

Withdrawal/Redaction Sheet

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. cable	Re: 1997 Report to Congress on Allied Contributions to the Common Defense (14 pages)	12/20/1996	P1/b(1)

COLLECTION:

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

FOLDER TITLE:

[12/10/1996 - 12/30/1996]

2016-0420-F
sb1891

RESTRICTION CODES

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

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

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

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

RR. Document will be reviewed upon request.

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

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

Cable

PREC: IMMEDIATE
CLASS: UNCLASSIFIED
LINE1: OAAUZYUW RUEHKO1274 3450945-UUUU--RHEHAAA.
LINE2: ZNR UUUUU ZZH
LINE3: O 100945Z DEC 96
LINE4: FM AMEMBASSY TOKYO
OSRI: RUEHKO
DTG: 100945Z DEC 96
ORIG: AMEMBASSY TOKYO
TO: RUEHC/SECSTATE WASHDC IMMEDIATE 0590
INFO: RUCPDOG/USDOC WASHDC IMMEDIATE
RUEATRS/TREASURY DEPT WASHDC IMMEDIATE
RUEHIA/USIA WASHDC IMMEDIATE 2335
RUEAIIA/CIA WASHDC IMMEDIATE
RUEKJCS/DIA WASHDC IMMEDIATE
RHEHAAA/WHITEHOUSE WASHDC IMMEDIATE
RUEKJCS/SECDEF WASHDC IMMEDIATE
RHHMUNA/USCINCPAC HONOLULU HI
RUALSFJ/COMUSJAPAN YOKOTA AB JA
RUEHOK/AMCONSUL OSAKA KOBE 9684
RUHBBMA/AMCONSUL NAHA 6672
RUEHKON/AMCONSUL NAGOYA 9615
RHHMHAH/CINCPACFLT PEARL HARBOR HI//N5//
RUEHKOF/AMCONSUL FUKUOKA 2909
RUEHKOS/AMCONSUL SAPPORO 9363
RUESDJ/FBIS OKINAWA JA
RUCWAAB/FBIS RESTON VA
RUAYJAA/COMPATWING ONE KAMI SEYA JA
RUAGJHA/CGUSARJ CAMP ZAMA JA//IX CORPS G5//
RUYNJDK/COMNAVFORJAPAN YOKOSUKA JA
SUBJ: JAPANESE DAILY PRESS SUMMARY 12/10/96
TEXT:
UNCLAS SECTION 01 OF 09 TOKYO 011274

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

E.O. 12958: N/A
TAGS: PGOV, PINR, JA
SUBJECT: JAPANESE DAILY PRESS SUMMARY 12/10/96

INDEX:

(1) EDITORIAL: Invisible Japan in the WTO Age

(2) EDITORIAL: Deregulation -- Fall in Line with Ministry of Transport

(3) Maneuvering over Budget and Administrative Reform: LDP Keeping Silent About Consumption Tax

(4) What Method Will Be Adopted to Construct an Offshore Heliport as Alternative Facility for Futenma Air Station

(5) Japan and the USA: Exchanges of Lawmakers at Turning Point: New Generations Playing a Major Role in Shifting the Image

ARTICLES:

(1) EDITORIAL: Invisible Japan in the WTO Age

NIHON KEIZAI (Page 2) (Full)

December 9, 1996

The World Trade Organization (WTO) will hold its first ministerial meeting in Singapore starting from the 9th. The purposes are to review activities of the world trade body set up under the (GATT) Uruguay Round and to seek out new trade rules as the world enters the 21st century. Minister of International Trade and Industry (MITI) Sato cannot attend this extremely important meeting. The absence of the trade minister of Japan, which is in a position to lead the WTO arrangement, will deal a blow to this nation. Japan's influence over the international trade system might be significantly undermined.

The Singapore meeting has been positioned as the wrap up for the international economic conferences held this year. Major conferences, such as the summit of Group of Seven industrialized countries (Lyon Summit) and the Asia-Pacific Economic Cooperation (APEC), all set their sights on a successful Singapore meeting. This conference is to open a new age of the WTO.

In the Singapore meeting, the state of implementation of the measures included in the Uruguay Round accord on a framework for multilateral trade will be reviewed. In addition, further liberalization of world trade, such as elimination of tariffs in the information technology sector, will be placed high on the agenda.

Efforts will also be put into drawing up new trade rules on "trade and the environment," "trade and investment," and "trade and competition." "Trade and labor standards," too, will be reviewed so that restrictions will be imposed on trade in products

of a nation that fails to satisfy the basic labor standards. In forming such trade rules, however, a deep gulf will be underlined between industrialized countries, including the United States and Europe, UNCLAS SECTION 02 OF 09 TOKYO 011274

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

E.O. 12958: N/A
TAGS: PGOV, PINR, JA
SUBJECT: JAPANESE DAILY PRESS SUMMARY 12/10/96

and developing countries, such as Asia. Among other things, "trade and labor standards" might incline toward protectionist trade, so there is the fear that the fissure between the two sides will grow even more serious. Given such circumstances, Japan has shouldered an essential role in mapping out rules.

Another matter of attention in the Singapore meeting is the issue of China's and Taiwan's participation in the WTO. On this, too, Japan should perform an important role.

All other member countries will send their trade ministers to the meeting. MITI Minister's absence from the meeting will harm Japan's national interests. Reportedly, the minister will skip the meeting because he needs to make preparations to deal with Diet deliberations over scandals involving MITI officials. Priority should have been given to an international conference.

During the GATT (General Agreement on Tariffs and Trade) period, Japan developed under the benefits of the multilateral, free trade system. Under the WTO system, Japan should bear the responsibility to take the lead to promote free trade in the world. An invisible Japan in the age of the WTO age suggests that Japan is shirking its responsibility.

(2) EDITORIAL: Deregulation -- Fall in Line with Ministry of Transport

ASAHI (Page 5) (Full)
December 10, 1996

Regulations being applied by the Government in the form of licensing, approval and notification have worked as a breeding ground for the collusive relations among politicians, bureaucrats and

industry, and serves to hinder free competition among businesses. Deregulation is designed to remove such obsolete regulations and to usher in a new nation-building by the creative efforts of the private sector.

The deregulation sub-committee of the Administrative Reform Committee (ARC), which has been mapping out specific measures, has released a list of deregulation proposals. This is the second report, following one it issued last year, and it covers 51 items in 13 sectors.

The report includes proposals worthy of praise, such as abolition of "supply-demand adjustment regulations" in domestic civil aviation, railway, taxi and bus services. At the same time, the sub-committee avoided bold measures in some sectors, reflecting the bureaucracy's resistance.

The Government, with the report submitted by the Economic Council and other data as reference, needs to come up with sweeping deregulatory measures and then implement them.

Supply-demand adjustment regulations are designated
UNCLAS SECTION 03 OF 09 TOKYO 011274

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

E.O. 12958: N/A
TAGS: PGOV, PINR, JA
SUBJECT: JAPANESE DAILY PRESS SUMMARY 12/10/96

to allow firms to enter the market or expand business activities only when the bureaucracy judges there would be sufficient demand. This regulation, which has long been the basis for the transport administration system, is a major cause for Japan's high-cost and less efficient goods-distribution system.

In response to the report, the Ministry of Transport (MOT) announced that it would phase out the supply-demand adjustment regulations by the year 2001. This policy decision reflects the decline in vitality in the transportation industry, but if this measure is thoroughly carried out, it would bring about such benefits as reduced fares and improved services.

Out of the need to prevent deregulatory measures

from causing uneasiness or shutting down vital routes for residents on detached islands, it is naturally crucial to take some measures. Even so, the principle of scrapping supply-demand control should not be shaken.

The report also proposes the widening of coverage of private-sector broadcasting now based on each prefecture and liberalization of non-life insurance premiums. Both should be implemented swiftly.

These proposals merit appreciation, from the standpoint of consumers. On the other hand, the proposal on liberalization of education is insufficient in content.

For instance, with the nation divided into less than 500 districts, it is regulated under the current system that public elementary and junior high schools in a same district use the same textbooks. The sub-committee looked into the possibility of giving discretionary authority to each school, but it decided to defer the measure as a future task.

Why is it so hard to let teachers decide which textbooks they would use? The Education Ministry's counterargument is also unconvincing.

The people are not satisfied with the current state in the justice, medical, welfare and education areas, which are wrapped up in (regulations set by) experts. It is significant for the ARC to penetrate these areas.

In the areas of agricultural products, finances and energy as well, the sub-committee hesitated to take bold measures. Such is a result of the sub-committee's stance of listing only items that were approved by relevant government agencies.

"As those opposing deregulation are dominant, there will be no other way but to persuade each government agency," said Orix President Yoshihiko Miyauchi, who chairs the sub-committee. This is, in a sense, reasonable. But such a remark makes no difference from what government agencies have stated. Questions would be raised over the purpose

UNCLAS SECTION 04 OF 09 TOKYO 011274

DEPT FOR E, P, PM, EB, EAP/J AND S/AL

USIA FOR MR AND REA

WHITE HOUSE FOR NSC ROTH

WHITE HOUSE FOR NEC CUTTER

TREASURY FOR OASIA/IMI/JAPAN

DEPT PASS USTR FOR SHAPIRO/WOLD

DEPT PASS ELECTRONICALLY TO USDA FAS/ITP FOR SCHROETER

E.O. 12958: N/A

TAGS: PGOV, PINR, JA

SUBJECT: JAPANESE DAILY PRESS SUMMARY 12/10/96

of the ARC's existence.

The Administrative Reform Committee selects some of 11,000 existing regulations and negotiates with relevant government agencies. Such a method has its limit. As the Economic Council proposed in the telecommunications and financial sectors, it would be effective to set forth a comprehensive liberalization package without any coordination of views with government officials.

Other government agencies should follow the MOT in a switch in policy. That is because the policy decision to rapidly abolish restrictions on new entries that aimed at adjusting supply and demand was adopted by the Cabinet already three years ago.

(3) Maneuvering over Budget and Administrative Reform: LDP Keeping Silent About Consumption Tax; Where Has the Argument Calling for "Keeping It at Three Percent Level" Gone?; "Measures Are Different from Before the Election," Complain Other Parties

ASAHI (Page 2) (Excerpts)
December 10, 1996

The Liberal Democratic Party (LDP) has been awfully quiet about the planned consumption tax hike. Until the previous election, pros and cons erupted actively over the consumption tax, which is planned to be raised to five percent next April. A Lower House Tax Problem Special Committee session starts on the 12th. Even with the Upper House session included, tax deliberations will last only four days during the current Diet. It is inevitable that the LDP will be criticized severely if it implements the new tax rate without thoroughly conducting a debate.

In the Lower House Budget Committee session that ended on the 9th, Executive Council Chairman Takeshi Noda of the Shinshintō (New Frontier Party) pointed out that in the previous election, only a handful of LDP candidates had underlined the need to keep the consumption tax rate at the present level or to return it to three percent, if raised. Noda continued: "Of the 239 LDP members who won seats, more than 100 said they would oppose or approve the hike only conditionally. But once the election is over, they are now saying in unison that such has been decided formally." Chief Secretariat Kazuo Shii of the Japan Communist Party (JCP) also criticized the disunity of the Cabinet, citing that only seven Cabinet ministers had

clearly mentioned "5 percent" in their election campaigns.

Additionally, Vice Chairman Kosuke Uehara of the Social Democratic Party (SDP) called for "aftercare" by the Government and the LDP, remarking, "Before raising the tax, we definitely need to come up with measures for low-income earners. Reform should be carried out in a way that would reflect the taxpayers' complaints about unfairness and their pains."

UNCLAS SECTION 05 OF 09 TOKYO 011274

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

E.O. 12958: N/A
TAGS: PGOV, PINR, JA
SUBJECT: JAPANESE DAILY PRESS SUMMARY 12/10/96

Before the election, many LDP members reacted cautiously to the planned consumption tax hike, obviously from their bitter experience of the crushing defeat in the 1989 upper-house election soon after the consumption tax system was implemented. Organizational public information headquarters chief Shizuka Kamei (now Construction Minister) and others vocally opposed an inclusion of "five percent" in the party's public pledge.

Shizuka Kamei, who was the vanguard of the call for shelving the tax hike, remarked in the Budget Committee session on the 9th: "What the LDP promised in its public pledge is that it would launch a special committee to discuss the planned hike. As a member of the Cabinet, I am in a position (to implement the Cabinet's decision)." He thus indicated his intention to follow the Cabinet's policy direction.

The LDP has been silent after the election. But some LDP members are dissatisfied with such a condition. In the meeting of the former Obuchi faction on the 5th, one first-time member argued, "We have to explain to the taxpayers clearly that the planned hike is necessary. Otherwise, the next election would be disastrous for those who won seats by a margin of 1,000, 2,000, or 3,000 votes."

The LDP has been looking into raising pensioners' benefits and the like, suspecting a greater impact hitting low-income brackets after the hike. But no

one has suggested to review the "five percent plan."

Tax System Problem Special Committee to Take a Vote
on 13th on Shinshinto-Presented Bill Calling for
Keeping Consumption Tax Rate at Present Level

A meeting of directors of the Lower House Tax System Problem Special Committee was held on the 9th. In it, the members agreed to deliberate on the Shinshinto-presented bill calling for keeping the consumption tax at the three-percent level and other issues on the 12th and 13th. The ruling and opposition camps also reached accord to take a vote on the bill during the current Diet session. The three ruling parties at their Diet affairs officials meeting on the 9th agreed to take a vote on the bill in the special committee meeting on the 13th.

In this connection, LDP Secretary General Koichi Kato told the press: "I am certain that the bill would be voted down naturally. But for just in case, we will bind all members by a party decision to vote it down." He thus indicated to ward off objections in the party from gaining ground. SDP Executive Council Chairman Sekisuke Nakanishi voiced, "Reaching accord among the ruling parties is necessary to save the socially weak before raising the tax." Additionally, Nakanishi categorically indicated that his party would produce a unified view before taking a vote.

In view of the Lower House's timetable, Upper House
UNCLAS SECTION 06 OF 09 TOKYO 011274

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

E.O. 12958: N/A

TAGS: PGOV, PINR, JA

SUBJECT: JAPANESE DAILY PRESS SUMMARY 12/10/96

deliberations by the administrative and fiscal reform committee and the tax system special committee are expected to take place on the 16th and 17th.

(4) What Method Will Be Adopted to Construct an Offshore Heliport as Alternative Facility for Futenma Air Station; Hot Competition Unfolded for Orders; "Pontoon" Type Advantageous to Shipbuilding Industry, While Pile Supported Pier Type Favorable

to Joint-Venture of General Contractors and Trading Houses; "Both Methods Are Advantageous" to Steel Manufacturers

MAINICHI (Page 9) (Full)
December 10, 1996

The industrial community is now paying close attention to the offshore helpport project in response to the reversion of United States forces' Futenma Air Station in Okinawa Prefecture. Of the construction methods now under study, the "pontoon" type will be advantageous to shipbuilders, while the "pile supported pier" type will be in the favor of a joint venture of general contractors and trading houses. Steel makers, whichever type is chosen, can anticipate a massive demand for material. If one of the three is adopted as a construction method, it will certainly develop into a "trillions-of-yen market" for constructing an offshore airport or an offshore waste disposal plant. Horse-trading is activately going on behind the scenes.

Three Candidates

In the final report compiled and unveiled at the beginning of this month by the Japan-U.S. Special Action Committee on Okinawa (SACO), three construction methods are shown, namely, "the pontoon type," the "pile supported pier type" and the "semi-submersible type." The third one is said to be strongly supported by the U.S. An implementation plan will be drawn up by the end of 1997.

In the "pontoon" type, "mega-float" (mega-floating offshore structure) technology, which is under study in the stel and shipbuilding industries, will be applied. The two industrial circles established a "megafloat technology union" (directed by Kentaro Aikawa, chairman of Mitsubishi Heavy Industries) in April 1995. They have continued empirical tests off Oppama in Kanagawa Prefecture, aiming at obtaining business chances for construction of airports.

Meanwhile, a study project team was formed for the "pile supported pier" method. Participating in it is Kajima Corporation, a super-general contractor, and Nissho Iwai Corporation, a major trading house, and such leading steel makers as Nippon Steel Corporation, NKK and Kawasaki Steel Corporation. Under this method, steel columns are fixed on the sea bed so that a steel sheet will be fixed on them.

UNCLAS SECTION 07 OF 09 TOKYO 011274

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

E.O. 12958: N/A
TAGS: PGOV, PINR, JA
SUBJECT: JAPANESE DAILY PRESS SUMMARY 12/10/96

Partly because the "semi-submersible" type is a method pushed by the U.S., Japanese industrial circles do not show a strong interest in it.

Possibility of Offshore Airport

It is predicted that the scale of an alternative heliport for Futenma airfield will be 1,500 meters in length and 500 meters in width. If the heliport is constructed under the "pontoon" method, 400,000 - 500,000 tons of steel will be necessary. For the "mature" shipbuilding industry, which is unable to expect for a big growth in their main job due to fierce competition with their counterpart in the Republic of Korea (ROK) for shipbuilding prices, "If satisfactory results were achieved in building an offshore heliport, that would bring the next step to construct a marine heliport." That method is applicable also to constructing a disaster-preventive store base or a waste disposal facility, so business negotiations with local governments will likely be activated, involving heavy machinery manufacturers.

General contractors, who made a success in constructing Kansai Airport, now are trying to get an order for construction, joining hands with the trading houses. The size of the project this time is said to come to 200 billion - 300 billion yen or more, but they as well as shipbuilding circles expect business chances to be expanded to constructing a marine airport.

Merits Underscored

The Shipbuilders' Association of Japan's Chairman Yoshihiro Fujii, chairman of Hitachi Zosen Corporation, remarks: "Nothing will start before a candidate site and a method are chosen. We are not necessarily strenuously moving to form a joint venture or to receive an order." But the shipbuilding industry stresses the advantageous points in their method that is under study, explaining: "Compared to the pile supported pier method to fix columns on the sea bed, our method

(pontoon type) would have less impact on marine environment, such as coral reefs, and in addition, it is easy to remove a facility after it becomes unnecessary."

(Kenta Tsukada and Keisuke Matsuzawa)

(5) Japan and the USA: Exchanges of Lawmakers at Turning Point: New Generations Playing a Major Role in Shifting the Image

SANKEI (Page 1) (Full)
December 9, 1996

"As far as I am concerned, Japan's Diet 30 years ago was represented predominantly by old men. That was perhaps because in those days, most of them entered politics after retiring from their jobs in central government agencies, like the Finance Ministry, or in large companies. They were polite
UNCLAS SECTION 08 OF 09 TOKYO 011274

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

E.O. 12958: N/A
TAGS: PGOV, PINR, JA
SUBJECT: JAPANESE DAILY PRESS SUMMARY 12/10/96

but they did not open up their minds internationally."

The above comment was made by Republican Congressman Thomas Petri, 56, vice chairman of the Japan Study Group, a supra-partisan forum on Japan-U.S. relations in the U.S. Congress established in January 1993.

Petri continued: "But now, an increasing number of young men and women who became Dietmen's secretaries after completing college or those with several years of experience in government agencies seek seats in the Lower House. Many of them have stayed in the United States or other countries and are fluent in foreign languages. Their image have now changed greatly."

Robert Wise, 48, a mid-ranking member of the study group, also remarked: "What surprises me every time I go to Japan is that so many Japanese lawmakers now hold a Ph.D. from major U.S. universities."

- - - - -

Such a new breed of Japanese lawmakers capable of conducting heated debates without interpreters are playing a major role in the parliamentary exchanges between Japan and the U.S. But they are still a minority and there is no one on the U.S. side who can conduct a debate freely in the Japanese language.

The U.S. Congress no longer has Japanese experts like the late Congressman Stratton, who worked as an officer in charge of Japanese affairs under General MacArthur and later served in the House of Representatives for 30 years from 1958, during which time he always carried an English-Japanese dictionary with him. But lately, the mood to study the Japanese language has been weak in the U.S. Congress.

The language is still a major barrier in carrying out parliamentary-level exchanges between the two countries.

