

Withdrawal/Redaction Sheet

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. cable	Re: Okinawa Visit: Environmental Issues, Troop Strength (5 pages)	02/25/1997	P1/b(1)
002. cable	Re: U.S.-Japan Security Relations: Paving the Way (4 pages)	02/28/1997	P1/b(1)

COLLECTION:

Clinton Presidential Records
NSC Cables
Jan 1997-Dec 1998 ([Futenma])
OA/Box Number: 520000

FOLDER TITLE:

[02/24/1997 - 03/05/1997]

2016-0420-F

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RESTRICTION CODES

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

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

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

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

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

RR. Document will be reviewed upon request.

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

Cable

PREC: IMMEDIATE
CLASS: UNCLASSIFIED
LINE1: OAAUZYUW RUEHKO1609 0550317-UUUU--RHEHAAA.
LINE2: ZNR UUUUU ZZH
LINE3: O 240317Z FEB 97
LINE4: FM AMEMBASSY TOKYO
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DTG: 240317Z FEB 97
ORIG: AMEMBASSY TOKYO
TO: RUEHC/SECSTATE WASHDC IMMEDIATE 3114
RUEHIA/USIA WASHDC IMMEDIATE 3359
INFO: RUCPDOG/USDOC WASHDC
RUEBBEA/USDOT WASHDC
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RHHMUNA/USCINCPAC HONOLULU HI//USIA//
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RUYNJDK/COMNAVFORJAPAN YOKOSUKA JA
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RHEHAAA/WHITE HOUSE WASHDC
RUEKJCS/JOINT STAFF WASHDC//J5//
RUEKJCS/SECDEF WASHDC
RHHMHAH/CINCPACFLT PEARL HARBOR HI//N5//
SUBJ: JAPANESE MORNING PRESS HIGHLIGHTS FEBRUARY 24

TOP HEADLINES:

TEXT:
UNCLAS SECTION 01 OF 09 TOKYO 001609

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 FEBRUARY 24

TOP HEADLINES:

ASAHI: LOCAL GOVERNMENTS' FOOD EXPENDITURES SHRINK 30
PERCENT, EQUIVALENT TO 6.2 BILLION YEN, ACCORDING TO
ASAHI SHIMBUN'S SURVEY OF NEW FISCAL YEAR'S BUDGET; SEVEN
PREFECTURES' FOOD COST WILL FALL TO BELOW HALF THE PAST
OUTLAYS

NIHON KEIZAI: NON-LIFE INSURANCE FIRMS WILL SCRAP ALL PREMIUM CARTELS; "SHIPBUILDING" AND "MACHINES" INDUSTRIES TO REORGANIZE ADJUSTMENT ORGANIZATIONS; PREMIUM RATES WILL BE PERFECTLY LIBERALIZED IN SUMMER OF NEXT YEAR

TOKYO SHIMBUN: U.S. SECRETARY OF STATES ASKS FOR SOLUTION OF "PROBLEM OF U.S. MILITARY BASES' SITE ON OKINAWA" AT FOREIGN MINISTERIAL; FOREIGN MINISTER IKEDA: "WE WILL DO OUR UTMOST"; SECRETARY AVOIDS ANY MENTION OF DISCLOSURE OF ENTIRE MAY 15 MEMO

MAINICHI: U.S. PRESIDENT EISENHOWER HAD SAID IN 1953 TO VISITING CROWN PRINCE: "U.S. TROOPS WILL BE ONLY TEMPORARILY STATIONED IN JAPAN"; FOREIGN MINISTRY RELEASES 5,972 DIPLOMATIC DOCUMENTS

YOMIURI: U.S.-JAPAN FOREIGN MINISTERIAL: U.S. ASKS FOR MORE EFFORTS TO SETTLE THE PROBLEM OF FORCED USE OF LAND BY U.S. FORCES IN OKINAWA (ARTICLE IN ENGLISH ED.)

SANKEI: FINANCE MINISTRY TO DEMAND A 10,000-PERSON CUT REGARDING COMPULSORY EDUCATION TEACHERS; IN RESPONSE TO THE PRESENT " SOCIETY WITH FEWER CHILDREN"; EDUCATION MINISTRY SHOWS STRONG OPPOSITION; COORDINATION WILL BE DIFFICULT

SECRETARY ALBRIGHT'S MEETINGS: BROAD DISCUSSIONS; DIFFERENCES ON ASIA AND ECONOMIC ISSUES
(YOMIURI - PAGE 2)

WITH THE ARRIVAL OF NEW U.S. SECRETARY OF STATE MADELEINE ALBRIGHT IN JAPAN ON THE 23RD, PRESIDENT CLINTON'S JAPAN POLICY HAS NOW MOVED INTO FULL SWING. THE SECRETARY OF STATE MET IN SUCCESSION WITH FOREIGN MINISTER YUKIHIKO IKEDA AND OTHER KEY JAPANESE CABINET MINISTERS TO EXCHANGE VIEWS ON VARIOUS SUBJECTS. IN THE SESSIONS, THE SECRETARY OF STATE STRESSED THE U.S.' CONTINUED COMMITMENT TO THE STABILITY AND PROSPERITY OF THE ASIA-PACIFIC AS WELL AS THE IMPORTANCE OF JAPAN-U.S. RELATIONS. IN ADDITION, JAPAN AND THE U.S. REAFFIRMED THE FIRM BILATERAL FOUNDATION FOR CLOSER COOPERATION. YET, THE TWO COUNTRIES ALSO RECOGNIZED SOME DIFFERENCES IN EACH OTHER'S APPROACH TO SPECIFIC ISSUES, SUCH AS TRADE ISSUES AND THE KOREAN PENINSULA. THE DIFFERENCE FOUND AT THIS STAGE WOULD BE A PRELUDE TO THE JAPAN-U.S. SUMMIT SCHEDULED FOR LATE APRIL.

AT THE OUTSET OF HIS MEETING WITH SECRETARY ALBRIGHT, FOREIGN MINISTER IKEDA REMARKED, "AT PRESENT, JAPAN-U.S. RELATIONS ARE GOOD. IN FACT, JUST TODAY I LEARNED A REPORT SPELLING OUT THAT THE PEOPLE PERCEIVE THE BILATERAL RELATIONS ARE IN BETTER CONDITION THAN EVER." IN RESPONSE, SECRETARY OF STATE ALBRIGHT NOTED, "I WOULD LIKE TO STRESS HOW FIRM THE U.S.-JAPAN ALLIANCE IS."

INCLUSION OF JAPAN IN HER FIRST OVERSEAS TRIP AS SECRETARY OF STATE DEMONSTRATES HER COMMITMENT TO JAPAN. HER PREDECESSOR, WARREN CHRISTOPHER, HAS VISITED JAPAN

ONLY ON SUCH OCCASIONS AS THE TOKYO SUMMIT AND THE JAPAN-U.S. SECURITY CONSULTATIVE COMMITTEE SESSION ("TWO-PLUS-TWO" WITH THE ATTENDANCE OF DEFENSE CHIEFS OF THE TWO COUNTRIES) AND HAS NEVER STOPPED OVER IN JAPAN TO EXCHANGE VIEWS WITH JAPANESE LEADERS SIMILAR TO THIS OCCASION. CHRISTOPHER'S PREDECESSOR, JAMES BAKER, ALSO ATTACHED LITTLE IMPORTANCE TO ASIA.
UNCLAS SECTION 02 OF 09 TOKYO 001609

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 FEBRUARY 24

JAPAN IS FULLY AWARE OF PRESIDENT CLINTON'S STRONG ENTHUSIASM TOWARD FOREIGN POLICY IN HIS SECOND TERM. THE PURPOSE OF A SERIES OF SESSIONS WITH THE SECRETARY OF STATE THIS TIME IS TO "REAFFIRM THE FIRM FOUNDATION OF JAPAN-U.S. TIES" (FOREIGN MINISTRY COURSE) AND NOT FOR "CONDUCTING NEGOTIATIONS" (U.S. STATE DEPARTMENT SPOKESMAN BURNS). "CARRYING OUT THE FIRST HIGH-LEVEL SESSION" IS WHAT MATTERS THE MOST FOR BOTH JAPAN, WHICH HAD A GENERAL ELECTION LAST YEAR, AND THE U.S., WHICH HAD ITS PRESIDENTIAL ELECTION LATE LAST YEAR.

AS FOR SECURITY, THE TWO COUNTRIES REAFFIRMED THE NEED FOR A REVIEW OF THE GUIDELINES ON JAPAN-U.S. DEFENSE COOPERATION BY THIS FALL AS WELL AS FOR THE IMPLEMENTATION OF THE AGREEMENT REACHED BY THE SPECIAL ACTION COMMITTEE ON OKINAWA (SACO). THE U.S. SIDE OFFERED AN APOLOGY FOR THE ACCIDENTAL FIRING OF DEPLETED-URANIUM BULLETS AND STRESSED THE NEED OF GREATER COOPERATION BETWEEN THE TWO COUNTRIES TOWARD OKINAWA. PERCEPTIONS BETWEEN THE TWO COUNTRIES WERE GENERALLY IN ACCORD ON SECURITY.

HOWEVER, A DIFFERENCE IN TONE WAS EVIDENT REGARDING ECONOMIC ISSUES. THE JAPANESE SIDE CALLED FOR STRONGER COOPERATION "BEFITTING TWO ECONOMIC GIANTS" IN HANDLING INTERNATIONAL ECONOMIC ISSUES. SECRETARY OF STATE ALBRIGHT, ON THE OTHER HAND, REFERRING TO SUCH SPECIFIC AREAS AS AUTO PARTS AND HARBOR PRACTICES, PLAYED UP THE CLINTON ADMINISTRATION'S "ECONOMIC SECURITY POLICY DIRECTION."

A GAP WAS ALSO REVEALED IN THE TWO COUNTRIES' APPROACHES TO OTHER ASIAN COUNTRIES. SPECIFICALLY, THE TWO COUNTRIES WERE WIDE APART ON FOOD AID TO NORTH KOREA

(DEMOCRATIC PEOPLE'S REPUBLIC OF KOREA) AND CHINA'S PARTICIPATION IN THE WORLD TRADE ORGANIZATION (WTO).

SECRETARY OF STATE ALBRIGHT'S JAPAN ITINERARY IS TIGHT, REFLECTING HER ENTIRE TEN-DAY-NINE-COUNTRY TRIP. WITH THE DENVER SUMMIT COMING UP IN JUNE, SHE IS SCHEDULED TO COVER ALL SUMMIT COUNTRIES EXCEPT FOR CANADA, PLUS RUSSIA. IN ADDITION, HER SCHEDULE INCLUDES THE REPUBLIC OF KOREA (ROK) AND CHINA, COUNTRIES VITAL FOR U.S. SECURITY AND ECONOMY. JAPAN'S DIPLOMACY IS UNDER SOME LIMITATIONS DUE TO THE ONGOING HOSTAGE CRISIS IN PERU AND THE DIET SCHEDULE, BUT SOME THINK, "IT IS ABOUT TIME FOR JAPAN TO CARRY OUT DIPLOMACY STRATEGICALLY."

JAPAN, U.S. AFFIRM JOINT APPROACHES TO NORTH KOREA ISSUE; GAP OVER FOOD AID TO THAT COUNTRY (SANKEI - PAGE 3)

U.S. SECRETARY OF STATE ALBRIGHT, IN HER MEETINGS ON THE 23RD WITH FOREIGN MINISTER YUKIHIKO IKEDA, MINISTER OF INTERNATIONAL TRADE AND INDUSTRY MINISTER SHINJI SATO, AND DEFENSE AGENCY DIRECTOR GENERAL FUMIO KYUMA, EXCHANGED VIEWS ON A BROAD RANGE OF AREAS, INCLUDING THE BILATERAL SECURITY ARRANGEMENT, THE OKINAWA PROBLEM, CONDITIONS IN ASIA, AND BILATERAL ECONOMIC RELATIONS. AS THE SECRETARY POINTED OUT REGARDING THE VARIOUS ISSUES IN ASIA-PACIFIC AFFAIRS, "HER RESPONSES WERE VERY PRACTICAL AND ON TARGET," (FOREIGN MINISTRY SOURCE) POSITIVE EXCHANGES OCCURRED.

FOREIGN POLICY:

IN HER CONVERSATION WITH FOREIGN MINISTER IKEDA, THE SECRETARY EXCHANGED VIEWS MAINLY ON THE SITUATION IN NORTH KOREA AND ON CHINA AFTER THE DEATH OF DENG XIAOPING.

ON THE SITUATION IN NORTH KOREA, SHE GAVE THIS EVALUATION: "I VISITED THE ROK (JUST BEFORE COMING TO UNCLAS SECTION 03 OF 09 TOKYO 001609

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 FEBRUARY 24

JAPAN), BUT THAT COUNTRY (NORTH KOREA) IS RESPONDING COOL-HEADEDLY." SHE INDICATED THE HIGH U.S. CONCERN ABOUT THE NORTH KOREAN SITUATION, AND ASKED JAPAN TO EXTEND FOOD AID TO THAT COUNTRY.

ON THE FOOD AID QUESTION, THE U.S. AND THE ROK HAVE TAKEN THE APPROACH THAT THERE IS NEED TO IMPLEMENT SUCH QUICKLY FOR THE SAKE OF THE STABILITY OF NORTH KOREA, BUT HERE THERE IS A CLEAR DIFFERENCE OF VIEW WITH JAPAN, WHICH HAS TAKEN A PRUDENT POSTURE, CITING SUCH FACTORS AS NORTH KOREA'S INVOLVEMENT IN THE KIDNAPPING OF A SCHOOLGIRL IN NIIGATA, AND THE LACK OF MOVEMENT IN RESTARTING NORMALIZATION TALKS BETWEEN JAPAN AND NORTH KOREA.

HOWEVER, JAPAN AND THE U.S. HAVE AGREED ON THE PERCEPTION REGARDING THE NORTH KOREAN SITUATION THAT "COOPERATION AMONG JAPAN, THE U.S., AND THE ROK ARE IMPORTANT." THEY RECOGNIZED A POLICY APPROACH OF RESPONDING BY TRILATERAL COOPERATION.

ON THE SITUATION IN CHINA, THE SECRETARY OF STATE BROUGHT UP THE HUMAN RIGHTS ISSUE, NOTING, "I WOULD LIKE TO EXCHANGE VIEWS ON BROAD THEMES, SUCH AS HUMAN RIGHTS AND TRADE."

THE SECRETARY ON THE MYANMAR (BURMA) ISSUE AS WELL, BROUGHT OUT THE STANCE OF RESPONDING SENSITIVELY TO THE HUMAN RIGHTS ISSUE, "WE HAVE EXPRESSED OUR REGRET AT CURRENT CONDITIONS THERE," REVEALING A GAP BETWEEN THE U.S. AND JAPAN, WHICH MAY POSE SOME DIFFICULTIES FOR JAPAN TO DEAL WITH IN THE FUTURE.

FOREIGN MINISTRY OBJECTS TO U.S. SPOKESMAN'S COMMENT ON IRAN ISSUE (NIHON KEIZAI - PAGE 2)

"SECRETARY OF STATE ALBRIGHT HAS TRANSMITTED THE UNITED STATES' VIEW TO ALL THE COUNTRIES SHE IS NOW VISITING THAT WE SHOULD ISOLATE IRAN." SPOKESMAN BURNS FOR THE U.S. DEPARTMENT OF STATE GAVE SUCH A BRIEFING AT A PRESS CONFERENCE HELD ON THE 23RD. CONCERNING THIS BRIEFING, THE JAPANESE MINISTRY OF FOREIGN AFFAIRS SHOWED A FIERCE REACTION, CLAIMING: "IT'S NOT TRUE THAT THE U.S. SIDE REFERRED TO IRAN AT THE JAPAN-U.S. FOREIGN MINISTERIAL MEETING." UNEXPECTEDLY, SUCH GAVE A GLIMPSE OF THE DIFFERENCE BETWEEN THE RESPECTIVE STANCES OF JAPAN AND THE U.S. TOWARD IRAN.

POLICY TOWARD IRAN IS A MATTER THAT COULD TOUCH THE BASIS OF THE PEACE PROCESS IN THE MIDDLE EAST IN WHICH THE U.S. HAS BEEN DEEPLY ENGAGING. SECRETARY ALBRIGHT, WHO HAS BEEN LABELED "PRO-ISRAELI," HAS SO FAR BEEN CAUTIOUS, BUT "ISOLATING IRAN" IS REGARDED AS THE SECRETARY'S BASIC PRINCIPLE OVER THE MIDDLE EAST POLICY.

DEPENDING ON THE MIDDLE EAST SITUATION, IT MAY DEVELOP INTO A TROUBLESOME PROBLEM ALSO BETWEEN JAPAN AND THE U.S.

SECRETARY OF STATE TELLS MITI MINISTER SHE IS WORRIED ABOUT FRICTION OVER AUTO ISSUE (ASAHI - PAGE 2)

VISITING UNITED STATES SECRETARY OF STATE ALBRIGHT CALLED

ON MINISTER OF INTERNATIONAL TRADE AND INDUSTRY (MITI) SHINJI SATO AT MITI YESTERDAY AFTERNOON. THEY EXCHANGED VIEWS ON BILATERAL ECONOMIC RELATIONS. ALBRIGHT INDICATED: "KEEPING GOOD RELATIONS ON THE ECONOMIC FRONT IS CRUCIAL FOR JAPAN AND THE U.S. TO MAINTAIN THEIR ALLY RELATIONSHIP." SHE THEN STATED, "AUTOS AND AUTO PARTS ISSUES ARE VERY IMPORTANT. IF THE CONTENTS (OF THE AGREEMENT REACHED BETWEEN JAPAN AND THE U.S.) ARE NOT FULLY IMPLEMENTED, FRICTION MIGHT BE REKINDLED." THIS REMARK APPARENTLY REFLECTED HER AIM OF PUTTING A CURB BY BRINGING ABOUT THE "AUTOMOBILE ACCORD" ON THE SURGING UNCLAS SECTION 04 OF 09 TOKYO 001609

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 FEBRUARY 24

SALES OF JAPANESE AUTOMOBILES IN THE U.S. ON THE STRENGTH OF THE YEN'S RECENT DEPRECIATION. MITI MINISTER SATO REPLIED, "(THE INCREASING EXPORTS TO THE U.S. AND THE WEAK YEN) ARE TEMPORARY, BUT WE WILL PROPERLY ABIDE BY OUR BILATERAL ACCORD."

OBSERVERS CALL HER REMARK AS AN EXPRESSION OF HER ANXIETY ABOUT THE SURGING IMPORTS OF JAPANESE AUTOS TO THE U.S. AGAING TURNING INTO A SEED FOR FUTURE DISCORD BETWEEN JAPAN AND THE U.S.

SECRETARY ALBRIGHT ASKS JAPAN TO FULLY IMPLEMENT AUTO AGREEMENT (NIHON KEIZAI - PAGE 3)

VISITING UNITED STATES SECRETARY OF STATE ALBRIGHT YESTERDAY MET WITH MINISTER OF INTERNATIONAL TRADE AND INDUSTRY SHINJI SATO AT THE MINISTRY FOR AN EXCHANGE OF VIEWS ABOUT THE STATE OF PROGRESS IN JAPAN'S ECONOMIC STRUCTURAL REFORM, AS WELL AS TRADE PROBLEMS BETWEEN JAPAN AND THE U.S. DURING THEIR CONVERSATION, THE SECRETARY VOICED HER UNHAPPINESS WITH THE CURRENT PACE OF OPENING THE JAPANESE AUTOMOBILE MARKET, NOTING: "MY WORRY IS THAT IF THE 1995 JAPAN-U.S. AUTO AGREEMENT IS NOT FULLY IMPLEMENTED, A DISPUTE MIGHT REIGNITE."

THE SECRETARY'S REMARK IS VIEWED AS REFLECTING THE DISSATISFACTION OF THE U.S. INDUSTRY. FOR EXAMPLE, IN LATE FEBRUARY, THE AMERICAN AUTO MANUFACTURERS ASSOCIATION (AAMA) EXPRESSED ITS CONCERN OVER THE SLOW INCREASE IN THE NUMBER OF FOREIGN-CAR DEALERSHIPS IN JAPAN. IN REACTION, MITI MINISTER SATO STRESSED THERE

WAS NO CHANGE IN THE JAPANESE SIDE'S POSITION OF OBSERVING THE JAPAN-U.S. AUTO PACT, REMARKING: "ALTHOUGH AUTO EXPORTS TO THE U.S. ARE ON THE INCREASE, I THINK THAT TREND IS A TEMPORARY ONE, AFFECTED BY EXCHANGE-RATE CHANGES AND OTHER FACTORS."

REGARDING THE CIVIL AVIATION SECTOR, SECRETARY ALBRIGHT POINTED OUT, "MORE DEREGULATORY MEASURES ARE NECESSARY," AND REFERRED TO THE U.S. GOVERNMENT-PROPOSED OPEN-SKIES POLICY, WHICH AIMS AT COMPLETE LIBERALIZATION OF AVIATION RIGHTS, AIR FARE RESTRICTIONS, AND OTHER ELEMENTS. THE SECRETARY ALSO ASKED FOR EXTENDING THE JAPAN-U.S. PAPER AGREEMENT THAT WILL RUN OUT IN EARLY APRIL. BUT SINCE THE JAPANESE SIDE'S POLICY APPROACH IS TO REFUSE TO EXTEND THAT PACT, THE MITI MINISTER INDICATED HIS VIEW: "IT WOULD BE MORE APPROPRIATE FOR WORKING-LEVEL OFFICIALS TO GO AHEAD WITH DISCUSSIONS ON THIS."

U.S. SEEKS TO STRENGTHEN JAPAN'S PERFORMANCE IN THE SECURITY ARRANGEMENT (NIHON KEIZAI - PAGE 2)

AT THE JAPAN-U.S. FOREIGN MINISTERIAL MEETING HELD ON THE 23RD, THE U.S. SIDE STRONGLY CALLED FOR THE JAPANESE GOVERNMENT TO CARRY OUT THE POLICY LINE OF REINFORCING THE JAPAN-U.S. SECURITY ARRANGEMENT BASED ON A BILATERAL JOINT DECLARATION ON SECURITY THAT WAS ISSUED IN APRIL LAST YEAR. WITH THE PLANNED REVERSION OF THE U.S. FORCES' FUTENMA AIR STATION SITE IN OKINAWA AS LEVERAGE, THE U.S. WANTS TO GO ALL OUT TO GRAPPLE WITH SUCH TASKS AS REVIEWING THE GUIDELINES FOR JAPAN-U.S. DEFENSE COOPERATION WHILE KEEPING AN EYE ALSO ON THE KOREAN PENINSULA SITUATION. FOR THE U.S., HOWEVER, THE OKINAWA PROBLEM, WHICH STILL HAS BEEN SADDLED WITH A NUMBER OF DIFFICULTIES, IS A SOURCE OF IRRITATION. THE HASHIMOTO GOVERNMENT WAS AGAIN URGED TO SHAPE ITS "COMMITMENTS TO THE U.S." ON SUCH ISSUES AS THE PROBLEM OF REQUISITIONING LAND FOR U.S. MILITARY FACILITIES IN OKINAWA AND THE WORK OF MAKING COORDINATION FOR THE PLANNED CONSTRUCTION OF AN ALTERNATIVE HELIPORT FOR FUTENMA, WHICH ARE ALL LINKED TO THE TWO COUNTRIES' JOINT DECLARATION ON SECURITY.

SPOKESMAN BURNS FOR THE U.S. DEPARTMENT OF STATE HAD UNCLAS SECTION 05 OF 09 TOKYO 001609

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 FEBRUARY 24

STRESSED THAT THE PURPOSE OF SECRETARY OF STATE ALBRIGHT'S VISIT TO JAPAN THIS TIME "IS TO UNDERSCORE THAT THE JAPAN-U.S. (TN: SIC) RELATIONSHIP IS THE LINCHPIN OF THE ASIA-PACIFIC REGION." FOR THE U.S. SECRETARY OF STATE WHO WILL VISIT CHINA ON THE 24TH BY WAY OF THE REPUBLIC OF KOREA AND JAPAN, THE POLICY LINE OF REINFORCING THE JAPAN-U.S. SECURITY ARRANGEMENT IS, IN OTHER WORDS, A "PREMISE" FOR U.S. POLICIES TOWARD THE KOREAN PENINSULA AND CHINA.

NEVERTHELESS, IT APPEARS TO THE U.S. SIDE THAT JAPAN'S RESPONSE IS EXTREMELY DULL. WITH THE KOREAN PENINSULA SITUATION GROWING EVEN MORE FLUID, JAPAN STILL HAS MANY CONSTITUTIONAL RESTRICTIONS ON A REVIEW OF THE GUIDELINES. SO, MANY ON THE U.S. SIDE REMAIN CAUTIOUS, A SOURCE AT THE U.S. DEPARTMENT OF DEFENSE NOTING: "THERE ALSO SEEMS TO BE AN OPINION IN THE LIBERAL DEMOCRATIC PARTY OF JAPAN THAT IT WOULD BE DIFFICULT TO MAKE AN EFFECTIVE REVIEW OF THE GUIDELINES UNTIL NEXT YEAR'S UPPER-HOUSE ELECTION IS OVER."

SECRETARY ALBRIGHT -- EVEN WHILE SAYING THAT "IT'S JAPAN'S INTERNAL PROBLEM" -- TOUCHED ON THE PROBLEM OF MAKING FORCIBLE USE OF LAND FOR U.S. MILITARY FACILITIES IN OKINAWA, AND THEN STATED: "I HOPE IT WILL BE HANDLED SUCCESSFULLY." THIS MEANS HER URGING THE JAPANESE GOVERNMENT TO MAKE "EFFORTS" FOR THE MATTER, INCLUDING A POSSIBLE REVISION OF THE SPECIAL LAND LEASE LAW FOR ARMED FORCES STATIONED IN JAPAN.

AT THE SAME TIME, SECRETARY ALBRIGHT, DURING HER SHORT STAY IN JAPAN, MET ENERGETICALLY WITH FOREIGN MINISTER YUKIHIKO IKEDA, JAPAN DEFENSE AGENCY DIRECTOR GENERAL FUMIO KYUMA, AND INTERNATIONAL TRADE AND INDUSTRY MINISTER SHINJI SATO. ADDITIONALLY, THE SECRETARY MET ALSO WITH MEMBERS OF THE AMERICAN CHAMBER OF COMMERCE IN JAPAN. AS SPOKESMAN BURNS HAS NOTED THAT "FOR RELATIONS BETWEEN JAPAN AND THE UNITED STATES, DIPLOMACY, SECURITY, AND THE ECONOMY ARE IN ONE PACKAGE," THE SECRETARY INDICATED HER STANCE OF ENGAGING DEEPLY ALSO IN ECONOMIC AND TRADE ISSUES BETWEEN JAPAN AND THE U.S. FROM NOW ON.

IN THE CLINTON ADMINISTRATION DURING ITS FIRST TERM, THE DEPARTMENT OF DEFENSE USED TO BE MAINLY IN CHARGE OF JAPAN-U.S. SECURITY RELATIONS, WHILE THE OFFICE OF THE U.S. TRADE REPRESENTATIVE (USTR) WAS IN CHARGE OF TRADE ISSUES. BY CONTRAST, THE STANCE SHOWN BY SECRETARY ALBRIGHT ALSO SHOWS HER ENTHUSIASM, INDICATING THAT THE SECRETARY WANTS TO TAKE THE LEAD HERSELF IN DEALING WITH COMPREHENSIVE ISSUES BETWEEN JAPAN AND THE U.S., INCLUDING ECONOMIC ISSUES. IT MAY BE NECESSARY ALSO FOR THE JAPANESE GOVERNMENT TO REBUILD ITS CHANNELS WITH THE U.S. WHILE ASCERTAINING THE POWER STRUCTURE OF THE U.S. ADMINISTRATION.

