFLECTING THE PRIME MINISTER'S STRONG DESIRE. KOIZUMI ASSUMED THIS POST BEFORE AND IS AN ADVOCATE FOR ADMINISTRATIVE REFORM. FOR THE POST OF JAPAN DEFENSE AGENCY DIRECTOR GENERAL, FUMIO KYUMA WAS NAMED. HE JOINS THE CABINET FOR THE FIRST TIME.

IN ORDER TO INTRODUCE A "VICE MINISTER SYSTEM" AS PART OF POLITICAL REFORM STEPS, THE PRIME MINISTER APPOINTED THREE FORMER CABINET MINISTERS -- FORMER ECONOMIC PLANNING AGENCY DIRECTOR GENERAL MASAHIKO TAKAMURA AS FOREIGN VICE MINISTER, FORMER ENVIRONMENT AGENCY DIRECTOR GENERAL SEIZABURO NAKAMURA AS FINANCE VICE MINISTER, AND FORMER EDUCATION MINISTER KOSUKE HORI AS MAFF VICE MINISTER.

FORMER EDUCATION MINISTER YOSANO APPOINTED DEPUTY CHIEF CABINET SECRETARY (MAINICHI - PAGE 2)

PRIME MINISTER RYUTARO HASHIMOTO ON NOVEMBER 7 DECIDED TO APPOINT FORMER EDUCATION MINISTER KAORU YOSANO TO THE POST OF DEPUTY CHIEF CABINET SECRETARY FOR PARLIAMENTARY AFFAIRS WITH THE START OF HIS SECOND CABINET. ANOTHER DEPUTY CHIEF CABINET SECRETARY, TEIJIRO FURUKAWA, WHO IS IN CHARGE OF ADMINISTRATIVE AFFAIRS, IS RETAINED.

KAORU YOSANO: SERVED AS PARLIAMENTARY VICE MINISTER OF INTERNATIONAL TRADE AND INDUSTRY, CHAIRMAN OF THE LOWER HOUSE COMMITTEES ON COMMERCE AND INDUSTRY, SCIENCE AND TECHNOLOGY, AND RULES AND ADMINISTRATION, AND EDUCATION MINISTER; GRADUATED FROM THE TOKYO UNIVERSITY LAW DEPARTMENT; ELECTED FROM TOKYO DISTRICT 1 FOR THE LOWER HOUSE; ELECTED 7 TIMES; 58 YEARS OLD; FORMER WATANABE FACTION (IN THE LIBERAL DEMOCRATIC PARTY).

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USIA

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

E.O. 12958: N/A

SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS NOVEMBER 8

WASHINGTON WANTS NEW CABINET TO CARRY OUT DEREGULATION PACKAGE (TOKYO SHIMBUN - PAGE 7)

(WASHINGTON, NOVEMBER 7, NAOFUMI KUCHIKI) THE UNITED STATES GOVERNMENT HAS NOT YET RELEASED ANY OFFICIAL COMMENT ON THE SECOND HASHIMOTO CABINET, BUT ON THE 7TH A HIGH-RANKING OFFICIAL OF THE U.S. STATE DEPARTMENT EXPRESSED HIS HOPES, SAYING "AS PRIME MINISTER HASHIMOTO HAS PLEDGED TO PROMOTE DEREGULATION, THE U.S. GOVERNMENT HOPES THAT HIS PROMISE WILL BE KEPT. IN ADDITION, WE ARE HOPING FOR JAPAN'S FURTHER CONTRIBUTIONS TO THE SECURITY OF THE ASIAN REGION."

REGARDING ECONOMIC ISSUES INCLUDING INSURANCE TALKS, WHICH WILL RUN OUT ON DECEMBER 15, AS WELL AS CIVIL AIR NEGOTIATIONS, A STATE DEPARTMENT SOURCE REMARKED: "WE WANT TO SEE (PRIME MINISTER HASHIMOTO'S) LEADERSHIP FOR BRINGING ON AN EARLY SETTLEMENT."

JCCI PRESIDENT WORRIED ABOUT ADMINISTRATIVE REFORM AS PIE IN THE SKY (NIHON KEIZAI - PAGE 5)

JAPAN CHAMBER OF COMMERCE AND INDUSTRY (JCCI) PRESIDENT KOSAKU INABA IN A PRESS BRIEFING YESTERDAY REFERRED TO A SOON-TO-BE SET UP ORGANIZATION UNDER THE JURISDICTION OF PRIME MINISTER RYUTARO HASHIMOTO, WHICH WILL TACKLE THE WORK OF REORGANIZATION OF CENTRAL GOVERNMENT OFFICES. HE THEN EXPRESSED HIS ANXIETY OVER THE CAPABILITY OF THE PANEL, REMARKING "THE ORGANIZATION IS JUST A TECHNICAL PROBLEM. I AM CONCERNED THAT UNLESS THE PRIME MINISTER HAS A STRONG DETERMINATION TO IMPLEMENT ADMINISTRATIVE AND FISCAL REFORMS WITHOUT GIVING CONSIDERATIONS TO THE INTERESTS OF VARIOUS PARTIES, THE SAME RESULT AS IN THE PAST WILL COME."

CRANE

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DIST:

SIT: NSC

Cable

PREC: IMMEDIATE
CLASS: UNCLASSIFIED
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LINE2: ZNR UUUUU ZZH
LINE3: O 080828Z NOV 96
LINE4: FM AMEMBASSY TOKYO
OSRI: RUEHKO
DTG: 080828Z NOV 96
ORIG: AMEMBASSY TOKYO
TO: RHEHAAA/WHITEHOUSE WASHDC IMMEDIATE
RUEHIA/USIA WASHDC IMMEDIATE 1884
RHHMUNA/USCINCPAC HONOLULU HI//USIA// PRIORITY
RUYNJDK/COMNAVFORJAPAN YOKOSUKA JA PRIORITY
RUEATRS/TREASURY DEPT WASHDC PRIORITY
RUCPDOG/USDOC WASHDC PRIORITY
RUEKJCS/SECDEF WASHDC//USDA;ISA// PRIORITY
RUEHC/SECSTATE WASHDC PRIORITY 9402
RUALSFJ/COMUSJAPAN YOKOTA AB JA PRIORITY
RUHBANB/OAFO CAMP BUTLER JA PRIORITY
RUHVPAC/HQ PACAF HICKAM AFB HI//CC/PA// PRIORITY
RHHMHAH/CINCPACFLT PEARL HARBOR HI//N541// PRIORITY
INFO: RUEHOK/AMCONSUL OSAKA KOBE PRIORITY 9213
RUEHKOF/AMCONSUL FUKUOKA PRIORITY 2455
SUBJ: MEDIA REACTION, AMBASSADOR MONDALE'S RETIREMENT
AND INAUGURATION OF SECOND HASHIMOTO GOVERNMENT; TOKYO
TEXT:
UNCLAS TOKYO 010334

USIA

FOR: USIA FOR I/RF, I/RFW, I/GEA, EA, R/MR; STATE/EAP/J,
EAP/P, PM, STATE DEPT. PLS PASS TO USTR/PUBLIC AFFAIRS
OFFICE; TREASURY/OASIA/IMI; NSC; SECDEF FOR OASD/PA; CP
BUTLER OKINAWA FOR AREA FIELD OFFICE

E.O. 12958; N/A
SUBJECT: MEDIA REACTION, AMBASSADOR MONDALE'S RETIREMENT
AND INAUGURATION OF SECOND HASHIMOTO GOVERNMENT; TOKYO

LEAD STORIES: ALL SIX FRIDAY MORNING TOKYO PAPERS GAVE
TOP COVERAGE TO THE INAUGURATION OF THE SECOND HASHIMOTO
CABINET.

1. "AMBASSADOR MONDALE TO RETIRE" THE FRIDAY NOON NEWS
OF ALL SIX TOKYO TV NETWORKS GAVE MODERATE TO PROMINENT
COVERAGE TO AMBASSADOR MONDALE'S ANNOUNCEMENT THAT HE
WILL BE RETIRING FROM HIS POSITION BY THE END OF THE
YEAR.
2. QUASI-GOVERNMENTAL NHK-TV SAID, "AMBASSADOR MONDALE
ANNOUNCED ON FRIDAY HE WOULD LEAVE HIS POST IN MID-

DECEMBER. MONDALE MADE THE ANNOUNCEMENT DURING HIS TALKS WITH PRIME MINISTER HASHIMOTO AT THE PRIME MINISTER'S OFFICIAL RESIDENCE FRIDAY MORNING. AFTER CONGRATULATING HASHIMOTO ON THE INAUGURATION OF HIS SECOND ADMINISTRATION, MONDALE EXPRESSED HIS APPRECIATION FOR THE SUPPORT HASHIMOTO HAD GIVEN HIM AS U.S. AMBASSADOR TO TOKYO. MONDALE SAID THAT MUCH OF THE PROGRESS IN THE U.S.-JAPAN RELATIONSHIP HAD BEEN MADE POSSIBLE THANKS TO THE STRONG PERSONAL TIES THE PRIME MINISTER HAD ESTABLISHED WITH PRESIDENT CLINTON.

"THE PRIME MINISTER SAID HE WAS SURPRISED BY THE AMBASSADOR'S SUDDEN ANNOUNCEMENT AND THAT THE JAPANESE PEOPLE WILL MISS THE AMERICAN EMISSARY.

"SINCE HE ASSUMED THE U.S. AMBASSADORSHIP TO JAPAN IN 1993, MONDALE HAS CONTRIBUTED GREATLY TO THE DEVELOPMENT OF U.S.-JAPAN RELATIONS. HE HAS BEEN A KEY PERSON IN EFFORTS TO RESOLVE THE OKINAWA BASE ISSUE, INCLUDING THE DECISION TO RETURN THE FUTENMA MARINE CORPS AIR STATION."

3. "SOLID U.S.-JAPAN TIES ARE THE FOUNDATION" THE CONSERVATIVE SANKEI EDITORIALIZED (NOVEMBER 8), "THE SECOND HASHIMOTO CABINET HAS BEGUN. THE FIRST GENERAL (LOWER HOUSE) ELECTION IN MORE THAN THREE YEARS RESULTED IN PRIME MINISTER HASHIMOTO'S LIBERAL DEMOCRATIC PARTY ESTABLISHING A ONE-PARTY GOVERNMENT (FORMED WITH FEWER THAN HALF THE SEATS IN THE LOWER HOUSE). THE LDP GOVERNMENT NEEDS TO RECOGNIZE FULLY ITS RESPONSIBILITY DURING THE PRESENT DIFFICULT POLITICAL CIRCUMSTANCES.

"ON THE DIPLOMATIC FRONT, U.S.-JAPAN RELATIONS ARE A MATTER OF VITAL IMPORTANCE. NATURALLY, JAPAN SHOULD FAITHFULLY IMPLEMENT THE SECURITY DECLARATION ISSUED BY PRESIDENT CLINTON AND PRIME MINISTER HASHIMOTO LAST APRIL. CLOSING DOWN OR REDUCING U.S. MILITARY FACILITIES ON OKINAWA SHOULD BE ACCOMPLISHED WITHOUT NEGATIVELY AFFECTING THE BILATERAL SECURITY RELATIONSHIP. ALTHOUGH JAPAN HAS CONSTITUTIONAL RESTRICTIONS (ON COLLECTIVE SECURITY), U.S.-JAPAN DEFENSE COOPERATION GUIDELINES SHOULD BE REVISED AS REALISTICALLY AND SUBSTANTIALLY AS POSSIBLE TO COPE WITH EMERGENCIES IN THE FAR EAST.

"IF JAPAN NEGLECTS THE JOINT SECURITY DECLARATION, THE U.S.-JAPAN RELATIONSHIP WILL MOST CERTAINLY DETERIORATE. THE WORSENING OF U.S.-JAPAN TIES WOULD DELIGHT CHINA, WHICH HAS BECOME INCREASINGLY SENSITIVE ABOUT THE U.S.-JAPAN STUDY OF GUIDELINES FOR COOPERATION DURING MILITARY CONTINGENCIES IN THE FAR EAST..." CRANE

SECT: SECTION: 01 OF 01

SSN: 0334

TOR: 961108035431 M2484931

DIST:

SIT: NSC

Cable

PREC: IMMEDIATE

CLASS: UNCLASSIFIED

LINE1: OAAUZYUW RUEHKOAO405 3180426-UUUU--RHEHAAA.

LINE2: ZNR UUUUU ZZH

LINE3: O 130426Z NOV 96

LINE4: FM AMEMBASSY TOKYO

OSRI: RUEHKO

DTG: 130426Z NOV 96

ORIG: AMEMBASSY TOKYO

TO: RUEHIA/USIA WASHDC IMMEDIATE 1907
RUEHC/SECSTATE WASHDC IMMEDIATE 9500

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

SUBJ: JAPANESE MORNING PRESS HIGHLIGHTS NOVEMBER 13

TEXT:

UNCLAS SECTION 01 OF 09 TOKYO 010405

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 13

TOP HEADLINES:

ASAHI: AIR CRASH BETWEEN JUMBO JETS IN INDIA; 350 PEOPLE
REPORTEDLY KILLED; SAUDI ARABIAN AND KAZAKSTAN PLANES
INVOLVED

NIHON KEIZAI: APEC: TO ENDORSE CHINA'S, TAIWAN'S
PARTICIPATION IN WTO; CHAIRMAN RAMOS, PRESIDENT OF THE
PHILIPPINES GIVES INTERVIEW; TIME NEEDED TO ACCEPT NEW
MEMBERS OF APEC; ENTHUSIASTIC FOR RE-ELECTION IN
PRESIDENTIAL RACE

TOKYO SHIMBUN: AIR CRASH BETWEEN SAUDI ARABIAN JUMBO JET AND KAZAKSTAN JET; NO HOPE OF SURVIVAL OF 347 PASSENGERS AND CREW; AT TIME OF LANDING AT NEW DELHI

MAINICHI: AIR CRASH BETWEEN JUMBO JETS IN INDIA; 350 REPORTEDLY KILLED; SAUDI ARABIAN AND KAZAKSTAN JETS

YOMIURI: ADMINISTRATIVE REFORM COMMITTEE'S SUBPANEL DRAFTS A REPORT ON DEREGULATION; INSURANCE AND INVESTMENT TRUST WILL BE HANDLED AT BANKS' WINDOWS; SALES CHANNELS TO BE DIVERSIFIED; OPENING OF AIR ROUTES TO BE LIBERALIZED; FURTHER STUDY OF "RESALE OF WRITINGS" (TRANSLATION BELOW)

SANKEI: AIR CRASH IN NEW DELHI; 350 PEOPLE ABOARD SAUDI ARABIAN AND KAZAKSAN JETS KILLED? NO JAPANESE CONFIRMED ON BOARD

ADMINISTRATIVE REFORM SUBPANEL READIES DEREGULATION REPORT ON INSURANCE, INVESTMENTS, AIR TRANSPORT, ETC. (NIHON KEIZAI - TOP PLAY)

THE DEREGULATION SUB-COMMITTEE (CHAIRER BY YOSHIHIKO MIYAUCHI, PRESIDENT OF ORIX) OF THE GOVERNMENT'S ADMINISTRATIVE REFORM COMMITTEE YESTERDAY REVEALED A BASIC PLAN (POLICY DIRECTION TO BE FINALIZED) FOR MAJOR AREAS TO BE INCLUDED IN A REPORT ON PROMOTION OF DEREGULATION SCHEDULED TO BE COMPILED IN EARLY DECEMBER. THE DRAFT PLAN AIMS AT DIVERSIFYING SALES CHANNELS FOR INSURANCE PRODUCTS AND INVESTMENT TRUST, BY LIFTING A BAN ON SALE OF SUCH AT BANK COUNTERS. IN A BID TO MAKE IT POSSIBLE FOR AIRLINE COMPANIES TO OPEN ROUTES FREELY, THE PLAN INCLUDES A PROPOSAL FOR SCRAPPING THE "SUPPLY-DEMAND ADJUSTMENT REGULATION." AS TO THE ISSUE OF RETAINING OR SCRAPPING THE RESALE PRICE MAINTENANCE SYSTEM APPLIED TO COPYRIGHT PRODUCTS, SUCH AS NEWSPAPERS AND BOOKS, THE DRAFT INDICATES THE POSSIBILITY OF FUTURE CONSIDERATION IN THE MATTER, SIMPLY NOTING, "WE WANT TO HEIGHTEN THE PEOPLE'S INTEREST IN THE MATTER AND DEEPEN DISCUSSION, AIMING AT REACHING A CONCLUSION." THE RESULTS OF STUDIES CONDUCTED BY THE ADMINISTRATIVE REFORM COMMITTEE WILL BE REFLECTED IN A DEREGULATION PROMOTION PLAN TO BE DECIDED BY THE GOVERNMENT AT THE END OF THE YEAR, CONSTITUTING A MAJOR SHOWCASE OF POLICY MEASURES OF THE HASHIMOTO ADMINISTRATION, WHICH ADVOCATES ECONOMIC STRUCTURAL REFORMS.

FURTHER CONSIDERATION INTO "RESALE OF COPYRIGHT PRODUCTS"

THE ADMINISTRATIVE REFORM COMMITTEE PANEL HAS LOOKED INTO TEN AREAS (46 ITEMS), OF WHICH REGARDING "COMPETITIVE POLICY MEASURES," THE PANEL HAS STRONGLY CALLED FOR ABOLITION OF RESTRICTIONS ON HOLDING COMPANIES AND STOCK-HOLDING BY LARGE-SCALE CORPORATIONS STIPULATED UNDER THE ANTI-MONOPOLY LAW, CITING, "TODAY, THERE ARE NO CLEAR-CUT GROUNDS FOR JUSTIFYING UNIFORM IMPOSITION OF SUCH RESTRICTIONS."

IN THE "FINANCIAL, SECURITIES AND INSURANCE" SECTORS, PROPOSALS HAVE BEEN MADE FOR REMOVAL OF A BAN ON SALE OF INSURANCE PRODUCTS AT BANK COUNTERS, LIBERALIZATION OF INSURANCE PREMIUM RATES AND ABOLITION OF A RESTRICTION ON UNCLAS SECTION 02 OF 09 TOKYO 010405

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 13

THE MANAGEMENT OF CORPORATION PENSION FUNDS.

IN THE "TRANSPORT" SECTOR, SCRAPPING OF THE SUPPLY-DEMAND ADJUSTMENT RESTRICTION HAS BEEN PROPOSED, AIMING AT FREER SETTING OF FARES AND OPENING OF NEW ROUTES, BY DISMANTLING RESTRICTIONS THAT HAVE BLOCKED COMPETITION OVER AIR FARES. THE PANEL ALSO CALLS FOR ABOLISHING THE LOWER LIMIT CURRENTLY SET FOR AIR FARE RANGES, AIMING AT CONSOLIDATING AN ENVIRONMENT THAT WOULD MAKE IT EASY FOR CARRIERS TO SET FARES AT A LEVEL 50 PERCENT BELOW THE PRESENT ONE. AT WORK BEHIND SUCH A PROPOSAL IS THE ONGOING MOVE FOR A NEW ENTRY INTO THE AVIATION INDUSTRY.

REGARDING "INFORMATION AND COMMUNICATIONS," THE DRAFT INDICATES A FORWARD-LOOKING STANCE TOWARD THE PROPOSED BREAKUP OF THE NIPPON TELEGRAPH AND TELEPHONE CORPORATION, CITING, "POLITICAL LEADERSHIP IS EXPECTED SO THAT A CONCLUSION CAN BE DRAWN PROMPTLY" ON WHAT TO DO ABOUT NTT "IN LINE WITH THE VIEWS ISSUED BY THE ADMINISTRATIVE REFORM COMMITTEE LAST YEAR." AS TO A RESTRICTION ON FOREIGN CAPITAL FOR THE CATV SYSTEM, THE PANEL SEEKS ABOLITION OF SUCH, NOTING, "UNLIKE OTHER TYPES OF BROADCASTING MEDIA, THE CATV HAS NOTHING TO DO WITH THE LIMITED NATURE OF RADIO WAVES."

IN THE "EDUCATION" SECTOR, THE PANEL ADVOCATES THE SECURING OF THE TRANSPARENCY OF SCHOOL-TEXTBOOK SCREENING. AT THE SAME TIME, A PROPOSAL HAS BEEN MADE FOR A JOINT SCHOOL-TEXTBOOK ADOPTION SYSTEM AS CURRENTLY EMPLOYED BY PUBLIC PRIMARY SCHOOLS AND JUNIOR HIGH SCHOOLS SO THAT THE WILLS OF SCHOOLS CAN BE MIRRORED (IN EDUCATION).

THE DEREGULATION SUB-COMMITTEE WILL START FULL-FLEDGED NEGOTIATIONS WITH RELEVANT GOVERNMENT ON THE BASIS OF THE BASIC PLAN, AND THEN, THE ADMINISTRATIVE REFORM COMMITTEE WILL SUBMIT A REPORT TO PRIME MINISTER HASHIMOTO IN LATE DECEMBER. THE GOVERNMENT WILL IN TURN INCLUDE THE

CONTENTS OF THE REPORT IN A DEREGULATION PROMOTION PLAN TO BE COMPILED AT THE END OF MARCH, 1997.

STUDY GROUP PRESENTS REPORT TO PRIME MINISTER ON REVISING BANK OF JAPAN LAW (NIHON KEIZAI - PAGE 1)

THE CENTRAL BANK STUDY COUNCIL (CHAIRER BY KEIO UNIVERSITY PRESIDENT YASUHIKO TORII), A PRIVATE ADVISORY PANEL TO PRIME MINISTER RYUTARO HASHIMOTO, HAS COMPILED A REPORT ON AMENDING THE BANK OF JAPAN LAW AND PRESENTED IT TO PRIME MINISTER HASHIMOTO YESTERDAY. THE COUNCIL POSITIONED THE POLICY BOARD AS THE SOLE POLICY-MAKING ORGAN IN THE BANK OF JAPAN AND PROPOSED THAT TO SIGNIFICANTLY STRENGTHEN ITS FUNCTIONS AND AUTHORITY, REPRESENTATIVES FROM THE GOVERNMENT AND INDUSTRIES SHOULD BE REMOVED FROM THE BOARD. MEANWHILE, THE REPORT SAID THE GOVERNMENT SHOULD BE ALLOWED THE RIGHT TO PRESENT BILLS TO THE POLICY BOARD, THUS LEAVING LEEWAY FOR THE GOVERNMENT TO BE INVOLVED IN DECISION-MAKING BY THE BANK OF JAPAN.

KEY POINTS IN THE CENTRAL BANK STUDY COUNCIL REPORT

- EXCLUSION OF REPRESENTATIVES OF THE GOVERNMENT AND INDUSTRIES FROM POLICY BOARD MEMBERSHIP.
 - SCRAPPING OF THE BOARD OF DIRECTORS AND UNIFICATION (OF EVERYTHING) UNDER THE POLICY BOARD.
 - GRANT THE GOVERNMENT OF THE RIGHT TO SUBMIT BILLS TO THE POLICY BOARD.
 - SMOOTH DISCLOSURE OF THE GIST AND MINUTES OF POLICY BOARD DISCUSSION AFTER A CERTAIN PERIOD OF TIME.
 - SCRAPPING THE FINANCE MINISTER'S RIGHT TO IMPOSE DUTIES ON THE BANK OF JAPAN.
 - LEGISLATION SO THAT THE CENTRAL BANK CAN CHECK FINANCIAL INSTITUTIONS.
 - GRANTING THE BANK OF JAPAN INDEPENDENT AUTHORITY TO
- UNCLAS SECTION 03 OF 09 TOKYO 010405

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 13

WORK OUT MONETARY POLICIES; THE GOVERNMENT INVOLVED IN EFFORTS TO DISPEL DISTRUST, AND FOREIGN EXCHANGE INTERVENTION BASED ON THE GOVERNMENT'S JUDGMENT.

PRIME MINISTER ASKS MITI TO TAKE LEAD IN ECONOMIC STRUCTURAL REFORM (NIHON KEIZAI - PAGE 5)

PRIME MINISTER RYUTARO HASHIMOTO CALLED IN MINISTER OF INTERNATIONAL TRADE AND INDUSTRY (MITI) SHINJI SATO TO HIS RESIDENTIAL OFFICE YESTERDAY AND INSTRUCTED HIM THAT IN ORDER TO RESUSCITATE THE JAPANESE ECONOMY, MITI SHOULD TAKE THE LEAD IN COORDINATING VIEWS WITH OTHER RELEVANT MINISTRIES AND AGENCIES TO MOVE ECONOMIC STRUCTURAL REFORM FORWARD. HE ORDERED MITI TO DRAFT A PROGRAM BY EARLY DECEMBER, SUBMIT REQUESTS FOR INCORPORATING NECESSARY FUNDS IN THE FY1997 BUDGET AND FOR NEEDED LEGAL REVISIONS, AND TO WORK OUT THE CONTENTS OF A MEDIUM-TERM POLICY PLAN BY MARCH OR APRIL 1997.

ON THE PRIME MINISTER'S INSTRUCTION, MITI MINISTER SATO CALLED IN MEMBERS OF THE INDUSTRIAL STRUCTURAL REFORM HEADQUARTERS AND ORDERED THEM TO LAUNCH COORDINATION WORK WITH RELEVANT GOVERNMENT AGENCIES. SATO SAID IN A PRESS BRIEFING, "THERE IS NO TIME LEEWAY. WE WILL MAP OUT SPECIFIC MEASURES, BASD ON OPINIONS IN THE INDUSTRIAL STRUCTURAL COUNCIL (AN ADVISORY PANEL TO THE MITI MINISTER)."

THE PRIME MINISTER REPORTEDLY STATED, "WE NEED TO PUSH AHEAD WITH ECONOMIC STRUCTURAL REFORM IMMEDIATELY." HE SET A PERIOD UNTIL EARLY DECEMBER AS "THE FIRST STAGE" AND A TERM UNTIL NEXT SPRING AS "THE SECOND STAGE." AS FOR THE FIRST STAGE, THE PRIME MINISTER INSTRUCTED THAT EXPENDITURES FOR TASKS THAT SHOULD BE IMMEDIATELY IMPROVED IN STRUCTURAL REFORM SHOULD BE EARMARKED IN THE FY1997 BUDGET AND BILLS TO REVISE RELEVANT LAWS BE SUBMITTED TO THE NEXT ORDINARY DIET SESSION. REGARDING THE SECOND PHASE, HE ORDERED MITI PRESENT A SPECIFIC PLAN ON TASKS THAT WILL BE REVIEWED NEXT YEAR OR AFTER, INCLUDING SPECIFIC SCHEDULING.