Counselor Tetsuo Ito of the Japanese Embassy in the U.S. spoke about the present condition:
"Ironically, with the 21st century, the age of the Asia-Pacific, just around the corner, exchanges of lawmakers between Japan and the U.S. have diminished." Is there any effective way to reverse this trend?

- - - - -

Suggested one House member: "About 80 new members have been elected to Congress in the last election. The best way is to focus on new members, who take interest in Asian affairs including Japan, to join existing and new exchange programs underway."

According to Wise, who also heads the Germany Study Group, another Congressional forum, U.S. lawmakers'

UNCLAS SECTION 09 OF 09 TOKYO 011274

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

E.O. 12958: N/A
TAGS: PGOV, PINR, JA
SUBJECT: JAPANESE DAILY PRESS SUMMARY 12/10/96

trips to Germany and other European countries have also dropped. "We are now discussing a program to

hold a periodical parliamentary meeting among Japan, the U.S. and Germany," said Wise.

Former U.S. Ambassador to Japan Mansfield, 93, advocates: "The U.S. and Japanese systems are different (politically). The U.S.' strength lies in its two-party system. In contrast, Japan's weakness is that there are so many parties and so many political coalitions. Under such circumstances, it is important for the lawmakers of the two countries to work directly upon each other's people and spend more time for such dialogues. The same approach is applicable to the governors forum of the two countries." In addition, a number of U.S. Congressmen argue: "As a means to boost state-level exchanges with Japan, we should induce more Japanese businesses to invest at the local level, for these have dropped sharply following the bursting of the Japanese bubble economy. By doing so, we can help open up the eyes of U.S. politicians who are working hard to enhance the gains of their home state."

Representative Thomas Petri expressed high hopes toward inducing more Japanese businesses, remarking, "I am proud to have a Kikkoman (soy sauce) plant in my home state of Wisconsin."

West Virginia is equally enthusiastic about inviting in Japanese business. The state has produced such pro-Japanese politicians as Senator John Rockefeller, who once studied in Japan, and Congressman Robert Wise. Owing to strenuous efforts by Rockefeller and others, Toyota's engine plant will be constructed in West Virginia's Putnam County, and a ground-breaking ceremony for the plant was held in September.

"The crime rate in our state is one of the lowest in the U.S., and we have a good road system as well. We've got all the right conditions for Japanese companies." Wise underlined the need to deepen exchanges at the local level.

Wise added: "I believe it is now the time to sow seeds so that someday (parliamentary exchanges) will blossom again."

But the real challenge perhaps is how to heighten the mood for sowing those seeds.

(Washington, Ttsutomu Saito)

MONDALE

SECT: SECTION: 01 OF 09

<^SECT>SECTION: 02 OF 09

<^SECT>SECTION: 03 OF 09

<^SECT>SECTION: 04 OF 09

<^SECT>SECTION: 05 OF 09
<^SECT>SECTION: 06 OF 09
<^SECT>SECTION: 07 OF 09
<^SECT>SECTION: 08 OF 09
<^SECT>SECTION: 09 OF 09

SSN: 1274

<^SSN>1274
<^SSN>1274
<^SSN>1274
<^SSN>1274
<^SSN>1274
<^SSN>1274
<^SSN>1274
<^SSN>1274

TOR: 961210045426 M2531694

<^TOR>961210045512 M2531695
<^TOR>961210045527 M2531696
<^TOR>961210045617 M2531697
<^TOR>961210045700 M2531698
<^TOR>961210045743 M2531699
<^TOR>961210045758 M2531700
<^TOR>961210045934 M2531702
<^TOR>961210045956 M2531703

DIST:

SIT: NSC

Cable

PREC: IMMEDIATE
CLASS: UNCLASSIFIED
LINE1: OAAUZYUW RUEHKO1309 3460835-UUUU--RHEHAAA.
LINE2: ZNR UUUUU ZZH
LINE3: O 110835Z DEC 96
LINE4: FM AMEMBASSY TOKYO
OSRI: RUEHKO
DTG: 110835Z DEC 96
ORIG: AMEMBASSY TOKYO
TO: RUEHC/SECSTATE WASHDC IMMEDIATE 0636
INFO: RHEHAAA/WHITEHOUSE WASHDC IMMEDIATE
RUEKJCS/SECDEF WASHDC IMMEDIATE
RUCPDOG/USDOC WASHDC IMMEDIATE
RUEATRS/TREASURY DEPT WASHDC IMMEDIATE
RUEHIA/USIA WASHDC IMMEDIATE 2356
RUEAIIA/CIA WASHDC IMMEDIATE
RUEKJCS/DIA WASHDC IMMEDIATE
RUEHKOF/AMCONSUL FUKUOKA 2922
RUAGJHA/CGUSARJ CAMP ZAMA JA//IX CORPS G5//
RUYNJDK/COMNAVFORJAPAN YOKOSUKA JA
RUEHKOS/AMCONSUL SAPPORO 9375
RUESDJ/FBIS OKINAWA JA
RUCWAAB/FBIS RESTON VA
RUAYJAA/COMPATWING ONE KAMI SEYA JA
RUEHOK/AMCONSUL OSAKA KOBE 9698
RUEHKON/AMCONSUL NAGOYA 9624
RUALSFJ/COMUSJAPAN YOKOTA AB JA
RUHBBMA/AMCONSUL NAHA 6681
RHHMHAH/CINCPACFLT PEARL HARBOR HI//N5//
RHHMUNA/USCINCPAC HONOLULU HI
SUBJ: JAPANESE DAILY PRESS SUMMARY 12/11/96

TEXT:
UNCLAS SECTION 01 OF 05 TOKYO 011309

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

E.O. 12958: N/A
TAGS: PGOV, PINR, JA
SUBJECT: JAPANESE DAILY PRESS SUMMARY 12/11/96

INDEX:

(1) EDITORIAL: The Atomic Bomb Dome Is a
Historical Monument

(2) Prime Minister Hashimoto Bewildered by Expert's Assertion that "Macroeconomic Viewpoint Lacking in Your Plan to Reform Five Areas"

(3) Ambassador Mondale -- Intuition as Politician and Warm Personality; by Hironobu Ishikawa

ARTICLES:

(1) EDITORIAL: The Atomic Bomb Dome Is a Historical Monument

MAINICHI (Page 5) (Full)
December 11, 1996

The Atomic Bomb Dome and Itsukushima Shrine in Hiroshima were both recently registered as World Heritage Sites. We hail that registration.

The purpose of the World Heritage Treaty is for preserving, through international cooperation, cultural and natural objects that have their own intrinsic value by making them a part of the heritages common to all peoples on the globe -- such include the Acropolis in Greece, the Great Pyramid at Giza in Egypt and Ecuador's Galapagos Islands. Or to put it another way, the purpose is to preserve some of the "wonders of the world." What paved the way for that treaty was Abu Simbel, which in the 1960s was on the edge of sinking out of sight due to the construction of Aswan High Dam in Egypt but was saved with cooperative efforts of many countries in the world.

The objects that are on the list of the world heritages are subject to international protection. The member nations of the treaty donate money every other year to the "World Heritage Fund" an equivalent of 1 percent of their donations to the United Nations Educational, Scientific and Cultural Organization (UNESCO). The fund is used to repair cultural properties that are on the verge of collapse and to preserve the ecosystems of tropical rain forests. In fact, the repair work is underway in the Borobudur ruins in Indonesia and the Sigirya (?) ruins in Sri Lanka, both known well to Japanese tourists.

The World Heritage Treaty was adopted at the UNESCO general assembly in 1972, and place on the World Heritage List are 469 objects in all ranging from cultural properties and natural objects to complex objects of cultural and natural properties.

But until 1992, Japan did not ratify the treaty, behavior that was called an "enigma of the international community." For ratification, the

Japan Ecosystem Society and the Japan Nature Preservation Association worked on the Ministry of Foreign Affairs, the Ministry of Education, the Environment Agency, the Cultural Affairs Agency, UNCLAS SECTION 02 OF 05 TOKYO 011309

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

E.O. 12958: N/A
TAGS: PGOV, PINR, JA
SUBJECT: JAPANESE DAILY PRESS SUMMARY 12/11/96

the Forestry Agency and other government agencies to step up efforts for ratification. But because of sectionalism in government offices that are loath to see their vested interests being encroached upon, and also because of "obscure political reasons" over the Atomic Bomb Dome, it seems efforts for ratification have been delayed.

What are cited as criteria for evaluating cultural properties are: unique and special evidence of an extinct civilization and objects that are linked directly or indirectly to a marked event in the world, in terms of value, thoughts, belief and the like.

In view of such criteria, it can be safely said to be a fair decision to register as a cultural heritage site the Atomic Bomb Dome in Hiroshima, which signifies the bombed streets in Hiroshima and Nagasaki, two cities that were hit by atomic bombs. But the reason why Japan was slow to ratify the treaty was, according to many informed sources, that (the Government) took precautions against a case that registration of Hiroshima's Atomic Bomb Dome might be exploited as a spur by the opposition parties in their campaign against atomic and hydrogen bombs.

But those were not all the reasons. In the 20th World Heritage Committee meeting held recently in Mexico, the United States Government declared: "Since war-related facilities would give rise to public censure, so the best policy is not to place such on the registration list." That view had been strongly rooted in MOFA's North American Affairs Bureau. The U.S. abstained from voting in the end. China, too, withheld its approval. Lying behind this is apparently their discontent that Japan, by highlighting its having been "a victim," puts the fact of its having been an aggressor out of its

mind. Such a criticism comes not only from China, whose nuclear testing has been denounced by Japan, but also other Asian countries have expressed similar criticism.

But the Hiroshima Atomic Bomb Dome is a negative heritage that should be engraved in the human history in order to remember the inhumanity of atomic bombs. It not only shows the past event that is of striking significance world-wide but also is a monument that gives a warning to all peoples living now and to our future generations. We praise a fair decision by the committee to add as a symbol of world peace the Hiroshima Atomic Bomb to the World Heritage List.

(2) Prime Minister Hashimoto Bewildered by Expert's Assertion that "Macroeconomic Viewpoint Lacking in Your Plan to Reform Five Areas"

MAINICHI (Page 2) (Full)
December 10, 1996

A macroeconomics point of view is lacking in the Prime Minister's plan to implement five reforms, including government administration and the fiscal
UNCLAS SECTION 03 OF 05 TOKYO 011309

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

E.O. 12958: N/A
TAGS: PGOV, PINR, JA
SUBJECT: JAPANESE DAILY PRESS SUMMARY 12/11/96

policy reform.

On the 9th at the Lower House Budget Committee meeting, Yoshio Suzuki (member of the Shinshinto (New Frontier Party)), who is an economist and once served as executive director of Nomura Research Institute after retiring from the Bank of Japan, challenged Prime Minister Ryutaro Hashimoto to debate on economic issues. Hashimoto replied in a modest manner: "I do not have the nerve to go against a professional." But he tried to defend his plan, citing European and United States policies.

Suzuki, however, pointed out that if the Government raises the present consumption tax rate and discontinues the special tax cut in order to implement reform of the social security system, the

burden on the people will increase by 9 trillion yen. As a result, economic recovery will be slowed down. He stressed, "If the Government raises the consumption tax without any macroeconomic strategy, the reform plan will not be done in without fail."

While illustrating measures taken by Europe and the U.S. which have pushed forward with reconstruction of their fiscal conditions, the Prime Minister took an opposing view, saying, "The reform of the social security system is a major pillar. Our perception of implementing administrative and fiscal structural reforms together with reform of the social security system is right."

Toward this, Suzuki demanded: "The Government aims at revitalizing the private-sector economy by tax cuts such as continuing the special tax reduction and establishing a small government."

Their debate ended with the two sides far apart. Suzuki, however, in his debut in the Diet session, argued with Hashimoto, who considers himself as an economic-policy expert. The debate drew a groan from ruling and opposition Dietmembers.

(Kazuo Otaka)

(3) Ambassador Mondale -- Intuition as Politician and Warm Personality; by Hironobu Ishikawa

Japan National Press Club Press Letter
December 10, 1996

United States Ambassador to Japan Walter Mondale (68 years old) will leave Japan in mid-December after a tour of more than three years. Mondale drew much attention as the first ambassador appointed to Japan who had vice-presidential experience. Unlike the time of Ambassador Mike Mansfield, another heavy-hitter who left his presence behind, Mondale left his major imprint on supporting the bilateral alliance relationship while directly facing the difficulty of steering the ship of (Japan-U.S. relations) during the post-cold war period.

When Mondale's appointment to the post of
UNCLAS SECTION 04 OF 05 TOKYO 011309

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

E.O. 12958: N/A

TAGS: PGOV, PINR, JA

SUBJECT: JAPANESE DAILY PRESS SUMMARY 12/11/96

ambassador to Japan was endorsed by the U.S. Senate, Mansfield commented, "Career diplomats hailing from the Department of State would never be able to directly contact the President, but Mondale can do so." Mondale's channel to the President were best used in dealing with the incident in Okinawa of the rape of a schoolgirl by U.S. servicemen. When two weeks had passed since the occurrence of the incident, Ambassador Mondale, seeing anti-base and anti-American sentiments mounting among the citizens of Okinawa, got in touch with President Clinton and urged him to take due action. The President immediately issued a statement, "The U.S. deeply regrets the incident on Okinawa." Anti-American feelings in Okinawa would have escalated in one sweep had it not been for the decision to review the implementation of the Japan-U.S. Status of Forces Agreement (SOFA) as well as this quick apology by the President.

As a veteran politician who was once a Democratic Party candidate for the presidency, Mondale used the insights he had cultivated during the 12 years he had served on the Hill and as the Democratic Party candidate to pin down the locus of the problem in Okinawa, and he began to work on solving the problem. On April 12th, Ambassador Mondale called on Prime Minister Hashimoto at his office. There the two reached final agreement on the reversion of all or portions of the 10 military bases, including Futenma Air Station. There followed an unusual joint press conference with the Prime Minister.

As one U.S. journalist noted, "The reversion of Futenma has assuaged the anti-military-base campaign," and negotiations on the consolidation and downsizing of U.S. military bases held since then have developed in a comparatively calm way, although they contain difficult problems.

Ambassador Mondale firmly believes, "Japan and the U.S. must be good neighbors." In terms of economic relations, the U.S.' results-oriented stance was not well-spoken of by the Japanese side, but in Mondale's view, to have stable bilateral relations in the post-cold-war period, reciprocity is necessary on the economic front and at the same time Japan must expand its scope of responsibility on the security front, as advocated in the Japan-U.S. Joint Declaration issued this spring.

The quick turnover in Japanese government leaders that has brought in four prime ministers have kept

Ambassador Mondale extremely busy with official duties. Squeezed between such duties, he enjoys walking in Nezu and Yanaka, where the cordial atmosphere of the old downtown section of Tokyo still remains. Whenever he visits that part of Tokyo, he never forgets to munch on taiyaki (fish-shaped pancake filled with bean jam) at his favorite store. He is also keen on soba (Japanese buckwheat noodles). He once inconvenienced his bodyguard by stepping into a noodle shop near the Ambassador's residence. He cares for those who are in need of help; he visited the Hanshin area

UNCLAS SECTION 05 OF 05 TOKYO 011309

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

E.O. 12958: N/A

TAGS: PGOV, PINR, JA

SUBJECT: JAPANESE DAILY PRESS SUMMARY 12/11/96

immediately after the major quake hit that area. He also visited in Nagoya the parents of Yoshihiro Hattori, the boy who was shot and killed in the U.S., to express his regrets. He probably inherited this fine-line consideration from his father, who was a clergyman. The Japanese people will never forget such a sincere and warm personality as that of Ambassador Mondale.

Written by Hironobu Ishikawa: Entered the Yomiuri Shimbun in 1964. Serving in the General Editorial Bureau from 1995, after holding the posts of foreign news section chief and assistant editor.

MONDALE

SECT: SECTION: 01 OF 05

<^SECT>SECTION: 02 OF 05

<^SECT>SECTION: 03 OF 05

<^SECT>SECTION: 04 OF 05

<^SECT>SECTION: 05 OF 05

SSN: 1309

<^SSN>1309

<^SSN>1309

<^SSN>1309

<^SSN>1309

TOR: 961211035431 M2533495

<^TOR>961211035516 M2533496

<^TOR>961211035602 M2533497

<^TOR>961211043722 M2533538

<^TOR>961211035734 M2533500

DIST:

SIT: FETIG JOHNSON KRISTOFF KYLE LEE MOFFETT PRITCHARD SUETTINGER TARULLO
URIU USTR WALSH
SIT: NSC

Cable

PREC: IMMEDIATE
CLASS: UNCLASSIFIED
LINE1: OAAUZYUW RUEHKO1380 3480258-UUUU--RHEHAAA.
LINE2: ZNR UUUUU ZZH
LINE3: O 130258Z DEC 96
LINE4: FM AMEMBASSY TOKYO
OSRI: RUEHKO
DTG: 130258Z DEC 96
ORIG: AMEMBASSY TOKYO
TO: RUEHIA/USIA WASHDC IMMEDIATE 2386
RUEHC/SECSTATE WASHDC IMMEDIATE 0714
INFO: RUEKJCS/SECDEF WASHDC
RUEBBEA/USDOT WASHDC
RHHMUNA/USCINCPAC HONOLULU HI//USIA//
RUAYJAA/COMPATWING ONE KAMI SEYA JA
RUEKJCS/JOINT STAFF WASHDC//J5//
RHEHAAA/WHITE HOUSE WASHDC
RUYNJDK/COMNAVFORJAPAN YOKOSUKA JA
RHHMHAH/CINCPACFLT PEARL HARBOR HI//N5//
RUCPDOG/USDOC WASHDC
RUALSFJ/COMUSJAPAN YOKOTA AB JA
RUEAIIA/CIA WASHDC
SUBJ: JAPANESE MORNING PRESS HIGHLIGHTS DECEMBER 13
TEXT:

//////////////////// INCOMPLETE MESSAGE //////////////////////

UNCLAS SECTION 01 OF 08 TOKYO 011380

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 DECEMBER 13

TOP HEADLINES:

ASAHI: WIDE-RANGING DISPOSAL UNION TO FILE EVEN TODAY AN
APPLICATION FOR DECISION FOR EVACUATION OF PLANNED SITE
FOR WASTE DISPOSAL AT HINODE TOWN, TOKYO; THAT SITE NOW
MADE A SITE FOR TRUST CAMPAIGN; DELIBERATIONS WILL BE
MADE AT TOKYO METROPOLITAN LAND EXPROPRIATION PANEL

NIHON KEIZAI: FISCAL COUNCIL'S FINAL REPORT: FISCAL DEFICIT SHOULD BE CURBED TO A 3 PERCENT OF GDP; 2 TRILLION YEN WILL BE NEEDED BY THE YEAR 2005; CALLS FOR ZERO ISSUANCE OF DEFICIT-COVERING BONDS (TRANSLATION BELOW)

TOKYO SHIMBUN: FISCAL COUNCIL'S FINAL REPORT: ELIMINATE DEPENDENCE ON DEFICIT-COVERING BONDS; BELOW 3 PERCENT OF GDP SET AS TARGET FOR FISCAL DEFICIT; CRITICISM OF SPENDING MONEY RECKLESSLY ON PUBLIC WORKS PROJECTS

MAINICHI: MISSING VX GAS MADE BY THE AUM CULT FOUND AT KODAIRA CITY AS TESTIFIED BY SUSPECT HAYASHI; A FATAL DOSE ENOUGH TO KILL TENS OF THOUSANDS OF PEOPLE

YOMIURI: OFFICIAL DISCIPLINE ENFORCEMENT MEASURES TO BE DECIDED ON DEC. 20; 12 ACTIVITIES, SUCH AS RECEIPT OF REMUNERATION FOR A SPEECH, WILL BE PROHIBITED; "EXCEPTIONS" ALSO WILL NEED APPROVAL (ARTICLE IN ENGLISH EDITION)

SANKEI: AUM-MADE VX GAS FOUND AT TAMAGAWA WATERWORKS; THROUGH INVESTIGATIONS BASED ON TESTIMONY BY SUSPECT YASUO HAYASHI; 30 - 40 GRAMS OF VX PACKED IN A GLASS BOTTLE, AMOUNT ENOUGH TO KILL 10,000 PEOPLE; ALL REMAINING VX GAS MADE BY AUM NOW LOCATED

U.S. STANDS OUT AT WTO MINISTERIAL MEETING; JAPAN NEAR INVISIBLE (TOKYO SHIMBUN - PAGE 3)

U.S.' BULLISH NEGOTIATING APPROACH WITH PRIORITY GIVEN TO NATIONAL INTERESTS; ON THE LABOR STANDARDS ISSUE, DEVELOPING COUNTRIES ARGUE, "THIS IS NOT THE PLACE TO DISCUSS IT"

THE UNITED STATES IS STANDING OUT IN THE WORLD TRADE ORGANIZATION (WTO) MINISTERIAL CONFERENCE, NOW IN SESSION IN SINGAPORE. IN DRAFTING A MINISTERIAL DECLARATION, THE U.S. STUCK TO ITS ASSERTIONS TO THE LAST MOMENT WHILE INSISTING ON THE PRINCIPLE OF "GIVING THE TOP PRIORITY TO THE NATIONAL INTERESTS." DISPUTES WITH DEVELOPING COUNTRIES ARE THEN BEING BROUGHT ABOUT, BUT BEHIND SUCH DEVELOPMENTS, JAPAN HAS BEEN IN THE SHADOW CONSTANTLY FROM THE BEGINNING OF THE CONFERENCE. REGRETTABLY, THE GAP BETWEEN THE U.S. AND JAPAN IS EVIDENT: THE U.S., PLAYING THE LEADING PART, IS INTENT ON MAKING THE BEST USE OF THE WTO, WHILE JAPAN, PLAYING A MINOR PART, APPEARS TO BE SINKING INTO OBLIVION WITH ITS DIPLOMACY REMAINING INVISIBLE TO OTHER COUNTRIES.