(AKIHIKO MIYAMOTO, WASHINGTON BRANCH BUREAU)

SECRETARY ALBRIGHT DENIES U.S. TROOPS IN ASIA WILL BE CUT
(ASAHI -- PAGE 1)

UNITED STATES SECRETARY OF STATE ALBRIGHT ARRIVED IN JAPAN ON THE 23RD AND MET WITH FOREIGN MINISTER YUKIHIKO IKEDA AND JAPAN DEFENSE AGENCY DIRECTOR GENERAL FUMIO KYUMA SEPARATELY. ON THE PROBLEM OF U.S. MILITARY BASES ON OKINAWA, SECRETARY ALBRIGHT REFERRED TO THE EXPIRATION OF THE TERM OF THE LAND LEASE CONTRACTS ON A PORTION OF U.S. MILITARY BASES AND ASKED FOR THE JAPANESE SIDE'S EFFORTS, NOTING: "LAND EXPROPRIATION IS A DOMESTIC PROBLEM ON THE PART OF JAPAN, BUT I HOPE THE JAPANESE GOVERNMENT WILL HANDLE IT SUCCESSFULLY." MEANWHILE, SHE DENIED ANY CUTBACK IN U.S. TROOPS STATIONED IN OKINAWA, ALTHOUGH OKINAWA PREFECTURE HAS A STRONG EXPECTATION OF SUCH. IN ADDITION, THE SECRETARY SOUGHT JAPAN'S COOPERATION FOR FOOD ASSISTANCE TOWARD THE DEMOCRATIC UNCLAS SECTION 06 OF 09 TOKYO 001609

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 FEBRUARY 24

PEOPLE'S REPUBLIC OF KOREA (NORTH KOREA). THIS MORNING SHE\$IS TO MEET WITH PRIME MINISTER RYUTARO HASHIMOTO.

AS FOR THE MISTAKEN FIRING OF DEPLETED-URANIUM ROUNDS BY U.S. FORCES, THE FOREIGN MINISTER SOUGHT THE U.S. GOVERNMENT'S COOPERATION FOR AN ENVIRONMENTAL SURVEY AND PREVENTION OF A RECURRENCE. IN RESPONSE, THE SECRETARY EXPRESSED HER REGRETS, STATING: "I WOULD LIKE TO GIVE CONSIDERATION TO VARIOUS PROBLEMS RELATED TO OKINAWA." REGARDING OKINAWA PREFECTURE'S CALL FOR A TOTAL DISCLOSURE OF THE "MAY 15 MEMO" (ISSUED IN 1972), IN WHICH JAPAN AND THE U.S. STIPULATED THE CONDITIONS FOR U.S. FORCES IN OKINAWA TO USE BASES, THE FOREIGN MINISTER ASKED FOR COOPERATION, AND RESPONDING TO HIS REQUEST, THE SECRETARY STATED: "I WOULD LIKE TO DO MY UTMOST FOR COORDINATION." ON THE PROBLEM OF THE EXPIRATION OF THE LAND LEASE CONTRACTS FOR U.S. MILITARY BASES, THE FOREIGN MINISTER VOWED TO DO HIS BEST, AIMING AT AVOIDING THE "STATE OF ILLEGAL OCCUPATION" BY THE CENTRAL GOVERNMENT.

IN HER MEETING WITH JDA DIRECTOR GENERAL KYUMA, SECRETARY ALBRIGHT TOUCHED ON THE PROBLEM OF U.S. TROOPS STRENGTH, WHICH IS TO BE REVIEWED IN THE COMING SPRING, AND STATED: "I WISH TO CONFIRM THAT WE WILL CONTINUE TO DEPLOY 100,000 U.S. TROOPS IN THE ASIA-PACIFIC REGION AND MAINTAIN THE PRESENT LEVEL OF TROOPS IN JAPAN."

SECRETARY OF STATE TELLS JDA DIRECTOR GENERAL THAT
100,000 TROOPS IN ASIA WILL REMAIN
(NIHON KEIZAI - PAGE 2)

U.S. SECRETARY OF STATE ALBRIGHT MET WITH JAPAN DEFENSE
AGENCY DIRECTOR GENERAL FUMIO KYUMA AT JDA ON THE
AFTERNOON OF THE 23RD. REGARDING THE LEVEL OF U.S.
MILITARY STRENGTH IN THE ASIA-PACIFIC REGION, SECRETARY
ALBRIGHT STATED: "I'D LIKE TO CONFIRM THAT WE WILL KEEP
OUR DEPLOYMENT OF 100,000 TROOPS IN THE ASIA-PACIFIC
REGION AND WILL ALSO MAINTAIN THE CURRENT LEVEL IN JAPAN
AS WELL." THE SECRETARY HAS THUS INDICATED THE U.S.
GOVERNMENT'S INTENTION OF MAINTAINING THE PRESENT
DEPLOYMENT OF 100,000 TROOPS IN THE REGION, INCLUDING THE
U.S. FORCES IN JAPAN.

ON THE PROBLEM OF CONSTRUCTING AN ALTERNATIVE HELIPORT
FOR THE U.S. FORCES' FUTENMA AIR STATION, SECRETARY
ALBRIGHT STRESSED, "WE WANT TO DO IT ALONG WITH AN
APPROVED SCHEDULE." THE SECRETARY TOUCHED ALSO ON A
REVIEW OF THE GUIDELINES FOR JAPAN-U.S. DEFENSE
COOPERATION, AND STATED THAT THE U.S. "WOULD LIKE TO
SUBSTANTIATE COOPERATION." IN REPLY, JDA DIRECTOR
GENERAL KYUMA STATED, "WE WILL PROCEED WITH THE WORK
WITHIN THE CONSTITUTIONAL LIMITS, AND IF AND WHEN WE
OBTAIN RESULTS, WE WILL FULLY EXPLAIN IT TO THE PEOPLE
AND NEIGHBORING COUNTRIES, AND THEN WE WANT TO SECURE
TRANSPARENCY."

SECRETARY ALBRIGHT EXPRESSES STRONG CONCERN ABOUT OKINAWA
ISSUE, BUT NO SOLUTIONS IN SIGHT (ASAHI - PAGE 2)

UNITED STATES SECRETARY OF STATE ALBRIGHT DISCUSSED WITH
FOREIGN MINISTER YUKIHIKO IKEDA YESTERDAY A VARIETY OF
TOPICS RANGING FROM THE BILATERAL ISSUE OF U.S. MILITARY
BASES IN OKINAWA PREFECTURE TO INTERNATIONAL PROBLEMS,
FOCUSING ON THE KOREAN PENINSULA AND CHINA. IN THE FIRST
MEETING OF FOREIGN MINISTERS SINCE THE SECOND CLINTON
ADMINISTRATION WAS INAUGURATED, THERE SEEMS TO HAVE BEEN
AN URGENCY TO COORDINATE BOTH GOVERNMENTS' THINKING ON
BROAD AREAS. HOWEVER, EVEN IN THAT CONTEXT, THEIR
MEETING BROUGHT FORTH THE REALITY THAT JAPAN AND THE U.S.
CONTINUE TO AGONIZE OVER THE THORNY OKINAWA BASE ISSUE
INVOLVING THE PROBLEMS OF RELOCATION OF FUTENMA AIRFIELD
AND THE FORCED USE OF PRIVATE LAND PLOTS FOR U.S.
MILITARY FACILITIES.

UNCLAS SECTION 07 OF 09 TOKYO 001609

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 FEBRUARY 24

WAY OUT STILL INVISIBLE

THE JAPANESE GOVERNMENT CALLED STATE SECRETARY ALBRIGHT'S VISIT TO JAPAN AN OPPORTUNITY TO HAVE HER UNDERSTAND HOW SENSITIVE THE OKINAWA BASE ISSUE IS IN JAPAN.

PROBABLY AWARE OF SUCH AN ATMOSPHERE, ALBRIGHT REFERRED TO THE OKINAWA ISSUE FROM HER SIDE ALSO DURING MEETING WITH JAPAN DEFENSE SECRETARY FUMIO KYUMA. SHE STATED, "HAVING RECEIVING FULL EXPLANATIONS, I UNDERSTOOD THE ISSUE," AND SHE INDICATED THAT THE U.S. ADMINISTRATION IS PAYING GREAT ATTENTION TO THIS ISSUE. REGARDING THE FORCED USE OF LAND BY U.S. MILITARY FACILITIES, WHICH THE U.S. HAS SO FAR LABELED AS "JAPAN'S DOMESTIC ISSUE," SHE ALSO SHOWED DEEP INTEREST, EXPRESSING HOPE FOR THE JAPANESE GOVERNMENT'S EFFORTS.

SINCE THE SECRETARY IS AN EXPERT ON EUROPEAN AFFAIRS, JAPANESE GOVERNMENT OFFICIALS HAVE BEEN SOMEWHAT ANXIOUS THAT SHE MIGHT BE COOL TOWARD THE OKINAWA ISSUE, NOT BEING ACQUAINTED WITH THE CIRCUMSTANCES IN JAPAN AND OTHER ASIAN COUNTRIES. BUT HER FORWARD-LOOKING STANCE SHOWN IN HER YESTERDAY'S MEETINGS WITH JAPANESE OFFICIALS RELIEVED JAPANESE OFFICIALS.

THE JAPANESE GOVERNMENT HAS TAKEN THE VIEW THAT THE NEW FOREIGN AND SECURITY OFFICIALS IN THE U.S. WILL FOLLOW THE "JAPAN-U.S. COORDINATION LINE FOR SECURITY ISSUES, INCLUDING OKINAWA," LAID OUT BY FORMER STATE SECRETARY CHRISTOPHER AND FORMER DEFENSE SECRETARY PERRY. BUT WITH STRONG OPPOSITION BEING RAISED AMONG OKINAWAN RESIDENTS AGAINST THE CONSTRUCTION OF AN ALTERNATE HELIPORT AFTER THE RETURN OF FUTENMA AIRFIELD AND THE COMPULSORY USE OF PRIVATE TRACTS OF LAND, THE GOVERNMENTS OF JAPAN AND THE U.S. HAVE BEEN PLACED UNDER PRESSURE, UNABLE TO FIND EFFECTIVE MEASURES TO MOVE OUT OF THE CURRENT IMPASSE.

PRIME MINISTER LEFT WITH HEAVY LOAD OF HOMEWORK FOR HIS APRIL U.S. VISIT (MAINICHI - PAGE 2)

WITH THE MEETING BETWEEN FOREIGN MINISTER YUKIHIKO IKEDA AND UNITED STATES SECRETARY OF STATE MADELEINE ALBRIGHT ON THE 23RD, A FULL-FLEDGED DIALOGUE HAS BEGUN BETWEEN THE SECOND U.S. CLINTON ADMINISTRATION AND THE JAPANESE GOVERNMENT. IN THE SESSION YESTERDAY, SINCE THE TALKS WERE HELD CHIEFLY "TO AIM AT BUILDING PERSONAL TIES BETWEEN THE TWO" (FOREIGN MINISTRY SOURCE), THE TWO PLACED THE EMPHASIS MOSTLY ON EXCHANGING THEIR VIEWS ON A BROAD RANGE OF AREAS, FROM BILATERAL RELATIONS IN GENERAL TO ISSUES RELATING TO JAPAN'S NEIGHBORING COUNTRIES. AS A RESULT, RESOLUTION OF A NUMBER OF PENDING ISSUES INVOLVING U.S. MILITARY BASES ON OKINAWA HAS BEEN DEFERRED TO SUCH OCCASIONS AS VICE PRESIDENT AL GORE'S

JAPAN VISIT IN MARCH AND PRIME MINISTER RYUTARO HASHIMOTO'S U.S. TRIP IN LATE APRIL. SINCE THE U.S. GOVERNMENT HAS CHARACTERIZED IN PRINCIPLE SUCH ISSUES AS THE LAND LEASES FOR U.S. MILITARY FACILITIES AND RELOCATION OF A HELIPORT AT THE FUTENMA AIR STATION AS JAPAN'S DOMESTIC PROBLEMS, THE QUESTION OF WHEN THE HASHIMOTO GOVERNMENT WILL REACH ITS POLITICAL DECISION WILL LIKELY BECOME A MAJOR FOCUS OF ATTENTION.

REGARDING THE ISSUE OF THE EXPIRATION OF THE LAND LEASES FOR THE 12 U.S. MILITARY FACILITIES, WHICH IS THE OUTSTANDING ISSUE NOW REGARDING OKINAWA, THE SECRETARY SOUGHT THE JAPANESE GOVERNMENT TO BRING A SUCCESSFUL RESOLUTION TO THE ISSUE AND INDICATED THAT THE U.S. WOULD TAKE A STANCE OF KEEPING AN EYE ON THE HANDLING OF THE ISSUE BY THE JAPANESE GOVERNMENT. SECRETARY ALBRIGHT ALSO EXPRESSED HER POLICY STANCE OF WATCH TO SEE HOW THE HASHIMOTO ADMINISTRATION WOULD DEAL WITH THE ISSUE OF RELOCATION OF THE FUTENMA HELIPORT, REGARDING THE ISSUE UNCLAS SECTION 08 OF 09 TOKYO 001609

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 FEBRUARY 24

AS ONE TO BE SETTLED BETWEEN THE JAPANESE GOVERNMENT AND OKINAWA PREFECTURE.

UNDER SUCH CIRCUMSTANCES, SECRETARY ALBRIGHT EXPRESSED A POSITIVE STANCE FOR DISCLOSING THE "MAY 15 MEMORANDUM" WHICH OKINAWA HAS DEMANDED. AT THE SAME TIME, IN HER TALKS WITH JAPAN DEFENSE AGENCY DIRECTOR GENERAL FUMIO KYUMA, THE SECRETARY AGAIN MADE IT CLEAR THAT THE U.S. WOULD MAINTAIN THE PRESENT DEPLOYMENT OF 100,000 U.S. TROOPS IN THE ASIA-PACIFIC REGION. HER ANNOUNCEMENT REMINDED THE JAPANESE GOVERNMENT THAT THE REDUCTION OF THE U.S. MARINE CORPS WOULD NOT BECOME A "BARGAINING CHIP" BETWEEN THE JAPANESE GOVERNMENT AND OKINAWA PREFECTURE, ALTHOUGH SHE SHOWED WILLINGNESS TO COOPERATE WITH THE OKINAWA PREFECTURE'S REQUEST AS MUCH AS POSSIBLE.

IT SEEMS THAT THE U.S. GOVERNMENT INTENDS TO TAKE A WAIT-AND-SEE ATTITUDE, SHOWING BOTH HARD AND FLEXIBLE STANCES. THE JAPANESE GOVERNMENT WHICH PROMISED THAT IT WOULD "MAINTAIN THE FUNCTIONS OF U.S. FORCES" AS A CONDITION FOR THE RETURN OF THE FUTENMA AIR STATION, AND THAT "WE WOULD MAKE EFFORTS FOR DISCHARGING WITHOUT A HITCH OUR

OBLIGATIONS TO THE U.S.-JAPAN SECURITY TREATY" (FOREIGN MINISTER IKEDA) HAS NOW SHOULDERED A HEAVY TASK PRIOR TO THE PRIME MINISTER'S U.S. TRIP. (HIROSHI KOMATSU)

GOVERNMENT PREPARING TO GO DIRECTLY TO AMENDING THE SPECIAL MEASURES LAW FOR OKINAWA
(ASAHI - TOP PLAY, FEB. 22 EDITION)

WITH THE STATE'S TITLE TO THE USE OF LAND LOTS ON 12 U.S. MILITARY FACILITIES IN OKINAWA RUNNING OUT ON MAY 14, THE GOVERNMENT YESTERDAY ENTERED INTO FULL-FLEDGED PREPARATIONS TO AMEND THE SPECIAL MEASURES LAW FOR THE USE OF LAND BY STATIONED FORCES IN JAPAN. THIS WAS BECAUSE THERE IS LITTLE CHANCE THAT THE OKINAWA PREFECTURE EXPROPRIATION COMMITTEE, WHICH STARTED TO HOLD PUBLIC HEARINGS THE SAME DAY, WILL BE ABLE TO MAKE A JUDGMENT ON THE STATE'S PETITION, AND EVEN IF THERE IS A REQUEST FOR EMERGENCY USE OF THE LAND, THERE IS CHANCE THAT PERMISSION WILL BE GIVEN FOR ALL 12 FACILITIES. THE GOVERNMENT HAS FORMULATED AN APPROACH OF CONTINUING TO WORK ON THE OKINAWANS TO OBTAIN THEIR UNDERSTANDING BY REQUESTING EMERGENCY USE OF THE LAND; EVEN IF IT IS DECIDED TO AMEND THE LAW. BUT IN ORDER TO AVOID A STATE OF "ILLEGAL OCCUPATION," THE CHOICE OF DIRECTLY GOING AHEAD WITH A LEGAL REVISION HAS FLOATED UP. PRIME MINISTER HASHIMOTO WILL MAKE THE FINAL DECISION, TAKING CAREFUL NOTICE OF THE SITUATION HENCEFORTH IN THE HEARINGS AND THE MOVES OF THE SOCIAL DEMOCRATIC PARTY (SDP) AND OTHER PARTIES.

WITH THE HEARING ON THE 21ST FINISHED, THE EXPROPRIATION COMMITTEE WILL HOLD A SECOND ONE ON MARCH 12. LOOKING AT PAST EXAMPLES, IT TOOK ABOUT A HALF A YEAR BETWEEN THE HOLDING OF A PUBLIC HEARING TO THE JUDGMENT, SO AT THE USUAL PACE, IT WILL NEVER MAKE THE MAY DEADLINE ON TIME.

ON THE OTHER HAND, REGARDING THE EMERGENCY USE OF THE LAND, EVEN IF PERMISSION IS GIVEN, IT WILL TAKE AT LEAST 20 DAYS TO NOTIFY THE LANDOWNERS AND OTHER PROCEDURES, SO IN ORDER TO AVOID A STATE OF ILLEGAL OCCUPATION, PERMISSION FROM THE EXPROPRIATION COMMITTEE MUST BE RECEIVED BY LATE APRIL AT THE LATEST. HOWEVER, IN AN ASAHI SHIMBUN SURVEY, FOUR OUT OF SEVEN OF THE COMMITTEE MEMBERS STRESSED THAT A SURVEY OF THE SITES WOULD BE NECESSARY, AND THERE WAS ONE MEMBER WHO HINTED OF THE POSSIBILITY OF SEPARATE JUDGMENTS ON EACH FACILITY.

THE GOVERNMENT AT FIRST HAD PLANNED TO REQUEST EMERGENCY USE IN FEBRUARY, AND, WHILE WATCHING THE MOVES OF THE EXPROPRIATION COMMITTEE, GO AHEAD WITH PREPARATIONS FOR UNCLAS SECTION 09 OF 09 TOKYO 001609

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 FEBRUARY 24

AMENDING THE LAW. BUT IN THE MEETING ON THE 17TH BETWEEN
PRIME MINISTER HASHIMOTO AND GOVERNOR MASAHIDE OTA, THE
CONVERSATION NEVER EXTENDED INTO THE ISSUE OF FORCED USE
OF LAND AND THE TWO DECIDED TO MEET AGAIN IN MID-MARCH.
THERE THUS WOULD BE LITTLE POSSIBILITY TO REQUEST
EMERGENCY USE OF THE LAND BEFORE THAT SECOND MEETING.
SUCH BEING THE CASE, THE TIMETABLE BECOMES EVEN MORE
CONSTRICTED.

WITHIN THE GOVERNMENT, THERE IS ALSO CONCERN THAT IF
THERE IS A REQUEST FOR EMERGENCY USE, AND THE PACE WAS
THEN SET BY THE EXPROPRIATION COMMITTEE, IT WOULD BECOME
DIFFICULT TO WATCH FOR THE RIGHT TIMING TO ENTER INTO
AMENDING THE LAW. FOR THAT REASON, THE VIEW THAT ALSO
HAS EMERGED THAT "WE SHOULD ELIMINATE THE PROCEDURES FOR
EMERGENCY USE AND GO FOR THE LEGAL REVISION" (HIGH-LEVEL
GOVERNMENT OFFICIAL).

THE LIKELY AMENDMENT THAT WILL BE PROPOSED WOULD BE:
"CONTINUED USE OF THE LAND BY THE STATE IS ALLOWED ONLY
FOR THE PERIOD THAT THE EXPROPRIATION COMMITTEE IS
HOLDING ITS HEARING." HOWEVER, THIS WOULD RESULT IN
"EVOKING A POSITION OF THE STATE FORCING ITS AUTHORITY"
(SOURCE CLOSE TO THE PRIME MINISTER).

WITH THE POSSIBILITY OF RELATIONS WITH OKINAWA BECOMING
EVEN WORSE AND THE STRONG REACTION OF THE SOCIAL
DEMOCRATIC PARTY AND OTHER PARTIES ANTICIPATED, THERE IS
STILL A STRONG ROOTED OPINION THAT THE OPTION OF THE
EMERGENCY USE PROCEDURES SHOULD BE PLUMBED. CRANE

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PREC: IMMEDIATE
CLASS: UNCLASSIFIED
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ORIG: AMEMBASSY TOKYO
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RUEHIA/USIA WASHDC IMMEDIATE 3370
RUEHBJ/AMEMBASSY BEIJING PRIORITY 7060
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RHHMAH/CINCPACFLT PEARL HARBOR HI//N541// PRIORITY
RUCNGE/USDEL SECRETARY PRIORITY
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RUCPDOG/USDOC WASHDC PRIORITY
RUEATRS/TREASURY DEPT WASHDC PRIORITY
RUEHMO/AMEMBASSY MOSCOW PRIORITY 4582
RUHBANB/OAFO CAMP BUTLER JA PRIORITY
RUHVPAC/HQ PACAF HICKAM AFB HI//CC/PA// PRIORITY
INFO: RUEHKOF/AMCONSUL FUKUOKA PRIORITY 3876
RUEHOK/AMCONSUL OSAKA KOBE PRIORITY 0693
SUBJ: MEDIA REACTION, ALBRIGHT VISIT; TOKYO

LEAD STORIES: MOST MONDAY MORNING PAPERS GAVE TOP
COVERAGE TO SECRETARY OF STATE ALBRIGHT'S TALKS WITH
FOREIGN MINISTER IKEDA, MITI MINISTER SATO AND JDA

TEXT:
UNCLAS SECTION 01 OF 02 TOKYO 001628

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, ALBRIGHT VISIT; TOKYO

LEAD STORIES: MOST MONDAY MORNING PAPERS GAVE TOP
COVERAGE TO SECRETARY OF STATE ALBRIGHT'S TALKS WITH
FOREIGN MINISTER IKEDA, MITI MINISTER SATO AND JDA
DIRECTOR GENERAL KYUMA.

1. "ALBRIGHT MEETS WITH PM HASHIMOTO" ALL MONDAY NOON

NEWS PROGRAMS ON TOKYO TV STATIONS GAVE TOP COVERAGE TO SECRETARY OF STATE ALBRIGHT'S MEETING WITH PRIME MINISTER HASHIMOTO AT THE PRIME MINISTER'S OFFICIAL RESIDENCE MONDAY MORNING BEFORE HER DEPARTURE FOR BEIJING FOR TALKS WITH SENIOR CHINESE OFFICIALS.

2. "HASHIMOTO PROPOSES JOINT DISCUSSION ON MARINES' PRESENCE ON OKINAWA" QUASI-GOVERNMENTAL NHK-TV SAID, "IN HIS MEETING WITH SECSTATE ALBRIGHT OVER BREAKFAST MONDAY MORNING, PRIME MINISTER HASHIMOTO PROPOSED THAT THE U.S. AND JAPAN DISCUSS A REDUCTION IN THE PRESENCE OF MARINES ON OKINAWA, TAKING INTO CONSIDERATION MID- AND LONG-TERM CHANGE IN THE INTERNATIONAL SITUATION. THE PRIME MINISTER SAID THE U.S. AND JAPAN SHOULD MAKE MAXIMUM EFFORTS TO RESOLVE THE OKINAWA BASE ISSUES SO THAT BOTH COUNTRIES CAN SECURE WIDE PUBLIC SUPPORT FOR THE IMPLEMENTATION OF THE BILATERAL SECURITY TREATY.

"SECRETARY ALBRIGHT SAID THE U.S. MILITARY PRESENCE IN JAPAN IS INDISPENSABLE TO MAINTAINING NATIONAL SECURITY IN AND AROUND JAPAN, ADDING THAT WASHINGTON WANTS TO REACT MORE SENSITIVELY TO U.S. MILITARY-RELATED INCIDENTS IN OKINAWA PREFECTURE. BUT SHE MADE NO CONCRETE REFERENCE TO THE REDUCTION OF TROOPS. THE SECRETARY OF STATE PROMISED THAT THE U.S. WOULD DO WHAT IT CAN TO PREVENT THE RECURRENCE OF ACCIDENTS SIMILAR TO THE RECENT ACCIDENTAL FIRING OF DEPLETED URANIUM (DU) BULLETS AND TO RECOVER FIRED DU SHELLS. AFTER HER MEETING WITH HASHIMOTO, ALBRIGHT LEFT TOKYO FOR BEIJING FOR TALKS WITH CHINESE PRESIDENT JIANG ZE MIN AND OTHER SENIOR OFFICIALS."

3. COMMERCIAL TELEVISION NETWORKS ALSO HAD SIMILAR REPORTS.

4. "ALBRIGHT SHOWS STRONG INTEREST IN OKINAWA" THE LIBERAL DAILY ASAHI SAID (2/24), "SUNDAY'S TALKS BETWEEN SECRETARY ALBRIGHT AND FOREIGN MINISTER IKEDA TURNED OUT TO BE AN OCCASION TO DISCUSS THE OUTLINES OF U.S.-JAPAN RELATIONS, INCLUDING THE OKINAWA BASE ISSUE, THE KOREAN PENINSULA AND CHINA. IT SEEMS THAT BOTH ALBRIGHT AND IKEDA FOUND IT NECESSARY TO ADJUST THEIR VIEWS CONCERNING BILATERAL AND GLOBAL ISSUES, IN THE FIRST U.S.-JAPAN FOREIGN MINISTERIAL MEETING OF THE SECOND CLINTON ADMINISTRATION.

"GOJ OFFICIALS HAD BEEN EAGER TO SEIZE UPON SECRETARY ALBRIGHT'S VISIT AS AN OPPORTUNITY FOR HER TO BETTER UNDERSTAND THE OKINAWA (U.S.) BASE PROBLEM, A DELICATE ISSUE IN JAPAN. THE SECRETARY, WELL AWARE OF JAPANESE FEELINGS OVER THE BASE ISSUE, SAID IN HER MEETING WITH FM IKEDA AND JDA CHIEF KYUMA THAT WASHINGTON WOULD GIVE FULL CONSIDERATION TO THIS ISSUE. GOJ OFFICIALS HAD FELT APPREHENSIVE THAT ALBRIGHT, AN EXPERT ON EUROPEAN AFFAIRS, MIGHT BE INDIFFERENT TO THE OKINAWA ISSUE. THE JAPANESE OFFICIALS HEAVED A SIGH OF RELIEF OVER THE SECRETARY'S FORWARD-LOOKING STANCE ON THE ISSUE."

5. "ALBRIGHT STRESSES THE IMPORTANCE OF JAPAN

" THE TOP-

CIRCULATION, MODERATE YOMIURI OBSERVED (2/24), "THE SECOND CLINTON ADMINISTRATION'S DIPLOMACY TOWARD JAPAN BEGAN ON SUNDAY WITH THE VISIT OF SECRETARY OF STATE ALBRIGHT TO TOKYO. SECRETARY ALBRIGHT EXCHANGED VIEWS AND OPINIONS ON BILATERAL AND GLOBAL ISSUES WITH FM IKEDA AND OTHER JAPANESE CABINET MINISTERS. ALBRIGHT UNCLAS SECTION 02 OF 02 TOKYO 001628

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, ALBRIGHT VISIT; TOKYO

STRESSED THE IMPORTANCE OF U.S.-JAPAN RELATIONS, WHILE FOLLOWING THE BASIC U.S. POLICY OF MAINTAINING SECURITY AND PROSPERITY IN THE ASIA-PACIFIC REGION.

