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001. cable	Re: Digest Executive Edition (14 pages)	01/30/1997	P1/b(1)
002. cable	Re: Nago Heliport Plan (3 pages)	01/30/1997	P1/b(1)
003. cable	Re: Secretary's Morning Summary (15 pages)	01/30/1997	P1/b(1)

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- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
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- (1) Ironic Unity on Diplomacy, Security; Shrinking Distance between Ruling and Opposition Camps; Forming of Common Ground Instead of Remaining at Odds Urged

NIHON KEIZAI (Page 2) (Full)
January 25, 1997

The most traditional way of criticizing Diet discussions is to note that "debate was insufficient." Regarding the current session, as we listened to representative interpellations, we felt discussions on diplomatic and security policy measures at least were insufficient. However, the plenary session is a place where areas of divergence should be highlighted. If the possible external impact of this policy area is taken into account, insufficient debate is not necessarily a bad thing. What is more important is reaching common ground through committees.

Low Priority Order

The structure of Prime Minister Ryutaro Hashimoto's policy speech was unusual in the sense that immediately after his general comments at the outset, the speech touched not on domestic politics but on diplomacy. But that does not mean that the Hashimoto Administration has adopted a policy stance that emphasizes diplomacy. An official close to the Prime Minister explained, "Since the hostage crisis in Peru was taken up at the outset, his speech began with diplomacy to make the line of thought consistent."

There is no telling whether such a motivation can be called "inward-looking," but the priority order of diplomatic measures is after all something like this. Those who took the floor to ask the prime
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minister questions brought up various issues from a wide spectrum of subjects, such as Japan-United States security arrangements and policies toward China. Some issues drew attention. For instance, Minshuto (Democratic Party of Japan) President Naoto Kan's referring to the East Timor problem was an external policy statement.

Narrow Range of Options

What was ironic was that Shinshinto (New Frontier Party) President Ichiro Ozawa, who once advocated an "ordinary country" (as a course Japan should follow) stated that "(The Shinshinto) will not approve the use of the right of the collective self defense." Likewise, Social Democratic Party of Japan (SDP) President Takako Doi admonished the use of such a right with the prefacing remark that "the Japan-U.S. security arrangement is necessary for world peace and security."

Prime Minister Hashimoto agreed with their remarks. We need not think about this unity in a negative way.

First, it was a concept of the cold-war age to position foreign affairs and security policies as a country's way of life and to keep close tabs on differences in thinking, centering on domestic politics.

Discussions on Japan's diplomacy and security during that period were debates over what system to select. The Liberal Democratic Party (LDP) and the SDP vied with each other with the former going along with a pro-American policy line and the latter following a pro-USSR or pro-Chinese line. With the end of the cold war, such a standoff has

ended. Those who should be bothered by the human rights situation in China are now no longer the conservative forces but the liberals.

Second, the range of options open to Japan regarding security policies is in fact narrow. This point is often overlooked.

For instance, some experts have analyzed that the recent moves of the Democratic People's Republic of Korea (North Korea) are not as perilous as before. Even so, the projection is that should a calamity happen (in North Korea), 4.5 million refugees could be expected to flow into Seoul.

Discussions Gaining Realistic Touch

Can Japan afford to have nothing to do with these kinds of situation? The answer is clear if what happened during the Korean war, which occurred more than 40 years ago, is considered: Sixteen countries, such as Thailand and Australia, dispatched combat units to staff the UN forces, and five countries, such as Italy and India, sent medical units.

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The consensus politically at the present stage seems to be to draw up new "guidelines for defense cooperation between Japan and the U.S." in preparation for such a possibility, based on the principle of Japan not using the right of the collective self-defense. If that is the case, the next step would be a concrete study of the "gray zone," that is, whether to approve rear support in various ways, such as transportation and medical activities near combat zones.

If such an effort is directed at revealing areas of contention instead of searching for points of agreement, the new guidelines will end up as a mere "written piece of paper." If so, then such guidelines could not be expected to actually

function. It would have an impact also on Japan-U.S. relations. In order to avoid such a situation from occurring, realistic and cool-headed discussion in the Diet is needed.

(Editorial Committee Member Hisayoshi Ina)

(2) Government, LDP Differ on "Revision" of Basic Plan for Public Investment; Cabinet Ministers React against Kato's Comment, Complaining, "Timing Is Inappropriate"; Repercussions on Deliberation on Budget Bill Now Feared

YOMIURI (Page 2) (Full)
January 29, 1997

Liberal Democratic Party (LDP) Secretary General Kato's suggestion of the notion of revising the Basic Plan for Public Investment, which would spend 630 trillion yen over 10 years, is having repercussions in the Government and the ruling camp. Although both sides basically agree that revising the plan for the purpose of fiscal reconstruction will be unavoidable, the Government seems to incline toward the judgment that it is not good Diet management strategy to do so now, since deliberations on the fiscal 1997 budget bill are about to start. In addition, strong opposition is being voiced in the LDP, with its cliques of policy specialists, as well as in public works projects-related government ministries and agencies. Dark clouds are hanging over the debate on revising the plan already at the start.

At a meeting of the Cabinet round table on the 28th, Construction Minister Kamei pointed out the awkward timing of Kato's remark, noting: "We have entered a crucial period in getting the budget bill approved, so we want him to be careful what he says and avoid stating something in an anarchic way." He then rebutted Kato's proposal, saying, "Consolidation of social capital is necessary, and is not incompatible with fiscal reconstruction." In addition, Chief Cabinet Secretary Kajiyama stated before the press the same day, "What the Cabinet has already decided cannot be easily

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changed."

What underlies the Government's careful stance is its desire to avoid the emergence of confusion in the debate on fiscal reconstruction that may be brought about by resistance from public works projects-related policy cliques and relevant ministries and agencies. In addition, the Government is concerned that a review of the plan may give the opposition camp new material to call for a change in the fiscal 1997 budget bill during deliberations on it. Further, the basic plan in a way is seen as an "international pledge," as Prime Minister Hashimoto told the cabinet ministerial council session: "It is a promise to the group of seven industrialized countries (G-7), so I would like you to consider that point."

In response to opinions expressed at the cabinet meeting, Chief Cabinet Secretary Kajiyama, in a party officers liaison meeting, exhorted other members there "to be careful what you say."

However, at a press briefing later, Secretary General Kato emphasized again: "There will undoubtedly emerge a problem that will point to difficulties in (achieving) the 630-trillion-yen basic plan. It is a matter the Government side also has to grapple with." Policy Affairs Research Council Chairman Yamasaki as well indicated that there would be no change in the position of reviewing (the plan). What has made both think that way is that regarding fiscal reconstruction, "the prime minister has clearly stated that 'there will be no sacred areas.'"

Party executive officers including Kato has perceived that "the present economic conditions are different" from those in October 1994, when the basic plan was adopted. Unlike that time when Japan's vast current account surplus came under heavy fire from the United States and European countries that were suffering with fiscal deficits, now the U.S.' current account balance has turned for the better, and the trend of yen depreciation against the dollar, which has been continuing since the latter half of last year, is gaining momentum.

In order to bring to fruition the basic plan, public works projects expenditures are required to show a five-percent or so increase annually, but taking a look at the growth rate since the basic plan was approved, it has stood at 4.1 percent (in fiscal 1995), 4.1 percent (in fiscal 1996), and 1.3

percent (in fiscal 1997). One practical outlook is: "If this pace continues, there would be no way to achieve the goal of 630 trillion yen" (Yamasaki).

But the LDP is not necessarily as solid as a monolith. The argument for more public investments is still deep-seated there. Negative reaction is also heard, for example, "That remark was made all UNCLAS SECTION 05 OF 11 TOKYO 000801

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of sudden. If they say the situation has changed, they should give accounts properly inside and outside the party" (member of the Construction Department). What is needed to actually engage in restudying the basic plan in the weeks ahead is presumably to hold in check lawmakers in the party who are opposing such a review.

Basic Plan for Public Investment

The plan was approved by the Murayama Administration at a cabinet meeting in October, 1994. It is designed to consolidate social infrastructure that includes sewerage, parks, housing and traffic systems on the total budget of 630 trillion yen. The plan was announced by Finance Minister Takemura at the time at the G-7 meeting, making it a "pledge to other countries."

(3) Dollar's Sharp\$Appreciation; Level of 120 Yen to the Dollar Viewed as Critical Zone; U.S. Companies Concerned about Decline in Exports; Japan-U.S. Trade Friction May Flare up

SANKEI (Page 3) (Full)
January 26, 1997

(Washington, January 24, Masahiro Nakata)

The recent sharp rise of the dollar against the yen to the 120 yen to the dollar level has begun to imperil the profits of American companies. IBM, the computer company, suffered a nearly 10 percent

foreign exchange loss last year. Beginning with Chrysler, which projects good business results, automobile manufacturers have begun to harbor a heightening sense of alarm toward the strengthening dollar. There is worry that a stronger dollar might once more heat up Japan-U.S. trade friction.

IBM posted its largest-scale paper losses in the first half of the 1990's, but the company has put its efforts into restoring financial soundness by employing an effective management strategy to earn maximum profits with minimum capital. As in the case of Japanese companies at the time of the yen's sharp appreciation in the past, IBM took restructuring steps to cope with the current high-dollar trend, resulting in dissolving a 10 percent foreign exchange loss last year. But with the dollar now hovering at the 120 yen to the dollar level the view sweeping across the computer industry is: "The current level is almost at a critical zone to dissolve foreign exchange losses. Should the dollar soar further, our exports could drop." Such a trend is likely to spread to other export-oriented companies.

In the automobile industry, the high-dollar trend has threatened the position of U.S. manufacturers in terms of both exports and imports. A strong dollar naturally decrease imports of U.S. cars, and accelerates exports of Japanese cars to the U.S.
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The share of Japanese cars in the U.S. market has already reached 30 percent, including products assembled in the U.S. A further increase in exports of Japanese car could become the seed for another automobile dispute between the two countries. To take advantage of yen depreciation, Honda Motors reportedly is studying the possibility of shifting again production base of the popular model station-wagon Accord from the U.S. to Japan.

A Chrysler executive stated, "The low-yen and high-dollar trend might help Japanese manufacturers trim

their production costs, resulting in their regaining price competitiveness in the U.S. market."

An executive of the America Manufacturing Industries' Association made the comment; "By stepping up restructuring efforts, U.S. corporations have pushed down their production costs. But if the dollar is below the 115 yen to the dollar level, we cannot do it."

Terukazu Matsuki, President of Daiwa Research Institute U.S.A., remarked, "With a 125 yen to the dollar level, labor costs of Japan and the U.S. will be at the same level. A weaker dollar would place Japanese manufacturers at an advantage and mar their bilateral trade friction." As it stands, the market value of the dollar against the yen has now plunged into the warning zone.

(4) GSDF to Set up Supply Command, Aiming at End of Next Fiscal Year, for Swift Disaster Relief Dispatch

SANKEI (Page 4) (Full)
January 29, 1997

The Ground Self-Defense Force will establish a supply control headquarters (tentative name), aiming at the end of FY1997, for its package control of equipment supplies to GSDF units, including clothing and armament. The GSDF will integrate its five central depots for various equipment items and the Ground Staff Office Logistics Department's service support unit for better efficiency in such services as procurement, storage, supply, and maintenance. The aim is to cope with complexity in equipment procurement and respond quickly to disaster relief operations.

Equipment items used by GSDF units stationed throughout the country are classified into the categories of ordnance supplies, signal supplies, medical supplies, quartermaster supplies (such as clothing), and engineer supplies (such as heavy machinery). The GSDF's five central supply depts are currently in charge of supply and maintenance services for these categories of equipment items. The materials control unit has been tasked with computer-aided processing services for all these categories of equipment items, but is not in charge

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of any equipment supplies.

In recent years, however, there has been an increase in the quantity of equipment. Additionally, the GSDF has introduced such new systems as the multiple-launch rocket system (MLRS) -- an integrated built-in system of upgraded radio equipment and radar. So, there are now many more cases where it is difficult for the current depots to provide supply and maintenance services quickly. Moreover, negative effects were also pointed out for such reasons as taking time to provide such items as clothing and vehicles to GSDF units mobilized in the event of large-scale disasters or dispatched for peacekeeping operations (PKO).

The GSDF, therefore, has decided to aim at efficiency through its unitary control of the supply depots in order to "consolidate the basis of logistics in the rear, first of all" (according to a staff officer), while going along with its structural reform accompanying a substantial reduction of GSDF personnel from next fiscal year on.

The supply command will be headquartered at the GSDF's Jujo Garrison in Kita Ward, Tokyo, for administrative control and management. Actual supply and maintenance services for all GSDF units in the country will be provided by a Kanto supply depot to be established additionally at the Kasumigaura Garrison (in Tsuchiura City, Ibaraki Prefecture), where 3,900 service members will be assigned.

Other bills for the purpose of establishing the supply command, including a bill to revise the Self-Defense Forces Law, were approved as bills related to the next fiscal year budget at a joint meeting of the Liberal Democratic Party's defense-related divisions on January 28.

(5) Okinawa Prefecture's Anti-Base Stance
Wavering; Growing Calls for Acceptance in
Expectation of Economic Promotion

NIHON KEIZAI (Page 27) (Full)
January 27, 1997

In Okinawa Prefecture, where the issue of constructing an alternative heliport along with the scheduled reversion of the U.S. Forces' Futenma Air Station site is now at its climax, the local municipalities' deep-rooted anti-base stance is changing. The Government has recently asked Nago City to cooperate on its preliminary feasibility study for heliport construction. In the city of Nago, however, there is now a proposal being floated in favor of accepting it on the basis of foreshore reclamation as leverage to correct the prefecture's "north-south disparity." Moreover, Urasoe City, which has refused the proposed relocation of the military port facility of Naha to

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its area, is now being involved as well in the gradual spread of calls for the city's acceptance of its relocation in linkage with the city's local development.

(Koichi Sugino, Naha Branch Bureau Chief)

Alternative heliport

Reclamation idea surfaces rapidly

"The northern area accounts for 62 percent of the main island of Okinawa. But the (northern area's) population is one tenth of the prefecture's total population of 1,200,000. The northern area has been left behind in every aspect, so we're dissatisfied." Nago City's Mayor Tetsuya Higa so explained the plight of northern Okinawa earnestly to the Prime Minister's special assistant, Yukio Okamoto, and other Government officials who called on the mayor at the city's municipal office on January 9. All the Government officials present at the meeting say they felt a "response." Five days later, Okamoto became the first among Government officials to specify "an area in the waters off Camp Schwab" in the southeastern part of Nago City as a candidate place for the planned construction of a heliport.

On January 21, Nago Mayor Higa refused the Government's request for the city's cooperation on its preliminary survey. But the spearhead of his criticism was turned to the prefectural government -- rather than to the central government -- because none of the prefectural government's officials was at the meeting where the Government's request was made. The mayor said, "It's extremely regrettable that any prefectural government official didn't come to attend that important meeting." He added, "The prefectural government is the party concerned. I want the prefectural government to become a guarantor and guarantee every possible thing."

Last year, Nago City held two townsfolk gatherings against the heliport construction plan. Still, Mayor Higa has been saying, "I am willing to listen (to the central government's explanation)." The mayor has thus left his response implicative. On the other hand, the mayor has voiced his dissatisfaction concerning Governor Masahide Ota's "international urban planning" initiative, claiming that "the positioning of the northern area is unclear" in the concept.