(NAOFUMI KUCHIKI AND TOMOKO YAJIMA FROM SINGAPORE)

"WHAT THE U.S. HAS IN MIND IS TO TAKE AS MANY THINGS AS POSSIBLE FROM OTHER COUNTRIES." AT THE LAST STAGE OF NEGOTIATIONS, HIGH-RANKING GOVERNMENT OFFICIALS OF MAJOR COUNTRIES VOICED SUCH A REMARK ALL AT ONCE. IN FACT, ADJUSTING OPINIONS IN DRAFTING A MINISTERIAL DECLARATION DID NOT GO SO SMOOTHLY IN REFERENCE TO NEGOTIATIONS WITH

THE EUROPEAN UNION (EU) ON THE INFORMATION TECHNOLOGY AGREEMENT (ITA) RELATED TO MUSIC AND PICTURE SOFTWARE AND OTHER PRODUCTS AND OVER SUCH PROBLEMS AS CHINA'S MEMBERSHIP OF THE WTO AND LABOR STANDARDS, THE ISSUE THAT GAVE RISE TO OPPOSITION FROM DEVELOPING COUNTRIES. ONE REASON LAY WITH THIS STUBBORN ATTITUDE OF THE U.S.

ACTING U.S. TRADE REPRESENTATIVE (USTR) CHARLENE UNCLAS SECTION 02 OF 08 TOKYO 011380

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 DECEMBER 13

BARSHEFSKY (MINISTERIAL LEVEL) WAS ENERGETIC THROUGHOUT THE SESSIONS IN SINGAPORE.

IN DISCUSSION WITH THE EU, SHE NEGOTIATED DIRECTLY WITH EU VICE PRESIDENT LEON BRITTAN OVER THE THREE DAYS AS TO THE ITA THAT AIMS TO REMOVE THE TARIFFS BY THE YEAR 2000. AS A RESULT, SHE SUCCEEDED IN HAVING HIM ACCEPT EXPANDING THE SCOPE OF PRODUCTS SUBJECT TO REMOVAL OF TARIFFS, SUCH AS SEMICONDUCTORS AND COMPUTERS. IN THE SAME NEGOTIATIONS, REGARDING A LOWERING OF THE TARIFF ON "LIQUORS" (WHISKEY AND GIN), WHICH WAS BROUGHT UP AS A DEALING MATERIAL BY THE EU AND WHICH IS ALSO THE MATTER OF CONCERN FOR JAPAN, THE ACTING USTR WAS SHREWD ENOUGH TO INFORMALLY FINALIZE IT, LEAVING JAPAN OUT OF THE TALKS BECAUSE FOREIGN MINISTER YUKIHIKO IKEDA HAD ALREADY RETURNED HOME.

FOR THE WTO MINISTERIAL, THE U.S. SENT A LARGE MISSION OF 150 MEMBERS OR MORE WHO INCLUDE NOT ONLY GOVERNMENT OFFICIALS BUT ALSO THOSE COMING FROM 50 AGRICULTURAL ORGANIZATION AND THOSE FROM CONGRESSIONAL AND FILM INDUSTRY-RELATED ORGANIZATIONS.

REFLECTING PRESSURE FROM THOSE INDUSTRIAL GROUPS THAT WERE SUPPORTERS IN THE RECENT PRESIDENTIAL RACE, THE U.S. WAS BULLISH IN NEGOTIATIONS ON THE ITA. THE SAME APPROACH WAS ALSO MADE IN DISCUSSION ON THE LABOR STANDARDS PROBLEM, ON WHICH THE U.S. STRONGLY CALLED FOR INCLUSION IN A WTO MINISTERIAL DECLARATION. THE U.S. IS TRYING TO WORK OUT IN THE DECLARATION A BAN ON CHILD LABOR AND FORCED LABOR, AND THE AIM IS TO SPEAK FOR THE VOICE OF AMERICAN LABOR UNIONS, WHICH HAVE A STRONGER SENSE OF CRISIS OVER THE POSSIBILITY THAT JOBS MAY BE LOST IN THE WAKE OF EXPORTS OF PRODUCTS THAT ARE MADE AT LOW WAGES IN COUNTRIES IN CENTRAL AND LATIN AMERICA.

NOW THAT THE PREVIOUS U.S. WAY OF BILATERAL NEGOTIATIONS WITH THE THREAT OF SANCTION MEASURES UNDER THE U.S. TRADE ACT HAVE BEEN CRITICIZED BY OTHER COUNTRIES FOR "ITS NATURE OF BEING UNILATERAL," THE U.S. IS NOW SETTING THE WTO AS A "TOOL" TO PRY OPEN THE PARTNER COUNTRY'S MARKET.

THE U.S. TOUGH POSITION THAT MIRRORS THAT CIRCUMSTANCE GAVE RISE TO DISCONTENT AMONG DEVELOPING COUNTRIES. MALAYSIAN TRADE MINISTER RAPHIDA (?) QUIPPED: "THE WTO SHOULD NOT TAKE UP SOCIAL ISSUES (SUCH AS LABOR STANDARDS)." THE WTO MINISTERIAL THIS TIME GAVE A GLIMPSE OF ITS FUTURE COURSE, NAMELY, THAT WHILE HAVING A NEW SOURCE OF DISPUTE, IT WILL BE SWAYED IN THE END BY THE U.S., WHICH GIVES THE HIGHEST PRIORITY TO NATIONAL INTERESTS.

JAPANESE FOREIGN MINISTER STAYED THERE FOR ONLY TWO DAYS

ON THE NIGHT OF DECEMBER 11, JUST BEFORE HE RETURNED HOME, FOREIGN MINISTER YUKIHIKO IKEDA HELD HIS FIRST AND LAST NEWS CONFERENCE IN SINGAPORE, BUT HE LOOKED GLOOMY.

"I DO NOT THINK I CAN GO BACK HOME WITHOUT ANY REGRETS, BUT I SUPPOSE I WOULD HAVE COME TO PERFORM MY DUTIES IN MY OWN WAY IF OTHER MISSION MEMBERS WHO WILL STAY HERE LONGER THAN I CAN SERIOUSLY ENGAGE IN TALKS."

HIS REMARK WAS SOMEWHAT STIFF, AND WHAT WAS SEEN FROM IT WAS OBVIOUSLY HIS REGRETS THAT DESPITE HIS BEING THE MINISTER IN CHARGE, HE HAD TO LEAVE FOR JAPAN HALF-WAY.

ALTHOUGH JAPAN HAS SO FAR TIDED OVER BILATERAL TRADE TALKS, SUCH AS THOSE ON AUTOS AND SEMICONDUCTORS, UNDER THE BANNER OF "THE SACRED CAUSE" THAT EMPHASIS SHOULD BE PLACED ON MULTILATERAL RULES UNDER THE WTO," IT WAS UNABLE TO SEND TO THE FIRST WTO MINISTERIAL CONFERENCE MINISTER OF INTERNATIONAL TRADE AND INDUSTRY SHINJI SATO, BECAUSE OF HIS MINISTRY'S BEING INVOLVED IN SCANDALS. IN UNCLAS SECTION 03 OF 08 TOKYO 011380

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 DECEMBER 13

THE CASE OF FOREIGN MINISTER IKEDA, TOO, THE ONLY CABINET MINISTER WHO JOINED THE CONFERENCE, HIS STAY THERE WAS ONLY TWO DAYS, THOUGH THE CONFERENCE LASTED FOR FIVE DAYS.

IN THE QUAD TRADE MEETING AS TO WHETHER TO ALLOW CHINA TO JOIN THE WTO, THE FOREIGN MINISTER PROPOSED, "IT IS IMPORTANT TO SOLIDIFY THE POSITION OF ADVOCATES IN CHINA WHO ARE CALLING FOR THEIR COUNTRY'S MEMBERSHIP." THAT PROPOSAL WAS ENDORSED BY ACTING USTR BARSHEFSKY, WHO COMMENTED ON IT, "IT WAS AN APPROPRIATE STATEMENT." REFERRING TO HER ENDORSEMENT, THE MINISTRY OF FOREIGN AFFAIRS (MOFA) EMPHASIZES THE GOOD RESULT, NOTING: "THE FOREIGN MINISTER WORKED HARD" (SENIOR OFFICIAL).

BUT COMPARED TO ACTING USTR BARSHEFSKY, WHO TOOK THE INITIATIVE IN DISCUSSION AND NEGOTIATED DIRECTLY WITH MINISTERS OF EUROPEAN AND OTHER COUNTRIES, THE APPROACH JAPAN ADOPTED THIS TIME WAS ALSO ALONG WITH THE LINE OF DOMESTIC POLITICS THAT EVERYTHING SHOULD GO AS THE BUREAUCRATS PLANNED. EVEN ON THE SPOTLIGHTED OCCASION OF DELIVERING A MINISTERIAL SPEECH, OTHER COUNTRIES' MINISTERS GAVE SPEECHES BEFORE A LARGE AUDIENCE WITH MINISTERS OF VARIOUS COUNTRIES BEING ALL LINED UP RIGHT AFTER THE OPENING CEREMONY ON THE FIRST DAY, FOREIGN MINISTER IKEDA, WHO WAS TIED UP IN THE DIET, WAS UNABLE TO JOIN THE OPENING CEREMONY. AS THE "ONLY MINISTER OF THE INDUSTRIALIZED COUNTRIES," HE STOOD ON THE PLATFORM ON THE MORNING OF THE SECOND DAY TO GIVE A SPEECH BEFORE A SPARSE AUDIENCE, EVEN IF PEOPLE RELATED TO JAPAN LIKE DECOYS WERE INCLUDED, BUT UNDER THIS SITUATION, HIS SPEECH ENDED UP WITH JUST EXPOSING THE REAL STATE OF JAPANESE DIPLOMACY WHOSE FACE IS STILL INVISIBLE.

FOREIGN MINISTER IKEDA TO VISIT ROK AT END OF YEAR
(ASAHI - PAGE 3)

IT WAS FIRMED UP YESTERDAY THAT FOREIGN MINISTER YUKIHIKO IKEDA WOULD TRAVEL TO THE REPUBLIC OF KOREA TO MEET WITH FOREIGN MINISTER YU CHONG HA LATE THIS MONTH. THE TWO MINISTERS WILL LIKELY DISCUSS MAINLY THE KOREAN PENINSULA SITUATION, SUCH AS HOW TO RESPOND TO THE INCIDENT OF A NORTH KOREAN SUBMARINE'S INCURSION INTO SOUTH KOREA, AS WELL AS THE KOREAN ENERGY DEVELOPMENT ORGANIZATION'S (KEDO) PLAN TO PROVIDE LIGHT-WATER REACTORS TO THE NORTH, WHICH HAS BEEN PUT ON HOLD DUE TO THE SUBMARINE INCIDENT. SINCE ROK PRESIDENT KIM YOUNG SAM IS EXPECTED TO VISIT JAPAN ON JANUARY 25, IKEDA AND YU WILL ALSO MAKE PREPARATIONS FOR A SUMMIT MEETING BETWEEN THE PRESIDENT AND PRIME MINISTER RYUTARO HASHIMOTO. IKEDA PLANS TO LEAVE JAPAN ON THE 26TH.

IN ADDITION, FOREIGN MINISTER IKEDA WILL GO ON A TOUR OF BRITAIN, ITALY, VATICAN, AND INDIA FROM JANUARY 7 THROUGH 15. THIS WILL BE THE FIRST TIME FOR A JAPANESE FOREIGN MINISTER TO VISIT INDIA SINCE 1987.

DELEGATION OF JAPANESE-SOUTH KOREAN DIETMEMBERS' LEAGUE WILL LEAVE FOR SEOUL TOMORROW

A DELEGATION OF THE JAPANESE-SOUTH KOREAN DIETMEMBERS' LEAGUE (CHAIRMAN BY FORMER PRIME MINISTER NOBORU

TAKESHITA), WHICH IS COMPOSED OF MEMBERS FROM THE LIBERAL DEMOCRATIC PARTY (LDP), SHINSHINTO (NEW FRONTIER PARTY) AND MINSHUTO (DEMOCRATIC PARTY OF JAPAN), WILL LEAVE FOR SEOUL FOR A THREE-DAY VISIT STARTING ON THE 14TH TO ATTEND A GENERAL MEETING OF THE SOUTH KOREAN-JAPANESE DIETMEMBERS' LEAGUE (CHAIRER BY KIM YUN HWAN).

TAKESHIMA ISLES DISPUTE HEATING UP BETWEEN JAPAN AND THE ROK (SANKEI - PAGE 3)

THE PROBLEM OF TAKESHIMA ISLANDS (IOKTO IN KOREAN), OVER WHICH BOTH JAPAN AND THE REPUBLIC OF KOREA (ROK) HAVE UNCLAS SECTION 04 OF 08 TOKYO 011380

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 DECEMBER 13

CLAIMS TO SOVEREIGNTY, HAS BEGUN TO SHOW SIGNS OF RE-IGNITING. UNDER THE CIRCUMSTANCES, THE GOVERNMENT IS LIKELY TO EXERT ITS ENERGY INTO PUTTING OUT THE FLAMES BEFORE THE JAPAN-ROK SUMMIT MEETING, SCHEDULED FOR JANUARY IN BEPPU CITY, OITA PREFECTURE.

PRIME MINISTER RYUTARO HASHIMOTO IN THE UPPER HOUSE BUDGET COMMITTEE SESSION ON THE 10TH REMARKED ABOUT THE TAKESHIMA PROBLEM: "I DEFINITELY DON'T WANT TO CREATE A SITUATION WHERE THE DIFFERENCE IN THE POSITIONS OF THE TWO COUNTRIES WOULD DEVELOP INTO AN EMOTIONAL CONFRONTATION THAT WOULD UNDERMINE THE FRIENDLY BILATERAL RELATIONSHIP." BUT HE ALSO INDICATED HIS PLAN TO DISCUSS THE ISSUE IN THE FORTHCOMING SESSION WITH PRESIDENT KIM YOUNG SAM, REMARKING, "FRIENDSHIP IS FRIENDSHIP. I WILL FACE THE SUMMIT IN THE DIRECTION OF DISCUSSING ALL THE NECESSARY ISSUES."

THE ROK, HOWEVER, HAS REACTED STRONGLY TO THIS COMMENT. KOREAN FOREIGN MINISTRY SPOKESMAN SO TAE WON NOTED ON THE 11TH IN A STRONG TONE: "IN VIEW OF HISTORY AND INTERNATIONAL LAW, IT IS CLEAR THAT (TOKTO) IS KOREAN TERRITORY. WE WILL TAKE FIRM MEASURES IF JAPAN TAKES UP THIS PROBLEM." OTHER PARTIES ALSO CRITICIZED PRIME HASHIMOTO'S DIET REPLY.

FURTHERMORE ON THE 12TH, IT CAME TO LIGHT THAT THE KOREAN GOVERNMENT HAS BEEN PUSHING AHEAD WITH A PLAN TO UPGRADE ITS LIGHTHOUSE ON ONE OF THE TAKESHIMA ISLANDS AND MAKE THE NOW UNMANNED LIGHTHOUSE INTO A MANNED ONE NEXT YEAR, IF NECESSARY. CHIEF CABINET SECRETARY SEIROKU KAJIYAMA

TOLD THE PRESS YESTERDAY AFTERNOON: "I HAVE NOTHING MORE TO ADD TO WHAT PARLIAMENTARY FOREIGN VICE MINISTER MASAHIKO KOMURA AND PRIME MINISTER HASHIMOTO REPLIED IN THE UPPER HOUSE BUDGET COMMITTEE SESSION." HIS COMMENT SUGGESTED THAT THE GOVERNMENT HAS BEEN DEALING WITH THE CASE EXTREMELY CAREFULLY. BUT IF NOTHING IS DONE, THE TAKESHIMA ISLAND PROBLEM MAY BE TAKEN UP AS A MAJOR AGENDA IN THE UPCOMING SUMMIT. PRIME MINISTER HASHIMOTO ALSO IS LIKELY TO AGONIZE OVER RESPONDING TO THIS ISSUE.

JDA REQUESTS 13 BILLION YEN IN BUDGET FOR SACO-RELATED EXPENSES (TOKYO SHIMBUN - PAGE 2)

REGARDING EXPENDITURES RELATED TO THE JAPAN-U.S. SPECIAL ACTION COMMITTEE (ON FACILITIES AND AREAS IN OKINAWA) (SACO) FOR THE PURPOSE OF REALIGNING AND REDUCING U.S. MILITARY BASES ON OKINAWA, THE JAPAN DEFENSE AGENCY DECIDED ON DECEMBER 12 TO EARMARK APPROXIMATELY 13 BILLION YEN IN ITS BUDGETARY ESTIMATE FOR FY1997 WHICH CORRESPONDS TO THE INITIAL YEAR. FOR SACO-RELATED OUTLAYS, HOWEVER, JDA AND THE LIBERAL DEMOCRATIC PARTY HAVE BEEN CALLING FOR A BUDGET SLOT SEPARATED OFF FROM DEFENSE SPENDING. ON THE OTHER HAND, THE SOCIAL DEMOCRATIC PARTY HAS BEEN INSISTING ON HANDLING SUCH OUTLAYS WITHIN THE FRAMEWORK OF DEFENSE SPENDING. PARTLY BECAUSE THIS IS GOING TO BE ENTANGLED ALSO WITH THE INCREASE RATE OF DEFENSE SPENDING AS A WHOLE, THE GOVERNMENT AND THE RULING PARTY ARE LIKELY TO FACE HARD COORDINATION.