"THE U.S. AND JAPAN REAFFIRMED THE IMPORTANCE OF CLOSE AND COOPERATIVE BILATERAL RELATIONS BUT ADMITTED THAT THEY HAVE DIFFERENT POSITIONS ON TRADE, POLICIES TOWARD THE KOREAN PENINSULA, ETC. THE U.S.-JAPAN GAP ON THESE ISSUES WILL LIKELY BECOME A 'PROBLEM TO BE RESOLVED' AT TALKS BETWEEN PRESIDENT CLINTON AND PRIME MINISTER HASHIMOTO IN WASHINGTON, SCHEDULED TENTATIVELY FOR LATE APRIL."

6. "U.S. TAKES A WAIT-AND-SEE ATTITUDE TOWARD OKINAWA" THE LIBERAL MAINICHI WROTE (2/24), "A MOFA SOURCE SAID SUNDAY'S MEETING BETWEEN SECRETARY ALBRIGHT AND FM IKEDA WAS AIMED AT BUILDING PERSONAL TIES, AND BOTH OFFICIALS GAVE WEIGHT TO EXCHANGING VIEWS AND OPINIONS ON BILATERAL AND GLOBAL ISSUES FROM A WIDER ANGLE. THE SETTLEMENT OF PENDING ISSUES REGARDING U.S. MILITARY BASES ON OKINAWA HAS BEEN POSTPONED UNTIL A LATER DATE WHEN VICE PRESIDENT GORE VISITS JAPAN IN LATE MARCH OR PRIME MINISTER HASHIMOTO VISITS WASHINGTON IN LATE APRIL."

7. "ALBRIGHT URGES JAPAN TO FOLLOW THROUGH ON OKINAWA BASE ISSUES UNDER SECURITY TREATY" THE BUSINESS-ORIENTED NIHON KEIZAI SAID (2/24), "SUNDAY'S MEETING BETWEEN SECRETARY ALBRIGHT AND FM IKEDA TURNED OUT TO BE AN OCCASION FOR ALBRIGHT TO URGE JAPAN TO IMPLEMENT THE U.S.-JAPAN SECURITY TREATY WITHOUT DELAY. THE OKINAWA BASE DISPUTE REMAINS A SOURCE OF IRRITATION FOR THE U.S., WHICH WANTS TO DEVOTE ITSELF TO REVIEWING DEFENSE COOPERATION GUIDELINES WITH JAPAN FOLLOWING THE CONCLUSION OF A U.S.-JAPAN ACCORD ON THE RETURN OF FUTENMA AIR STATION TO JAPAN. (IN FIVE TO SEVEN YEARS)."

CRANE

SECT: SECTION: 01 OF 02

<^SECT>SECTION: 02 OF 02

SSN: 1628

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SUBJ: JAPANESE MORNING PRESS HIGHLIGHTS FEBRUARY 26

TOP HEADLINES:

TEXT:
UNCLAS SECTION 01 OF 08 TOKYO 001696

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 FEBRUARY 26

TOP HEADLINES:

ASAHI: ADMINISTRATIVE REFORM PANEL WILL RECONSIDER MEDIUM-
TO-LONG-TERM PLANS, SUCH AS NEW GOLD PLAN AND NATIONAL
DEVELOPMENT; SHIFTING TO PRIVATE-SECTOR LEAD ALSO
ENVISAGED (TRANSLATION BELOW)

NIHON KEIZAI: NIKKEI INTERIM SURVEY: FIRM TRENDS SEEN IN

FACILITIES INVESTMENT; UP 0.1 PERCENT FOR FY1997; UP 4.9 PERCENT FOR AUTO INDUSTRY

TOKYO SHIMBUN: SENIOR BANK OF JAPAN OFFICIALS' AMAKUDARI OR LANDING HIGH POSITIONS IN TWO YEARS AFTER THEIR RETIREMENT; AS MANY AS 61 EX-OFFICIALS NOW SERVING IN EXECUTIVE POST IN PRIVATE BANKING INSTITUTIONS

MAINICHI: "ORANGE KYOSAI MUTUAL BENEFIT SOCIETY" HAD GIVEN "10 MILLION YEN TO FORMER LAWMAKER HATSUMURA" TWO MONTHS AND A HALF BEFORE UPPER HOUSE ELECTION; A PERSON WHO CARRIED THAT MONEY TESTIFIES: "AS MONEY FOR POLITICAL MANEUVERING"

YOMIURI: ALL MINUTES OF DELIBERATIONS AT BANKING SYSTEM PANEL OBTAINED; FINANCE MINISTRY'S HIGH-HANDED POLICY APPROACH OF CONTAINING "INDEPENDENCE OF THE BANK OF JAPAN"; "SEEKS A REPORT WITH THE OVERSIGHT RIGHT LEFT" AND "REPORTING A BUDGET MAY VIOLATE THE CONSTITUTION"; HEATED ARGUMENTS WITH THE PANEL SIDE SHOWN

SANKEI: TO ACCEPT TRANSFERAL OF AIR-REFUELING UNITS NOW STATIONED AT FUTENMA TO IWAKUNI; GOVERNOR AND OTHER OFFICIALS REACH A FINAL DECISION; FIRST CASE FOR THE MAINLAND JAPAN TO ARRIVE AT SETTLEMENT IN CONNECTION WITH THE OKINAWA BASE ISSUE (TRANSLATION BELOW)

IWAKUNI ACCEPTS MOVE BY U.S. FORCES FROM OKINAWA AS GOVERNOR MAKES FINAL DECISION (SANKEI - TOP PLAY)

TO DEAL WITH THE PROBLEM OF RELOCATING THE AIRBORNE REFUELING UNIT TO IWAKUNI BASE (AT IWAKUNI CITY IN YAMAGUCHI PREFECTURE) IN RESPONSE TO THE RETURN OF THE UNITED STATES FORCES' FUTENMA AIR STATION IN OKINAWA PREFECTURE, GOVERNOR SEKINARI NII OF YAMAGUCHI PREFECTURE, MAYOR YOSHIMITSU KIFUNE OF IWAKUNI CITY AND MAYOR NOBORU MATSUO OF YUU TOWN, WHICH ADJACENT TO THE CITY, MET YESTERDAY AT THE PREFECTURAL OFFICE AND REACHED A FINAL DECISION TO ACCEPT THE RELOCATION OF THE AIR-REFUELING UNIT. THIS IS THE FIRST CASE FOR A COMMUNITY ON MAINLAND JAPAN TO AGREE TO A TRANSFERAL IN CONNECTION WITH THE PROBLEM OF REALIGNING AND REDUCING U.S. MILITARY BASES NOW LOCATED ON OKINAWA. THE CENTRAL GOVERNMENT HAS EXPRESSED ITS EXPECTATION THAT THIS SETTLEMENT WOULD GIVE IMPETUS TO OTHER OUTSTANDING ISSUES THAT INCLUDE THE SEPARATE RELOCATION OF THE LIVE-SHELL FIRING TRAINING NOW CARRIED OUT ACROSS THE PREFECTURAL ROAD NO. 104.

IN THE FINAL REPORT ISSUED IN LAST DECEMBER BY THE "SPECIAL ACTION PROGRAM COMMITTEE ON OKINAWA" (SACO), THE JAPANESE AND U.S. GOVERNMENTS SET A RETURN PERIOD FOR FUTENMA AIRFIELD AT "FIVE TO SEVEN YEARS." IN ADDITION, BOTH SIDES AGREED IWAKUNI WOULD HOUSE 12 KC-130 HERCULES, NOW DEPLOYED IN THE ABOVE AIRFIELD. IN REACTION TO THIS RELOCATION, 14 HARRIER JETS (VERTICAL TAKE OFF AND LANDING AIRCRAFT) WERE ALREADY SENT BACK TO THE U.S. MAINLAND.

MAYOR KIFUNE, ADDRESSING AN EXTRAORDINARY MEETING OF THE CITY ASSEMBLY HELD ON JANUARY 28, REVEALED HIS PLAN "TO COPE WITH THIS MATTER, ENVISIONING ACCEPTANCE OF RELOCATION OF THE UNIT," AND ENGAGED IN THE FINAL COORDINATION WORK WITH THE PREFECTURAL SIDE AND OTHER LOCAL GOVERNMENTS.

UNCLAS SECTION 02 OF 08 TOKYO 001696

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 FEBRUARY 26

IN THE THREE-PARTY DISCUSSION HELD YESTERDAY, THEY CONSULTED ON A POSSIBLE IMPACT OF ACCEPTING THE AIRBORNE REFUELING UNIT AND OTHER MATTERS. AS A RESULT, THEY DECIDED TO AGREE TO HOST THE UNIT FOR THESE REASONS: (1) EVEN IF THE UNIT IS RELOCATED HERE, SUCH RELOCATION WOULD NOT HAVE ANY MORE OF AN IMPACT THAN BEFORE ON LIVING CONDITIONS OF RESIDENTS NEARBY AND THEIR SAFETY; AND (2) IT IS NOT A REALISTIC JUDGMENT THAT RELOCATION WILL DRASTICALLY CHANGE THE FUNCTIONS AND ROLE OF IWAKUNI BASE, NOR IS IT CONCEIVABLE THAT ANOTHER GROUP OF AIRCRAFT WOULD BE RELOCATED, WITH THIS AS A TRIGGER.

HOWEVER, BEFORE SHOWING THEIR AGREEMENT TO TRANSFERAL, THE THREE PARTIES INCLUDING YAMAGUCHI PREFECTURE DECIDED TO MAKE ANEW A FOUR-POINT REQUEST TO THE CENTRAL GOVERNMENT. THE REQUEST INCLUDED: (1) MORE CONSIDERATION SHOULD BE GIVEN TO NOISE PREVENTION AND SAFETY MEASURES; (2) THE CENTRAL GOVERNMENT SHOULD REALIZE THE LOCAL GOVERNMENTS' BASIC POSITION OF "NOT TOLERATING MORE REINFORCEMENT OF BASE FUNCTIONS THAN THE PRESENT LEVEL" AND CONVEY IT TO THE U.S. SIDE; (3) EFFORTS SHOULD BE ENERGETICALLY MADE TO REALIZE A RETURN OF A PORTION OF THE BASE;

RESPONDING TO IT, THE DEFENSE FACILITIES ADMINISTRATION AGENCY INTENDS TO CONSIDER ADDING FACILITIES, SUCH AS FOR MAINTENANCE NECESSARY FOR AIR-REFUELING JETS. BUT ITS PLAN IS TO RELOCATE THE AIRBORNE REFUELING UNIT, SYNCHRONIZING WITH THE RETURN OF FUTENMA AIR STATION, SO IT HAS TO WAIT FOR THE ALTERNATIVE HELIPORT CONSTRUCTION PROBLEM TO REACH A SETTLEMENT.

GOVERNMENT DISTRESSED, UNABLE TO OFFER OKINAWA EARLY DRAWDOWN OF STATIONED U.S. TROOPS (ASAHI - PAGE 2)

CONCERNING THE PROPRIETY OF REDUCING THE U.S. MILITARY PRESENCE IN OKINAWA, PRIME MINISTER RYUTARO HASHIMOTO AND RELEVANT MINISTERS IN HIS CABINET HAVE NOW SUCCESSIVELY MADE REMARKS ON SUCH OCCASIONS AS THEIR MEETINGS WITH U.S. SECRETARY OF STATE ALBRIGHT. THEIR WORDINGS SHOW SUBTLE DIFFERENCES IN NUANCE, BUT CONNOTE THAT "IT MAY BE DIFFICULT FOR NOW (TO REDUCE THE OKINAWA-BASED U.S. TROOPS), BUT REDUCTION MAY WELL BE CONSIDERED IF THE INTERNATIONAL SITUATION AROUND JAPAN BECOMES STABLE OVER THE MEDIUM-TO-LONG RANGE." NOW THAT THE OKINAWA PROBLEM, SUCH AS THE REQUISITIONING OF LAND FOR U.S. MILITARY USE, IS AT THE FINAL STAGE, THE GOVERNMENT'S AIM IS TO SHOW CONSIDERATION SOMEHOW FOR THE SAKE OF OKINAWA. HOWEVER, THE U.S. SIDE REMAINS COLD ON THIS TO THE JAPANESE SIDE, AND IT SEEMS DIFFICULT TO OBTAIN THE OKINAWA PREFECTURE SIDE'S UNDERSTANDING.

THE JAPAN-U.S. JOINT DECLARATION ON SECURITY, WHICH WAS ISSUED IN APRIL LAST YEAR, INCORPORATED THE PASSAGE: "IN RESPONSE TO THE CHANGES WHICH MAY ARISE IN THE INTERNATIONAL SECURITY ENVIRONMENT, BOTH GOVERNMENTS WILL CONTINUE TO CONSULT CLOSELY ON DEFENSE POLICIES AND MILITARY POSTURES, INCLUDING THE U.S. FORCE STRUCTURE IN JAPAN, WHICH WILL BEST MEET THEIR REQUIREMENTS."

ALONG WITH THIS DECLARATION, THE ISSUE OF REDUCING U.S. FORCES -- IF AND WHEN THE KOREAN PENINSULA AND OTHER INTERNATIONAL SITUATIONS AROUND JAPAN BECOME STABILIZED -- IS TO BE A SUBJECT MATTER FOR CONSULTATIONS BETWEEN JAPAN AND THE U.S., AS A MATTER OF COURSE. SO, WHAT HAS BEEN SAID SUCCESSIVELY BY THE PRIME MINISTER AND OTHERS CANNOT BE SAID TO CONTAIN SOMETHING NOTICEABLE IN PARTICULAR.

HOWEVER, A HIGH-RANKING OFFICIAL OF THE GOVERNMENT EXPLAINS THE FACT THAT THE PRIME MINISTER IN HIS MEETING WITH SECRETARY ALBRIGHT ON THE 24TH BOLDLY ASKED FOR "CONSULTATIONS TO MEET THE CHANGES": "IT WAS BECAUSE HE
UNCLAS SECTION 03 OF 08 TOKYO 001696

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 FEBRUARY 26

WANTED TO TRANSMIT AN EVEN MORE IN-DEPTH MESSAGE FOR OKINAWA BY SAYING THINGS DIRECTLY TO A TOP-LEVEL OFFICIAL OF THE U.S. GOVERNMENT."

IT WAS REPORTED THAT THE SECRETARY OF STATE IN HER PREVIOUS DAY'S MEETING WITH FOREIGN MINISTER YUKIHIKO IKEDA REJECTED THE IDEA OF CUTTING THE U.S. FORCES IN OKINAWA, AND THE PRIME MINISTER BECAME CONCERNED ABOUT ITS ILL EFFECTS ON THE OKINAWA PROBLEM. ONE CLOSE TO HIM EXPLAINS THAT SUCH ALSO LED TO HIS POSITIVE REMARKS.

HOWEVER, IT IS ALSO TRUE THAT SUCH REMARKS MADE BY THE GOVERNMENT SHOW NO SPECIFIC PERSPECTIVE.

THE U.S. SIDE IS GOING TO SUBMIT A QUADRENNIAL DEFENSE REVIEW (QDR) REPORT TO THE U.S. CONGRESS THIS MAY, INCLUDING THE TROOP STRENGTH OF THE U.S. FORCES IN JAPAN. A U.S. MILITARY OFFICIAL HAS INDICATED A NEGATIVE VIEW ABOUT REDUCING THE U.S. MILITARY PRESENCE IN THE REGION OF EAST ASIA, INCLUDING OKINAWA. U.S. DEPUTY SECRETARY OF DEFENSE WHITE LAST MONTH SENT A LETTER TO THE JAPANESE GOVERNMENT, SAYING THAT "THE QDR WILL NOT CHANGE THE UNITED STATES' BASIC POLICY REGARDING ITS FORWARD DEPLOYMENT OF TROOPS IN EAST ASIA."

JAPANESE GOVERNMENT OFFICIALS FOR FOREIGN AND DEFENSE AFFAIRS ARE ALSO CAUTIOUS ABOUT CALLING HASTILY FOR THE U.S. SIDE TO REDUCE ITS FORCES (IN JAPAN). THE SELF-DEFENSE FORCES' JOINT STAFF COUNCIL CHAIRMAN SHIGERU SUGIYAMA MET THE PRIME MINISTER ON THE 25TH, AND HE LATER SAID HE HAS EXPLAINED TO THE PRIME MINISTER THAT "THE U.S. SIDE HAS BEEN SAYING THE U.S. WOULD MAINTAIN THE 100,000 TROOPS IN ASIA, SO SUCH A POSTURE WOULD NOT CHANGE."

THE GOVERNMENT'S CURRENT LAND USE TITLE OVER THE SITES OF 12 U.S. MILITARY FACILITIES IN OKINAWA IS DUE TO EXPIRE IN MAY, AND THE PRIME MINISTER, WHO IS SCHEDULED TO VISIT THE U.S. IN LATE APRIL, "WOULD LIKE TO GET SOME CONCESSION FROM THE U.S. SIDE" (ACCORDING TO ONE CLOSE TO THE PRIME MINISTER). MEANWHILE, HOWEVER, THE KOREAN PENINSULA AND OTHER SITUATIONS AROUND JAPAN ARE NOW LITTLE EXPECTED TO CHANGE FOR THE BETTER, AND THERE IS NO CONCRETE OUTLOOK FOR TROOP REDUCTION DEMANDED BY OKINAWA.

GOVERNMENT REMARKS ON THE 24TH OVER U.S. MILITARY CUTS

PRIME MINISTER RYUTARO HASHIMOTO: ON THE PART OF THE GOVERNMENT OF JAPAN, I WANT TO MAKE MY UTMOST EFFORTS TO FULFILL OUR RESPONSIBILITY UNDER THE SECURITY TREATY. WE WOULD LIKE TO HOLD CLOSE CONSULTATIONS ON MILITARY POSTURES WHILE WATCHING THE TREND OF THE INTERNATIONAL SITUATION IN THE MEDIUM-TO-LONG RANGE AND MEETING BOTH COUNTRIES' REQUIREMENTS OF DEFENSE AND SECURITY ARRANGEMENTS.

CHIEF CABINET SECRETARY SEIROKU KAJIYAMA: THE ROLES OF THE U.S. MILITARY BASES ON OKINAWA AND OF THE JAPAN-U.S. SECURITY ARRANGEMENTS WILL HAVE TO BE ALTERED IN THE MEDIUM-TO-LONG TERMS AS A MATTER OF COURSE WHILE IN RESPONSE TO CHANGES IN THE FAR EAST SITUATION, AND EVERYBODY HOPES SUCH WILL BE BROUGHT INTO A POSTURE THAT

WILL MEET THE TIMES.

FOREIGN MINISTER YUKIHIKO IKEDA: BOTH JAPAN AND THE U.S. RECOGNIZE THE NEED TO SUSTAIN THE CURRENT TROOP STRENGTH AND LEVEL OF THE U.S. FORCES IN JAPAN FOR NOW. OVER THE MEDIUM-TO-LONG RUN, JAPAN AND THE U.S. ARE GOING TO CONSULT WITH EACH OTHER ON SUCH A PROBLEM AS WELL, WHILE WATCHING CHANGES IN THE INTERNATIONAL SITUATION.

LEGAL TANGLE DEVELOPS OVER SDF PLAN TO ESTABLISH ANTI-UNCLAS SECTION 04 OF 08 TOKYO 001696

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 FEBRUARY 26

TERRORIST UNIT (TOKYO SHIMBUN - PAGE 2)

THE QUESTION OF ESTABLISHING A SPECIAL ANTI-TERRORIST UNIT IN THE SELF-DEFENSE FORCES (SDF) WAS TAKEN UP IN THE LOWER HOUSE BUDGET COMMITTEE SESSION ON THE 25TH. OPINIONS WERE DIVIDED BETWEEN THE JAPAN DEFENSE AGENCY (JDA) AND THE CABINET LEGISLATION BUREAU.

YURIKO KOIKE OF THE SHINSHINTO (NEW FRONTIER PARTY) POSED A QUESTION ABOUT THE FEASIBILITY OF LAUNCHING SUCH A UNIT. IN RESPONSE, JDA DEFENSE POLICY BUREAU DIRECTOR GENERAL MASAHIRO AKIYAMA REMARKED, "DEALING WITH TERRORISM COMES UNDER THE DUTY OF POLICE. WE HAVE NO INTENTION OF ESTABLISHING SUCH A UNIT." AKIYAMA ADDED, "BUT IT IS POSSIBLE FOR US TO POSSESS SUCH A UNIT WITHIN THE SCOPE OF THE PRESENT LEGAL SYSTEM." HIS REPLY SUGGESTED THAT LAUNCHING A UNIT IN THE SDF IS POSSIBLE UNDER THE PRESENT LEGAL SYSTEM.

IN CONTRAST, CABINET LEGISLATION BUREAU DIRECTOR GENERAL MASASUKE OMORI SUGGESTED SUCH IS NOT POSSIBLE, ARGUING, "THE SDF LAW DOES NOT ALLOW THE SDF TO HAVE SUCH A UNIT. (IN ORDER TO ESTABLISH SUCH A UNIT), THE LAW SHOULD BE AMENDED. BUT BEFORE GOING TO THAT STAGE, WE HAVE TO DISCUSS THOROUGHLY THE PURPOSE AND DUTY OF SUCH A UNIT AND ITS RELATIONSHIP WITH THE CONSTITUTION."

IN ADDITION, OMORI REMARKED ABOUT ACTIVITIES TO RESCUE JAPANESE NATIONALS OVERSEAS FROM THE HANDS OF TERRORISTS: "I DON'T THINK THE STATE OF JAPANESE NATIONALS ABROAD BEING IN DANGER IS ENOUGH TO MOBILIZE THE SDF." HIS

COMMENT SUGGESTED A NEGATIVE VIEW TOWARD MAKING ANTI-TERRORIST ACTIVITIES PART OF THE SDF'S DUTY.

FOUR SENIOR POLITICIANS TO VISIT SOUTH KOREA (MAINICHI - PAGE 2)

SEVEN MEMBERS OF THE HOUSE OF REPRESENTATIVES INCLUDING YASUHIRO NAKASONE AND NOBORU TAKESHITA, FORMER PRIME MINISTERS FROM THE LIBERAL DEMOCRATIC PARTY (LDP), FORMER LDP VICE PRESIDENT KEIZO OBUCHI, AND FORMER PRIME MINISTER MORIHIRO HOSOKAWA OF THE SHINSHINTO (NEW FRONTIER PARTY) WILL TRAVEL TO THE REPUBLIC OF KOREA TO ATTEND THE OPENING CEREMONY OF A NEWLY CONSTRUCTED HOTEL IN PUSAN ON MARCH 2. TAKESHITA AND OBUCHI ARE SCHEDULED TO STAY AT THE HOTEL FOR THREE DAYS FROM THE 28TH. NAKASONE ALSO WILL STAY IN THE SAME HOTEL ON MARCH 1 AND 2.

STAYING AT THE SAME HOTEL WILL BE A MAJOR LINEUP OF LEADING POLITICIANS: NAKASONE, AN ADVOCATE OF A "GRAND ALLIANCE FOR ADMINISTRATIVE REFORM," OBUCHI, CHAIRMAN OF THE FORMER OBUCHI FACTION WHICH IS NOW BACKING PRIME MINISTER RYUTARO HASHIMOTO, TAKESHITA, WHO HAS GREAT INFLUENCE IN THE FORMER OBUCHI FACTION, AND SHINSHINTO'S HOSOKAWA, WHO IS NOW IN A TOUGH SITUATION OVER THE ORANGE KYOSAI MUTUAL BENEFIT SOCIETY SCANDAL. WHETHER THEIR TALKS IN PUSAN SETS THE TREND FOR THIS YEAR'S POLITICS SHOULD BE NOTED CAREFULLY.
(CHIYAKO SATO)

UPPER HOUSE WORKING ON OWN VERSION OF BILL TO ESTABLISH GAO-RELATED OVERSIGHT COMMITTEE (MAINICHI - PAGE 2)

THE UPPER HOUSE "ADMINISTRATIVE, FISCAL AND POLITICAL ORGANIZATIONS AND ADMINISTRATIVE INSPECTION RESEARCH COUNCIL" (CHAIRMANED BY TAKASHI INOUE) YESTERDAY HELD A ROUND TABLE DISCUSSION OF ITS EXECUTIVES. CHAIRMAN INOUE PRESENTED A "DRAFT PLAN" FEATURING (1) ESTABLISHMENT OF AN ADMINISTRATIVE MONITORING COMMITTEE IN THE UPPER HOUSE THAT WOULD HAVE OMBUDSMAN FUNCTIONS; AND (2) INVESTIGATION OF AND DELIBERATION ON THE MANAGEMENT AND COORDINATION AGENCY'S (MCA) ADMINISTRATIVE OVERSIGHT PLAN
UNCLAS SECTION 05 OF 08 TOKYO 001696

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 FEBRUARY 26

AND THE RESULTS OF SUCH INSPECTIONS. HE THEN CONVEYED TO THOSE EXECUTIVES REPRESENTING EACH SECTOR THE PANEL'S INTENTION TO AMEND THE RELEVANT DIET LAWS DURING THE PRESENT DIET SESSION.

THE RESEARCH PANEL WAS LAUNCHED IN JUNE, 1995. ITS PURPOSE HAD BEEN TO MAP OUT A REPORT ON "WAYS ADMINISTRATIVE OVERSIGHT MATCHING CHANGES IN THE TIMES SHOULD BE" OVER THREE YEARS ENDING NEXT JUNE. HOWEVER, IT HAS DECIDED TO SPEED UP THE LEGISLATION AHEAD OF SCHEDULE, BECAUSE THE MINSHUTO (DEMOCRATIC PARTY OF JAPAN) HAS SUBMITTED TO THE DIET SESSION AN "ADMINISTRATIVE MONITORING BOARD (GAO) ESTABLISHMENT BILL," WHICH IS PREMISED ON THE ABOLITION OF MCA'S ADMINISTRATIVE INSPECTION BUREAU. IN ADDITION, A SERIES OF SCANDALS INVOLVING CENTRAL GOVERNMENT AGENCIES HAS ALSO GIVEN IMPETUS TO THE PANEL'S DECISION TO FRONTLOAD THE TIMETABLE. HOWEVER, INOUE'S "DRAFT PLAN" IS PREMISED ON THE EXISTENCE OF MCA'S ADMINISTRATIVE INSPECTION BUREAU, AND SO, IN CASE RELATED LAWS ARE AMENDED, COORDINATION WITH THE MINSHUTO-PROPOSED PLAN WILL BE NEEDED.

ACCORDING TO THE DRAFT PLAN, THE PROPOSED ADMINISTRATIVE MONITORING COMMITTEE WILL BE MADE A PERMANENT COMMITTEE LIKE THE BUDGET COMMITTEE. IT WILL BE IN CHARGE OF DELIBERATIONS ON THE RESULTS OF ADMINISTRATIVE INSPECTION BY THE MCA AND HANDLING ADMINISTRATIVE COMPLAINTS AND PETITIONS. IT WILL MAKE RECOMMENDATIONS TO THE GOVERNMENT, DEPENDING ON THE RESULTS OF DELIBERATIONS.