ECONOMIC STRUCTURAL REFORM INSTRUCTED BY PRIME MINISTER RYUTARO HASHIMOTO

SCHEDULING:

(FIRST STAGE)

FORMATION OF A "PROGRAM FOR REFORM AND CREATION OF THE ECONOMIC STRUCTURE" (BY EARLY DECEMBER).

(SECOND STATE)

WORKING OUT THE DETAILS OF THE PROGRAM (BY NEXT SPRING).

ITEMS FOR CONSIDERATION:

(CREATION OF NEW INDUSTRIES)

- DEREGULATION (INFORMATION AND TELECOMMUNICATIONS SERVICES; MEDICAL AND WELFARE SERVICES; MANPOWER OR HUMAN RESOURCES AGENTS; FEE-CHARGING JOB-SEARCH SERVICES; FINANCIAL SERVICES)
- RESEARCH AND DEVELOPMENT (DEVELOPMENT KEY TECHNOLOGIES)
- EDUCATION (ESTABLISHMENT OF NEW DEPARTMENTS AND SUBJECTS OF STUDY; IMPROVEMENT OF CURRICULUMS)
- FUNDS (THE TAX SYSTEM; INCREASE IN COMPANIES THAT OPERATE PENSION FUNDS)
- MOBILITY OF PERSONNEL (INTRODUCTION OF THE STOCK-

OPTION SYSTEM)

- TECHNOLOGY (DEREGULATION OF JOINT STUDY BY INDUSTRIES, THE GOVERNMENT AND ACADEMIC CIRCLES)

CREATION OF BUSINESS ENVIRONMENT TO ATTRACT FOREIGN INVESTORS:

- CORRECTION OF THE HIGH-COST STRUCTURE (DEREGULATION IN THE PHYSICAL DISTRIBUTION AND TELECOMMUNICATIONS SECTORS; CONSOLIDATION OF INFRASTRUCTURE, SUCH AS UNCLAS SECTION 04 OF 09 TOKYO 010405

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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INTERNATIONAL HUB AIRPORTS)

- REFORM OF CORPORATE-RELATED SYSTEMS (LABOR AND EMPLOYMENT SYSTEMS; RESTRICTIONS ON HOLDING COMPANIES; CORPORATE TAX SYSTEMS)
- MAINTENANCE AND DEVELOPMENT OF LOCAL INDUSTRIAL INTEGRATION)

EXTRA DIET SESSION TO START ON NOVEMBER 29
(SANKEI - PAGE 2)

THE LIBERAL DEMOCRATIC PARTY YESTERDAY HELD MEETINGS OF DIET STEERING COMMITTEE CHAIRMEN WITH THE SHINSHINTO (NEW FRONTIER PARTY) AND MINSHUTO (DEMOCRATIC PARTY OF JAPAN) SEPARATELY TO DISCUSS AN EXTRAORDINARY DIET SESSION. IN THE SESSIONS, THE THREE PARTIES HAVE AGREED TO CONVENE THE EXTRA DIET SESSION ON NOVEMBER 29 AND TO ESTABLISH TWO SPECIAL COMMITTEES ON THE TAX SYSTEM AND ADMINISTRATIVE REFORM. THE LDP TOLD THE TWO PARTIES THAT IT WOULD APPOINT FORMER CONSTRUCTION MINISTER SHOZO HARADA AS CHAIRMAN OF THE SPECIAL TAX COMMITTEE, AS WELL AS FORMER CHIEF CABINET SECRETARY TAMISUKE WATANUKI AS CHAIRMAN OF THE SPECIAL ADMINISTRATIVE REFORM COMMITTEE.

REGARDING THE TERM OF THE SESSION, THE LDP HAS SUGGESTED A 15-DAY SESSION, BUT IT WILL CONTINUE TO DISCUSS IT.

ON THE 22ND, THE CABINET WILL DECIDE TO OPEN THE EXTRAORDINARY DIET SESSION ON THE 29TH. ON THE 29TH, THE DAY OF THE CONVOCAION OF THE EXTRA SESSION, PRIME MINISTER RYUTARO HASHIMOTO WILL DELIVER HIS OVERALL POLICY SPEECH. FROM DECEMBER 2 TO 4, INTERPELLATIONS WILL BE CARRIED OUT BY THE REPRESENTATIVES OF THE PARTIES.

THE LDP HAS TRANSMITTED THAT IT PLANS TO DELIBERATE SUCH ISSUES AS A BILL TO ESTABLISH A NURSING-CARE INSURANCE SYSTEM FOR THE ELDERLY IN THE DIET SESSION. BUT IT WILL PRESENT A SUPPLEMENTARY BUDGET BILL TO THE NEXT REGULAR DIET SESSION, WHICH WILL BE CONVENED IN JANUARY.

MEANWHILE, THE SHINSHINTO HAS DEMANDED THE DELIBERATION OF A BILL TO HOLD THE PRESENT THREE PERCENT CONSUMPTION TAX RATE AS IS. THE MINSHUTO HAS INDICATED IT WILL SUBMIT A BILL THAT WOULD SET UP A COMMITTEE TO MONITOR GOVERNMENT ADMINISTRATION (JAPANESE VERSION OF THE GAO).

NEW CABINET PANIC STRICKEN OVER REVELATIONS ABOUT OIL MONEY CONTRIBUTIONS (TOKYO SHIMBUN - PAGE 2)

POLITICAL DONATIONS FROM JUNICHI IZUI, AN OIL WHOLESALER WHO WAS ARRESTED BY THE TOKYO DISTRICT PUBLIC PROSECUTORS OFFICE ON SUSPICION OF TAX EVASION, HAVE NOW BECOME A PERPLEXING FACTOR FOR THE NEW ADMINISTRATION. PRIME MINISTER RYUTARO HASHIMOTO HAS BEEN WORKING HARD TO QUIET THE ISSUE, SAYING, "THERE IS NO PROBLEM.". BUT THE SOCIAL DEMOCRATIC PARTY (SDP), WHICH IS CONSIDERED TO BE A RULING PARTY, HAS BEGUN TO CALL FOR AN EXPLANATION OF THE FACTS: IN ADDITION, THE MINSHUTO (DEMOCRATIC PARTY OF JAPAN) YESTERDAY DECIDED TO LAUNCH A PROJECT TEAM TO FOCUS ON THE SCANDAL INVOLVING IZUI. "IZUI MONEY" MAY SHAKE THE ALREADY-WEAK FOUNDATION OF THE SECOND HASHIMOTO ADMINISTRATION.

"'BEING CLEAN' IS THE BUZZWORD FOR OUR NEW CABINET, RANKING WITH 'ADMINISTRATIVE REFORM.' WE ARE IN TROUBLE." THE PRIME MINISTER SLIPPED SUCH A REMARK TO HIS AIDES WHEN FINANCE MINISTER HIROSHI MITSUZUKA ADMITTED HIS ASSOCIATION WITH IZUI IN HIS PRESS MEETING AFTER THE CABINET WAS LAUNCHED. SUCH REFLECTED THE PRIME MINISTER'S WORRY THAT THE IMAGE OF THE NEW CABINET MIGHT BE TARNISHED. LATER, IT WAS UNCOVERED THAT ALONG WITH MITSUZUKA, HEALTH AND WELFARE MINISTER JUNICHIRO KOIZUMI, A "SHINING STAR" IN THE NEW CABINET, HAD ALSO RECEIVED DONATIONS FROM IZUI. MITSUZUKA AND KOIZUMI, HOWEVER, UNCLAS SECTION 05 OF 09 TOKYO 010405

USIA

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E.O. 12958: N/A

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HAVE REPORTED TO THE PRIME MINISTER IN THEIR TELEPHONE CONVERSATIONS THAT THEY HAD HANDLED ALL THE DONATIONS PROPERLY IN ACCORDANCE WITH THE POLITICAL FUNDS CONTROL

LAW.

THE PRIME MINISTER YESTERDAY ALREADY DECLARED TO THE PRESS THAT EVERYTHING WAS OVER, NOTING, "(IF THEY WERE HANDLED PROPERLY), I THINK THE CASE IS CLOSED." TO THE QUESTION "WILL THIS AFFECT YOUR ADMINISTRATION IN ANY WAY?" THE PRIME MINISTER REPLIED CATEGORICALLY, "WHY DO YOU ASK? IS THERE A PROBLEM?" HE THUS STRESSED THAT THERE WOULD BE NO EFFECT ON HIS ADMINISTRATION.

FOR THE PRIME MINISTER, WHO IS HOLDING UP THE "ADMINISTRATIVE REFORM" BANNER, SUCH A SCANDAL CANNOT BE ALLOWED TO STEP INTO THE POLITICAL SPOTLIGHT. "A MONEY SCANDAL WOULD UNDOUBTEDLY REDUCE THE CAPABILITY OF THE CABINET TO IMPLEMENT POLICY. ADMINISTRATIVE REFORM WOULD ALSO BE HINDERED," EXPLAINED AN LIBERAL DEMOCRATIC PARTY (LDP) MEMBER.

BUT IT IS ALSO TRUE THAT THE ADMINISTRATION CANNOT SIDESTEP IT. NOT ONLY SOME CABINET MINISTERS BUT ALSO "IZUI'S MONEY CONNECTIONS" WITH POLICY AFFAIRS RESEARCH COUNCIL CHAIRMAN TAKU YAMASAKI AND SOME OTHER LDP MEMBERS HAVE COME TO LIGHT. "WE SHOULD UNCOVER ALL THE FACTS BASED ON THE POLITICAL ETHICS CHARTER," EMPHASIZED SECRETARY GENERAL SHIGERU ITO OF THE SDP, WHICH IS CALLING FOR A BAN ON CORPORATE DONATIONS.

DUE TO ITS FAILURE TO GARNER A MAJORITY IN THE LOWER HOUSE, THE LDP WON A MERE 24 SEATS IN THE LOWER HOUSE BUDGET COMMITTEE (50 SEATS). WITHOUT THE SDP'S TWO SEATS, THE LDP CANNOT HAVE A MAJORITY. THE LDP CANNOT AFFORD TO IGNORE THE SDP'S POLICY DIRECTION IN HANDLING THE IZUI PROBLEM IN THE BUDGET COMMITTEE.

SHINSHINTO MEMBERS FEAR SPARKS FROM LDPQS OIL MONEY SCANDAL COULD FLY OVER TO ITS PARTY
(TOKYO SHIMBUN - PAGE 2)

THE SHINSHINTO (NEW FRONTIER PARTY) APPEARS TO BE DETERMINED TO PURSUE THE PROBLEM OF POLITICAL DONATIONS GIVEN TO SOME POLITICIANS BY JUNICHI IZUI, OWNER OF AN OIL WHOLESALER WHO WAS ARRESTED ON SUSPICION OF TAX EVASION. AT THE SAME TIME, THE SHINSHINTO IS CONCERNED THAT THE SUSPICIONS MIGHT SPREAD TO IT, FOR THERE IS A RUMOR THAT SOME SHINSHINTO MEMBERS HAVE RECEIVED DONATIONS FROM IZUI.

DIET AFFAIRS COMMITTEE CHAIRMAN KANSEI NAKANO IN HIS PRESS MEETING YESTERDAY INDICATED THE PARTY'S POLICY DIRECTION TO FOCUS ON THE "IZUI SCANDAL" IN THE NEXT EXTRAORDINARY DIET, REMARKING, "WITH THE EMERGENCE OF A NEW SCANDAL, WE SHOULD DISCUSS POLITICAL ETHICS AS WELL."

SECRETARY GENERAL TAKEO NISHIOKA ALSO REMARKED TO THE PRESS, "WE HAVE TO ELUCIDATE ALL THE FACTS IF INDEED DONATIONS WERE MADE TO SOME POLITICIANS AND BUREAUCRATS IN CONNECTION WITH VESTED INTERESTS." AT THE SAME TIME, HE SUGGESTED HIS INTENTION TO KEEP CLOSE TABS ON THE

DEVELOPMENTS OF THE INVESTIGATION, REMARKING, "I STILL DON'T UNDERSTAND WHY SUCH HUGE AMOUNTS OF MONEY IS INVOLVED. IT IS A MYSTERIOUS CASE."

LDPQS OKUNO PUT IN CHARGE OF LOWER-HOUSE ETHICS COMMITTEE
(MAINICHI - PAGE 2)

THE LOWER HOUSE YESTERDAY HELD A MEETING OF ITS POLITICAL ETHICS INVESTIGATION COMMITTEE. THE COMMITTEE THEN ELECTED FORMER NATIONAL LAND AGENCY DIRECTOR GENERAL SEISUKE OKUNO, A MEMBER OF THE LIBERAL DEMOCRATIC PARTY (LDP), AS CHAIRMAN.

UNCLAS SECTION 06 OF 09 TOKYO 010405

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 13

SEISUKE OKUNO: SERVED IN SUCH POSTS AS ADMINISTRATIVE VICE MINISTER FOR THE HOME AFFAIRS MINISTRY, EDUCATION MINISTER, JUSTICE MINISTER, DIRECTOR GENERAL OF THE NATIONAL LAND AGENCY AND CHAIRMAN OF THE POLITICAL ETHICS EXAMINATION COUNCIL; GRADUATED FROM THE LAW FACULTY OF TOKYO UNIVERSITY; ELECTED 12TH FROM THE NARA 3RD DISTRICT; AGE 83; (LDP).

GOVERNMENT TO RETART YEN LOANS TO CHINA BUT KEEP GRANT AID ON HOLD (ASAHI - PAGE 1)

THE GOVERNMENT FIRMED UP ITS POLICY PLAN YESTERDAY TO CONVEY IN THE JAPAN-CHINA FOREIGN MINISTERIAL DUE TO TAKE PLACE IN THE PHILIPPINES AT THE END OF THIS MONTH THAT IT WILL RESUME THE FOURTH PACKAGE OF YEN LOANS (AMOUNTING TO 580 BILLION YEN FROM FISCAL 1996 THROUGH FISCAL 1998), WHICH UNTIL NOW HAVE BEEN PUT ON DE-FACTO HOLD OVER CHINA'S NUCLEAR TESTING. THIS PLAN HAS BEEN APPROVED IN PRINCIPLE BY THE LIBERAL DEMOCRATIC PARTY (LDP), WHICH HAS SO FAR BEEN RELUCTANT ABOUT RESUMING YEN LOANS. THE GOVERNMENT INTENDS TO SEND A SURVEY MISSION POSSIBLY WITHIN THE MONTH, PREMISED ON THE RENDERING OF SUCH LOANS (TO CHINA).

IN ADDITION TO YEN LOANS, THE GOVERNMENT HAS FROZEN GRANT AID COOPERATION UNTIL NOW, EXCLUDING A PORTION OF HUMANITARIAN ASSISTANCE, SINCE AUGUST LAST YEAR, WHEN CHINA CONDUCTED NUCLEAR TESTING. BUT MANY IN THE LDP HAVE BEEN OPPOSED TO LIFTING THE FREEZE ON SUCH ASSISTANCE, SO THE GOVERNMENT WILL NOT DO SO THIS YEAR.

REGARDING ECONOMIC COOPERATION TOWARD CHINA, THE DOMINANT VIEW IN THE GOVERNMENT HAD BEEN THAT "WE NO LONGER HAVE ANY REASON TO PROTEST" (A SENIOR FOREIGN MINISTRY OFFICIAL) BECAUSE CHINA DECLARED IT WOULD FREEZE NUCLEAR TESTING WITH THE LAST ONE CARRIED OUT AT THE END OF JULY AND SIGNED THE COMPREHENSIVE TEST BAN TREATY (CTBT). ADDITIONALLY, SINCE RELATIONS BETWEEN JAPAN AND CHINA HAVE BEEN STRAINED OVER SUCH PROBLEMS AS THE OWNERSHIP OF THE SENKAKU ISLANDS (DIAOYU ISLANDS IN CHINESE) AND PRIME MINISTER RYUTARO HASHIMOTO'S HAVING PAID HOMAGE AT YASUKUNI SHRINE, MANY IN THE GOVERNMENT ARE INCLINING TO QUICKLY RESUME (YEN LOANS), FOR THE REASON THAT "RESUMING YEN LOANS WILL NOT DIRECTLY LEAD TO SETTling THE PRESENT ISSUES, BUT IT COULD PAVE THE WAY FOR AVOIDING A WORSENING OF OUR BILATERAL RELATIONS" (GOVERNMENT SOURCE).

THE GOVERNMENT PLANS TO EXPLAIN THIS POLICY APPROACH BEFORE A MEETING OF THE LDP FOREIGN AFFAIRS DEPARTMENT SET FOR THE 14TH AND TO OBTAIN ITS APPROVAL. ALTHOUGH UNTIL NOW A PORTION OF THAT DEPARTMENT MEMBERS HAVE BEEN STRONGLY OPPOSED TO RESUMING ECONOMIC COOPERATION, THEY ARE NOW INCLINED TO RESPOND FLEXIBLY TO THAT MATTER.

GOVERNMENT SAYS THREE METHODS FOR OKINAWA OFFSHORE HELIPORT TECHNICALLY FEASIBLE (NIHON KEIZAI - PAGE 2)

THE GOVERNMENT HAS BEEN STUDYING THE FEASIBILITY OF A SEA-BASED HELIPORT AS AN ALTERNATIVE FACILITY FOR THE U.S. FORCES' FUTENMA AIR STATION, AND HAS NOW COMPILED ITS VIEW THAT ALL OF THE CONSTRUCTION METHODS CONSIDERED ON THE JAPANESE SIDE, INCLUDING THE FLOATING PIER BRIDGING PROCESS (OR QIP), WOULD BE TECHNICALLY FEASIBLE. THE GOVERNMENT WILL SHORTLY SHOW ITS PERSPECTIVE TO THE U.S. SIDE, AND THE JAPANESE AND U.S. SIDES WILL THEN START THEIR WORK OF SELECTING A CONSTRUCTION METHOD. AS FOR WHERE TO INSTALL THE PLANNED SEA HELIPORT, THE GOVERNMENT IS NOW IN COORDINATION WITH THE U.S. SIDE ON ITS PROPOSAL OF CONSTRUCTING IT WITHIN THE AREA OF WATERS OFFERED TO THE U.S. MILITARY ON THE EASTERN SIDE OF THE MAIN ISLAND OF OKINAWA. MEANWHILE, HOWEVER, THERE HAS BEEN A DELAY IN THE WORK OF NARROWING DOWN CANDIDATE POINTS ON THE LIST. SO, THERE IS ALSO A POSSIBILITY THAT THE JAPAN-UNCLAS SECTION 07 OF 09 TOKYO 010405

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 13

U.S. SPECIAL ACTION COMMITTEE (ON FACILITIES AND AREAS IN OKINAWA) (SACO) MAY NOT INCORPORATE ANY SPECIFIC CANDIDATE PLACE IN ITS FINAL REPORT TO BE SUBMITTED TO THE JAPAN-U.S. SECURITY CONSULTATIVE COMMITTEE (2 PLUS 2) AT ITS MEETING TO BE HELD IN EARLY DECEMBER, AND A CONCLUSION MAY BE CARRIED OVER.

THE TECHNICAL FEASIBILITY STUDY OF THE SEA-BASED HELIPORT BLUEPRINT WAS CONDUCTED BY A TECHNICAL SUPPORT GROUP, WHICH IS MADE UP OF TECHNICAL OFFICIALS AND OTHERS FROM THE GOVERNMENT MINISTRIES AND AGENCIES CONCERNED, THROUGH SUCH ACTIVITIES AS HEARINGS FROM RELATED INDUSTRIAL CIRCLES. WHILE MAKING IT A PREMISE TO TRANSFER THE FUTENMA AIRFIELD'S HELIBORNE-TROOP FUNCTIONS ENTIRELY TO THE NEWLY PLANNED SEA-BASED STRUCTURE, THE GROUP PROBED INTO THE FEASIBILITY OF EACH CONSTRUCTION METHOD POSSIBLY UNDER SUCH CONDITIONS AS THE FACILITY'S HAVING AN OVERALL LENGTH OF UP TO 1,500 METERS, A WIDTH OF UP TO 500 METERS, A WATER DEPTH OF 5 TO 100 METERS, AND A WAVE HEIGHT OF UP TO MORE THAN 10 METERS.

AS A RESULT, THE TECHNICAL TEAM HAS NOW COME TO CONCLUDE THAT THE PLAN PRESENTED BY OHBAYASHI CORPORATION, AS WELL AS THE QIP METHOD AND THE FLOATING STRUCTURE (MEGAFLOAT) METHOD, WILL "TECHNOLOGICALLY NOT BE IMPOSSIBLE."

A SOURCE IN THE JAPAN DEFENSE AGENCY NOTES, "IF THE DEPTH OF WATER AT THE SITE IS NOT ENOUGH, THE QIP METHOD IS ADVANTAGEOUS FROM THE ASPECT OF CONSTRUCTION COSTS. AND, DEPENDING ON SOME OTHER CONDITIONS, EACH CONSTRUCTION METHOD COULD BE SUPERIOR OR INFERIOR TO OTHER METHODS." THEREFORE, THOSE CONSTRUCTION METHODS WILL BE REFERRED TO A TECHNICAL ADVISORY GROUP CONSISTING OF ACADEMICS AND OTHER EXPERIENCED PERSONNEL, AND THEN THE GOVERNMENT WILL DRAFT A REPORT THAT DESCRIBES POINTS TO BE CONSIDERED FOR EACH CONSTRUCTION METHOD. AFTER THAT, THE GOVERNMENT WILL ENTER INTO THE FINISHING TOUCHES (WITH THE U.S. SIDE) ON SUCH OCCASIONS AS SACO WORKING GROUP MEETINGS (AT THE DEPUTY DIRECTOR GENERAL LEVEL) TO BE HELD ON NOVEMBER 21 AND 22.

AS FOR THE LOCATION OF THE SEA HELIPORT, THE GOVERNMENT IS NOW CONSIDERING THE AREA OF WATERS OFFERED TO THE U.S. FORCES ON THE EASTERN SIDE OF THE MAIN ISLAND OF OKINAWA, WHILE LISTING SUCH PLACES AS NAKAGUSUKU BAY, WHERE THE WHITE BEACH TRAINING AREA EXISTS, AND A SITE NEAR THE CAMP SCHWAB TRAINING AREA IN THE NORTHEASTERN PART OF OKINAWA.

IN THE CASE OF NAKAGUSUKU BAY, HOWEVER, LOCAL MUNICIPALITIES AND FISHERY COOPERATIVE ASSOCIATIONS HAVE ALREADY BEEN VOICING THEIR STRONG OPPOSITION, AND MOREOVER, THE CAMP SCHWAB TRAINING AREA ALSO "HAS DIFFICULT POINTS, INCLUDING ITS BEING LOCATED FAR FROM THE U.S. MILITARY'S BILLETTS" (ACCORDING TO A SENIOR JDA OFFICIAL). FOR SUCH REASONS, COORDINATION IS NOW HARDLY GOING.

A PESSIMISTIC VIEW IS NOW GROWING OVER WHETHER IT WILL BE POSSIBLE FOR THE GOVERNMENT TO OBTAIN THE LOCAL SIDE'S CONSENT AND THE U.S. SIDE'S UNDERSTANDING BY THE TIME SACO RELEASES ITS FINAL REPORT. SO, THE GOVERNMENT IS ALSO CONSIDERING A PLAN TO SET UP A FOLLOW-UP BODY FOR CONTINUED STUDIES ON THE LOCATION PROBLEM AFTER SACO WINDS UP ITS WORK.

OKINAWA FORUM TO PRESENT REPORT ON THE 19TH THAT INCLUDES REQUEST FOR BASE ACCESS (SANKEI - PAGE 3)

"THE FORUM ON MUNICIPALITIES HOUSING U.S. MILITARY BASES IN OKINAWA" (OKINAWA FORUM, CHAIRED BY KEIO UNIVERSITY HARUO SHIMADA), A PRIVATE ADVISORY PANEL TO CHIEF CABINET SECRETARY SEIROKU KAJIYAMA, HELD ITS NINTH MEETING AT THE PRIME MINISTER'S RESIDENTIAL OFFICE (KANTEI) YESTERDAY
UNCLAS SECTION 08 OF 09 TOKYO 010405

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 13

AFTERNOON. TO IMPROVE RELATIONS WITH UNITED STATES FORCES, IT WAS DECIDED AT THE MEETING TO ASK, THROUGH DIPLOMATIC CHANNELS, U.S. FORCES TO OPEN THEIR BASES TO THE PUBLIC AND TO PROTECT THE NATURAL ENVIRONMENT (ON THE BASES). THE FORUM ON THE 19TH WILL SUBMIT TO CHIEF CABINET SECRETARY KAJIYAMA A REPORT THAT WILL FEATURED SUCH REQUESTS AND INCLUDE A SET OF SPECIFIC PROJECTS FOR OKINAWAN DEVELOPMENT.

THE PLANNED REQUESTS TO U.S. FORCES INCLUDE: (1) (PROTECTION OF) LIVING CORAL REEFS THAT HAVE BEEN BADLY HURT BY THE OUTFLOW (INTO THE WATER) OF RED CLAY FROM MILITARY BASES; (2) PERMISSION TO PASS THROUGH BASES; AND (3) OPENING MILITARY TRAINING BEACHES ON WEEKENDS.

ADDITIONALLY, THE FORUM HAS DECIDED TO COMPILE A SET OF PROMOTIONAL PROJECTS FOR CITIES, TOWNS AND VILLAGES THAT HOUSE U.S. BASES, MAKING THE FOLLOWING THE YARDSTICKS: (1) EASING THE SENSE OF IMPASSE AND OPENING UP FUTURE PROSPECTS FOR THE YOUNGER GENERATION; (2) REALIZING CONTINUOUS EMPLOYMENT; (3) HUMAN RESOURCES DEVELOPMENT FOR LONG-TERM REVITALIZATION (OF THE ISLAND); AND (4) COMPREHENSIVE ECONOMIC DEVELOPMENT INCLUDING NEIGHBORING CITIES, TOWNS AND VILLAGES.

JDA DIRECTOR GENBERAL TO OKINAWA ON THE 15TH

(SANKEI - PAGE 3)

IT HAS BEEN DECIDED YESTERDAY THAT JAPAN DEFENSE AGENCY (JDA) DIRECTOR GENERAL FUMIO KYUMA AND OKINAWA DEVELOPMENT AGENCY DIRECTOR GENERAL JITSUO INAGAKI WILL VISIT OKINAWA PREFECTURE FROM THE 15TH THROUGH THE 16TH AND WILL MEET GOVERNOR MASAHIDE OTA. IT WILL BE THE FIRST CABINET MINISTERS OF THE SECOND HASHIMOTO ADMINISTRATION TO TRAVEL TO THAT PREFECTURE.