At the end of last year, the Japan-U.S. Special Action Committee (on Facilities and Areas in Okinawa) (SACO) released its final report that incorporated a "sea-based facility." Meanwhile, however, there came up a move to accept the heliport, making it a condition to reclaim a foreshore from the sea, and the local campaign expanded. What underlies this situation is such a "north-south problem" and a feeling of distrust

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toward the prefectural government.

Economic circles in the middle and northern parts of Okinawa Prefecture worked out an idea of reclaiming a foreshore near Henoko Point in Nago City and collectively relocating both the Naha military port facility and the Makiminato Service

Area's supply depot (in Urasoe City) as well to that reclaimed foreshore, and this idea was transmitted to the Japanese and U.S. Governments. The Northern Okinawa Association of Corporations, consisting of 712 companies in 12 municipalities in the northern part of Okinawa Prefecture, released a statement in favor of the proposed relocation of those facilities to a reclaimed foreshore. Higashi Village neighbors on Nago City, and the village's headman, Shigeru Miyagi (or Miyashiro?), has also clarified his intention of inducting the heliport, making it a condition to extend the expressway.

The local side, centering on its economic circles, has been dissatisfied with the planned construction of a sea-based heliport. One said, "Local companies will have no chance of access to the project." Another's view was: "If the facility is going to be removed in the future, nothing will be left in Okinawa." Norio Ota, the president of the Okinawa Chamber of Commerce and Industry, which created the proposal of reclamation, stresses: "It will be possible to promote the northern area's economy by inducting port facilities in addition to the heliport. This is the best chance in a hundred years."

Okinawa Prefecture has been strongly opposed to the proposed idea of base relocation from one place to another locality within the prefecture, and it has been a taboo in the prefecture to argue about the propriety of accepting bases. Will the northern area's strong expectation of economic promotion become a clue to dissolve the complicated base problem, or will it get the problem entangled on the contrary? No one knows what the outcome will be.

Naha military port

"Urasoe development will be accelerated"

The question of whether or not to accept the proposed relocation of the Naha military port's facility was a point at issue in the January 19 mayoral election of Urasoe City. The successful candidate in the city's mayoral election was Kenichi Miyagi (or Miyashiro?), who was against such relocation. However, his plurality was only 236. The total vote of two conservative candidates (as his rivals), who were on the side of conditional acceptance, was nearly double the number of votes for Miyagi. Namely, the defeated candidates in favor of accepting the facility were a majority of the total number of votes obtained.

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DEPT PASS ELECTRONICALLY TO USDA FAS/ITP FOR SCHROETER

E.O. 12958: N/A
TAGS: PGOV, PINR, JA
SUBJECT: JAPANESE DAILY PRESS SUMMARY 01/29/97

In 1974, the Japanese and U.S. Governments agreed on the overall return of the Naha military port facility area. The Japanese Government faced difficulties in the process of selecting an alternative site. At long last, in 1995, the two governments agreed to relocate the facility to an area of piers where Urasoe City was pushing ahead with reclamation work. The incumbent mayor was then opposed to accepting the facility's relocation to that area, but an increasing number of people there voiced their calls for the city's conditional acceptance of the facility, with an eye also to possible "development" projects.

The "Urasoe Pier Project" -- a plan to reclaim the western foreshore of the Makiminato Service Area's supply depot -- has been a hopeful showcase that could activate the city. Yet, the project has ever made little progress. The planned scale of a breakwater required for berth construction is 5.6 kilometers, but only a 480-meter portion of it is now completed. Masao Kochi, the director general of the city's west coast development bureau, explains: "It will cost at least 100 million yen to construct a one-meter-long breakwater, but the Government's coverage of expenses for the project is approximately 10 billion yen a year." In such a situation, the city cannot look ahead into the future.

Because of little progress in the project, the number of member firms participating in the Urasoe Wholesale Complex Consultative Council, a local business entity made up of companies hoping to become the reclaimed land's tenants, has now decreased to 29, though it started with 63 member companies. Undoubtedly, the local economic circles, with their irritation growing, are now strongly thinking to themselves that "if the city accepts the military port facility's relocation to Urasoe, the port-harbor project will make headway at a stroke with the Government's priority investment." In fact, the incumbent mayor, who is against the military port facility's relocation to

the city, has now given up his intention of running for his reelection, and this was primarily because the local economic circles have now decided not to support him.

All the more for the foregoing reason, the local economic circles are obviously disappointed at the outcome of the city's recent mayoral election. They are now nervous also about the moves in the northern part of the prefecture for inducting the military port facility. The prefectural government also wants at heart to expedite the military port facility's relocation to Urasoe from its position of pushing ahead with its international urban planning initiative.

"Excluding the newly elected mayor and his predecessor, the city and the economic circles are both in favor of accepting the facility's
UNCLAS SECTION 11 OF 11 TOKYO 000801

DEPT FOR E, P, PM, EB, EAP/J AND S/AL
USIA FOR MR AND REA
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COMMERCE FOR JEAN GRIER IN GENERAL COUNCILQS OFFICE, DAS
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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 01/29/97

relocation," says a senior official of the city. However, it is a grave fact that the city's people chose a mayor who is opposed to the facility's relocation to their place. Governor Ota also endorsed Miyagi in the past. Over the problem of military bases, idealism is divorced from reality - and form from substance. Such a kind of estrangement is only agonizing the prefecture and the city.

(6) MAGAZINE ARTICLE: U.S. Uses "Japan Card" for Its Diplomacy with China

FORESIGHT
January 1997

According to a Chinese diplomatic source, the "list of former Japanese military personnel who had been refused entry into the United States," as released by the U.S. Department of Justice last December, was transmitted to the Chinese government through diplomatic channels before it was made public. The source explained that the U.S. Government's

intention was: "for the U.S. to reply to China, which was upset by such moves as the redefinition of the Japan-U.S. security arrangement, fearing that such was for the containment of China." The source added: "The Chinese government has regarded such a move by the U.S. as a sign of the Clinton Government's consideration to China."

The 16 Japanese citizens whose entry was prohibited (last December) include 12 members of the former 731 unit, which carried out experiments on humans during the War, three persons responsible for the establishment and operation of comfort women (sex-slave) stations, and one involved in both activities. The U.S. has implemented similar treatment to those connected to the German Nazis. However, it started its investigation toward Japan in 1994. In its oral briefing, the U.S. reportedly told the Chinese government that there are another ten Japanese likely to be prohibited from entering the U.S. and that it promised that it would inform it when it formally decides on the prohibition of entry.

The outlook is that various maneuverings will take place among Japan, the U.S. and China in the future over each other's bilateral relations. The diplomatic source analyzes that the U.S.' prior notice to China indicates that the U.S. has changed its policy stance and is now using its Japan card to improve its relations with China.

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SECT: SECTION: 01 OF 11

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TO: RUEHC/SECSTATE WASHDC 0103
INFO: RUEHKO/AMEMBASSY TOKYO 1242
SUBJ: IWAKUNI MAYOR ACCEPTS KC-130 TRANSFER

TEXT:
UNCLAS FUKUOKA 0035

SENSITIVE

E.O. 12958: N/A
TAGS: MARR, PGOV, PREL, JA

SUBJECT: IWAKUNI MAYOR ACCEPTS KC-130 TRANSFER

1. SENSITIVE BUT UNCLASSIFIED.

2. IWAKUNI MAYOR YOSHIMITSU KIFUNE TOLD A SPECIAL SESSION OF THE CITY ASSEMBLY JANUARY 28 THAT HE WAS PREPARED TO ACCEPT THE GOJ'S DECISION TO TRANSFER 12 USMC KC-130S (USED FOR AERIAL REFUELING) FROM OKINAWA'S FUTENMA AIR BASE TO MARINE CORPS AIR STATION IWAKUNI, YAMAGUCHI PREFECTURE. KIFUNE SAID HE WAS SATISFIED WITH THE JAPANESE GOVERNMENT'S ASSURANCE THAT THE TRANSFER WOULD NOT LEAD TO AN EXPANSION OF THE AIR STATION, THAT NOISE POLLUTION WOULD BE MANAGEABLE AND THAT A PART OF THE BASE WOULD BE RETURNED TO THE CITY AS WELL. KIFUNE ALSO MADE A POINT OF SAYING THAT HE HOPED HIS DECISION WOULD HELP ALLEVIATE SOME OF THE BURDEN ON THE OKINAWAN PEOPLE.

3. MAYOR KIFUNE'S FINAL OFFICIAL DECISION WILL BE MADE BY THE END OF JANUARY 1997 AFTER HAVING TALKS WITH THE YAMAGUCHI PREFECTURAL GOVERNMENT AND NEIGHBORING TOWNS. THE MAYOR INSISTED THAT HE HAD THE DISCRETION TO SPEAK FOR THE CITY ON THIS MATTER, AND THEREFORE DID NOT ASK FOR AN ASSEMBLY RESOLUTION. ONLY A COUPLE OF ASSEMBLYMEMBERS, MOST NOTABLY THE TINY JAPAN COMMUNIST PARTY CONTINGENT, PUBLICLY EXPRESSED OPPOSITION TO THE MAYOR'S STANCE. THE MAYOR MUST NOW ENTER INTO A NEW ROUND OF TALKS WITH THE GOJ TO PUSH FOR HIS NINE PROPOSALS, WHICH INCLUDE CITY INFRASTRUCTURE DEVELOPMENT PROJECTS.

4. IWAKUNI CHAMBER OF COMMERCE & INDUSTRY PRESIDENT SHINJI KAWASHIWABARA WELCOMED THE MAYOR'S STATEMENT. HOWEVER, HE ADDED THAT SINCE A MAJORITY OF LOCAL CITIZENS AGREED TO THE TRANSFER, THE MAYOR WAS LATE IN MAKING HIS DECLARATION. HE SAID HE EXPECTED MAYOR KIFUNE TO WORK HARD ON A PROPOSAL TO TURN THE CURRENT MCAS IWAKUNI RUNWAY INTO A DUAL-USE FACILITY, IN ORDER TO PROMOTE CITY AND REGIONAL DEVELOPMENT.

5. COMMENT. SEVERAL FACTORS COMBINED FOR A SUCCESSFUL OUTCOME ON THIS ISSUE. FIRST, MCAS IWAKUNI, PARTICULARLY THE BASE COMMANDER, HAS WORKED HARD TO KEEP EXCELLENT BASE-COMMUNITY RELATIONS. SECOND, MAYOR KIFUNE IS A VERY PRO-AMERICAN CONSERVATIVE POLITICIAN WITH NO AXE TO GRIND AGAINST U.S. FORCES JAPAN. THIRD, IWAKUNI IS AN OLD MILITARY TOWN, AND CITIZENS ARE GENERALLY SUPPORTIVE OR ACCEPTING OF THE BASE PRESENCE. FOURTH, IWAKUNI BUSINESS AND POLITICAL LEADERS ARE TRANSFIXED WITH THE PROSPECT OF LOTS OF DEVELOPMENT FUNDS, AND HOPES OF EVENTUAL ESTABLISHMENT OF A DUAL-USE AIRPORT IN THEIR SMALL CITY. THIS WAS CLEARLY A WINNING COMBINATION.

HYLAND

SECT: SECTION: 01 OF 01

SSN: 0035

TOR: 970130030638 M2594724

DIST:

SIT: BELL SESTAK

SIT: NSC

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RUEHOK/AMCONSUL OSAKA KOBE PRIORITY 0269
SUBJ: MEDIA REACTION, CHECHNYA AND OKINAWA; TOKYO
TEXT:
UNCLAS TOKYO 000851

USIA

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

E.O. 12958; N/A

SUBJECT: MEDIA REACTION, CHECHNYA AND OKINAWA; TOKYO

LEAD STORIES: THE THURSDAY MORNING NIHON KEIZAI GAVE
TOP COVERAGE TO THE TRANSPORT MINISTRY'S PLAN TO EASE
RESTRICTIONS ON APPLICATIONS FOR DOMESTIC AIRLINE, TAXI
AND BUS SERVICES STARTING IN 1997. OTHER PAPERS GAVE
TOP PLAY TO SATURDAY'S TALKS IN TORONTO BETWEEN PRIME
MINISTER HASHIMOTO AND PERUVIAN PRESIDENT FUJIMORI.

1. "CHECHENS ELECT MODERATE AS PRESIDENT" THE LIBERAL
ASAHI EDITORIALIZED (JANUARY 30), "A TV CLIP SHOWED
RUSSIAN PRESIDENT YELTSIN BACK AT WORK IN THE KREMLIN
FOR THE FIRST TIME IN THREE WEEKS SINCE BEING
HOSPITALIZED FOR PNEUMONIA. YELTSIN'S APPEARANCE AT
THE KREMLIN SYMBOLIZES THE SENSE OF RELIEF HE FELT AFTER

THE ELECTION OF MODERATE LEADER ASLAN MASKHADOV TO THE CHECHEN PRESIDENCY. WE ALSO WELCOME THE RESULT OF THE CHECHEN ELECTION AND THE APPARENT RUSSIAN AND CHECHEN READINESS TO NEGOTIATE IN A COOL-HEADED MANNER TO TERMINATE A CIVIL WAR THAT HAS CLAIMED THE LIVES OF BETWEEN 40,000 AND 80,000 PEOPLE.

"PRESIDENT YELTSIN COMPLIED WITH A CEASEFIRE IN AUGUST AND DECIDED TO MAKE A COMPLETE MILITARY WITHDRAWAL FROM CHECHNYA IN NOVEMBER. THAT POLITICAL GAMBLE WAS MADE BY YELTSIN IN ANTICIPATION OF THE APPEARANCE OF A MODERATE IN CHECHNYA AS AN AUTHORITATIVE NEGOTIATOR WITH RUSSIA. AT THE SAME TIME, MASKHADOV'S LANDSLIDE VICTORY REFLECTS THE STRONG HOPES FOR PEACE AND RECONSTRUCTION AMONG THE WAR-WEARY CHECHEN PEOPLE."

2. "AGONY OF OKINAWANS SHOULD BE SHARED" THE TOP-CIRCULATION, MODERATE YOMIURI HELD (JANUARY 30), "THE CONTROVERSY OVER THE PLANNED RETURN OF A U.S. MARINE CORPS AIR STATION AT FUTENMA, OKINAWA, TOOK A NEW TURN ON TUESDAY WHEN IWAKUNI MAYOR KIFUNE EXPRESSED HIS ACCEPTANCE OF THE RELOCATION OF AN AIR REFUELING AND TRANSPORT UNIT FROM FUTENMA TO THE IWAKUNI USMC BASE IN YAMAGUCHI PREFECTURE (HONSHU ISLAND). WE HOPE THE MAYOR'S MOVE WILL FURTHER SPUR EFFORTS TO REALIZE THE RETURN OF THE FUTENMA BASE -- A SYMBOL OF U.S. BASE CONSOLIDATION AND REDUCTION ON OKINAWA.