DOCUMENT DISCLOSES MOVES BY POLITICIANS AND MINISTRIES TO OBSTRUCT ESTABLISHMENT OF A GAO (SANKEI - PAGE 1)

THE MANAGEMENT AND COORDINATION AGENCY (MCA) IS EMPOWERED TO INSPECT ADMINISTRATION BY OTHER GOVERNMENT AGENCIES AND LOCAL ORGANS AND ISSUES RECOMMENDATIONS FOR CORRECTION. THE MCA'S INTERNAL DOCUMENT "ARGUMENTS ON PRAGMATIC NEGOTIATIONS" YESTERDAY UNVEILED HOW DIET POLICY CLIQUES (TN: "ZOKU") MANEUVER BEHIND THE SCENE OVER SUCH RECOMMENDATIONS AND GOVERNMENT AGENCIES THAT BECOME SUBJECT TO MCA'S INSPECTION RESPOND UNCOOPERATIVELY. THE DOCUMENT HAS BROUGHT INTO BOLD PROBLEMS OF THE CURRENT ADMINISTRATIVE INSPECTION BY THE MCA THAT HAS NO POWERFUL AUTHORITY.

THIS INTERNAL DOCUMENT WAS COMPILED BY WORKING-LEVEL OFFICIALS, WHO MAPPED OUT THEIR EXPERIENCES AS A MANUAL WHEN THE MCA ADMINISTRATIVE INSPECTION BUREAU HELD INTERNAL TRAINING SESSIONS FROM 1990 TO 1992. PORTIONS OF THE DOCUMENT WERE MADE PUBLIC BY JUN AZUMI AND YOSHINORI SUEMATSU OF THE MINSHUTO (DEMOCRATIC PARTY OF JAPAN) AT THE LOWER HOUSE BUDGET COMMITTEE MEETING HELD YESTERDAY.

THE DOCUMENT POINTS OUT THAT (THE MCA) MAKES A REQUEST FOR SUBMISSION OF DOCUMENTS NEEDED FOR INSPECTION, BUT "(THE GOVERNMENT AGENCIES THAT RECEIVED SUCH A REQUESTS)

ARE RELUCTANT TO SUBMIT DATA (IN ORDER TO DEFEND
THEMSELVES). EVEN IF THEY COOPERATE, THEY
THAT AFTER ISSUING SUCH
UNCLAS SECTION 06 OF 08 TOKYO 001696

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
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E.O. 12958: N/A

SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS FEBRUARY 26

RECOMMENDATIONS?"

THE DOCUMENT FURTHER REVEALS THAT "IF RECOMMENDATIONS ARE
ON CONSTRUCTION-RELATED MATTERS, THEY GO TO DIET MEMBERS
WHO ARE CALLED 'DIET' CONSTRUCTION 'POLICY CLIQUE' TO
HAVE THEM MANEUVER BEHIND THE SCENE." IT REVEALS THE
ACTUAL PICTURE OF THE MCA'S RECOMMENDATIONS, SUCH AS THEY
CAN BE DISTORTED DUE TO THE INFLUENCE OF DIET POLICY
CLIQUES, NOTING, "IF NOT PROPERLY HANDLED, SOME PORTIONS
OF OUR RECOMMENDATIONS MAY BE DELETED OR THEIR DIRECTION
MAY BE CHANGED AT THAT STAGE.

IN ADDITION, AS A STRATEGY TO BRING PROGRESS TO
NEGOTIATIONS, THE DOCUMENT INTRODUCES SUCH A METHOD AS
THAT "WE SHOULD NOT FROM THE BEGINNING DEMAND SUBMISSION
OF DATA THAT THE OTHER SIDE IS UNLIKELY TO SUBMIT." THE
DESCRIPTION INDICATES THE LIMIT OF INSPECTION BY THE MCA,
WHICH IS AN ADMINISTRATIVE ORGAN THAT IS RANKED EQUAL TO
OTHER GOVERNMENT AGENCIES.

TOWARD A STATEMENT MADE BY AZUMI AT THE LOWER HOUSE
BUDGET COMMITTEE MEETING HELD YESTERDAY "RECOMMENDATIONS
WILL NOT BECOME RECOMMENDATIONS IF THE GROUNDWORK IS NOT
PREPARED IN ADVANCE," MCA DIRECTOR GENERAL KABUN MURTO
ADMITTED THE INAPPROPRIATENESS OF ADVANCE NEGOTIATIONS ON
RECOMMENDATIONS, NOTING, "THAT IS NOT DESIRABLE AT ALL."

DEREGULATION PANEL REVAMP MID-TERM PLAN FOR SOCIAL
WELFARE AND LAND DEVELOPMENT (ASAHI - TOP PLAY)

THE GOVERNMENT'S ADMINISTRATIVE REFORM COMMITTEE (CHAIR
BY YOTARO IIDA) DECIDED YESTERDAY TO OVERHAUL MEDIUM TO
LONG-TERM PROGRAMS, INCLUDING THE NEW GOLD PLAN (10-YEAR
STRATEGY TO PROMOTE HEALTH AND WELFARE FOR ELDERLY
PERSONS) AND THE NATIONAL COMPREHENSIVE DEVELOPMENT PLAN.
THESE PROGRAMS FINANCE THE GOVERNMENT'S SOCIAL WELFARE
AND NATIONAL LAND DEVELOPMENT POLICIES. THE COMMITTEE IS
PUSHING AHEAD WORK TO PICK UP PROGRAMS THAT HAD BETTER BE
TRANSFERRED TO PRIVATE-SECTOR TERRITORY AND ADVISE PRIME

MINISTER RYUTARO HASHIMOTO THAT SUCH PROGRAMS BE REVIEWED FROM THE STAGE OF COMPILING NEXT FISCAL YEAR'S BUDGET. THE COMMITTEE HAS SET ITS SIGHTS ON THE PAST PRACTICE OF COMPILING PORK-BARREL BUDGETS UNDER THE PRETEXT OF "PROTECTING THE WEAK." THAT WERE FILLED WITH (INEFFECTIVE) MEASURES FOR THE ELDERLY. DISCUSSION ON SPENDING CUTBACKS, DESIGNED TO RECONSTRUCT THE NATION'S FINANCES, HAS BEEN FOCUSED ON PUBLIC WORKS PROJECTS, BUT THE SOCIAL WELFARE AREA WILL ALSO BE TARGETED FROM NOW.

ADMINISTRATIVE REFORM PANEL DRAFTS DISCUSSION PAPER ON CREATION OF INDEPENDENCE AGENCIES (NIHON KEIZAI - PAGE 1)

THE ADMINISTRATIVE REFORM COMMITTEE (CHAIRER BY PRIME MINISTER RYUTARO HASHIMOTO) REVEALED YESTERDAY A "MAJOR POINTS" DRAFT THE COMMITTEE COMPILED FOR STUDYING CENTRAL GOVERNMENT AGENCIES' REORGANIZATION. AS ORGANIZATIONS TO COME UNDER AN "AGENCY" SYSTEM THAT WILL BE INTRODUCED TO REORGANIZE THE EXECUTIVE SECTION INTO AN AGENCY, THE DRAFT LISTS SECTIONS IN CHARGE OF WORK-SITE OPERATIONS, SUCH AS THE FINANCE MINISTRY'S PRINTING BUREAU, MANAGEMENT OF GOVERNMENT-RUN FACILITIES AND OF RESEARCH. TO STRENGTHEN THE FUNCTIONS OF THE PRIME MINISTER'S OFFICIAL RESIDENCE (KANTEI), THE DRAFT PROPOSES THE GRANTING OF THE BASIC POLICY INITIATIVE AT THE CABINET TO THE PRIME MINISTER AND THE ACTIVE USE OF POLICY-SPECIFIC MINISTERIAL COUNCILS AND A STATE MINISTER WITHOUT PORTFOLIO. THE DRAFT WILL BE MADE PUBLIC ON MARCH 5.

THE KEY POINTS DRAFT WAS DRAWN UP IN A BID TO IDENTIFY MAJOR POINTS FOCUSED ON IN DISCUSSION AT THE ADMINISTRATIVE REFORM COUNCIL. IN LINE WITH THESE POINTS, DEBATE WILL BE STARTED AT A MEETING ON MARCH 5, UNCLAS SECTION 07 OF 08 TOKYO 001696

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 FEBRUARY 26

AND THE RESULTS OF THE STUDY WILL BE PUBLICIZED IN THE FORM OF AN "INTERIM REPORT" IN LATE APRIL. CONSULTATIONS WITH EACH GOVERNMENT AGENCY WILL BE INITIATED IN MAY.

BRITAIN INTRODUCED THE AGENCY SYSTEM IN 1988. THIS SYSTEM IS DESIGNED FOR EACH AGENCY TO HAVE MORE INDEPENDENT FUNCTIONS OF THE EXECUTIVE SECTION AND WAGE SYSTEM. IT IS ALSO AIMED TO HEIGHTEN THE EFFICIENCY OF

THEIR DUTIES BY INTRODUCING PRIVATE-SECTOR KNOW-HOW. THE DRAFT SPECIFIES "SEPARATION OF THE EXECUTIVE SECTION' FUNCTIONS FROM CENTRAL GOVERNMENT AGENCIES."

REGARDING A METHOD TO REORGANIZE GOVERNMENT AGENCIES, THE DRAFT PROPOSES TWO IDEAS -- ONE TO CARRY OUT REORGANIZATION BASED ON "SIMILARITY OF DUTIES," FOCUSING ON FOREIGN AFFAIRS, FINANCES, NATIONAL LAND PRESERVATION AND THE LIKE, AND ANOTHER BASED ON "TASKS TO TACKLE INTENSIVELY AND COMPREHENSIVELY," FOCUSING ON CRISIS MANAGEMENT, ECONOMIC STRUCTURAL REFORM, HIGH-SPEED INFORMATION-ORIENTATION AND THE LIKE. IF THE LATTER IDEA IS ADOPTED, THE FOCUS OF DISCUSSION WILL BE SET ON AN INTRODUCTION OF A SYSTEM THAT CAN FLEXIBLY ALTER INTERNAL ORGANIZATIONS AND DUTIES IN ACCORDANCE WITH CHANGES IN CIRCUMSTANCES.

TO STRENGTHEN THE KANTEI'S FUNCTIONS, THE REPORT TAKES UP "RELATIONS BETWEEN THE CABINET SECRETARIAT AND THE PRIME MINISTER'S OFFICE OR THE MANAGEMENT AND COORDINATION AGENCY" AND INDICATES PLANS TO CONSIDER A REVIEW OR INTEGRATION OF THE ROLES OF THE PRIME MINISTER'S OFFICE AND THE MANAGEMENT AND COORDINATION AGENCY. IT SUGGESTS THAT "FUTURE OPTIONS FOR STATE FUNCTIONS" BE STUDIED, BEARING IN MIND A REDUCTION OF ADMINISTRATIVE ROLES AND PROMOTION OF DECENTRALIZATION.

FORMER PRIME MINISTER HOSOKAWA HAS SECOND THOUGHTS ABOUT LEAVING SHINSHINTO (MAINICHI - PAGE 2)

OVER THE LAST SEVERAL DAYS, FORMER PRIME MINISTER MORIHIRO HOSOKAWA HAS LET SLIP THIS REMARK TO HIS ASSOCIATES: "I WILL NOT LEAVE THE PARTY BASED ON MY LIKES AND DISLIKES." IN THE MEANTIME, FIVE JUNIOR MEMBERS, INCLUDING KIYOSHI UEDA AND HIROSHI NAKADA, WHO ARE CRITICAL OF THE PARTY LEADERSHIP, HELD A MEETING ON THE 25TH IN THE DIET BUILDING AND REACHED AGREEMENT TO CONCENTRATE ON PARTY REFORM WITHOUT CONSIDERING LEAVING THE PARTY FOR THE TIME BEING. THOSE WHO ARE REGARDED AS POSSIBLE REBELS BY THE LEADERSHIP HAVE BEGUN TO DENY SUCH AN OBSERVATION.

IN FACT, HOSOKAWA HAS BEEN REPEATING BOTH FORMALLY AND INFORMALLY, "I HAVE BEEN PUT ON MY BEST BEHAVIOR." HE ALSO STRESSED HIS "BEING ON MY BEST BEHAVIOR" IN A PARTY HELD IN TOKYO LATE ON THE 24TH FOR A FORMER LOWER-HOUSE MEMBER AFFILIATED WITH THE FORMER JAPAN NEW PARTY. AT THE PARTY, HOSOKAWA REMARKED, "I WAS NOT SURE IF I SHOULD ATTEND THIS KIND OF PARTY." HE DID NOT TAKE THE SEAT ESPECIALLY PREPARED FOR HIM BESIDES THE PODIUM.

HOSOKAWA'S ABRUPT DENIAL OF HIS POSSIBLE DEPARTURE FROM THE PARTY HAS RESULTED IN A SKEPTICAL VIEW IN THE PARTY. SOME ARE REACTING STRONGLY TO THE LEADERSHIP'S HARD-LINE STAND OF NOT "STOPPING ANYONE WISHING TO GET OUT," A COMMENT SUGGESTING A DISSOLUTION TO MAKE A FRESH START. AT THIS POINT, SOME JUNIOR MEMBERS HAVE BECOME OBDURATE AND HAVE DECIDED NOT TO LEAVE THE PARTY VOLUNTARILY UNTIL

THEY ARE EXPELLED. IN FACT, MEMBERS CLOSE TO HOSOKAWA ARE SAYING, "HOW COULD WE LEAVE THE PARTY SO EASILY JUST BECAUSE WE ARE TOLD BY THE PARTY LEADERSHIP?"

MEANWHILE, THE GROUP LEDBY UEDA IN YESTERDAY'S MEETING CONSIDERED TEMPORARILY THE PLAN TO RELEASE A STATEMENT FOR PARTY REFORM, BUT IT GAVE UP THE PLAN IN THE END IN UNCLAS SECTION 08 OF 08 TOKYO 001696

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 FEBRUARY 26

ORDER TO AVOID STICKING OUT. IN THE UPCOMING PARTY MEETING, THE GROUP PLANS TO PRESS PRESIDENT ICHIRO OZAWA TO COME UP WITH A SOLID PARTY REFORM BLUEPRINT. THESE JUNIOR MEMBERS TAKE THE VIEWPOINT: "AT THIS STAGE, WE NEED A BUD THAT WILL GROW INTO REFORM. THE IMPORTANT THING IS TO CARRY OUT THOROUGH DEBATE IN THE PARTY." IT SEEMS THAT THEIR REAL MOTIVE IS: "WE WILL BE EXPELLED IN THE NEXT PARTY CONVENTION. SO WE WILL FIGHT TOOTH AND NAIL UNTIL THEN" (JUNIOR MEMBER). (KOJI AKAMATSU) CRANE

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OSRI: RUEHKO
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RHHMUNA/USCINCPAC HONOLULU HI//USIA//
RUEKJCS/SECDEF WASHDC
RUEKJCS/JOINT STAFF WASHDC//J5//
SUBJ: JAPANESE MORNING PRESS HIGHLIGHTS FEBRUARY 27

TOP HEADLINES:

TEXT:
UNCLAS SECTION 01 OF 09 TOKYO 001737

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 FEBRUARY 27

TOP HEADLINES:

ASAHI: HEALTH MINISTRY WILL MODIFY THE STANDARDS FROM
APRIL; TO BAN ASSISTANT NURSES FROM "WORKING IN RETURN
FOR SCHOLARSHIP THEY RECEIVED"; OFFENDER TRAINING SCHOOLS
WILL BE EXCLUDED FROM SPECIFIED SCHOOL

NIHON KEIZAI: 20 MAJOR BANKS WILL LIQUIDATE 5 TRILLION

YEN OF BAD DEBTS; YASUDA TRUST AND BANKING'S DEBTS COME TO 300 BILLION YEN INCLUDING THOSE RELATED TO TOBISHIMA CONSTRUCTION; IN THE COMING MARCH PERIOD; IN EFFORT TO SPEED UP LIQUIDATION IN PREPARATION FOR THE PLANNED FINANCIAL BIG BANG

TOKYO SHIMBUN: SUMITOMO CORPORATION CHAIRMAN WILL TAKE RESPONSIBILITY AND RESIGN DUE TO THE VAST AMOUNT OF LOSSES CAUSED BY A COMPANY EMPLOYEE; FORMER TAKASHIMAYA DEPARTMENT PRESIDENT ALSO TO RESIGN IN CONNECTION OF THE VIOLATION CASE OF THE COMMERCIAL CODE

MAINICHI: NATION-WIDE REAL ESTATE POLITICAL LEAGUE HAD CHANGED THE MEMBERSHIP QUALIFICATIONS FROM CORPORATIONS TO INDIVIDUALS; FOR POLITICAL DONATES, SLIPPING THE CLUTCHES OF THE AMENDED LAW; NEARLY 100 MILLION YEN DONATED TO THE LDP

YOMIURI: NATIONAL POLICE AGENCY'S EXPOSED 581 CHINESE -- TOPPLING LAST YEAR'S NUMBER -- WHO SMUGGLED INTO JAPAN IN GROUP; ELABORATELY GUIDED BY SNAKE HEAD (TRANSLATION BELOW)

SANKEI: JAPAN TELECOM WILL PURCHASE ITJ -- AT PRICE OF 80 BILLION YEN POSSIBLY IN OCTOBER -- FOR SOLIDIFYING ITS FOUNDATION FOR INTERNATIONAL TELECOMMUNICATIONS; SURVIVAL STAKED IN RESPONSE TO INTENSIFIED COMPETITION

PRIME MINISTER'S SECRET STRATEGY TO REDUCE U.S. FORCES IN JAPAN? (NIHON KEIZAI - PAGE 2)

"PERHAPS WE CAN AGAIN PLAY A BACK-UP ROLE." THIS REMARK MADE BY THE PRIME MINISTER DURING HIS MEETING WITH U.S. SECRETARY OF STATE ALBRIGHT ON THE 24TH CAME IN THE CONTEXT OF HIS PROPOSAL FOR CONSULTATIONS ON TROOP STRENGTH, INCLUDING THE POSSIBILITY OF REDUCING U.S. FORCES ON JAPAN IN THE FUTURE. IT HAS SET OFF ALL SORTS OF SUSPICIONS AMONG DEFENSE-RELATED DIETMEMBERS FROM THE LIBERAL DEMOCRATIC PARTY (LDP).

THE CONVENTIONAL WISDOM AMONG DEFENSE-RELATED DIETMEMBERS IS THAT WITH THE FLUIDITY OF THE SITUATION ON THE KOREAN PENINSULA, IT WOULD BE IMPOSSIBLE TO IMMEDIATELY START CONSULTATIONS FOR A DRAWDOWN OF U.S. TROOPS, AND THEY REPORTEDLY HEARD THE SAME EXPLANATION FROM SENIOR FOREIGN MINISTRY OFFICIALS IN A MEETING OF THE LDP SECURITY TREATY RESEARCH COUNCIL ON THE 25TH. THE PRIME MINISTER IS SAID TO BE THINKING OF RAISING THIS ISSUE DURING THE SUMMIT MEETING AT THE TIME OF HIS VISIT TO THE UNITED STATES IN LATE APRIL. IN THE BACKGROUND, THERE IS SUSPICION THAT HE MAY HAVE SOME KIND OF SECRET STRATEGY.

ONE YEAR AGO WHEN THE NEGOTIATIONS FOR REVERSION OF FUTENMA AIR STATION WERE GOING ON, LDP DIETMEMBERS CLOSE TO THE PRIME MINISTER WERE ANNOUNCING THAT IT WOULD BE IMPOSSIBLE. WITH SUCH AN ATMOSPHERE PERMEATING, THE PRIME MINISTER WAS ABLE TO COMPLETE AN AGREEMENT FOR A RETURN AND DOUBLED THE SHOCK LEVEL. THE PRIME MINISTER'S

TECHNIQUE CAME TO BE CALLED THE FUTENMA FORMULA. SOME TAKE THE VIEW THAT "AS LONG AS THERE ARE PRODUCTIVE TALKS, THERE IS NOTHING WRONG WITH BEING FOOLED." BUT IN THIS CASE, WE WONDER

SDPQS ITO MEETS CHIEF CABINET SECRETARY ON ISSUE OF AMENDING SPECIAL MEASURES LAW (ASAHI - PAGE 2)
UNCLAS SECTION 02 OF 09 TOKYO 001737

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 FEBRUARY 27

SOCIAL DEMOCRATIC PARTY (SDP) SECRETARY GENERAL SHIGERU ITO MET CHIEF CABINET SECRETARY SEIROKU KAJIYAMA AT THE PRIME MINISTER'S RESIDENTIAL OFFICE LAST EVENING. REFERRING TO HOW TO DEAL WITH THE GOVERNMENT-CONCLUDED LAND LEASES FOR UNITED STATES MILITARY BASES ON OKINAWA PRIOR TO THEIR EXPIRATION ON MAY 14 OF THE LAND LEASE CONTRACTS, ITO ASKED THE CHIEF CABINET SECRETARY: "WE WOULD LIKE YOU TO GO THROUGH THE STEPS AS ARE STIPULATED BY LAW." THROUGH THIS REQUEST, HE SOUGHT TO CHECK MOVES IN THE CENTRAL GOVERNMENT TO TRY TO SOLVE THE PROBLEM BY AMENDING THE SPECIAL MEASURES LAW FOR THE LAND USE BY U.S. MILITARY BASES. AT THE SAME TIME, HE URGED A SETTLEMENT MEASURE SHOULD BE LOOKED INTO WITHIN THE SCOPE OF THE PRESENT LAW BY MAKING A PETITION FOR SIX MONTHS OF EMERGENCY USE.

COURT MAY REJECT AIRCRAFT-NOISE LAWSUIT AGAINST YOKOTA AIR BASE NEXT MONTH (ASAHI - PAGE 38)

A GROUP OF RESIDENTS SUFFERING FROM AIRCRAFT NOISE AROUND THE U.S. FORCES' YOKOTA AIR FORCE BASE HAS INSTITUTED A LAWSUIT AGAINST THE JAPANESE AND U.S. GOVERNMENTS IN PURSUIT OF NO NIGHTTIME AND EARLY MORNING FLIGHTS. CONCERNING THIS NEWLY INSTITUTED LAWSUIT CASE OF YOKOTA AIR BASE NOISE POLLUTION, THE TOKYO DISTRICT COURT'S HACHIOJI BRANCH HAS NOTIFIED THE PLAINTIFF AS OF THE 26TH THAT THE BRANCH COURT WOULD HOLD SEPARATE TRIALS PERTAINING TO THE PLAINTIFF'S COMPLAINT AGAINST THE GOVERNMENT AND THE U.S. AND THE BENCH WOULD HAND DOWN A JUDGMENT ON MARCH 14 ON THE CASE INVOLVING THE U.S. AS A RESULT OF THE U.S. GOVERNMENT'S HAVING REFUSED TO RECEIVE THE PETITION, IT IS PREDICTED THAT THE PLAINTIFF'S LAWSUIT AGAINST THE U.S. WILL BE TURNED DOWN WITHOUT A HEARING IN COURT.

OVER THE YOKOTA AFB NOISE POLLUTION ISSUE, THE COURT HAS ALREADY HANDED DOWN ITS FINAL JUDGMENT ON THREE LAWSUIT CASES IN THE PAST. IN ALL THOSE CASES, THE COURT HAS ADMITTED THE ILLEGALITY OF NOISE CAUSED BY U.S. MILITARY AIRCRAFT. CONCERNING THE PLAINTIFF'S DEMAND FOR SUSPENDING U.S. MILITARY AIRCRAFT FLIGHTS, HOWEVER, THE COURT HAS REJECTED ALL THE LAWSUITS THEMSELVES, RULING THAT "SUCH RESULTS FROM AN ACT CONDUCTED BY A THIRD PARTY OUTSIDE THE GOVERNMENT'S CONTROL." THEREFORE, THE PLAINTIFF SUED THE U.S. GOVERNMENT IN APRIL LAST YEAR FOR THE FIRST TIME. ON THE 20TH, THE COURT JUST HELD THE FIRST ROUND OF ORAL PROCEEDINGS.

HOWEVER, IT IS COMMONLY SAID IN JUDICIAL PRECEDENTS AND IN ACADEMIC CIRCLES THAT ANY FOREIGN GOVERNMENT, IN PRINCIPLE, WILL NOT BE SUBJECT TO JAPAN'S JURISDICTION (AS ABSOLUTE EXEMPTION FROM SOVEREIGNTY) -- EXCEPT FOR SUCH CASES AS ITS RESPONDING TO A LAWSUIT.

THE U.S. HAS REFUSED TO RECEIVE THE PETITION FOR "IT'S NOT A JUSTIFIABLE PETITION UNDER THE JAPAN-U.S. STATUS OF FORCES AGREEMENT," AND HAS ALSO REQUESTED THE GOVERNMENT TO INSIST BEFORE THE COURT ON ABSOLUTE EXEMPTION FROM SOVEREIGNTY.

PRIME MINISTER DINES WITH CHIEF CABINET SECRETARY TO LAY TO REST RUMORS OF A SPAT (MAINICHI - PAGE 2)

PRIME MINISTER RYUTARO HASHIMOTO AND CHIEF CABINET SECRETARY SEIROKU KAJIYAMA, WHOSE CLASHES OF UNDERSTANDING HAVE LONG BEEN RUMORED, EXCHANGED VIEWS ON FISCAL AND ADMINISTRATIVE REFORMS AND THE OKINAWA ISSUE OVER LUNCH YESTERDAY FOR ABOUT AN HOUR. THEY WERE JOINED BY DEPUTY CHIEF CABINET SECRETARY KAORU YOSANO.

KAJIYAMA SAID: "THE MASS MEDIA AND MAGAZINES OFTEN WRITE THAT (RELATIONS) BETWEEN THE PRIME MINISTER AND CHIEF AND UNCLAS SECTION 03 OF 09 TOKYO 001737

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 FEBRUARY 27

DEPUTY CABINET SECRETARIES ARE IN A BAD STATE, SO (WE HAD LUNCH TOGETHER) TO REPAIR (SUCH RELATIONS)" (AT HIS PRESS BRIEFING ON THE AFTERNOON OF THE 26TH). HE THEN (TOLD THE PRESS) THAT HE ASKED THE PRIME MINISTER: "WHAT DO

YOU THINK IF I ANNOUNCE THAT THE ICE WAS COMPLETELY CRACKED (BY THIS LUNCHEON MEETING) AND IF ANOTHER MEETING TAKE PLACE, THE CRACKED ICE WILL MELT, AND THERE WILL BE MADE A WARM ALLIANCE BY ANOTHER MEETING?;" AND HASHIMOTO REPLIED: "THAT'S A GREAT IDEA." WITH THIS, KAJIYAMA APPEARED TO HAVE ADMITTED THERE HAS BEEN A GULF BETWEEN THEM. EVEN AFTER THE INAUGURATION OF THE HASHIMOTO GOVERNMENT, THE TWO HAVE NEVER SPARED TIME FOR A MEETING. WHENEVER KAJIYAMA WENT INTO THE PRIME MINISTER'S OFFICE, HE ALWAYS LEFT THE ROOM SOON AFTER. KAJIYAMA REPORTEDLY TOLD HIS AIDES HIS UNHAPPINESS ABOUT THE SITUATION THAT BECAUSE THE LACK OF COMMUNICATION WITH THE PRIME MINISTER WAS NOTICEABLE REGARDING THE UNITED STATES' MILITARY'S ACCIDENTAL FIRING OF DEPLETED-URANIUM BULLETS AND OTHER MATTERS.