THE TWO DIRECTORS GENERAL WILL HOLD A DISCUSSION MEETING WITH GOVERNOR OTA ON THE AFTERNOON OF THE 15TH AND ON THE 16TH, THEY WILL INSPECT UNITED STATES MILITARY BASES, SUCH AS KADENA AIR BASE. DIRECTOR GENERAL KYUMA IS SCHEDULED TO MEET ALSO U.S. MILITARY PERSONNEL ON THE 15TH.

IN HIS MEETING WITH GOVERNOR OTA, DIRECTOR GENERAL KYUMA WILL ASK FOR THE PREFECTURAL SIDE'S UNDERSTANDING AND COOPERATION AS THE "JAPAN-U.S. SPECIAL ACTION COMMITTEE ON OKINAWA" (SACO) AIMED AT REALIGNING, CONSOLIDATING AND REDUCING U.S. BASES WILL SOON COMPILE A FINAL REPORT.

LDP LOCAL GROUP WANTS SUMMIT TO BE HELD IN OKINAWA IN YEAR 2000 (NIHON KEIZAI - PAGE 2)

THE LIBERAL DEMOCRATIC PARTY HELD A MEETING OF ITS SPECIAL RESEARCH COMMISSION ON COMPREHENSIVE DEVELOPMENT MEASURES FOR OKINAWA PREFECTURE (CHAIRIED BY LDP SECRETARY GENERAL KOICHI KATO) AT ITS HEADQUARTERS ON NOVEMBER 12 TO HEAR THE OPINION OF ITS PREFECTURAL FEDERATION IN OKINAWA PREFECTURE. THE LDP OKINAWA PREFECTURAL FEDERATION SIDE THEN MADE REQUESTS FOR HOLDING A G-7 SUMMIT IN OKINAWA WHEN JAPAN IS TO HOST IT IN THE YEAR 2000, AND HOLDING AN LDP CONVENTION, SCHEDULED FOR NEXT JANUARY, IN OKINAWA. ADDITIONALLY, THE LDP PREFECTURAL CHAPTER REQUESTED AGAIN THAT THE GOVERNMENT, IN ITS BUDGET COMPILATION FOR FY1997, GIVE CONSIDERATION TO THE PREFECTURE'S PROPOSAL OF AN EXPANDED FREE TRADE ZONE AND A REDUCTION IN AIR FARES TO AND FROM OKINAWA. REGARDING THE AIR FARE BETWEEN TOKYO AND OKINAWA, THE TRANSPORT MINISTRY'S CIVIL AVIATION BUREAU DIRECTOR GENERAL KURONO STATED, "IF THE LANDING FEE IS SUBSTANTIALLY REDUCED, IT WILL BE POSSIBLE TO CARRY OUT A PRICE REDUCTION OF 6,000 YEN OR SO FOR A ROUND-TRIP FLIGHT."

THE 'FORUM ON OKINAWA'S MUNICIPALITIES WHERE U.S. MILITARY BASES ARE LOCATED' (CHAIRIED BY KEIO UNIVERSITY UNCLAS SECTION 09 OF 09 TOKYO 010405

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 13

PROFESSOR HARUO SHIMADA), A PRIVATE ADVISORY PANEL FOR CHIEF CABINET SECRETARY SEIROKU KAJIYAMA, MET AT THE PRIME MINISTER'S OFFICIAL RESIDENCE ON NOVEMBER 12, AND THEN AGREED TO INCORPORATE THREE POINTS IN ITS FINAL REPORT AS ITS REQUESTS TO BE FORWARDED TO THE U.S. FORCES: (1) LOCAL RESIDENTS SHOULD BE ALLOWED TO PASS THROUGH BASE AREAS; (2) BEACHES AND OTHER PLACES IN BASE AREAS SHOULD BE OPENED TO LOCAL RESIDENTS DURING WEEKENDS, AND TREE PLANTING SHOULD BE PROMOTED IN BASE AREAS. THE PANEL IS GOING TO SUBMIT ITS FINAL REPORT TO CHIEF CABINET SECRETARY KAJIYAMA ON NOVEMBER 19, IN ADDITION TO A LISTING OF PROJECTS FOR THE PURPOSE OF VITALIZING LOCAL MUNICIPALITIES WHERE BASES ARE LOCATED. AT THE MEETING, THE PANEL ALSO AGREED ON A VIEW TO THE EFFECT THAT "THE GOVERNMENT, FROM NOW ON AS WELL, SHOULD SET UP A CONTACT POINT TO RECEIVE OTHER REQUESTS FROM LOCAL MUNICIPALITIES." CRANE

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SUBJ: JAPANESE MORNING PRESS HIGHLIGHTS NOVEMBER 14
TEXT:
UNCLAS SECTION 01 OF 07 TOKYO 010476

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
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COMNAVFORJAPAN/PA.

E.O. 12958: N/A

SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS NOVEMBER 14

TOP HEADLINES:

ASAHI: JOB SECURITY PANEL TO PROPOSE LIBERALIZATION OF
JOB OFFERS BY EMPLOYMENT CENTER; TO LIFT BAN ON ALL TYPES
OF CLERICAL JOBS, BUT PORTION OF BLUE COLLAR JOBS
EXCLUDED

NIHON KEIZAI: ADMINISTRATIVE REFORM COMMITTEE'S SUB-PANEL
REVEALS GUIDELINES FOR RESTRUCTURING OF MINISTRIES AND
AGENCIES, QUANTITATIVE STANDARDS TO BE SET FOR
ADMINISTRATIVE RESTRUCTION; SHIFT TO PRIVATE SECTOR AS

PRINCIPLE; ABOLITION IN CASE OF INEFFICIENCY (TRANSLATION BELOW)

TOKYO SHIMBUN: SENIOR MITI OFFICIAL ADMITS HIS HAVING BEEN ENTERTAINED BY IZUI AT FIRST-GRADE RESTAURANTS AND GOLF COURSES; BUT DENIES HE AFFORDED FACILITY; MANY OFFICIALS AT DIVISION DIRECTOR LEVEL OR HIGHER MET HIM (TRANSLATION BELOW)

MAINICHI: PREFECTURERS' FOOD EXPENSES REPORTS SURVEYED BY THIS NEWSPAPER; 21 PREFECTURES DO NOT INDICATE "NAME OF THOSE WHOM THEY ENTERTAINED"; "EMASCULATED" INFORMATION DISCLOSURE

YOMIURI: WORLD CUP SOCCER: JAPAN WILL OFFER 10 SPORTS GROUNDS; 15 LOCAL GOVERNMENTS ANNOUNCE THEIR CANDIDACY; MAY FACE DIFFICULTIES IN CHOOSING 10 OUT OF THEM

SANKEI: MEDICAL TREATMENT SYSTEM IN EARY 21ST CENTURY REVEALED BY COMPREHENSIVE POLICY COUNCIL IN ITS INTERIM REPORT; PROMOTION OF "MEDICAL CARE PLAN"; TO IMPOSE SANCTION ON EXCESS NUMBER OF BEDS; TO ADOPT A RETIREMENT SYSTEM FOR AUTHORIZED DOCTORS

JAPAN TO PROPOSE LIBERALIZATION PLAN THAT CALLS FOR SIMPLIFIED CUSTOMS PROCEDURES (ASAHI - PAGE 1)

JAPAN FINALIZED ITS PROPOSALS ON THE 13TH FOR INCLUSION IN THE TRADE AND INVESTMENT LIBERALIZATION PLAN THAT WILL BE DISCUSSED AT THE ASIA-PACIFIC ECONOMIC COOPERATION FORUM TO OPEN ON THE 21ST. AT THE FORUM, A "MANILA ACTION PLAN" WILL BE ADOPTED, CENTERING ON THE LIBERALIZATION PLANS BROUGHT IN TO THE DISCUSSION BY EACH COUNTRY AND REGION, AND THIS WILL BE RECOGNIZED AS THE PRINCIPLES OF THE "APEC COMMUNITY" THAT SPANS BOTH SIDES OF THE PACIFIC. JAPAN'S OWN ACTION PLAN HAS BEEN BASED ON THE DEREGULATION POLICIES INCLUDING SIMPLIFYING STANDARDS AND CERTIFICATIONS, AS WELL AS CUSTOMS PROCEDURES, THAT THE GOVERNMENT HAMMERED OUT THIS SPRING.

JAPAN WILL PRESENT TO THE FORUM ITS ACTION PLAN BASED ON THE APPROXIMATELY 1800 ITEM PLAN FOR DEREGULATION, WHICH INCLUDES THE SIMPLIFICATION OF IMPORT PROCEDURES, THE PROMOTION OF IMPORTS OF MATERIALS FOR HOUSING CONSTRUCTION, AND THE EASING OF RESTRICTIONS RELATED TO EXTERNAL ECONOMIC AFFAIRS. REGARDING TARIFFS AND THE LIKE, JAPAN HAS DECIDED TO OFFER ITS FULL IMPLEMENTATION OF THE AGREEMENT REACHED IN THE URUGUAY ROUND.

JAPANQS FOCUS AT APEC ALSO ON IMPROVING RELATIONS WITH CHINA (ASAHI - PAGE 2)

PRIME MINISTER RYUTARO HASHIMOTO, HAVING JUST ESTABLISHED HIS SECOND CABINET, WILL USE THE UPCOMING ASIA-PACIFIC ECONOMIC COOPERATION (APEC) FORUM, WHICH IS TO OPEN ON THE 21ST, AS AN OPPORTUNITY TO DISPLAY HIS DIPLOMACY TOWARD ASIA IN THE TRUE SENSE OF THE WORD. THE MAJOR FOCUS IN PARTICULARLY WILL BE ON HOW TO IMPROVE THE NOW

CHILLY TIES BETWEEN JAPAN AND CHINA, OWING TO SUCH PROBLEMS AS CLAIMS TO THE SENKAKU ISLANDS (DIAOYU ISLANDS IN CHINESE). IN A MEETING WITH HIS CHINESE COUNTERPART, HE INTENDS TO CONVEY HIS INTENTION TO RESUME YEN LOANS TO CHINA AS AN EFFORT TO PAVE THE ROAD TO STABILIZE UNCLAS SECTION 02 OF 07 TOKYO 010476

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 14

BILATERAL TIES, BUT THERE IS NO GUARANTEE THAT ECONOMIC COOPERATION WILL LEAD TO SETTLING THE POLITICAL ISSUES. IN THE SUMMIT MEETING BETWEEN PRESIDENT CMINTON AND HIM, WHICH WILL BE THE FIRST DIALOGUE BETWEEN THE TWO SINCE THEY WERE BOTH RE-ELECTED, HE APPARENTLY WILL TRY TO PROBE INTO THE (CURRENT) MOVES IN U.S.-CHINA RELATIONS, WHICH ARE SHOWING SIGNS OF SWIFTLY IMPROVING.

THE PRIME MINISTER IN A PRESS BRIEFING ON THE 8TH STATED THAT HE VIEWED THE JAPAN-CHINA RELATIONSHIP AS "ONE OF OUR MOST IMPORTANT DIPLOMATIC RELATIONS, ON PAR WITH THE U.S.-JAPAN RELATIONSHIP." AND MENTIONING THE 25TH ANNIVERSARY OF THE RESTORATION OF JAPAN-CHINA DIPLOMATIC TIES THAT WILL COME NEXT YEAR, HE EMPHASIZED HIS ENTHUSIASM TO GRAPPLE WITH IMPROVING BILATERAL BONDS.

HOWEVER, THE CHALLENGES OF THE ISSUES SEPARATING JAPAN AND CHINA ARE VERY HARD TO DEAL WITH, SUCH AS THE HISTORICAL PERSPECTIVE PROBLEM THAT WAS REHASHED BY PRIME MINISTER HASHIMOTO'S RECENT VISIT TO YASUKUNI SHRINE AND CHINA'S CONCERNS OVER THE REINFORCED JAPAN-U.S. DEFENSE COOPERATION THROUGH THE REDEFINITION OF THE U.S.-JAPAN SECURITY TREATY.

THE JAPANESE GOVERNMENT HAS ALREADY FIRMED UP ITS INTENTION TO RESUME THE FOURTH PACKAGE OF YEN LOANS, WHICH HAD BEEN ON HOLD IN REACTION TO CHINA'S NUCLEAR TESTING. IN ADDITION, IT IS TRYING TO SPOTLIGHT ITS ASSISTANCE TO CHINA'S "REFORMS AND OPEN-COUNTRY POLICY," AS IS SEEN IN THE PRIME MINISTER'S SUCH EFFORTS AS EXPLAINING TO LEADERS OF VARIOUS COUNTRIES ABOUT THE NECESSITY OF LETTING CHINA JOIN THE WORLD TRADE ORGANIZATION (WTO) WHENEVER HE MEETS THEM.

BUT THE CHINESE SIDE'S POSITION IS TO GIVE MORE PRIORITY TO TIES WITH THE U.S. THAN WITH JAPAN. FOR EXAMPLE, REGARDING BILATERAL SUMMIT MEETINGS THAT WILL TAKE PLACE AT THE TIME OF APEC, THE U.S.-CHINA ONE WAS SCHEDULED

IMMEDIATELY WITHOUT ANY TROUBLE, BUT THE ONE BETWEEN PRIME MINISTER HASHIMOTO AND PRESIDENT JIANG Z EMIN HAS BEEN DIFFICULT TO COORDINATE.

THE JAPAN-U.S. SUMMIT IS TO TAKE PLACE ON THE 24TH. BOTH LEADERS WILL CONFIRM ANEW THE SIGNIFICANCE OF JAPAN-U.S. TIES IN THE ASIA-PACIFIC REGION, GIVING SPECIAL ATTENTION TO PROGRESS IN THE WORK NOW GOING ON AT THE JAPAN-U.S. SPECIAL ACTION COMMITTEE ON OKINAWA (SACO), AIMED AT REDUCING U.S. MILITARY BASES IN OKINAWA.

JAPAN MUST PAY CLOSE INTEREST TO THE U.S.-CHINA RELATIONSHIP, WHICH WAS ONCE STRAINED DUE TO TAIWANESE PRESIDENT LEE TENG-HUI'S VISIT TO THE U.S. LAST YEAR AND THE TENSE SITUATION AROUND THE TAIWAN STRAITS THIS YEAR BUT IS NOW RAPIDLY IMPROVING. A FAVORABLE TURN IN U.S.-CHINA RELATIONS IS WELCOMED BY SOME WHO THINK IT WOULD HELP ASSUAGE CHINA'S SUSPICIONS ABOUT THE JAPAN-U.S. SECURITY ALLIANCE. BUT (JAPAN'S POSITION) FOR NOW IS TO ASCERTAIN THE SIGNIFICANCE CONTAINED IN THAT CHANGE, INCLUDING WHETHER IT CAN CONTRIBUTE TO THE REPAIRING OF JAPAN-CHINA BONDS. WITH THIS MOTIVE IN MIND, THE JAPANESE SIDE HAS SET THE JAPAN-U.S. SUMMIT AFTER THE U.S.-CHINA SUMMIT IN AN ATTEMPT TO OBTAIN A SENSE OF THAT FROM THE PRESIDENT. THE JAPAN-REPUBLIC OF KOREA SUMMIT MEETING IS SCHEDULED FOR THE 24TH.

GOVERNMENT EXPECTS RELATIONS BETWEEN AUNG SAN SUU KYI AND BURMESE JUNTA WILL IMPROVE (ASAHI - PAGE 2)

THE MILITARY REGIME IN MYANMAR (BURMA) AND AUNG SAN SUU KYI, A LEADER OF THE NATION'S DEMOCRATIZATION MOVEMENT, ARE NOW CONFIRMED TO HAVE MADE SEVERAL CONTACTS WITH EACH OTHER SINCE THE END OF OCTOBER. THE JAPANESE GOVERNMENT IS PAYING CLOSE ATTENTION TO THAT MOVE AS IT HAS BEEN ENCOURAGING BOTH SIDES TO RESUME THEIR DIALOGUE. SOME UNCLAS SECTION 03 OF 07 TOKYO 010476

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 14

OFFICIALS IN THE JAPANESE GOVERNMENT ARE HOPEFULLY THINKING TO THEMSELVES THAT THEIR MAKING OF SUCH CONTACTS INDICATES THE JUNTA'S SOFTENING OF ITS ATTITUDE. ON THE OTHER HAND, HOWEVER, THAT IS BECAUSE THE POSSIBILITY IS ALSO HIGH THAT SUCH MAY EVENTUALLY END UP WITH "JUST WORKING-LEVEL CONTACTS" (ACCORDING TO A FOREIGN MINISTRY SOURCE). THE JAPANESE GOVERNMENT RECOGNIZES IT HAS

CHANNELS BOTH WITH THE JUNTA AND WITH THE DEMOCRATIZATION FORCES. ALL THE MORE FOR THIS REASON, THE JAPANESE GOVERNMENT HAS BEEN WORKING ON BOTH SIDES TO LEAD SUCH CONTACTS TO RESUMING THEIR DIALOGUE. YET, THE FOREIGN MINISTRY SOURCE SAYS SUCH STILL REMAINS "A FAINT GLEAM OF HOPE."

ACCORDING TO SEVERAL SOURCES CONCERNED, SUU KYI WAS IN TOUCH WITH THE MILITARY REGIME SIDE AT LEAST THREE TIMES AFTER OCTOBER 29 THROUGH A LIEUTENANT COLONEL WHO HAD SERVED AS A LIAISON BETWEEN BOTH SIDES UNTIL SUU KYI WAS SET FREE FROM HER HOUSE ARREST IN JULY LAST YEAR.

CONCERNING THAT MOVE, THE FOREIGN MINISTRY'S HOPES GREW HIGH AT A TIME, EXPECTING SUCH MAY BECOME AN OPPORTUNITY FOR BOTH SIDES TO RESTART THEIR DIALOGUE ON THE ISSUE OF DEMOCRATIZATION. THE REASON IS THAT THE JUNTA SIDE HAD DECIDED TO CUT OFF ALL CONTACTS, INCLUDING THIS LIAISON, SOON AFTER LIFTING HER HOUSE ARREST.

MEANWHILE, HOWEVER, SUCH EXPECTATIONS ARE NOW RATHER PETERING OUT. THIS IS PRIMARILY BECAUSE THOSE OBSERVING THE SITUATION ARE NOW INCLINING TO TAKE IT THAT THE SERIES OF CONTACTS WAS CONDUCTED JUST FOR ADMINISTRATIVE LIAISON RATHER THAN GROUNDWORK FOR RECONCILIATION BETWEEN BOTH SIDES. THE U.S. SENATE'S 'BIG WHEEL' FIGURE, SENATOR JOHN MCCAIN, VISITED THE COUNTRY'S CAPITAL CITY OF YANGON (RANGOON) ON THE 10TH, AND SOURCES VIEW THAT THOSE CONTACTS WERE MADE IN ORDER TO WORK OUT THE DETAILS FOR A MEETING WITH SENATOR MCCAIN. SINCE THE MEETING, BOTH SIDES HAVE BEEN OUT OF TOUCH WITH EACH OTHER.

ADDITIONALLY, THE RECENT CROWD RAID ON SUU KYI ALSO BECAME A FACTOR DENYING THE MILITARY REGIME'S BEING RUMORED TO HAVE SOFTENED ITS ATTITUDE. A JUNTA OFFICER EXPLAINS SUCH WAS A SPONTANEOUS EVENT, BUT THE GOVERNMENT IS STILL SUSPECTED OF HAVING TAKEN PART IN THAT INCIDENT.

IN MYANMAR, A FAVORABLE DOMESTIC ECONOMIC CONDITION HAS HELPED DODGE CRITICISM AT THE JUNTA. MEANWHILE, HOWEVER, SUCH A FAVORABLE CONDITION HAS NOW PEAKED, AND THE JAPANESE SIDE'S PERSPECTIVE IS THAT "THIS IS A GOOD CHANCE TO PERSUADE THEM TO UNDERSTAND THAT THEY CANNOT EXPECT ANY MORE ECONOMIC GROWTH WITHOUT NATIONAL RECONCILIATION" (ACCORDING TO A SENIOR OFFICIAL OF THE FOREIGN MINISTRY). ALL THE MORE FOR THIS REASON, THE JAPANESE GOVERNMENT IS GOING TO PURSUE "THE POSSIBILITY OF DIALOGUE RESUMPTION, EVEN THOUGH SUCH IS FAINT" (FOREIGN MINISTRY SOURCE)

ARMITAGE CALLS FOR REMOVAL OF MARINES FROM OKINAWA IF KOREAN SITUATION IMPROVES (ASAHI - PAGE 1)

(WASHINGTON, NOVEMBER 13, SHUNJI TAOKA) FORMER U.S. ASSISTANT SECRETARY OF DEFENSE RICHARD ARMITAGE, 51, RESPONDED TO AN ASAHI SHIMBUN INTERVIEW REQUEST ON NOVEMBER 12 IN HIS OFFICE IN A SUBURB OF WASHINGTON, D.C.. HE TOLD THE ASAHI SHIMBUN THAT IN HIS OPINION:

"THE U.S. MARINES IN OKINAWA SHOULD BE WITHDRAWN, LEAVING A SMALL SKELETON CREW OF TROOPS THERE, IF AND WHEN THE KOREAN PENINSULA SITUATION CHANGES (FOR THE BETTER). THE SLACK CAN BE COVERED BY REINFORCING THE UNITED STATES' NAVAL AND AIR FORCES IN THE WEST PACIFIC, INCLUDING JAPAN. WITHDRAWAL MAY BE STILL WAY AHEAD IN THE FUTURE, BUT IT WILL TAKE TIME TO CREATE AND IMPLEMENT A PLAN FOR THAT. SO, THE UNITED STATES SHOULD NOW SET ABOUT MAKING UNCLAS SECTION 04 OF 07 TOKYO 010476

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 14

A REORGANIZATION PLAN."

AFTER HIS RETIREMENT FROM NAVAL SERVICE IN 1973, ARMITAGE ENTERED THE DEPARTMENT OF DEFENSE AS A CIVILIAN OFFICIAL LINED UP WITH THE REPUBLICAN PARTY. AT THE PENTAGON, ARMITAGE SERVED AS DEPUTY ASSISTANT SECRETARY OF DEFENSE FOR EAST ASIAN AND PACIFIC AFFAIRS FROM 1981 AND AS ASSISTANT SECRETARY OF DEFENSE FOR INTERNATIONAL SECURITY AFFAIRS FROM 1983 TO 1989. HE IS KNOWN AS AN EXPERT ON JAPAN EVEN AMONG AMERICANS CONCERNED WITH NATIONAL DEFENSE.

UNDER THE DEMOCRATIC PARTY ADMINISTRATION AS WELL, ARMITAGE GAVE ADVICE TO U.S. GOVERNMENT OFFICIALS. HE PLAYED A MARKED ROLE IN PUSHING FOR THE FUTENMA AIRFIELD REVERSION AGREEMENT AT THE JAPAN-U.S. SUMMIT MEETING THIS APRIL, AND THEN ADVOCATED AN ALTERNATIVE OFFSHORE AIR STATION CONCEPT.

IN WASHINGTON, D.C., THE CSIS HELD A PACIFIC FORUM ON NOVEMBER 6, WHERE HE REMARKED THAT THE PENTAGON SHOULD BEGIN TO CREATE A PLAN TO WITHDRAW THE MARINES IN OKINAWA. THE FORUM WAS NOT OPEN TO THE PUBLIC. HOWEVER, ARMITAGE TOLD THE ASAHI SHIMBUN, "I DON'T SAY SIMPLY THAT THE TROOPS OVER THERE SHOULD BE WITHDRAWN RIGHT AWAY. IF THE KOREAN PENINSULA PROBLEM IS SETTLED, IT WOULD BE POSSIBLE TO WITHDRAW MOST OF THE MARINES IN OKINAWA. I THINK MAINSTAY TROOPS WOULD REMAIN THERE ON A SMALL SCALE. IF THEY CONSTRUCT AN OFFSHORE AIRFIELD FOR FUTENMA AIR STATION, THERE WILL BE A DECREASE ALSO IN THE NUMBER OF PERSONNEL."

FURTHERMORE, ARMITAGE ADDED: "AFTER OKINAWA WAS RETURNED TO JAPAN (IN 1972), U.S. OFFICIALS WERE SHORTSIGHTED, AND

THE BASES IN OKINAWA DID NOT SHOW ENOUGH CONSIDERATION FOR THE PROBLEM OF NOISE OR RELATIONS WITH LOCAL PEOPLE THERE -- UNLIKE THE BASES ON THE MAINLAND OF JAPAN. THE JAPANESE GOVERNMENT ALSO WAS LESS CONCERNED ABOUT SUCH ISSUES. I AGREE THAT IT IS A PROBLEM TO HAVE A LARGE NUMBER OF U.S. SERVICEMEN STATIONED CONCENTRATEDLY IN OKINAWA."

ADMINISTRATIVE REFORM SUBPANEL PROPOSES TARGETS FOR STRUCTURAL REFORMS (NIHON KEIZAI - TOP PLAY)

THE GOVERNMENT AND PRIVATE-SECTOR WORK-SHARING SUB-COMMITTEE (CHAIRER BY SUSUMU TEMPORIN) UNDER THE ADMINISTRATIVE REFORM COMMITTEE (CHAIRER BY YOTARO IIDA) YESTERDAY UNVEILED THE "JUDGMENT STANDARDS" IT HAS COMPILED FOR ADMINISTRATIVE RECONSTRUCTION. THE KEY POINT OF THE PROPOSAL IS THE INTRODUCTION OF SYSTEMS THAT WILL CHECK IN QUANTITATIVE TERMS WHETHER VARIOUS SERVICES, SUCH AS THE POSTAL SERVICES, THE FISCAL AND LOAN INVESTMENT PROGRAM AND PUBLIC WORKS PROJECTS ARE BEING IMPLEMENTED IN AN EFFICIENT WAY. THE BASIC PRINCIPLE UNDERLYING THE PROPOSAL IS SHIFTING ADMINISTRATIVE SERVICES TO THE PRIVATE SECTOR. THE PANEL ALSO CALLS FOR THE GOVERNMENT TO WITHDRAW FROM PROTECTIVE INDUSTRIAL POLICY MEASURES, SETTING A TARGET DATE. THE REPORT SPECIFICALLY MENTIONS THAT IN CASE SUCH SERVICES CANNOT BE SHIFTED TO THE PRIVATE SECTOR, "AGENCIES IN CHARGE OF THOSE SERVICES SHOULD BE LIABLE FOR EXPLANATIONS."