AS FOR SACO-RELATED EXPENSES FOR THE FUTENMA AIR STATION SITE'S OVERALL REVERSION AND THE LIKE, IT WILL ESTIMATEDLY TAKE SEVERAL HUNDRED BILLION YEN TO ONE TRILLION YEN IN THE END. THE EARMARKED ESTIMATE OF APPROXIMATELY 13 BILLION YEN FOR THE INITIAL YEAR IS TO BE OUTLAID FOR SUCH PURPOSES AS CONDUCTING A FIELD SURVEY FOR THE RELOCATION OF THE FUTENMA AIRFIELD'S HELIPORT FUNCTIONS, TRANSFERRING (THE U.S. MILITARY'S) LIVE-FIRE ARTILLERY TRAINING ACROSS OKINAWA PREFECTURE'S HIGHWAY ROUTE 104 TO (THE GROUND SELF-DEFENSE FORCE'S RANGES ON) THE MAINLAND OF JAPAN, AND IMPLEMENTING MEASURES FOR LOCAL RESIDENTS RESIDING IN AREAS AROUND BASES. IN BUDGETARY HANDLING, HOWEVER, JDA AND THE LDP ARE SEEKING UNCLAS SECTION 05 OF 08 TOKYO 011380

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 DECEMBER 13

A SEPARATE SLOT OUTSIDE DEFENSE SPENDING AND A PACKAGE OF OUTLAYS FROM THE BUDGET OF THE PRIME MINISTER'S OFFICE (SORIFU). ON THE OTHER HAND, THE SDP IS CALLING FOR THE GOVERNMENT TO HANDLE SUCH SACO-RELATED EXPENSES WITHIN THE FRAMEWORK OF DEFENSE SPENDING, WHILE MAINTAINING ITS BASIC PRINCIPLE OF "TRYING TO WORK OUT SUCH MONEY BY REDUCING THE AMOUNT OF EXPENDITURES FOR THE MID-TERM DEFENSE PROGRAM (CHUKIBO)" (SDP SECRETARY GENERAL SHIGERU ITO).

CONCERNING THE GROWTH RATE OF DEFENSE SPENDING AS WELL, THE JDA-LDP TEAM HAS BEEN INSISTING ON UPHOLDING AN INCREASE OF 2.88 PERCENT (OVER THE PRECEDING FISCAL YEAR) AS REQUESTED BY JDA IN ITS BUDGETARY ESTIMATE (SUBMITTED TO THE FINANCE MINISTRY). THE FINANCE MINISTRY AND THE SDP ARE CALLING FOR A SUBSTANTIAL CURTAILMENT, AND THERE IS NOW OPINION COMING FROM THE RULING PARTIES THAT: "THE RATE OF INCREASE SHOULD BE HELD DOWN IN RETURN FOR APPROVING A SEPARATE SLOT FOR SACO-RELATED EXPENDITURES."

RULING PARTIES AGREE TO SET UP SPECIAL TEAM FOR CONSULTATIONS

THE LDP, SDP, AND SAKIGAKE PARTY HELD A MEETING OF THEIR SECRETARIES GENERAL AND POLICY-PLANNING OFFICERS ON THE NIGHT OF DECEMBER 12 AND AGREED TO SET UP A TRIPARTITE SPECIAL TEAM TO DISCUSS DEFENSE SPENDING WHICH WILL BE FOCUSED ON IN THE COURSE OF BUDGET COMPILATION FOR FY1997.

AT THE MEETING, THE SDP INSISTED ON HOLDING DOWN THE INCREASE RATE OF DEFENSE SPENDING FOR FY1997 -- INCLUDING DISBURSEMENTS FOR THE PROPOSED REDUCTION OF U.S. MILITARY BASES ON OKINAWA AS INCORPORATED IN SACO'S FINAL REPORT -- TO THE SAME LEVEL AS THE GROWTH RATE OF GENERAL-ACCOUNT EXPENDITURES (ABOUT ONE PERCENT). THE SAKIGAKE PARTY ADVOCATED HOLDING IT DOWN "AS FAR AS POSSIBLE" FROM THE SUBMITTED BUDGETARY ESTIMATE (OF A 2.88 PERCENT INCREASE), BUT CLARIFIED ITS INTENTION OF APPROVING A "SEPARATE SLOT" FOR BASE REDUCTION EXPENSES.

RULING PARTIES AGREE TO SUPPLEMENTARY BUDGET OF 5.2 TRILLION YEN (MAINICHI - PAGE 3)

THE THREE RULING PARTIES -- THE LIBERAL DEMOCRATIC PARTY (LDP), SOCIAL DEMOCRATIC PARTY (SDP) AND SAKIGAKE HELD A MEETING OF OFFICERS RESPONSIBLE FOR POLICY-MAKING IN TOKYO YESTERDAY EVENING AND REACHED GENERAL AGREEMENT THAT THE SUPPLEMENTARY BUDGET FOR THIS FISCAL YEAR WOULD TOTAL 5.2 TRILLION YEN. AFTER BOILING DOWN THE DETAILS, THE AGREEMENT WILL BE FINALIZED AT THE MEETING OF POLICY-MAKING OFFICERS OF THE THREE PARTIES TO BE HELD TODAY. THE GOVERNMENT WILL DECIDE ON THE SUPPLEMENTARY BUDGET AT A CABINET MEETING SLATED TO BE HELD ON THE 20TH AND HAVE IT PASSED AT THE OUTSET OF THE ORDINARY DIET SESSION TO CONVENE NEXT YEAR.

SUPPLEMENTARY BUDGET HAS SOME AMBIGUOUS ASPECTS

(MAINICHI - PAGE 9)

IT WAS DECIDED YESTERDAY THAT THE SIZE OF THE SUPPLEMENTARY BUDGET FOR THIS FISCAL YEAR WOULD TOTAL 5.2 TRILLION YEN, INCLUDING SOMEWHAT OVER 4.7 TRILLION YEN FOR PUBLIC WORKS PROJECTS, SUCH AS MEASURES FOR EMERGENCY DISASTER PREVENTION, AND APPROXIMATELY 500 BILLION YEN FOR MEASURES FOR THE SOCIALLY WEAK STEMMING FROM THE PLANNED HIKE IN THE CONSUMPTION TAX. THE GOVERNMENT HAD INDICATED A STANCE OF "NOT EXPANDING THE SCALE BUT (ONLY) ACCUMULATING THE NECESSARY APPROPRIATIONS" (PRIME MINISTER RYUTARO HASHIMOTO), BUT IN THE END, IT HAS, IN A SENSE, LIVED UP TO THE PLEDGE -- "FIVE-TRILLION-YEN SCALE," WHICH IT MADE AT THE FINAL STAGE OF THE RECENT LOWER HOUSE ELECTION. CONTRARY TO THE PRIME MINISTER'S COMMENT, ONE CANNOT WIPE AWAY THE IMPRESSION THAT THE UNCLAS SECTION 06 OF 08 TOKYO 011380

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 DECEMBER 13

VARIOUS PROJECTS HAVE BEEN SCRAPED TOGETHER TO MEET THE TARGETED SIZE.

THE MINISTRY OF FINANCE (MOF) WANTED TO PREVENT ADDING PUBLIC WORKS PROJECTS AS "PUMP-PRIMING MEASURES," REASONING THAT IF ECONOMIC STIMULUS MEASURES ARE TAKEN IN A SITUATION WHERE THE GOVERNMENT-PROJECTED GROWTH RATE OF 2.5 PERCENT IS ACHIEVABLE, "IT WILL BECOME A PRECEDENT OF CONSTANTLY REQUIRING ECONOMIC STIMULUS MEASURES. IN ADDITION, IT WILL GIVE THE IMPRESSION THAT PRIORITY IS BEING GIVEN TO PUBLIC WORKS PROJECTS AS USUAL, WHICH WILL IN TURN IMPEDE PROGRESS IN REFORM OF FISCAL STRUCTURE" (SENIOR BUDGET BUREAU OFFICIAL).

BY CONTRAST, THE LIBERAL DEMOCRATIC PARTY (LDP) STRENGTHENED PRESSURE, SEEKING A LARGE-SCALE BUDGET IN ACKNOWLEDGMENT OF CONTRIBUTIONS MADE BY THE CONSTRUCTION WORLD DURING THE RECENT ELECTION.

UNDER SUCH CIRCUMSTANCES, MOF HAS MADE FULL USE OF "EQUIVOCAL" METHODS, SUCH AS THE ADOPTION OF "EMERGENCY DISASTER-PREVENTION MEASURES," WHICH ARE NOT ECONOMIC STIMULUS MEASURES BUT PUBLIC WORKS PROJECTS, AND "ZERO-GOVERNMENT-BONDS" (ACT OF BEARING DEBTS IN THE GOVERNMENT COFFERS), WHICH WILL IN EFFECT NOT WORSEN STATE FINANCES BECAUSE THEY ARE FINANCED FROM THE NEXT FISCAL YEAR'S BUDGET.

SUCH AN UNCLEAR WAY OF COMPILING THE SUPPLEMENTARY BUDGET, SUCCUMBING TO POLITICAL PRESSURE, WILL NOT BE ABLE TO OBTAIN THE UNDERSTANDING OF THE PEOPLE, AT A TIME WHEN FISCAL STRUCTURE REFORM, WHICH IS PAINFUL FOR THE PEOPLE, IS ABOUT TO BE LAUNCHED, MAKING A APPEAL ON THE "CRITICAL FISCAL CONDITION." (KAZUO OTAKA)

TWO SIDES OF 5-TRILLION-YEN SUPPLEMENTARY BUDGET

(1) 1.2 TRILLION YEN FOR EMERGENCY DISASTER-PREVENTION MEASURES

- NOMINALLY FOR EMERGENCY USE. IN REALITY, FOR AUGMENTING PUBLIC WORKS PROJECTS.

(2) 1 TRILLION YEN FOR ZERO-GOVERNMENT-BONDS-RELATED EXPENSES

- ONLY CONTRACTS ARE TO BE CONCLUDED WITHIN THIS FISCAL YEAR, BUT EXPENDITURES WILL BE CARRIED OVER INTO THE NEXT FISCAL YEAR'S BUDGET.

(3) 1 TRILLION YEN FOR EXPANSION OF THE CEILING SET FOR FINANCING BY THE HOUSING LOAN BANK

- OLD TRICK FOR PADDING THE BUDGET SCALE

(4) 500 BILLION YEN, INCLUDING 150 BILLION YEN FOR MEASURES TO HELP THE SOCIALLY WEAK IN THE WAKE OF THE PLANNED CONSUMPTION TAX HIKE

- THE SCALE OF THE BUDGET HAS BEEN EXPANDED, ALSO INCLUDING ITEMS THAT HAD BEEN SLATED TO BE INCORPORATED IN THE NEXT FISCAL YEAR'S BUDGET.

FISCAL PANEL FINALIZES REPORT CALLING FOR ZERO ISSUANCE OF GOVERNMENT DEFICIT BONDS BY 2005
(NIHON KEIZAI - TOP PLAY)

THE FISCAL SYSTEM ADVISORY COUNCIL (CHAIRMANED BY SHOICHIRO TOYODA), AN ADVISORY PANEL TO THE FINANCE MINISTER, YESTERDAY COMPILED A FINAL REPORT CALLING FOR IMPROVING THE NATION'S FISCAL STATE AND REVIEWING EXPENDITURES. AS THE CENTERPIECE OF THE TARGET FOR PUTTING THE NATION'S FISCAL HOUSE IN ORDER, THE REPORT ADVOCATES A REDUCTION OF THE AMOUNT OF DEFICIT HELD BY THE NATIONAL AND LOCAL GOVERNMENTS TO A LEVEL BELOW 3 PERCENT OF THE GROSS DOMESTIC PRODUCT (GDP) BY THE YEAR 2005. TO ACHIEVE THAT END, IT SEEKS A YEARLY REDUCTION OF 2 TRILLION YEN. AS FOR STATE'S FINANCES, INTERMEDIATE TARGETS WILL BE SET IN UNCLAS SECTION 07 OF 08 TOKYO 011380

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 DECEMBER 13

ORDER TO STOP THE ISSUANCE OF DEFICIT-COVERING GOVERNMENT BONDS BY THE TARGET YEAR. THE REPORT CLEARLY SETS A POLICY LINE AIMING AT FISCAL RECONSTRUCTION ON THE BASIS OF CURBING EXPENDITURES. AT THE SAME TIME, IT SEEKS STRUCTURAL REFORM, SUCH AS REFORMING MEDICAL INSURANCE, BY HAVING PATIENTS SHARE MORE OF THEIR MEDICAL COSTS, AND BY CONSTRAINING PUBLIC WORKS PROJECTS.

MAIN POINTS OF FINAL REPORT ISSUED BY FISCAL SYSTEM ADVISORY COUNCIL

(TARGET FOR SOUND FISCAL STATE)

- BALANCE REVENUES WITH EXPENDITURES WITHIN A FEW YEARS, EXCEPT PAYMENTS OF INTEREST ON GOVERNMENT BONDS
- CUT THE FISCAL DEFICITS OF THE NATIONAL AND LOCAL GOVERNMENTS TO 3 PERCENT OF THE GDP BY THE YEAR 2005
- STOP ISSUING DEFICIT-COVERING GOVERNMENT BONDS BY THE YEAR 2005 AND REDUCE THE NATION'S DEPENDENCE ON GOVERNMENT BONDS.
- EVENTUALLY KEEP A BALANCE IN FISCAL ACCOUNTS
- CONSTRAIN GROWTH OF THE GENERAL ACCOUNT EXPENDITURES OF THE NATIONAL AND LOCAL GOVERNMENT TO A LEVEL CONSIDERABLY LOWER THAN ECONOMIC GROWTH RATE.

(FISCAL STRUCTURE REFORM)

- PUT INTO PRACTICE MEDICAL INSURANCE REFORM, CENTERED ON AN INCREASE IN THE BURDEN OF PATIENTS, IN FISCAL 1997
- PREVENT POSSIBLE EXPANSION OF NURSING-CARE INSURANCE PAYOUTS
- MAKE IT A PRINCIPLE TO CONSTRAIN A PUBLIC WORKS PROJECTS BUDGET AND REVIEW THE NECESSITY OF HOUSING MEASURES AND MEASURES TO CONSOLIDATE AGRICULTURE AND FARM VILLAGES.
- LOOK INTO THE POSSIBILITY OF HAVING THE PUBLIC SHOULDER THE BURDEN IN CLEARING UP THE DEBTS LEFT BEHIND BY THE FORMER JAPANESE NATIONAL RAILWAYS. MAKE THIS NEW CONCEPT A CONDITION TO START UNFINISHED SECTIONS OF BULLET TRAIN LINES.
- CONSTRAIN THE AUTHORIZED NUMBER OF LOCAL GOVERNMENT EMPLOYEES. TAKE A SECOND LOOK AT THE TOTAL AMOUNT OF LOCAL TAX ALLOCATION SUBSIDIES AND THEIR SYSTEM.
- STREAMLINE SUBSIDIES APPROPRIATED TO LOCAL GOVERNMENTS AND PUBLIC CORPORATIONS (TOKUSHU HOUJIN).

GAP IN U.S.-JAPAN INSURANCE TALKS STILL WIDE
(SANKEI - PAGE 11)

WITH THE DEADLINE FOR SETTLEMENT OF JAPAN-UNITED STATES INSURANCE TALKS COMING UP ON THE 15TH, WORKING-LEVEL TALKS STARTED AT THE MINISTRY OF FINANCE IN KASUMIGASEKI, TOKYO, YESTERDAY. BUT "BOTH SIDES STILL REMAIN FAR APART, AND IT SEEMS VERY DIFFICULT UNDER THE CURRENT SITUATION TO REACH A SETTLEMENT" (NEGOTIATOR). JAPAN AND THE U.S. AGREED TO CONTINUE THE TALKS ON THE 13TH.

THE TALKS WERE ATTENDED BY MOF INTERNATIONAL FINANCE BUREAU DIRECTOR GENERAL EISUKE SAKAKIBARA FROM JAPAN AND BY AMBASSADOR SHAPIRO OF THE U.S. TRADE REPRESENTATIVE'S OFFICE.

DURING THE CABINET-LEVEL MEETING HELD IN EARLY DECEMBER, JAPAN REPORTEDLY PRESENTED "DRASTIC LIBERALIZATION PROPOSALS IN PRINCIPLE SECTORS" (NEGOTIATOR), INCLUDING LIBERALIZATION OF PREMIUM RATES OF AUTOMOBILE INSURANCE, IN EXCHANGE FOR GIVING UP A MEASURE TO ALLOW DOMESTIC LIFE INSURERS' SUBSIDIARIES STARTING NEXT JANUARY TO ENTER THE THIRD SECTOR, WHICH COVERS CASUALTY AND OTHER INSURANCE POLICIES. BUT THIS SAME NEGOTIATOR SAYS, "ALTHOUGH THE U.S. POSITIVELY EVALUATED OUR PROPOSAL, IT REMAINED AS INFLEXIBLE AS EVER."

VIEWS CONTINUE TO DIVERGE AT HATA-OZAWA MEETING
(ASAHI - PAGE 2)

SECT: SECTION: 01 OF 08

<^SECT>SECTION: 02 OF 08
<^SECT>SECTION: 03 OF 08
<^SECT>SECTION: 04 OF 08
<^SECT>SECTION: 05 OF 08
<^SECT>SECTION: 06 OF 08
<^SECT>SECTION: 07 OF 08

SSN: 1380

<^SSN>1380
<^SSN>1380
<^SSN>1380
<^SSN>1380
<^SSN>1380
<^SSN>1380
<^SSN>1380

TOR: 961212221359 M2536984

<^TOR>961212221449 M2536986
<^TOR>961212221554 M2536989
<^TOR>961212221609 M2536990
<^TOR>961212221700 M2536993
<^TOR>961212221716 M2536996
<^TOR>961212221738 M2536997

DIST:

SIT: NSC

Cable

PREC: ROUTINE
CLASS: UNCLASSIFIED
LINE1: RAAUZYUW RUEDMCA6652 3480734-UUUU--RHEHAAX.
LINE2: ZNR UUUUU ZZH TAO
LINE3: R 131001Z DEC 96
LINE4: FM AMCONSUL NAHA
OSRI: RUEDMCA
DTG: 131001Z DEC 96
ORIG: AMCONSUL NAHA
TO: RUEHC/SECSTATE WASHDC 0000
RUEKJCS/SECDEF WASHINGTON DC//USDP:ISA/OATSD:PA/DPL/DDI//
RUEKJCS/JOINT STAFF WASHINGTON DC
RUEHKO/AMEMBASSY TOKYO//1189//
INFO: RHHMUNA/USCINCPAC HONOLULU HI//FPA/00//
RHHMHAH/CINCPACFLT PEARL HARBOR HI//00//
RUHEHMS/COMMARFORPAC//CG/DCG/PAO//
RUEACMC/CMC WASHINGTON DC//PP&O/DIRPA/POLAD/PA//
RUALSFJ/COMUSJAPAN YOKOTA AB JA
RUAHYAF/5AF YOKOTA AB JA
RUATJHU/CDRUSARJ-IX CORPS CP ZAMA JA//APAJ-CG/GE//
RUHGOAA/COMSEVENTHFLT//00//
SUBJ: LOCAL PARTIES PLAN RALLY AGAINST BASE RELOCATION
TEXT:
UNCLAS NAHA 0676

SENSITIVE BUT UNCLASSIFIED

USCINCPAC ALSO FOR FPA TEARE
TOKYO PLEASE PASS FUKUOKA
DOD/ISA PLEASE PASS TO SAKODA

E.O. 12958:N/A

TAGS: MARR, PGOV, PREL, JA

SUBJECT: LOCAL PARTIES PLAN RALLY AGAINST BASE RELOCATION

REFS: A) FBIS OW0612053296 B) 95 NAHA 0583 (DTG 231001Z
OCT 95)

1. SENSITIVE BUT UNCLASSIFIED. PROTECT ACCORDINGLY.

SUMMARY

2. A COALITION OF OKINAWA'S LEFT-OF-CENTER POLITICAL PARTIES IS HOPING TO DRAW 20,000 PEOPLE TO A RALLY DECEMBER 21 TO PROTEST THE RELOCATION OF U.S. MILITARY BASES, ESPECIALLY FUTENMA MARINE CORPS AIR STATION (MCAS), WITHIN OKINAWA (REF A). WHILE THERE ARE SOME PARALLELS BETWEEN THIS PLANNED RALLY AND THE LARGE RALLY HELD OCTOBER 21, 1995 IN THE WAKE OF THE RAPE CASE, THE UPCOMING RALLY IS

CERTAIN TO DRAW A MUCH SMALLER CROWD, AND TO GARNER SUPPORT FROM A FAR NARROWER CROSS-SECTION OF OKINAWAN SOCIETY, THAN LAST YEAR'S RALLY. WE EXPECT THIS RALLY, LIKE THE PREVIOUS ONE, TO BE PEACEFUL. END SUMMARY.