SHINSHINTO HOLDS RAUCOUS MARATHON MEETING BUT KEEPS OZAWA AS PARTY HEAD (NIHON KEIZAI - PAGE 3)

THE SHINSHINTO (NEW FRONTIER PARTY) HELD ITS MEETING OF THE TWO HOUSES AT A TOKYO HOTEL YESTERDAY, LASTED SIX AND HALF AN HOUR, TO DISCUSS THE RECONSTRUCTION OF THE PARTY, WHICH IS NOW BEING ROCKED OVER THE ORANGE KYOSAI KUMIAI (MUTUAL BENEFIT ASSOCIATION) SCANDAL. IN THE MEETING, OPINIONS CLASHED FIERCELY BETWEEN THOSE CALLING FOR A RESIGNATION OF THE ENTIRE LEADERSHIP INCLUDING PRESIDENT ICHIRO OZAWA, AND THOSE URGING A STRONGER UNITY IN ORDER TO SURMOUNT THE PRESENT CRITICAL CONDITION. OZAWA EXPRESSED HIS INTENTION TO REMAIN IN HIS POST, REMARKING, "I AM DETERMINED TO FULFILL MY DUTY FOR MY REMAINING TERM BY HEEDING FULLY TO VARIOUS OPINIONS (ABOUT MYSELF)." THE MEETING ENDED UPON REAFFIRMING THE POLICY DIRECTION OF RECONSTRUCTING THE PARTY UNDER THE PRESENT SYSTEM. THE SERIOUSNESS OF DISCORD IN THE PARTY WAS REVEALED.

IN YESTERDAY'S MEETING, A TOTAL OF 181 SHINSHINTO MEMBERS ATTENDED FROM BOTH HOUSES. THE MEMBERS REACHED AGREEMENT TO EXPEDITE THE BASIC PROBLEMS RESEARCH COUNCIL'S WORK TO COMPILE A PACKAGE FOR PREVENTING A RECURRENCE OF THE ORANGE KYOSAI SCANDAL.

AT THE OUTSET, SHOZO KUSAKAWA, WHO IS CRITICAL OF THE LEADERSHIP, DEMANDED A RESIGNATION OF THE EXECUTIVES, ARGUING, "PRESIDENT OZAWA HAS BEEN DOMINATING OVER THE PARTY. HE SHOULD STEP DOWN. WE NEED A WHOLE NEW SET OF EXECUTIVES IN ORDER TO MAKE A FRESH START." OZAWA CONFRONTED KUSAKAWA FRONTALLY, REBUTTING, "(IF YOU WANT A GENERAL RESIGNATION OF THE LEADERSHIP), YOU SHOULD SUPPORT YOUR CLAIM WITH FACTUAL DATA."

IN ADDITION, FIVE JUNIOR MEMBERS LED BY KIYOSHI UEDA, WHO HAVE BEEN MAKING A MOVE INDEPENDENTLY IN THE PARTY, RAPPED THE LEADERSHIP, SUGGESTING, "PEOPLE ARE LEAVING US BECAUSE THEY ARE DISAPPOINTED WITH OUR PARTY'S FAILURE IN THE JUSEN (HOUSING LOAN COMPANIES) DIET AND THE LAST GENERAL ELECTION AS WELL AS ITS MEASURES TOWARD THE ORANGE KYOSAI SCANDAL. IF WE CANNOT HAVE A NEW LINEUP OF EXECUTIVES, LET US AT LEAST CONCENTRATE ON RECONSTRUCTING

OUR PARTY IN A WAY THAT CAN SATISFY THE VOTERS."

IN RESPONSE, MEMBERS BACKING THE PRESENT LEADERSHIP, REBUTTED IN SUCCESSION: "MAKING A FRESH START WITH A NEW LINEUP IS AN OLD APPROACH," AND "HOW ARE WE GOING TO EXPLAIN TO THE PEOPLE IF WE DECIDE TO REPLACE OUR PARTY HEAD, WHO WAS ELECTED BY THE PEOPLE?" OZAWA HIMSELF COUNTER-ARGUED, "IF YOU THINK I AM ILL-FIT FOR THIS POST, I THINK YOU SHOULD START PREPARATIONS ACCORDINGLY FOR THE NEXT PARTY PRESIDENTIAL ELECTION IN ACCORDANCE WITH THE RULES OF DEMOCRACY."

UNCLAS SECTION 04 OF 09 TOKYO 001737

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 FEBRUARY 27

AT ONE POINT, SPARKS FLEW BETWEEN OZAWA AND FORMER PRIME MINISTER MORIHIRO HOSOKAWA. HOSOKAWA BARKED, "I WAS PLANNING NOT TO SAY ANYTHING TODAY BECAUSE I WAS PUT ON MY GOOD BEHAVIOR. BUT I CANNOT AGREE WITH PRESIDENT OZAWA'S INTERPRETATION OF DEMOCRACY AND ITS SCOPE." OZAWA SNAPPED, "THE SCOPE IS NOT THAT SMALL."

IN THE END, CHAIR MIKIO OMI CALLED FOR THE MEETING'S APPROVAL OF PARTY RECONSTRUCTION UNDER THE PRESENT OZAWA LEADERSHIP. NO OBJECTION APPEARED AT THAT POINT.

IT APPEARS THAT ALL ANTI-LEADERSHIP GROUPS GAVE THEIR APPROVAL FOR THE CONTINUATION OF THE PRESENT SYSTEM, JUDGING, "TIME IS NOT RIPE FOR A FULL-FLEDGED BATTLE." ONE EXECUTIVE REVEALED, 'THE ANTI-LEADERSHIP CHORUS STOPPED SUDDENLY JUST BEFORE THIS MEETING."

ANTI-LEADERSHIP GROUPS HAVE DIFFERENT MOTIVES. FOR INSTANCE, SOME ARE WAITING FOR A CHANCE TO BOLT THE PARTY WITH THEIR DISCONTENT WITH THE LEADERSHIP AS JUST CAUSE, AND SOME OTHERS ARE HOPING TO REMAIN IN THE PARTY ALTHOUGH THEY WANT A NEW SET OF EXECUTIVES.

THE PARTY LEADERSHIP LED BY OZAWA IS PLANNING TO CONTINUE TO DISCUSS VARIOUS SUBJECTS WITH PARTY MEMBERS IN SMALL GROUPS BY THE NUMBER OF TIMES ELECTED TO THE DIET. BUT IT THINKS THAT THE LEADERSHIP'S RESPONSIBILITY HAS BEEN SETTLED ONCE FOR ALL IN YESTERDAY'S MEETING. NEVERTHELESS, DISSIDENTS' MINDS ARE ALREADY ON THE PARTY CONVENTION IN APRIL, WHICH WOULD BE THEIR NEXT "BATTLE

FIELD." THE CRISIS OVER A POSSIBLE PARTY SPLIT IS NOT OVER FOR THE SHINSHINTO.

KOKI HAGINO LEAVING SHINSHINTO

SHINSHINTO (NEW FRONTIER PARTY) MEMBER KOKI HAGINO (PROPORTIONAL REPRESENTATION TOHOKU BLOC) IN YESTERDAY'S PARTY MEETING REVEALED HIS INTENTION TO LEAVE THE PARTY, REMARKING, "I AM THINKING OF LEAVING THE PARTY AS ONE OPTION." HE PLANS TO WORK AS AN INDEPENDENT FOR THE TIME BEING.

ANOTHER SUSPICIOUS CONTRIBUTION SAID TO HAVE GONE TO FORMER PRIME MINISTER HOSOKAWA (SANKEI - PAGE 3)

IT WAS DISCOVERED ON THE 26TH THROUGH A POLITICAL FUND REPORT AND OTHER DOCUMENTS THAT AN EXECUTIVE OF A COMPANY RELATED TO UPPER HOUSE MEMBER YUTAKA MIZUSHIMA, WHO WAS ELECTED IN JULY 1995 FOR THE FIRST TIME TO THE DIET, RANKED NUMBER 7 IN THE SHINSHINTO'S (NEW FRONTIER PARTY) CANDIDATES LIST BACKED BY THE FORMER JAPAN NEW PARTY (JNP), HAD CONTRIBUTED A TOTAL OF 4.5 MILLION YEN TO THE POLITICAL SUPPORT GROUPS OF FORMER PRIME MINISTER MORIHIRO HOSOKAWA THREE MONTHS BEFORE THE UPPER-HOUSE ELECTION.

ANOTHER ALLEGATION HAS ALREADY BEEN SURFACED IN THE UPPER HOUSE THAT TATSUO TOMOBE, WHO WAS ELECTED FOR THE FIRST TIME TO THE DIET IN THE 1995 UPPER HOUSE ELECTION, HAVING BEEN RANKED 13TH IN THE LIST OF CANDIDATES OF THE SHINSHINTO FROM THE FORMER JNP, MANEUVERED FOR FAVORS FROM PERSONS CONNECTED TO THE SHINSHINTO.

ACCORDING TO THE POLITICAL FUND REPORT, FORMER PRIME MINISTER HOSOKAWA'S POLITICAL GROUPS THAT RECEIVED DONATION WERE: BASIC POLICY STUDY GROUP; FORUM 2010 AND FISCAL AND FINANCIAL RESEARCH GROUP. UNDER THE NAME OF AN EXECUTIVE OF A COMPANY CONNECTED TO UPPER HOUSE MEMBER MIZUSHIMA, 1.5 MILLION YEN WAS GIVEN TO EACH POLITICAL GROUP IN APRIL 1995.

ACCORDING TO A CONNECTED SOURCE, CONTRIBUTIONS BY THAT UNCLAS SECTION 05 OF 09 TOKYO 001737

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 FEBRUARY 27

COMPANY EXECUTIVE WERE MADE BEFORE 1995. MOREOVER, THE COMPANY RELATED TO MIZUSHIMA AND HOSOKAWA'S POLITICAL GROUPS JOINTLY USED THE SAME OFFICE IN TOKYO. MIZUSHIMA GRADUATED FROM THE MEDICAL SCHOOL AT TOKYO UNIVERSITY. HE IS A PROFESSOR AT ST. MARIANNA UNIVERSITY'S COLLEGE OF MEDICINE IN KAWASAKI CITY. HOSOKAWA'S OFFICE COMMENTED: "WE PICKED MR. MIZUSHIMA AS A CANDIDATE FOR THE UPPER HOUSE ELECTION BECAUSE WE HIGHLY VALUED HIS PERSONALITY AND HIS POLICY-MAKING CAPABILITY IN THE MEDICAL AREA. SO THERE WAS NO CONNECTION BETWEEN THE DONATION AND HIS BEING CHOSEN AS A CANDIDATE."

POLICE WORKING TO SMASH CHINESE SMUGGLING RING
(YOMIURI - TOP PLAY)

THERE HAS BEEN A SHARP INCREASE SINCE EARLY THIS YEAR IN THE NUMBER OF SMUGGLED IMMIGRANTS IN GROUPS FROM CHINA INTO JAPAN. POLICE AND IMMIGRATION AUTHORITIES HAVE UNEARTHED A TOTAL OF 581 CHINESE NATIONALS (INCLUDING THOSE NOW BEING INVESTIGATED) BETWEEN JANUARY THIS YEAR AND THE 24TH OF THIS MONTH -- ALREADY IN EXCESS OF LAST YEAR'S ANNUAL BOOKING TOTAL OF 545 SMUGGLERS FROM CHINA. THIS FACT BECAME KNOWN ON THE 25TH FROM THE NATIONAL POLICE AGENCY'S TABULATION. \BEHIND THIS IS THE FACT THAT A CHINESE SMUGGLING SYNDICATE, CALLED THE "SNAKE HEAD," HAS BEEN ALLURING A LARGE NUMBER OF CHINESE PEOPLE TO SMUGGLE INTO JAPAN IN EXCHANGE FOR A LARGE AMOUNT OF MONEY FROM EACH OF THOSE CHINESE SMUGGLERS WHILE TELLING THEM THAT "JAPAN IS A GOLD COUNTRY." THE SYNDICATE'S WAY OF SENDING OUT THOSE MIGRANTS IS NOW DEXTEROUS -- AS SEEN IN SUCH CASES AS THAT THEY HAD BEEN PREVIOUSLY ADVISED TO DISGUISE THEMSELVES AS TOURISTS. NPA HAS NOW ORDERED THE NATION'S PREFECTURAL POLICE HEADQUARTERS TO TIGHTEN COASTAL AND WATER'S-EDGE GUARDING AT AIRPORTS, ETC. ON THE OTHER HAND, THE MINISTRY OF FOREIGN AFFAIRS ALSO HAS REQUESTED THE CHINESE GOVERNMENT TO TAKE SUCH MEASURES AS STRENGTHENING CONTROL.

ACCORDING TO NPA'S TABULATION, THE NUMBER OF CHINESE NATIONALS NABBED FOR THEIR SMUGGLING INTO JAPAN WAS 369 IN 1994 AND 151 IN 1995. LAST YEAR, THE NUMBER REACHED 545 -- AN ALL-TIME HIGH. THIS YEAR, HOWEVER, THE NUMBER OF CHINESE SMUGGLERS HAS ALREADY BROKEN LAST YEAR'S FIGURE IN LESS THAN TWO MONTHS.

MOST OF THOSE UNEARTHED CHINESE SMUGGLERS CAME FROM FUJIAN PROVINCE. A MAN IN HIS 30'S, WHO WAS CAUGHT BY POLICE ON THE 3RD OF THIS MONTH IN KANOYA CITY, KAGOSHIMA PREFECTURE, HAS SAID: "I HEARD PEOPLE WHO WORKED IN JAPAN BECAME RICH, SO ..." ALSO, A FEMALE SMUGGLER (16), CAPTURED IN YOKOHAMA CITY ON THE 6TH OF LAST MONTH, HAS CONFESSED: "MY PARENTS TOLD ME TO GO FOR MY HOUSE."

ACCORDING TO THE IMMIGRATION CONTROL AUTHORITIES, MANY OF THE BOOKED CHINESE SMUGGLERS WERE ALLURED BY "SNAKE HEAD" CONSTITUENTS. ONE OF THOSE ARRESTED, ACCORDING TO THE AUTHORITIES, HAS SAID: "JAPAN IS A GOLD COUNTRY. WHY NOT SMUGGLING INTO JAPAN TO MAKE MONEY?" CONCERNING THE

FACT THAT THERE HAS BEEN A SHARP INCREASE IN THE NUMBER OF CHINESE PEOPLE SMUGGLING INTO JAPAN EVEN BY PAYING A LARGE AMOUNT OF MONEY TO THE SNAKE HEAD, AN NPA OFFICIAL ALSO ANALYZES: "EVEN IF THEY COME TO JAPAN, THEY CAN'T FIND SO MANY JOBS. SUCH A FACT HAS NOT BEEN MADE KNOWN TO PEOPLE THERE. INSTEAD, ONLY THE DREAM OF MAKING A FORTUNE AT A STROKE HAS BEEN SPREADING LIKE A MYTH."

THE WAY OF SMUGGLING INTO JAPAN ALSO HAS BECOME DEXTEROUS. ON THE 24TH OF LAST MONTH, POLICE ARRESTED 14 PERSONS AT NARITA AIRPORT, AND FOUND THAT THEY WERE CARRYING SEVERAL FORGED PASSPORTS, DISGUIISING THEMSELVES AS TOURISTS. ADDITIONALLY, ANOTHER CASE WAS THAT SOME SMUGGLED INTO JAPAN AFTER ACQUIRING THE NATIONALITY OF SUCH COUNTRIES AS ARGENTINA WHOSE NATIONALS ARE ALLOWED UNCLAS SECTION 06 OF 09 TOKYO 001737J
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 FEBRUARY 27
TO ENTER JAPAN WITHOUT A VISA.

A SMUGGLING SHIP -- CAPTURED ON THE 19TH OF THIS MONTH IN THE SEA OFF DAIO TOWN, MIE PREFECTURE -- WAS EQUIPPED WITH A GLOBAL POSITIONING SYSTEM (GPS) THAT ACCURATELY TELLS WHERE A SHIP IS NAVIGATING. IT WAS CARRIED SO AS TO MAKE ACCURATE CONTACT WITH A SHIP ON STANDBY AT SEA FOR RECEIVING SMUGGLERS FROM ANOTHER SHIP. SUCH GPS DEVICES WERE DISCOVERED IN MANY OF THE SHIPS THAT WERE RECENTLY CAUGHT AT SEA, POLICY SAY.

THE POLICE AUTHORITIES ARE NOW STRONGLY ON THE ALERT, SAYING: "SMUGGLING SERVICE ITSELF HAS NOW BECOME AN ORGANIZATIONAL BUSINESS." ABOUT THE BACKGROUND OF SUCH A SHARPLY INCREASING NUMBER OF SMUGGLERS, THE IMMIGRATION AUTHORITIES' VIEW IS THAT THE ECONOMY OF TAIWAN HAS BECOME WORSE, SO SMUGGLERS HEADING FOR TAIWAN TURNED THEIR EYES TO JAPAN, AND HONG KONG IS GOING TO BE RETURNED SOON, SO SMUGGLERS HEADING FOR HONG KONG CAME TO JAPAN.

ONE IMMIGRATION OFFICIAL NOTES: "THOSE WHO FAILED TO SMUGGLE INTO JAPAN AND WERE ARRESTED ACCOUNT FOR 10 PERCENT, AND WE SURMISE THAT 90 PERCENT MIGHT HAVE SUCCESSFULLY ENTERED JAPAN."

ON THE OTHER HAND, MOFA HAS NOW REQUESTED THE CHINESE GOVERNMENT AS OF THE 26TH TO TAKE SUCH STEPS AS TO: (1)

TIGHTEN COASTAL GUARD AND DEPARTURE EXAMINATIONS; (2) ENFORCE STRENGTHENED CONTROL OVER SMUGGLING BROKERS AND OTHERS INVOLVED AND TAKE STRICT PUNITIVE ACTION; AND (3) ENHANCE PUBLIC-RELATIONS ACTIVITIES IN FUJIAN PROVINCE AND OTHER DISTRICTS OF CHINA IN ORDER TO PREVENT UNLAWFUL DEPARTURE FROM CHINA.

IRANIAN PRESIDENT'S REJECTION OF YEN LOANS AFFECTS JAPAN
(YOMIURI - PAGE 4)

(TEHERAN, FEBRUARY 26, HIDENORI SATO) THE PROBLEM OF (IRAN'S REJECTION OF) YEN LOANS TOTALLING 100 BILLION YEN HAS SET OFF SHOCK WAVES IN BOTH JAPAN AND IRAN, ALTHOUGH UNTIL NOW THE TWO COUNTRIES HAVE ENJOYED GOOD RELATIONS. WHAT SET IT OFF WAS PRESIDENT RAFSANJANI'S STATEMENT, "WE DON'T NEED (ANY YEN LOANS)," IN CONNECTION WITH THE SECOND TRANCHE OF YEN LOANS THE JAPANESE GOVERNMENT HAS KEPT ON ICE FOR OVER TWO AND A HALF YEARS UNDER PRESSURE FROM THE UNITED STATES, WHICH HAS ADOPTED A POLICY LINE OF CONTAINING IRAN.

THE PROJECT BEING FINANCED BY YEN LOANS IS THE CONSTRUCTION OF A HUGE DAM (COMMONLY REFERRED TO AS "THE FOURTH KARUN DAM"), WHICH WILL BE 177 METERS IN HEIGHT, AND OF A ONE-MILLION-KILOWATT UNDERGROUND ELECTRIC POWER STATION UPSTREAM ON THE KARUN RIVER. OF THE TOTAL CONSTRUCTION COST OF 150 BILLION YEN, APPROXIMATELY 100 BILLION YEN IS TO BE FINANCED BY YEN LOANS, AND IN MAY 1993, AGREEMENT WAS REACHED TO OFFER THE FIRST TRANCHE OF 38.6 BILLION YEN, AND FOLLOWING IT, THE SECOND AND THE THIRD TRANCHES SHOULD HAVE BEEN PROVIDED.

BUT IN MAY 1995, THE U.S., WHICH HAS ADOPTED A POLICY LINE OF CONTAINING IRAN, IMPOSED ECONOMIC SANCTIONS PROHIBITING AMERICAN FIRMS FROM DOING TRADE WITH AND INVESTING IN IRAN. UNDER INCREASED PRESSURE FROM THE U.S., JAPAN FROZE ITS YEN LOAN PROGRAM, WHICH INCLUDED THE SECOND TRANCHE, IGNORING IRAN'S REPEATED REQUESTS TO CONTINUE IT.

REFERRING TO THE YEN LOAN PROBLEM, PRESIDENT RAFSANJANI STATED THAT IRAN DID NOT NEED THE LOANS AT A RECENT PRESS CONFERENCE. HE THEN DENOUNCED JAPAN: "IT IS A BREACH OF TRUST TO BREAK A CONTRACT AFTER IT WAS SIGNED."

UNCLAS SECTION 07 OF 09 TOKYO 001737

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 FEBRUARY 27

HIS REMARK CAME AS A BOLT FROM THE BLUE FOR JAPAN. AMBASSADOR TO IRAN TAKESHI OHARA TOLD REPORTERS YESTERDAY THAT THE PRESIDENT'S REMARK "IS A MANIFESTATION OF HIS IMPATIENCE WITH JAPAN FOR UNDERMINING HIS EXPECTATIONS." BUT HE DID NOT INDICATE ANY PROSPECT FOR RESUMPTION (OF YEN LOANS).

ON THE OTHER HAND, IT WAS ALREADY DECIDED IN LAST JULY THAT FIRMS COMING FROM AUSTRALIA AND CHINA WOULD PARTICIPATE IN A THE ENLARGEMENT CONSTRUCTION, WHICH IS NOT RELATED TO THE ABOVE PROJECT, AT THEIR OWN COST, ACCORDING TO A JAPANESE OFFICE IN TEHERAN, WHICH SERVES AS A CONSULTANT FOR THE CONSTRUCTION OF THE ABOVE ELECTRIC POWER STATION. THE IRANIAN SIDE IS STEADILY MAKING PREPARATIONS TO CONTINUE THE PROJECT WITHOUT YEN LOANS.

ONE REASON WHY THE IRANIAN SIDE ASKED FOR YEN LOANS WAS DUE TO "ITS POLITICAL MOTIVE TO BREAK THE U.S. ENCIRCLEMENT BY DANGLING A STRATEGIC GOOD, CRUDE OIL" (INFORMED SOURCE) BEFORE JAPAN, IN THE MIDST OF A SEVERE INTERNATIONAL ENVIRONMENT. THE REMARK, "YEN LOANS ARE NOT NEEDED," MADE THIS TIME (BY THE IRANIAN PRESIDENT), IS INTERPRETED AS AIMING AT CHANGING THE POSITION OF JAPAN, WHICH IN A SENSE ACTS AS IT IS TOLD BY THE U.S.

RUSSIAN VICE PREMIER ILYSHIN POSTPONES VISIT TO JAPAN
(ASAHI - PAGE 2)

FIRST DEPUTY PRIME MINISTER ILYUSHIN OF RUSSIA TELEPHONED FOREIGN MINISTER YUKIHIKO IKEDA YESTERDAY AND TOLD HIM HE IS CANCELLING HIS THREE-DAY TRIP TO JAPAN FROM THE 28TH. THE FOREIGN MINISTER SHOWED UNDERSTANDING.

THE TWO AGREED TO PUT OFF UNTIL SOMETIME BETWEEN APRIL AND JUNE THE SECOND MEETING OF THE JAPAN-RUSSIA TRADE COMMITTEE, WHICH WAS TO HAVE TAKEN PLACE IN TOKYO ON MARCH 1, WITH THE MAIN PARTICIPANTS BEING THE FOREIGN MINISTER AND THE FIRST DEPUTY PRIME MINISTER.

NTT REORGANIZATION SET: TWO COMPANIES BY FISCAL Q99
(ASAHI - PAGE 1)

THE MINISTRY OF POSTS AND TELECOMMUNICATIONS (MPT) YESTERDAY MAPPED OUT THE OUTLINE OF AN AMENDMENT TO THE NTT LAW (NTT REORGANIZATION BILL) TO BREAK UP THE NIPPON TELEGRAPH AND TELEPHONE CORPORATION UNDER THE ROOF OF A HOLDING COMPANY. THE AMENDMENT PLAN IS BASED ON THE REORGANIZATION POLICY DIRECTION AGREED ON BETWEEN THE MPT AND NTT LAST DECEMBER. THE HOLDING COMPANY WILL INHERIT THE NAME OF NTT. THE COMPANY WILL BE DIVIDED INTO TWO TELECOM CARRIERS COVERING EASTERN AND WESTERN REGIONS. THEY WILL BE ALLOWED TO OPERATE FREELY ON EACH OTHER'S COMMUNICATIONS SERVICE AREA FOR PROMOTION OF COMPETITION. THE BILL IS SCHEDULED TO BE SUBMITTED TO THE REGULAR DIET

SESSION ON MARCH 11, AFTER COORDINATING WITH THE RULING CAMP AND RELEVANT GOVERNMENT AGENCIES.

THE PLANNED REORGANIZATION WILL START FROM THE YEAR 1999 WITHIN TWO YEARS AND SIX MONTHS AFTER THE PROMULGATION. AS A RESULT OF THE REORGANIZATION, A HOLDING COMPANY NTT, AND TWO REGIONAL CARRIERS THAT WILL BE RESPONSIBLE AS BUSINESS ENTITIES FOR PREFECTURAL COMMUNICATIONS AND ONE COMPANY THAT WILL BE IN CHARGE OF LONG DISTANCE SERVICE AND INTERNATIONAL COMMUNICATIONS WILL BE ESTABLISHED.

THE HOLDING COMPANY AND THE TWO REGIONAL COMPANIES WILL BE SET UP AS SPECIAL PUBLIC CORPORATIONS (TOKUSHUHOJIN) THAT WILL PROVIDE TELEPHONE SERVICE TO ALL AREAS WITH THE SAME CONDITIONS. THE REGIONAL CARRIERS WILL BE ALLOWED TO OPERATE IN EACH OTHER'S BUSINESS TURF. THE LONG-DISTANCE AND INTERNATIONAL TELECOM CARRIERS WILL BECOME A PRIVATE COMPANY UNDER THE UMBRELLA OF THE HOLDING
UNCLAS SECTION 08 OF 09 TOKYO 001737

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 FEBRUARY 27

COMPANY. THE BILL WILL SPECIFICALLY MENTION THE NAMES OF THE TWO REGIONAL COMPANIES -- NTT EASTERN JAPAN AND NTT WESTERN JAPAN, BUT IT WILL NOT INCORPORATE THE NAME OF THE LONG-DISTANCE AND INTERNATIONAL TELECOM CARRIER. IT WILL BE LEFT UP TO NTT'S JUDGMENT.

IN THE WAKE OF THE REORGANIZATION THIS TIME, THE MPT MINISTER'S AUTHORITY TO APPOINT EXECUTIVE OFFICERS WILL BE APPLIED TO THE HOLDING COMPANY ALONE. THERE WILL BE NO AUTHORIZATION SYSTEM APPLIED TO THE TWO REGIONAL COMPANIES. IN ADDITION, NTT'S DISCRETION WILL BE LARGELY EXPANDED, SUCH AS THAT THE TWO REGIONAL COMPANIES WILL BE ALLOWED TO FREELY DISPOSE THEIR PROFITS IN THE FORM OF DIVIDENDS TO STOCKHOLDERS AND THE LIKE AND RESTRICTIONS ON THE LONG-DISTANCE AND INTERNATIONAL TELECOM COMPANY WILL BE SIMILAR TO THE CASE OF OTHER TELECOM CARRIERS IN GENERAL.

NTT HAS BEEN BANNED FROM ENGAGING IN THE INTERNATIONAL TELECOMMUNICATIONS BUSINESS, BUT IN ORDER TO COPE WITH GLOBAL COMPETITION IN THE TELECOM INDUSTRY, IT WILL BE ALLOWED TO DO SO BEFORE THE REORGANIZATION IN 1999.