"MAYOR KIFUNE TOLD THE MUNICIPAL ASSEMBLY 'I HOPE THIS ACTION, IF ONLY IN A SMALL WAY, RESPONDS TO THE ASPIRATIONS OF THE OKINAWAN PEOPLE.' WE HOPE THAT KIFUNE'S REMARK SHOW A WILLINGNESS BY LOCAL GOVERNMENTS ON THE MAIN ISLANDS TO SHARE 'OKINAWA'S PAIN.' THE MAYOR'S DECISION DESERVES PRAISE.

"THE BIGGEST REMAINING ISSUE REGARDING THE RETURN OF FUTENMA AIR STATION IS THE CONSTRUCTION OF AN ALTERNATE HELIPORT. THE FINAL REPORT OF THE SPECIAL ACTION COMMITTEE ON OKINAWA (SACO), ISSUED LAST DECEMBER, INDICATED THAT A REMOVABLE SEA-BASED HELIPORT WOULD BE CONSTRUCTED IN WATERS OFF CAMP SCHWAB IN NAGO. THE LEADERS AND CITIZENS OF NAGO, HOWEVER, HAVE PROTESTED THE IDEA, THUS LEAVING THE CENTRAL GOVERNMENT UNCERTAIN AS TO HOW SOON AN ON-SITE SURVEY CAN BE CONDUCTED FOR THE HELIPORT PLAN."

CRANE

SECT: SECTION: 01 OF 01

SSN: 0851

TOR: 970130033542 M2594759

DIST:

SIT: NSC

Cable

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CLASS: UNCLASSIFIED
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RUAYJAA/COMPATWING ONE KAMI SEYA JA
RUAGJHA/CGUSARJ CAMP ZAMA JA//IX CORPS G5//
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RHHMUNA/USCINCPAC HONOLULU HI
SUBJ: JAPANESE DAILY PRESS SUMMARY 01/30/97

TEXT:

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

UNCLAS SECTION 01 OF 12 TOKYO 000859

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
JUSTICE FOR STU CHEMTOB IN ANTI-TRUST DIVISION
COMMERCE FOR JEAN GRIER IN GENERAL COUNCILQS OFFICE, DAS
TREASURY FOR OASIA/IMI/JAPAN
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E.O. 12958: N/A
TAGS: PGOV, PINR, JA

SUBJECT: JAPANESE DAILY PRESS SUMMARY 01/30/97

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- (2) Yomiuri Poll: Public Rating of Hashimoto Cabinet over Past One Year Divided into Two Different Views
- (3) Main Points of Interview with Chinese Vice Foreign Minister
- (4) Government to Amend Law by April for Approval of U.S. Military's Continued Use of Land in Okinawa during Expropriation Board's Review after Expiration of Land Leases in May
- (5) Interview with Yoshikazu Kano, Guest Researcher of General Research and Development Institution (Part 2)
- (6) Profile: Masahiro Kunimi, Chief of the Newly Established JDA Intelligence Headquarters

ARTICLES:

- (1) EDITORIAL: The Decision to Share "Okinawa's Pain"

YOMIURI (Page 3) (Full)
January 30, 1997

On the issue of the planned reversion of the U.S. Forces' Futenma Air Station site in Okinawa, Yoshimitsu Kifune, Mayor of Iwakuni City in Yamaguchi Prefecture, has now clarified his intention of accepting the proposed reassignment of an aerial-refueling and airlift unit to the U.S. Marine Corps' Iwakuni Air Station.

We hope the mayor's acceptance thereof will give momentum to the actual reversion of the Futenma airfield, which symbolizes the problem of realigning and reducing the U.S. military bases.

The air-refueling and transport unit's transfer from Futenma to Iwakuni Air Station was agreed on between Japan and the U.S. in April last year as one of the preconditions for Futenma reversion. The agreement, in substance, is to transfer 14 Iwakuni-based vertical takeoff and landing (VTOL) planes to the U.S. mainland and to instead restation 12 aircraft, including tanker planes and transports, from Okinawa to Iwakuni.

Iwakuni City's municipal assembly has adopted a

unanimous resolution opposing this move. In the city, there are still some moves in opposition to the city's acceptance of such transferral.

Even so, Mayor Kifune has firmed up his intention to accept the transferral. The mayor says it is because he judged that the unit's transfer to his
UNCLAS SECTION 02 OF 12 TOKYO 000859

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E.O. 12958: N/A
TAGS: PGOV, PINR, JA
SUBJECT: JAPANESE DAILY PRESS SUMMARY 01/30/97

city would not lead to reinforcing or expanding Iwakuni Air Station's base functions, and is also because the Government has promised to take thoroughgoing measures for noise prevention and safety.

Mayor Kifune stated in his report before his city's municipal assembly: "I have been thinking to myself that I would be happy if I could respond to the sensitivities of the people of Okinawa by settling this problem."

We would like to regard it as the mayor's manifestation of his will to call on other local public entities on the mainland of this country to share "Okinawa's pain" as well. In that sense, the mayor's decision is appreciated.

The most difficult problem facing the Futenma airfield site's reversion is the problem of constructing an alternative heliport.

Last December, the Japan-U.S. Special Action Committee on Facilities and Areas in Okinawa (SACO) compiled a nal report, in which SACO expects a removable sea-based heliport to be constructed in the waters off the U.S. Forces' Camp Schwab in Nago City. But such an idea has encountered local municipalities' opposition, and the Government remains unable to look out for a feasibility study there.

For the problem of Futenma reversion, constructing an alternative heliport is a precondition that is more important than the transfer of troops to

Iwakuni. It could greatly affect the capability of U.S. forces in Japan -- and the credibility of the Japan-U.S. security arrangement.

So as not to end the Iwakuni mayor's decision in vain, the Government ought to make every possible effort to persuade the local municipalities in cooperation with Okinawa Prefecture.

From the perspective of sharing "Okinawa's pain" as far as possible, we will also have to hurry to transfer the U.S. military's across-the-prefectural-road live-fire artillery practice to the mainland of Japan -- another focus in the realignment and reduction of bases.

Japan and the U.S. have now already agreed to have such live-fire training carried out separately at the Self-Defense Forces' maneuver ranges in five places, including Yausubetsu (in Hokkaido) and Hijudai (in Oita Prefecture), from this April on. So, the Defense Facilities Administration Agency and local municipalities are now holding talks.

The Government explains that those five SDF ranges were chosen on the basis of its judgment that the possible effects of such firing practice on the areas around the ranges can be minimized. So far,
UNCLAS SECTION 03 OF 12 TOKYO 000859

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JUSTICE FOR STU CHEMTOB IN ANTI-TRUST DIVISION
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E.O. 12958: N/A
TAGS: PGOV, PINR, JA
SUBJECT: JAPANESE DAILY PRESS SUMMARY 01/30/97

however, only two municipalities have decided to accept it. Most other local governments have not yet clarified their attitude or have been assuming a stance against it.

For an amicable settlement of the problem, we want the Government to listen to the local side's desire and take every possible measure in such areas as noise prevention. On the other hand, the local public entities concerned should take into consideration not only their own local interests but also such perspectives as the necessity of resolving the Okinawa problem and maintaining the Japan-U.S. security arrangement.

(2) Yomiuri Poll: Public Rating of Hashimoto Cabinet over Past One Year Divided into Two Different Views; Affected by Jusen Problem and Other Issues

YOMIURI (Pages 2 & 13) (Excerpts)
January 30, 1997

More than half of the nation's people think highly of the Hashimoto cabinet's efforts for administrative reform, but the public's view of its performance over the past year is split: "appreciate" it at 47 percent and "don't appreciate" it at 48 percent. Such results became clear from a nationwide public opinion survey conducted by the Yomiuri Shimbun over two days from January 18 to 19 on the year-old Hashimoto cabinet.

It is presumably because Prime Minister Hashimoto and his cabinet have been driven to deal with a number of pending issues carried over from the predecessor cabinet, such as the jusen (housing loan corporations) problem and the final decision to raise the consumption tax rate, and is probably because the Prime Minister has failed to put his own imprint on his cabinet. However, as compared with the results of surveys conducted one year after the past Liberal Democratic Party cabinets' inauguration in recent years, the rate of those who "appreciate" the Hashimoto cabinet, despite its being lower than the Kaifu cabinet's 59 percent, is higher than the Takeshita cabinet's 44 percent and the Miyazawa cabinet's 24 percent.

About the Hashimoto cabinet's stance of tackling administrative reform, "appreciate" was at 57 percent, "don't appreciate" at 32 percent.

Questions & Answers

(The figures are shown in terms of percentage.)

Q: One year has passed since the Hashimoto cabinet came into office. If there is anything you can appreciate in particular about Prime Minister Hashimoto's actual achievements and his cabinet's performance over the past year, pick as many as you like from among those listed below.

UNCLAS SECTION 4 OF 12 TOKYO 000859

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JUSTICE FORSTU CHEMTOB IN ANTI-TRUST DIVISION
COMMERCE FOR EAN GRIER IN GENERAL COUNCILQS OFFICE, DAS
TREASRY FOR OASIA/IMI/JAPAN

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Handled the problem of (insolvent) jusen (housing
loan corporations) in an adequate way 4.9

Obtained results for the problem of U.S. military
bases on Okinawa, such as the agreement on the
Futenma airfield site's reversion 19.2

Revealed administrative flaws, such as the problem
of AIDS caused by medicines 33.8

Revised the tax system, such as the raising of the
consumption tax rate 4.4

Restored the Liberal Democratic Party in the Lower
House election 12.1

Making serious efforts for administrative reform,
such as the establishment of an administrative
reform conference 9.7

Implementing a positive package of economic
stimulus policy measures 3.0

Pushing ahead with a package of welfare policy
measures, such as a plan to establish a public
nursing care insurance system 6.4

Coping with the Peru hostage incident in an
adequate way 7.6

Nothing in particular; no answer 38.6

Q: On the contrary, if there is anything you
cannot appreciate in particular about Prime
Minister Hashimoto's actual achievements and his
cabinet's performance over the past one year, pick
as many as you like from among those listed below.

His government's way of handling the jusen problem
was unconvincing 37.9

Failed to obtain sufficient results for the problem
of military bases, such as the return of U.S.
military base sites 11.1

Bureaucrats brought about a number of scandals in
succession 43.2

Raised the consumption tax rate 51.0

Restored the LDP in a Lower House election 3.2

His government's efforts for administrative reform
is insufficient 17.7

No economic recovery 42.6

His government's welfare policy is
insufficient 17.4

Failed to cope with the Peru hostage incident in an
adequate way 9.3

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Nothing in particular; no answer 10.9

Q: Do you appreciate Prime Minister Hashimoto's
actual achievements and his cabinet's performance
on the whole over the past one year, or do you not?

Appreciate very much 2.8

Appreciate somewhat 43.7

Don't appreciate very much 37.2

Don't appreciate at all 11.0

No answer 5.3

Q: The Hashimoto cabinet positions administrative
reform as its primary political task. Do you
appreciate this stance, or do you not?

Appreciate 56.6

Don't appreciate 32.1

No answer 11.3

Q: The bureaucracy will presumably put up
resistance to administrative reform this time. Do
you think the Hashimoto cabinet will be able to
hold down the bureaucracy's resistance, or do you
not think so?

Able to hold down such 20.0

Unable to hold down such 64.9

No answer 15.2

Q: The present second Hashimoto cabinet is an LDP cabinet. When compared with the coalition cabinets that were successively in office for 3 years and 3 months from the Hosokawa cabinet which came into office in 1993, do you think it is better now, or do you think there has been no change?

Better	7.0
Somewhat better	21.9
No change	54.8
Somewhat worse	7.9
Worse	3.5
No answer	4.8

Q: Compared with the LDP's single rule prior to the Hosokawa cabinet's coming into office in 1993, do you think the LDP is now better or worse than before in nature, or do you think it remains unchanged?

Better	7.9
Somewhat better	23.6
No change	50.3
Somewhat worse	7.9
Worse	5.1
No answer	5.1

(Method of Survey)

Date of Survey = January 18, 19

Objects of Survey = 3,000 persons chosen from among
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all eligible voters throughout the country (at 250 points, on a stratified two-stage random-sampling basis)

Method of Conducting = Door-to-door visits for individual interviews

Number of Effective Respondents = 2,030 persons (68 percent)

Breakdown of Respondents = Males -- 47 percent, females -- 53 percent; persons in their 20Qs -- 15 percent, 30Qs -- 15 percent, 40Qs -- 21 percent, 50Qs -- 20 percent, 60Qs -- 20 percent, 70 and over -- 9 percent; big cities (TokyoQs wards and Government-ordinance-designated cities) -- 20 percent, medium-size cities (with a population of more than 100,000) -- 37 percent, small cities (with a population of less than 100,000) -- 20 percent, towns and villages -- 23 percent.

(3) Main Points of Interview with Chinese Vice Foreign Minister

YOMIURI (Page 4) (Full)
January 30, 1997

(Beijing, January 29, Kiyoshi Takai)

The main points of an interview with Chinese Vice Foreign Minister Tang Jia Xuan is as follows:

Present State of Japan-China Relations

It is an objective fact that various disputes and discord arose between Japan and China last year. The causes for all lie with the Japanese side, but I would like to emphasize that the Chinese Government will make no change in its policy toward Japan.

Based on the "Japan-China Joint Communiqui" and the "peace and friendship treaty," we would like to continue to expand the good neighbor and friendship relationship.

Before celebrating the 25th anniversary (of diplomatic relations), numerous problems lie ahead for persons concerned to think hard about. If the two countries observe the items of understanding and agreement reached 25 years ago between the two leaderships, bilateral relations will progress smoothly. We are confident of the future of the two countries.

We plan to develop meaningful activities for the celebration that will include high-level exchanges between both countries. We would like to work together to create the proper atmosphere, conditions and an environment needed for that. Foreign Minister Ikeda's trip to China planned in March is one of the most important events for us.

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world.

Redefinition of the U.S.-Japan Security Treaty

The U.S.-Japan Security Treaty is a bilateral security arrangement between Japan and the U.S. that was concluded under bygone unique historical conditions. If the nature of the treaty is retained in the future, it will not give rise to a watchful eye, controversy and alarm among Asian countries.

The Japanese Government has given us explanations about the Japanese position over and over again. We also received explanations from the U.S. side. Both countries have articulated that the review work for the present security cooperation guidelines covers the same content and scope as before and does not expand, and that it does not hypothesize certain third countries including China. We hope both countries' explanations about their positions will be proved by their actions.

Prime Minister Hashimoto's Round of Visits to Southeast Asian Countries

(Regarding the Chinese side's reporting that such visits were done in order to hold China in check,), for now China, as an open society, offers opportunities for journalists, academics and critics to express their own opinions. Such opinions or views are not necessarily the (Chinese) Government's opinions 100 percent of the time.

Naturally, we think such a trip by the Japanese prime minister, made despite the unsettled Peru hostage situation, was based on certain political, economic and diplomatic motivations. That point will be made clear if the Hashimoto-Clinton doctrine, so to speak, is probed into.

Civilian Exchanges

Some maintain that China's nuclear testing has had an impact on the Japanese people's view of China,

but conversely speaking, several measures taken by the Japanese side have brought about more changes in the Chinese people's view of Japan.

In order to improve the situation and widen private-sector exchanges, the following four points are essential:

Based on the spirit as is seen in the two documents -- the joint communique and the friendship treaty - - our two governments should spell out the proper direction;

A correct historical view should be taught to the younger generations;

Mutual understanding should be deepened by
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increasing contacts at various levels; and

Mass media ought to report the facts objectively.