3. THE DECEMBER 21 RALLY WAS PROPOSED BY THE SOCIAL DEMOCRATIC PARTY (SDP)-AFFILIATED MEMBERS OF THE OKINAWA PREFECTURAL ASSEMBLY, AND IS BEING BACKED BY THE JAPAN COMMUNIST PARTY (JCP), OKINAWA SOCIALIST MASSES PARTY (OSMP), KOMEI OKINAWA AND OTHER MINOR REFORMIST PARTIES, AS WELL AS SOME LABOR UNIONS AND MUNICIPAL GOVERNMENTS. THE LIBERAL DEMOCRATIC PARTY (LDP) AND NEW FRONTIER PARTY (NFP) HAVE DECLINED TO PARTICIPATE. THIS RALLY WILL BE HELD AT THE SAME PARK WHERE THE OCTOBER 1995 RALLY TOOK PLACE, BUT ORGANIZERS SAY THEY ARE HOPING FOR A TURNOUT OF 20,000, FAR LESS THAN LAST YEAR'S EVENT. (NOTE: THE ORGANIZERS OF LAST YEAR'S RALLY CLAIMED A TURNOUT OF 85,000, A VASTLY INFLATED NUMBER THAT HAS SINCE BEEN SANCTIFIED BY THE NEWS MEDIA. THE POLICE ESTIMATED 58,000, A FIGURE WHICH INCLUDED MANY PEOPLE NEAR BUT NOT ACTUALLY AT THE RALLY SITE (REF B). END NOTE.)

4. THIS MONTH'S RALLY WILL LIKELY BE ATTENDED ALMOST ENTIRELY BY TRADITIONAL REFORMIST (I.E., LEFT-OF-CENTER) ANTI-BASE POLITICAL FORCES, WHEREAS THE EARLIER RALLY REPRESENTED ALMOST THE ENTIRE OKINAWAN POLITICAL SPECTRUM. THE FOCUS OF THIS RALLY WILL BE OPPOSITION TO THE RELOCATION OF U.S. MILITARY FACILITIES WITHIN OKINAWA. SINCE THE CENTERPIECE OF THE RECENT FINAL SACO REPORT IS THE RELOCATION OF FUTENMA'S HELIPORT TO A SITE OFF THE EAST COAST OF OKINAWA, THE RALLY WILL ESSENTIALLY REJECT THE SACO REPORT. THE LOCAL CHAPTER OF THE LDP HAS PUBLICLY WELCOMED THE SACO DECISIONS, AND DECLINED TO JOIN IN THE UPCOMING RALLY. THE LOCAL NFP WAS NOT AS OPENLY SUPPORTIVE OF THE SACO REPORT AS THE LDP, BUT ALSO WILL SKIP THE RALLY. ONLY 13 OF THE 53 MAYORS WILL PARTICIPATE THIS TIME. IRONICALLY, ONE OF THE 13 IS MAYOR TOBARU OF GINOWAN CITY, HOME OF FUTENMA MCAS, AND THE CITY WHICH SUPPOSEDLY HAS THE MOST TO GAIN FROM THE SACO REPORT. MAYOR HIGA OF NAGO CITY, CONSIDERED MOST LIKELY TO RECEIVE THE REPLACEMENT HELIPORT, HOWEVER, HAS PUBLICLY INDICATED THAT HE WILL NOT PARTICIPATE.

5. A PREFECTURAL OFFICIAL TOLD US, AND GOVERNOR OTA HIMSELF HINTED PUBLICLY, THAT HE WOULD NOT BE ABLE TO PARTICIPATE IN THIS RALLY, AS IT WAS BEING SPONSORED ONLY BY CERTAIN PARTIES, AND HAD NOT BEEN ENDORSED BY THE PREFECTURAL ASSEMBLY AS A WHOLE. THE ORGANIZERS LATER PUBLICLY SAID THEY UNDERSTOOD THE GOVERNOR'S POSITION, AND WOULD NOT SEEK TO HAVE HIM PARTICIPATE. COMMENT: SINCE GOVERNOR OTA HAS INDICATED TO THE PRESS THAT HE WILL NOT OBJECT TO THE SACO RELOCATIONS IF THE RECEIVING COMMUNITIES ACCEPT THEM, THE RALLY WILL IMPLICITLY REPUDIATE OTA'S OWN POSITION. MOST MEMBERS OF THE GENERALLY CONSERVATIVE BUSINESS COMMUNITY SUPPORT THE SACO PLAN TO ONE DEGREE OR ANOTHER, BECAUSE THEY SEE IT AS A REALISTIC WAY OF MAINTAINING A NECESSARY U.S. MILITARY PRESENCE WHILE EASING BASE BURDENS ON THE OKINAWAN PEOPLE. THEY ALSO REALIZE

THAT THE ECONOMIC CONTRIBUTIONS OF THE BASES TO THE OKINAWAN ECONOMY CANNOT BE EASILY REPLACED, AND IN SOME CASES THEIR BUSINESSES STAND TO PROFIT FROM THE CONSTRUCTION OF THE NEW FACILITIES.

6. FOR THE GENERAL POPULATION AS WELL, THIS RALLY WILL PROBABLY SPARK LIMITED INTEREST. THE STRONG EMOTIONS AROUSED BY THE RAPE CASE HAVE DIED DOWN, AND "OPPOSE BASE RELOCATION WITHIN OKINAWA" JUST DOESN'T INSPIRE INTENSE POPULAR FERVOR. WE BELIEVE A LARGE IF SILENT SEGMENT OF THE OKINAWAN PEOPLE SEE THE SACO REPORT AS A REASONABLE COMPROMISE, AND THE RELOCATION OF HELICOPTER OPERATIONS TO A MORE REMOTE LOCATION AS A REAL IMPROVEMENT. EVEN WITH THEIR LOWER EXPECTATIONS, THERE IS A CHANCE THE DECEMBER 21 RALLY COULD PROVE AN EMBARRASSING FLOP FOR ANTI-BASE GROUPS. THE LACK OF A BROAD POLITICAL BASE FOR THIS RALLY, THOUGH, REMOVES MUCH OF THE NEED FOR MODERATION ON THE PART OF THE REFORMIST GROUPS LEFT RUNNING THE SHOW. THIS COULD RESULT IN MORE STRIDENT COMMENTS AND DEMANDS THAN WE SAW IN THE LAST RALLY. NEVERTHELESS, THERE IS NO REASON TO BELIEVE THIS MONTH'S RALLY WILL BE ANYTHING OTHER THAN PEACEFUL.
O'NEILL//

SECT: SECTION: 01 OF 01

SSN: 6652

TOR: 961215142518 M2539967

DIST:

SIT: BELL KRISTOFF PRITCHARD SESTAK SUETTINGER URIU
SIT: NSC

Cable

PREC: IMMEDIATE
CLASS: UNCLASSIFIED
LINE1: OAAUZYUW RUEHKO1514 3530310-UUUU--RHEHAAX.
LINE2: ZNR UUUUU ZZH
LINE3: O 180310Z DEC 96
LINE4: FM AMEMBASSY TOKYO
OSRI: RUEHKO
DTG: 180310Z DEC 96
ORIG: AMEMBASSY TOKYO
TO: RUEHC/SECSTATE WASHDC IMMEDIATE 0848
RUEHIA/USIA WASHDC IMMEDIATE 2438
INFO: RUAYJAA/COMPATWING ONE KAMI SEYA JA
RUYNJDK/COMNAVFORJAPAN YOKOSUKA JA
RUALSFJ/COMUSJAPAN YOKOTA AB JA
RUEAIIA/CIA WASHDC
RUCPDOG/USDOC WASHDC
RUEBBEA/USDOT WASHDC
RHHMHAH/CINCPACFLT PEARL HARBOR HI//N5//
RHHMUNA/USCINCPAC HONOLULU HI//USIA//
RUEKJCS/JOINT STAFF WASHDC//J5//
RHEHAAA/WHITE HOUSE WASHDC
RUEKJCS/SECDEF WASHDC
SUBJ: JAPANESE MORNING PRESS HIGHLIGHTS DECEMBER 18

TEXT:
UNCLAS TOKYO 011514

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 DECEMBER 18

TOP HEADLINES:

ASAHI: ELDERLY WILL HAVE TO PAY 500 YEN AS MEDICAL
EXPENSE FOR EACH CONSULTATION, RULING CAMP'S DRAFT
PROPOSAL; ADOPTION OF THE FIXED MEDICAL RATE PUTS ON HOLD

NIHON KEIZAI: TWO NOMURA SECURITIES' SUBSIDIARIES, NOMURA
INVESTMENT AND TRUST, NOMURA INVESTMENT, WILL MERGE BY
NEXT OCTOBER; FUNDS FOR INVESTMENT LIKELY TO TOP 15
TRILLION YEN; TAKUBO EXPECTED TO BECOME PRESIDENT; IN
RESPONSE TO (JAPANESE-VERSION) BIG BANG

TOKYO SHIMBUN: ELDERLY'S BURDEN OF MEDICAL EXPENSES WILL DOUBLE; 500 YEN WILL HAVE TO BE PAID FOR EVERY CONSULTATION; FIXED AMOUNT AND MEDICINE EXPENSES TO BE ADDED, ACCORDING TO THE LDP'S DRAFT

MAINICHI: ELDERLY WILL HAVE TO PAY 500 YEN PER DAY; OUTPATIENTS' MEDICAL EXPENSES WILL RISE 2.8 TIMES AS HIGH AS PRESENT COST; RULING CAMP'S PANEL REVEALS DRAFT PLAN

YOMIURI: 5 BILLION YEN HAD BEEN PAID BY FUKUOKA PREFECTURAL GOVERNMENT FOR FAKE BUSINESS TRIPS; INDIVIDUAL OFFICIALS HAD RECEIVED SUCH PAYMENT OR SOME MONEY HAD BEEN POOLED OFFICIALS INVOLVED NOW CONSIDERING PAYING BACK SUCH PAYMENTS; PREFECTURAL SURVEY TEAM'S INVESTIGATIONS OF REPORTS OF THE PAST TWO AND HALF YEARS

SANKEI: NIKKEIREN CHAIRMAN FORMALLY ANNOUNCES RECRUITING AGREEMENT TO BE SCRAPPED NEXT YEAR; FREE COMPETITION WILL RETURN AFTER HIATUS OF 34 YEARS; DAY FOR INFORMAL DECISION FOR HIRING WILL BE STILL SET AS OCTOBER 1 WITH VOLUNTARY RULES LEFT INTACT

MAINICHI POLL: CABINET SUPPORT RATE RISES TO 39 PERCENT (MAINICHI -PAGE 1)

ACCORDING TO A NATIONWIDE PUBLIC OPINION SURVEY CONDUCTED BY THE MAINICHI SHIMBUN FOR THREE DAYS STARTING ON THE 13TH, THE APPROVAL RATING FOR THE SECOND RYUTARO HASHIMOTO GOVERNMENT WAS 39 PERCENT, WHILE THE NON-SUPPORT RATING WAS 25 PERCENT. THE SUPPORT RATING INCREASED EIGHT PERCENTAGE POINTS OVER THE PREVIOUS SURVEY IN SEPTEMBER AND RECOVERED TO ALMOST THE SAME LEVEL OF THE SURVEY TAKEN IN APRIL RIGHT AFTER THE HASHIMOTO ADMINISTRATION PRODUCED SPECIFIC RESULTS IN RESOLVING THE PROBLEM OF U.S. MILITARY BASES ON OKINAWA. MANY OPINIONS POINTED OUT THE CABINET'S DIPLOMACY AND LEADERSHIP AS REASONS FOR SUPPORT. ALSO OPINION THAT THE ADMINISTRATION IS POSITIVE TOWARD CLEANING UP POLITICS SURGED. HOWEVER, OPINIONS STRONGLY EXPRESSED DISSATISFACTION WITH THE GOVERNMENT'S EFFORTS FOR REFORM OF THE TAX SYSTEM AND RECOVERY OF THE ECONOMY. OPINIONS URGING THE HASHIMOTO GOVERNMENT TO MAKE EFFORTS FOR ECONOMIC RECOVERY TALLIED THE HIGHEST.

THE REASON FOR THE INCREASE IN THE APPROVAL RATING IS BECAUSE THE SUPPORT RATE BY WOMEN IN THEIR 60S AND MEN IN THEIR 20S AND 60S SWELLED COMPARED TO THE PREVIOUS SURVEY. AMONG THOSE WHO SUPPORT THE LIBERAL DEMOCRATIC PARTY (LDP), 77 PERCENT SUPPORT THE HASHIMOTO CABINET. IN THE PREVIOUS SURVEY, THE SUPPORT RATING FOR THE HASHIMOTO COALITION GOVERNMENT BY THOSE WHO SUPPORT THE SOCIAL DEMOCRATIC PARTY (SDP) WAS LARGER THAN THE NONSUPPORT RATING. BUT IN THE LATEST SURVEY, THE NON-SUPPORT RATE WAS STRONGER THAN THE APPROVAL RATING.

JAPAN, CHINA REACH AGREEMENT ON DISPOSAL OF WWII CHEMICAL WEAPONS LEFT IN CHINA (NIHON KEIZAI - PAGE 1)

(BEIJING, DECEMBER 17, HIROYUKI AKITA) JAPAN AND CHINA HELD THE FIRST BUREAU-DIRECTOR-LEVEL GOVERNMENT-TO-GOVERNMENT TALKS IN BEIJING ON THE 17TH REGARDING HOW TO HANDLE CHEMICAL WEAPONS LEFT IN CHINA BY JAPAN'S IMPERIAL

ARMY DURING WORLD WAR II. BOTH SIDES REACHED AN AGREEMENT IN PRINCIPLE TO CONSTRUCT A PLANT IN CHINA TO NEUTRALIZE THE CHEMICAL WEAPONS. IN ADDITION, THE TWO COUNTRIES DECIDED TO SET UP A "JOINT WORKING GROUP" TO DISCUSS SPECIFIC MEANS FOR DISPOSAL OF SUCH WEAPONS AND TO HOLD THE FIRST MEETING BY THE END OF NEXT MARCH.

AGREEMENT ON CHEMICAL WEAPONS NEUTRALIZATION FURTHER IMPROVES JAPAN-CHINA RELATIONS (NIHON KEIZAI - PAGE 9)

(BEIJING, DECEMBER 17, HIROYUKI AKITA) THE CHINESE GOVERNMENT AGREED IN PRINCIPLE TO CONSTRUCT A PLANT IN CHINA FOR NEUTRALIZING CHEMICAL WEAPONS. BEHIND THIS AGREEMENT IS ITS MOTIVATION TO LET THIS, A MAJOR ISSUE PENDING BETWEEN JAPAN AND CHINA AMONG THE "POST-WAR MATTERS FOR SETTLEMENT," MAKE SWIFT HEADWAY IN VIEW OF THE 25TH ANNIVERSARY NEXT YEAR OF DIPLOMATIC NORMALIZATION WITH JAPAN. BUT IN RETURN FOR ITS AGREEMENT TO CONSTRUCT A PLANT, THE CHINESE SIDE INTENDS TO MAKE RIGID REQUESTS ON THE TERM OF CONSTRUCTION AND DISPOSAL METHODS. MORE DIFFICULTIES ARE LIKELY TO CROP UP IN THE MONTHS AHEAD.

A HIGH-LEVEL CHINESE OFFICIAL NOTED: "SINO-JAPANESE RELATIONS ARE NOW MOVING IN A DIRECTION OF IMPROVEMENT." AS ONE REASON, HE CITED THE EVENT THAT IN THE NOVEMBER JAPAN-CHINA SUMMIT TALKS, PRIME MINISTER RYUTARO HASHIMOTO INDICATED HIS POSITION OF PLACING EMPHASIS ON THE HISTORICAL PERCEPTION ISSUE, AND EXPRESSED HIS INTENTION TO REFRAIN FROM PAYING HOMAGE AT YASUKUNI SHRINE WHILE HE IS IN OFFICE. NOW THAT THE DISPUTE OVER CLAIMS TO THE SENKAKU ISLANDS (DIAOYU ISLANDS IN CHINESE) HAS PASSED A CRUCIAL POINT, COORDINATION HAS STARTED IN BOTH COUNTRIES FOR MUTUAL VISITS BY TOP LEADERS.

THE CHINESE GOVERNMENT INTENDS TO INSIST, "ALL RESPONSIBILITY FOR REMOVAL LIES WITH JAPAN," BUT IT HAS FUNDAMENTALLY AGREED WITH THE JAPANESE SIDE ON THE VIEW OF PROMOTING EFFORTS TO REPAIR JAPAN-CHINA TIES. REGARDING TECHNICAL PROBLEMS RELATED TO THE PENDING WEAPONS ISSUE, IT PLANS TO QUICKLY BRING IT TO A SETTLEMENT, APPLYING EITHER A HARDLINE OR A MODERATE STANCE.

IN RETURN FOR ITS CONCESSION ON THE CONSTRUCTION OF A PLANT, THE CHINESE GOVERNMENT WILL INEVITABLY PRESS HARD JAPAN TO REMOVE THE WEAPONS (LEFT IN CHINA BY FORMER JAPANESE TROOPS) IMMEDIATELY. ACCORDING TO THE CHINESE SIDE'S EXPLANATIONS, NEARLY 2,000 PEOPLE HAVE BEEN UNDER THE EFFECTS OF SUCH WEAPONS LEFT IN CHINA. THE JAPANESE SIDE WANTS TO SET A WORKING PERIOD OF MORE THAN 10 YEARS,

BUT CHINA MAY INSIST ON "WITHIN 10 YEARS" AS IS SPECIFIED IN THE CHEMICAL WEAPONS BAN TREATY.

ON THE NUMBER OF CHEMICAL WEAPONS SUBJECT TO REMOVAL AND NEUTRALIZATION, A GAP EXISTS BETWEEN JAPAN AND CHINA. CHINA HAS ARGUED THAT THERE ARE 2 MILLION CHEMICAL WEAPONS LEFT IN CHINA, AND THAT NUMBER IS BY FAR LARGER THAN THE 700,000 WEAPONS THAT WERE FOUND OUT IN THE JAPAN-CHINA JOINT SURVEY. BILATERAL NEGOTIATIONS ARE EXPECTED TO EXPERIENCE DIFFICULTIES OVER TO WHAT EXTENT THE JAPANESE SIDE WILL ASSUME RESPONSIBILITY.

ACCORDING TO SIMULATIONS, HUNDREDS OF BILLIONS OF YEN WILL BE REQUIRED TO REMOVE NUMEROUS WEAPONS, SO THE TWO COUNTRIES WILL LIKELY ENGAGE IN FIERCE HAGGLING IN AN ATTEMPT TO SOLICIT FAVORABLE CONDITIONS FOR EACH SIDE.

JAPAN WELCOMES A REALISTIC RESPONSE; TECHNICAL PROBLEMS AND COSTS REMAIN AS TASKS

IN RESPONSE TO CHINA'S AGREEMENT IN PRINCIPLE ON NEUTRALIZATION OF CHEMICAL WEAPONS LEFT IN CHINA BY FORMER JAPANESE TROOPS, THE JAPANESE GOVERNMENT WELCOMES

IT, NOTING: "IT HAS TAKEN A REALISTIC RESPONSE HELPFUL FOR QUICK DISPOSAL OF A GREAT NUMBER OF WEAPONS" (SENIOR FOREIGN MINISTRY (MOFA) OFFICIAL).

BEING AWARE THAT THE CHEMICAL WEAPONS BAN TREATY WHICH OBLIGES COUNTRIES THAT LEFT CHEMICAL WEAPONS TO NEUTRALIZE THEM IN 10 YEARS IN PRINCIPLE, COMES TO EFFECT ON APRIL 29 NEXT YEAR, THE JAPANESE GOVERNMENT HAS SO FAR DISPATCHED SURVEY MISSIONS SEVEN TIMES TO THE LOCAL SCENES AND HAS INVESTIGATED QUANTITIES OF CHEMICAL WEAPONS LEFT IN CHINA AND THE CONDITIONS OF CHEMICAL WEAPONS BURIED IN THE EARTH. SINCE QUITE A LARGE QUANTITY OF CHEMICAL WEAPONS HAVE BEEN ABANDONED AND SOME CHEMICAL SHELLS ARE BADLY ERODED, THE JAPANESE GOVERNMENT HAD CONCLUDED IT IS ABSOLUTELY NECESSARY TO HANDLE THEM IN CHINA. SO IT HAD ASKED FOR THE CHINESE SIDE'S UNDERSTANDING.