THE ADMINISTRATIVE REFORM COMMITTEE WILL PRESENT THE JUDGMENT STANDARDS TO PRIME MINISTER RYUTARO HASHIMOTO IN MID-DECEMBER AND ASK HIM TO ADOPT THEM AS GUIDELINES FOR THE RECONSTRUCTING OF CENTRAL GOVERNMENT AGENCIES -- THE MOST IMPORTANT AGENDA ITEM THE SECOND HASHIMOTO CABINET ADVOCATES.

THE FEATURE OF THE PROPOSED JUDGMENT STANDARDS IS INTRODUCTION OF QUANTITATIVE ASSESSMENT, WHICH HAS ADMINISTRATIVE ACTIVITIES IN GENERAL AS ITS TARGET. THE UNCLAS SECTION 05 OF 07 TOKYO 010476

USIA

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AIM IS TO MONITOR HOW MUCH SUBSIDIES HAVE BEEN USED FOR THE IMPLEMENTATION OF PUBLIC WORKS PROJECTS, SUCH AS THE CONSOLIDATION OF HARBORS, ROADS AND FARMS, AND WHAT

RESULTS THOSE PROJECTS HAVE YIELDED, SUCH AS TO WHAT EXTENT TRAFFIC CONDITIONS OR PRODUCTIVITY IN FARM PRODUCTS HAVE IMPROVED, AND TO PUSH FOR SCRAPPING OR REVIEWING INEFFICIENT PROJECTS, DEPENDING ON THE RESULTS.

THE REPORT INDICATES A POSSIBLE METHOD FOR PLUNGING A SCALPEL INTO THE MANAGEMENT OF PUBLIC SCHOOLS, WHERE COMPETITIVE PRINCIPLES DO NOT WORK SMOOTHLY DUE TO THE SCHOOL DISTRICT SYSTEM, PROPOSING MOCK INTRODUCTION OF MARKET PRINCIPLES TO COMPARE PROJECTS CONDUCTED BOTH BY THE GOVERNMENT AND THE PRIVATE SECTOR TO SEE WHICH IS LESS COSTLY, ASSUMING THERE IS COMPETITION IN THOSE AREAS BETWEEN THE TWO SECTORS. THE PANEL ALSO INDICATES THE DESIRE TO TAKE A SECOND LOOK AT THE MANAGEMENT OF THE POSTAL SERVICES AND VARIOUS FINANCE CORPORATIONS, CITING THAT THEY SHOULD PULL OUT FROM AREAS THAT CAN BE REPLACED BY INVESTMENTS BY THE PRIVATE SECTOR.

THE PANEL ALSO CALLS FOR THE GOVERNMENT TO PULL OUT FROM MEASURES DESIGNED TO NURTURE SPECIFIED INDUSTRIES IN ORDER TO REDUCE GOVERNMENT FUNCTIONS AND PROMOTE COMPETITION AMONG PRIVATE COMPANIES. IT CITES THAT "IN CASE" PROTECTIVE MEASURES ARE "UNAVOIDABLE, SUCH SHOULD BE INTRODUCED BY SETTING A TIME FRAME WITH A SPECIFIC IMPLEMENTATION SCHEDULE."

THE PROPOSAL SEEKS THE GOVERNMENT TO CHANGE ITS POSITION AND APPLY ITSELF TO THE ROLE OF SETTLING DISPUTES WHEN HAPPENED, INSTEAD OF ENGAGING IN PRIOR COORDINATION OF PRIVATE COMPANIES THROUGH VARIOUS RESTRICTIONS.

ANOTHER FEATURE OF THE REPORT IS THAT WIDE-RANGING ACCOUNTABILITY HAS BEEN MADE MANDATORY AS A CONDITION FOR GOVERNMENT AGENCIES TO MAINTAIN ADMINISTRATIVE ACTIVITIES. TO BE CONCRETE, THE REPORT REQUESTS THE GOVERNMENT TO GIVE ACCOUNTS FOR MAINTAINING ADMINISTRATIVE ACTIVITIES, SUCH AS, "(THE PRIVATE SECTOR) CANNOT COLLECT FEES, BECAUSE BENEFICIARIES CANNOT BE SPECIFIED," "INVOLVEMENT OF PUBLIC INFLUENCE IS NECESSARY FOR CASES LIKE THE HANDLING OF DISPUTES" OR "PRODUCTIVITY CANNOT BE IMPROVED IF MATTERS ARE LEFT TO MARKET PRINCIPLES."

THE ADMINISTRATIVE REFORM COMMITTEE INTENDS TO PROMPT THE GOVERNMENT TO MAKE A DRASTIC REVIEW ON THE BASIS OF THESE JUDGMENT STANDARD REGARDING WHETHER PRESENT ADMINISTRATIVE SERVICES ARE NECESSARY AND CONSIDER THE POSSIBILITY OF PRIVATIZING WORK-SITE OPERATIONS UNDER THE JURISDICTION OF THE GOVERNMENT, SCRAPPING INDUSTRIAL RESTRICTIONS AND DRAWING UP MEASURES TO SHIFT AUTHORITY FROM THE CENTRAL GOVERNMENT TO LOCAL GOVERNMENTS. THE COMMITTEE CALCULATES THAT SUCH WORK WILL HELP TRIM THE SIZE OF THE CENTRAL GOVERNMENT AGENCIES, ENABLING ORGANIZATIONAL RESTRUCTURING.

ECONOMIC STRUCTURAL REFORM REPORT URGES MORE COMPETITION IN FINANCIAL MARKETS (NIHON KEIZAI - PAGE 1)

THE ACTION PLANNING COMMITTEE (CHAIRER BY NOMURA RESEARCH COUNCIL ADVISOR KOICHI MIZOGUCHI) UNDER THE ECONOMIC COUNCIL, AN ADVISORY BODY TO THE PRIME MINISTER, REVEALED ITS DRAFT PLAN FOR ECONOMIC STRUCTURAL REFORM YESTERDAY. THE REPORT INCLUDES SPECIFIC MEASURES TO CORRECT THE NATION'S HIGH-COST STRUCTURE, CALLING FOR DEREGULATION AND INTRODUCTION OF COMPETITIVE MECHANISMS IN SIX AREAS INCLUDING MEDICAL AND WELFARE, AND FINANCIAL SERVICES. IN THE MEDICAL AREA, THE DRAFT RECOMMENDS THE GOVERNMENT TO DISCLOSE THE PROCESS OF DRUG PRICING. IN THE FINANCIAL AREA, IT CALLS FOR DROPPING REGULATIONS ON THE SCOPE OF SERVICES THAT CAN BE OFFERED BY SUBSIDIARIES OF DIFFERENT TYPES OF BUSINESS. THE ECONOMIC COUNCIL WILL UNCLAS SECTION 06 OF 07 TOKYO 010476

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 14

SUBMIT A FINAL VERSION TO PRIME MINISTER RYUTARO HASHIMOTO BY THE END OF THIS YEAR.

KEY POINTS IN THE DRAFT PLAN

(HIGH-SPEED TELECOMMUNICATIONS)

- ABOLISHING IN PRINCIPLE ALL RESTRICTIONS RELATED TO NEW ENTRIES INTO THE TELECOMMUNICATIONS AREA, EXCEPT FOR NIPPON TELEGRAPH AND TELEPHONE CORPORATION (NTT)
- SCRAPPING REGULATIONS ON CHARGES FOR NEWCOMERS
- ALLOWING NTT TO ENTER THE INTERNATIONAL TELECOMMUNICATIONS MARKET

(DISTRIBUTION)

- DROPPING THE REGULATION ON SHIPPING ADJUSTMENT THAT HAS BLOCKED NEW ENTRIES INTO THE COASTAL SHIPPING MARKET AT AN EARLY DATE WITHIN FIVE YEARS
- ABOLISHING SUPPLY-DEMAND ADJUSTMENT IN HARBOR TRANSPORTATION SERVICE; REVIEWING THE SUB-DIVIDED LICENSING SYSTEM RADICALLY
- SCRAPPING REGULATIONS ON BUSINESS TERRITORIES FOR TRUCKING BUSINESS AND THE REGULATION ON THE MINIMUM NUMBER OF TRUCKS FOR OPERATING BUSINESS

(FINANCES)

- ABOLISHING REGULATIONS ON THE SCOPE OF SERVICES THAT CAN BE OFFERED BY SUBSIDIARIES OF BANKS, SECURITIES COMPANIES AND TRUST UNITS
- ALLOWING LIFE AND NON-LIFE INSURANCE COMPANIES AND OTHER FINANCIAL INSTITUTIONS TO ENTER EACH OTHER'S TURF

- LIFTING THE BAN ON FINANCIAL INSTITUTIONS' OPERATING HOLDING COMPANIES

(LAND, HOUSING)

- RATIONALIZING REGULATIONS RELATED TO CONSTRUCTION, SUCH AS DEREGULATION OF THE CAPACITY RATE
- REFASHIONING THE TAX SYSTEM, SUCH AS ABOLITION OF THE LAND TRANSACTION TAX
- SPEEDING UP PROCEDURES FOR EXPROPRIATING LAND

(EMPLOYMENT, LABOR)

- RETOUCHING DRASTICALLY PREFERENTIAL INCOME TAX TREATMENT FOR SPOUSES AND INCOME CEILINGS SET AS A CONDITION FOR RECEIVING NATIONAL ANNUITIES
- ERASING THE STIPULATION ON PROTECTION OF WOMEN IN THE LABOR STANDARDS LAW
- LIBERALIZING IN PRINCIPLE FEE-CHARGING JOB-SEARCH SERVICE AND HUMAN RESOURCES AGENTS

(MEDICINE, WELFARE)

- REVIEWING THE SILVER-MARK SYSTEM
- MAKING PUBLIC THE PROCESS OF APPROVING NEW MEDICINES AND SETTING DRUG PRICES
- INTRODUCING PRIVATE-SECTOR VITALITY TO INCREASE EFFICIENCY IN THE FUNCTIONS OF MEDICAL INSTITUTIONS

ARRESTED OIL BROKER IZUI REGULARLY WINED AND DINED SENIOR MITI OFFICIALS (TOKYO SHIMBUN - TOP PLAY)

IT WAS REVEALED YESTERDAY THAT A FORMER NATURAL RESOURCES AND ENERGY AGENCY (NREA) OFFICIAL WHO IS NOW WITH THE MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY (MITI) HAD BEEN LAVISHLY ENTERTAINED, INCLUDING GOLF AND BANQUETS, BY JUNICHI IZUI (60), AN OIL WHOLESALER WHO WAS ARRESTED BY THE TOKYO DISTRICT PUBLIC PROSECUTORS OFFICE ON SUSPICION OF TAX EVASION. IZUI'S DONATIONS TO POLITICIANS AND HIS COLORFUL ASSOCIATION WITH PROFESSIONAL ATHLETES HAVE ALREADY COME TO LIGHT. MANY MITI OFFICIALS ABOVE THE DIVISION-DIRECTOR (KACHO) LEVEL KNOW IZUI PERSONALLY, ACCORDING TO THIS MITI OFFICIAL. THE RELATIONSHIP BETWEEN MITI AND THE OIL INDUSTRY IS LIKELY TO BE CALLED INTO QUESTION. THE MITI OFFICIAL, HOWEVER, HAS EMPHASIZED, "I HAVE NEVER RECEIVED ANY SPECIAL REQUESTS OR MONEY FROM THE OIL INDUSTRY."
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USIA

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MITI TO QUESTION THE OFFICIAL POSSIBLY TODAY.

MITI AND NREA ARE THE GOVERNMENT AGENCIES THAT OVERSEE THE OIL INDUSTRY. THE MITI OFFICIAL MENTIONED ABOVE IS THE FIRST OFFICIAL TO REVEAL AN ASSOCIATION WITH IZUI IN DETAIL.

ACCORDING TO THE OFFICIAL, HE BECAME ACQUAINTED WITH IZUI SOMETIME BETWEEN 1988 AND 1989. THE OFFICIAL REVEALED: "THROUGH MY SENIOR, I MET HIM FOR THE FIRST TIME AT A CERTAIN PARTY HELD AT A HIGH-CLASS JAPANESE RESTAURANT IN TOKYO." AROUND THE TIME WHEN HE TOOK A POST IN AN AGENCY AFFILIATED WITH MITI, HE PLAYED GOLF TWICE WITH IZUI AND A WELL-KNOWN PROFESSIONAL GOLFER AND LATER HE WAS GIVEN A GOLF CLUB (PUTTER) FROM THE GOLFER, ACCORDING TO THE OFFICIAL. HE HAS ALSO REVEALED THAT HE HAD ATTENDED IZUI'S PARTY THREE OR FIVE TIMES WHICH WERE ALSO ATTENDED BY SOME SUMO WRESTLERS AND OTHER PROFESSIONAL ATHLETES. EACH TIME, HE RECEIVED INVITATION AT HIS OFFICE DIRECTLY FROM IZUI OVER THE PHONE.

AT SUCH PARTIES, IZUI IS SAID TO HAVE MENTIONED, AS PERSONS HE WAS ON FRIENDLY TERMS WITH, SENIOR MITI OFFICIALS, THE LATE MICHIO WATANABE, AND POLICY AFFAIRS RESEARCH COUNCIL CHAIRMAN TAKU YAMASAKI OF THE LIBERAL DEMOCRATIC PARTY. IN ADDITION, IZUI IS REPORTEDLY TO HAVE MENTIONED, "VIETNAM IS THE PLACE TO FOCUS ON FROM NOW ON." THE OFFICIAL ADDED THAT NO EXECUTIVES FROM MITSUBISHI OIL OR MITSUI MINING WERE PRESENT AT SUCH PARTIES.

REGARDING THE LAVISH ENTERTAINMENT OFFERED BY IZUI, THE OFFICIAL STRESSED: "I HAVE NEVER RECEIVED ANY SPECIAL REQUEST PERTAINING TO MITI'S FORMAL DUTIES OR MONEY FROM IZUI HIMSELF OR FROM THE OIL INDUSTRY." NEVERTHELESS, HE ADMITTED THAT HE DID NOT PAY FOR THE PLAYING OF GOLF OR THE PARTIES BECAUSE SUCH HAD BEEN TAKEN CARE OF BY IZUI.

IN 1989, THE OFFICIAL WAS INVITED TO THE WEDDING OF IZUI'S DAUGHTER. "THERE I SAW MANY POLITICIANS AND SENIOR MITI OFFICIALS; IZUI PERSONALLY KNOWS MANY MITI OFFICIALS ABOVE THE DIVISION DIRECTOR LEVEL," ACCORDING TO THE OFFICIAL. CRANE

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SIT: NSC

Cable

PREC: IMMEDIATE

CLASS: UNCLASSIFIED

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LINE2: ZNR UUUUU ZZH

LINE3: O 140757Z NOV 96

LINE4: FM AMEMBASSY TOKYO

OSRI: RUEHKO

DTG: 140757Z NOV 96

ORIG: AMEMBASSY TOKYO

TO: RHEHAAA/WHITEHOUSE WASHDC IMMEDIATE
RUEHIA/USIA WASHDC IMMEDIATE 1953
RUHVPA/HQ PACAF HICKAM AFB HI//CC/PA// PRIORITY
RHHMHAH/CINCPACFLT PEARL HARBOR HI//N541// PRIORITY
RHHMUNA/USCINCPAC HONOLULU HI//USIA// PRIORITY
RUYNJDK/COMNAVFORJAPAN YOKOSUKA JA PRIORITY
RUEKJCS/SECDEF WASHDC//USDA;ISA// PRIORITY
RUEATRS/TREASURY DEPT WASHDC PRIORITY
RUEHC/SECSTATE WASHDC PRIORITY 9616
RUCPDO/USDOC WASHDC PRIORITY
RUALSFJ/COMUSJAPAN YOKOTA AB JA PRIORITY
RUHBANB/OAFO CAMP BUTLER JA PRIORITY

INFO: RUEHOK/AMCONSUL OSAKA KOBE PRIORITY 9302
RUEHKOF/AMCONSUL FUKUOKA PRIORITY 2542

SUBJ: MEDIA REACTION, OKINAWA ECONOMIC DEVELOPMENT;
TOKYO

TEXT:

UNCLAS TOKYO 010501

USIA

FOR: USIA FOR I/RF, I/RFW, I/GEA, EA, RMR; STATE/EAP/J,
EAP/P, PM, STATE DEPT. PLS PASS TO USTR/PUBLIC AFFAIRS
OFFICE; TREASURY/OASIA/IMI; NSC; SECDEF FOR OASD/PA; CP
BUTLER OKINAWA FOR AREA FIELD OFFICE

E.O. 12958; N/A

SUBJECT: MEDIA REACTION, OKINAWA ECONOMIC DEVELOPMENT;
TOKYO

LEAD STORIES: THE THURSDAY MORNING NIHON KEIZAI FRONT-
PAGED A REPORT FROM BEIJING THAT, WHEN THEY MEET DURING
THE APEC SUMMIT IN MANILA LATER THIS MONTH, PRESIDENT
CLINTON AND CHINESE PRESIDENT JIANG ARE EXPECTED TO
AGREE TO VISIT EACH OTHER'S CAPITAL NEXT YEAR. THE
ASAHI FRONT-PAGED AN INTERVIEW WITH FORMER ASSISTANT
SECRETARY OF DEFENSE ARMITAGE IN WASHINGTON IN WHICH HE
CALLED FOR THE WITHDRAWAL OF U.S. MARINES FROM OKINAWA
IF THE SITUATION ON THE KOREAN PENINSULA IMPROVES.
1. "DON'T LET OKINAWAN DEVELOPMENT REMAIN A MERE
DREAM." THE LIBERAL TOKYO SHIMBUN EDITORIALIZED

(NOVEMBER 14), "THE JAPANESE CENTRAL GOVERNMENT'S PLANS TO PROMOTE THE DEVELOPMENT OF OKINAWA ARE TAKING SHAPE. THEIR AIM IS TO PROMOTE THE ECONOMIC INDEPENDENCE OF OKINAWA, WHICH SUFFERS UNDER THE BURDEN OF A HUGE U.S. MILITARY PRESENCE, BUT THE PREFECTURAL GOVERNMENT'S BLUEPRINT FOR DEVELOPMENT MUSTN'T BE LEFT AN UNFULFILLED DREAM.

"CLOSING OR REDUCING U.S. MILITARY BASES WILL BE INDISPENSABLE TO THE ECONOMIC DEVELOPMENT OF OKINAWA PREFECTURE. ABOUT 75 PERCENT OF U.S. MILITARY FACILITIES IN JAPAN ARE CONCENTRATED THERE AND THEY COVER ABOUT 20 PERCENT OF THE ISLAND OF OKINAWA. UNLESS THIS SITUATION IMPROVES, IT WILL BE DIFFICULT TO GO FORWARD WITH THE COMPREHENSIVE PROMOTION OF THE PREFECTURE'S ECONOMY. ALTHOUGH THE GOVERNMENT IS WORKING HARD TO REALIGN THE U.S. BASES AND EVEN NEGOTIATED THE RETURN OF FUTENMA AIR BASE, IT SHOULD ALSO BRING THE ISSUE OF REDUCTION OF THE NUMBER OF MARINE BASES TO THE BARGAINING TABLE. PRIME MINISTER HASHIMOTO AND CHIEF CABINET SECRETARY KAJIYAMA WILL BE CALLED UPON TO SHOW THEIR STRONG LEADERSHIP." CRANE

SECT: SECTION: 01 OF 01

SSN: 0501

TOR: 961114032643 M2492650

DIST:

SIT: KRISTOFF PRITCHARD SUETTINGER URIU

SIT: NSC

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COLLECTION:

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

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RUEHIA/USIA WASHDC IMMEDIATE 1968
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RUCPDOG/USDOC WASHDC
RUEBBEA/USDOT WASHDC
RHHMHAH/CINCPACFLT PEARL HARBOR HI//N5//
RHHMUNA/USCINCPAC HONOLULU HI//USIA//
RUEKJCS/JOINT STAFF WASHDC//J5//
RUEKJCS/SECDEF WASHDC
RUAYJAA/COMPATWING ONE KAMI SEYA JA
RHEHAAA/WHITE HOUSE WASHDC
SUBJ: JAPANESE MORNING PRESS HIGHLIGHTS NOVEMBER 15
TEXT:

////////////////////// DUPLICATE SECTION ////////////////////////

UNCLAS TOKYO 010526

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 15

TOP HEADLINES:

ASAHI: JR EAST JAPAN TO DEVELOP NEW DOUBLE-DECKER TRAINS
TO MAKE MORE SEATS AVAILABLE TO PASSENGERS; WILL CONNECT
SUCH TRAINS DURING RUSH HOURS TO ACCOMMODATE MORE
PASSENGERS; AIMS AT OPERATION IN SPRING OF 1998

NIHON KEIZAI: NISSAN PULLS OUT OF JOINT VENTURE WITH

CHINESE COMPANY, OUT OF CONCERN OVER SLOW INCREASE IN DEMAND; COMPETITION WITH FORD IN ENGINE PRODUCTION PROJECT IN NANJING

TOKYO SHIMBUN: COUNTDOWN STARTS FOR THE NAGANO OLYMPICS; TEST RUNS OF NEW BULLET TRAINS FOR HOKURIKU SHINKANSEN LINE

MAINICHI: MITI SWITCHED POLICY ON LNG PROJECT IN SENDAI CITY; APPROVED TRANSPORTATION METHOD IN WHICH MITSUBISHI OIL'S SUBSIDIARY PARTICIPATED; NOW-ARRESTED OIL DEALER IZUI MIGHT HAVE BEEN INVOLVED IN LATE 1991

YOMIURI: BOARD OF AUDIT TO REPORT "FAILURE" OF FORESTRY PROJECT; PERSONNEL COST PUTS PRESSURE; 54 TIMES AS MUCH AS INCOME USED FOR PERSONNEL EXPENSES IN CERTAIN LOCAL FORESTRY OFFICE; ACCUMULATED DEBT REACHES 3.3 TRILLION YEN

SANKEI: PRIME MINISTER INTENDS TO APPOINT INCUMBENT BUREAUCRATS AS MEMBERS OF A WORKING-LEVEL "EXPERT PANEL," "ADMINISTRATIVE REFORM COUNCIL" TO BE UNDER HIS CONTROL (TRANSLATION BELOW)

LDP AGAINST GOVERNMENT'S PLAN TO RESTORE GRANT AID TO CHINA THIS YEAR (NIHON KEIZAI - PAGE 1)

THE LIBERAL DEMOCRATIC PARTY (LDP), AT ITS JOINT FOREIGN AFFAIRS DEPARTMENTS MEETING YESTERDAY, APPROVED THE (GOVERNMENT'S) PLAN TO SEND AN OFFICIAL SURVEY MISSION TO CHINA THIS MONTH TO (START) IMPLEMENTATION OF THE FOURTH YEN-LOAN PACKAGE (TOTALLING 580 BILLION YEN), WHICH HAS BEEN ON HOLD DUE TO CHINA'S NUCLEAR TESTING. BUT MEETING WITH STRONG OPPOSITION IN THE SESSION, THE PARTY FAILED TO APPROVE THE GOVERNMENT'S OTHER PLAN TO LIFT THE FREEZE ON THE NON-REIMBURSABLE ASSISTANCE TO CHINA WITHIN THE CURRENT FISCAL YEAR.

THE LDP PLANS TO DISCUSS THE MATTER ONCE AGAIN BEFORE THE JAPAN-CHINA SUMMIT MEETING THAT WILL BE HELD DURING THE ASIA-PACIFIC ECONOMIC COOPERATION (APEC) CONFERENCE LATER THIS MONTH. CHINA MAY REACT STRONGLY TO THE LDP'S NEGATIVE ATTITUDE TOWARD THE GRANT AID PACKAGE, AND THERE MAY BE A SLIGHT IMPACT ON THE BILATERAL RELATIONSHIP.

IN THE JOINT MEETING, FOREIGN MINISTER YUKIHIKO IKEDA POINTED OUT CHINA'S POLICY INTENTION OF DISCONTINUING NUCLEAR TESTING. HE ALSO SOUGHT THE MEMBERS' UNDERSTANDING TOWARD: 1) DISPATCHING A GOVERNMENT SURVEY MISSION (OF THE DIVISION-DIRECTOR (KACHO) LEVEL) TO CHINA WITHIN NOVEMBER TO PAVE THE WAY TO RESUME THE YEN-LOAN PACKAGE; AND 2) RESUMING GRANT AID IN THE CURRENT FISCAL YEAR, FOCUSING ON THE MEDICAL AREA FROM A HUMANITARIAN STANDPOINT. BUT SOME OBJECTIONS APPEARED TOWARD RESUMING GRANT AID, ONE MEMBER ARGUING, "IS IT PROPER TO RESUME ASSISTANCE SO SOON AFTER CHINA DECLARED THAT IT WOULD STOP NUCLEAR TESTING?" AS A RESULT, THE NON-REIMBURSABLE PORTION WAS NOT APPROVED.

GOVERNMENT HARD PRESSED TO RESPOND TO LDP ON ISSUE OF UNFREEZING GRANT AID TO CHINA (NIHON KEIZAI - PAGE 2)

THE LIBERAL DEMOCRATIC PARTY (LDP) AT ITS FOREIGN AFFAIRS JOINT MEETING YESTERDAY FAILED TO APPROVE THE GOVERNMENT'S PLAN TO REMOVE THE FREEZE ON THE NON-REIMBURSABLE AID PACKAGE TO CHINA. SUCH WAS CERTAINLY

NOT WHAT THE SECOND HASHIMOTO ADMINISTRATION EXPECTED OF REGARDING ITS CHINA POLICY, WHICH IS HIGH ON ITS DIPLOMATIC AGENDA.

"UNDER THE PRESENT CONDITION, WE JUST CANNOT IMPLEMENT IT." IN YESTERDAY'S JOINT MEETING, THIS SEVERE VIEW APPEARED FROM VARIOUS MEMBERS CENTERING ON DEPUTY SECRETARY GENERAL MUNEO SUZUKI TOWARD THE GOVERNMENT'S PLAN TO RESUME THE YEN-LOAN PACKAGE AND GRANT AID ALMOST SIMULTANEOUSLY. SEISUKE OKUNO ALSO CRITICIZED THE GOVERNMENT'S STANCE, "IT IS WEAK-KNEED TOWARD CHINA."