(4) Government to Amend Law by April for Approval of U.S. Military's Continued Use of Land in Okinawa during Expropriation Board's Review after Expiration of Land Leases in May

YOMIURI (Top Play) (Lead)
Eve., January 30, 1997

The Government's forcible requisitioning of about 3,000 persons' lands, now used by 12 U.S. military facilities in Okinawa Prefecture, including Kadena Air Force Base, is due to expire on May 14. On this problem, the Government has now decided as of January 30 to file an application with Okinawa Prefecture's expropriation commission in late February at the earliest for six months' emergency use of those requisitioned lands and to amend the Special Land Lease Law for the (U.S.) Forces Stationed in Japan by April at the latest in case the Government cannot expect the expropriation board to grant its proposal of emergency use before

the time limit. In the case of choosing to amend the law, the Government will then add a stipulation to the law's supplementary provisions to the effect that "the Government shall be allowed to make continued use of land under a prefectural expropriation commission's examination." The Government is thus going to employ such a double-decker approach with its filing of an application for emergency use and its taking of action to revise the law. The aim is to minimize negative reactions from the Social Democratic Party, which is negative about such an amendment to the law, and from Okinawa Prefecture by trying as far as possible to pursue a solution other than to go for a legal step. In the near future, the Government is looking into the possibility of Prime Minister Hashimoto meeting Okinawa Prefecture Governor Masahide Ota in order to obtain the prefecture's understanding.

(5) Interview with Yoshikazu Kano, Guest Researcher of General Research and Development Institution (Part 2); Government Needs to Work out Deregulatory Measures That Produce an Immediate Effect on the Economy

SANKEI (Page 7) (Full)
January 28, 1997

-- The Government will be compiling a "deregulation promotion program" by the end of March. What do you think about the significance of deregulation?

Kanoo: Deregulation initially should serve to fully draw out the potential of the people and of economic resources such as capital and land.

For instance, Indonesia is a state composed of many
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islands. Marine resources are found in abundance around the country but they have not been fully developed because fishermen have no boats. Imports of second-hand fishing boats from Japan at giveaway prices would be a good solution, but Indonesia

prohibits imports of such products. Fishermen in the nation have no choice but to buy new boats that were built at domestic navy yards, but they cannot afford to purchase them. If they could get low-priced imported fishing boats, the navy yards would go bankrupt. Should such import restrictions be lifted, fishermen would be able to buy cheap second-hand fishing boats and reach their full potential and exploit the natural resources 100 percent. Regulations tend to kill the potential of people and natural resources. Once regulations are scrapped, such potentiality will be mobilized and the economy will grow.

-- Will such (deregulation steps) serve to resuscitate the economy?

Kanoo: Given the economy has not improved despite a series of comprehensive economic packages, the Hosokawa coalition cabinet (inaugurated in the summer of 1993) implemented structural reform with the aim of eliciting Japan's full potential. But the economic reform study group under the Hosokawa cabinet was generally negative about deregulation, on the grounds that although deregulation would invigorate the Japanese economy over the long term, it would slow it down over the short term,. I have insisted, "Such is not the case. Deregulation will generate an immediate, effective and sustained effect." The Hosokawa cabinet did carry out a number of deregulatory measures.

-- Did it produce some specific results?

Kanoo: For example, with the introduction of a users' purchase system for portable phones, instead of the lease system, competition heated up and as a result, prices went down. In 1994, demand for portable phones doubled over that in the previous year. After that, sales for PHS (personal handyphone system) phones have exploded. The current economy has been bolstered by plants and equipment investments by the private sector with a projected 7 percent growth for FY1996. In such investments, the mobile telecommunications industry has posted the most remarkable growth. Investments in the industry reach approximately 1,600 billion yen. This amount is bigger than those in the steel, automobile and semiconductor industries. As seen from this, the current Japanese economy has been supported by achievements of deregulation. In addition, with the relaxation of the Large-scale Retail Store Law, supermarkets have opened outlets in succession. With the wholesaling of electricity approved, capital began to be invested in plants and equipment to independently generate electric power. Those deregulatory measures produced an immediate and effective result. From a long-term

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perspective, such measures will create vitality.

The government's economic policy remains unchanged over many years. When the economy takes a downturn, the government carry out public works investments, implement tax cuts and lower interest rates. The repeated uses of the same camphor injection would have no effect. I recommend the government carry out a full renovation every 50 years. I mean structural reform of the economy. In working out economic measures, the government should focus on drastic deregulation steps and creation of effective demand.

-- A number of regulations that should be eased have been left untouched, but ...

Kanoo: There are still many such regulations. The Administrative Reform Committee has proposed a variety of measures. Once all of them are carried out, I think the Japanese economy will perk up, even without public works investments or tax breaks.

(Keiichiro Nakashizu, Deputy Chief of the Political Section)

(6) Profile: Masahiro Kunimi, Chief of the Newly Established JDA Intelligence Headquarters

MAINICHI (Page 5) (Full)
January 29, 1997

In his first press briefing, the director of the newly established military intelligence organ of the Japan Defense Agency remarked cautiously:
"Under the current situation in which the spectrum of activities of the Self-Defense Forces (SDF) has expanded to include peace-keeping operations (PKO), I intend to do my best to enable my office to contribute to Japan's future." He had been serving previously as commanding general of the 10th

Division, which has now deployed its unit to deal with the oil spill accident caused by a Russian tanker.

He has been serving the JDA for 32 years. For one-third of his career, he worked for the Intelligence Department. He now commands a total of 1,600 personnel including non-uniformed and uniformed officers from the Ground, Maritime and Air Self Defense Forces. From his remark that "I want to make efforts to respond to (the people's) expectations of us as a body," we can detect that there already exist tasks for him in the new organization. The question is how to break down the (bureaucratic) walls that have been obstructing the sharing of intelligence, as well as how to collect effectively and analyze such intelligence.

He is recognized as having a strong sense of responsibility, as seen in the anecdote that while (hospitalized) with the flue and receiving
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intravenous treatment, he insisted on looking over his papers to gave approval or disapproval. He himself acknowledges that he "has a bright and cooperative nature," and those around him chorus: "He is frank and sociable."

During his days as commanding officer of the Asaka headquarters, he rode his bicycle, and did not ride in the official car, to make his rounds around the post. Those who know him say they have been astonished at his knowledge about matters. He has a broad personnel network among non-uniformed officials. He will manage the new organization by taking advantage of that net.

He enjoys ocean fishing as hobby, but for the time being he will not likely do much of that. His family of four includes his wife (48), his son (24), now a senior in college, and a daughter (12) in 6th grade.

Masahiro Kunimi: Born in Kochi Prefecture; graduated from the National Defense Academy; served as GSDF's Lieutenant General and commander general of the 10th Division since March, 1996, after having served in such posts as defense attache at the Japanese embassy in China, and as director of the GSDF Intelligence Department; age 54.

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TOP HEADLINES:

ASAHI: PROSECUTION CONSIDERING ALSO APPLICATION OF PUBLIC
OFFICE ELECTION LAW TO LAWMAKER TOMOBE FOR HIS ALLEGED
MANEUVERS REGARDING RANKING OF CANDIDATES IN PROPORTIONAL
REPRESENTATION ELECTION; TO PURSUE HOW 500 MILLION YEN
WAS USED

NIHON KEIZAI: TWO SHEET PAPER FIRMS, NIHON SHIGYO, JUJO

ITAGAMI TO MERGE, ALSO INTEGRATING SALES BUSINESS OF TOHOKU SEISHI IN OCTOBER; WILL RANK NUMBER 2 IN DOMESTIC SHEET PAPER MARKET

TOKYO SHIMBUN: ENVIRONMENTAL PANEL'S RECOMMENDATION UNVEILED; SEVERAL PLANS COMPARED IN ENVIRONMENTAL ASSESSMENT; PROPOSAL FOR DISCUSSION WITH RESIDENTS ON ITEMS FOR SURVEY; SKI SLOPES, GOLF COURSES SHOULD ALSO BE INCLUDED IN SURVEY ITEMS

MAINICHI: WILL ENTRANCE EXAM SYSTEM CHANGE? WHAT WILL BECOME OF UNIVERSITIES? (PART 1); "ARIMA'S PERSONAL PROPOSAL" TAKING SHAPE; TO AIM AT ADOPTING QUALIFYING EXAM SYSTEM

YOMIURI: AIDS-INFECTED PATIENTS TO BE RECOGNIZED AS DISABLED PERSONS; "DETERIORATED IMMUNITY" WILL ALSO BE COVERED; STUDIES UNDERWAY AT HEALTH MINISTRY; CONSIDERATION GIVEN TO ONE'S PRIVACY

SANKEI: ORANGE MUTUAL AID SOCIETY FRAUD: 1.7 BILLION YEN HAD BEEN USED FOR POLITICAL MANEUVERING, TESTIFYING BY PERSONS INVOLVED; INVESTIGATORS TO RAPIDLY EXPOSE THE WHOLE PICTURE

PRIME MINISTER HASHIMOTOQS SCENARIO TO BRING ABOUT A QPEACEFUL RESOLUTIONQ (TOKYO SHIMBUN - PAGE 2)

REFERRING TO HIS MEETING WITH PERUVIAN PRESIDENT FUJIMORI SET FOR FEBRUARY 1 IN CANADA, PRIME MINISTER RYUTARO HASHIMOTO, TAKING EVERY OCCASION, REITERATED HIS INTENTION YESTERDAY TO MAKE SURE THE PRINCIPAL APPROACH IS "TO AIM AT BRINGING A PEACEFUL SETTLEMENT WITHOUT GIVING IN TO TERRORISTS." THIS PERFORMANCE WAS APPARENTLY FOR HIM TO UNDERScore IN ADVANCE HE HAS NO OTHER SUBJECT THAN "A PEACEFUL SETTLEMENT" IN HIS MIND FOR THE PLANNED DISCUSSION. HOWEVER, SUBTLE DIFFERENCES ARE EMERGING BETWEEN THE TWO COUNTRIES IN DEALING WITH TERRORISTS. THE PRIME MINISTER'S NEGOTIATING ABILITY WILL LIKELY BE PUT TO THE TEST.

IN THE SESSION OF THE UPPER HOUSE BUDGET COMMITTEE HELD YESTERDAY MORNING, THE PRIME MINISTER EMPHASIZED HIS PURPOSE OF THE PLANNED MEETING WITH THE PRESIDENT: "WHAT WE HAVE TO CONFIRM ARE TWO POINTS: NEVER TO YIELD TO REBELS AND TO DO OUR BEST SO THAT ALL HOSTAGES WILL BE RELEASED AS IMMEDIATELY AS POSSIBLE."

CHIEF CABINET SECRETARY SEIROKU KAJIYAMA ALSO STRESSED IN A PRESS BRIEFING HELD YESTERDAY AFTERNOON: "(THE GOVERNMENT-SET PRINCIPAL APPROACH) IS NEVER SAID TO BE AN EASY ONE, BUT NEGOTIATIONS ARE TO TACKLE DIFFICULT MATTERS WITH ALL ONE'S MIGHT."

ALL THOSE REMARKS MANIFEST THE STRONG WILL OF THE JAPANESE GOVERNMENT, WHICH WOULD CONTINUE TO SEEK A PEACEFUL SETTLEMENT EVEN IF THE HOSTAGES CRISIS AT THE JAPANESE AMBASSADOR'S COMPOUND IN PERU WERE PROTRACTED.

RECENTLY THE PRIME MINISTER EVEN NOTED: "AN ENDURANCE CONTEST AGAINST (GUERRILLAS) WILL NOW START."

IN HIS TELEPHONE CONVERSATION WITH THE PRESIDENT ON THE 28TH, THE PRIME MINISTER ASKED (THE PRESIDENT) TO "TAKE UNCLAS SECTION 02 OF 09 TOKYO 000873

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; VIA 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; COMNAVFORJAPAN/PA.

E.O. 12958: N/A

SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS JANUARY 31

PROPER MEASURES TO PREVENT ANY OCCURRENCE OF AN UNFORESEEN ACCIDENT," REFERRING TO A DEMONSTRATION-LIKE PARADE STAGED BY PERUVIAN POLICE NEAR THE JAPANESE AMBASSADOR'S OFFICIAL RESIDENCE. RIGHT AFTER THAT DISCUSSION, THE PRESIDENT, THROUGH DIPLOMATIC CHANNELS, PROPOSED THAT "I WANT TO MEET DIRECTLY WITH YOU TO DISCUSS THE MATTER." ACCORDING TO AN EXPLANATION BY CHIEF CABINET SECRETARY KAJIYAMA, "SUCH A POSSIBILITY HAD BEEN LOOKED INTO OO BOTH SIDES." COORDINATION FOR SCHEDULING WAS THEN ENERGETICALLY BUT SECRETLY PUSHED.

ON THE QUESTION OF HOW TO DEAL WITH THE CRISIS, GAPS BETWEEN THE TWO COUNTRIES' GOVERNMENTS ARE SURFACING, BUT THE PRIME MINISTER'S STAFF SIDE ANALYZES: "THE PRESIDENT WILL NOT BUDGE EVEN AN INCH FROM (THE PRINCIPLE) OF A PEACEFUL SETTLEMENT" (GOVERNMENT SOURCE).

HOWEVER, IT IS AN UNDENIABLE FACT THAT SOME IN THE PERUVIAN GOVERNMENT, ITS MILITARY AND POLICE ARE ADVOCATING USE OF ARMED FORCE. AWARE OF THAT CIRCUMSTANCE, THE PRIME MINISTER'S SIDE PROBABLY CONCLUDED THAT IT BECAME NECESSARY TO TELL THE PRESIDENT EMPHATICALLY (ABOUT A PEACEFUL SETTLEMENT). THAT ACTION WILL SERVE IN A WAY TO BACK THE PRESIDENT SO THAT HE, WITHOUT CHANGING HIS PREVIOUS APPROACH, WILL STICK TO THE PEACEFUL-SETTLEMENT APPROACH.

YESTERDAY, THE PRIME MINISTER STATED: "I DESIRE A DIALOGUE WILL OCCUR BETWEEN THE PERUVIAN GOVERNMENT AND THE REBELS SIDE UNDER THE GUARANTEE THAT WILL BE GIVEN BY THE GUARANTORS COMMISSION, IF IT IS LAUNCHED, AND THAT THE INCIDENT WILL BE SETTLED PEACEFULLY." AN IDEALISTIC SCENARIO THE PRIME MINISTER HAS IN MIND IS, "NEGOTIATIONS WILL START AT THE GUARANTORS COMMISSION AND THEY WILL LEAD TO A PEACEFUL SETTLEMENT." FOR REALIZATION OF THAT SCENARIO, THE PRIME MINISTER INTENDS TO PERSUADE THE PRESIDENT TO GIVE THE HIGHEST PRIORITY TO ENTERING INTO

NEGOTIATIONS WITH REBELS BY PUTTING ON HOLD THEIR DEMAND FOR RELEASE OF THEIR COMRADES NOW IN PRISON.