WITH THE CHINESE SIDE REACHING AN AGREEMENT BASICALLY THIS TIME TO SCRAP SUCH WEAPONS IN CHINA, THE FIRST BARRIER TO DISPOSAL HAS BEEN REMOVED. BUT IN VIEW OF THE EXPENSES NECESSARY FOR DISPOSAL, TECHNICAL FEASIBILITIES AND OTHER ELEMENTS, THERE ARE STILL MANY TASKS LEFT FOR THE JAPANESE GOVERNMENT RESPONSIBLE FOR REMOVAL AND DISPOSAL, AND ALSO MANY HURDLES REMAINS FOR IT TO LAUNCH THE REMOVAL WORK IN FISCAL 1998.

LDP TAKING CAUTIOUS VIEW ON TAKESHIMA ISLES DISPUTE AS JAPAN-ROK SUMMIT APPROACHES (SANKEI -PAGE 3)

THE PROBLEM OF SOVEREIGNTY OVER TAKESHIMA ISLANDS (TOKTO IN KOREAN), OVER WHICH JAPAN AND THE REPUBLIC OF KOREA (ROK) HAVE BEEN LOCKING HORNS, WAS TAKEN UP IN THE

LIBERAL DEMOCRATIC PARTY (LDP) OFFICIALS LIAISON COUNCIL MEETING YESTERDAY. IN THE SESSION, CAUTIOUS VIEWS ERUPTED IN SUCCESSION THAT "JAPAN SHOULD DEAL WITH THIS ISSUE CAREFULLY."

THE ROK HAS REVEALED ITS PLAN TO UPGRADE THE UNMANNED LIGHTHOUSE ON THE ISLET AS WELL AS TO MAKE IT A MANNED LIGHTHOUSE AS PART OF ITS DEMONSTRATION TO CLAIM SOVEREIGNTY OVER THE TAKESHIMA ISLANDS. A MAJORITY OF THE LDP EXECUTIVES HAVE BEEN INCLINING TOWARD KEEPING SILENCE IN CONSIDERATION OF THE JAPAN-ROK SUMMIT MEETING FOR JANUARY. IN REACTION, SOME OTHERS HAVE A STRONG SENSE OF CRISIS, SUSPECTING, "SUCH MAY LEAD TO ACKNOWLEDGING THE ROK'S SOVEREIGNTY AS AN ACCOMPLISHED FACT" (FORMER CABINET MINISTER).

IN YESTERDAY'S LIAISON MEETING, DEPUTY SECRETARY GENERAL HIROMU NONAKA NOTED, WHILE CITING THE PROBLEM OF SOVEREIGNTY OVER SENKAKU ISLANDS, OVER WHICH JAPAN IS AT STANDOFF WITH CHINA: "WE NEED TO SORT OUT OUR THINKING IN DEALING WITH THE PROBLEMS OF TAKESHIMA ISLANDS AND SENKAKU ISLANDS. THE PROBLEM OF TAKESHIMA ISLANDS NEEDS TO BE HANDLED CAREFULLY." UPPER-HOUSE MEMBER SHIGENOBU SAKANO ALSO CALLED FOR RESERVE BY THE HARD-LINERS IN THE PARTY, SUGGESTING, "SOME MEMBERS ARE CLINGING TO A HARD-LINE STANCE. BUT SUCH IS NOT GOOD FOR FRIENDLY RELATIONS BETWEEN JAPAN AND THE ROK."

IN RESPONSE, UPPER HOUSE SECRETARY GENERAL MASAKUNI MURAKAMI REBUTTED: "TERRITORY AND SECURITY ARE A PRIMARY CONCERN FOR POLITICS. KEEPING SILENCE TOWARD THE ROK'S STANCE IS NOT REAL FRIENDSHIP." ORGANIZATIONAL HEADQUARTERS CHIEF SHUMPEI TSUKAHARA FOLLOWED: "WE SHOULD REVEAL OUR PARTY'S OPINION CLEARLY. OR HAVE WE ALREADY GIVEN UP?" SECRETARY GENERAL KOICHI KATO CONCLUDED THE SESSION WITH HIS OPINION TO WATCH THE SITUATION QUIETLY FOR THE TIME BEING, REMARKING, "ESCALATING THIS PROBLEM IS NOT GOOD FOR JAPAN."

JAPAN-NORTH KOREAN DIRECTOR TALKS RESTART IN BEIJING AFTER 4 MONTHS INTERRUPTION (MAINICHI - PAGE 2)

IT WAS REVEALED YESTERDAY THAT JAPAN-NORTH KOREA DIVISION DIRECTOR-LEVEL (KACHOU) SESSION HAD BEEN HELD LAST WEEKEND IN BEIJING FOR THE RESUMPTION OF THE NORMALIZATION TALKS. A DIVISION DIRECTOR-LEVEL SESSION WAS THE FIRST SINCE AUGUST, BUT THE FOURTH THIS YEAR. SUCH A SESSION HAD BEEN POSTPONED DUE TO THE WORSENERD BILATERAL ENVIRONMENT OVER SUCH EVENTS AS THE ARMED NORTH KOREAN GUERRILLAS' INTRUSION INTO SOUTH KOREA. THE TWO COUNTRIES DECIDED TO RESUME THE SESSION FOLLOWING THE INFORMAL WORKING-LEVEL SESSION BETWEEN THE UNITED STATES AND NORTH KOREA IN EARLY NOVEMBER.

THE INFORMAL SESSION ON DECEMBER 14 TOOK PLACE BETWEEN NORTHEAST ASIA DIVISION DIRECTOR KORO BESSHO OF THE

JAPANESE FOREIGN MINISTRY AND JAPAN DIVISION DIRECTOR YI CHOL CHIN OF THE NORTH KOREAN FOREIGN MINISTRY. ACCORDING TO AN INFORMED SOURCE, THE NORTH KOREAN SIDE REQUESTED ADDITIONAL RICE ASSISTANCE TO COVER A FOOD SHORTAGE CAUSED BY SERIOUS FLOOD DAMAGE. IN TURN, JAPAN APPEARED TO HAVE EXPRESSED A CAUTIOUS STANCE. MEANWHILE, THE JAPANESE SIDE CALLED FOR AN EARLY ACCEPTANCE OF "FOUR-WAY TALKS" AMONG THE SOUTH, NORTH, U.S., AND CHINA TO BRING PEACE TO THE KOREAN PENINSULA, ACCORDING TO THE SOURCE.

LDP EXEC BLASTS JDA RESPONSE TO U.S. BOMB DROPPING INCIDENT (SANKEI -PAGE 3)

ON THE ISSUE OF THE U.S. MILITARY'S HAVING DUMPED A BOMB INTO THE SEA NEAR NAHA CITY IN OKINAWA PREFECTURE, THE LIBERAL DEMOCRATIC PARTY'S ACTING SECRETARY GENERAL HIROMU NONAKA AT A LIAISON MEETING OF THE PARTY'S EXECUTIVE OFFICERS ON DECEMBER 17 FOCUSED ON THE SELF-DEFENSE FORCES' DISPATCH OF MINESWEEPERS. NONAKA STATED, "THE DEFENSE AGENCY'S ADMINISTRATIVE DEPUTY DIRECTOR GENERAL NAOAKI MURATA HAS ADMITTED THAT REPORTING TO THE PRIME MINISTER'S OFFICIAL RESIDENCE WAS SOMEWHAT INSUFFICIENT. THIS IS A SERIOUS MATTER, THOUGH, FROM THE VIEWPOINT OF CIVILIAN CONTROL. IT IS A PROBLEM THAT HE HASN'T TOUCHED ON ANYTHING ABOUT TAKING PUNITIVE ACTION OR RESPONSIBILITY." NONAKA SO EXPRESSED HIS DISSATISFACTION WITH THE DEFENSE AGENCY'S RESPONSE.

CONTINUING, NONAKA NOTED, "CHIEF CABINET SECRETARY SEIROKU KAJIYAMA ALSO SAYS, 'I DIDN'T KNOW (ABOUT THE DISPATCH OF MINESWEEPERS). THE OKINAWA PROBLEM IS NOW AT A DELICATE TIME, SO I WANT THE MATTER TO BE HANDLED CAREFULLY.'" LDP UPPER HOUSE SECRETARY GENERAL MASAKUNI MURAKAMI ALSO AGREED.

LDP POLICY AFFAIRS RESEARCH COUNCIL CHAIRMAN TAKU YAMASAKI EXPLAINED, "THE MINESWEEPERS WERE DISPATCHED FOR TRAINING. THEY WERE EXPECTING AN ORDER TO BE ISSUED IN TIME, SO IT WAS NOT BEYOND THEIR COMPETENCE."

RULING CAMP BOGGED DOWN IN BUDGET DEBATE OVER SACO-RELATED EXPENSES (SANKEI - PAGE 2)

THE LIBERAL DEMOCRATIC PARTY, SOCIAL DEMOCRATIC PARTY, AND SAKIGAKE PARTY HELD AN INTERMITTENT MEETING OF THE RULING PARTIES' DEFENSE BUDGET CONSULTATIVE COUNCIL (CHAIRLED BY FORMER JAPAN DEFENSE AGENCY DIRECTOR GENERAL TSUTOMU KAWARA) ON THE AFTERNOON OF DECEMBER 17 AND CONTINUED THEIR COORDINATION OVER DEFENSE SPENDING IN BUDGET COMPILATION FOR FY1997. DURING THE MEETING, THE THREE PARTIES FOCUSED THEIR DISCUSSION ON THE PROPRIETY OF SETTING UP A SEPARATE BUDGET SLOT FOR EXPENDITURES RELATED TO THE JAPAN-U.S. SPECIAL ACTION COMMITTEE (ON FACILITIES AND AREAS IN OKINAWA) (SACO) FOR THE RELOCATION OF U.S. MILITARY BASES ON OKINAWA. HOWEVER, THEIR DISCUSSION REACHED NO CONCLUSION, AND THE THREE PARTIES DECIDED TO MEET AGAIN ON THE MORNING OF DECEMBER

18.

IN THE CONSULTATIVE MEETING, THE LDP TOUCHED ON THE QUESTION OF HOW TO HANDLE SACO-RELATED EXPENSES IN AN OUTLINE OF BUDGET COMPILATION TO BE FORMULATED BY THE RULING PARTIES BEFORE THE NATIONAL BUDGET DRAFTED BY THE FINANCE MINISTRY IS PRESENTED TO THE GOVERNMENT MINISTRIES AND AGENCIES, AND THE LDP INSISTED ON EARMARKING SACO-RELATED EXPENSES IN A SEPARATE BUDGET SLOT ASIDE FROM DEFENSE SPENDING. THE SDP CALLED FOR HANDLING SUCH EXPENSES UNDER THE CEILING (OF DEFENSE SPENDING) TO THE LAST, AND THUS MADE NO CONCESSION.

AS FOR HOW TO POSITION SACO-RELATED EXPENSES, HOWEVER, THE LDP, IN THE COURSE OF THE THREE PARTIES' DISCUSSIONS, SHOWED A FLEXIBLE POSTURE ABOUT JDA'S EARMARKING SUCH EXPENSES FOR ITS BUDGET BY SETTING UP A "SECOND DEFENSE SPENDING SLOT" (ACCORDING TO AN LDP EXECUTIVE OFFICER) IN THE FORM OF BEING SEPARATED OFF FROM THE CONVENTIONAL FRAMEWORK OF DEFENSE SPENDING, WHICH HAS BEEN SET AT AN INCREASE OF 2.88 PERCENT OVER THE PRECEDING FISCAL YEAR IN THE CEILING OF BUDGETARY ESTIMATES.

HOWEVER, THE SDP, REFERRING TO RELATIONS BETWEEN SACO-RELATED OUTLAYS AND THE CONVENTIONAL FRAMEWORK OF DEFENSE SPENDING, MAINTAINED THAT "SUCH SHOULD BE DISCUSSED AGAIN WHEN THERE IS AN ESTIMATE FOR BIG PROJECTS, SUCH AS THE FUTENMA AIRFIELD'S RELOCATION." THE SDP THUS INSISTED ON DISCUSSING THE MATTER AT A FUTURE DATE, GIVING HEED TO THE IDEA OF WORKING OUT A FUNDING RESOURCE BY REDUCING THE TOTAL BUDGET FOR THE MID-TERM DEFENSE PROGRAM (CHUKIBO). THE LDP REBUTTED, "IF WE DON'T MAKE IT CLEAR NOW, A HUGE AMOUNT OF SACO-RELATED EXPENDITURES WILL POSSIBLY GET IN DEFENSE SPENDING." EVENTUALLY, THE TWO PARTIES' DEBATE FOLLOWED DIVERGENT LINES.

ON THE OTHER HAND, JDA DIRECTOR GENERAL FUMIO KYUMA MET WITH FINANCE MINISTER HIROSHI MITSUZUKA AT THE FINANCE MINISTRY ON THE AFTERNOON OF DECEMBER 17, AND REQUESTED HIM TO SECURE SACO-RELATED EXPENDITURES AS REQUIRED. ABOUT THE ISSUE OF HOLDING DOWN THE INCREASE RATE OF DEFENSE SPENDING, FINANCE MINISTER MITSUZUKA TOLD KYUMA, "I'D LIKE TO ASK YOU TO MAKE PARTICULAR EFFORTS GOING SO FAR AS TO STEP INTO OBLIGATORY OUTLAY EXPENSES." MITSUZUKA THUS SOUGHT A FURTHER CURTAILMENT OF DEFENSE SPENDING THROUGH SUCH STEPS AS INCREASING THE AMOUNT OF FUTURE OBLIGATORY PAYMENTS FOR FRONTLINE EQUIPMENT ESTIMATED AT 39 BILLION YEN (AT THE TIME JDA'S BUDGETARY ESTIMATE WAS SUBMITTED (TO THE FINANCE MINISTRY)).

RULING PARTIES RUN INTO TROUBLE IN FINAL COORDINATION OVER FINANCE MINISTRY REFORM (YOMIURI - PAGE 2)

THE LIBERAL DEMOCRATIC PARTY (LDP), SOCIAL DEMOCRATIC PARTY (SDP) AND SAKIGAKE HELD A MEETING OF SECRETARIES GENERAL, POLICY BOARD CHAIRMEN AND POLICY BOARD COUNCILS

YESTERDAY TO UNITE VIEWS ON REFORM OF THE MINISTRY OF FINANCE (MOF). IN CONNECTION WITH A NEW ORGANIZATION TO INSPECT AND SUPERVISE FINANCIAL INSTITUTIONS, EACH PARTY IS FAR APART OVER THE MOF'S RELATIONSHIP WITH THE NEW ORGAN. THE THREE PARTIES HAVE PUT THEIR ENERGIES INTO REACHING A CONCLUSION WITHIN THE WEAK, BUT COORDINATION HAS RUN INTO A ROAD BLOCK.

DURING YESTERDAY'S MEETING, THE THREE PARTIES PRESENTED THEIR OWN REFORM DRAFTS.

THEY ARE BASICALLY IN AGREEMENT ON THE POINTS THAT THE NEW PARTIES (1) BE BASED ON ARTICLE 3 OF THE NATIONAL GOVERNMENT ORGANIZATION LAW; AND (2) UNIFORMLY INSPECT AND MONITOR ALSO AGRICULTURE-AFFILIATED FINANCIAL INSTITUTIONS UNDER THE JURISDICTION OF THE MINISTRY OF AGRICULTURE, FORESTRY AND FISHERIES AND NON-BANK INSTITUTIONS UNDER THE MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY. BUT AS FOR A RELATIONSHIP OF THE NEW

ORGANIZATION AND THE MOF, THE LDP HAS CALLED FOR A "JOINT-RESPONSIBILITY STRUCTURE" UNDER WHICH, WITH THE MOF MAINTAINING OVERSIGHT AUTHORITY, THE NEW ORGANIZATION AND THE MOF WILL JOINTLY TAKE OVER CRISIS MANAGEMENT, SUCH AS DISPOSAL OF DEBACLES, WHILE THE SDP AND SAKIGAKE HAVE INSISTED ON A NEW ORGANIZATION INDEPENDENT FROM THE MOF.

MEANWHILE, THE LDP AND SDP ARE IN ACCORD ON THE VIEW THAT THE NEW ORGANIZATION SHOULD BE MADE AN AGENCY ATTACHED TO THE PRIME MINISTER'S OFFICE AND MEMBERSHIP SHOULD NOT JOIN THE CABINET, BUT THE SAKIGAKE HAS PERSISTED WITH A PLAN IN WHICH A NEW AGENCY BE SET UP UNDER THE ECONOMIC PLANNING AGENCY (EPA) AND EPA ASSUME RESPONSIBILITY FOR THE NEW ORGANIZATION, LIKE THE RELATIONSHIP BETWEEN THE JAPAN DEFENSE AGENCY AND THE DEFENSE FACILITIES ADMINISTRATION AGENCY.

REGARDING THE MOF'S INVOLVEMENT IN THE NEW ORGANIZATION'S DUTIES TO COPE WITH EMERGENCIES, THE LDP CONSIDERS THAT IN AN EFFORT TO CLEAR AWAY DEBACLES SMOOTHLY AND WITH RESPONSIBILITY, MOF'S COMMITMENT UNDER THE LEAD OF THE MOF MINISTER IS ESSENTIAL, FOCUSING ON SUCH TASK FOLLOWED BY ISSUANCE OF ORDERS TO IMPROVE OR SUSPEND BUSINESS OPERATIONS AND PROTECTION OF DEPOSITORS.

ON THE OTHER HAND, THE SAKIGAKE HOPES TO LIMIT THE MOF MINISTER'S INVOLVEMENT TO A MINIMUM BY HAVING THE EPA DIRECTOR GENERAL CARRY RESPONSIBILITY. THE SDP AND SAKIGAKE HAVE ASSERTED, "IF AUTHORITY IS LEFT TO THE MOF, OUR REFORM EFFORTS WILL TURN OUT TO BE MEANINGLESS." THE FOCUS OF ATTENTION IS NOW ON HOW TO COORDINATE VIEWS ON MOF'S INVOLVEMENT.

GOVERNMENT TO FORECAST LOW 1.9 PERCENT REAL GROWTH NEXT FISCAL YEAR (ASAHI - PAGE 1)

THE ECONOMIC PLANNING AGENCY (EPA), THE FINANCE MINISTRY

(MOF) AND THE MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY (MITI) AGREED BY LAST NIGHT TO SET THE GROWTH RATE OF GROSS DOMESTIC PRODUCT (GDP) AT 1.9 PERCENT IN REAL TERMS AND AT 3.1 PERCENT IN NOMINAL TERMS IN THE GOVERNMENT'S FY1997 ECONOMIC OUTLOOK. THE 1.9 PERCENT IN REAL TERMS IS BELOW THE 2.4 PERCENT FOR FY1994 AND THE LOWEST EVER SINCE THE GOVERNMENT STARTED TO COMPILE OUTLOOKS IN FY1957. THIS WILL BE FORMALLY BE DECIDED IN AN ECONOMIC MINISTERIAL CONFERENCE MEETING AND A SPECIAL CABINET MEETING ON THE 19TH.

REGARDING THE ESTIMATED GROWTH RATE FOR NEXT FISCAL YEAR, THE EPA, HAD INSISTED ON A LEVEL THAT "REFLECTS ECONOMIC ACTIVITIES," AND THE MOF, WHICH GIVES PRIORITY TO FISCAL RECONSTRUCTION AND WANTS TO AVOID ADDITIONAL ECONOMIC MEASURES, HAD CALLED FOR THE MID-ONE PERCENT LEVEL, WHILE MITI HAD ASSERTED THE MID-TWO PERCENT LEVEL. ALL PARTIES MET HALFWAY IN THE END.