FORMER DEPUTY PRIME MINISTER/FOREIGN MINISTER YOHEI KONO REFUTED, "NON-REIMBURSABLE ASSISTANCE IS VITAL (TO IMPROVE JAPAN-CHINA RELATIONS)." AT ONE POINT THE YEN-LOAN PACKAGE WAS ALSO REFERRED TO, SOME ARGUING, "TO BEGIN WITH, GRANT AID AND YEN LOANS SHOULD GO HAND IN HAND. SO WE SHOULD DISCUSS (THE IMPLEMENTATION OF THE TWO PROGRAMS) AS A PACKAGE."

STRONG DISSATISFACTION IS SMOLDERING IN THE LDP TOWARD CHINA'S PROTEST AGAINST JAPAN'S SOVEREIGNTY OVER SENKAKU ISLANDS AND PAYING HOMAGE AT YASUKUNI SHRINE BY THE PRIME MINISTER. SUCH "PRO-CHINA" MEMBERS AS SUSUMU NIKAI DO AND MASAHARU GOTODA HAVE ALREADY RETIRED FROM THE LDP. WITH THE ADVENT OF GENERATIONAL CHANGE DURING THE LAST SEVERAL YEARS, AN INCREASING NUMBER OF JUNIOR MEMBERS WITH GREATER SENSE OF ALARM TOWARD CHINA HAVE BEEN CALLING FOR A REVIEW OF JAPAN'S CHINA POLICY.

A SENIOR FOREIGN MINISTRY OFFICIAL COMMENTED ON THE LDP'S JOINT MEETING: "THE YEN-LOAN PROGRAM IS AN INTEGRAL PART OF JAPAN'S CHINA POLICY. IT WAS A HUGE STEP TO DECIDE TO CARRY OUT THIS PROGRAM." THE LDP'S DISAPPROVAL OF GRANT AID IN PROTEST AGAINST CHINA'S NUCLEAR TESTING MAY EVOKE A STRONG REACTION FROM CHINA.

MINSHUTO LEADER HATOYAMA TRAVELS TO CHINA IN ATTEMPT TO DEMONSTRATE PARTYQS IDENTIFY (TOKYO SHIMBUN - PAGE 2)

THE MINSHUTO (DEMOCRATIC PARTY OF JAPAN) WILL SEND A DELEGATION TO CHINA LED BY CO-LEADER YUKIO HATOYAMA TO VISIT FROM THE 16TH TO 20TH. IN VIEW OF ITS POLICY LINE OF PLACING IMPORTANCE ON ASIA, THE PARTY HAS PICKED CHINA FOR ITS FIRST MISSION ABROAD SINCE ITS INAUGURATION. THE PARTY APPARENTLY AIMS BY THIS TO DEMONSTRATE ITS OWN IDENTITY. THE MISSION CONSISTS OF 7 MEMBERS. HATOYAMA'S WIFE SACHI ALSO WILL ACCOMPANY THE GROUP.

THE DELEGATION WILL LEAVE FOR DALIAN ON THE MORNING OF THE 16TH FROM HANEDA AIRPORT. IN DAILIAN, HATOYAMA AND OTHER MISSION MEMBERS WILL MEET WITH THE PARENTS OF JAPANESE CHILDREN LEFT IN CHINA AFTER THE WAR. THEY WILL THEN TRAVEL TO BEIJING ON THE NIGHT OF THE 17TH. NEXT DAY, ON THE 18TH, THEY WILL ATTEND A DINNER PARTY HOSTED BY FOREIGN MINISTER QIAN QICHEN. THEY WILL NEXT MEET WITH PRESIDENT JIANG Z EMIN ON THE 19TH OR 20TH. THE MISSION WILL RETURN HOME ON THE AFTERNOON OF THE 20TH.

THE MINSHUTO HAS INCLUDED IN THE POLICY PLATFORM THE PLANK THAT IT WOULD MAKE CLEAR ITS DEEP SELF-REFLECTION AND APOLOGIZE FOR THE PROBLEMS CAUSED BY THE PAST WAR, SUCH AS THE FORMER MILITARY COMFORT WOMEN ISSUE. THIS PRINCIPLE IS IN STRIKING CONTRAST TO THE VIEW OF HISTORY TAKEN BY THE LIBERAL DEMOCRATIC PARTY (LDP) AND THE SHINSHINTO (NEW FRONTIER PARTY). STRESSING THIS POLICY LINE TO THE CHINESE GOVERNMENT, THE MINSHUTO INTENDS TO PLAY UP ITS INDEPENDENT NATURE.

THE PARTY IS ALSO CONSIDERING DISPATCHING ITS DELEGATION TO THE UNITED STATES IN DECEMBER AND TO THE REPUBLIC OF KOREA IN MID-JANUARY.

JAPAN, U.S., AND ROK FOREIGN MINISTERS TO MEET AT APEC TO

DISCUSS NORTH KOREA PROBLEM (SANKEI - PAGE 1)

(WASHINGTON, NOVEMBER 14, YUKIO KASHIYAMA) AN OFFICIAL OF THE UNITED STATES GOVERNMENT REVEALED ON THE 13TH THAT A TRILATERAL FOREIGN MINISTERIAL MEETING WOULD BE HELD AMONG JAPAN, THE U.S. AND THE REPUBLIC OF KOREA (ROK), TAKING ADVANTAGE OF AN OCCASION OF THE ASIA-PACIFIC ECONOMIC COOPERATION (APEC) FORUM TO OCCUR IN MANILA LATE THIS MONTH. THE PURPOSE IS TO EXCHANGE VIEWS ANEW ABOUT THE ENTIRE KOREAN PENINSULA PROBLEM, SINCE THE GENERAL ELECTION IN JAPAN AND THE PRESIDENTIAL RACE IN THE U.S. ARE BOTH OVER AND IN THE ROK, A NEW FOREIGN MINISTER WAS INSTALLED. THE MAJOR TOPIC WILL BE HOW TO COPE WITH NORTH KOREA IN VIEW OF ITS ARMED AGENTS' INTRUSION (INTO THE ROK).

IT WILL BE THE FIRST OPPORTUNITY FOR FOREIGN MINISTER YUKIHIKO IKEDA, U.S. SECRETARY OF STATE WARREN CHRISTOPHER AND ROK FOREIGN MINISTER YU SONG HA TO MEET TOGETHER. BUT PARTLY BECAUSE THE THREE FOREIGN MINISTERS ALL HAVE CROWDED SCHEDULES, COORDINATION ON THE TIME FOR THE TRILATERAL MEETING IS STILL UNDERWAY AT THE WORKING-LEVEL IN THE THREE COUNTRIES.

THE CABINET-LEVEL MEETING WILL BE THE FIRST SINCE (NORTH KOREAN) ARMED AGENTS' INTRUDED (INTO THE SOUTH) BY MEANS OF A SUBMARINE, ALTHOUGH VICE-MINISTER-LEVEL CONSULTATIONS AMONG THE THREE COUNTRIES WERE HELD IN LATE SEPTEMBER IN NEW YORK.

THE NORTH'S INTRUSION INCIDENT HAS NOW RUINED THE CHANCE OF REALIZING FOUR-WAY TALKS AIMED AT A PERMANENT PEACE. TO DEAL WITH THAT, (JAPAN, THE U.S. AND THE ROK) WILL DISCUSS PRIMARILY HOW TO PROMOTE DIALOGUE WITH NORTH KOREA IN THE COMING MONTHS, WHEN TO SUPPLY LIGHT-WATER REACTORS THROUGH THE KOREAN PENINSULA ENERGY DEVELOPMENT ORGANIZATION (KEDO), AND HOW TO RESPOND IF ANOTHER REQUEST FOR FOOD ASSISTANCE COMES FROM THE NORTH.

SINCE THE OCCURRENCE OF THE ARMED INTRUSION, THE ROK HAS CONSTANTLY ASSUMED A STRONG STANCE OF SEEKING THE NORTH'S APOLOGY, BUT THE U.S. HAS NOT CHANGED ITS PREVIOUS POLICY COURSE, NAMELY, FOR NOW, NORTH KOREA PRESUMABLY NEEDS TO SHOW ITS GOOD FAITH, BUT OVER A LONG RUN, IT IS NECESSARY TO BRING THE NORTH INTO A FORUM FOR DISCUSSION. THOSE DIFFERENCES BECAME CLEAR IN THE VICE-MINISTER-LEVEL TALKS HELD IN NEW YORK. IN THE PLANNED FOREIGN MINISTERIAL TALKS, IT IS EXPECTED THERE MAY BE A SIMILAR DEVELOPMENT AND THAT THE U.S. AND THE ROK WILL ARGUE AGAINST EACH OTHER.

JAPANESE RETAILERS FORCED TO DRASTICALLY SCALE DOWN STORE SIZES UNDER LARGE STORE LAW
(NIHON KEIZAI - TOP PLAY, NOV. 14 EVENING EDITION)

A NUMBER OF CASES HAVE BEEN REPORTED WHERE THE LARGE-SCALE RETAIL STORE ADVISORY COUNCIL (DAITENSHIN), THE ADVISORY PANEL TO THE MINISTER OF INTERNATIONAL TRADE AND INDUSTRY WHICH ADJUSTS STORE OPENINGS, ISSUED RECOMMENDATIONS TO THE APPLICANT WISHING TO OPEN A LARGE-SCALE RETAIL STORES TO GREATLY REDUCE THE FLOOR SPACE OF THE STORE. THERE IS EVEN A CASE WHERE A SUPERMARKET CHAIN HAD TO GIVE UP ITS PLAN TO OPEN AN OUTLET WHEN THE FLOOR SPACE IT APPLIED FOR WAS SLASHED 60 PERCENT. THE REASON FOR THIS TREND IS A GROWING SENSE OF ALARM AMONG NEIGHBORHOOD STORES CAUSED BY THE SHARP INCREASE IN THE NUMBER OF NEW STORE APPLICATIONS AND PLANS TO EXPAND EXISTING FLOOR SPACE OF STORES THAT ACCOMPANIED THE EASING OF STORE-OPENING RESTRICTIONS. LARGE-SCALE STORES ARE RESENTING THE STANCE OF THE DAITENSHIN, CITING THAT SUCH A TREND WILL UNDERCUT THE EFFECTS OF DEREGULATORY STEPS, BECAUSE THE REASONS FOR THE RECOMMENDATIONS FOR REDUCTION ARE VAGUE.

AS A RESULT OF AN AMENDMENT TO THE LARGE-SCALE RETAIL STORE LAW (DAITENHO) IN 1991, THE BUSINESS ACTIVITIES COORDINATION ADVISORY COUNCIL (SHOCHOKYO) COMPOSED OF LOCAL CHAMBERS OF COMMERCE AND INDUSTRY AS A STORE-OPENING ADJUSTMENT ORGAN, WAS ABOLISHED. IN MAY 1994, THE APPLICATION OF THE LARGE STORE LAW WAS EASED, LIBERALIZING IN PRINCIPLE THE OPENING OF STORES WITH FLOOR SPACE LESS THAN 1,000 SQUARE METERS. ON THE HEELS OF THE SERIES OF EFFORTS TO EASE THE DAITENHO, THE NUMBER OF STORE-OPENING APPLICATIONS SET A RECORD FOR TWO YEARS RUNNING IN FISCAL 1994 AND FISCAL 1995, ONCE AGAIN SPARKING A STORM OF NEGATIVE REACTION AMONG SMALL STORES.

(THE SUPERMARKET CHAIN) DAIEI APPLIED TO OPEN A STORE IN YONAGO CITY, TOTTORI PREFECTURE, BUT A RECOMMENDATION FOR REDUCING THE FLOOR AREA OF THE APPLIED STORE TO BELOW 7,000 SQUARE METERS, -- ABOUT 60 PERCENT LESS THAN THE AREA IN THE PLAN -- WAS ISSUED. AS A RESULT, IT GAVE UP THE PLAN, CITING, "WE WILL NOT DO BUSINESS AS PLANNED WITH REDUCED STORE AREA." KINDS (TAKASAKI CITY), A HOME CENTER, ALSO RECEIVED A RECOMMENDATION TO CUT BACK BY 60 PERCENT THE FLOOR SPACE OF THE STORE IT WAS PLANNING TO OPEN IN IWASE TOWN, IBARAKI PREFECTURE. IT, HOWEVER, WILL OPEN A STORE WITH AREA OF 4,200 SQUARE METERS POSSIBLY IN THE SECOND HALF OF 1997, BY ESTABLISHING SALES SPACE (1,000 SQUARE METERS) DEDICATED TO IMPORTED GOODS UNDER SPECIAL EXEMPTION REGULATIONS STIPULATED IN THE DAITENHO. LIFE CORPORATION ALSO REDUCED BY 60 PERCENT THE FLOOR SPACE OF A STORE IT PLANNED TO OPEN IN UJI CITY, KYOTO. ITO-YOKADO WAS ALSO ASKED TO TRIM ABOUT 20 PERCENT OF THE STORE SPACE OF A STORE IT APPLIED TO OPEN IN OKAYAMA CITY.

THE RATIO OF THE REDUCTION OF THE FLOOR SPACE OF THE TYPE-1 LARGE-SCALE STORES IN RESPONSE TO RECOMMENDATIONS ISSUED BY THE DAITENSHIN FROM JANUARY TO OCTOBER THIS YEAR HAS REACHED 19 PERCENT IN AREAS UNDER THE JURISDICTION OF THE KANTO REGIONAL BUREAU OF INTERNATIONAL TRADE AND INDUSTRY, UP 6 PERCENTAGE POINTS OVER THE PREVIOUS YEAR. IN THE KINKI BUREAU OF MITI, SUCH A RATE UP UNTIL OCTOBER THIS YEAR STANDS AT 23 PERCENT, SHOWING NO CHANGE FROM THE PRECEDING YEAR, BUT THE PROPORTION OF CASES WHERE REDUCTION RECOMMENDATIONS WERE ISSUED TO THE NUMBER OF APPLICATIONS POSTED 59 PERCENT, UP 5 PERCENTAGE POINTS.

IN CARRYING OUT STORE-OPENING ADJUSTMENT, THE DAITENSHIN CONSULTS LOCAL CHAMBERS OF COMMERCE AND INDUSTRY AND COMMERCIAL AND INDUSTRIAL ASSOCIATIONS FOR THEIR VIEWS. AS REASONS FOR ITS RECOMMENDING APPLICANTS FOR OPENING A LARGE-SCALE STORE TO REDUCE ITS FLOOR SPACE, IT NOTED, "IF APPLICATIONS ARE ACCEPTED UNAMENDED, IT WILL DEAL A SERIOUS BLOW TO SMALL TO MEDIUM-SIZED STORES IN THE NEIGHBORHOOD."

THERE IS A GROWING TREND FOR OPENING STORES IN SUBURBS, INVOKING OPPOSITION AMONG MAJOR LOCAL SHOPPING DISTRICTS IN LOCAL CITIES.

STORES CANNOT BE OPENED UNLESS RECOMMENDATIONS ISSUED BY THE DAITENSHIN ARE COMPLIED WITH. LARGE-SCALE STORES ARE STRENGTHENING THEIR VOICES, "IF RECOMMENDATIONS FOR LARGE-SCALE REDUCTION CONTINUES, WE WILL HAVE TO ASK FOR ANOTHER REVISION OF THE LAW, INCLUDING THE POSSIBILITY OF ITS ABOLISHMENT."

RECOMMENDED AREA AND REDUCTION RATE OF MAJOR LARGE-SCALE STORES

COMPANY NAME	RECOMMENDED AREA (SQUARE METER)	REDUCTION RATE (PERCENT)
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DAIEI (YONAGO)	7,000	58.8
JUSCO (AKITA)	13,500	30.2
ITO-YOKADO (OKAYAMA)	13,500	19.6

MYCAL (OTARU)	98,000	18.3
KINDS		
(IWASE, IBARAKI)	3,2005	9.0
SEIYU (OKAYA)	1,650	30.3
JAPAN TOYS "R" US	2,500	9.7

(N.B.). AFFILIATED COMPANIES ARE ALSO INCLUDED. PLACES INDICATED IN THE PARENTHESES ARE WHERE STORES ARE PLANNED TO BE ESTABLISHED.

MANAGEMENT AGENCY SAYS 55 PERCENT OF DEREGULATION PLAN HAS BEEN IMPLEMENTED (NIHON KEIZAI - PAGE 2)

THE MANAGEMENT AND COORDINATION AGENCY (MCA) HAS COMPILED SURVEY RESULTS AS OF OCTOBER 1 THIS YEAR OF PROGRESS MADE IN EASING THE REGULATIONS OF MINISTRIES AND AGENCIES, BASED ON MEASURES THE GOVERNMENT HAD INCORPORATED IN ITS "REVISED DEREGULATION PROMOTIONAL PLAN" ADOPTED BY A CABINET MEETING THIS MARCH. ACCORDING TO THE RESULTS, IT WAS FOUND THAT 308 DEREGULATION ITEMS, CORRESPONDING TO 55.1 PERCENT OF ALL ITEMS WHOSE DEADLINE FOR DEREGULATION WILL ARRIVE IN FISCAL 1996, HAVE ALL BEEN IMPLEMENTED. THE PROGRESS RATE HAS BEEN IMPROVED BY 9.9 POINTS FROM THE SAME PERIOD OF THE PREVIOUS MONTH.

RENGO CHIEF ASHIDA PICKED TO HEAD ADMINISTRATIVE REFORM PANEL DIRECTLY UNDER PRIME MINISTER
(NIHON KEIZAI - PAGE 2)

PRIME MINISTER RYUTARO HASHIMOTO YESTERDAY DECIDED ON THE MEMBERSHIP OF HIS ADMINISTRATIVE REFORM PROMOTIONAL COMMITTEE, A PANEL UNDER HIS DIRECT CONTROL THAT WILL LOOK INTO WAYS TO REORGANIZE THE CENTRAL GOVERNMENT OFFICES. HE INTENDS TO APPOINT JAPAN TRADE UNIONS CONFEDERATION (RENGO) CHAIRMAN JIN'NOSUKE ASHIDA, JAPAN FEDERATION OF ECONOMIC ORGANIZATIONS (KEIDANREN) CHAIRMAN SHOICHIRO TOYODA, HAYAO KAWAI, PROFESSOR EMERITUS AT KYOTO UNIVERSITY, AND KYOTO UNIVERSITY PROFESSOR KOJI (?) SATO AS MEMBERS. HE ALSO PLANS TO BRING IN AS MEMBERS SOPHIA UNIVERSITY PROFESSOR KUNIKO INOKUCHI AND FORMER TOKYO UNIVERSITY PRESIDENT AKIHITO (?) ARIMA. THE GOVERNMENT WILL (FORMALLY) DECIDE ON REVISING THE ORGANIZATIONAL ORDERS OF THE PRIME MINISTER'S OFFICE ESTABLISHMENT LAW AND ESTABLISHING THE NEW PANEL IN A CABINET MEETING ON THE 19TH. THE COMMITTEE WILL HAVE 11 MEMBERS IN TOTAL.

PRIME MINISTER PLANS TO INCLUDE BUREAUCRATS ALSO IN HIS ADMINISTRATIVE REFORM PANEL (SANKEI - TOP PLAY)

PRIME MINISTER RYUTARO HASHIMOTO YESTERDAY DECIDED TO SET UP AN EXPERT WORKING GROUP UNDER A NEW PANEL TO THE PRIME MINISTER THAT WILL STUDY MEASURES TO REORGANIZE CENTRAL GOVERNMENT MINISTRIES AND AGENCIES. THE WORKING GROUP

WILL BE TASKED WITH MAPPING OUT SPECIFIC MEASURES FOR REORGANIZATION AND DRAFTING OF LEGISLATION. THE PANEL TO THE PRIME MINISTER, CALLED THE "ADMINISTRATIVE REFORM COMMITTEE" (GYOUSEI KAIKAKU KAIGI), WILL HOLD ITS FIRST MEETING ON THE 28TH. THE PRIME MINISTER HAD INDICATED HIS INTENTION TO EXCLUDE EX-OFFICIALS FROM PANEL MEMBERSHIP. BUT WITH THE REVELATION OF A POLICY DIRECTION OF APPOINTING INCUMBENT OFFICIALS TO AN EXPERT WORKING GROUP AS MEMBERS WHO WILL PLAY AN ESSENTIAL ROLE, THE TASK OF REORGANIZING GOVERNMENT MINISTRIES AND AGENCIES -- HIGH ON THE LIST OF MAJOR TASKS FOR THE SECOND HASHIMOTO CABINET -- IS NOW LIKELY TO BE PROMOTED UNDER THE LEAD OF THE BUREAUCRACY.

THE PRIME MINISTER, WITH THE AIM OF UNDERSCORING HIS CABINET'S EAGERNESS TO BUCKLE DOWN TO REFORM OF KASUMIGASEKI (GOVERNMENT OFFICE AREA), HAD PROJECTED A SCENARIO IN WHICH WORKING GROUP MEMBERS DRAW UP MEASURES, WITH INCUMBENT OR FORMER OFFICIALS NOT INCLUDED AMONG THE MEMBERSHIP.

BUT OUT OF THE NEED TO EXAMINE THE CONTENTS OF THE RESPONSIBILITIES OF THE EXISTING 22 MINISTRIES AND AGENCIES AND TO LOOK INTO THE EXISTING LEGISLATION, WITH AN EYE ON SUBMISSION OF RELEVANT BILLS AFTER A FINAL REPORT IS COMPILED, THE PRIME MINISTER JUDGED IT NECESSARY TO SET UP AN EXPERT WORKING GROUP TO HOLD PRACTICAL TALKS. HE ALSO INTENDS TO APPOINT AS ITS MEMBERS INCUMBENT OFFICIALS FROM VARIOUS MINISTRIES AND AGENCIES.

UPON HURRIEDLY SELECTING MEMBERS AND EXPERT MEMBERS, THE PRIME MINISTER WILL HAVE THE ESTABLISHMENT OF THE NEW PANEL ADOPTED AT A CABINET MEETING ON THE 19TH. ON THE 22ND, HE WILL ISSUE AN ORDINANCE OF THE PRIME MINISTER OFFICE THAT PROVIDES IT. THE FIRST MEETING IS SCHEDULED FOR THE 28TH AT THE EARLIEST OR THE 29TH AT THE LATEST.

REORGANIZATION OF GOVERNMENT AGENCIES LEFT TO BUREAUCRATS AFTER ALL

(ANALYSIS) WITH A DIRECTION BEING SET TO APPOINT INCUMBENT OFFICIALS AS MEMBERS OF THE EXPERT WORKING GROUP UNDER THE ADMINISTRATIVE REFORM COMMITTEE, IT IS NOW APPARENT THAT ADMINISTRATIVE REFORM UNDER THE NEW CABINET WILL BE PROMOTED BY CENTRAL GOVERNMENT OFFICIALS.

PRIME MINISTER RYUTARO HASHIMOTO HAD HINTED THAT ADMINISTRATIVE REFORM WOULD NOT BE ATTAINED WITHOUT GOVERNMENT OFFICIALS' COOPERATION. WITH THIS DECISION, THE PRIME MINISTER'S LIMITATION WAS EXPOSED, IN A SENSE.

SUCH IS ALSO INDICATED IN SELECTION OF ADMINISTRATIVE REFORM COMMITTEE MEMBERS. HE HAS GENERALLY DECIDED TO PICK ADMINISTRATIVE REFORM COUNCIL CHAIRMAN YOOTARO IIDA, DECENTRALIZATION PROMOTION COMMITTEE CHAIRMAN KEN MOROI AND ECONOMIC COUNCIL CHAIRMAN SHOICHIRO TOYODA, WHO

SERVES AS KEIDANREN (JAPAN FEDERATION OF ECONOMIC ORGANIZATION). BUT SOME GOVERNMENT OFFICIALS CAST DOUBTS OVER THIS SELECTION, ONE SAYING, "MR. IIDA, MOROI AND TOYODA HAVE THEIR OWN VIEWS REGARDING DEREGULATION AND DECENTRALIZATION, BUT I AM WONDER IF THEY ARE SUITABLE FOR WORKING OUT MEASURES TO REORGANIZE CENTRAL GOVERNMENT AGENCIES AND TO STRENGTHEN THE FUNCTIONS OF THE PRIME MINISTER'S RESIDENTIAL OFFICE."

IN ADDITION TO THE THREE, A PSYCHOLOGIST AND ENGINEER WILL BE INCLUDED. OBSERVING SUCH APPOINTMENTS, CRITICISM HAS ERUPTED IN THE BUSINESS WORLD, AS SEEN FROM THE REMARK "I DOUBT WHETHER THE PRIME MINISTER IS REALLY WILLING TO ADDRESS REORGANIZATION OF CENTRAL GOVERNMENT AGENCIES IN EARNEST." THE APPOINTMENT OF BUREAUCRATS AS EXPERT MEMBERS MIGHT END UP PROVING THE GOVERNMENT'S LACK OF ARDOR FOR FUTURE ADMINISTRATIVE REFORM.

HASHIMOTO TO VISIT OKINAWA EARLY NEXT MONTH
(SANKEI - PAGE 2)

PRIME MINISTER RYUTARO HASHIMOTO MADE UP HIS MIND ON NOVEMBER 14 TO VISIT OKINAWA PREFECTURE EARLY IN DECEMBER, AND SCHEDULE COORDINATION IS NOW GOING ON.

THE OKINAWA POLICY CONSULTATIVE COUNCIL, MADE UP OF OFFICIALS FROM THE CENTRAL AND OKINAWA PREFECTURAL GOVERNMENTS, HAS NOW BEGUN SPECIFIC STUDIES ON BUDGETARY MEASURES FOR A PACKAGE OF 88 PROJECTS TO HELP DEVELOP OKINAWA PREFECTURE. IN ADDITION, THE OKINAWA FORUM, A PRIVATE ADVISORY PANEL FOR CHIEF CABINET SECRETARY SEIROKU KAJIYAMA, IS GOING TO COMPILE A REPORT ON NOVEMBER 19. IN RESPONSE, THE PRIME MINISTER IS GOING TO MEET WITH OKINAWA PREFECTURE'S GOVERNOR MASAHIDE OTA AND OTHERS TO SEEK UNDERSTANDING FOR THE GOVERNMENT'S OKINAWA DEVELOPMENT MEASURES.

REGARDING THE PROBLEM OF CONSTRUCTING AN ALTERNATIVE

HELIPORT FOR THE REVERSION OF THE FUTENMA AIR STATION SITE, THE PRIME MINISTER INTENDS TO GIVE EXPLANATIONS TO GOVERNOR OTA DURING THEIR MEETING ABOUT THE CONTENTS OF THE JAPAN-U.S. SUMMIT MEETING TO BE HELD BETWEEN THE PRIME MINISTER AND U.S. PRESIDENT CLINTON IN THE PHILIPPINES ON THE 24TH OF THIS MONTH.