"IF THE GUARANTORS COMMISSION BEGINS TO FUNCTION, JAPAN'S ROLE WILL CHANGE," REVEALED A SENIOR OFFICIAL OF THE FOREIGN MINISTRY (MOFA). JAPAN IS NOW SIGNALING THAT IN ADDITION TO THE ANNOUNCEMENT OF THE "PRINCIPLE APPROACH" AS WAS IN THE PAST, IT WILL COOPERATE TO "SECRETLY PAVE THE WAY" (SENIOR MOFA OFFICIAL) FOR A SETTLEMENT OF THE INCIDENT BY HOLDING PRIOR NEGOTIATIONS WITH COUNTRIES THAT ACCEPT A CRIMINAL GROUP AS REFUGEES WITHOUT CAUSING DUAL NEGOTIATIONS.

WHEN AN UNEXPECTED ACCIDENT OCCURS, OR WHEN THE PERUVIAN GOVERNMENT DECLARES A POLICY APPROACH OF USING ARMED FORCE, IF JAPAN GIVES APPROVAL TO IT, IT WILL LEAD DIRECTLY TO A CRISIS FOR THE ADMINISTRATION. SAYING, "THERE IS NO KNOWING WHAT THE PRESIDENT IS THINKING ABOUT," THE PRIME MINISTER EXPRESSED HIS PUZZLEMENT TOWARD THE PRESIDENT IN ADDITION TO HIS TRUST OF THE PRESIDENT AT THE RULING AND OPPOSITION PARTY HEADS MEETING HELD LAST NIGHT.

WHAT IS NECESSARY FOR THE PRIME MINISTER ON THE OCCASION OF HIS MEETING WITH THE PRESIDENT IS TO SET HIS OWN PACE AT ANY COST TOWARD A PEACEFUL SETTLEMENT.

LIMA HOSTAGE SITUATION POINTS OUT IMMATURITY OF JAPAN'S CRISIS MANAGEMENT (YOMIURI - PAGE 2)

IN DEALING WITH THE SEIZURE OF JAPANESE AMBASSADOR'S RESIDENCE IN PERU (BY GUERRILLAS) WITH HOSTAGE BEING HELD, PRIME MINISTER HASHIMOTO STRESSED HIS VIEW THAT HE WOULD GIVE HIGHEST PRIORITY TO THE LIVES OF HOSTAGES, AND THAT HE "WOULD NEVER GIVE IN TO TERRORISTS." THE HOSTAGE UNCLAS SECTION 03 OF 09 TOKYO 000873

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; VIA 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; COMNAVFORJAPAN/PA.

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SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS JANUARY 31

INCIDENT IN PERU HAS BROUGHT ABOUT SERIOUS QUESTIONS ABOUT THE JAPANESE GOVERNMENT'S CRISIS MANAGEMENT ABILITY UNDER A CRISIS SITUATION. IT IS UNDERSTANDABLE THAT THE GOVERNMENT "CANNOT REVEAL ITS TACTICS" (FOREIGN MINISTER IKEDA), BUT IN PAST DIET DEBATES THERE WAS NEVER ANY DISCUSSION OF THE NECESSITY TO STRENGTHEN THE (GOVERNMENT'S) CRISIS MANAGEMENT SYSTEM NOR ANY INTENSE

TALKS DURING CLOSED SESSIONS. THE TRUTH IS THAT NEITHER THE RULING NOR OPPOSITION CAMPS HAVE MADE ANY EFFORT ON THIS MATTER.

THE HOSTAGE CRISIS BEGAN ON DECEMBER 17. HOWEVER, THE JAPANESE GOVERNMENT'S STATEMENT THAT "IT RESPECTS HUMAN LIVES AND IT DOES NOT YIELD TO TERRORISM" CAME SOMEWHAT LATER THAN THOSE OF OTHER SUMMIT MEMBER COUNTRIES AND RUSSIA.

ALTHOUGH THE GOVERNMENT IS NOW TAKING THE STAND OF "NOT SUBMITTING TO THE GUERRILLA GROUP'S DEMAND AND OF SETTING A HIGH VALUE ON THE LIVES OF THE HOSTAGES TO THE LAST" (PRIME MINISTER ON JANUARY 30), FOREIGN MEDIA SUSPECTED THAT "LIKE IT ONCE DID WITH THE TERRORISTS IN THE DACCA INCIDENT, JAPAN MAY GIVE IN TO THE GUERRILLAS," BECAUSE OF ITS DELAYED ANTI-TERRORISM DECLARATION.

AS ONE GOVERNMENT OFFICIAL ADMITTED, "THE GOVERNMENT'S AWARENESS OF IMPORTANCE OF PUBLIC RELATIONS WHEN AN EMERGENCY OCCURS IS LACKING," THE GOVERNMENT'S CRISIS MANAGEMENT APPROACH IS IMMATURE.

GIVING HIGH PRIORITY TO HUMAN LIVES IS NATURAL, BUT THE MORE THE PRIME MINISTER EMPHASIZES THAT POINT, THE MORE "THE TERRORISTS WILL RAISE THE ANTE FOR RELEASE OF THE JAPANESE HOSTAGES. SUCH PLAYS TO THE GUERRILLAS' ADVANTAGE" (GOVERNMENT OFFICIAL). IN THIS SENSE, SOME POINT OUT THAT THE PRIME MINISTER'S CRISIS MANAGEMENT CAPABILITY IS QUESTIONABLE.

DURING THE UPPER HOUSE BUDGET COMMITTEE MEETING ON THE 30TH, HIDEAKI TAMURA (HEISEIKAI) QUESTIONED: "WILL YOU SUPPORT THE FUJIMORI ADMINISTRATION (EVEN IF HIS GOVERNMENT TAKES A DEFIANT MEASURE?)" TO THIS QUESTION, PRIME MINISTER HASHIMOTO DID NOT REPLY. AS A RESULT, IN-DEPTH DEBATE DID NOT COME OUT.

AS THE HOSTAGE SITUATION CONTINUES, IT GOES WITHOUT SAYING THAT CONSIDERATIONS ARE REQUIRED FOR ANSWERING SUCH QUESTIONS. EACH POLITICAL PARTY SHOULD DEEPEN THE DEBATE ON HOW THE GOVERNMENT'S CRISIS MANAGEMENT SHOULD OPERATE, BY PROPOSING ITS OWN SPECIFIC MEASURES. (POLITICAL DEPARTMENT, MAKOTO KITO)

KEDO SECRETARY GENERAL: CONSTRUCTION OF NORTH KOREAN LIGHT WATER REACTORS COULD START NEXT SPRING (ASAHI - PAGE.2)

SECRETARY GENERAL BOSWORTH OF THE KOREAN PENINSULA ENERGY DEVELOPMENT ORGANIZATION (KEDO), NOW VISITING JAPAN, MET WITH PARLIAMENTARY VICE FOREIGN MINISTER MASAHIKO KOMURA AT THE FOREIGN MINISTRY YESTERDAY. IN THE SESSION, BOSWORTH INDICATED THAT KEDO WOULD RESUME ITS WORK, WHICH HAS BEEN ON HOLD DUE TO THE NORTH KOREAN SUBMARINE'S INTRUSION INTO THE SOUTH, AND THAT AS STARTERS, IT WOULD SEND AN EXPERTS' SURVEY MISSION TO NORTH KOREA (DEMOCRATIC PEOPLE'S REPUBLIC OF KOREA) IN SEVERAL WEEKS.

BOSWORTH ALSO REVEALED THAT KEDO WOULD LIKE TO FINISH UP PRELIMINARY WORK EARLY IN ORDER TO "BEGIN THE ACTUAL CONSTRUCTION PROCESS THIS SPRING."

ALSO YESTERDAY, BOSWORTH MET WITH POLICY AFFAIRS RESEARCH COUNCIL (PARC) CHAIRMAN TAKU YAMASAKI OF THE LIBERAL DEMOCRATIC PARTY (LDP) AT THE PARTY HEADQUARTERS. IN THE UNCLAS SECTION 04 OF 09 TOKYO 000873

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; VIA 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; COMNAVFORJAPAN/PA.

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SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS JANUARY 31

SESSION, BOSWORTH ASKED FOR UNDERSTANDING TOWARD JAPAN'S FINANCIAL CONTRIBUTIONS TO THE LIGHT-WATER REACTOR PROJECT. HE ALSO CALLED FOR FURTHER COOPERATION, SPELLING OUT THAT THE FUNDS ARE SHORT FOR HEAVY OIL WHICH HAS BEEN SUPPLIED AS ALTERNATIVE ENERGY UNTIL LIGHT-WATER REACTORS ARE CONSTRUCTED.

IN RESPONSE, PARC CHAIRMAN YAMASAKI EXPLAINED, "IN VIEW OF NATIONAL OPINION, SUPPLYING FUNDS WOULD BE DIFFICULT WHEN THERE IS NO DIRECT DIALOGUE BETWEEN JAPAN AND NORTH KOREA." YAMASAKI ALSO INDICATED THAT JAPAN WOULD KEEP CLOSE TABS ON NORTH KOREA'S RESPONSE TO THE U.S. AND SOUTH KOREA'S PROPOSAL FOR FOUR-WAY TALKS IN ORDER TO DETERMINE JAPAN-NORTH KOREA RELATIONS.

ACCORDING TO SECRETARY GENERAL BOSWORTH, THE SOUTH KOREAN GOVERNMENT HAS ALSO IMPLIED THAT WITHOUT REALIZING FOUR-WAY TALKS, IT WOULD NOT BE ABLE TO OBTAIN THE PEOPLE'S UNDERSTANDING TOWARD SHOULDERING LIGHT-WATER CONSTRUCTION COSTS.

IN HIS SESSION WITH VICE MINISTER KOMURA, THE SECRETARY GENERAL NOTED, "NORTH KOREA WOULD LIKE TO SEE THAT KEDO'S WORK IS ACTUALLY MOVING AHEAD IN A VISIBLE WAY." HE THEN ADDED: "NORTH KOREA'S PROPER TREATMENT OF A SURVEY MISSION AND ITS SAFE RETURN WOULD HELD ACCOMPLISH ACHIEVEMENT." HE PERSISTENTLY CALLED FOR JAPAN'S CONTINUOUS BACKING, REMARKING, "KEDO CAN PLAY A SIGNIFICANT ROLE FOR THE STABILITY AND SECURITY OF NORTHEAST ASIA. IN TERMS OF WORKING-LEVEL TIES WITH NORTH KOREA, (KEDO) IS VIRTUALLY THE ONLY CHANNEL."

IN RESPONSE, VICE MINISTER KOMURA SAID, "THE JAPANESE GOVERNMENT WILL CONTINUE TO GIVE SUPPORT IN A MEANINGFUL WAY. JAPAN THINKS KEDO IS IMPORTANT FOR JAPAN'S

SECURITY."

JAPAN PREPARING COMPREHENSIVE ARMS REDUCTION PROPOSED FOR
CONVENTIONAL WEAPONS (ASAHI - PAGE 1)

THE GOVERNMENT HAS DECIDED TO STRENGTHEN ITS DISARMAMENT
POLICY LINE, FOCUSING ON REDUCING SUCH CONVENTIONAL
WEAPONS AS FIREARMS, MINES, TANKS AND WARSHIPS. BASED ON
THIS POLICY DIRECTION, IT WILL IMPLEMENT COMPREHENSIVE
DISARMAMENT MEASURES TO CREATE A REGIONAL SECURITY SYSTEM
THAT WILL SERVE TO REDUCE WEAPONS AND TO SWITCH THE
MUNITIONS INDUSTRIES INTO PRODUCTION FOR CIVILIAN DEMAND.
JAPAN INTENDS TO PROPOSE TO THE UN GENERAL ASSEMBLY AND A
GENEVA DISARMAMENT COUNCIL MEETING SPECIFIC MEASURES THAT
WILL BE SHAPED IN A "SEMINAR ON TRANSFER OF CONVENTIONAL
WEAPONS" TO BE HELD IN TOKYO IN MARCH WITH THE
PARTICIPATION OF 15 NATIONS AND THE UN. JAPAN HAS JUDGED
THAT ITS TAKING THE INITIATIVE TO BEEF UP EFFORTS TO
DOWNSIZE CONVENTIONAL WEAPONS WOULD HELP SECURE STABILITY
IN EAST ASIA, WHICH IS NOW BESET WITH UNSTABLE ELEMENTS
SUCH AS THE KOREAN PENINSULA SITUATION.

WITH THE END OF THE COLD WAR, CALLS FOR REDUCING
CONVENTIONAL WEAPONS HAVE BEEN GROWING. IN RESPONSE TO
SUCH CALLS, DURING THE PAST SEVERAL YEARS JAPAN STEP UP
ITS EFFORTS FOCUSING ON RESTRICTIONS OF WEAPONS,
PROPOSING ESTABLISHMENT OF AN EXPERTS' PANEL ON
REGULATIONS OF LIGHT FIREARMS AND THE CREATION OF A UN
ARMAMENTS REGISTRATION SYSTEM. BUT STEMMING FROM THE
STAND THAT "STABILITY IN THE REGION IS INDISPENSABLE FOR
TRADE-ORIENTED JAPAN. WE WOULD LIKE TO PROMOTE ARMS
CONTROL IN THE REGION" (GOVERNMENT SOURCE), THE
GOVERNMENT DECIDED TO TAKE A COMPREHENSIVE MILITARY-
DOWNSIZING MEASURES, FASTENING ITS EYES ALSO ON
COUNTRIES' ECONOMIC AND UNSTABLE SECURITY CIRCUMSTANCES
IN THE REGION, WHICH HAVE DRIVEN THE COUNTRIES TO PRODUCE
OR KEEP EXCESSIVE WEAPONS.

UNCLAS SECTION 05 OF 09 TOKYO 000873

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; VIA
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; COMNAVFORJAPAN/PA.

E.O. 12958: N/A

SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS JANUARY 31

THE SEMINAR, HELD ON MARCH 13 AND 14 AND SPONSORED BY THE
JAPAN INSTITUTE OF INTERNATIONAL AFFAIRS, AN ORGAN
ATTACHED TO THE MINISTRY OF FOREIGN AFFAIRS, WILL HAVE
THE PARTICIPATION OF REPRESENTATIVES OF 15 MAJOR WEAPONS-

TRADE COUNTRIES, INCLUDING THE UNITED STATES, THE UNITED KINGDOM, FRANCE, RUSSIA AND CHINA, AS WELL AS BY UN OFFICIALS AND DISARMAMENT EXPERTS. IN THE SEMINAR, A REPORT WILL BE COMPILED, WITH FIVE SPECIFY ITEMS LISTED: (1) EXPANSION OF TYPES OF WEAPONS REQUIRED TO BE INCLUDED IN A REPORT ON IMPORTS AND EXPORTS UNDER A UN DISARMAMENT REGISTRATION SYSTEM, AND AN INCREASE OF MEMBER COUNTRIES; (2) SUPPORT FOR SWITCHING ARMS INDUSTRIES INTO ONES RESPONDING TO CIVILIAN DEMAND, AND FOR CONTROL OF EXPORTS OF WEAPONS; (3) CONTROL OF LIGHT FIREARMS, SUCH AS GUNS AND HAND GRENADES, AND RESTRICTIONS OF TRANSFER OF SUCH WEAPONS; (4) STRENGTHENING OF MEASURES TO BUILD CONFIDENCE SO THAT NO EXCESSIVE CONVENTIONAL WEAPONS ARE NEEDED, AND FORMATION OF A FRAMEWORK FOR REGIONAL RESTRICTIONS; AND (5) ESTABLISHMENT OF INTERNATIONAL RULES ON TRANSFER OF WEAPONS.