THE PLANNED INCREASE IN THE CONSUMPTION TAX WILL ESTIMATELY PUSH DOWN ECONOMIC GROWTH BY 0.9 PERCENT. BUT FOR SUCH A DROP, THE REAL ECONOMIC GROWTH WOULD HAVE TO BE 2.8 PERCENT.

ADVISORY PANEL CALLS FOR END TO JOB-HIRE DISCRIMINATION BY SEX (ASAHI - TOP PLAY, DEC. 17 EVENING EDITION)

THE WOMEN'S AND YOUNG WORKERS' PROBLEMS COUNCIL (ADVISORY PANEL TO THE LABOR MINISTER), WHICH HAS BEEN REVIEWING THE EQUAL EMPLOYMENT OPPORTUNITY LAW BETWEEN MEN AND WOMEN, TODAY COMPILED A FINAL REPORT, FEATURING THE STRENGTHENING OF TREATMENT OF MEN AND WOMEN WITHOUT DISCRIMINATION IN "RECRUITING, ASSIGNING AND PROMOTING EMPLOYEES" FROM THE CURRENT "OBLIGATION TO MAKE EFFORTS" TO A "BAN." AND THE SCRAPPING OF REGULATIONS THAT PROTECT WOMEN UNDER THE LABOR STANDARDS LAW (EXCLUDING MOTHERHOOD), SUCH AS A BAN ON LATE-NIGHT WORK. THE

REPORT WAS HANDED OVER TO LABOR MINISTER YUTAKA OKANO BY C/UNCIL CHAIRPERSON YASUKO HITOMI EARLY THIS AFTERNOON. ON THE BASIS OF THE PAPER, THE LABOR MINISTRY WILL SUBMIT AMENDMENTS TO THE EQUAL OPPORTUNITY LAW AND THE LABOR STANDARDS LAW TO THE ORDINARY DIET SESSION TO CONVE IN THE NEW YEAR. THE AMENDED LAWS ARE EXPECTED TO COME INTO FORCE POSSIBLY FROM APRIL, 1998.

THE REPORT CONTAINS ALMOST THE SAME CONTENTS AS THE BASIC PLAN SHOWN LATE LAST MONTH BY THE PUBLIC UTILITIES COMMITTEE MEMBERS OF THE WOMEN'S SUBCOMMITTEE UNDER THIS COUNCIL. IT HAS OBTAINED THE CONSENT OF THE THREE PARTIES -- THE LABOR, MANAGEMENT AND PUBLIC UTILITIES COMMITTEE SIDES. A PENALTY REGULATION AGAINST DISCRIMINATORY ACTS AS INITIALLY REQUESTED BY THE MEMBERS OF THE LABOR SIDE WAS NOT APPROVED, BUT THE REPORT INCLUDES A SANCTION MEASURE THAT ALLOWS THE LABOR MINISTER TO MAKE PUBLIC THE NAMES OF COMPANIES THAT DO NOT FOLLOW RECOMMENDATIONS FOR CORRECTION OF

DISCRIMINATORY ACTS. IN ADDITION, THE PAPER CALLS FOR INCORPORATING THE FOLLOWING PROPOSALS INTO THE EQUAL OPPORTUNITY LAW: (1) PROMOTE PREVENTION OF SEXUAL HARASSMENT; (2) SYSTEMATICALLY IMPROVE WOMEN'S ABILITIES IN ORDER TO NARROW THE GAP IN IN-HOUSE CORPORATE TREATMENT OF MEN AND WOMEN (POSITIVE ACTION); (3) MAKE IT POSSIBLE TO OPEN MEDIATION IN RESPONSE TO THE APPLICATION OF ONE PARTY, INSTEAD OF REQUIRING A CONSENSUS OF BOTH PARTIES CONCERNED -- THE LABOR AND MANAGEMENT SIDES; AND (4) ESTABLISH A SYSTEM THAT EXEMPT EMPLOYEES WHO ARE RESPONSIBLE FOR CHILD-REARING AND NURSING CARE IN HOME FROM LATE-NIGHT WORK. THE WORK OF REVIEWING THE EQUAL OPPORTUNITY LAW STARTED LAST AUTUMN -- THE 10TH ANNIVERSARY OF THE IMPLEMENTATION OF THE LAW. VIEWS OF THE LABOR AND MANAGEMENT SIDES REMAINED AT ODDS UNTIL THIS SPRING, WITH THE MANAGEMENT SIDE CALLING FOR SCRAPING A REGULATION ON PROTECTION OF WOMEN. HOWEVER, THE CONSENT OF RENGO (JAPANESE TRADE UNION CONFEDERATION), WHICH IS SENDING COMMITTEE MEMBERS FOR THE LABOR SIDE, TO SUCH A SCRAPPING HAS GRADUALLY SMOOTHENED THE DELIBERATIONS. HOWEVER, OPPOSITION TO THE SCRAPPING OF A REGULATION ON PROTECTION OF WOMEN IS STILL STRONG IN THE LABOR WORLD. THE PROBLEM WILL LIKELY LINGER. CRANE

SECT: SECTION: 01 OF 01

SSN: 1514

TOR: 961218011410 M2543779

DIST:

SIT: NSC

Withdrawal/Redaction Marker

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. cable	Re: 1997 Report to Congress on Allied Contributions to the Common Defense (14 pages)	12/20/1996	P1/b(1)

COLLECTION:

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

FOLDER TITLE:

[12/10/1996 - 12/30/1996]

2016-0420-F
sb1891

RESTRICTION CODES

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

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

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

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

RR. Document will be reviewed upon request.

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

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

Cable

PREC: PRIORITY
CLASS: UNCLASSIFIED
LINE1: PAAUZYUW RUESDJA2875 3580144-UUAA--RHEHOND.
LINE2: ZNR UUUA
LINE3: P 230144Z DEC 96
LINE4: FM FBIS OKINAWA JA
OSRI: RUESDJ
DTG: 230144Z DEC 96
ORIG: FBIS OKINAWA JA
TO: AIG 4584
RHAKAAA/COMFLEACTS OKINAWA JA
RHAKAAA/353OSS KADENA AB JA//IN//
RHAKAAA/18WG KADENA AB JA//PA//
RHDLCNE/CINCUSNAVEUR LONDON UK//N2//
RHEBAAA/DOE WASH DC//NN-30//
RHEHOND/DIR ONDCP//OR//
RHFJBTA/US CUSTOMS SERVICE WPNSTA CHARLESTON SC
RHFJFGI/NAVCRIMINVSERVFO MAYPORT FL//05MP//
RHFJPUA/USCOMSOLANT
RHFPAAA/UTAI5 RAMSTEIN AB GE//INOW//
RHLBAAA/USCINCSO QUARRY HEIGHTS PM//SCPA/SCJ2-IW//
RHLBAAA/USCINCSO QUARRY HEIGHTS PM//SCJ3-PSY//
RHLBAAF/CDR470THMIGP COROZAL PM//IAPP-O-AS//
RHLBAAF/CDR470THMIBDE COROZAL PM//IAPP-D//
RHLBAAJ/CINCLANTFLT DET SO NZ FT AMADOR PM
RHLBAAK/CDRUSARSO MAXI FT CLAYTON PM//SOIN-IDI//
RHLBAAQ/USCINCSO SCJ2 QUARRY HEIGHTS PM
RUADYRA/CTG SEVEN TWO PT TWO
RUAGAAA/AFOSI DET 614 SEOUL KOR//CC//
RUANJTF/DIRJIATF EAST//J2//
RUATJHA/CDRUSARJ CP ZAMA JA//AE-OTS//
RUATJHU/CDRUSARJ CP ZAMA JA//APAJ-PA//
RUATJHU/DRMO SAGAMI JA
RUATJHU/CDRUSARJ CP ZAMA JA//APJA-GB//
RUATJHU/CDRUSARJ CP ZAMA JA//APAJ-GE//
RUATJHU/CDR 500TH MIBDE CP ZAMA JA//IAGPD-OS//
RUATJHU/CDRUSARJ CP ZAMA JA//APAJ-JA//
RUATJHU/CDRUSACTRA CP ZAMA JA
RUATTBU/CDR ORA USA CIDC TORII STA JA//CIRG-ZA//
RUATTBU/CDR 1ST BN 15FGA TORII STATION JA//APSO-SFI-FSC//
RUAYFFP/NAVCRIMINVSERVRA IWAKUNI JA
RUCAABA/CCGDNINE CLEVELAND OH//OLE//
RUCBAIC/AIC NORFOLK VA
RUCKMEA/II MEF MARFOR UNITAS//S-2//
RUCKMEZ/SJTTFHQ MFL//J2//
RUCPDC/DEPT OF COMMERCE WASHINGTON DC
RUCWAAA/FBIS RESTON VA//POLCH//
RUDGUSC/US CUSTOMS SERVICE WASHINGTON DC//INTEL//
RUDGUSE/USCS AIU MIAMI
RUDGUSH/US CUSTOMS SERVICE BAY ST LOUIS MS//ERIN//
RUDGUSI/USCS AIR LONG BEACH
RUDHNIS/DIRNAVCRIMINVSERV WASHINGTON DC

RUDHSIC/CDRUSASOIC WASH DC//DIS//
RUDJARA/COMLANTAREA COGARD PORTSMOUTH VA//AI/ACC//
RUDPDSE/82ND ABN DIV INTEL CEN FT BRAGG NC
RUDPTOC/XVIII ABN CORPS INTEL CEN FT BRAGG NC
RUEABND/DRUG ENFORCEMENT ADMIN HQ WASHINGTON DC//POL//
RUEBBEA/DEPT OF TRANSPORTATION OFC OF SEC WASHINGTON DC//S-60//
RUEHC/SECSTATE WASHINGTON DC//PASS TO AID FOR DAVID DALTON//
RUEHIA/USIA WASHINGTON DC//R//
RUEHIA/USIA WASHINGTON DC //R/MR//
RUEHPE/AMEMBASSY LIMA
RUEOAYA/CDR NGIC CHARLOTTESVILLE VA
RUERFCP/CDR USARSO FT CLAYTON PM//SOCS-PA//
RUESFB/FBIS ASUNCION PA
RUESPF/FBIS CHIVA CHIVA PM
RUESTO/AMEMBASSY TOKYO
RUHBABA/CG III MEF//G-2//
RUHBANB/MWHS ONE
RUHBANB/SECOND BN TWELFTH MAR
RUHBANB/CG MCB CP BUTLER JA//ATTN PAO//
RUHBBEA/CDR MTMC TML NAHA JA//MTW-N//
RUHBBEA/CDR1315TH MEDPORTCMD OKINAWA JA
RUHBBEA/CG THIRD FSSG CAMP KINSER JA//G2//
RUHBBMA/MACG EIGHTEEN
RUHBBMA/MAG THREE SIX
RUHBBMA/MCAS FUTENMA JA
RUHBBMA/AMCONSUL NAHA
RUHDDOD/DODSPECREP YOKOTA AB JA
RUKWKAD/82RS OKINAWA JA//DOI//
RUKWKAD/82RS OKINAWA JA//SP//
RUSKGRD/COGARD INTELCOORDCEN WASHINGTON DC
RUWGTCG/COMPACAREA COGARD ALAMEDA CA//PI//
RUWHTW/US CUSTOMS SERVICE CORPUS CHRISTI TX
RUWMBKA/612 AINS DAVIS-MONTHAN AFB AZ//INTA//
RUWMEGA/USAFSO HOWARD AFB PM//IN//
RUWMEGA/CDR 1-228 AVN REG FT KOBBE PM//R2//
RUWMEGA/AFOSI DET 214 HOWARD AFB PM//CC//
RUWMEGA/CDR 1ST BDE 228TH AVN BN FT KOBBE
RUWMJAB/MARFORSOUTH LN ELEM PM//G-2//
RUWMJAF/NAVCRIMINVSERVRA RODMAN PM
RUYLSDE/NAVSECGRUACT HANZA JA
RUYNJMF/NAVCRIMINVSERVFO FAREAST YOKOSUKA JA
ACCT FBOW-EWDK

INFO: ////

SUBJ: Emperor Speaks on Peru Hostages, Scandals, U.S. Bases

TEXT: UNCLAS 4A

WARNING: TOPIC: POLITICAL, DOMESTIC, INTERNATIONAL, TERRORISM

SERIAL: OW2312014496
PASS: ATTN WIRE SELECT
ATTN BBC NEWS
COPY TO GSG/TOT

COUNTRY: JAPAN, PERU

SUBJ: Emperor Speaks on Peru Hostages, Scandals, U.S. Bases

REF: 1. ow2312013096 tokyo kyodo english 230105 -- emperor

akihito pleads for freedom of peru hostages
2. owl912112696 tokyo kyodo english 190806 -- emperor's
birthday rites to be skipped for peru incident

SOURCE: Tokyo KYODO in English 0112 GMT 23 Dec 96

TEXT:

[FBIS Transcribed Text] Tokyo, Dec. 23 KYODO -- Emperor Akihito turned 63 Monday and for the second time during his eight-year reign, there will be no celebrations.

The cancellation was ordered as it was during a gala dinner party thrown by the Japanese ambassador in Peru last Tuesday [17 December] to mark the emperor's birthday that a band of Peruvian leftist guerrillas seized the ambassador's residence and took hundreds of guests hostage.

"I would like to express my deep concern that yesterday (Tuesday in Peru Time), without warning, the Japanese ambassador's residence in the Republic of Peru was attacked, and that the ambassador and so many people attending my birthday celebration were taken hostage," Emperor Akihito said at a news conference Thursday [19 December].

"I ardently hope that everything will be brought under control and that all of the hostages will be released without harm as soon as possible," the emperor said in an opening statement at the news conference held at the Imperial Palace.

The Imperial Household Agency, acting on the emperor's wishes, said the customary greetings by Prime Minister Ryutaro Hashimoto, state ministers and members of the imperial family will be canceled along with the emperor's appearance at the palace to greet well-wishers from the general public.

The last time Emperor Akihito dropped all birthday celebrations was 1989 during the mourning for his father, the late Emperor Hirohito, known posthumously as Emperor Showa.

Turning to other topics, Emperor Akihito expressed concern over the recent spate of scandals involving senior government officials and bureaucrats.

"I am concerned that this has hurt those public servants who are earnestly devoting themselves to the good of the people and those who devote themselves to welfare activities," the emperor said.

On the issue of reducing U.S. military bases in Okinawa prefecture, the emperor said, "I hope the government of Japan and the United States will thoroughly discuss what needs to be done and find a way to a solution which will ensure the well-being of the people of Okinawa."

The emperor also touched on the history of Okinawa, including the "fierce ground battles" fought on the island during World War II and 20 years of postwar rule under the U.S. Government.

"I believe that it is the duty of the people of mainland Japan toward Okinawa to deeply recognize the history of Okinawa whose people strove so earnestly to achieve the return of their prefecture to Japan," he said.

The emperor was also asked to describe his thoughts on the constitution as this year marks the 50th anniversary of its promulgation.

Emperor Akihito said, "According to the constitution of Japan, the emperor is the symbol of the state and of the unity of the people. I intend to fulfill my duties, always bearing in mind the way the emperor should be, as is set forth in the constitution."

The emperor denied a media report that he had a meeting last

April with Gakushuin University Prof. Tatsuhiko Kawashima, father of Princess Akishino, over Prince Akishino's alleged marital affairs.

"I did not meet the professor then. Still, it would be extremely difficult to prove that," said Emperor Akihito, who went on to use an analogy to demonstrate how difficult it is to disprove something.

"As an ichthyologist, I feel that, for example, there may be a document which states that a certain fish inhabits a certain region, and even if that conclusion is wrong, or it is almost certain that it is wrong, it would be extremely difficult to prove that it is indeed absolutely wrong," the emperor said.

A weekly magazine alleged that the professor came to the Imperial Palace to see the emperor to complain about Prince Akishino, the emperor's younger son, and the meeting caused the emperor "vestibular neuritis."

THIS REPORT MAY CONTAIN COPYRIGHTED MATERIAL. COPYING AND DISSEMINATION IS PROHIBITED WITHOUT PERMISSION OF THE COPYRIGHT OWNERS.

(endall) 230112 morriss GM142312.004 my 23/0145z Dec my 23/0145z Dec

SECT: SECTION: 01 OF 01

SSN: 2875

TOR: 961222205718 M2551373

DIST:

SIT: NSC

Cable

PREC: ROUTINE

CLASS: UNCLASSIFIED

LINE1: RAAUZYUW RUEDMCA4238 3590956-UUUU--RHEHAAX.

LINE2: ZNR UUUUU ZZH ZUI RUHBBMA8713 3591001

LINE3: R 241001Z DEC 96

LINE4: FM AMCONSUL NAHA

OSRI: RUEDMCA

DTG: 241001Z DEC 96

ORIG: AMCONSUL NAHA

TO: RUEHC/SECSTATE WASHINGTON DC 3730
RUEKJCS/SECDEF WASHINGTON DC//USDP:ISA/OATSD:PA/DPL/DDI//
RUEKJCS/JOINT STAFF WASHINGTON DC
RUEHKO/AMEMBASSY TOKYO//1192//

INFO: RHHMUNA/USCINCPAC HONOLULU HI//FPA/00//
RHHMHAH/CINCPACFLT PEARL HARBOR HI//00//
RUHEHMS/COMMARFORPAC//CG/DCG/PAO//
RUEACMC/CMC WASHINGTON DC//PP&O/DIRPA/POLAD/PA//
RUALSFJ/COMUSJAPAN YOKOTA AB JA
RUAHYAF/5AF YOKOTA AB JA
RUATJHU/CDRUSARJ-IX CORPS CP ZAMA JA//APAJ-CG/GE//
RUHGOAA/COMSEVENTHFLT//00//

SUBJ: PREACHING TO THE CHOIR: DECEMBER 21 ANTI-BASE

TEXT:
UNCLAS NAHA 0684

USCINCPAC ALSO FOR FPA TEARE
TOKYO PLEASE PASS FUKUOKA

PAGE 03 RUEDMCA4238 UNCLAS NAHA 0684
DOD/ISA PLEASE PASS TO SAKODA

E.O. 12958:N/A
TAGS: MARR, PGOV, PREL, JA
SUBJECT: PREACHING TO THE CHOIR: DECEMBER 21 ANTI-BASE
RALLY FIZZLES

REF: NAHA 0676 (DTG 131001Z DEC 96)

1. A DECEMBER 21 RALLY OPPOSING THE RELOCATION OF U.S. MILITARY BASES WITHIN OKINAWA (REFTEL) DREW A SMALL AND NARROWLY-BASED CROWD. WHILE ORGANIZERS HAD PUBLICLY HOPED FOR ATTENDANCE OF 20,000, POLICE ESTIMATE ONLY ABOUT 6,400 SHOWED UP. NOT TO BE DETERRED, HOWEVER, ORGANIZERS ANNOUNCED A GROSSLY INFLATED TURNOUT FIGURE OF 22,000, A NUMBER THAT IS BEING WIDELY REPEATED IN THE MEDIA. IN STRIKING CONTRAST TO THE OCTOBER 21, 1995 RALLY IN THE WAKE OF THE RAPE CASE, THIS RALLY DID NOT DRAW THE Q AVERAGE OKINAWANQ OR ELICIT SUPPORT FROM ACROSS THE LOCAL POLITICAL SPECTRUM. ATTENDEES WERE ALMOST ALL MEMBERS OF REFORMIST

PAGE 04 RUEDMCA4238 UNCLAS NAHA 0684
(I.E., LEFT-OF-CENTER) POLITICAL PARTIES, UNIONS, OR OTHER
PACIFIST GROUPS.