BANK OF JAPAN REPORT: DEREGULATION WILL SPUR CAPITAL

INVESTMENT (YOMIURI - PAGE 7)

THE BANK OF JAPAN (BOJ) YESTERDAY RELEASED A REPORT "ON RECOVERY OF CAPITAL INVESTMENT UNDER STRUCTURAL ADJUSTMENT," WHICH ANALYZES THE TREND OF CAPITAL INVESTMENT FROM THE TIME IMMEDIATELY AFTER THE BURSTING OF THE BUBBLE ECONOMY TO TODAY.

ACCORDING TO THE ANALYSIS, CAPITAL INVESTMENT IN THE FIRST HALF OF THE 1990'S AFTER THE COLLAPSE OF THE BUBBLE ECONOMY WAS SO STAGNANT AS EQUAL TO THE TIME AFTER THE FIRST OIL CRISIS IN TERMS OF BOTH LENGTH AND DEPTH DUE TO REACTION TO EXCESSIVE INVESTMENTS IN PLANTS AND FACILITIES MADE DURING THE BUBBLE YEARS. DURING THE BUBBLE YEARS, COMPANIES LARGELY INCREASED THEIR BANK BORROWING, WHICH TURNED INTO A HEAVY BURDEN FOR THEIR FINANCIAL STATE. IN ADDITION, THERE WAS THE PRESSURE OF STRUCTURAL ADJUSTMENT, SUCH AS AN INCREASE IN IMPORTED GOODS BROUGHT ABOUT BY THE HIGHER YEN TREND. THOSE ELEMENTS WORKED AS MAJOR FACTORS FOR THE DELAY IN CAPITAL SPENDING. USUALLY MEDIUM AND SMALL COMPANIES AND THE NON-MANUFACTURING INDUSTRY EMERGE FROM RECESSION BEFORE THE ECONOMY PICKS UP, BUT THIS TIME, THEIR BUSINESS SANK DEEPER, CAUSING THE DELAY ESPECIALLY IN CAPITAL INVESTMENT.

HOWEVER, IN FISCAL 1994, THE ECONOMY PICKED UP, LED BY INFORMATION-RELATED INVESTMENT, SUCH AS SEMI-CONDUCTORS. IN FISCAL 1995, THE TREND OF RECOVERY SPREAD TO LEADING MANUFACTURERS. IN FISCAL 1996, THE TREAD FURTHER SPREAD TO MEDIUM AND SMALL BUSINESSES AND THE MANUFACTURING INDUSTRY, TOO.

IN THE BACKGROUND, THERE WERE THE CIRCUMSTANCES THAT (1) FINANCIAL AND FISCAL POLICY MEASURES PEPPED UP THE ECONOMIC RECOVERY; AND (2) CORPORATE PROFITS AND EARNINGS IMPROVED DUE TO PROGRESS IN INVENTORY ADJUSTMENT AND CORPORATE EFFORTS THROUGH RESTRUCTURING. ABOVE ALL ELSE, PROGRESS IN DEREGULATION IN THE MOBILE COMMUNICATIONS SECTOR AND THE DISTRIBUTION SECTOR AROUSED DEMAND IN NEW BUSINESS SEGMENTS, SUCH AS PORTABLE PHONES, WORKING AS A MAJOR FACTOR FOR THE RECOVERY.

AS TO THE FUTURE OF CAPITAL SPENDING, THE BOJ SEES THAT ALTHOUGH THERE ARE SOME UNCERTAIN FACTORS, SUCH AS THAT A SLOWING DOWN IN THE GROWTH OF THE MOBILE COMMUNICATIONS FIELD WILL DAMPEN THE EFFECT OF DRIVING UP THE ECONOMY, A BASIC TREND OF RECOVERY IN CAPITAL SPENDING WILL PROBABLY CONTINUE, BECAUSE FACILITIES STOCK ADJUSTMENT WILL
UNCLAS SECTION 09 OF 09 TOKYO 001737

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 FEBRUARY 27

PROGRESS AND INFORMATION-RELATED INVESTMENTS WILL LIKELY
CONTINUE TO CONTINUE AT A HIGH PITCH.

AUTO EXPORTS ROSE 33.9 PERCENT IN JANUARY; BIGGEST
MONTHLY JUMP SINCE 1980 (NIHON KEIZAI - PAGE 11)

EXPORTS OF MOTOR VEHICLES ROSE 33.9 PERCENT IN JANUARY
FROM THE SAME MONTH A YEAR EARLIER, REACHING 355,190
UNITS, ACCORDING A REPORT RELEASED YESTERDAY BY THE JAPAN
AUTOMOBILE MANUFACTURERS' ASSOCIATION (CHAIRMAN BY
YOSHIFUMI TSUJI). AUTO EXPORTS HAVE BEEN RISING FOR
EIGHT MONTHS IN A ROW. THE RATE OF INCREASE IS THE
HIGHEST SINCE (THE 40.3 PERCENT) LOGGED IN JULY 1980,
WHEN AUTO EXPORTS WERE AT THEIR PEAK. EXPORTS TO THE
UNITED STATES HAVE BEEN NOTICEABLY EXPANDING, HELPED BY A
WEAKER YEN. CONCERN ABOUT A REKINDLING OF AUTO FRICTION
IS EXPECTED TO GROW.

TEN AUTO-MANUFACTURERS, EXCEPT FOR SUZUKI MOTORS, SAW
THEIR EXPORTS CLIMB. THE FIVE LARGEST COMPANIES SAW
DOUBLE-DIGIT INCREASES, WITH EXPORTS OF TOYOTA MOTORS AND
HONDA GIKEN MOTORS JUMPING 71.1 PERCENT AND 34.5 PERCENT,
RESPECTIVELY.

BY REGION, AUTO EXPORTS TO NORTH AMERICA SHOWED THE
SHARPEST INCREASE OF 75.3 PERCENT FROM A YEAR AGO TO
124,834 UNITS. THIS IS THE HIGHEST RATE OF INCREASE IN
20 YEARS SINCE THE RECORD HIT IN MAY 1976 (OF 76.6
PERCENT). HEIGHTENED DEMANDS OF SUVs (SPORTS UTILITY
VEHICLES) IN THE U.S. MARKET BOOSTED THE SALES OF TOYOTA
MOTORS.

CHINA STORE ASSOCIATION REQUESTS BASIC CHANGES IN LARGE
RETAIL STORE LAW (NIHON KEIZAI - PAGE 5)

JAPAN CHAIN STORE ASSOCIATION CHAIRMAN KATSUHIRO FUJIZEKI
(SEIYU PRESIDENT) AND OTHER BUSINESS EXECUTIVES MET
MINISTER OF INTERNATIONAL TRADE AND INDUSTRY SHINJI SATO
AT A HOTEL IN TOKYO YESTERDAY, AND REQUESTED THAT THE
MINISTRY PROCEED FIRST WITH SCRAPPING THE RESTRICTIONS ON
STORE CLOSING TIMES AND ON THE NUMBER OF STORE HOLIDAYS
IN THE PROCESS OF REVISING THE LARGE-SCALE RETAIL STORE
LAW. THEY ALSO ASKED HIM TO TOTALLY ABOLISH THE LAW,
PREMISED ON A BAN OF LOCAL GOVERNMENTS IMPOSING THEIR OWN
STORE-OPENING RESTRICTIONS.

MITI MINISTER SATO EXPLAINED THAT THE MINISTRY WOULD
START PREPARATORY WORK IN MARCH, WITH THE AIM OF
REVAMPING THE LARGE-SCALE RETAIL STORE LAW WITHIN FY1997.
HE SAID, "DOWNTOWN SHOPKEEPERS ROWS ARE NOW IN AN
EXHAUSTED CONDITION, BUT THE OPENING OF A LARGE-SCALE

STORE MIGHT HELP INCREASE JOB OPPORTUNITIES." HE ADDED,
"IT IS ESSENTIAL TO DEAL WITH THIS ISSUE ALSO WITH THE
CONSTRUCTION MINISTRY AND THE MINISTRY OF HOME AFFAIRS,
FROM THE VIEWPOINT OF (REGIONAL) DOWNTOWN DEVELOPMENT."

ANXIOUS ABOUT THE IMPACT ON INDIVIDUAL CONSUMPTION OF THE
PLANNED HIKES OF THE CONSUMPTION TAX AND PUBLIC UTILITY
CHARGES STARTING FROM APRIL, THE ASSOCIATION ALSO CALLED
FOR MEASURES TO INCREASE DISPOSABLE INCOME AND TO RAISE
THE MINIMUM AMOUNT OF INCOME FOR PART-TIME WORKERS
SUBJECT TO TAXATION. CRANE

SECT: SECTION: 01 OF 09

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LINE4: FM AMEMBASSY TOKYO

OSRI: RUEHKO

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ORIG: AMEMBASSY TOKYO

TO: RUEHC/SECSTATE WASHDC IMMEDIATE 3322

INFO: RUEKDIA/DIA WASHDC IMMEDIATE
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RHHMUNA/USCINCPAC HONOLULU HI
RUALSFJ/COMUSJAPAN YOKOTA AB JA
RUEHOK/AMCONSUL OSAKA KOBE 0765
RUHBBMA/AMCONSUL NAHA 7560
RUEHKON/AMCONSUL NAGOYA 0467
RUEHKOF/AMCONSUL FUKUOKA 3947
RUEHKOS/AMCONSUL SAPPORO 0349
RUESDJ/FBIS OKINAWA JA
RUCWAAB/FBIS RESTON VA
RUAYJAA/COMPATWING ONE KAMI SEYA JA
RUATJHU/CGUSARJ CAMP ZAMA JA//IX CORPS G5//
RUYNJDK/COMNAVFORJAPAN YOKOSUKA JA

SUBJ: JAPANESE DAILY PRESS SUMMARY 02/27/97

TEXT:

UNCLAS SECTION 01 OF 04 TOKYO 001762

DEPT FOR E, P, PM, EB, EAP/J AND S/AL
USIA FOR MR AND REA
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E.O. 12958: N/A

TAGS: PGOV, PINR, JA

SUBJECT: JAPANESE DAILY PRESS SUMMARY 02/27/97

INDEX:

(1) Government Plans to Constrain Defense Spending, Deferring Attainment of the Mid-Term Defense Program

(2) Guidelines Review for Far East Emergencies (Part 3): U.S. Military Use of Airports and Seaports; Private, Municipal Cooperation as Key

ARTICLES:

(1) Government Plans to Constrain Defense Spending, Deferring Attainment of the Mid-Term Defense Program

MAINICHI (Top Play) (Full)
Eve., February 27, 1997

In reviewing the 25.1 trillion yen Mid-Term Defense Program (Chukibo) (Fiscal 1996 - 2000), the Government today adopted a policy course of constraining defense spending for each fiscal year of the plan, and entered into the vetting process. Until now, defense spending has been treated as a "sanctuary" that could not be constrained even under budget ceilings and thus was allowed high growth. However, now that the Government is turning toward fiscal and administrative reforms, it has become essential to constrain the defense spending, a policy-related expenditure which makes up a good 10 percent of the general account budget, and it was judged that it was necessary to make a downward adjustment in, along with public works expenditure cuts, to symbolize that "there are no sanctuaries in reducing outlays."

The Chukibo is a five-year plan that sets the fixed number of self-defense personnel, as well as the levels of such front-line equipment as fighter aircraft and naval vessels. Currently, in order to attain the plan, it is necessary to increase defense expenditures by 2.1 percent each fiscal year.

However, in order for the Government and ruling parties to reach their goal to restore the soundness of the country's fiscal situation by fiscal 2005 by constraining the fiscal deficit to within 3 percent of GDP and ending the issuance of deficit bonds, general expenditures have to be constrained to close to zero growth, compared to the previous fiscal year, and the judgment was made that the practice of letting defense spending growth stick out could no longer be tolerated.

The Government in the fiscal 1997 budget for the first time began to "defer" expenses by delaying until fiscal 1998 outlays of 60.7 billion yen from

the 1.8292 trillion yen in obligated expenses accompanying purchases of front line equipment.

By expanding and continuing this practice, the UNCLAS SECTION 02 OF 04 TOKYO 001762

DEPT FOR E, P, PM, EB, EAP/J AND S/AL
USIA FOR MR AND REA
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DEPT PASS USTR FOR SHAPIRO/WOLD
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E.O. 12958: N/A

TAGS: PGOV, PINR, JA

SUBJECT: JAPANESE DAILY PRESS SUMMARY 02/27/97

attainment of the Chukibo will be delayed by several years, and the Government is studying now ways to constrain expenditures for each fiscal year.

(2) Guidelines Review for Far East Emergencies
(Part 3): U.S. Military Use of Airports and Seaports; Private, Municipal Cooperation as Key

NIHON KEIZAI (Page 2) (Full)
February 20, 1997

In the ongoing review of the Guidelines for Japan-U.S. Defense Cooperation (or the so-called "guidelines"), there are not a few issues that are relevant to ministries and agencies other than the Ministry of Foreign Affairs and the Japan Defense Agency which are directly negotiating with the U.S. side. One of the typical examples is the U.S. military use of such facilities as airports and seaports.

Research promised in return

In the event of an emergency breaking out on the Korean Peninsula or in other areas (surrounding Japan), the U.S. Forces in Japan alone may not be able enough to accommodate large-scale reinforcement batches coming to the help of Japan. It may not be enough to provide the use of the Self-Defense Forces' bases. In that case, Japan is going to have to allow U.S. armed forces to use its civilian airports and seaports ...

In the spring of 1994, the Korean Peninsula situation became strained over suspicions of a nuclear weapons development program by the Democratic People's Republic of Korea (North

Korea). At that time, too, the U.S. side informally sounded out the Japanese Government on whether Japan could offer its commercial airports in Kyushu to U.S. forces. Former Deputy Chief Cabinet Secretary Nobuo Ishihara gave this account: "At that time we were thinking that if they wanted to use those facilities for the security of Japan, we probably could not reject their request."

When Japan and the U.S. reached an agreement in April last year on the return of the USFJ's Futenma Air Station site in Okinawa, the two countries promised to push ahead with joint studies on the (U.S. military) use of domestic facilities during an emergency as a "collateral." The possibility is extremely high that in the event of military conflict breaking out on the Korean Peninsula or another area near Japan, the Government will be pressed hard to respond in a concrete way.

In April last year, the Ministry of Transport, the competent office that controls the private airports and port-harbor facilities, had already compiled its own "view" about U.S. forces' making use of commercial airports and seaports. According UNCLAS SECTION 03 OF 04 TOKYO 001762

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
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TREASURY FOR OASIA/IMI/JAPAN
DEPT PASS USTR FOR SHAPIRO/WOLD
DEPT PASS ELECTRONICALLY TO USDA FAS/ITP FOR SCHROETER

E.O. 12958: N/A
TAGS: PGOV, PINR, JA
SUBJECT: JAPANESE DAILY PRESS SUMMARY 02/27/97

to the MOT view, U.S. forces' use of civilian airports and seaports is stipulated also in the Japan-U.S. Status of Forces Agreement (SOFA), and it is also possible, in principle, for U.S. forces to use them through consultations between Japan and the U.S.

Coordination work left untouched

In its view, however, MOT also notes that the U.S. military use of civilian airports requires such preconditions as: (1) the local public's agreement in case the Government's anti-noise measures will be constrained; (2) coordination with domestic airlines in case there is the need to reduce their commercial flights; (4) foreign governments' agreement in case their countries' airlines will be

affected; and (4) local municipalities' agreement in case airports are under their management. In the case of port-harbor facilities as well, MOT points out the necessity of obtaining local controlling governments' agreement -- and the need to go through coordination with shipping firms if the private sector's use of commercial vessels is going to be restricted.

Yet, the Government has not initiated such essential coordination at all with such entities as local governments, airlines, and shipping companies, as an official in the MOT Transport Policy Bureau Policy Division says: "We can't start the work until we know how many military planes and how many naval ships will come to which airport and which port."

In case U.S. forces make use of domestic commercial airports and seaports, private-sector firms may accordingly be asked to cooperate in such areas as transportation. In this case, MOT says such should be based on "a voluntary contract between the U.S. forces and shipping agents."

The MOT official says, "If necessary, we're ready to move for coordination." But the Government will have to ask a 'favor' of those shipping agents since there are no legal grounds. The MOT official explains, "As in the case of using facilities, we don't know if we can actually get their cooperation. We'll have to try, anyway." So, the question of whether or not to vest the Government with compelling force is also likely to be an issue for its study.

U.S. forces in a 'shakedown' process

While seeing such domestic circumstances, U.S. forces are now going ahead with a 'shakedown test' for their possible use of commercial airports in Japan. According to MOFA-compiled reference data regarding the U.S. forces' use of commercial airports and seaports, their use of airports in 1995 totaled 926 times, showing an increase of 35 times over the preceding year. And their use of

UNCLAS SECTION 04 OF 04 TOKYO 001762

DEPT FOR E, P; PM, EB, EAP/J AND S/AL
USIA FOR MR AND REA
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WHITE HOUSE FOR NEC CUTTER
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SUBJECT: JAPANESE DAILY PRESS SUMMARY 02/27/97

Japanese seaports also reached 13 times, one more time over the preceding year.

Nagasaki Airport was used as often as 292 times, Fukuoka Airport, 177 times, and Amami Airport, 95 times ... All those airports were used (by U.S. military aircraft) for such spot purposes as carrying patients and refueling aircraft on their way to somewhere else. However, those ranking high on the list are airports located in the western part of Japan. The prevailing view is that "that's also for the purpose of training pilots and other personnel to provide for a possible emergency in the Far East" (according to a source in JDA).

In case the U.S. military use of commercial facilities becomes a reality, will the Government have established some law for emergencies along with a new set of guidelines (for bilateral defense cooperation) to facilitate U.S. forces' use of such Japanese facilities, or will the Government otherwise play a slapstick at various places as a result of leaving such to ad-lib coordination? One official stated, "The Japanese are a people who will manage to do something somehow when driven by necessity. Even without a prior agreement, both local governments and private circles may cooperate." There is also such an optimistic view of things, but ...

(To be continued)

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SECT: SECTION: 01 OF 04

<^SECT>SECTION: 02 OF 04

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SSN: 1762

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RUEKJCS/SECDEF WASHDC
RUYNJDK/COMNAVFORJAPAN YOKOSUKA JA
SUBJ: JAPANESE MORNING PRESS HIGHLIGHTS FEBRUARY 28

TOP HEADLINES:

TEXT:

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

UNCLAS SECTION 01 OF 10 TOKYO 001786

USIA

FOR: USIA D/P, I/GEA, I/RF, I/RFW, EA, R/MR; STATE FOR
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GENERAL COUNCIL'S OFFICE, DAS; USCINCPAC/PA; CINCPAC
FLT/PA; COMNAVFORJAPAN/PA.

E.O. 12958: N/A

SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS FEBRUARY 28

TOP HEADLINES:

ASAHI: PROFESSIONAL BASEBALL PLAYERS ADVISED ON TAX
EVASION; 30 ODD PLAYERS IN 10 BASEBALL TEAMS; NATIONAL
TAX OFFICERS TO INDICT A "CONSULTANT"; A TOTAL OF 1

BILLION YEN EVADED FROM TAX PAYMENT

NIHON KEIZAI: TRANSPORT MINISTRY'S FINAL DRAFTS EXPECTED TO INCLUDE A FLIGHT ROUTE SELECTIVE SYSTEM FOR 30 FLIGHTS; UP TO 40 FLIGHTS AT HANEDA AIRPORT; SIX FLIGHTS ALLOWED TO NEW FIRMS; OTHERS WILL GO TO EXISTING THREE AIRLINE COMPANIES QJAS'S SHARE WILL BE 50 PERCENT

TOKYO SHIMBUN: ON PROBLEM OF "NO DISCLOSURE" BY TOKYO METROPOLITAN GOVERNMENT, TOKYO HIGH COURT HANDS TURNS DOWN TOKYO PLEA IN SECOND TRIAL; GOVERNOR AOSHIMA GIVES INSTRUCTIONS FOR DRAWING UP NEW GUIDELINES

MAINICHI: FY1997 BUDGET BILL TO BE APPROVED WITH NO MODIFICATIONS THIS FISCAL YEAR; DIRECTORS' MEETING GIVES APPROVAL; APPROVAL LIKELY TO BE GIVEN BY THE LOWER HOUSE ON THE 5TH (TRANSLATION BELOW)

YOMIURI: TOKYO METROPOLITAN GOVERNMENT DETERMINES TO DISCLOSE FOOD EXPENSES; NOT REGARDED AS PRIVATE INFORMATION; TOKYO DISTRICT COURT DISMISSES AN APPEAL, NOTING "PROTECTION OF PUBLIC DUTIES" ARE NOT NECESSARY FOR THIS CASE

SANKEI: LAWSUIT ON DISCLOSURE OF FOOD EXPENSES: TOKYO METROPOLITAN GOVERNMENT'S APPEAL REJECTED; TOKYO HIGH COURT: "NO PROBLEM WILL OCCUR EVEN IF INFORMATION IS MADE PUBLIC"

STRONG REACTION BY HARBOR ASSOCIATION; SHIPPING COMPANIES SHOCKED (NIHON KEIZAI - PAGE 5)

THE UNITED STATES FEDERAL MARITIME COMMISSION (FMC) ANNOUNCED ITS DECISION TO APPLY PUNITIVE MEASURES AGAINST THREE JAPANESE SHIPPING LINES. THE DECISION HAS COME AS A GREAT SHOCK TO THE MINISTRY OF TRANSPORT (MPT) AND THOSE SHIPPING LINES. THE FMC IS CRITICIZING THE JAPAN PORT AND HARBOR ASSOCIATION (JPHA) -- AN INDUSTRIAL ASSOCIATION, BUT THE JPHA IS NEGATIVELY REACTING TO THE U.S. DECISION. IT IS STICKING TO ITS USUAL TOUGH STANCE, SUCH AS THAT IT HAS INDICATED A POSSIBILITY OF TAKING RETALIATORY MEASURES AGAINST U.S. SHIPS. IF THOSE SANCTIONS ARE INVOKED, IT WILL INFLICT LOSSES OF APPROXIMATELY 5 BILLION YEN ON JAPANESE SHIPPING COMPANIES. WITH NO HOPE OF SETTLEMENT IN SIGHT, THE PREVAILING VIEW IS THAT IT WOULD TAKE A CONSIDERABLE TIME TO SOLVE THE PROBLEM.

AS A LONG-STANDING PRACTICE OF JAPAN'S STEVEDORING SERVICE SECTOR, A "PRIOR CONSULTATIONS SYSTEM" HAS BEEN ADOPTED. UNDER THE SYSTEM, SHIPPING COMPANIES HOLD NEGOTIATIONS WITH THE JPHA, AND HARBOR SERVICES-RELATED TRADE UNIONS WITH THE JPHA OVER LABOR CONDITIONS. THE U.S. HAS MADE IT AN ISSUE THAT THIS SYSTEM IS ELIMINATING COMPETITION AMONG CARGO HANDLERS AND MAKING THEIR WORK INEFFICIENT.

LAST OCTOBER, THE JAPANESE SHIPOWNERS ASSOCIATION (JSA),

THE JAPAN FOREIGN STEAMSHIP ASSOCIATION (JFSA) AND THE JPHA REACHED AN AGREEMENT TO SIMPLIFY SUCH PRIOR CONSULTATIONS. HOWEVER, FROM THIS MONTH, THE JPHA IS ASKING SHIPPING LINES THAT DOCK AT JAPANESE PORTS TO SUBMIT A CONFIRMATION DOCUMENT THAT NOTES, "WE WOULD LIKE TO HAVE PRIOR CONSULTATIONS IN ACCORDANCE WITH THE AGREEMENT REACHED LAST OCTOBER." THE JPHA CLAIMS, "WE HAVE RECEIVED A LETTER FROM THE JFSA HIGHLY EVALUATING AND EXPRESSING APPRECIATION (FOR OUR SYSTEM)." THERE WAS, HOWEVER, CONSIDERABLE RESISTANCE PUT UP BY BOTH UNCLAS SECTION 03 OF 10 TOKYO 001786

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 FEBRUARY 28

MINISTRY YESTERDAY AFTERNOON AND REQUESTED THAT THE U.S. WITHDRAW THE FEDERAL MARITIME COMMISSION'S (FMC) DECISION TO IMPOSE SANCTIONS ON JAPANESE SHIPPING COMPANIES.

TOYA STATED, "THE IMPOSITION OF UNILATERAL SANCTIONS IS UNACCEPTABLE. THERE IS FEAR THAT THE DECISION ON THE SANCTIONS MIGHT INVITE A STRONG REACTION WITHIN JAPAN AND REKINDLE FRICTION BETWEEN THE TWO COUNTRIES, RESULTING IN DELAYING THE PROCEEDING OF TALKS BETWEEN THE PARTIES CONCERNED." MARITIME TRANSPORT BUREAU DIRECTOR GENERAL SADA O IWATA ARGUED, "GIVEN THE LONG HISTORY OF OUR PRIOR-CONSULTATIONS PRACTICE, IT WILL BE DIFFICULT TO RESOLVE THE ISSUE WITHIN SEVERAL WEEKS AS REQUESTED BY THE U.S." THE CHARGE D'AFFAIRS RESPONDED ONLY BY SAYING: "I UNDERSTAND JAPAN'S STANCE. I HOPE WE WILL SEE SOME PROGRESS BEFORE THE SANCTIONS ARE IMPOSED."

U.S. WANTS JAPANESE GOVERNMENT TO INVOLVE ITSELF IN RESOLVING HARBOR ISSUE (NIHON KEIZAI - PAGE 15)

(WASHINGTON BRANCH BUREAU, FEBRUARY 27) OVER THE PROBLEM OF JAPAN'S HARBOR SERVICES, THE UNITED STATES GOVERNMENT HAS BEGUN TO PLACE THE FOCUS OF ITS ATTACK ON THE JAPAN PORT AND HARBOR ASSOCIATION (JPHA). A DOCUMENT PERTAINING TO THE U.S. DECISION TO ADOPT SANCTIONS MEASURES AGAINST JAPAN, WHICH THE U.S. FEDERAL MARITIME COMMISSION (FMC) RELEASED ON THE 26TH, QUOTES A TOUGH STATEMENT MADE BY JPHA CHAIRMAN TAKASHIMA AGAINST THE U.S. TWO U.S. LEADING SHIPPING LINES, WHICH ARE BEHIND THE FMC, ALSO RELEASED A STATEMENT POINTEDLY CRITICIZING THE JPHA. THE STRATEGY IS TO PROMPT THE JAPANESE GOVERNMENT TO INTERVENE IN PRIVATE BUSINESS PRACTICES

BRANDISHING THE THREAT OF SANCTIONS, WHILE QUESTIONING THE MINISTRY OF TRANSPORT'S (MOT) "OVERSIGHT ACCOUNTABILITY."

FMC CHAIRMAN CREEL IN A STATEMENT ISSUED ON THE SAME DAY POINTED OUT THAT THE PROBLEM OF JAPAN'S CARGO HANDLING ORIGINATES IN BUSINESS PRACTICES IN THE PRIVATE SECTOR. AT THE SAME TIME, HE PLACED HIS HOPES ON JAPAN'S MOT INVOKING SOME ADMINISTRATIVE AUTHORITY TOWARD JPHA, . NOTING, "WE EXPECT THE JAPANESE GOVERNMENT TO TAKE STEPS NEEDED TO SETTLE THE DISPUTE." THE STATEMENT CLEARLY SHOWS THE FMC'S INTENTION TO FOCUS ITS ATTENTION ON THE JPHA, IN COMPARISON WITH A DRAFT SANCTIONS MEASURES PLAN IT ISSUED LAST NOVEMBER. IN THE MEANTIME, SEA-LAND SERVICE AND APL -- LEADING AMERICAN SHIPPING LINES -- ON THE 26TH RELEASED A STATEMENT WELCOMING THE FMC'S DECISION TO TAKE PUNITIVE MEASURES AGAINST JAPANESE SHIPPING COMPANIES. THEY CRITICIZED THE JPHA, "THE JPHA'S ANTICOMPETITIVE ACTION IS RAISING SHIPPING COSTS CONSIDERABLY IN JAPAN."