THE GOVERNMENT IS LOOKING INTO THE POSSIBILITY OF INCORPORATING THE CONTENTS IN A SPEECH OF THE PRIME MINISTER OR THE FOREIGN MINISTER TO BE DELIVERED IN THE SEPTEMBER UN GENERAL ASSEMBLY.

LDP MAY SEEK CUT IN URUGUAY ROUND COUNTERMEASURES PACKAGE; AGRICULTAL CLIQUE OPPOSED (ASAHI - PAGE 2)

AN ARGUMENT CALLING FOR TAKING A SECOND LOOK AT BUDGETARY ALLOCATIONS FOR URUGUAY ROUND (MULTILATERAL TRADE NEGOTIATIONS) AGRICULTURAL COUNTERMEASURES TOTALING MORE THAN 6 TRILLION YEN WAS HEARD IN THE LIBERAL DEMOCRATIC PARTY DURING THE COURSE OF DISCUSSIONS ON RECONSTRUCTING THE NATION'S FINANCES. TO A REQUEST MADE BY THE SHINSHINTO (NEW FRONTIER PARTY), MINSHUTO (DEMOCRATIC PARTY OF JAPAN) AND TAIYO PARTY (SUN PARTY) FOR A REVIEW OF THE DETAILS OF PROJECT ITEMS INCLUDED IN THE SUPPLEMENTARY DRAFT BUDGET CONTENTS, THE LDP REPLIED, "WE WILL IMMEDIATELY LAUNCH A STUDY OF THE PROJECTS SET FOR FISCAL 1998 AND BEYOND." HOWEVER, WHEN IT COMES TO THE DETAILS, THE VIEWS OF THE SENIOR PARTY OFFICIALS ARE STILL INCOHERENT SOME SAYING, "SUCH ALLOCATIONS COULD BE SLASHED," WHILE OTHERS NOTING, "THERE WILL BE NO CHANGE IN THE TOTAL AMOUNT." SINCE AGRICULTURAL COUNTERMEASURES HAVE BEEN REGARDED AS AN "UNTOUCHABLE AREA" AS COMPENSATION FOR THE OPENING OF THE RICE MARKET, IF A DECISION IS FORMALLY MADE TO REVIEW SUCH MEASURES, THE AGRICULTURAL POLICY CLIQUE IN THE DIET (TN: ZOKU) AND AGRICULTURAL ORGANIZATIONS ARE BOUND TO OBJECT. HOW TO TACKLE THE ISSUE IS LIKELY TO BECOME A BAROMETER OF THE LDP'S ZEAL FOR FISCAL RECONSTRUCTION.

LDP SECRETARY GENERAL KOICHI KATO AND POLICY AFFAIRS RESEARCH COUNCIL CHAIRMAN TAKU YAMASAKI AND SEVERAL OTHER SENIOR LDP OFFICIALS ON THE 29TH MAPPED OUT REPLIES TO THE REQUESTS MADE BY THE THREE OPPOSITION PARTIES IN ADVANCE OF VOTING ON THE SUPPLEMENTARY DRAFT BUDGET AT A LOWER HOUSE PLENARY SESSION. THE REQUESTS INCLUDE (1) A 50-PERCENT REDUCTION OF ALLOCATIONS FOR EMERGENCY DISASTER-PREVENTION COUNTERMEASURES; (2) A REVIEW OF URUGUAY ROUND COUNTERMEASURES FUNDS; AND (3) A DRASTIC

STUDY OF WHAT TO DO ABOUT THE HOUSING AND URBAN DEVELOPMENT CORPORATION. THE REPLY REPORT NOTES THAT REGARDING THE REQUESTS (1) AND (3), STUDIES WILL BE CONDUCTED, "BASED ON DIET DELIBERATIONS," BUT AS TO URUGUAY ROUND COUNTERMEASURES FUNDS, IT PLEDGES A REVIEW, (BASED ON THE PROPOSALS MADE BY THE THREE PARTIES." IT CAN BE TAKEN IN EFFECT THAT THE LDP HONORED THE THREE OPPOSITION PARTIES' ASSERTION.

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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; VIA 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; COMNAVFORJAPAN/PA.

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SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS JANUARY 31

FISCAL OUTLAYS FOR AGRICULTURAL COUNTERMEASURES FOLLOW THE AGRICULTURAL AGREEMENT REACHED IN THE URUGUAY ROUND. UNDER THE SCHEME, 6.01 TRILLION YEN WILL BE APPROPRIATED OVER SIX YEARS STARTING FROM FISCAL 1995. OF THE TOTAL AMOUNT, 2.8 TRILLION YEN WILL BE PAID FROM GOVERNMENT COFFERS. IN THE SUPPLEMENTARY DRAFT BUDGET FOR THIS FISCAL YEAR, 310 BILLION YEN HAVE BEEN EARMARKED FOR THAT PURPOSE. IF A REVIEW IS TO BE MADE OF THE "PROTECTED SANCTUARIES," IT WILL BE A MAJOR POLICY TURNABOUT FOR THE GOVERNMENT AND LDP.

ONE PARTY EXECUTIVE NOTED, "IF WE GO ALONG WITH A REVIEW OF PROJECTS, IT COULD LEAD TO A REDUCTION OF THE TOTAL AMOUNT," EXPLAINING, "THE ISSUE IS INEVITABLE IN OUR EFFORT TO RECONSTRUCT THE NATION'S FINANCES. WE HAVE BEEN SEARCHING FOR AN OPPORTUNITY TO LET THE ISSUE BE BROUGHT UP." HOWEVER, ANOTHER EXECUTIVE CATEGORICALLY STATED, "WE WILL NOT CHANGE THE TOTAL AMOUNT," SHOWING A GAP IN VIEWS AMONG LDP MEMBERS OVER THE ISSUE. AT YESTERDAY'S PRESS CONFERENCE, YAMASAKI EXPLAINED HIS POSITION OF BEING CAUGHT ON THE HORNS OF A DILEMMA, NOTING, "URUGUAY ROUND COUNTERMEASURES ARE A PUBLIC PLEDGE MADE WITH AGRICULTURAL ORGANIZATION, AND SO, WE CANNOT BREAK IT, BUT THE AGRICULTURAL BUDGET IS NOT A "SACROSANCT AREA."

SOME IN GOVERNMENT CIRCLES WANT TO TOUCH APPROPRIATIONS FOR URUGUAY ROUND COUNTERMEASURES, BUT IN A DIET REPLY AGRICULTURE, FORESTRY AND FISHERIES MINISTER TAKAO FUJIMOTO INDICATED A NEGATIVE VIEW TOWARD REVIEWING SUCH EXPENSES, "STEADY IMPLEMENTATION OF COUNTERMEASURES IS NEEDED TO GIVE A FIRM FOOTING TO JAPAN'S AGRICULTURE." PROS AND CONS ARE ALSO BEING HEARD AMONG THE OPPOSITION

PARTIES. UNDER THE CIRCUMSTANCE THAT THE BUSINESS COMMUNITY HAS SOUGHT A REDUCTION IN ALLOCATIONS FOR URUGUAY ROUND COUNTERMEASURES IN CONNECTION WITH STOCK-PRICE COUNTERMEASURES, SOME HAVE POINTED OUT THAT AN ARGUMENT CALLING FOR SUCH A REVIEW "COULD SERVE AS STOCK-PRICE COUNTERMEASURES FOR THE TIME BEING, IF (THE GOVERNMENT) INDICATES A STANCE OF REFORMING THE FISCAL STRUCTURE" (PERSON WHO SERVED AS A CABINET MINISTER).

SECRET MEETING BETWEEN LDPQS KAJIYAMA AND SHINSHINTOQS
OZAWA SPARKS RUMOR OF ALLIANCE (MAINICHI - PAGE 2)

IT WAS REVEALED YESTERDAY THAT CHIEF CABINET SECRETARY SEIROKU KAJIYAMA HELD A MEETING WITH SHINSHINTO (NEW FRONTIER PARTY) PRESIDENT ICHIRO OZAWA ON JANUARY 17 WHEN ALL KINDS OF RUMORS WERE FLYING ABOUT A POSSIBLE CRISIS FOR THE HASHIMOTO ADMINISTRATION OVER FISCAL ISSUES AND THE OKINAWA BASE PROBLEM. REPORTEDLY, THE TWO DISCUSSED ADMINISTRATIVE AND FISCAL REFORMS, AS WELL AS SECURITY ISSUES, AND AGREED ON THE COMMON PERCEPTION THAT "UNLESS JAPAN GRAPPLES WITH STRUCTURAL REFORM SERIOUSLY, IT WOULD FALL INTO A CRISIS SITUATION." AT ONE POINT, OZAWA CRITICIZED THE GOVERNMENT'S APPROACHES. SOME SUSPECT THAT THE SESSION WAS HELD TO "PAVE THE WAY FOR THE FORMATION OF A 'CONSERVATIVE-CONSERVATIVE ALLIANCE (HO-HO RENGO)'" HYPOTHESIZING THE SOCIAL DEMOCRATIC PARTY (SDP) AND SAKIGAKE'S DEPARTURE FROM THE RULING CAMP OVER THE OKINAWA PROBLEM.

ACCORDING TO A SHINSHINTO LEADER, THE CHIEF CABINET SECRETARY TOOK THE INITIATIVE IN CONVINCING PRIME MINISTER HASHIMOTO TO HOLD SESSIONS YESTERDAY WITH EACH PARTY HEAD TO DISCUSS THE HOSTAGE CRISIS IN PERU AND THAT THIS WAS A FORM OF COMPLYING WITH OZAWA'S REQUEST. THE EVENT HAS DEMONSTRATED THE "REVIVAL" OF THE KAJIYAMA-OZAWA DUO.

KAJIYAMA, A KEY PLAYER IN THE HASHIMOTO CABINET, HAS BEEN CALLING FOR A "CONSERVATIVE-CONSERVATIVE ALLIANCE," ALONG UNCLAS SECTION 07 OF 09 TOKYO 000873

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; VIA 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; COMNAVFORJAPAN/PA.

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SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS JANUARY 31

WITH FORMER PRIME MINISTER YASUHIRO NAKASONE. IT IS SAID THAT THE OZAWA SIDE IS AIMING AT RALLYING TOGETHER "NON-LDP FORCES," BY JOINING HANDS WITH SOME LDP MEMBERS, SUCH

AS KAJIYAMA AND FORMER OBUCHI FACTION MEMBERS, AS ONE OPTION.

NEVERTHELESS, IN THE LDP, THERE IS A MOVE TO SPREAD A NET AROUND KAJIYAMA AND THE FORMER OBUCHI FACTION BEING LED BY THE MYKKK GROUP -- SECRETARY GENERAL KOICHI KATO, POLICY AFFAIRS RESEARCH COUNCIL CHAIRMAN TAKU YAMASAKI, EXECUTIVE COUNCIL CHAIRMAN YOSHIRO MORI, HEALTH AND WELFARE MINISTER JUN'ICHIRO KOIZUMI, AND CONSTRUCTION MINISTER SHIZUKA KAMEI.

(KATSUYOSHI KIYOMIYA, YOSHIKI NAKAGAWA)

LDP, TAIYO PARTY TO START POLICY DISCUSSIONS NEXT WEEK (NIHON KEIZAI - PAGE 2)

THE LIBERAL DEMOCRATIC PARTY (LDP) AND THE TAIYO PARTY WILL START POLICY DISCUSSIONS NEXT WEEK. THE POLICY AFFAIRS COUNCIL CHAIRMEN FROM THE TWO PARTIES, TAKU YAMASAKI (LDP) AND TOSHINOBU KURIYA WILL ATTEND, AND AN EXCHANGE OF VIEWS ON SUCH ISSUES AS ADMINISTRATIVE REFORM WILL BE HELD. THE LDP, WHILE MAINTAINING ITS ALLIANCE WITH THE SOCIAL DEMOCRATIC PARTY AND THE SAKIGAKE PARTY AS THE CORE, IS SEEKING LINKAGES WITH OTHER PARTIES, SUCH AS THE MINSHUTO, AIMING AT STABILIZING THE BASE OF THE HASHIMOTO ADMINISTRATION. DISCUSSIONS WITH THE TAIYO PARTY ALSO CAN BE REGARDED AS A PART OF THAT STRATEGY.

ON THE OTHER HAND, WITHIN THE TAIYO PARTY, THERE ARE MANY WHO SAY THAT THE PARTY SHOULD GROPE FOR CHANCES TO MOVE CLOSER TO THE LDP; IN PREPARATION FOR FUTURE REALIGNMENTS IN THE POLITICAL WORLD, WHILE PROMOTING A COMMON FRONT OF OPPOSITION STRUGGLE WITH THE SHINSHINTO AND THE MINSHUTO. HOWEVER, WHETHER THAT RESPONSE WILL COME IMMEDIATELY IN THE LIMITED DISCUSSIONS WITH THE LDP, "WILL DEPEND ON THE ATTITUDE OF THE LDP" (SENIOR MEMBER).

TAIYO HEAD HATA SAYS POLICY-SPECIFIC COOPERATION WITH LDP POSSIBLE (NIHON KEIZAI - PAGE 2)

TAIYO PARTY HEAD TSUTOMU HATA, IN A SPEECH IN A HOTEL IN FUKUOKA CITY, STATED:

"WE CAN HAVE RESPONSIBLE COOPERATION (ON IMPORTANT TOPICS, SUCH AS NATIONAL SECURITY AND THE OKINAWA BASES) WITHOUT HAVING A CONSERVATIVE-CONSERVATIVE ALLIANCE. RATHER, IT IS ESSENTIAL THAT THE TWO MAJOR POLITICAL FORCES STIMULATE EACH OTHER AND AT TIMES COOPERATE WITH EACH OTHER." HE INDICATED THAT DEPENDING ON THE POLICY ISSUE, HE WAS THINKING OF LINKING UP WITH THE EVEN THE LDP."

LDP TO HOST LARGE-SCALE EVENT NEXT MONTH WITH JDA OFFICIALS AND UNIFORMED OFFICERS (SANKAI - PAGE 3)

THE LIBERAL DEMOCRATIC PARTY DECIDED ON JANUARY 30 TO HOLD A 'GET-TOGETHER' GATHERING AT A HOTEL IN TOKYO ON THE 13TH OF NEXT MONTH WITH THE JAPAN DEFENSE AGENCY, INVOLVING ITS INTERNAL BUREAU OFFICIALS AND (THE SELF-

DEFENSE FORCES') UNIFORMED STAFF OFFICERS, AND THE DEFENSE FACILITIES ADMINISTRATION AGENCY. AS A RESULT OF THE LDP SIDE'S STRONG OFFENSIVE, THE SCHEDULED PARTY IS EXPECTED TO GATHER ABOUT 500 PERSONS IN ALL FROM BOTH SIDES, AND SUCH IS AN UNPRECEDENTEDLY LARGE-SCALE GET-TOGETHER MEETING OF THE LDP AND JDA. AS FOR WHAT LIES BEHIND THIS MOVE, THE LDP, IN ITS "STRUGGLE FOR HEGEMONY" IN JDA, ATTEMPTS TO "PUT THE SHINSHINTO (NEW FRONTIER PARTY) TO AN END AND STOP ITS MOVES" (ACCORDING TO AN LDP EXECUTIVE OFFICER), WITH AN EYE TO THE UPPER HOUSE ELECTION SLATED FOR THE SUMMER OF NEXT YEAR.