U.S. DEPUTY SECRETARY OF DEFENSE TO ARRIVE IN JAPAN ON THE 21ST (YOMIURI - PAGE 2)

U.S. DEPUTY SECRETARY OF DEFENSE JOHN WHITE AND DEPUTY ASSISTANT SECRETARY OF DEFENSE KURT CAMPBELL WILL VISIT JAPAN ON NOVEMBER 21 FOR A JAPAN-U.S. SUB-CABINET-LEVEL DEFENSE MEETING AND A WORKING GROUP OF THE SPECIAL ACTION COMMITTEE ON FACILITIES AND AREAS IN OKINAWA (SACO). THIS WAS REVEALED BY AN OFFICIAL OF THE JAPAN DEFENSE AGENCY AT A NATIONAL DEFENSE MEETING OF THE LIBERAL DEMOCRATIC PARTY ON NOVEMBER 14. PRIOR TO THE JAPAN-U.S.

SUMMIT MEETING SET FOR NOVEMBER 24, THE TWO COUNTRIES WILL WORK OUT THE DETAILS OF A FINAL REPORT TO BE COMPILED BY SACO.

LDP PRESSURING LOCAL COMMUNITIES TO ACCEPT TRANSFER OF U.S. FORCESQ LIVE-FIRE TRAINING (SANKEI - PAGE 2)

THE LIBERAL DEMOCRATIC PARTY HELD A JOINT MEETING OF ITS DIVISIONS RELATED TO NATIONAL DEFENSE AFFAIRS ON NOVEMBER 14 TO DISCUSS THE PLANNED TRANSFER OF LIVE-FIRE ARTILLERY TRAINING, WHICH HAS BEEN CARRIED OUT BY THE U.S. MARINES IN OKINAWA PREFECTURE ACROSS PREFECTURAL HIGHWAY ROUTE 104, TO SOMEWHERE ELSE ON THE MAINLAND OF JAPAN. REGARDING THIS ISSUE, THE LDP DECIDED TO HAVE SOME OF ITS DIETMEMBERS ENGAGE IN LOCAL AFFAIRS PERTAINING TO FIVE LOCAL DISTRICTS THAT HAVE BEEN SELECTED ON THE LIST OF CANDIDATE LOCALITIES IN THE COUNTRY FOR THAT ARTILLERY PRACTICE, AND TO STRENGTHEN ITS LOCAL PERSUASION APPROACH. IN RESPONSE TO THIS DECISION, MEMBERS SELECTED AT A CONFERENCE OF LDP DIVISION CHAIRMEN AND VICE CHAIRMEN HELD ON THE SAME DAY HEARD THE CURRENT CIRCUMSTANCES FROM THE DEFENSE FACILITIES ADMINISTRATION AGENCY DIRECTOR GENERAL.

THE LDP DIETMEMBERS FOR LOCAL AFFAIRS WERE SELECTED FROM AMONG THOSE ELECTED FROM HOKKAIDO AND OTHER PREFECTURES WHERE THE CANDIDATE FIRING RANGES FOR THE LIVE-FIRE DRILLS ARE LOCATED. THOSE APPOINTED ARE: MUNEO SUZUKI (FOR YAUSUBETSU, HOKKAIDO), HIROAKI KAMEYA (FOR OJOJIHARA, MIYAGI PREFECTURE), KUNIO TANABE (FOR KITA-FUJI, YAMANASHI PREFECTURE), HIROYASU KURIHARA (FOR HIGASHI-FUJI, SHIZUOKA PREFECTURE), AND SEISHIRO ETO (FOR HIJIUDAI, OITA PREFECTURE).

FROM NOW ON, EACH OF THOSE PICKED MEMBERS IS GOING TO MAKE CONTACT WITH LOCAL GOVERNMENTS, ASSEMBLIES, AND OTHER ORGANIZATIONS CONCERNED TO ENGAGE IN SUCH ACTIVITIES AS GIVING EXPLANATIONS ABOUT THE TRANSFER PLAN AND COORDINATING LOCAL REQUESTS FOR TRANSFER CONDITIONS, IRRIGATION IMPROVEMENT, AND OTHER PROJECTS. IN THE COURSE OF COMPILING THE NEXT FISCAL YEAR BUDGET, THE LDP'S THREE NATIONAL DEFENSE RELATED DIVISIONS WILL ADJUST LOCAL REQUESTS.

FOR ITS PLAN TO TRANSFER THE LIVE-SHELL FIRING PRACTICE TO MAINLAND FIRING RANGES, THE GOVERNMENT INFORMALLY DESIGNATED FIVE PLACES THIS AUGUST, AND INTENDS TO CARRY IT OUT NEXT FISCAL YEAR. IN THE CASE OF YAUSUBETSU, LOCAL MUNICIPALITIES THERE HAVE SHOWN A FLEXIBLE POSTURE TOWARD ACCEPTING THE TRANSFER PLAN. HOWEVER, ALL OTHER LOCAL GOVERNMENTS HAVE NOW EXPRESSED THEIR RELUCTANCE ABOUT ACCEPTING IT, REASONING THAT LOCAL RESIDENTS MAY SUFFER FROM NOISE AND PUBLIC PEACE MAY WORSEN. CRANE

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SUBJ: JAPANESE MORNING PRESS HIGHLIGHTS NOVEMBER 18

TEXT:

UNCLAS SECTION 01 OF 08 TOKYO 010594

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;
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E.O. 12958: N/A

SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS NOVEMBER 18

TOP HEADLINES:

ASAHI: VICE WELFARE MINISTER OKAMITSU ENJOYED BENEFITS;
SPECIAL ELDERLY NURSING CARE FACILITY'S DIRECTOR PROVIDED
16-MILLION YEN GOLF COURSE MEMBERSHIP; PASSENGER CAR ALSO
TEMPORARILY OFFERED

NIHON KEIZAI: OPINION POLL: 85 PERCENT OF VENTURE
BUSINESSES EAGER TO LIST THEIR STOCKS; 38 PERCENTS HOPE
"TO DO SO IN FIVE YEARS"; ORDINARY PROFITS EXPECTED TO
INCREASE BY 56 PERCENT FOR THIS FISCAL YEAR

TOKYO SHIMBUN: YAMAICHI SECURITIES' SENIOR BRANCH OFFICER DISMISSED DUE TO STOCK DEALS IN TENS OF MILLIONS OF YEN BY USING SOMEONE ELSE'S NAME; MONEY USED FOR SUCH STOCK DEALS WAS A PORTION OF FUNDS MISAPPROPRIATED BY AN ACCOUNTING OFFICER OF SUBSIDIARY OF HONSHU PAPER

MAINICHI: ORANGE MUTUAL AID ASSOCIATION PROBLEM: SENIOR OFFICER OVER-ISSUED CHECKS -- 500 MILLION YEN IN 1992; A PORTION FLOWED INTO THE HANDS OF GANGSTERS

YOMIURI: LARGEST AMERICAN "INVESTMENT TRUST" IN THE WORLD TO SELL INVESTMENT TRUST MERCHANDISE IN JAPANESE MARKET AS EARLY AS NEXT SUMMER

SANKEI: OF FISCAL 1995'S MEDICAL TREATMENT EXPENSES REQUESTED UNDER HEALTH INSURANCE, 4.6 BILLION YEN CLAIMED ILLEGALLY; 15 FACILITIES AND 18 PERSONS DETERMINED TO BE DISQUALIFIED

JDA DIRECTOR GENERAL SAYS SITE OFF CAMP SCHWAB LIKELY FOR OKINAWA HELIPORT (NIHON KEIZAI - PAGE 1, NOV. 17 EDITION)

REGARDING THE PLAN TO CONSTRUCT AN OFFSHORE HELIPORT AS AN ALTERNATIVE FACILITY FOR THE U.S. FORCES' FUTENMA AIR STATION IN OKINAWA PREFECTURE, JAPAN DEFENSE AGENCY DIRECTOR GENERAL FUMIO KYUMA TOLD PRESS REPORTERS ON THE AFTERNOON OF NOVEMBER 16 DURING HIS INSPECTIONAL VISIT THERE THAT "A SITE IN THE WATERS OFF CAMP SCHWAB (STRETCHING OVER NAGO CITY AND OTHER LOCALITIES) MAY COME UP AS THE LIKELY AREA." THE JDA DIRECTOR GENERAL THUS MADE IT CLEAR THAT THE GOVERNMENT WAS GIVING THOUGHT TO THE U.S. MILITARY TRAINING WATERS OFF CAMP SCHWAB AS A LIKELY CANDIDATE SITE.

AS FOR THE REASON WHY THE AREA OFF CAMP SCHWAB IS LIKELY, JDA DIRECTOR GENERAL KYUMA CITED: (1) THE AREA IS EASILY ACCESSED BY A NEW HIGHWAY; AND (2) THE AREA WOULD BE LESS AFFECTED BY (AIRCRAFT) NOISE, COMPARED TO OTHER PLACES. THIS IS THE FIRST TIME THAT A JDA DIRECTOR GENERAL HAS REFERRED TO A LIKELY CANDIDATE SITE WITH A SPECIFIC NAME. THE GOVERNMENT INTENDS TO SEEK THE U.S. SIDE'S UNDERSTANDING FOR CONSTRUCTING AN ALTERNATIVE FACILITY IN AN AREA OFF CAMP SCHWAB AT A WORKING GROUP MEETING OF THE JAPAN-U.S. SPECIAL ACTION COMMITTEE (ON FACILITIES AND AREAS IN OKINAWA) (SACO) TO BE HELD ON NOVEMBER 21 AND 22. AFTER THAT, PRIME MINISTER RYUTARO HASHIMOTO WILL MEET WITH U.S. PRESIDENT CLINTON IN THE PHILIPPINES ON NOVEMBER 24.

GOVERNMENT SETTING ENVIRONMENT FOR FINAL DECISION ON HELIPORT SITE AT BILATERAL SUMMIT
(NIHON KEIZAI - PAGE 2, NOV. 17 EDITION)

COMMENTARY

JAPAN DEFENSE AGENCY DIRECTOR GENERAL FUMIO KYUMA DARED AT THIS TIME TO MENTION A LIKELY CANDIDATE SITE FOR THE

PLANNED CONSTRUCTION OF A SEA-BASED HELIPORT. THIS CAN BE TAKEN AS HIS EXPRESSION OF THE JAPANESE SIDE'S ENTHUSIASM FOR AN EARLY SETTLEMENT OF THE FUTENMA PROBLEM. PRIME MINISTER RYUTARO HASHIMOTO, IN HIS NOVEMBER 8 TELEPHONE TALKS WITH U.S. PRESIDENT CLINTON, UNCLAS SECTION 02 OF 08 TOKYO 010594

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 18

TRANSMITTED HIS INTENTION OF AIMING TO SETTLE THE FUTENMA ISSUE AT A JAPAN-U.S. SUMMIT MEETING TO BE HELD IN THE PHILIPPINES ON NOVEMBER 24. ACCORDINGLY, THE TWO TOP LEADERS' MEETING WILL BE A MAJOR CLIMAX.

IT HAS BEEN SAID THAT "FUTENMA EPITOMIZES THE PROBLEM OF U.S. MILITARY BASES ON OKINAWA." ANOTHER REASON, NOW BEING POINTED OUT FOR THE JAPANESE SIDE'S HURRYING FOR A SETTLEMENT, IS A POSSIBLE CHANGE IN THE LINEUP OF OFFICIALS IN THE U.S. ADMINISTRATION.

PRESIDENT CLINTON WAS REELECTED IN THE NOVEMBER 5 PRESIDENTIAL ELECTION. HOWEVER, SECRETARY OF DEFENSE PERRY AND AMBASSADOR TO JAPAN MONDALE, WHO HAVE BEEN IN THE FOREFRONT OF THE OKINAWA PROBLEM, WILL RETIRE SHORTLY. ALL THE MORE BECAUSE BOTH SIDES HAVE TO WORK TOGETHER FOR THE PLANNED REVERSION OF THE FUTENMA AIRFIELD WHILE HOLDING DOWN THE U.S. MILITARY'S INTERNAL RESISTANCE, IT IS SAID THAT NOT ONLY THE GOVERNMENT BUT ALSO OKINAWA PREFECTURE IS NOW ENTERTAINING A SENSE OF CRISIS AS A SENIOR JDA OFFICIAL EXPLAINS THAT "THE PROBLEM WILL HAVE TO BE SETTLED WHEN THE TWO ARE STILL IN OFFICE, OR THE PROBLEM MAY BE PROTRACTED."

IN THE GOVERNMENT AND THE LIBERAL DEMOCRATIC PARTY, THERE IS ALSO A VIEW SAYING THAT "THE APRIL JAPAN-U.S. JOINT DECLARATION ON SECURITY IS AIMING PRINCIPALLY AT JAPAN-U.S. DEFENSE COOPERATION, NOT AT OKINAWA." MEANWHILE, THE TIME LIMIT FOR A REVIEW OF THE GUIDELINES FOR JAPAN-U.S. DEFENSE COOPERATION IS ALSO SET FOR SEPTEMBER NEXT YEAR, AND THE GOVERNMENT APPARENTLY WANTS TO SETTLE THE ISSUE OF BASE REDUCTION AT THIS TIME.

LOCALS AGAINST SCHWAB SITE FOR OFFSHORE HELIPORT
(NIHON KEIZAI - PAGE 39, NOV. 17 EDITION)

REFERRING TO JAPAN DEFENSE AGENCY DIRECTOR GENERAL FUMIO KYUMA'S EXPRESSION OF HIS VIEW ON NOVEMBER 16 TO THE

EFFECT THAT THE AREA OF WATERS OFF (THE U.S. FORCES') CAMP SCHWAB WOULD BE A LIKELY SITE FOR THE PLANNED CONSTRUCTION OF A SEA-BASED HELIPORT FOR THE RETURN OF FUTENMA AIR STATION, NAGO CITY'S MAYOR TETSUYA HIGA DISCLOSED HIS DISSATISFACTION: "WHY ARE THEY TRYING TO BRING SUCH A FACILITY THAT IS UNWELCOME HERE AND THERE IN OKINAWA? I HAVE NEVER HEARD ANYTHING ABOUT IT BOTH FORMALLY AND INFORMALLY. THIS IS NOT A MATTER TO BE DECIDED UNILATERALLY BY THE GOVERNMENT."

KEIZO MIYASHIRO (OR MIYAGI?), CHAIRMAN OF THE NAGO FISHERMEN'S COOPERATIVE ASSOCIATION, STATED, "OKINAWA PREFECTURE HAS BEEN OFFERING A TOTAL OF 31 SEA AREAS TO THE U.S. MILITARY (FOR TRAINING). WE DON'T WANT OUR FISHING GROUNDS TO BE REDUCED ANY MORE. AFTER ALL, THE OFFSHORE HELIPORT PLAN IS (BASE) RELOCATION WITHIN THE PREFECTURE. WE'RE AGAINST SUCH A PLAN ALSO FROM THE ASPECT OF THE PREFECTURE'S STANDPOINT OF REALIGNING AND REDUCING THE MILITARY BASES." SO REMARKING, HE REVEALED HIS INTENTION OF TALKING ABOUT A FUTURE RESPONSE AT A MEETING OF FISHERY COOPERATIVE ASSOCIATION CHIEFS IN THE PREFECTURE.

A FISHERMEN'S COOPERATIVE ASSOCIATION OFFICIAL ALSO SAID, "IF A SETTLEMENT IS REACHED ON THE OFFSHORE HELIPORT PLAN, WE WOULD THEN PROPOSE TO CALL OFF A PORTION OF THE TRAINING WATERS CURRENTLY OFFERED TO THE U.S. FORCES."

MAYOR HIGA SAYS, "I WILL MAKE A JUDGMENT AFTER LISTENING TO THE VOICES OF THE CITY'S PEOPLE AND ASSEMBLY." ON THE OTHER HAND, HOWEVER, THE MAYOR HAS LEFT IMPLICATIONS FOR THE FUTURE: "WHAT WE SHOULD DO FIRST IS TO PROPERLY POSITION THE LOCAL DEVELOPMENT OF NAGO CITY AND OTHER AREAS IN THE NORTHERN PART OF THE PREFECTURE UNDER THE PREFECTURAL GOVERNMENT'S INTERNATIONAL CITY CONSTRUCTION CONCEPT. IF THEY, AFTER THAT, COME TO BRING US THEIR UNCLAS SECTION 03 OF 08 TOKYO 010594

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 18

PLAN, WE MAY LISTEN. POLITICS WILL NOT MAKE PROGRESS IF WE ARE TOTALLY OPPOSED."

PRIME MINISTERQS TOP PRIORITY TO RESOLVE THE FUTENMA AIR STATION ISSUE (ASAHI - PAGE 2)

FOR PRIME MINISTER RYUTRARO HASHIMOTO, THE UPCOMING ASIA-

PACIFIC ECONOMIC COOPERATION (APEC) FORUM WILL BE HIS FIRST APPEARANCE ON THE MULTILATERAL DIPLOMATIC STAGE SINCE LAUNCHING HIS SECOND CABINET. TAKING ADVANTAGE OF THE BILATERAL DIPLOMACY THAT WILL BE UNFOLDED AT THE SAME TIME AS THE APEC CONFERENCE, HE INTENDS TO SCORE SOME POINTS IN THE DIPLOMATIC FIELD, HIS FORTE, AND THUS GIVE MOMENTUM TO HIS BEING ABLE TO GRAPPLE WITH DOMESTIC AFFAIRS. ONCE HE RETURNS HOME, HE MUST DEAL SERIOUSLY WITH "THE FIVE REFORMS," WHICH INCLUDE REFORMING THE ADMINISTRATIVE AND BANKING SYSTEMS, TASKS HE HIMSELF HAS BEEN ADVOCATING. BUT IT IS UNCERTAIN WHETHER ANY PROGRESS CAN BE MADE DURING THE APEC MEETINGS ON ISSUES PENDING BETWEEN JAPAN AND THE U.S. AS WELL AS BETWEEN JAPAN AND CHINA.

ON THE EVE OF THE APEC FORUM, WHAT IS LIKELY OCCUPYING THE PRIME MINISTER'S MIND MOST ARE MAINLY THE PROBLEMS OF CONSTRUCTING AN OFFSHORE FLOATING HELIPORT IN RESPONSE TO THE RETURN OF THE U.S. FORCES' FUTENMA AIR STATION AND IMPROVING THE NOW CHILLY CLIMATE BETWEEN JAPAN AND CHINA IN THE WAKE OF THE PRIME MINISTER'S RECENT PAYING OF HOMAGE AT YASUKUNI SHRINE.

REGARDING AN ALTERNATIVE FACILITY FOR FUTENMA AIRFIELD, THE PRIME MINISTER CITED IT AS HIS "HIGHEST PRIORITY ISSUE" IN HIS CONVERSATION WITH U.S. PRESIDENT CLINTON OVER THE PHONE ON THE 8TH. HIS INTENTION IS TO GIVE SUPPORT TO COORDINATION EFFORTS AT THE JAPAN-U.S. SPECIAL ACTION COMMITTEE ON OKINAWA (SACO) AND THEN TO LEAD SUCH EFFORTS TO ARRIVING AT A SETTLEMENT AT THE JAPAN-U.S. SECURITY CONSULTATIVE COUNCIL (2 PLUS 2).

ESPECIALLY BECAUSE SECRETARY OF DEFENSE PERRY, WHO HAS SO FAR CONTRIBUTED TO PROGRESS ON THE BASES BY HOLDING UNFORMED OFFICERS IN CHECK, AND AMBASSADOR TO JAPAN MONDALE, WHO HAS A DIRECT CHANNEL TO THE PRESIDENT, WILL BOTH LEAVE OFFICE SHORTLY, THE PRIME MINISTER DESIRES TO RESOLVE THIS ISSUE BEFORE THEIR RETIREMENTS. IF THE PRIME MINISTER WERE ABLE TO CONCLUDE THIS ISSUE, WHICH IS REGARDED AS A "SYMBOL OF THE OKINAWA BASE PROBLEMS," IT WOULD, HE BELIEVES, BRING PRAISE REGARDING HIS DIPLOMATIC ABILITY, SO HE IS PLACES HIGH HOPES ON THE UPCOMING MANILA TALKS.

REGARDING THE JAPAN-CHINA RELATIONSHIP, HIS INTENTION IS TO USE ECONOMIC MEANS AS LEVERAGE TO EASES THE STRAINS EXACERBATED BY COMPETING CLAIMS TO THE SOVEREIGNTY OF THE SENKAKU ISLANDS (DIAOYU ISLANDS IN CHINESE) AND BY THEIR RESPECTIVE VIEWS OF HISTORY. (THE PRIME MINISTER) WILL WORK ON OTHER COUNTRIES TO WORK OUT A COURSE OF ACTION FOR APEC TO SUPPORT CHINA'S JOINING THE WTO. ON THE OTHER HAND, AS IS SEEN IN HIS DECISION TO RESUME YEN LOANS TO CHINA, HE IS MOVING AHEAD WITH LAYING THE GROUNDWORK FOR HIS SUMMIT MEETING WITH PRESIDENT JIANG Z EMIN.

HASHIMOTOQS MEETING WITH PRESIDENT CLINTON HIS FIRST POST-REELECTION DIPLOMACY (ASAHI - PAGE 2)

PRIME MINISTER RYUTARO HASHIMOTO AND UNITED STATES PRESIDENT BILL CLINTON, BOTH RE-ELECTED AROUND THE SAME TIME, WILL MEET WHILE ATTENDING THE ASIA-PACIFIC ECONOMIC COOPERATION (APEC) FORUM THAT STARTS ON THE 21ST IN THE PHILIPPINES. BY MAKING PROGRESS IN PENDING ISSUES IN THE DIPLOMATIC AREA, THE PRIME MINISTER WOULD LIKE TO READY HIMSELF FOR THE COMING "SEASON OF REFORM" IN DOMESTIC POLITICS. MEANWHILE, THE PRESIDENT WANTS TO UNDERSCORE UNCLAS SECTION 04 OF 08 TOKYO 010594

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 18

ONCE AGAIN HIS LEADERSHIP TO IMPRESS THE WORLD WITH THE DIPLOMACY OF HIS SECOND TERM. KEEPING THEIR RESPECTIVE MOTIVES IN MIND, EACH WILL LIKELY CONGRATULATE THE OTHER ON HIS REELECTION IN THE PLANNED JAPAN-U.S. SUMMIT MEETING ON THE 24TH.

(SAN FRANCISCO, NOVEMBER 17, HIROAKI ITO) PRESIDENT CLINTON, THE PROPOSER OF THE INFORMAL APEC SUMMIT, WILL ATTEND THE APEC CONFERENCE AFTER TWO YEARS' ABSENCE. DURING THE SUMMIT AND OTHER MEETINGS, THE PRESIDENT WILL EXPRESS HIS RESOLVE TO CONTINUE STRONG LEADERSHIP TO FACILITATE TRADE LIBERAZATION, AS IF TO MAKE UP FOR HIS ABSENCE FROM LAST YEAR'S OSAKA APEC FORUM. HE ALSO WILL TRY TO "SOLIDIFY THE BASE OF THE ASIA-PACIFIC COMMUNITY" (DEPUTY ASSISTANT FO SECURITY AFFAIRS BERGER).

ON TRADE LIBERALIZATION, THE U.S. GOVERNMENT INTENDS TO GIVE THE HIGHEST PRIORITY TO GAINING WIDE SUPPORT, DURING THE COMING APEC MEETING, FROM ALL LEADERS OF THE PARTICIPATING COUNTRIES FOR AN INFORMATION AND TECHNOLOGY AGREEMENT (ITA), WHICH IS DESIGNED TO AIM AT REALIZING "ZERO TARIFF" ON TRADE IN INFORMATION AND TELECOMMUNICATIONS EQUIPMENT, WHICH "TOTALS 500 BILLION DOLLARS ANNUALLY" (DESIGNATE-U.S. AMBASSADOR TO APEC WOLF). BOLSTERED BY SUCH "SUPPORT," IF OBTAINED, THE U.S. IN THE UPCOMING DECEMBER MINISTERIAL CONFERENCE OF THE WORLD TRADE ORGANIZATION (WTO) WOULD THEN LIKELY APPLY PRESSURE ON THE EUROPEAN UNION (EU).

IN THE 1993 SEATTLE CONFERENCE (OF APEC), PRESIDENT CLINTON MADE APEC MUCH MORE ACTIVE BY HOLDING ITS FIRST LEADERS' SUMMIT. BUT ON THE OCCASION OF THE OSAKA (APEC) CONFERENCE, HE WAS ABSENT DUE TO THE INTENSIFIED DISPUTE WITH THE CONGRESS OVER CUTTING THE FISCAL DEFICIT. AS A

RESULT, HE WAS CRITICIZED FOR PLAYING DOWN APEC. AND IN PART BECAUSE TRADE LIBERALIZATION HAS NOT PROGRESSED AS THE U.S. WANTS, COMPLAINTS ARE BEING VOICED. ONE SUCH CRITIC, DOUG PAAL, DIRECTOR OF THE ASIA-PACIFIC POLICY CENTER, QUIPPED: "RECENTLY APEC HAS BEEN STALLED."

BUT AN ITA SCENARIO AIMED AT "LIBERALIZING TRADE ALL OVER THE WORLD THROUGH THE WTO BY USING APEC AS LEVERAGE" (DEPUTY ASSISTANT BERGER) WOULD HELP REFUTE SUCH CRITICISM.

SEEING APEC AS "A MEANS TO ATTAIN THE POLICY GOAL" (AMBASSADOR-DESIGNATE WOLF), (THE U.S.) INTENDS TO MAKE THE FULL USE OF IT FOR CLINTON'S DIPLOMACY.

IN THE PLANNED MEETING WITH CHINESE PRESIDENT JIANG Z EMIN, (THE U.S.) WILL FURTHER GROPE FOR WAYS TO BRING CHINA INTO THE INTERNATIONAL COMMUNITY, BY LETTING IT JOIN THE WTO, FOR EXAMPLE. IN THE SUMMIT BETWEEN THE U.S. AND THE REPUBLIC OF KOREA AND THAT BETWEEN JAPAN AND THE U.S., THE U.S. WILL TRY TO REBUILD ITS POSITION TOWARD THE DEMOCRATIC PEOPLE'S REPUBLIC OF KOREA (NORTH KOREA). WHAT THE U.S. NOW AIMS AT IS TO WORK TOGETHER TO MAKE THE ENTIRE REGION MORE STABLE.