2. UNLIKE THE 1995 RALLY, THIS ONE DID NOT HAVE THE
OFFICIAL BACKING OF THE PREFECTURAL GOVERNMENT OR ASSEMBLY,
BECAUSE IT WAS NOT SUPPORTED BY ALL THE LOCAL POLITICAL
PARTIES. NEITHER GOVERNOR OTA NOR ASSEMBLY SPEAKER
TOMOYORI TOOK PART. TWO OF THE MAIN PARTIES, THE LIBERAL
DEMOCRATIC PARTY (LDP) AND THE NEW FRONTIER PARTY (NFP),
CHOSE NOT TO PARTICIPATE BECAUSE THE RALLY IN ESSENCE
REJECTED THE BASE RETURN AGREEMENTS RECENTLY REACHED
BETWEEN THE USG AND GOJ. VERY FEW MAYORS TURNED UP, AND
MAYOR HIGA OF NAGO, WHOSE MUNICIPALITY IS THE LEADING
CANDIDATE TO RECEIVE THE REPLACEMENT HELIPORT FOR FUTENMA,
WAS NOTABLE FOR HIS ABSENCE. MAYOR ARAKAWA OF OKINAWA CITY
PARTICIPATED, AND GINOWANQS MAYOR TOBARU MADE A TOKEN
APPEARANCE. THE LACKLUSTER CROWD APPEARED MAINLY COMPOSED
OF UNIONS AND ANTI-BASE GROUPS ASSOCIATED WITH THE SOCIAL
DEMOCRATIC PARTY (SDP) AND JAPAN COMMUNIST PARTY (JCP),
ATTENDING OUT OF GROUP OBLIGATION.

PAGE 05 RUEDMCA4238 UNCLAS NAHA 0684

3. THE LOCAL MEDIA HAVE ALREADY SANCTIFIED BY REPETITION
THE ORGANIZERSQ ATTENDANCE FIGURE OF 22,000. THE SAME
THING HAPPENED AFTER THE OCTOBER 1995 RALLY, WHEN THE PRESS
ACCEPTED THE ORGANIZERSQ NUMBER OF 85,000, WHILE THE POLICE
COUNTED 58,000. THE PROPORTIONAL DIFFERENCE BETWEEN THE
TWO FIGURES IS EVEN GREATER THIS TIME, THOUGH, AS THE
POLICE ESTIMATE OF 6,400 IS LESS THAN A THIRD THE SPONSORSQ
CLAIM. ALTHOUGH THE 22,000 FIGURE HAS RECEIVED BY FAR THE
MOST PROMINENT COVERAGE HERE, SOME STORIES HAVE ALSO QUOTED
THE POLICE ESTIMATE. PERHAPS INDICATING THAT THE LOCAL
PAPERS REALIZE THE LARGER NUMBER IS SUSPECT, THEY DID NOT
PUT IT IN THEIR HEADLINES. LAST YEAR THE 85,000 FIGURE WAS
REPEATED IN FRONT PAGE BANNER HEADLINES FOR DAYS AFTER THE
RALLY, AND HAS NOW PASSED INTO LEGEND.

4. THE LOW TURNOUT OCCURRED DESPITE BEAUTIFUL WEATHER ON A
SATURDAY AFTERNOON. INDEED, A MAJOR HIGHWAY PASSING NEAR
THE RALLY SITE WAS JAMMED WITH FAMILIES HEADING TO AND FROM
THE BEACH, SHOPPING, ETC. THE MAIN STREAM OF TRAFFIC,

PAGE 06 RUEDMCA4238 UNCLAS NAHA 0684
HOWEVER, BLITHELY PASSED BY THE TURNOFF FOR THIS
QPREFECTURAL PEOPLEQS GENERAL RALLY.Q

O'NEILL//

SECT: SECTION: 01 OF 01

SSN: 4238

TOR: 961224060254 M2553503

DIST:

SIT: BELL KRISTOFF PRITCHARD SESTAK SUETTINGER URIU
SIT: NSC

Cable

PREC: IMMEDIATE
CLASS: UNCLASSIFIED
LINE1: OAAUZYUW RUEHKO1741 3650259-UUUU--RHEHAAA.
LINE2: ZNR UUUUU ZZH
LINE3: O 300259Z DEC 96
LINE4: FM AMEMBASSY TOKYO
OSRI: RUEHKO
DTG: 300259Z DEC 96
ORIG: AMEMBASSY TOKYO
TO: RUEHC/SECSTATE WASHDC IMMEDIATE 1127
RUEHIA/USIA WASHDC IMMEDIATE 2547
INFO: RUALSFJ/COMUSJAPAN YOKOTA AB JA
RUYNJDK/COMNAVFORJAPAN YOKOSUKA JA
RHHMUNA/USCINCPAC HONOLULU HI//USIA//
RUEAIIA/CIA WASHDC
RUEKJCS/JOINT STAFF WASHDC//J5//
RUEKJCS/SECDEF WASHDC
RUEAWJB/DEPT OF JUSTICE WASHDC
RUCPDOG/USDOC WASHDC
RUAYJAA/COMPATWING ONE KAMI SEYA JA
RHEHAAA/WHITE HOUSE WASHDC
RUEBBEA/USDOT WASHDC
RHHMHAH/CINCPACFLT PEARL HARBOR HI//N5//
SUBJ: JAPANESE MORNING PRESS HIGHLIGHTS DECEMBER 30

TEXT:
UNCLAS SECTION 01 OF 03 TOKYO 011741

USIA

FOR: USIA D/P, I/GEA, I/RF, I/RFW, EA, R/MR; 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; JUSTICE FOR STU CHEMTOB
IN ANTI-TRUST DIVISION; COMMERCE FOR JEAN GRIER IN
GENERAL COUNCIL'S OFFICE, DAS; USCINCPAC/PA; CINCPAC
FLT/PA; COMUSJ/PA; COMNAVFORJAPAN/PA.

E.O. 12958: N/A

SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS DECEMBER 30

TOP HEADLINES:

ASAHI: 20 HOSTAGES, INCLUDING NINE JAPANESE NATIONALS AND
ONE KOREAN RESIDENT IN JAPAN, RELEASED AFTER FIRST DIRECT
NEGOTIATIONS; REBELS INDICATE POSSIBILITY OF VACATING
OFFICIAL RESIDENCE; PERUVIAN GOVERNMENT CLAIMS, "PROGRESS
TOWARD SETTLEMENT;" 89 STILL HELD AS HOSTAGES

MAINICHI: 20 HOSTAGES, INCLUDING JAPANESE NATIONALS,

FREED; HOSTAGE INCIDENT IN PERU ENTERS NEW STAGE AFTER
FACE-TO-FACE NEGOTIATIONS; GUERRILLAS RELEASE STATEMENT,
"WE WILL BE MOVING OUT OF THE RESIDENCE THROUGH TALKS

YOMIURI: PERUVIAN GOVERNMENT HOLDS FIRST DIRECT
NEGOTIATIONS; 20 HOSTAGES, INCLUDING JAPANESE NATIONALS,
RELEASED; REBELS SAY, "WE MAY VACATE THROUGH TALKS;" 83,
INCLUDING CORPORATE EXECUTIVES, STILL HELD HOSTAGE

NIHON KEIZAI: (NOT DELIVERED)

SANKEI: PERUVIAN GOVERNMENT HOLDS FIRST FACE-TO-FACE
NEGOTIATIONS WITH GUERRILLAS; "STEP FORWARD TOWARD
SOLUTION," SAYS EDUCATION MINISTRY; 20 HOSTAGES,
INCLUDING TEN RESIDENT REPRESENTATIVES OF JAPANESE
CORPORATIONS, FREED

TOKYO SHIMBUN: (NOT DELIVERED)

LIMA HOSTAGE SITUATION: PRIME MINISTER IN LETTER TO
FUJIMORI HOPES FOR PEACEFUL RESOLUTION (ASAHI - PAGE 2)

FOLLOWING THE RELEASE OF ANOTHER 20 HOSTAGES FROM THE
JAPANESE AMBASSADOR'S RESIDENCE IN PERU, THE JAPANESE
GOVERNMENT HAS WELCOMED THE DEVELOPMENT, PRIME MINISTER
HASHIMOTO SAYING, "DIRECT NEGOTIATIONS HAVE STARTED
BETWEEN THE PERUVIAN GOVERNMENT AND THE TUPAC AMARU
REVOLUTIONARY MOVEMENT (MRTA)." HOWEVER, THE GOVERNMENT
REMAINS GUARDEDLY OPTIMISTIC SINCE THERE AS STILL MANY
HOSTAGES REMAINING, MAKING FUTURE EVENTS UNPREDICTABLE,
WITH ONE OFFICIAL STATING, "THE SITUATION REMAINS ALL THE
MORE INTENSE" (FOREIGN MINISTRY PRESS OFFICER HIROSHI
HASHIMOTO). REGARDING THE START OF DIRECT TALKS AS A
CRITICAL TURNING POINT IN THE STANDOFF IN THE HOSTAGE
SITUATION, PRIME MINISTER HASHIMOTO YESTERDAY SENT A
LETTER TO PRESIDENT FUJIMORI IN WHICH HE RECONFIRMED THE
JAPANESE GOVERNMENT'S POSITION DESIRING AN EARLY RELEASE
OF THE HOSTAGES BY PEACEFUL NEGOTIATIONS. IN A PRESS
BRIEFING, PRESS SPOKESMAN HASHIMOTO PRAISED PRESIDENT
FUJIMORI, COMMENTING "THIS IS THE RESULT OF HIS EARNEST
EFFORTS." HE ADDED THAT THE JAPANESE GOVERNMENT WOULD
CONTINUE TO PLACE ITS CONFIDENCE IN THE PRESIDENT'S
EFFORTS. HE ALSO HIGHLY EVALUATED A STATEMENT CALLING
FOR A PEACEFUL SETTLEMENT COMPILED BY THE SEVEN
INDUSTRIALIZED COUNTRIES (G-7) AND RUSSIA, NOTING "THE
STATEMENT IS THE INTERNATIONAL COMMUNITY'S SUPPORT FOR
THE PRESIDENT."

REGARDING THE REASON FOR THE PRIME MINISTER SENDING A
LETTER TO THE PRESIDENT DESPITE THE TWO HAVING MADE
CONTACTS BY TELEPHONE, PRESS OFFICER HASHIMOTO EXPLAINED,
"THE PRIME MINISTER JUDGED IT PROPER TO CONVEY (JAPAN'S
VIEW) IN A FORMAL MANNER."

OKINAWA PREFECTURE ASKS FOR REMOVAL OF MARINES
(YOMIURI - PAGE 2, DEC. 29 EDITION)

OKINAWA PREFECTURE AS OF THE 28TH ADOPTED A POLICY COURSE

OF ASKING THE JAPANESE AND UNITED STATES GOVERNMENTS TO SLASH THE NUMBER OF U.S. MILITARY TROOPS STATIONED ON OKINAWA, FOCUSING ON A WITHDRAWAL OF THE MARINES. THE DECISION LINES UP WITH THE ONCE-EVERY-FOUR-YEARS MILITARY FORCES COMPOSITION REVIEW (QDR), WHICH THE CLINTON UNCLAS SECTION 02 OF 03 TOKYO 011741

USIA

FOR: USIA D/P, I/GEA, I/RF, I/RFW, EA, R/MR; 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; JUSTICE FOR STU CHEMTOB IN ANTI-TRUST DIVISION; COMMERCE FOR JEAN GRIER IN GENERAL COUNCIL'S OFFICE, DAS; USCINCPAC/PA; CINCPAC FLT/PA; COMUSJ/PA; COMNAVFORJAPAN/PA.

E.O. 12958: N/A

SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS DECEMBER 30

ADMINISTRATION IS CARRYING OUT. THIS IS THE FIRST TIME FOR OKINAWA TO REQUEST NOT JUST THE REVERSION OF MILITARY BASES BUT ALSO A REDUCTION OF U.S. MILITARY FORCES THEMSELVES. ALONG WITH THIS POLICY LINE, OKINAWA INTENDS TO STICK TO ITS CAUTIOUS STANCE OF OBJECTING IN PRINCIPLE TO THE PROPOSED RELOCATION OF THE HELIPORT AT THE U.S. MARINES' FUTENMA AIR STATION TO ANOTHER SITE WITHIN THE PREFECTURE. SOME ARE CONCERNED THAT THIS NEW POLICY LINE MIGHT AFFECT THE JAPANESE GOVERNMENT'S HELIPORT RELOCATION PLAN, WHICH IS PREMISED ON COOPERATION FROM THE PREFECTURE.

SACO BUDGET TO FUND 100 BILLION YEN USFJ HOUSING PROJECT ON OKINAWA (ASAHI - TOP PLAY, DEC. 29 EDITION)

IT WAS REVEALED ON THE 28TH THAT THE JAPANESE GOVERNMENT WOULD BUILD ABOUT 1,800 HOUSES FOR USE BY UNITED STATES MILITARY PERSONNEL AT CAMP ZUKERAN. CONSTRUCTION IS EXPECTED TO BE COMPLETED BY THE YEAR 2007, WITH A TOTAL COST OF APPROXIMATELY 100 BILLION YEN. THE GOVERNMENT HAS EXPLAINED THAT THE DECISION IS A PART OF MEASURES FOR THE PLAN FOR THE REALIGNMENT AND REDUCTION THE U.S. MILITARY BASES IN OKINAWA AGREED BETWEEN THE JAPANESE AND U.S. GOVERNMENTS, BUT OPPOSING VIEWS ARE RISING FROM LOCAL MUNICIPALITIES, WHICH HAVE BEEN CALLING FOR REMOVAL OF THE BASES. THE COST OF CONSTRUCTION WILL BE COVERED BY THE BUDGET ALLOCATED FOR THE SPECIAL ACTION COMMITTEE ON OKINAWA (SACO), AND NOT FROM THE HOST NATION SUPPORT BUDGET. WITH THIS, THE AMOUNT OF THE TAXPAYERS' MONEY THAT WILL BE USED FOR U.S. MILITARY FACILITIES WILL SWELL.

JAPAN: STATEMENT OF REGRET REMOVES MAJOR OBSTACLE TO EASING TENSIONS ON KOREAN PENINSULA (MAINICHI - PAGE 3)

REFERRING TO NORTH KOREA'S STATEMENT EXPRESSING REGRET (OVER ITS RECENT SUBMARINE INTRUSION INTO SOUTH KOREA),

THE JAPANESE GOVERNMENT YESTERDAY RELEASED A STATEMENT THROUGH FOREIGN AFFAIRS PRESS OFFICER HIROSHI HASHIMOTO: "WE WELCOME THE STATEMENT IN THE HOPE THAT IT WILL LEAD TO THE EASING OF TENSIONS ON THE KOREAN PENINSULA." HOWEVER, FEW THINK THAT THIS GESTURE ALONE WILL GREATLY IMPROVE THE SITUATION. THE LIKELIHOOD NOW IS THAT THE GOVERNMENT WILL CLOSELY WATCH HOW THE SITUATION DEVELOPS, WHILE MAINTAINING A COOPERATIVE STANCE WITH THE UNITED STATES AND THE REPUBLIC OF KOREA (ROK).

THE SITUATION ON THE KOREAN PENINSULA HAD BEEN ICY FOLLOWING AN INTRUSION INTO THE SOUTH BY ARMED GUERRILLAS. THE MAJOR FOCUS HAD BEEN ON HOW NORTH KOREA WOULD RESPOND. CONCERNED ABOUT TENSIONS ON THE KOREAN PENINSULA MOUNTING, THE UNITED STATES AIMED AT SETTLING THE SITUATION BY PERSUADING THE ROK, WHICH HAS TAKEN A TOUGH STANCE, REQUESTING AN APOLOGY.

JAPAN HAS BASICALLY SUPPORTED THE U.S. POLICY LINE. AT THE JAPAN-ROK FOREIGN MINISTERIAL TALKS HELD IN THE WINGS OF THE RECENT ASIA-PACIFIC ECONOMIC COOPERATION (APEC) FORUM, JAPAN INDICATED UNDERSTANDING TOWARD THE ROK'S POSITION, BUT AT THE SAME TIME, IT SOUGHT A FLEXIBLE RESPONSE, POINTING OUT REGARDING THE ISSUE OF SUPPORTING (NORTH KOREA) WITH LIGHT-WATER NUCLEAR REACTORS THAT "IT IS IMPORTANT TO HAVE THE U.S. AND NORTH KOREA LIVE UP TO THE AGREEMENT."

THE MINISTRY OF FOREIGN AFFAIRS (MOFA) HAS ANALYZED NORTH KOREA'S STATEMENT OF REGRET, "THE NORTH KOREAN SIDE HAS JUDGED THAT UNLESS IT MAKES SOME KIND OF STATEMENT, THE SITUATION WILL REMAIN DEADLOCKED." SOME ARE TAKING THE VIEW, "THE STATEMENT HAS REMOVED IMPEDIMENTS TO THE EASING OF HOSTILITIES" (SENIOR MOFA OFFICIAL).

UNCLAS SECTION 03 OF 03 TOKYO 011741

USIA

FOR: USIA D/P, I/GEA, I/RF, I/RFW, EA, R/MR; 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; JUSTICE FOR STU CHEMTOB IN ANTI-TRUST DIVISION; COMMERCE FOR JEAN GRIER IN GENERAL COUNCIL'S OFFICE, DAS; USCINCPAC/PA; CINCPAC FLT/PA; COMUSJ/PA; COMNAVFORJAPAN/PA.

E.O. 12958: N/A

SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS DECEMBER 30

REGARDING THE PROJECT OF BACKING NORTH KOREA WITH LIGHT-WATER NUCLEAR REACTORS AND WHETHER THE PROPOSED FOUR-WAY TALKS AIMED AT RECONCILIATION ON THE KOREAN PENINSULA WILL START, THE MINISTRY SAYS, "WE ARE NOT QUITE CERTAIN HOW NORTH KOREA WILL MOVE" (MOFA SOURCE).

THE GOVERNMENT EVALUATES NORTH KOREA'S STATEMENT AS ONE

DIVIDING LINE FOR IMPROVING JAPAN-NORTH KOREA RELATIONS, BUT FEW HOLD THE VIEW THAT IT WOULD IMMEDIATELY SPARK MOVES FOR RESUMING NEGOTIATIONS FOR DIPLOMATIC RELATIONS. IN THE MIDDLE OF THIS MONTH IN BEIJING, JAPAN HELD DIVISION-DIRECTOR-LEVEL NEGOTIATIONS WITH NORTH KOREA, THE FIRST SUCH NEGOTIATIONS SINCE THE INCIDENT. ON THAT OCCASION, THE NORTH KOREAN SIDE REPORTEDLY REQUESTED OF JAPAN ADDITIONAL RICE AID. THE LIKELY SCENARIO WOULD BE THAT THE JAPANESE GOVERNMENT WILL, WHILE MAINTAINING A STANCE OF ALLIANCE WITH THE U.S. AND THE ROK, INCLUDING A RESPONSE TO THE REQUEST FOR ADDITIONAL RICE AID, FIRMLY MAINTAIN ITS USUAL BASIC STANCE OF CALLING FOR NORTH KOREA TO RESPOND TO FOUR-WAY TALKS QUICKLY. (SHIGERU SAKURAI)

GOVERNMENT EXPECTS KEDO PROJECT TO GO FORWARD AGAIN NOW
(YOMIURI - PAGE 2)

NOW THAT THE DEMOCRATIC PEOPLES REPUBLIC OF KOREA (NORTH KOREA) HAS ISSUED THROUGH A KOREA CENTRAL NEWS AGENCY ANNOUNCEMENT ON THE 29TH ITS "DEEP REGRETS" OVER SEPTEMBER SUBMARINE INCIDENT AND PROMISED EFFORTS TO PREVENT ANOTHER SUCH INCIDENT, THE (JAPANESE) FOREIGN MINISTRY'S SPOKESMAN HIROSHI HASHIMOTO THE SAME DAY ISSUED A STATEMENT, "WE WELCOME IT, HOPING THAT IT WILL LEAD TO EASING TENSIONS ON THE KOREAN ENERGY DEVELOPMENT ORGANIZATION (KEDO) WILL NOW AGAIN GET BACK ON TRACK. THE GOVERNMENT WILL MOVE FORWARD WITH AN EARNEST RESPONSE EARLY IN THE YEAR. CHAN, ACTING

SECT: SECTION: 01 OF 03

<^SECT>SECTION: 02 OF 03

<^SECT>SECTION: 03 OF 03

SSN: 1741

<^SSN>1741

<^SSN>1741

TOR: 961229222144 M2557092

<^TOR>961229222230 M2557093

<^TOR>961229222230 M2557094

DIST:

SIT: FETIG JOHNSON KRISTOFF MOFFETT PRITCHARD SUETTINGER URIU

SIT: NSC