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SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS JANUARY 31

THE GET-TOGETHER PARTY IS EXPECTED TO BE PARTICIPATED IN BY A TOTAL OF 300 LDP DIETMEMBERS, INCLUDING THE MEMBERS OF THE LDP'S NATIONAL DEFENSE DIETMEN'S LEAGUE AND THE LDP'S THREE DEFENSE-RELATED DIVISIONS, NAMELY, THE SECURITY AFFAIRS RESEARCH COUNCIL, NATIONAL DEFENSE DIVISION, AND SPECIAL COMMITTEE ON MILITARY BASES. FROM THE JDA SIDE, IT IS GOING TO BE JOINED IN BY ABOUT 200 OFFICIALS, INCLUDING UNIFORMED OFFICERS IN THE JOINT STAFF COUNCIL AND THE STAFF OFFICES OF THE GROUND, MARITIME, AND AIR SELF-DEFENSE FORCES, AND DIVISION DIRECTOR LEVEL OFFICIALS IN THE JDA INTERNAL BUREAUS AND THE DFAA.

SUCH A LARGE-SCALE PARTY WAS PLANNED ALSO IN JUNE LAST YEAR PRIOR TO THE LOWER HOUSE'S DISSOLUTION AND GENERAL ELECTION. THAT GATHERING, HOWEVER, WAS HELD ONLY FOR THE LDP'S NATIONAL DEFENSE DIETMEN'S LEAGUE AND THE SDF'S UNIFORMED STAFF OFFICERS, AND THERE WERE ABOUT 100 PARTICIPANTS IN ALL FROM BOTH SIDES. THE PARTY SCHEDULED THIS TIME IS ON AN EVEN LARGER SCALE, AND IT WILL BE HELD AS A BIG GET-TOGETHER GATHERING OF THE ALL-LDP TEAM AND THE ALL-JDA SQUAD.

ON THE OTHER HAND, THE NFP HELD A GATHERING WITH JDA OFFICIALS LAST MAY, FORESTALLING THE LDP'S MOVE, BUT IT WAS JOINED IN BY A LITTLE LESS THAN 20 UNIFORMED STAFF OFFICERS FROM THE JDA SIDE. PRIOR TO THE LDP'S GATHERING THIS TIME, THE NFP HELD A MEETING ON THE NIGHT OF JANUARY 29, INVITING MANY MORE JDA OFFICIALS THAN THOSE INVITED TO LAST YEAR'S. EVEN SO, HOWEVER, THERE WERE NO MORE

THAN 36 FROM THE JDA SIDE. ON IN THE NFP SAYS, "THERE'S NO HELP FOR THE GAP WITH THE LDP."

BEHIND THE TWO POLITICAL PARTIES' OFFENSIVE AND DEFENSIVE BATTLE INVOLVING JDA, THEIR INNERMOST AIM IS TO "GET JDA VOTES" OR "ISSUE ADVANCE TICKETS FOR CANDIDATES" WITH AN EYE TO THE UPPER HOUSE ELECTION SCHEDULED FOR THE SUMMER OF NEXT YEAR. AS AN LDP MEMBER SAYS "THE NFP WON'T REMAIN SILENT," SOME IN THE LDP ARE NOW WORRIED ABOUT THE NFP'S POSSIBLE ROLLBACK MANEUVERING FROM NOW ON.

FUTENMA IMPLEMENTING COMMITTEE TO START DISCUSSIONS TODAY ON HELIPORT CONSTRUCTION PLAN (MAINICHI - PAGE 2)

ON JANUARY 31, THE JAPANESE AND U.S. GOVERNMENTS WILL ESTABLISH A FUTENMA IMPLEMENTATION GROUP (FIG), WHICH WILL CREATE AN IMPLEMENTATION PLAN TO CONSTRUCT A SEA-BASED HELIPORT ALONG WITH THE REVERSION OF THE U.S. FORCES' FUTENMA AIR STATION SITE IN OKINAWA. HOWEVER, THE GOVERNMENT HAS BEEN UNABLE TO SET ABOUT A PRELIMINARY FEASIBILITY STUDY OF A CONSTRUCTION CANDIDATE SITE IN THE WATERS OFF CAMP SCHWAB. SO, THE FIG WILL BE JUST STARTED UP IN FORM, WITH NO MEETING YET TO BE SCHEDULED. SOME IN THE GOVERNMENT ARE NOW ALREADY VOICING CONCERN OVER A POSSIBLE DELAY IN THE PROCESS OF FUTENMA REVERSION.

THE SETTING UP OF THE FIG WAS INCORPORATED IN A FINAL REPORT OF THE JAPAN-U.S. SPECIAL ACTION COMMITTEE (ON FACILITIES AND AREAS IN OKINAWA) (SACO), COMPILED LAST DECEMBER BY THE TWO GOVERNMENTS REGARDING THE REALIGNMENT AND REDUCTION OF U.S. MILITARY BASES. THE FIG WILL BE PLACED UNDER THE JAPAN-U.S. SECURITY SUBCOMMITTEE (SSC), WHICH IS MADE UP OF THE TWO COUNTRIES' BUREAU DIRECTOR GENERAL LEVEL OFFICIALS FOR FOREIGN AND DEFENSE AFFAIRS. THE GROUP WILL BE CO-CHAIRLED BY THE JAPAN DEFENSE AGENCY'S DEFENSE COUNCILLOR TAKEMASA MORIYA, THE FOREIGN MINISTRY'S NORTH AMERICAN AFFAIRS BUREAU DEPUTY DIRECTOR GENERAL HITOSHI TANAKA, AND THE U.S. DEFENSE DEPARTMENT'S DEPUTY ASSISTANT SECRETARY CAMPBELL. THE GOVERNMENT HAD INITIALLY AIMED TO SET IT UP LAST YEAR, BUT ITS ESTABLISHMENT HAS BEEN DELAYED PARTLY BECAUSE IT HAPPENED UNCLAS SECTION 09 OF 09 TOKYO 000873

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SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS JANUARY 31

TO FALL ON THE TIMING OF THE SECOND CLINTON

ADMINISTRATION'S INAUGURATION AND AN ATMOSPHERE GREW STRONG IN OKINAWA'S LOCAL MUNICIPALITIES AGAINST THE PLANNED CONSTRUCTION OF A HELIPORT IN THE WATERS OFF CAMP SCHWAB.

SACO, IN ITS FINAL REPORT, STATED THAT "THE SEA-BASED FACILITY PLAN IS THE BEST OPTION" FOR AN ALTERNATIVE HELIPORT TO REPLACE THE FUTENMA AIRFIELD," AND IT SPECIFIED THE NECESSITY OF WORKING OUT AN IMPLEMENTATION PLAN BY THE END OF THIS YEAR, INCORPORATING A CONSTRUCTION METHOD TO BE EMPLOYED. THE TWO GOVERNMENTS WOULD LIKE TO OUTLINE THE PLAN BY AROUND THIS FALL. FOR THE CONSTRUCTION OF AN UNPRECEDENTED FLOATING STRUCTURE IN THE SEA, THE GOVERNMENT IS GOING TO CONDUCT A SURVEY TO LOOK INTO POSSIBLE EFFECTS ON SUCH NATURAL ENVIRONMENT CONSTITUENTS AS CORAL AND SEaweeds AS WELL AS ON FISHERIES, AND WILL ALSO LOOK INTO SUCH ELEMENTS AS THE POSSIBILITY OF NOISE AND AIRSPACE USE. THE GOVERNMENT HAS NOW EARMARKED 1.3 BILLION YEN FOR THE SURVEY IN THE CURRENT FISCAL YEAR'S SUPPLEMENTARY BUDGET.

THE DEFENSE FACILITIES ADMINISTRATION AGENCY "WOULD LIKE TO START THE SURVEY WITHIN THE CURRENT FISCAL YEAR." YET, OKINAWA PREFECTURE HAS NOT SHOWN ANY COOPERATIVE STANCE, EITHER. SO, THE GOVERNMENT STILL CANNOT EXPECT WHEN.

MAJOR U.S. DEVELOPER TO CONSTRUCT WHAT WILL BECOME JAPAN'S LARGEST COMMERCIAL FACILITY
(NIHON KEIZAI - PAGE 1)

A LEADING U.S. COMMERCIAL FACILITY DEVELOPER, AMERICAN MALLS INTERNATIONAL (AMI, CHAIRMAN: HERBERT MILLER), WILL CONSTRUCT A COMPLEX COMMERCIAL SITE IN MORITANI-MACHI, IBARAKI PREFECTURE. UNDER ITS PLAN, THE FACILITY WILL BE THE LARGEST IN JAPAN, WITH A SITE OF MORE THAN 800,000 SQUARE METERS AND A FLOOR SPACE OF 230,000 SQUARE METERS. THE COMPANY HAS STARTED NEGOTIATIONS WITH LANDOWNERS AND THE MUNICIPAL GOVERNMENT IN THE CITY, WITH THE AIM OF STARTING BUSINESS IN THE YEAR 2000. THE COMPANY IS EXPECTED TO BRING IN U.S. AND EUROPEAN MAJOR RETAILERS. IN THE WAKE OF THE DEREGULATION OF THE LARGE-SCALE RETAIL STORE LAW, MORE OVERSEAS CONSUMPTION-RELATED COMPANIES ARE LIKELY TO OPEN STORES IN JAPAN. CRANE

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- (1) Editorial: Do Not Spoil Okinawa's Momentum

ASAHI (Page 5) (Full) January 31, 1997

Who on earth is responsible for giving concrete shape to the reduction of United States bases on Okinawa? The answer to that should once again be engraved on the minds of leaders of the Hashimoto Administration, as well as of the ruling and opposition camps.

Late last year, the Japanese and U.S. Governments reached an agreement to gradually return 21 percent of all the space now occupied by the U.S. military on Okinawa -- a step forward, seen from the fact that (the Okinawa bases problem) had been left untouched for nearly a quarter century after the islands were returned to Japan.

Partly for that development, the political center at Nagata-cho is enveloped in a mood that now that agreement has been reached, the critical juncture in that problem has been cleared, so the rest can be left to the negotiations now going on between local residents and relevant agencies.

The reality, however, is quite the opposite. What is coming into sight only shortly after the central government set to work to give shape to the agreement are a number of difficulties lying ahead.

One problem is with Futenma Air Station, regarding which an accord has been reached to relocate the heliport to an offshore site. Although Nago City is a candidate place for relocation, its Mayor Tetsuya Higa has voiced his opposition to the central government's request for cooperation. His reasoning is that he cannot respond to negotiations unless Okinawa prefectural government officials serve as a coordinator.

What has made the city side hesitant is not limited to its worries toward an unfavorable impact from the relocation of bases and the accompanying noise
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(of aircraft). How will the prefectural and central governments tackle gaps emerging between areas that will benefit from return of bases and areas that will have to live together with bases? To put it another way, there is not enough material there to persuade citizens.

The central government expects Okinawan Governor Masahide Ota to be active in promoting relocation of bases within the prefecture. But if his move were to lead to fixing bases there over the long run, Ota, because of his position as governor, is certain to find it difficult to accept that role.

In addition, there is an even more serious problem. That is, the central government will lose its competence on May 14 to forcibly use land that is owned by more than 3,000 landowners including one-tsubo or 3.3-square-meter landowners. The land is scattered over 12 U.S. military facilities.

Last fall, Governor Ota agreed to act as a deputy to go through necessary steps for continuous use of such land. But it is unlikely that the prefectural expropriation committee, which is to commence public hearings starting in February, will hand down a decision before the deadline comes. Eventually chances are strong that the central government's "illegal occupation," which will be by far larger scale than last year's, may come about this spring.

What is the gravest matter of concern is that the question of amending the law to further speed up the procedures for forcible use of land will surface again in the latter half of the regular Diet session.

Even a rumor of crisis in May is beginning to be afloat that the foundation of the Hashimoto Administration might become fluid with the Social Democratic Party (SDP) breaking away from the Liberal Democratic Party (LDP). Apart from that rumor, if the LDP adopts a high-handed approach, no doubt there will be a revival of distrust and a confrontation between Okinawa and mainland Japan, causing a crack in now delicately-maintained trust between Prime Minister Ryutaro Hashimoto and Governor Ota and that between the central government and local residents.

If that is the case, there will be nothing more than a bad effect not only on the relocation of Futenma airfield but also on realignment and reduction of bases.

The role of the central government is to keep and increase momentum that has been accumulated during the past one or so year for the purpose of solving the Okinawa problem. To that end, it is insufficient simply to make efforts to accelerate relocation of base facilities within the prefecture, as well as to transfer base functions

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to mainland Japan as was agreed.

It is first of all necessary to consider whether the present size of Marines stationed in Okinawa are really necessary from a medium to long-term perspective, in view of stability of East Asia and the future picture of the Japan-U.S. security arrangement. It therefore is indispensable to constantly throw energy into seeking out an opportunity to transfer stationed troops and rationalize bases.

Newly appointed Secretary of Defense William Cohen made it clear he would continue deployed troops with an emphasis on the Asia-Pacific region. Officials of the Foreign Ministry note: "If the Japanese side brings up a proposal for reduction of

U.S. troops, the U.S. side will then pose a question of what Japan will do instead in the military sphere."

Japan has no military option, but the question is how much effort Japanese politics has put into working out an answer that would spell out how Japan can fulfill that much responsibility for the sake of peace of the region.

It seems to be a long way to go to see a solution of the Okinawa problem as long as (Japan), being blind to its own negligence, will leave everything to the U.S.-proposed military rationalization.

(2) Moves Afoot for Removal of Ban on Holding Companies with Big-Bang Financial Deregulation Plan Taken into Sight; Corporate Competitiveness to Be Strengthened

NIHON KEIZAI (Page 7) (Full) January 30, 1997

Moves for removing the ban on holding companies -- an effort that suffered a setback last year -- are picking up speed. The stage yesterday shifted to the ruling parties' Anti-Monopoly Law (AML) Advisory Panel, after coordination by the government. The government-initiated draft plan based on "free in principle" will become a basis for discussions. The panel will hasten to boil down the amendment to the AML Law, hoping to submit it to the Diet session in March.

Industrial Circles Heightening Expectations

The main feature of the government draft released yesterday is that the basic policy line is clear, and the procedures are simple. As the Fair Trade Commission (FTC) has insisted, "We will approve good holding companies, but bad ones will not be allowed" (Director of the General Secretariat Itoda), the draft plan is neat in content.

Discussions on removal of the ban on holding companies progressed rapidly from the end of 1955 into 1996. In response of the wishes of industrial UNCLAS SECTION 04 OF 09 TOKYO 000921

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circles and the Liberal Democratic Party (LDP), the FTC made a complete about-face regarding its view on holding companies from a "total ban" to "partial removal of the ban" and then to "free in principle."

The Social Democratic Party (SDP), which though a member of the coalition was not brought into the early consultative process, criticized the FTC's shift. With Rengo (Japanese Trade Union Confederation), a major supporter of the SDP, expressing concerns over labor-management relations, coordination in the ruling camp reached an impasse last June.