GOVERNMENT SAYS CANNOT INVOLVE ITSELF IN PRIVATE SECTOR CUSTOMARY PRACTICE (NIHON KEIZAI - PAGE 15)

GOVERNMENT CIRCLES, INCLUDING THE MINISTRY OF TRANSPORT (MOT), ARE MULLING OVER HOW TO RESPOND TO THE UNITED STATES FEDERAL MARITIME COMMISSION'S (FMC) DECISION TO INVOKE SANCTIONS AGAINST JAPAN. THE GOVERNMENT HAS SO FAR BEEN NEGATIVE TOWARD TAKING AN ADMINISTRATIVE ACTION TO URGE IMPROVEMENT, CITING, "A PRIOR CONSULTATIONS SYSTEM IS A PRIVATE BUSINESS PRACTICE." AMID GROWING CRITICISM OF JAPAN'S HIGH-COST HARBOR SERVICES COMING FROM BOTH WITHIN AND OUTSIDE THE COUNTRY, THE GOVERNMENT AT LAST IN JANUARY EMBARKED ON EFFORTS AT THE INITIATIVE OF THE MOT TO HOLD NEGOTIATIONS AMONG THE CONCERNED PARTIES FOR IMPROVEMENT OF THE PRIOR CONSULTATIONS SYSTEM. THE U.S.'S TOUGH ACTION HAS COME AT SUCH A TIMING.

THE GOVERNMENT INTENDS TO AVERT THE INVOKING OF SANCTIONS, BY POINTING OUT IN NEGOTIATIONS WITH THE U.S. UNCLAS SECTION 04 OF 10 TOKYO 001786

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 FEBRUARY 28

GOVERNMENT, "UNILATERAL SANCTIONS ARE CONTRARY TO THE

JAPAN-U.S. TREATY OF FRIENDSHIP, COMMERCE AND NAVIGATION." AS PART OF SUCH EFFORTS, THE MOT AND THE MINISTRY OF FOREIGN AFFAIRS (MOFA) WILL DISPATCH RESPONSIBLE OFFICIALS TO THE U.S. AS EARLY AS EARLY MARCH.

HOWEVER, THE PREVALENT VIEW IN THE COUNTRY IS THAT IT IS ABSOLUTELY NECESSARY TO REVIEW JAPAN'S INEFFICIENT HARBOR TRANSPORTATION PRACTICES. OTHER GOVERNMENT MINISTRIES HAVE ALSO NOTED THAT IN ORDER TO PROMOTE DEREGULATION, TOO, "THE MOT'S ADMINISTRATIVE RESPONSIBILITY AND LEADERSHIP WILL BE CALLED INTO QUESTION."

MOT ADMINISTRATIVE VICE MINISTER TOYODA AT A PRESS CONFERENCE HELD ON THE 27TH STRESSED, "THE U.S. DECISION ON SANCTIONS AGAINST JAPAN IS REGRETTABLE," BUT HE, AT THE SAME TIME, STATED, "IN ORDER TO BRING ABOUT CONVENIENCE TO JAPANESE PORTS AND HARBORS, WHAT SHOULD BE IMPROVED NEEDS TO BE IMPROVED." THE U.S. HAS STRONGLY SOUGHT FOR ADMINISTRATIVE INTERVENTION, BY BRANDISHING THE THREAT OF SANCTIONS, BUT THE SPADEWORK FOR QUICKLY SETTLING NEGOTIATIONS AMONG THE CONCERNED PARTIES TO IMPROVE THE PRIOR CONSULTATIONS SYSTEM HAS YET TO BE DONE.

TARGETED COMPANIES FOR PUNITIVE DUTIES ARE QTHE VICTIMSQ OF THE SYSTEM - (ASAHI - PAGE 11)

THE MINISTRY OF TRANSPORT AND SHIPPING COMPANIES WILL BE MAKING EVERY EFFORT TO AVOID A FRUITLESS SANCTIONS WAR, BUT SOME IN THE SHIPPING INDUSTRY HAVE ALREADY BEEN CALLING FOR IMPROVEMENT OF THE CARGO-HANDLING SYSTEM.

THE SANCTIONS ARE NOT AGAINST CARGO-HANDLING COMPANIES BUT THE SHIPPING COMPANIES, COMPLICATING THE SITUATION. THE UNITED STATES GOVERNMENT BEING ABLE TO IMPOSE SANCTIONS AGAINST CARGO-HANDLING COMPANIES, WHICH CARRY OUT SERVICES ONLY IN JAPAN, THE TARGET WAS DIRECTED AT JAPANESE SHIPPING COMPANIES, WHICH ARE ALSO THE VICTIMS OF THE PRIOR-CONSULTATIONS SYSTEM.

THE DEFICIT OF THE THREE COMPANIES THAT ARE SUBJECT TO THE SANCTIONS TOTALS 14 BILLION YEN IN THEIR SERVICES TO NORTH AMERICA FOR THIS FISCAL YEAR. WITH THE SANCTIONS, FIVE BILLION YEN WOULD BE ADDED TO THEIR DEFICIT DURING A YEAR. THE SANCTIONS COULD HAVE A SERIOUS IMPACT ON THE SHIPPING COMPANIES, NIPPON YUSEN VICE PRESIDENT NOBORU SAKATA REMARKING, "WE CANNOT REFLECT SUCH SANCTION COSTS IN THE FARES."

BUT SOME OBSERVERS TAKE THE VIEW THAT SHIPPING COMPANIES HAD ANTICIPATED FOREIGN PRESSURE FOR IMPROVEMENT OF THE PRIOR-CONSULTATIONS SYSTEM, ALTHOUGH OPPOSING THE IMPOSITION OF SANCTIONS.

SHIPPING COMPANIES IN OTHER COUNTRIES HAVE ALSO TAKEN JOINT OPERATIONS UNDER A CONSORTIUM SYSTEM. WHILE SUPPORTING THE U.S. GOVERNMENT'S SANCTIONS, THEY WANT TO

SKIRT SUCH SANCTIONS. THE POSITIONS OF "VICTIMS" AND "PLAINTIFFS" ARE ENTANGLED.

THE JAPAN HARBOR TRANSPORTATION ASSOCIATION, ON WHICH PENALTIES WILL NOT BE IMPOSED DIRECTLY, HAS TAKEN AN ADAMANT STANCE. SOME MEMBERS INSIST ON TAKING THE COUNTER-ACTION OF NOT ACCEPTING SERVICES FOR U.S. CONTAINER FREIGHTERS. THE DISPUTE OVER CARGO-HANDLING SERVICES BETWEEN JAPAN AND THE U.S., WHOSE TRADE ACCOUNT THE LARGEST VOLUME IN THE WORLD, MIGHT AFFECT JAPANESE AND U.S. CONSUMERS AND COMPANIES.

TRADE POLICY OF SECOND CLINTON ADMINISTRATION HAS CHANGED; HAS LOST ITS POLITICAL NATURE (ASAHI - PAGE 11)
UNCLAS SECTION 05 OF 10 TOKYO 001786

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 FEBRUARY 28

THE UNITED STATES FEDERAL MARITIME COMMISSION (FMC) ANNOUNCED ON THE 26TH ITS DECISION TO IMPOSE PENALTIES ON JAPANESE CARGO-SHIPPING COMPANIES IN RETALIATION FOR JAPAN'S SEAPORT SERVICES. THIS DECISION HAS SPARKED ANOTHER SINGLE-ISSUE DISPUTE BETWEEN JAPAN AND THE U.S., WHICH HAD BEEN ENJOYING A PEACEFUL LULL IN THE RELATIONSHIP. THE COST DIFFERENTIAL BETWEEN DOMESTIC AND INTERNATIONAL RATES, WHICH HAS LONG BEEN CRITICIZED BY INDUSTRIAL CIRCLES, ENDED UP WELLING UP INTO A DISPUTE. WITH BOTH SIDES' INTERESTS ENTANGLED, THE PROBLEM IS DEEP-ROOTED. SOME CHANGES CAN BE OBSERVED IN THE SECOND-TERM CLINTON ADMINISTRATION'S NEGOTIATING STANCE TOWARD JAPAN, BUT IT WOULD APPEAR TO TAKE CONSIDERABLE TIME TO RESOLVE THIS ISSUE. NO BREAKTHROUGH LOOMS AHEAD TO AVOID THE SANCTIONS.

ABOUT-FACE IN POSITION IN SECOND-TERM CLINTON ADMINISTRATION, WITH MULTILATERAL SETTING-ORIENTED GROUPS GAINING INFLUENCE

(WASHINGTON, FEBRUARY HIROAKI ITO) THE ECONOMIC TEAM UNDER THE SECOND-TERM CLINTON ADMINISTRATION IS HEADED BY THOSE EMPHASIZING MACRO-ECONOMY AND MARKET MECHANISMS, STARTING WITH SECRETARY OF THE TREASURY RUBIN. AS LONG AS NO BRAKES ARE APPLIED ON THE U.S. ECONOMY, NOW ON THE UPTICK,, THE KIND OF SOUR RELATIONS AS SEEN IN THE PAST SEEMS UNLIKELY.

THE U.S. HAS CERTAINLY TAKEN THE CARGO-SERVICE PROBLEM MORE SERIOUSLY THAN JAPAN HAS EXPECTED. YET, THE NEUTRAL ORGANIZATION FMC DECIDED ON THE PUNITIVE ACTION. COMPARED WITH THE TRADE ACT-BASED SANCTIONS THREATENED IN THE AUTOS AND AUTO PARTS TALKS, THE SANCTIONS IN THIS PROBLEM TAKE ON LESS OF A POLITICAL ASPECT.

THE CLINTON ADMINISTRATION'S TURNABOUT IS SENSED ALSO FROM ITS APPROACH OF TAKING TRADE ISSUES INTO SUCH MULTILATERAL DISPUTE-SETTLEMENT INSTITUTIONS AS THE WORLD TRADE ORGANIZATION (WTO). THE WHITE HOUSE REPORTEDLY SUMMED UP ITS TRADE POLICY UNDER ITS FIRST TERM AS "MORE THAN HALF OF THE DISCUSSION HOURS IN NATIONAL ECONOMIC COUNCIL (NEC) MEETINGS DEVOTED TO JAPAN-U.S. ISSUES" (U.S. GOVERNMENT TRADE OFFICIAL). ITS SUCCESSIVE VICTORIES IN DISPUTES WITH JAPAN OVER COPYRIGHT CONTIGUOUS RIGHTS AND LIQUOR TAXES HAVE DRIVEN THE ADMINISTRATION TO PLACE EMPHASIS ON THE WTO.

TYSON, WHO CHAIRED THE NEC, HAS LEFT THE GOVERNMENT, AND KANTOR, WHO PLAYED THE KEY ROLE IN A SERIES OF TALKS WITH JAPAN AS USTR, HAS RETURNED TO THE PRIVATE SECTOR.

THOSE WHO HAVE GAINED INFLUENCE IN THE ADMINISTRATION ARE MARKET-ORIENTED SECRETARY OF THE TREASURY RUBIN AND UNDER SECRETARY OF THE TREASURY SUMMERS, WHO ALSO SERVED IN THE NEC AS THE OFFICER IN CHARGE OF COMPREHENSIVE ECONOMIC POLICY. IN ADDITION, WITH MADELEINE ALBRIGHT'S ASSUMPTION OF THE OFFICE OF SECRETARY OF STATE, THE STATE DEPARTMENT HAS ALSO INCREASED ITS VOICE IN THE ADMINISTRATION.

WITH THE INCREASING POLITICAL CLOUT OF BOTH THE TREASURY DEPARTMENT GROUP, WHICH VIEWS TRADE POLICY FROM THE MACRO-ECONOMIC VIEWPOINT, AND THE STATE DEPARTMENT, WHICH CONSIDER TRADE POLICY WITH JAPAN WHILE FOCUSING ON THE ENTIRE RELATIONSHIP, THE POSSIBILITY IS NOW SLIM THAT JAPAN AND THE U.S. WILL BE ROCKED BY SPECIFIC ISSUES.

YET, IF SOMETHING HAPPENS THAT WILL HURT THE UPWARD MOVE OF THE AMERICAN ECONOMY, SUCH AS A PLUMMET IN THE STOCK MARKET OR A SHARP RISE IN INTEREST RATES, LEADING TO BOOSTING ITS TRADE DEFICITS FURTHER, HARD-LINERS AGAINST JAPAN, SUCH AS HOUSE OF REPRESENTATIVES MAJORITY LEADER UNCLAS SECTION 06 OF 10 TOKYO 001786

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 FEBRUARY 28

GEPHARDT, MIGHT ONCE MORE GAIN STRENGTH.

GOVERNMENT PLANS TO REVISE MID-TERM DEFENSE PROGRAM TO
CONSTRAIN DEFENSE SPENDING (ASAHI - PAGE 1)

THE GOVERNMENT ON THE 27TH DECIDED TO REVIEW THE MEDIUM-
TERM DEFENSE PROGRAM (CHUKIBO), AN OVERALL DEFENSE
PROGRAM COVERING THE NUMBER OF SELF-DEFENSE FORCES (SDF)
PERSONNEL STRENGTH AND THE LEVEL OF FRONT-LINE EQUIPMENT
SUCH AS AIRCRAFT AND SHIPS, DURING THE COMPILATION OF A
FY1998 BUDGET. CHUKIBO INCLUDES A REVIEW DURING THE
COMPILATION OF A FY1999 BUDGET. BUT IN LINE WITH THE
HASHIMOTO ADMINISTRATION'S PRIORITY OF CARRYING OUT
FISCAL AND ADMINISTRATIVE REFORMS, THE GOVERNMENT HAS
DECIDED TO FRONT-LOAD THE ORIGINAL PLAN BY ONE YEAR.
NEVERTHELESS, STRONG RESISTANCE IS EXPECTED FROM LIBERAL
DEMOCRATIC PARTY (LDP) DEFENSE-POLICY CLIQUES. WHETHER
THE GOVERNMENT CAN CUT FRONT-LINE EQUIPMENT DEEPLY IS
STILL UNCERTAIN.

CHIEF CABINET SECRETARY SEIROKU KAJIYAMA AT AN
ADMINISTRATIVE VICE MINISTERS MEETING YESTERDAY
INSTRUCTED TO ALL GOVERNMENT AGENCIES TO REVIEW
EXPENDITURES WITHOUT ALLOWING ANY "SACROSANCT AREAS."
AFTER THE MEETING, KAJIYAMA TOLD THE PRESS ABOUT CHUKIBO,
"WE ARE GOING TO CARRY OUT COORDINATION BASED ON THE
CABINET DECISION FOR STRUCTURAL FISCAL REFORM." HIS
COMMENT SUGGESTED THE GOVERNMENT'S PLAN TO BEGIN DOWNWARD
BUDGETARY STUDIES.

JAPAN DEFENSE AGENCY (JDA) ADMINISTRATIVE VICE MINISTER
NAOAKI MURATA ALSO REMARKED IN A PRESS MEETING: "WE ARE
GOING TO REEXAMINE ALL EXPENDITURE ITEMS WITHOUT
EXCEPTION." MURATA ADDED: "'REEXAMINATION' MEANS TO RE-
VIEW -- NOTHING MORE." HE THUS EXPRESSED RELUCTANCE
ABOUT REVISING CHUKIBO. THE GOVERNMENT IS EXPECTED TO
LOOK FOR WAYS TO REDUCE EXPENDITURES ON A YEARLY BASIS BY
MEANS OF, FOR INSTANCE, CUTTING BACK ON ANNUAL
EXPENDITURE FOR FRONT-LINE EQUIPMENT.

EVEN AFTER THE COLD WAR, LDP DEFENSE-POLICY CLIQUES HAVE
ALWAYS REACTED STRONGLY TO REDUCING DEFENSE BUDGET.
STRONGER RESISTANCE IS EXPECTED TO COME TOWARD JAPAN'S
POSSIBLE PARTICIPATION IN THE U.S.-INITIATED THEATER
DEFENSE MISSILE (TDM) PROGRAM.

THE CHUKIBO NOW IN FORCE, ADOPTED IN LATE 1995, COVERS
FIVE YEARS FROM FY1996 TO FY2000 WITH THE TOTAL BUDGET OF
25.15 TRILLION YEN. IN ORDER TO ACHIEVE THAT GOAL,
DEFENSE BUDGET NEEDS TO BE RAISED BY 2.1 PERCENT
ANNUALLY.

CHIEF CABINET SECRETARY KAJIYAMA ACKNOWLEDGES EARLY
REVIEW OF MIDTERM DEFENSE PLAN (SANKEI - PAGE 1)

TOUCHING ON THE MID-TERM DEFENSE PROGRAM (CHUKIBO, WHICH TOTALS 25.15 TRILLION YEN) THAT RUNS FROM FISCAL 1996 TO 2000 AT A PRESS BRIEFING YESTERDAY AFTERNOON, CHIEF CABINET SECRETARY SEIROKU KAJIYAMA REMARKED, "THE HIGHEST PRIORITY WILL BE GIVEN TO THE CABINET MEETING'S DECISION ON FISCAL STRUCTURAL REFORM AND COORDINATION WILL BE MADE, ALTHOUGH THAT DOES NOT MEAN OUR DENIAL OF THE DEFENSE BUILDUP PLAN." HE THEN REVEALED THAT THE REVIEW WORK HAS BEEN LAUNCHED, AIMING AT CONSTRAINING DEFENSE EXPENSES IN ORDER TO CARRY OUT FISCAL RECONSTRUCTION, AND WOULD INVOLVE FRONTLOADING THE REVIEW WORK OF THE MID-TERM DEFENSE PROGRAM, WHICH IS SET FOR FISCAL 1998, AND OTHER MATTERS.

THE CHUKIBO IS A FIVE-YEAR PLAN THAT PROVIDES THE CONSOLIDATION GUIDELINES FOR FRONT-LINE EQUIPMENT, SUCH AS FIGHTERS AND TANKS. TO ATTAIN THE PLAN, IT IS NECESSARY FOR THE DEFENSE BUDGET TO INCREASE BY 2.1 UNCLAS SECTION 07 OF 10 TOKYO 001786

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 FEBRUARY 28

PERCENT EVERY FISCAL YEAR.

BUT IN GIVING PRIORITY TO THE GOAL FOR MAKING OUR FINANCIAL CONDITIONS SOUND BY CONSTRAINING THE FISCAL DEFICIT TO WITHIN THREE PERCENT TO THE GROSS DOMESTIC PRODUCT (GDP) BY THE FISCAL 2005, THE GOVERNMENT HAS ARRIVED AT A JUDGMENT THAT CONSTRAINING DEFENSE SPENDING (4.9415 TRILLION YEN) ACCOUNTING FOR MORE THAN 10 PERCENT OF THE GENERAL EXPENDITURES WILL BE INDISPENSABLE FOR FISCAL RECONSTRUCTION." AS A RESULT, IT HAS CONCLUDED THAT "NO SACROSANCT AREAS WILL BE SET" (PRIME MINISTER RYUTARO HASHIMOTO).

AS SPECIFIC MEANS TO RECONSIDER THE CHUKIBO, A SHRINKING OF THE SIZE OF EQUIPMENT PROCUREMENT AND OTHER FACTORS ARE LIKELY TO CROP UP, BUT IN THE LIBERAL DEMOCRATIC PARTY, SOME HAVE CAST A STRONG DOUBT ON SUCH CUTS, NOTING IF THE COST NEEDED FOR REALIGNMENT AND CONSOLIDATION OF UNITED STATES BASES ON OKINAWA THAT INCLUDES THE TRANSFERAL OF FUTENMA AIR STATION IS CONTAINED IN DEFENSE-RELATED OUTLAYS, "IT WILL BECOME NECESSARY IN REVERSE TO INCREASE THE ENTIRE DEFENSE BUDGET."

AT A BUDGET COMMITTEE HEARING, RULING AND OPPOSITION

CAMPS REACH AGREEMENT ON THE PLAN FOR TAKING THE VOTE ON MARCH 5

AT A MEETING OF DIRECTORS OF THE LOWER HOUSE BUDGET COMMITTEE HELD LAST NIGHT, THE RULING AND OPPOSITION PARTIES AGREED TO HOLD A SESSION OF WRAP-UP INTEPELLATIONS ON THE FISCAL 1997 BUDGET BILL AND TAKE THE VOTE ON THE BILL ON MARCH 5. THE OUTLOOK IS THAT THE BUDGET BILL WILL BE LAID WITHIN THAT DAY BEFORE THE LOWER HOUSE PLENARY SESSION AND BE APPROVED BY THE LOWER HOUSE.

AT THE DIRECTORS' MEETING, AS THE CONDITIONS FOR TAKING THE VOTE ON THE BILL ON MARCH 5, THE OPPOSITION CAMP DEMANDED TWO DAYS OF INTENSIVE DELIBERATIONS ON THE OKINAWA PROBLEM THAT INCLUDE A REQUEST TO THE UNITED STATES FOR SUBMISSION OF DATA ON THE MISTAKEN FIRING OF DEPLETED URANIUM BULLETS IN OKINAWA PREFECTURE AND ON OTHER MATTERS. IN RESPONSE, THE RULING CAMP GAVE APPROVAL FOR HOLDING A QUESTION-AND-ANSWER SESSION ON THE OKINAWA PROBLEM FOR ONE DAY AT LEAST AROUND LATE MARCH PREMISED ON RELEVANT DATA BEING SUBMITTED AND PRIME MINISTER RYUTARO HASHIMOTO JOINING THE SESSION.

THE OPPOSITION PARTIES PURSUED THE PROBLEM OF GAPS IN REPLIES BETWEEN HEALTH AND WELFARE MINISTER JUNICHIRO KOIZUMI AND POSTS AND TELECOMMUNICATIONS MINISTER HISAO HORINOUCI REGARDING THE PRIVATIZATION OF THREE POSTAL SERVICES BUSINESSES AND REMARKS MADE IRREGULARLY BY SOME CABINET MINISTERS. BUT A SETTLEMENT WAS REACHED BY DECIDING THAT CHIEF CABINET SECRETARY SEIROKU KAJIYAMA WOULD EXPRESS REGRETS TO THOSE REPLIES IN QUESTION AT THE BEGINNING OF THE BUDGET COMMITTEE MEETING TO TAKE PLACE THIS MORNING.

IN ADDITION, REGARDING THE ORANGE KYOSAI MUTUAL BENEFIT SOCIETY FRAUD, THE PROBLEM OF OIL DEALER IZUI, AND SCANDALS INVOLVING THE HEALTH AND WELFARE MINISTRY, THE SHINSHINTO (NEW FRONTIER PARTY) FORMALLY DEMANDED FOUR PEOPLE, BEGINNING WITH SUSPECT JUNICHI IZUI, BE SUMMONED AS WITNESSES, WHILE THE MINSHUTO (DEMOCRATIC PARTY OF JAPAN) DEMANDED SUMMONS AS WITNESSES OF 11 PEOPLE INCLUDING FORMER PRIME MINISTER MORIHIRO HOSOKAWA.

JDA DIRECTOR GENERAL KYUMA: DEFENSE COOPERATE GUIDELINES WILL NOT TARGET A SPECIFIC AREA (ASAHI - PAGE 2)

JAPAN DEFENSE AGENCY DIRECTOR GENERAL FUMIO KYUMA AT A LOWER HOUSE BUDGET COMMITTEE MEETING HELD ON THE 27TH WAS QUERIED ABOUT THE SCOPE OF "AREAS SURROUNDING JAPAN" -- UNCLAS SECTION 08 OF 10 TOKYO 001786

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 FEBRUARY 28

WHICH IS SAID TO BE STUDIED IN THE WORK OF REVIEWING THE
GUIDELINES FOR JAPAN-U.S. DEFENSE COOPERATION, AND
STATED: "I THINK WE CAN'T SPECIFICALLY EXPRESS THIS AREA
IS INCLUDED OR NOT INCLUDED." JDA DIRECTOR GENERAL KYUMA
HAS THUS INDICATED THAT ANY AREA WOULD NOT BE SPECIFIED.
THIS STATEMENT WAS GIVEN IN REPLY TO KATSUYA OKADA (NEW
FRONTIER PARTY (SHINSHINTO)).

U.S. POSITIVE ABOUT DISCLOSING INFORMATION IN THE MAY 15
MEMO (ASAHI - PAGE 2)

(WASHINGTON, FEB. 26, YOICHI KATO) U.S. DEPUTY ASSISTANT
SECRETARY OF DEFENSE CAMPBELL, THE WORKING-LEVEL OFFICIAL
WHO IS RESPONSIBLE FOR U.S. GOVERNMENT SECURITY POLICY
TOWARD JAPAN, RESPONDED TO A REQUEST FROM THE ASAHI
SHIMBUN FOR AN INTERVIEW ON THE 26TH. IN IT, HE TOUCHED
ON THE PROPRIETY OF DISCLOSING THE "MAY 15 MEMORANDUM OF
AGREEMENT" WHEREBY THE JAPANESE AND U.S. GOVERNMENTS
DECIDED AT THE TIME OF OKINAWA'S REVERSION TO JAPAN SUCH
MATTERS AS CONDITIONS FOR U.S. ARMED FORCES' USE OF BASES
(IN JAPAN). CONCERNING THIS MATTER, DAS CAMPBELL TOOK A
STANCE OF MAKING A POSITIVE EFFORT, REMARKING: "THE
UNITED STATES WOULD LIKE TO SECURE TRANSPARENCY BY
PROVIDING AS MUCH INFORMATION AS POSSIBLE." ABOUT
SPECIFIC STEPS SUCH AS WHETHER TO DISCLOSE THE ARCHIVED
MATERIAL IN ITS ENTIRETY, HE SAID: "WE WILL MAKE A
DECISION AFTER HOLDING TALKS WITH THE JAPANESE
GOVERNMENT."

PRIME MINISTER TO ASK PRESIDENT CLINTON TO COOPERATE IN
LIGHTENING OKINAWA'S BURDEN (ASAHI - PAGE 2)

PRIME MINISTER RYUTARO HASHIMOTO, REFERRING AT A PLENARY
SESSION OF THE LOWER HOUSE ON THE 27TH TO HIS U.S. VISIT
SET FOR LATE APRIL, CLARIFIED HIS INTENTION OF CALLING ON
PRESIDENT CLINTON AND OTHER U.S. GOVERNMENT OFFICIALS TO
COOPERATE ON LIGHTENING AND REDUCING THE BURDEN OF
OKINAWA. HE STATED:

"THE CABINET HAS BEEN DEVOTING ALL ITS ENERGIES TO
ADDRESS SUCH ISSUES AS THE PROBLEM OF U.S. MILITARY
FACILITIES AND AREAS, WHILE RECOGNIZING THE OKINAWA
PROBLEM AS ONE OF THE MOST IMPORTANT ITEMS ON OUR AGENDA.
IN MAINTAINING AND REINFORCING THE JAPAN-U.S. SECURITY
ARRANGEMENT, IT'S ESSENTIAL FOR US TO MAKE OUR UTMOST
EFFORTS TO LIGHTEN AND REDUCE THE BURDEN ON THE PEOPLE OF
OKINAWA PREFECTURE THAT HAS ACCOMPANIED THE U.S. MILITARY
PRESENCE. BASED ON THIS RECOGNITION, I WILL ASK THE U.S.
SIDE FOR COOPERATION."