AMBASSADOR KURIYAMA: U.S.-CHINA TIES MUST NOT REPLACE U.S.-JAPAN RELATIONS (MAINICHI - PAGE 3, NOV.16 EDITION)

FORMER AMBASSADOR TO THE UNITED STATES TAKAKAZU KURIYAMA ON THE 15TH DELIVERED A SPEECH AT A LUNCHEON MEETING IN A TOKYO HOTEL SPONSORED BY THE ASIA RESEARCH COUNCIL (CHAIRMANED BY NOBUO MITSUNAGA). IN HIS SPEECH, HE REBUTTED THE VIEW THAT A TREND WAS GROWING IN THE U.S. OF STRESSING THE IMPORTANCE OF CHINA OVER JAPAN: "JAPAN AS A DEMOCRACY AND MARKET ECONOMY IS AN IMPORTANT MEMBER OF THE NEW ORDER BEING BUILT; IT IS ALSO AN ALLY. THE REASON WHY CHINA HAS BECOME IMPORTANT FOR THE U.S. IS BECAUSE IT IS TROUBLED BY THE UNSTABLE ACTORS REGARDING THIS OUTSIDER IN THE NEW ORDER. SO THERE IS A DIFFERENCE IN THE MEANING OF IMPORTANCE." WITH THIS, HE STRESSED UNCLAS SECTION 05 OF 08 TOKYO 010594

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 18

HIS VIEW THAT U.S.-CHINA RELATIONSHIP WILL BE UNABLE TO REPLACE THAT OF JAPAN-U.S.

HE THEN ADDED: "BUT DEPENDING ON HOW FAR JAPAN WILL PARTICIPATE AS A MEMBER PROMOTING SUCH AN ORDER, JAPAN MAY BE TREATED AS AN IMPORTANT OR LESS IMPORTANT." HE APPARENTLY SUGGESTED THAT IN A BID TO MAINTAIN THE CURRENT STRONG JAPAN-U.S. RELATIONS, JAPAN MUST MAKE INTERNATIONAL CONTRIBUTIONS COMMENSURATE WITH ITS STRENGTH.

JAPAN ALSO STUDYING PERSONNEL CONTRIBUTION TO
MULTILATERAL EFFORT TOWARD ZAIRE
(MAINICHI - PAGE 2, NOV. 17 EDITION)

FOLLOWING THE UNITED NATIONS SECURITY COUNCIL'S HAVING ADOPTED A RESOLUTION TO DISPATCH A MULTINATIONAL FORCE AIMED AT HUMANITARIAN ASSISTANCE FOR REFUGEES IN THE EASTERN ZAIRE, THE GOVERNMENT ON THE 16TH IMMEDIATELY STARTED LOOKING INTO SPECIFIC FINANCIAL COOPERATION AND PERSONNEL CONTRIBUTION, AND A PLAN IS NOW EMERGING. THE GOVERNMENT WOULD PROVIDE APPROXIMATELY SEVERAL TENS OF MILLION YEN THROUGH A FOUNDATION THAT WILL BE SET UP UNDER THE UN AS A MECHANISM TO RECEIVE FUNDS FOR THE EXPENDITURES OF THE MULTINATIONAL FORCE, AND THE TO SEND OFFICIAL OBSERVER(S) TO A PEACE CONFERENCE WHEN SUCH WOULD BE LAUNCHED IN THE FUTURE.

THE MULTINATIONAL FORCE THIS TIME IS ALLOWED TO USE ARMED FORCE BASED ON THE UN CHARTER'S ARTICLE 7. IT HAS THE SAME CHARACTER AS ONE THAT WAS SENT TO THE GULF WAR IN 1991. ALTHOUGH JAPAN CANNOT LET ITS SELF-DEFENSE FORCES JOIN THE MULTINATIONAL FORCE RESTRICTED BY THE UN PEACEKEEPING OPERATIONS (PKO) COOPERATION LAW, IT IS POSITIVE ABOUT FINANCIAL COOPERATION AND PERSONNEL CONTRIBUTION.

REGARDING FINANCIAL COOPERATION, JAPAN WILL FORMALLY RECEIVE A REQUEST FROM THE UN AFTER THE NECESSARY EXPENSES ARE CALCULATED. IT IS EXPECTED TO BE ASKED TO SHOULDER THE EXPENDITURES OF AFRICAN COUNTRIES WHICH WILL TAKE PART IN THE MULTINATIONAL FORCE. IT ALSO PLANS TO OFFER FUNDS INDEPENDENTLY TO COVER COSTS FOR DISPATCHING DOCTORS BY NON-GOVERNMENTAL ORGANIZATIONS (NGOS).

THE GOVERNMENT IS ALSO STUDYING OTHER CONTRIBUTION MEASURES INCLUDING SENDING DOCTORS NOT ONLY FROM NGOS BUT ALSO FROM WITHIN THE GOVERNMENT, IN ADDITION TO DISPATCHING GOVERNMENT OFFICIAL(S) TO PARTICIPATE IN A FUTURE PEACE CONFERENCE. (HIROSHI KOMATSU)

RUSSIAN FOREIGN MINISTER PRIMOKOVQS VISIT: TOUGH ISSUES AVOIDED (MAINICHI - PAGE 2, NOV. 16 EDITION)

RUSSIAN FOREIGN MINISTER PRIMAKOV DURING THE JAPAN-RUSSIA FOREIGN MINISTERIAL ON THE 15TH OFFICIALLY BROUGHT ON A PLAN ON JOINT DEVELOPMENT OF THE FOUR NORTHERN ISLANDS. THIS PLAN LEAVES OPEN THE POSSIBILITY FOR JAPAN TO ACCEPT, UNLIKE THE ECONOMIC SPECIAL DISTRICT CONCEPT THAT RUSSIA HAS LONG PUT FORTH AND IS DESIGNED TO COMPLETELY DENY JAPAN'S SOVEREIGNTY OVER THE ISLANDS. HOW JAPAN

WILL REACT IS NOW THE FOCUS OF ATTENTION.

PLAN ON JOINT DEVELOPMENT OF FOUR NORTHERN ISLANDS

IN RESPONSE TO FOREIGN MINISTER PRIMAKOV'S EXPLANATION "IT IS ESSENTIAL TO PLACE EMPHASIS ON THE PRINCIPLE OF OBSERVING BOTH SIDES' RESPECTIVE POSITIONS ON SOVEREIGNTY OVER THE FOUR ISLANDS," THE GOVERNMENT HAS RESERVED ITS RESPECTIVE ATTITUDE, A FOREIGN MINISTRY SOURCE REMARKING "WHAT IS INTENDED REMAINS UNCLEAR." BUT IT COULD BE INTERPRETED THAT WITH THIS, RUSSIA HINTED AT ITS WILLING TO SHELVE THE SOVEREIGNTY ISSUE. FROM PAST NEGOTIATIONS WITH JAPAN, RUSSIA HAS LEARNED THE LESSON THAT JAPAN UNCLAS SECTION 06 OF 08 TOKYO 010594

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 18

WOULD NOT ACCEPT ANY PROPOSAL THAT STRESSES RUSSIA'S OWNERSHIP. ON THE OTHER HAND, JAPAN HAS TAKEN THE STANCE, "IF RUSSIAN SOVEREIGNTY IS PREMISED, JAPAN WILL NOT ACCEPT (ANY PROPOSAL). THIS STANCE WAS ALSO A MESSAGE TO RUSSIA THAT IF THAT POINT IS LEFT VAGUE, JAPAN MIGHT HOLD NEGOTIATIONS.

THE PRIMAKOV PROPOSAL SHOWED THE "LEARNING CURVE" HAS WORKED, AND IN JAPAN, AN ATMOSPHERE IS NOW BEING CREATED FOR CONSIDERING THE PROPOSAL IN A POSITIVE MANNER.

VOICES HAVE BEGUN TO BE HEARD, PREDICTING AN APPEARANCE OF A RATIONALISTIC, NATIONALISTIC POST-YELTSIN REGIME, GIVEN PRESIDENT YELTSIN'S HEALTH PROBLEM. IN THE MIDST OF SUCH A SITUATION, THERE IS A DESIRE ON THE JAPANESE SIDE TO LAY THE GROUNDWORK TO REALISTICALLY DISSOLVE THE NORTHERN TERRITORY ISSUE BY FOREIGN MINISTERIAL TALKS AT AN EARLY DATE. FOR RUSSIA AS WELL, WHICH IS BUILDING UP TIES WITH THE UNITED STATES AND CHINA, ESTABLISHING A FORWARD-LOOKING RELATIONSHIP WITH JAPAN IS A STRATEGIC TASK LEFT IN ITS ASIA-PACIFIC DIPLOMACY.

PRIME MINISTER HASHIMOTO HAS PUT FORTH JAPAN-U.S. AND JAPAN-CHINA RELATIONS AS MOST ESSENTIAL DIPLOMATIC TASKS FOR HIS SECOND ADMINISTRATION, BUT SOME ANALYSTS TAKE THE VIEW THAT WHAT HE IS AIMING AT INWARDLY IS TO FIND A WAY OUT OF THE IMPASSE IN JAPAN-RUSSIA RELATIONS. THAT IS BECAUSE IF HE SUCCEEDS IN BRING SOME POLITICAL PROGRESS TO THE NORTHERN TERRITORY ISSUE, SUCH WILL BE RECORDED AS HIS HISTORICAL ACHIEVEMENT.

"RESPECT FOR BOTH POSITIONS," SAYS RUSSIAN FOREIGN MINISTER; CONFIRMS LONGTERM POLICY LINE ON TERRITORY ISSUE

AT A PRESS CONFERENCE AT THE RUSSIAN EMBASSY ON THE NIGHT OF THE 15TH, FOREIGN MINISTER PRIMAKOV STRESSED THAT THE JAPAN-RUSSIA JOINT DEVELOPMENT PLAN ON THE FOUR NORTHERN ISLANDS "IS DESIGNED TO CREATE AN ATMOSPHERE FOR BOTH SIDES TO MOVE THEIR RELATIONSHIP FORWARD, AND IS NOT AN ALTERNATIVE PLAN TO SETTLE THE TERRITORY PROBLEM."

IN RELATION TO DISSOLUTION OF THE TERRITORY ISSUE, HE DID NOT GO ANY FURTHER THAN TO CONFIRM THE LONG-TERM POLICY LINE OF "ESTABLISHING BILATERAL RELATIONS BASED ON THE 1993 TOKYO DECLARATION." THE FOREIGN MINISTER ALSO INDICATED HIS PERCEPTION THAT BILATERAL RELATIONS WERE IMPROVING, REMARKING "THE TWO COUNTRIES, BASED ON THE TOKYO DECLARATION, HAVE BEEN PROCEEDING ALONG THE PATH TO CONCLUDING A JAPAN-RUSSIA PEACE TREATY, AND BOTH HAVE SUCH A PERCEPTION."

FURTHERMORE, THE FOREIGN MINISTER SAID THAT WHEN THEN RUSSIAN FIRST DEPUTY PRIME MINISTER SOSKOVETS VISITED JAPAN IN 1994, THE RUSSIAN SIDE HAD ALREADY PRESENTED THE PLAN FOR JOINT ECONOMIC ACTIVITIES.

YET, THE FOREIGN MINISTER DURING TALKS WITH FOREIGN MINISTER YUKIHIKO IKEDA REPORTEDLY DID NOT TOUCH ON SPECIFIC PLACES AND TIMING FOR JOINT DEVELOPMENT OF THE FOUR ISLANDS. AS FOR JURISDICTION AS WELL, HE SAID "MAJOR SUBJECTS OF DISCUSSION."

INVITATION OF PRIME MINISTER NEXT YEAR

THE RUSSIAN FOREIGN MINISTER FORWARDED A MESSAGE OF PRESIDENT YELTSIN TO INVITE PRIME MINISTER RYUTARO HASHIMOTO TO RUSSIA NEXT YEAR, AND THE PRIME MINISTER'S SIDE EXPRESSED ITS WILLINGNESS TO ACCEPT IT.

PRIME MINISTER'S NEW PANEL ON RECONSTRUCTING GOVERNMENT TO START MEETING THIS MONTH (NIHON KEIZAI - PAGE 2)

THE SECOND HASHIMOTO CABINET WILL BEGIN LOOKING INTO UNCLAS SECTION 07 OF 08 TOKYO 010594

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 18

REFORMING THE GOVERNMENT'S ADMINISTRATIVE STRUCTURE, WHICH IS THE HIGHEST PRIORITY FOR THE ADMINISTRATION. THE GOVERNMENT AT ITS CABINET MEETING ON THE 19TH IS EXPECTED TO ISSUE AN ORDINANCE TO LAUNCH AN "ADMINISTRATIVE REFORM COMMITTEE" DIRECTLY UNDER THE PRIME MINISTER IN ACCORDANCE WITH THE PRIME MINISTER'S OFFICE ESTABLISHMENT LAW. THE FIRST MEETING OF THE PANEL IS EXPECTED TO TAKE PLACE LATER THIS MONTH. THE COMMITTEE'S MAIN TASK WILL BE TO TAKE THE LEAD FROM THE STAGE OF DRAFTING A REFORM PLAN TO LEGISLATING RELATED BILLS, A PROCESS THAT SHOULD BE COMPLETED BY MARCH 31, 1999.

SINCE THE PROCESS OF LAUNCHING A PANEL TO DRAFT LEGISLATION TAKES TIME, AS IN THE CASE OF A LEGALLY-DESIGNATED BODY LIKE AN ADVISORY COUNCIL (SHINGIKAI), THE GOVERNMENT HAS DECIDED TO ISSUE AN ORDINANCE TO SHORTEN THE PROCESS OF LAUNCHING ITS OWN ADMINISTRATIVE REFORM COMMITTEE (GYOKAKU KAIGI). PRIME MINISTER RYUTARO HASHIMOTO WILL HEAD THE PANEL HIMSELF TO DISPLAY HIS STRONG DETERMINATION TO CARRY OUT ADMINISTRATIVE REFORM. THE POST OF VICE CHAIRMAN WILL BE GIVEN TO MANAGEMENT AND COORDINATION AGENCY DIRECTOR GENERAL KABUN MUTO, WHO IS IN CHARGE OF ADMINISTRATIVE REFORM.

CENTRAL GOVERNMENT AGENCIES NEED TO GO THROUGH A MAJOR FACELIFT TO ELIMINATE "BUREAUCRATIC SECTIONALISM" TO MEET TODAY'S SOCIAL AND ECONOMIC SYSTEMS. THE GOVERNMENT AT ITS CABINET MEETING ON THE 19TH WILL CREATE AN ADMINISTRATIVE REFORM ORDINANCE, AS WELL AS REVISE THE ORGANIZATIONAL ORDINANCE THAT COVERS THE PRIME MINISTER'S OFFICE SO THAT IT INCLUDES THE NEW PANEL. IT WILL BE STIPULATED THAT THE PANEL "WILL LOOK INTO AND EXAMINE ALL THE FACTORS RELATED TO THE REALIGNMENT AND UNIFICATION OF ADMINISTRATIVE BODIES SO THAT THEY WILL BE ABLE TO HANDLE COMPLEX AND DIVERSE ADMINISTRATIVE TASKS MORE FLEXIBLY AND MORE ACCURATELY."

THE NEW BODY WILL BE COMPOSED OF NO MORE THAN 11 MEMBERS. SUCH MEMBERS AS YOTARO IIDA OF THE ADMINISTRATIVE REFORM COMMITTEE (GYOSEI KAIKAKU IINKAI) AND KEN MOROI OF THE DECENTRALIZATION FACILITATION COMMITTEE HAVE ALREADY BEEN PICKED INFORMALLY AS MEMBERS. MORE ACADEMICS AND ADMINISTRATIVE EXPERTS WILL BE DETERMINED.

THE WORK OF DETERMINING NEW ORGANIZATIONAL BOUNDARIES AND OTHER SPECIFIC STEPS WILL BE WORKED OUT BY PRIVATE-SECTOR SPECIALISTS, ACADEMICS, AND ASSISTANT DIVISION-DIRECTOR LEVEL (KACHO HOSA) PERSONNEL OF EACH GOVERNMENT AGENCY. ALL GOVERNMENT AGENCIES HAVE BEEN MAKING PREPARATIONS TO SEND "HIGHLY PROMISING MEMBERS WHO COULD BECOME VICE MINISTERS IN THE FUTURE" TO HANDLE THE ISSUE THAT COULD AFFECT THE FATE OF THEIR AGENCIES.

POLL FINDS LDP AND MINSHUTO SUPPORT TAX HIKE, BUT SDP SPLIT IN OPINION (ASAHI - PAGE 1)

EARLIER THIS MONTH, THE ASAHI SHIMBUN CONDUCTED AN OPINION POLL OF ALL LOWER-HOUSE MEMBERS TO FIND OUT THEIR OPINIONS TOWARD THE PLANNED CONSUMPTION TAX HIKE, WHICH HAS BEEN ONE OF THE ELECTION ISSUES. THE RESULTS SHOWED THAT MOST OF LIBERAL DEMOCRATIC PARTY (LDP) AND MINSHUTO (DEMOCRATIC PARTY OF JAPAN) MEMBERS WERE EITHER "SUPPORTING" OR "COUNTENANCING" THE HIKE. THE OPINION CALLING FOR KEEPING THE RATE AT THREE PERCENT WAS PREDOMINANT IN THE SHINSHINTO (NEW FRONTIER PARTY), WHEREAS THE JAPAN COMMUNIST PARTY (JCP) WAS STILL CALLING FOR THE ABOLITION OF THE CONSUMPTION TAX ITSELF. THE SOCIAL DEMOCRATIC PARTY (SDP) WAS SPLIT TO THOSE "ACCEPTING THE HIKE" AND THOSE ARGUING THAT THE "FIVE-PERCENT PLAN SHOULD BE RETURNED TO A CLEAN-SLATE STATE AND DISCUSSED ALL OVER AGAIN."

CABINET TALKS ON INSURANCE ISSUE SET FOR DECEMBER 5 AS UNCLAS SECTION 08 OF 08 TOKYO 010594

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 18

WORKING-LEVEL TALKS COLLAPSE (MAINICHI - PAGE 1)

(SAN FRANCISCO, NOVEMBER 16, TOSHIRO HARA) THE WORKING-LEVEL NEGOTIATIONS IN THE JAPAN-UNITED STATES INSURANCE TALKS ENDED THEIR TWO-DAY SCHEDULE SOME TIME AFTER 7:00 P.M. ON THE 16TH (NOON ON THE 17TH, JAPAN TIME) WITHOUT REACHING ANY AGREEMENT. WITH THE GAP BETWEEN THE TWO COUNTRIES REMAINING UNFILLED OVER SUCH POINTS AT ISSUE AS DEREGULATION IN MAJOR INSURANCE AREAS AND ENTRY INTO THE THIRD SECTOR BY LIFE INSURERS THROUGH NON-LIFE INSURANCE SUBSIDIES, THE NEGOTIATORS OF THE TWO COUNTRIES AGREED THAT "IT WILL BE NECESSARY TO SEEK A CABINET-LEVEL POLITICAL DECISION." THE IDEA IS FOR FINANCE MINISTER HIROSHI MITSUZUKA AND ACTING UNITED STATES TRADE REPRESENTATIVE (USTR) BARSHEFSKY TO MEET IN TOKYO AROUND DECEMBER 5 TO COORDINATE THE ISSUES, AIMING AT FINDING A BREAKTHROUGH.

DURING THE SESSION, BOTH COUNTRIES DISCUSSED WHEN TO SCHEDULE THE PROPOSED MINISTERIAL TALKS. AS A RESULT, THE OUTLOOK IS THAT SUCH WILL BE HELD IN TOKYO, SINCE THE ACTING USTR IS SCHEDULED TO ATTEND THE TOP-LEVEL MEETING OF THE U.S. AND THE EUROPEAN UNION (EU) THAT STARTS IN WASHINGTON ON THE 16TH FOLLOWING THE TRADE MINISTERS OF THE WORLD TRADE ORGANIZATIONS (WTO) IN SINGAPORE FROM DECEMBER 9 TO 13TH, AND SINCE FINANCE MINISTER MITSUZUKA

WOULD BE UNABLE TO LEAVE TOKYO AROUND THAT TIME. THE PLAN IS THAT WORKING-LEVEL TALKS WILL BE HELD IN TOKYO AROUND THE 25TH THIS MONTH PRIOR TO THE CABINET-LEVEL MEETING.

CABINET TALKS ON INSURANCE ISSUE SEEN AS ONLY WAY TO AVOID U.S. SANCTIONS (NIHON KEIZAI - PAGE 3)

(SAN FRANCISCO, NOVEMBER 16, TORU MACHIDA) JAPAN-U.S. INSURANCE TALKS IN SAN FRANCISCO HAVE ENDED, COMING TO A CONSENSUS ON THE HOLDING OF MINISTERIAL-LEVEL NEGOTIATIONS BETWEEN FINANCE MINISTER HIROSHI MITSUZUKA AND ACTING UNITED STATES TRADE REPRESENTATIVE (USTR) BARSHEFSKY BEFORE MID-DECEMBER TO FILL THE GAP BETWEEN THE TWO COUNTRIES. WITH THEIR VIEWS ON THE EASING OF RESTRICTIONS ON THE LIFE AND NON-LIFE INSURANCE BUSINESSES AND LIBERALIZATION OF CALCULATIONS OF AUTO INSURANCE PREMIUM RATES REMAINING POLES APART, THE VIEW IS "A HIGH-LEVEL POLITICAL DECISION WOULD BE NECESSARY " TO AVOID POSSIBLE SANCTIONS BY THE U.S.

DURING THE NEGOTIATIONS HELD ON THE 16TH, TOO, THE U.S. SIDE REPEATEDLY MADE ITS USUAL REQUEST, SUCH AS "REMOVAL OF A BAN ON AUTO INSURANCE PREMIUM RATES, CLASSIFIED BY AGE, GENDER AND AREA". IN RESPONSE, THE FINANCE MINISTER REBUTTED, "AREA DISCRIMINATION COULD BECOME A SOCIAL PROBLEM." "DIFFERENCES IN VIEWS HAVE BECOME CLEARER" (SENIOR USTR OFFICIAL).

UNDER SUCH CIRCUMSTANCES, THE TWO COUNTRIES AGREED ON THE VIEW THAT A MINISTERIAL-LEVEL POLITICAL DECISION WOULD BE NECESSARY." THEY HAVE PLEDGED TO HOLD A WORKING-LEVEL MEETING BETWEEN INTERNATIONAL FINANCE BUREAU DIRECTOR GENERAL EISUKE SAKAKIBARA AND AMBASSADOR SHAPIRO OF THE USTR POSSIBLY BEFORE THE END OF NOVEMBER, AS WELL AS TO SET UP A CABINET-LEVEL TALKS BEFORE DECEMBER 15 -- THE NEGOTIATION DEADLINE.
CRANE

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RHHMUNA/USCINCPAC HONOLULU HI//USIA//
RUEKJCS/JOINT STAFF WASHDC//J5//
RHEHAAA/WHITE HOUSE WASHDC
RUEKJCS/SECDEF WASHDC
RUAYJAA/COMPATWING ONE KAMI SEYA JA
RUYNJDK/COMNAVFORJAPAN YOKOSUKA JA
RUEBBEA/USDOT WASHDC
RUCPDO/USDOC WASHDC
RUEAIIA/CIA WASHDC
SUBJ: JAPANESE MORNING PRESS HIGHLIGHTS NOVEMBER 19

TEXT:
UNCLAS SECTION 01 OF 06 TOKYO 010648

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 19

TOP HEADLINES:

ASAHI: A HUGE AMOUNT OF CASH GIVEN TO VICE MINISTER
OKAMITSU; A TOTAL OF TENS OF MILLIONS OF YEN FROM KOYAMA;
RAPID PROGRESS IN INVESTIGATIONS BY TOKYO METROPOLITAN
POLICE BOARD IN ORDER TO PROVE BRIBERY (TRANSLATION
BELOW)

NIHON KEIZAI: TO DRASTICALLY RESTUDY THE LABOR STANDARDS
LAW BY NEXT SUMMER; WORKING RESTRICTIONS WILL BE EASED;
EXPANSION OF APPLICATION OF THE DISCRETIONARY WORKING

HOURS SYSTEM; ADOPTION OF MORE FLEXIBLE WORKING HOURS
REGULATIONS; EXTENSION OF CONTRACT TERM

TOKYO SHIMBUN: EX-DIVISION ASSISTANT DIRECTOR OF HEALTH
AND WELFARE MINISTRY ARRESTED ON CHARGES OF BRIBERY; HE
HAD AFFORDED FACILITY IN SCREENING PROCESS OF WELFARE
CORPORATIONS FOR SUBSIDIES; SUSPICIONS INVOLVING VICE
MINISTER OKAMITSU MAY DEVELOP INTO BRIBERY; A PORTION OF
3.6 BILLION MIGHT HAVE BEEN BACK TO MINISTRY?; AYA
GROUP'S DIRECTOR ALSO ARRESTED BY TOKYO METROPOLITAN
POLICE BOARD

MAINICHI: A LARGE AMOUNT OF GOOD-BY PRESENT GIVEN TO VICE
MINISTER OKAMITSU FROM BRIBER WELFARE CORPORATION; FORMER
DIVISION ASSISTANT DIRECTOR OF HEALTH AND WELFARE
MINISTRY ARRESTED ON SUSPICION OF BRIBERY IN CONNECTION
WITH CONSTRUCTION OF A SPECIAL NURSING-CARE HOME DURING
THE DAYS OF HIS SERVING AS DIVISION DIRECTOR OF SAITAMA
PREFECTURAL GOVERNMENT

YOMIURI: 60 MILLION YEN GIVEN TO VICE MINISTER OKAMITSU
IN SUMMER OF 1994 IN FORM OF TWO INSTALLMENTS -- AT
HEALTH AND WELFARE MINISTRY AND HIS RESIDENCE, ACCORDING
TO POLICE INVESTIGATIONS; SUSPECT KOYAMA TESTIFIES

SANKEI: FORMER DIVISION ASSISTANT DIRECTOR OF HEALTH AND
WELFARE MINISTRY ARRESTED, FOR HE AFFORDED FACILITY IN
GIVING APPROVAL AND SUBSIDIES; ON CHARGES OF BRIBERY OF
MORE THAN ONE MILLION YEN; REPRESENTATIVE OF WELFARE
CORPORATION ALSO ARRESTED ON SUSPICION OF GIVING BRIBE

BIG MONEY ALLEGEDLY GOES TO VICE HEALTH & WELFARE
MINISTER (ASAHI - TOP PLAY)

IT WAS REVEALED YESTERDAY THROUGH INVESTIGATIONS BY THE
METROPOLITAN POLICE DEPARTMENT (MPD) SECOND INVESTIGATION
DIVISION THAT HEALTH AND WELFARE (MHW) ADMINISTRATIVE
VICE MINISTER NOBUHARU OKAMITSU, 57, HAD RECEIVED LARGE
AMOUNTS OF CASH GIFTS FROM HIROSHI KOYAMA, 51, A
REPRESENTATIVE OF THE AYA FUKUSHI (WELFARE) GROUP OF
KASHIWA-CHO, SHIKI CITY, SAITAMA PREFECTURE . IT HAS
ALREADY BEEN UNCOVERED THAT KOYAMA HAD SUPPLIED OKAMITSU
WITH A GOLF-CLUB MEMBERSHIP WORTH 16 MILLION YEN AND A
BRAND-NEW CAR COSTING ABOUT 3.5 MILLION YEN. INCLUDING
THOSE, OKAMITSU IS BELIEVED TO HAVE RECEIVED GIFTS
TOTALING ABOUT SEVERAL TENS OF MILLIONS OF YEN FROM
KOYAMA. THE SECOND INVESTIGATION DIVISION HAS BEEN
EXPEDITING INVESTIGATIONS TO CLARIFY THE RELATIONSHIP
BETWEEN THE PURPOSE OF PROFIT GIVEN TO OKAMITSU AND
OKAMITSU'S AUTHORITY OF OFFICE. DEPENDING ON WHAT KOYAMA
AND OTHERS REVEAL, THE MPD'S INVESTIGATIONS MAY TAKE A
QUICK TURN TOWARD ESTABLISHING IT AS A BRIBERY CASE
INVOLVING THE TOP MHW OFFICIAL.