While a sense of helplessness permeated the government offices, the FTC began to assume a passive attitude, citing, "It is up to the ruling parties' wishes," but suddenly last last year a tail wind blew up. When it was decided as a result of the general election that the LDP would continue to lead in the administration, the expectations of industrial circle!mounted for the removal of the ban in one stroke, with an eye on improving international business competitiveness.

The necessity of having holding companies, which would make corporate restructuring and entries into new businesses easy, has been reassured, as part of the nation's current effort to reform the economic structure. Arguments favoring removal of such a ban received a boost from specific urgent agenda items, such as the breakup of Nippon Telegraph and Telephone Corporation (NTT) and financial holding companies, which are to become the centerpiece of the government-initiated Big-Bang deregulation plan (reform of the financial system).

"Make It Open First"

Discussion in the government has focused on "what types of holding companies are undesirable." AML Law Article 9 bans all types of holding companies regardless of whether they are likely to cause problems or not, for fear of a possible resurrection of the prewar zaibatsu or business conglomerates. Stemming from the judgment that "it is impossible to identify "good holding companies" from among various types of holding companies, the FTC gave a clear-cut solution to the issue, "We will liberalize holding companies first, and if there is exploitation of this situation, we will then impose restrictions" (FTC Chairman Negoro).

According to AML Law Article 1, holding companies that will give rise to "excessive concentration of business control power" are regarded as "bad." Since this definition is difficult to understand, an idea emerged to define that (bad companies are such that have) "many influential companies under its wing, engulfing several business sectors."

To be concrete, how to identify cases of excessive
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concentration of business control power was boiled down, envisaging scenes where the following three come under the control of holding companies: (1) major companies belonging to the six largest corporate groups, such as Mitsubishi; (2) city bank and major companies; and (3) influential manufacturers and influential raw material suppliers.

Standoff over Labor Problem

The government draft is close to a plan supporting "free in principle" which was revised in response to the wish of the LDP last January. Excessive restrictions were eliminated, considering there are other regulatory means, such as mergers and stock holding.

What the government is most concerned about is power-relations in the ruling bloc. The coalition scheme composed of the LDP, SDP and Sakigake remain unchanged since last year, but in the recent general election, the LDP seized the higher ground in the coalition with the SDP losing seats. In addition, many of SDP members, who were in opposition to the LDP at that time, calling for "partial removal (of the ban), either retired from the political world or transferred to the Minshuto (Democratic Party of Japan). The situation is now advantageous to those who argue for "free in principle." However, the government remains cautious, citing, "We cannot read the moves of the SDP" (senior FTC member).

The labor issue has yet to be settled. Labor-management relations between holding companies and the trade unions of their subsidiaries were made an issue last year. The Labor Ministry's research council last December released a report noting, "Legal problems are not likely to arise (as a result of the establishment of holding companies)." Rengo was not convinced and is now seeking an amendment to labor-related laws. The confrontation with employers' associations is not over.

(3) First "Pressure on Japan" by Second-term Clinton Administration; Directed at Procurement of Materials in Electric Power Market

NIHON KEIZAI (Page 11) (Full) January 29, 1997

US to Send USTR Officials to Tokyo Electric Power Co.

(Washington, January 28, Yasuhiko Ota)

The United States Government has decided to tighten up pressure on Japan to pry open its markets, focusing on material procurement by Japanese electric power companies. It will dispatch USTR (United States Trade Representative) officials in charge to four companies, including Tokyo Electric Power Co., and Kansai Electric Power Co. They will
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directly ask their executives to buy more U.S. products. The government has started contact with some companies. This area is subject to the task of deregulation set forth by the Hashimoto Administration. The U.S. Government is poised to pressure the Japanese companies to review their way of procurement, keeping in mind an option of applying Article 301 (provision for sanction measures against unfair trade practices) of the U.S. Trade Act.

Annual purchases of materials by Japanese electric

power companies reach 25 billion dollars (about 3 trillion yen), even with such fuels as crude oil excluded. The U.S. Government is interested especially in such materials as reserve generators, transmission wires, telegraph poles, electricity-meters. The USTR has pointed out small purchases by Japan of medium to small-size U.S. companies' products, compared with procurement of large-scale power-generating equipment produced by U.S. leading companies.

The pressure on the electric power industry has drawn public attention as the first move in trade policy under the second Clinton Administration. The USTR officials will also meet Chubu Electric Power Co., and Tohoku Electric Power Co., and seek them to disclose the ratio of procured foreign products as a share of total purchased goods and comparison between Japanese and foreign material costs. The U.S. side has counted on the administration's influence over the industry and also has placed expectations on MITI's (Ministry of International Trade and Industry) leadership.

In a bid to open the way to application of Section 301 of the U.S. Trade Act, the U.S. Government will include in the "1997 Foreign Trade Barriers Report" due out at the end of March Japanese electric power companies' procurement practices, stipulating them as unfair. Types of business named in the report are placed on a watch list for sanctions under Section 301, which is announced at the end of September every year.

MITI Insists on "Fairness"

MITI has been annoyed by the U.S. Government's criticism against Japan's procurement method as unfair. An official of the Agency of Natural Resources and Energy Agency rejoined, "Japanese power companies' material procurement method is fair. Purchases from overseas are on an upward trend."

USTR officials visited MITI on the 27 and listened to the recent trend of procurement in the Japanese electric power industry, said a MITI official. Citing that a reduction in electric power rates was stipulated in the economic structural reform program the Cabinet adopted last year, MITI side explained, "Electric power companies are eager to

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purchase less-expensive, competitive products, in
an effort to cut their costs."

But MITI refused to give administrative guidance to
electric power companies regarding expanded
purchases of U.S. products and disclosure of
comparison of costs, on the grounds that "material
procurement is a private company matter to the
last."

U.S. Launches Offensives, Taking Advantage of Swirl
of Deregulation; Japanese Power Industry Now in
Quandary, Degraded from Status of Model Industry;
Placed Under Pressure Also by Another Factor of
Demand for Rate Cuts

The electric power industry is perplexed with the
U.S. Government's about-face into assuming a tough
stance. Power companies have boosted imports as
part of their efforts to reduce production costs.
When United States Secretary of Commerce Kantor
(then) visited Japan last April, he presented Tokyo
Electric Power Co., with a letter of appreciation.
Amid the industry being pressed by MITI to lower
power rates, some companies express concern about
increased costs in case they are forced to buy more
U.S. products.

A USTR official who visited the Material
Procurement Department of Tokyo Electric Power Co.,
on the 28th told an executive, "Although purchases
of such large products as power-generation turbines
are arriving in volume, intermediate products, such
as transmission wires, account for only a small
percentage," urging him to buy more.

The executive reportedly refuted, "I do not think
our purchases of intermediate products (from
overseas) are small. We are increasing imports in
terms of value as well."

The electric power industry has listed expanded
overseas procurement as a measure to achieve the
goal of reducing electric power rates by about 20
percent by the year 2001. Tokyo Electric Power
Co., increased the ratio of imported goods as a
share of total purchases to 7.5 percent in FY1995
from 1.2 percent in FY1990. Of the imported goods,
U.S. products account for more than 50 percent.

Putting forth a goal of increasing 50 items to import in three years starting from FY1995, the company has begun to import optical fiber cables, transmission wires and transformers installed at substations.

In 1994, the Office of USTR called on the Japanese electric power industry to open the market. But imports swelled after that; so no critical voices were heard. All the more for this, the swift in posture on the U.S. side was a bolt out of the blue. The dominant analysis is that with disputes with Japan in the automobile, semiconductor, telecommunications markets brought to a settlement, UNCLAS SECTION 08 OF 09 TOKYO 000921

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the U.S. side began to set the target at the electric power market, making use of the recent deregulation trend in Japan.

Kept as a model seems to be Nippon Telegraph and Telephone (NTT) Corporation's material procurement amounting to 1,900 billion yen (FY1995) annually.

Following the drastic review of its procurement method in accordance with an agreement reached between the Japanese and U.S. Governments, NTT boosted its purchases from foreign companies from 41.4 billion yen in FY1988 to 152 billion yen in FY1995. Items of procurement also increased. About 90 percent of overseas procurements are those from North America, at present.

(4) LDP Certain to Win a Majority, 250 Votes, without SDP and Sakigake; Supplementary Budget Passes Lower House

NIHON KEIZAI (Page 2) (Full) January 30, 1997

The Liberal Democratic Party (LDP) leadership is now confident to win 250 votes, a majority of the Lower House excluding the Speaker, without counting in the Social Democratic Party (SDP) or Sakigake. This was proven in the Lower House plenary session

on the 29th that passed the FY1996 budget with 250 votes: 249 LDP and independent votes plus one absentee. The LDP hopes to cement an alliance with the Minshuto (Democratic Party of Japan) but that party has taken joint steps with the Shinshinto (New Frontier Party) and the Taiyo Party (Sun Party) throughout the budget deliberations. At present, the LDP has no clear strategy to secure a stable majority in both houses.

In the Lower House plenary session, the supplementary budget was approved by 239 LDP members and four 21st Century members, with no votes from the SDP. All in all, a total of 249 members voted in favor of the budget, including six independents: Kishiro Nakamura, a member affiliated with the LDP; Yukio Jitsukawa, who has indicated to join the LDP; Takehiko Endo; Takashi Sasagawa; Kenzo Yoneda, and Mineichi Iwanaga. Efforts by the LDP leadership led by Secretary General Koichi Kato toward Shinshinto rebels and independents have paid off.

The LDP forecasts, "Several more Shinshinto members will join the LDP in the next few months" (senior member). The FY1997 budget, on which the Lower House's decision has foremost priority under the Constitution, has now extremely likely to pass the Diet without the SDP or Sakigake's cooperation.

Nevertheless, it is a fact that the LDP is far from being a majority party in the Upper House. So the SDP and Sakigake's cooperation is still indispensable in order to pass regular bills, that require approval of both houses in principle. Some

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LDP members suspect: "The environment enabling the LDP to pass the budget independently may end up encouraging the SDP and Sakigake to display their own imprints, to give them more of a freehand."

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RUCPDOG/USDOC WASHDC PRIORITY
RUEKJCS/SECDEF WASHDC//USDA;ISA// PRIORITY
RUEHC/SECSTATE WASHDC PRIORITY 2218

INFO: RUEHOK/AMCONSUL OSAKA KOBE PRIORITY 0322
RUEHKOF/AMCONSUL FUKUOKA PRIORITY 3510

SUBJ: MEDIA REACTION, CHECHNYA AND OKINAWA; TOKYO

TEXT:

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

LEAD STORIES: THE FRIDAY MORNING YOMIURI GAVE TOP
COVERAGE TO THE HEALTH MINISTRY PLAN TO RECOGNIZE HIV
PATIENTS AS PHYSICALLY-HANDICAPPED. OTHER PAPERS FRONT-
PAGED PM HASHIMOTO'S DEPARTURE LATER TODAY FOR TORONTO
FOR TALKS WITH PERUVIAN PRESIDENT FUJIMORI.

1. "MOVES ARE AFOOT FOR CHECHNYA'S INDEPENDENCE" THE
LIBERAL TOKYO SHIMBUN EDITORIALIZED (JANUARY 31), "THE
PEACEFUL PRESIDENTIAL ELECTION IN CHECHNYA MEANS THAT
MOVES TOWARD INDEPENDENCE WILL SOON START THERE. WE
HOPE CHECHNYA'S MOVES TOWARD INDEPENDENCE WILL BE
PEACEFUL BECAUSE WHAT HAPPENS THERE WILL HAVE TREMENDOUS
INFLUENCE ON OTHER ETHNIC MINORITIES IN RUSSIA.

"... THE KREMLIN APPEARS TO HAVE HEAVED A SIGH OF RELIEF OVER THE ELECTION OF MODERATE LEADER ASLAN MASKHADOV TO THE CHECHEN PRESIDENCY. THE RUSSIANS BELIEVE THAT THEY AND MASKHADOV WILL BE ABLE TO DISCUSS FINANCIAL AND OTHER SUPPORT FOR THE RECONSTRUCTION OF CHECHNYA IN A REASONABLE MANNER.

"IF AND WHEN THE CHECHEN INDEPENDENCE MOVEMENT BEGINS IN EARNEST, IT WILL UNDOUBTEDLY SPUR TARTARSTAN AND OTHER ETHNIC REPUBLICS TO SEEK INDEPENDENCE. MOREOVER, SUCH MOVES WILL LIKELY PROMPT SUCH AUTONOMOUS REGIONS AS THE RUSSIAN FAR EAST AND SIBERIA TO SEVER THEIR POLITICAL AND ECONOMIC TIES WITH RUSSIA. THIS MAY LEAD TO THE BEGINNING OF THE FALL OF THE 'RUSSIAN EMPIRE.'"

2. "DON'T LOSE MOMENTUM ON OKINAWA" THE LIBERAL ASAHI OPINED (JANUARY 31), "ONCE AGAIN, THE HASHIMOTO GOVERNMENT AND OPPOSITION PARTY LEADERS NEED TO REFLECT ON WHO IS RESPONSIBLE FOR IMPLEMENTING THE SCALE-BACK OF US MILITARY BASES ON OKINAWA. THE U.S. AND JAPAN AGREED LAST DECEMBER TO THE GRADUAL RETURN OF 21 PERCENT OF US MILITARY-OCCUPIED LAND TO JAPAN. THAT WAS A STEP FORWARD (TOWARD SETTling THE BASE ISSUE), ESPECIALLY SINCE THE ISSUE HAD BEEN NEGLECTED FOR A QUARTER CENTURY SINCE THE REVERSION OF OKINAWA TO JAPAN IN 1972.

"THOSE IN NAGATACHO (THE SEAT OF THE JAPANESE GOVERNMENT) SEEM TO BELIEVE THAT WITH LAST YEAR'S AGREEMENT, THEIR ROLE IS MOSTLY OVER AND IT IS NOW TIME FOR LOCAL GOVERNMENTS (IN OKINAWA) AND CONCERNED GOVERNMENT MINISTRIES TO NEGOTIATE THE ISSUE. THE REALITY IS QUITE THE OPPOSITE. SOON AFTER THE GOVERNMENT MOVED TO ENFORCE THE ACCORD, IT BECAME CLEAR THAT DIFFICULTIES WOULD LIE AHEAD...

"... THE U.S. AND JAPAN AGREED ON THE RETURN OF FUTENMA AIR STATION. BUT NAGO MAYOR HIGA SAID HE WOULD NOT COMPLY WITH A GOJ REQUEST FOR AN ON-SITE SURVEY FOR AN ALTERNATE HELIPORT OFF CAMP SCHWAB UNLESS THE OKINAWA PREFECTURAL GOVERNMENT ACTS AS A COORDINATOR... WHY DOES OKINAWA HAVE TO HOST AN ALTERNATE HELIPORT? HOW WILL THE CENTRAL AND PREFECTURAL GOVERNMENTS CLOSE THE GAP BETWEEN CITIES AND TOWNS WHICH WILL BENEFIT FROM THE CLOSING OF U.S. BASES AND THOSE WHICH WILL HAVE TO HOST THEM? TOKYO'S RESPONSE TO THIS PROBLEM IS NOT PERSUASIVE." CRANE

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