FORMER HEALTH & WELFARE MINISTRY BUREAUCRAT ARRESTED
BRIBERY (ASAHI - PAGE 1)

THE METROPOLITAN POLICE DEPARTMENT SECOND INVESTIGATION

DIVISION YESTERDAY ARRESTED SHIGERU CHATANI, 39, OF OMIYA CITY, SAITAMA PREFECTURE, A FORMER HEALTH AND WELFARE MINISTRY (MHW) PENSION BUREAU DIVISION ASSISTANT DIRECTOR WHO HAS ALSO SERVED ON LOAN AS DIVISION DIRECTOR OF THE SAITAMA PREFECTURE HEALTH AND WELFARE BUREAU FOR THE UNCLAS SECTION 02 OF 06 TOKYO 010648

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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ELDERLY, AND HIROSHI KOYAMA, 51, OF SHIKI CITY, SAITAMA PREFECTURE, A REPRESENTATIVE OF THE AYA FUKUSHI (WELFARE) GROUP (HEAD OFFICE IN OMIYA CITY) ON SUSPICION OF BRIBERY. CHATANI IS BELIEVED TO HAVE RECEIVED OVER ONE MILLION YEN IN CASH FROM KOYAMA IN RETURN FOR GIVING FAVOR IN PROVIDING NATIONAL SUBSIDIES IN CONNECTION WITH THE CONSTRUCTION OF SPECIAL NURSING HOMES. REPORTEDLY, THE TWO HAVE ADMITTED THEIR WRONGDOING. COLLUSIVE RELATIONS BETWEEN KOYAMA AND MHW OFFICIALS OVER THE "TEN-YEAR PROGRAM FOR THE FACILITATION OF SOCIAL WELFARE FOR THE AGED" (POPULARLY KNOWN AS THE GOLD PLAN) HAVE NOW DEVELOPED INTO A BRIBERY CASE.

PRIME MINISTER: QIQM ANGRYQ (MAINICHI - PAGE 2)

PRIME MINISTER RYUTARO HASHIMOTO YESTERDAY AFTERNOON REMARKED IN A CRITICAL TONE REGARDING HEALTH AND WELFARE ADMINISTRATIVE VICE MINISTER NOBUHARU OKAMITSU HAVING USED FOR ABOUT TWO YEARS A HIGH-CLASS JAPANESE CAR RENTED FROM A CERTAIN MANAGING DIRECTOR OF A SOCIAL WELFARE GROUP IN SAITAMA PREFECTURE: "HE WAS SIMPLY INDISCREET. BORROWING A CAR OR ANYTHING ELSE IN THAT NATURE SHOULD NOT BE ALLOWED." THE ABOVE WAS THE PRIME MINISTER'S REPLY TO THE PRESS AT HIS RESIDENTIAL OFFICE. TO THE QUESTION, "ARE YOU GOING TO PRESS HIM TO TAKE RESPONSIBILITY, INCLUDING HIS RESIGNATION?" THE PRIME MINISTER REPLIED, "I CANNOT SAY ANYTHING BECAUSE WE ARE NOW INVESTIGATING IT. AT ANY RATE, I AM VERY ANGRY." (YOSHIAKI NAKAGAWA)

MOF TO CURB NEXT FISCAL YEARQS GENERAL ACCOUNT BUDGET (NIHON KEIZAI - PAGE 1)

THE FINANCE MINISTRY HAS GENERALLY DECIDED TO SET GENERAL EXPENDITURES FOR IMPLEMENTING INDIVIDUAL POLICIES AT THE 43 TRILLION YEN LEVEL IN THE FY1997 BUDGET DRAFT -- THE UPPER 1 PERCENT LEVEL FROM THE INITIAL BUDGET OF FY1996. THE GROWTH RATE WILL BE THE LOWEST SINCE IT POSTED 1.2

PERCENT IN FY1988. EXPENDITURES FOR PUBLIC WORKS PROJECTS WILL GROW AROUND 1.5 PERCENT. BUT WITH THE IMPACT OF THE CONSUMPTION TAX HIKE TAKEN INTO ACCOUNT, THEIR REAL GROWTH IS EXPECTED TO BE ZERO. TOTAL EXPENDITURES, INCLUDING LOCAL ALLOCATION TAX SUBSIDIES, WILL ALSO BE KEPT LOW TO THE 79 TRILLION LEVEL, UP 6 PERCENT, AND AS FOR REVENUES, THE MINISTRY INTENDS TO ISSUE LESS NEW GOVERNMENT BONDS FROM THE PREVIOUS YEAR, THUS AIMING TO UNDERSCORE ITS POSTURE OF ADDRESSING FISCAL RECONSTRUCTION.

GENERAL SPENDING REQUESTS FOR THE FY1997 BUDGET MADE BY EACH GOVERNMENT AGENCY BY THE END OF AUGUST TOTAL 44,620 BILLION YEN, UP 3.4 PERCENT OVER THE PREVIOUS YEAR. THE FINANCE MINISTRY, KEEPING IN MIND THE HASHIMOTO ADMINISTRATION'S POLICY LINE OF SETTING FISCAL REFORMS AS PLACING HIGH ON THE AGENDA, IS READY TO TRIM EXPENDITURES FOR SOCIAL SECURITY, EDUCATION AND PERSONNEL COSTS, WHICH ACCOUNT FOR 30 PERCENT OF TOTAL GENERAL EXPENDITURES.

FRB CHAIRMAN MEETS WITH BOJ GOVERNOR, WELCOMES LAW REVISION FOR ENHANCED BOJ INDEPENDENCE
(NIHON KEIZAI - PAGE 5)

UNITED STATES FEDERAL RESERVE BOARD (FRB) CHAIRMAN ALAN GREENSPAN, WHO IS VISITING JAPAN AT THE INVITATION OF BANK OF JAPAN (BOJ) GOVERNOR YASUO MATSUSHITA, GAVE A SPEECH YESTERDAY IN TOKYO. REFERRING TO THE CENTRAL BANK SYSTEM, HE STATED, "THE ESSENTIAL POINT IS TO RETAIN AS MUCH INDEPENDENCE AS POSSIBLE," AND INDICATED HIS STANDPOINT OF WELCOMING MOVES FOR REVISING THE BOJ LAW. NOTING, "I SUPPORT THE HASHIMOTO ADMINISTRATION'S PLAN FOR REFORMS OF THE BANKING AND SECURITIES SYSTEMS THROUGH THE ADOPTION OF THE PRINCIPLE OF COMPETITION," HE EXPRESSED HIS HOPES THAT REFORMS OF OLD JAPANESE PRACTICES AND THE REGULATIONS WOULD REINVIGORATE THE
UNCLAS SECTION 03 OF 06 TOKYO 010648

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 19
MARKET.

AS FOR ELECTRONIC MONEY, THE CHAIRMAN INDICATED HIS OPINION THAT: "WE NEED TO PAY CLOSER ATTENTION TO PROGRESS IN TECHNOLOGICAL INNOVATION, BUT IT IS AN EXAGGERATED CONCERN THAT ELECTRONIC MONEY WILL SOON REPLACE PAPER MONEY. TAKING INTO CONSIDERATION THE

CONVENIENCE OF PAPER MONEY, AT THIS POINT, I DO NOT THINK ELECTRONIC MONEY) WILL BECOME MORE INFLUENTIAL."

AS TO HOW TO KEEP THE BANKING SYSTEM IN ORDER, HE POINTED OUT: "IT IS IMPORTANT THAT BANKING INSTITUTIONS ASSESS THE RISKS THEY HAVE AND HAVE AN ACCURATE GRIP ON SUCH RISKS, IN VIEW OF PROGRESS IN BANKING TECHNOLOGY, LIKE DERIVATIVES." IN ADDITION, HE COMMENTED: "IN THE OVERSEEING METHOD ADOPTED BY MONETARY OFFICIALS, MORE WEIGHT WILL BE GIVEN TO THE ABILITY TO MANAGE RISKS RATHER THAN INSPECTING PARTICULAR DEALS."

BEFORE HE DELIVERED A SPEECH, THE FRB CHAIRMAN MET BOJ GOVERNOR MATSUSHITA, AND IN THEIR TALKS, GOVERNOR MATSUSHITA EXPLAINED HOW THE EXAMINATION PROCESS WAS BEING PROGRESSED IN CONNECTION WITH REVISION OF THE BOJ LAW. IN RESPONSE, THE CHAIRMAN STATED: "I GIVE SUPPORT TO JAPAN'S PLAN TO REVISE THE LAW AIMED AT REINVIGORATING INDEPENDENCE OF THE BOJ."

FRB CHAIRMAN MEETS WITH PRIME MINISTER, EXPRESSES HOPES FOR FINANCIAL REFORM (NIHON KEIZAI - PAGE 5)

PRIME MINISTER RYUTARO HASHIMOTO HELD A MEETING YESTERDAY WITH U.S. FEDERAL RESERVE BOARD CHAIRMAN GREENSPAN AT THE PRIME MINISTER'S RESIDENTIAL OFFICE (KANTEI). REFERRING TO REFORMS OF THE BANKING SYSTEM AS HAVE BEEN ANNOUNCED BY THE PRIME MINISTER, THE CHAIRMAN STATED: "JAPAN'S BANKING SYSTEM DOES NOT MATCH ITS ECONOMIC STRENGTH. THE PRIME MINISTER'S INITIATIVE IS SIGNIFICANT, AND WE ALSO PLACE HIGH HOPES ON (SUCH REFORMS)." IN RESPONSE, THE PRIME MINISTER TOLD HIM WHY HE WAS DETERMINED TO CARRY OUT REFORMS, EXPLAINING, "AS A RESULT OF THE COLLAPSE OF THE ECONOMIC BUBBLE AS WELL AS LIQUIDATION OF BAD DEBTS, WE HAVE BEEN UNDER PRESSURE TO REFORM THE MARKET."

SAYING, "TO MAKE TOKYO AN OPEN MARKET, IT IS IMPORTANT FOR THE BOJ TO BE INDEPENDENT," CHAIRMAN GREENSPAN INDICATED HIS VIEW THAT REVISION OF THE BOJ LAW WOULD BE A PREREQUISITE TO MAKE THE TOKYO MARKET ACCEPTABLE INTERNATIONALLY. IN ADDITION, HE STRESSED: "BANKING REFORMS ARE NECESSARY IN ORDER ALSO FOR THE JAPANESE YEN TO PLAY THE ROLE OF INTERNATIONAL CURRENCY."

U.S. TO CALL FOR JAPANESE GOVERNMENT'S WITHDRAWAL FROM POSTAL ANNUITY AND LIFE INSURANCE SERVICES (NIHON KEIZAI - PAGE 7)

IT HAS BEEN REVEALED THAT IN A MEETING OF THE DEREGULATION AND COMPETITIVE POLICY WORKING GROUP UNDER THE JAPAN-UNITED STATES FRAMEWORK TALKS IN TOKYO ON THE 19TH AND 20TH, THE U.S. GOVERNMENT WOULD ASK FOR FAR-REACHING LIBERALIZATION OF JAPAN'S INSURANCE MARKET, INCLUDING REDUCTION AND ABOLITION OF STATE-RUN INSURANCE POLICIES, SUCH AS POSTAL INSURANCE OFFERED BY THE MINISTRY OF POSTS AND TELECOMMUNICATIONS (MPT). THE U.S. REQUESTS THE FAIR TRADE COMMISSION (FTC) ALSO INCLUDE THE ABOLISHING OF A MEASURE THAT PLACES THE NON-LIFE

INSURANCE RATING ASSOCIATION OF JAPAN (SANTEIKAI) OUTSIDE THE REACHES OF THE ANTI-MONOPOLY LAW (AML) AND THE CONDUCTING OF A FACT-FINDING SURVEY OF INSURANCE TRANSACTIONS TRADING ON KEIRETSU (OR INTERLOCKING BUSINESS RELATIONSHIPS) RELATIONSHIPS.

THE INSURANCE MARKET HAS NOW COME INTO MAJOR FOCUS IN THE DEREGULATION AND COMPETITIVE POLICY AREA, ALONG WITH THE SCRAPPING THE LARGE-SCALE RETAIL STORE LAW, AN ISSUE NOW UNCLAS SECTION 04 OF 06 TOKYO 010648

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 19

BEING DISCUSSED UNDER THE WORLD TRADE ORGANIZATION (WTO) IN CONNECTION WITH THE PHOTO FILM MARKET.

THE U.S. GOVERNMENT INTENDS TO ASK JAPAN TO AUGMENT NEW PROPOSALS REGARDING THE INSURANCE AND GOODS-DISTRIBUTION SECTORS AND INCLUDE THEM IN ITS DEREGULATION PROMOTION PLAN TO BE OVERHAULED NEXT SPRING, AS WELL AS TO IMPLEMENT ADMINISTRATIVE REFORMS, SUCH AS THE DISCLOSING OF INFORMATION ON AMAKUDARI PRACTICES (PRACTICE OF FORMER HIGH RANKING GOVERNMENT OFFICIALS GETTING TOP POSTS IN GOVERNMENT-FINANCED PUBLIC CORPORATIONS OR PRIVATE COMPANIES) BY BUREAUCRATS.

IN ITS PROPOSAL IT WILL MAKE IN THIS ROUND OF THE NEGOTIATIONS, THE U.S. IS EXPECTED TO REQUEST WITHDRAWAL OF POSTAL SAVINGS FROM THE INSURANCE AGAINST ANNUITIES AND WHOLE LIFE INSURANCE WITH TERM ANNUITIES BUSINESSES. IT WILL ALSO ASK FOR APPROVAL FOR MAIL-ORDER SALES OF AUTO INSURANCE POLICIES WITH FREE PREMIUM RATES AND EXPANSION OF THE SCOPE OF LIBERALIZATION OF FIRE INSURANCE PREMIUM RATES. THE PACKAGE OF THESE REQUESTS INDICATE THAT THE U.S. IS STRONGLY DISSATISFIED WITH JAPAN'S RESPONSE IN THE BILATERAL INSURANCE TALKS.

THE SANTEIKAI COLLECTS DATA FROM ITS MEMBER NON-LIFE INSURANCE COMPANIES AND OBLIGATES THEM TO USE IN PRINCIPLE UNIFORM INSURANCE PREMIUMS, DETERMINED ON THE BASIS OF ACCIDENT RATES. THIS ACT IS ALLOWED AS AN EXEMPTION MEASURE FROM THE AML.

THE U.S. GOVERNMENT IS ALSO EXPECTED TO REQUEST THAT PLACING SOME ITEMS OUTSIDE THE JURISDICTION OF THE AML, INCLUDING THE CASE OF THE SANTEIKAI, "BE REVIEWED BY THE END OF 1997 WITH THE POSSIBILITY OF ABOLISHING OR

REDUCING SUCH ON A LARGE SCALE." IF THE SANTEIKAI BECOMES SUBJECT TO THE AML, IT WILL BE ABOLISHED OR AT LEAST IT WILL BECOME UNABLE TO OBLIGATE ITS MEMBERS TO APPLY UNIFORM PREMIUM RATES, PROMOTING PROGRESS IN LIBERALIZATION OF PREMIUM RATES.

AS TO DISTRIBUTION POLICY MEASURES, THE U.S. WILL CALL FOR SCRAPPING IN STAGES THE LARGE-SCALE RETAIL STORE LAW, WHICH RESTRICTS NEW STORE-OPENINGS BY DEPARTMENT STORES AND SUPERMARKETS, BY SETTING 2000 AS A TARGETED DATE.

MAJOR REQUESTS TO BE MADE BY U.S.

- APPROVAL FOR MAIL-ORDER SALES OF AUTO INSURANCE PRODUCTS WITH LIBERALIZED PREMIUM RATES
- EXPANSION ON A LARGE SCALE OF THE SCOPE OF LIBERALIZATION OF FIRE INSURANCE PREMIUM RATES FOR CORPORATIONS
- GRANTING TO INSURERS OF THE RIGHT TO MAKE APPLICATIONS FOR THE ADOPTION OF INSURANCE PREMIUM RATES THAT ARE DIFFERENT FROM THOSE SET BY THE SANTEIKAI AND OBTAIN APPROVAL.
- REVIEW THE POSSIBILITY OF LEAVING THE SANTEIKAI OUT OF A POSITION THAT IS OUTSIDE THE REACHES OF THE AML BEFORE THE END OF 1998.
- STAFF THE MINISTRY OF FINANCE (MOF) SUFFICIENTLY SO THAT AN INNOVATIVE AND COMPETITIVE INSURANCE MARKET CAN BE CREATED THROUGH DEREGULATION
- THE FTC SHOULD IMMEDIATELY LAUNCH A SURVEY OF ANTI-COMPETITIVE BUSINESS PRACTICES THROUGH KEIRETSU RELATIONSHIPS OR AGENTS.
- PLACE A BAN ON STATE-RUN ORGANS, SUCH AS THE MPT, FROM OFFERING INSURANCE SERVICES THAT COMPETE WITH PRIVATE INSURERS.

UNCLAS SECTION 05 OF 06 TOKYO 010648

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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PRIME MINISTER MAY VISIT U.S. AFTER NEW CLINTON ADMINISTRATIONQS INAUGURATION (NIHON KEIZAI - PAGE 2)

A FOREIGN MINISTRY SENIOR OFFICIAL ON THE EVENING OF THE 18TH STATED: "WE WANT PRIME MINISTER RYUTARO HASHIMOTO TO VISIT THE UNITED STATES AS EARLY AS POSSIBLE" AFTER JANUARY 20 WHEN PRESIDENT CLINTON'S INAUGURAL CEREMONY TAKES PLACE FOR HIS SECOND TERM IN OFFICE. REGARDING THE TIMING FOR HIS U.S. TRIP, THE FOREIGN MINISTRY INTENDS TO ARRANGE HIS SCHEDULES AIMING AT REALIZING HIS VISIT ON A WEEKEND OR OFF-AND-ON HOLIDAYS IN FEBRUARY OR MARCH.

MEMBERS NAMED FOR ADMINISTRATIVE REFORM PANEL
(SANKEI - PAGE 1)

THE GOVERNMENT AT A CABINET MEETING TODAY WILL DECIDE TO ENACT AN ORDINANCE TO ESTABLISH AN "ADMINISTRATIVE REFORM COUNCIL," A PANEL UNDER THE PRIME MINISTER TO STUDY REORGANIZATION OF CENTRAL GOVERNMENT MINISTRIES AND AGENCIES, WHICH PRIME MINISTER RYUTARO HASHIMOTO HAS PUT FORTH AS THE MOST ESSENTIAL TASK FOR HIS SECOND ADMINISTRATION.

THE PRIME MINISTER IS PLANNING TO HOLD ITS FIRST MEETING ON THE 28TH AND TO HAVE THE COUNCIL COMPILE A REORGANIZATION PLAN WITHIN A YEAR. HE AIMS TO PRESENT RELEVANT BILLS TO THE REGULAR DIET SESSION IN 1998 AND TO SCRAP AND BUILD MINISTRIES AND AGENCIES WITHIN FIVE YEARS AFTER LEGISLATION.

AT YESTERDAY'S ADMINISTRATIVE VICE MINISTERS' CONFERENCE, THE COUNCIL WAS FORMALLY NAMED "ADMINISTRATIVE REFORM COUNCIL." AN ADMINISTRATIVE REFORM COUNCIL ORDINANCE WILL BE ENACTED BY REVISING THE PRIME MINISTER'S OFFICE ORGANIZATION ORDINANCE, BASED ON ARTICLE 8 OF THE NATIONAL GOVERNMENT ORGANIZATION LAW, LIKE THE EXISTING ADMINISTRATIVE REFORM COUNCIL AND THE DECENTRALIZATION PROMOTION COUNCIL. THE ORDINANCE, WHICH WILL BE ANNOUNCED ON THE 21ST, WILL BE EFFECTIVE UNTIL JUNE 1998.

ITS MEMBERSHIP WILL BE FORMALLY DECIDED TODAY, AT THE EARLIEST.

(EXPECTED)
LINEUP OF THE ADMINISTRATIVE REFORM COUNCIL

CHAIRMAN:- RYUTARO HASHIMOTO, PRIME MINISTER
DEPUTY CHAIRMAN:- KABUN MUTO, MANAGEMENT AND COORDINATION AGENCY DIRECTOR GENERAL
MEMBERS:- SHOICHIRO TOYODA, KEIDANREN CHAIRMAN
YOTARO IIDA, ADMINISTRATIVE REFORM COUNCIL CHAIRMAN
KEN MOROI, DECENTRALIZATION PROMOTION COUNCIL CHAIRMAN
JINNO SUKEASHIDA, RENGO (JAPANESE TRADE UNION CONFEDERATION) CHAIRMAN
AKITO ARIMA, FORMER TOKYO UNIVERSITY PRESIDENT
HAYATO KAWAI, KYOTO UNIVERSITY PROFESSOR EMERITUS
TOKIYASU FUJITA, TOHOKU UNIVERSITY PROFESSOR
KUNIKO INOUCHI, SOPHIA UNIVERSITY PROFESSOR
KIYOSHI MIZUNO, ASSISTANT TO THE PRIME MINISTER

FRENCH PRESIDENT MEETS WITH PRIME MINISTER; FRANCE WANTS

ACCESS TO JAPANESE PUBLIC WORKS (SANKEI - PAGE 1)

DURING HIS MEETING WITH PRIME MINISTER RYUTARO HASHIMOTO ON THE 18TH, FRENCH PRESIDENT CHIRAC ASKED HIM FOR HIS CONSIDERATIONS FOR FRENCH FIRMS' ACCESS TO JAPAN'S PUBLIC WORKS PROJECTS, AS WELL AS FOR PROMOTION OF INTRODUCTION OF FRANCE-MANUFACTURED AIRBUSES. REGARDING PUBLIC WORKS PROJECTS, PRIME MINISTER HASHIMOTO STOPPED SHORT OF REPLYING, "THEY HAVE ALREADY BEEN EQUALLY OPENED TO FOREIGN COMPANIES."

IN AN EFFORT TO PROMOTE A SECURITY DIALOGUE, THE TWO TOP LEADERS HAVE AGREED TO HOLD BILATERAL BUREAU-DIRECTOR-UNCLAS SECTION 06 OF 06 TOKYO 010648

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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GENERAL-LEVEL SECURITY CONSULTATIONS (2 PLUS 2) ATTENDED BY THE TWO COUNTRIES' FOREIGN AND DEFENSE OFFICIALS. THE SESSION WILL TAKE PLACE ONCE A YEAR IN TOKYO AND PARIS BY TURNS.

IN ADDITION, PRIME MINISTER HASHIMOTO EXPRESSED HIS SUPPORT FOR FRANCE'S TAKING PART IN THE KOREAN PENINSULA ENERGY DEVELOPMENT ORGANIZATION (KEDO). IN RETURN, PRESIDENT CHIRAC ANNOUNCED SUPPORT FOR JAPAN'S EXPANDING ITS ROLE IN THE ORGANIZATION FOR SECURITY AND COOPERATION IN EUROPE (OSCE, HEADQUARTERED IN VIENNA), AS WELL AS FOR ITS PARTICIPATION AS AN OBSERVER IN THE COUNCIL OF EUROPE, WHICH CONFERS ON SUCH ISSUES AS SUPPORT FOR FORMER EAST EUROPEAN COUNTRIES.

JDA BEGINS STUDYING CONSTRUCTION METHODS FOR FUTENMA ALTERNATIVE HELIPORT (YOMIURI - PAGE 2)

REGARDING THE PLANNED CONSTRUCTION OF AN OFFSHORE HELIPORT AS AN ALTERNATIVE FACILITY FOR THE U.S. FORCES' FUTENMA AIR STATION IN OKINAWA PREFECTURE, THE JAPAN DEFENSE AGENCY ON NOVEMBER 18 HELD AN IN-HOUSE MEETING OF ITS TECHNICAL ADVISORY GROUP CONSISTING OF ACADEMICS (PRESIDED OVER BY YOKOHAMA NATIONAL UNIVERSITY PROFESSOR YOSHIMI (OR YOSHIMITSU?) AIDA; 9 MEMBERS), AND ENTERED INTO SPECIFIC STUDIES ON HELIPORT CONSTRUCTION METHODS. FROM NOW ON, THE ADVISORY PANEL IS GOING TO LOOK INTO THE FEASIBILITY OF FIVE PLANS IN ALL, PRESENTED BY THREE INDUSTRIAL GROUPS INCLUDING SHIPBUILDING AND STEEL INDUSTRY ORGANIZATIONS, FROM SUCH ASPECTS AS TECHNICAL

PROBLEMS AND POSSIBLE EFFECTS ON THE ENVIRONMENT, AND THEN JDA WOULD LIKE TO NARROW DOWN THOSE CONSTRUCTION METHODS BETWEEN THE JAPANESE AND U.S. SIDES BEFORE THE SPECIAL ACTION COMMITTEE ON FACILITIES AND AREAS IN OKINAWA (SACO) RELEASES ITS FINAL REPORT ON DECEMBER 2. CRANE

SECT: SECTION: 01 OF 06

<^SECT>SECTION: 02 OF 06

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