REGARDING THE (U.S.) MARINES STATIONED IN OKINAWA, THE

PRIME MINISTER UNDERScoreD THAT IT IS A TASK OVER THE MEDIUM-TO-LONG RANGE CONDITIONED ON SUCH FACTORS AS THE INTERNATIONAL SITUATION, REMARKING: "THEY'VE BEEN CONTRIBUTING TO THE PEACE AND SECURITY OF OUR COUNTRY AND THE FAR EAST. SO, AT THIS POINT OF TIME, I'M NOT THINKING OF SEEKING THEIR REDUCTION OR WITHDRAWAL." BOTH STATEMENTS WERE MADE IN REPLY TO A QUESTION ASKED BY YOSHIHITO IWASA (NEW FRONTIER PARTY (SHINSHINTO)).

SUBMISSION TO DIET OF BILL AMENDING PKO LAW TO BE POSTPONED (YOMIURI - PAGE 2)

THE SITUATION HAS BECOME THAT IT WILL BE DIFFICULT FOR THE GOVERNMENT TO SUBMIT A BILL THAT AMENDS THE UNITED NATIONS PEACEKEEPING COOPERATION (PKO) LAW TO THE CURRENT ORDINARY DIET SESSION. THIS WAS REVEALED YESTERDAY BY SEVERAL GOVERNMENT AND RULING PARTIES' LEADERS. THE DECISION STEMS FROM THE JUDGMENT THAT IT WOULD BE BETTER TO PUT IT OFF FOR THE TIME BEING BECAUSE IT IS OBVIOUS THAT THE SOCIAL DEMOCRATIC PARTY (SDP), A MEMBER OF THE RULING COALITION, WILL REACT NEGATIVELY TO THE GOVERNMENT-DRAFTED BILL, WHILE THE ISSUE OF THE LAND LEASES FOR 12 UNCLAS SECTION 09 OF 10 TOKYO 001786

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 FEBRUARY 28

UNITED STATES MILITARY FACILITIES IN OKINAWA EXPIRING IN MAY WILL SOON REACH THE HOME STRETCH.

LAST SEPTEMBER, THE INTERNATIONAL PEACE COOPERATION HEADQUARTERS OF THE PRIME MINISTER'S OFFICE SET A POLICY DIRECTION OF REVIEWING THE PKO COOPERATION LAW. THE PURPOSE IS TO ENABLE THE SELF-DEFENSE FORCES (SDF) TO SYSTEMATICALLY USE ARMS IN EFFECT BY REVISING THE PRESENT LAW THAT ALLOWS "JUDGMENT BY INDIVIDUAL SDF OFFICERS" ON THE USE OF ARMS TO ONE THAT ALLOWS "JUDGMENT BY EACH SDF UNIT."

HOWEVER, REGARDING THE HANDLING OF THE USE OF WEAPONS, A NEGATIVE REACTION TO THE BILL WAS EXPECTED FROM THE SOCIAL DEMOCRATIC PARTY (SDP) AND IT SEEMED UNAVOIDABLE THAT THE DIET WOULD BECOME TIED UP IN DEBATE. IN ADDITION, THERE IS OPPOSITION IN THE SDP TO THE GOVERNMENT'S PROPOSED BILL TO AMEND THE SPECIAL MEASURES LAW FOR THE LAND USE BY U.S. MILITARY BASES, WHICH IS NOW UNDER CONSIDERATION. UNDER SUCH CIRCUMSTANCE, THE

DOMINANT JUDGMENT IN THE LDP IS THAT IN ORDER TO AVOID OCCURRING TURMOIL IN THE DIET, "CONDITIONS ARE NOT NOW RIGHT TO DEBATE AMENDING THE PKO COOPERATION LAW" (LDP LEADER).

DIET PASS UNCHANGED FISCAL 1997 BUDGET WITHIN THIS FISCAL YEAR (MAINICHI - TOP PLAY)

ALL PARTIES EXCEPT FOR THE JAPAN COMMUNIST PARTY (JCP) AGREED AT THE BOARD OF DIRECTORS MEETING OF THE LOWER HOUSE BUDGET COMMITTEE LATE ON THE 27TH TO TAKE A VOTE ON THE FY1997 BUDGET ON MARCH 5. AS A RESULT, THE BUDGET IS EXPECTED TO BE APPROVED BY THE LOWER HOUSE PLENARY SESSION BY A MAJORITY ON MARCH 5 AND SENT TO THE UPPER HOUSE WITHOUT ANY ALTERATION. ACCORDING TO THE CONSTITUTION, THE BUDGET SHOULD PASS THE DIET ON APRIL 4 EVEN IF UPPER-HOUSE DELIBERATIONS ARE NOT COMPLETED BY THEN. UNDER THE CIRCUMSTANCES, THE BUDGET IS EXPECTED TO PASS THE DIET WITHIN THIS FISCAL YEAR WITHOUT A PROVISIONAL BUDGET. THE HASHIMOTO CABINET HAS NOW PROVEN THE "MARCH CRISIS" ARGUMENT, WHICH PREDICTED ITS INABILITY TO PASS THE BUDGET, VIRTUALLY GROUNDLESS.

IN THE DIRECTORS MEETING, THE RULING CAMP PROPOSED CARRYING OUT A SUB-COMMITTEE MEETING ON MARCH 3 AND 4 AND INTERPELLATIONS AND A VOTE ON THE 5TH. IN RESPONSE, THE OPPOSITION BLOC REQUESTED: 1) INTENSIVE TWO-DAY DELIBERATIONS ON THE OKINAWA PROBLEM; AND 2) SUMMING-UP INTERPELLATIONS FOR A THOROUGH DISCUSSION. IN THE END, THE SHINSHINTO (NEW FRONTIER PARTY) AND OTHER OPPOSITION PARTIES AGREED TO TAKE A VOTE ON THE 5TH ON THE CONDITION OF CARRYING OUT DELIBERATIONS ON THE OKINAWA PROBLEM FOR AT LEAST ONE DAY ATTENDED BY PRIME MINISTER RYUTARO HASHIMOTO ONCE THE BUDGET PASSES THE LOWER HOUSE. THE RULING CAMP PLANS TO BEGIN UPPER-HOUSE BUDGET DELIBERATIONS ON THE 6TH IN ORDER TO PASS THE BUDGET ALTOGETHER BEFORE DIET APPROVAL IS GRANTED AUTOMATICALLY (ON APRIL 4).

THE SOCIAL DEMOCRATIC PARTY (SDP) AND THE SAKIGAKE PARTY DEMANDED A REDUCTION OF PUBLIC WORKS OUTLAYS AT THE STAGE OF IMPLEMENTATION WITHOUT REVISING THE BUDGET IN EXCHANGE FOR THEIR APPROVAL. MEANWHILE, THE MINSHUTO (DEMOCRATIC PARTY OF JAPAN) CALLED FOR REVISING THE BUDGET BY MEANS OF REDUCING PUBLIC WORKS PROJECTS. IN THE END, THE LIBERAL DEMOCRATIC PARTY (LDP), OUT OF CONSIDERATION TO ITS TIES WITH THE SDP AND SAKIGAKE, DECIDED TO LET THE BUDGET PASS THE LOWER HOUSE WITHOUT MODIFICATION. THE RULING CAMP INTENDS TO CONTINUE TO DISCUSS WITH THE MINSHUTO THE SLASHING OF PUBLIC WORKS OUTLAYS AT THE STAGE OF BUDGET-EXECUTION. (HIROHITO KOSUGA)

JUNIOR LDP DIETMEMBERS FORM GROUP TO STUDY HISTORICAL
UNCLAS SECTION 10 OF 10 TOKYO 001786

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 FEBRUARY 28

EDUCATION IN SCHOOLS (SANKEI - PAGE 1)

A CHARTER MEETING OF THE "FORUM OF JUNIOR PARLIAMENTARIANS FOR THINKING ABOUT THE FUTURE AND HISTORICAL EDUCATION IN JAPAN" WAS HELD YESTERDAY AT THE LIBERAL DEMOCRATIC PARTY (LDP) HEADQUARTERS. THE MEMBERS OF THE NEW GROUP INCLUDE MAINLY LDP LAWMAKERS ELECTED TO THE DIET LESS THAN FIVE TIMES. SIXTY TWO DIETMEMBERS OF BOTH HOUSES (OF THEM, 18 SENT THEIR PROXIES) PARTICIPATED IN THE MEETING. PARTY DEPUTY SECRETARIES GENERAL SHOZABURO JIMI AND SHOICHI NAKAGAWA WERE ELECTED THE FORUM'S CHAIRMAN AND REPRESENTATIVE, RESPECTIVELY. AT THE OUTSET OF THE MEETING, REPRESENTATIVE NAKAGAWA SPOKE TO THE GROUP: "SCHOOL TEXTBOOKS ARE CONCERNED WITH JAPAN'S IDENTITY, AND I HAVE TO SAY I HAVE A STRONG DOUBTS ABOUT SCHOOL TEXTBOOKS FOR SOCIAL STUDIES THAT ARE TO BE USED AT JUNIOR HIGH SCHOOLS FROM THIS APRIL." CHAIRMAN JIMI INDICATED HIS POSITION FOR DEVELOPING ACTIVITIES FROM NOW ON, NOTING: "CONSERVATISM IS FOR FOLLOWING HISTORY AND TRADITION. I WOULD LIKE TO LEARN A LOT, HAVING A MIND AS SERENE AS A POLISHED MIRROR."

AT THE MEETING YESTERDAY, THE PARTICIPANTS WERE GIVEN EXPLANATIONS BY MEDIA INSIDERS REGARDING THE POINTS AT ISSUE IN THE SCHOOL TEXTBOOK PROBLEM. THEY CONFIRMED THEY WOULD CONTINUE TO BE GUIDED BY THE OPINIONS OF EXPERTS ON THIS ISSUE, AND ALSO THAT THEY WOULD STIR UP A WIDE RANGE OF DEBATE ON THE WAY HISTORICAL EDUCATION IS CARRIED OUT IN JAPAN, BY HOLDING A SYMPOSIUM OR THE LIKE, AND THAT WOULD WORK TO ENCOURAGE A NATIONAL MOVEMENT.
CRANE

SECT: SECTION: 01 OF 10

<^SECT>SECTION: 03 OF 10
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(PART 1)
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UNCLAS SECTION 01 OF 10 TOKYO 001906

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SUBJECT: JAPANESE DAILY PRESS SUMMARY 03/04/97
(PART 1)

INDEX:

- (1) EDITORIAL: We Lay Our Hopes on Junior LDP Lawmakers' Historical Views
- (2) Albright Diplomacy Kicks off in Full Swing; Recovering State Department's Credibility One Goal
- (3) Japan Relieved with (Albright's) "Sensitivity Statement About Okinawa"
- (4) Guidelines Review for Far East Emergencies (Part 4): No Scenario for Homeland Defense
- (5) Guidelines Review for Far East Emergencies (Part 5): Rescue Operations for Japanese Citizens Abroad and Refugee Countermeasures
- (6) "Japan's Financial Reform Is Slow," U.S. Deputy Secretary of Treasury Says; Will Not Condone Increase in Surplus

ARTICLES:

- (1) EDITORIAL: We Lay Our Hopes on Junior LDP Lawmakers' Historical Views

SANKEI (Page 2) (Full)
March 3, 1997

Reacting against history school textbooks, which from this spring are slated to contain a stronger anti-Japanese nature, junior Dietmembers of the Liberal Democratic Party (LDP) are finally beginning to harbor a sense of crisis. This can be seen in the way they founded a "forum of young Parliamentarians for thinking about the future of Japan and its historical education."

The fundamental thinking of that group as its chairman Shozaburo Jimi states, is "conservatism based on history and traditions." Conservatism is a position of making long traditions and ideas underlying them a fount of creativity; it is something that never opposes reform and renovation.

This conservatism however was lost in the LDP when it stepped down from its single-party rule. The dominant thinking in the party, beginning with its executives, is now a dichotomy: everything that was in place during pre-war Japan was bad, while everything in post-war Japan is good. Our eyes have been buffeted by the spectral of the "LDP reduced to becoming just like the Social Democratic Party (SDP)." Modern Japanese history, too, has been tarred with the same brush.

The outstanding feature of this new move is needless to say that it is centered around "junior" Dietmembers. Their main arguments can be summed up these two ways:

UNCLAS SECTION 02 OF 10 TOKYO 001906

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SUBJECT: JAPANESE DAILY PRESS SUMMARY 03/04/97
(PART 1)

First, they call for the necessity of studying history in an empirical way (as is advocated by Takahide Kimura and Yoshitaka Shindo). And second, they are calm and rational, noting that school textbooks that deny the history of one's own country can never become textbooks in the true sense of the word (as is insisted by Hiromichi Watanabe and Keisuke Sunada).

The "military comfort women" problem and the contents of the "Nanking massacre" -- still hot topics for discussion in the mass media -- are described in school textbooks, but these two subjects have yet to be thorough verified. Instead, fictitious aspects are being revealed about them as the results of recent studies. The basic question here then is whether it is appropriate to include those problems in history textbooks.

The Diet generation referred to as "junior members" include the so-called baby-boomers were exposed to ideological baptism by the Japan Teachers Union (Nikkyoso); they therefore have a strong tendency to believe that the policy line advocated by "constitution-protecting doves" is of supreme value in Japan. What underlies this thinking is "a denial of Japan as a nation-state and a severing off of traditional culture," a melange of Marxist-like thinking regarding history and a perspective of history based on the Tokyo War Crimes Tribunal. Party leaders, including the LDP's, are in that generation, and their words and deeds are largely affected by such thinking.

But forty-four Dietmembers (of whom 18 sent their

proxies) made up their mind to form a forum, a fact of great significance. Already the LDP has the "Parliamentary League for "a Bright Japan" led by senior lawmakers, while the Shinshintō (New Frontier Party) has the "League of Parliamentarians to Hand Down a Correct History." The two groups are moving to correct school textbooks. If this trend gains strength, transcending party borders, it naturally would influence the Government, and perhaps by chance, give impetus to the political world's self-realignment. We hope that junior LDP Dietmembers representing this country will look for ways to see history in an earnest manner.

(2) Albright Diplomacy Kicks off in Full Swing;
Recovering State Department's Credibility One Goal;
Straight Talk, with Motto of "Iron Lady II"

MAINICHI (Page 9) (Excerpts)
March 1, 1997

Madeleine Albright, 59, has launched full swing into a round of diplomatic activities as the first woman Secretary of State of the United States. In the one month since she assumed office, she has made a whirlwind world tour covering nine European
UNCLAS SECTION 03 OF 10 TOKYO 001906

DEPT FOR E, P, PM, EB, EAP/J AND S/AL
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TAGS: PGOV, PINR, JA
SUBJECT: JAPANESE DAILY PRESS SUMMARY 03/04/97
(PART 1)

and Asian countries. Such energy has earned her a reputation of being the "second iron lady," following former British prime minister Margaret Thatcher. The world is watching closely how she is going to guide America's diplomacy during the second Clinton Administration. The following remarks were made during the trip by Albright, who is working hard to establish her own style, more specifically, a "straightforward" and "lucid" diplomacy.

(Akio Takahata, Washington)

Clinchers

-- "Associating with rogue countries (like Libya) is a serious problem" (to Italian Foreign Minister Dini).

-- "I am counting on your commitment to the Middle East peace process" (to French President Chirac).

-- "There will be absolutely no more standoff between 'your side and our side' because we are now on the same side" (to Russian President Yeltsin).

-- "As I promised you, I said what I had to say frankly" (in a press conference after her meeting with a Chinese leader).

Her comments delivered in her first global tour covering Western Europe, Russia, Japan, the Republic of Korea (ROK), and China in just 11 days were laced with direct and concise expressions to embody her own diplomatic style. According to her aide, the Secretary of State has revealed before hitting the road that her goal was to leave a strong impression in the minds of her counterparts. Such an account suggests she goal of carrying out diplomacy with emphasis on "sound bites" (American television jargon designed to leave a strong impression on the viewers).

Her predecessor, Warren Christopher, had kept a low profile throughout his tenure as President Clinton's first Secretary of State. His weak leadership toward Western Europe and Asia had often come under criticism particularly in relation to the Department of Defense and the Office of U.S. Trade Representative (USTR). The opinion is widespread in the State Department that it has lost its credibility. In that respect, the destinations Albright picked as her first global tour helped demonstrate her strong determination: "The State Department is in charge of diplomacy, and I am the chief executive officer of that office."

(3) Japan Relieved with (Albright's) "Sensitivity Statement About Okinawa"

NIHON KEIZAI (Page 9) (Full)

March 1, 1997

UNCLAS SECTION 04 OF 10 TOKYO 001906

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SUBJECT: JAPANESE DAILY PRESS SUMMARY 03/04/97
(PART 1)

"Where is the best Japanese restaurant in Washington?"

"My place is the best."

The above conversation took place during the working lunch on February 23 at the Foreign Ministry's Iikura Guest House between United States Secretary of States Madeleine Albright, who is known for her fondness for Japanese food, and Japanese Ambassador to the U.S. Kunihiko Saito. Saito's response was virtually an invitation to the Japanese ambassador's residence in Washington to treat her to Japanese cuisine. Saito's message reflected Japan's expectations of and consideration for the new U.S. secretary of state.

Turning her eyes to the ashtrays on the Japanese side of the table, the Secretary of State joked, "I am afraid some of our staffers may defect to Japan (because smoking is prohibited in all the U.S. federal government buildings). The members of both sides cracked up. Observing such an amicable atmosphere, a Japanese official recalled the comment, "She is known for being a hard-liner, but that is not always the case," which was made by Ambassador to the United Nations Hisashi Owada, who has a friendly relationship with Albright.

What showed Secretary of State Albright's "solid worth" was the Okinawa issue. The U.S. Government has always offered the same response: the land leases for the U.S. armed forces and the construction of facilities to replace Futenma Air Station were "domestic Japanese issues." But Secretary Albright was different. She told the Foreign Minister outright: "I am fully aware of the Okinawa problem. We will remain sensitive to the issue."

Her comment brought a great sense of relief to the Foreign Ministry, which was eager to make her understand the difficulties involved in the Okinawa problem. While some still say, "It is still too early to say this or that about Secretary of State Albright's Asia policy" (Foreign Ministry source), there nevertheless seems to be an overall impression in the Japanese Government that Secretary Albright is capable of generating an atmosphere which is somewhat different from that of her successor, Warren Christopher.

(Hiroshi Komatsu, Political Department)

(4) Guidelines Review for Far East Emergencies
(Part 4): No Scenario for Homeland Defense; SDF
Shackled by Deficiencies in Law

NIHON KEIZAI (Page 2) (Full)
February 22, 1997

UNCLAS SECTION 05 OF 10 TOKYO 001906

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TAGS: PGOV, PINR, JA
SUBJECT: JAPANESE DAILY PRESS SUMMARY 03/04/97
(PART 1)

In the spring of 1994, the fear of a possible military conflict between the Democratic People's Republic of Korea (North Korea) and the Republic of Korea was at its height due to North Korea's suspected nuclear weapons development program. Around that time, one of the serious matters of concern to the Japanese Government was the danger of terrorism and subversive activities that could be triggered by North Korean agents. Once the Korean Peninsula becomes involved in an emergency situation, the Japanese homeland will then turn into a rear support base in effect for U.S. armed forces. The Korean People's Army (of North Korea) reportedly has about 100,000 special troops in all, who are all experts in terrorist acts and subversive operations. At that time, the Government secretly studied the question of how to defend critical facilities while on the alert for the possibility of North Korea engineering subversive acts in an attempt to throw Japan into a state of confusion for the purpose of obstructing the U.S. forces' operations.

Consultations with police incomplete

Consultations held in those days between the National Police Agency and the Japan Defense Agency reached the conclusion that it would be possible to prevent (North Korean) agents at the water's edge to some extent from infiltrating into Japan if the Maritime Safety Agency's patrol boats and the

Ground, Maritime, and Air Self-Defense Forces' helicopters and ships were on stage. However, some special troops were also expected to land successfully in Japan and engage in subversive activities by using heavy firearms.

Senior officials attending those consultations from NPA and JDA at that time are said to have exchanged such words as follows:

NPA: "If they're armed with heavy weapons, the police will be at a loss."

JDA: "Tactically, there will be no other recourse but to control them with tanks."

NPA: "We want to borrow tanks on the basis of our intra-government cooperation."

JDA: "You're saying you want to borrow our tanks. But who can operate tanks in the police?"

NPA: "....."

In the meantime, the danger of a military conflict on the Korean Peninsula was gone, and the Government's work of studying the defense of vital facilities was left incomplete. However, JDA has continued studies in its own way among its internal bureaus' civilian officials and the SDF's uniformed staff officers in charge of operations on backup
UNCLAS SECTION 06 OF 10 TOKYO 001906

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SUBJECT: JAPANESE DAILY PRESS SUMMARY 03/04/97
(PART 1)

measures for police forces.

Problems in bureaucratic sectionalism

According to the draft plan that is called a "grounds for policy backing" among those taking part in the work, JDA, at the first stage, is supposed to carry out indirect support as intra-government cooperation through such SDF activities as providing police with bulletproof jackets and

other supplies and airlifting NPA's special assault team (SAT) rangers. At the second stage that cannot be met by police force, SDF troops, at the Prime Minister's orders, are expected to be mobilized into operations for public security in conformity with Article 78 of the SDF Law.

The Government has already adopted a list of "vital facilities and functions to be defended against possible attacks" in that event, including: (1) atomic power plants; (2) the core functions of Japan Railway (JR) lines, electricity, gas, water supply, and various other utilities systems that will greatly affect the people's livelihood (if destroyed); (3) the Government's pivotal functions, such as the Prime Minister's official residence and central government ministries and agencies; and (4) communications sites and other vital bases of the U.S. forces in Japan and the SDF. The GSDF has never experienced any training for such purposes as defending atomic power plants, but JDA explains that the SDF will be capable of meeting such a situation by applying its self-defense operations for which its units have usually been in training.

Such is a kind of defense operation premised on 'public security mobilization' orders that have never been issued so far. However, a JDA source notes that "the Prime Minister can hardly order public security mobilization unless the other side's troops engaging in terrorism or subversive activities are found to be the regular forces." Also, the source points out deficiency in the legal system, remarking that even if the Prime Minister issues such orders, "there are too many gray zones under the current law, such as how far the SDF will be allowed to take free action."

Another problem in the task of defending vital facilities is Government offices' bureaucratic sectionalism. Interactions between police and the GSDF are said to have been fairly improved since their combination play in the 1995 incident of the Aum Shinrikyo religious cult's sarin gassing of Tokyo's subway systems. However, a GSDF staff officer persists, "We'll have to map out the respective roles of police and the SDF for our defense activities in detail and will have to carry out joint training, or we can't feel at ease."

Agony in the cold war days again

UNCLAS SECTION 07 OF 10 TOKYO 001906

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TAGS: PGOV, PINR, JA

SUBJECT: JAPANESE DAILY PRESS SUMMARY 03/04/97

(PART 1)

When the incident of armed North Korean operatives' submarine intrusion (into the territorial waters of the Republic of Korea) took place in the fall of last year, the ROK army mopped up North Korean militants, who had infiltrated into the ROK, by throwing troops from as many as five divisions. An SDF staff officer, who closely analyzed the ROK army's operations conducted at that time, referred to a case where a similar event happens in Japan. He laughingly said: "If we're fighting in the mountains in a national park, we'll be restricted under the Natural Park Law, so the SDF can't dig in."

During the cold war period, Japan's lack of emergencies legislation -- which is to become a legal ground for SDF operations (in times of emergency) -- was often taken up as a problem in coping with direct aggression against Japan. The same problem is now again agonizing the Government in its working out of countermeasures against a possible emergency in the Far East.

(To be continued)

(5) Guidelines Review for Far East Emergencies
(Part 5): Rescue Operations for Japanese Citizens
Abroad and Refugee Countermeasures; Government in a
Fix for Difficult Problems

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

"We'd like to evacuate the Japanese residents in the Republic of Korea to Japan. Will you carry them on U.S. military aircraft?"

"We can't cooperate. If we make such a move now, it will irritate North Korea, and the tensions will rather become high."

U.S. forces in the ROK reject Japan's request for cooperation

In the spring of 1994, the Korean Peninsula became highly strained as triggered by suspicions about the nuclear development program of the Democratic

People's Republic of Korea (North Korea), and it was in a touch-and-go situation. The Japanese embassy in Seoul secretly asked the U.S. forces in the ROK for cooperation on helping the Japanese nationals in the ROK -- numbering approximately 9,000 -- get away from there (in case of an emergency on the Korean Peninsula). But the answer given by the U.S. military in the ROK was severe.

At that time, a study group of the Government, with Deputy Chief Cabinet Secretary Ishihara as its cap, studied rescue operations for Japanese nationals abroad since it had judged then that a war could break out. As a result, the Government found out that it would be impossible for Japan under the law
UNCLAS SECTION 08 OF 10 TOKYO 001906

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E.O. 12958: N/A
TAGS: PGOV, PINR, JA
SUBJECT: JAPANESE DAILY PRESS SUMMARY 03/04/97
(PART 1)

to dispatch Air Self-Defense Force transports abroad and that it also would be difficult to charter civilian aircraft, so the Government judged that there would be no choice but to ask U.S. forces for cooperation as they were making preparations for "non-combat personnel evacuation operations" for U.S. citizens overseas. Yet, the U.S. forces in the ROK refused to cooperate, and then the Government was awakened to learn of its easygoing expectation.

In November of the same year the Self-Defense Forces Law was amended, and it finally became possible for Japan to dispatch government aircraft and SDF transport planes overseas in order to rescue Japanese nationals abroad.

In the spring of 1996, two years after the nuclear suspicion of North Korea, the Japanese Government was again pressed to grapple with the issue of large-scale rescue operations for Japanese nationals abroad.

"All the island residents should evacuate through the designated sea route." In March 1996, the Chinese army that started military exercises in the

waters near Taiwan to check Taiwan's presidential election urged the residents of small isles floating in the Strait of Taiwan in a radio broadcast to evacuate. Taiwanese and U.S. forces reckoned that the Chinese army would launch a limited attack, aiming to occupy those isles, so they were prepared to fight back. Eventually, the situation became strained. Prime Minister Ryutaro Hashimoto later recalled, "I couldn't sleep at night."

Shuttle airlift training

Even if a military conflict escalates, the Chinese army, which is inferior in naval and air forces, is incapable of landing in Taiwan. Instead, however, there was a fear of Taiwan falling entirely into a panic, possibly sustaining ground-to-ground missile attacks. In order to rescue Japanese nationals in Taiwan, Prime Minister Hashimoto had secretly conducted a survey through the Transport Ministry to find out how many runways were available in Taiwan to government aircraft and SDF transport planes.

In May 1996, when the possibility of a military conflict in the Strait of Taiwan was remote, the Government fully set about its work of creating a manual for rescue operations as one of its measures for emergencies. In July, the ASDF for the first time carried out shuttle airlift training to carry a large number of people in a short period of time between Honshu and Hokkaido. Furthermore, in September, the Government added "operations to evacuate non-combat personnel" as a pillar of the new guidelines for Japan-U.S. defense cooperation.

UNCLAS SECTION 09 OF 10 TOKYO 001906

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TAGS: PGOV, PINR, JA
SUBJECT: JAPANESE DAILY PRESS SUMMARY 03/04/97
(PART 1)

At the time of the nuclear suspicion of North Korea in 1994, how to cope with a possible influx of numerous refugees from the Korean Peninsula was also on the agenda. At one time, when there were

refugees from Indochina, the Japanese Government annually accommodated up to about 3,500 (in 1989). However, the Government had no means of accommodation for the case where scores of thousands of refugees crowd into Japan in a short period of time.

No coordination among the ruling parties

At that time, the Japan Defense Agency secretly studied counteractions. Subsequently, there came up a plan to accommodate refugees at such public facilities as self-governing bodies' public halls and gymnasiums and state-owned land including the SDF's training grounds. JDA looked also into the idea of providing such materials as SDF tents, blankets, and tentative toilets.

Since last May the Government has been studying emergency counteractions, and now Japan and the U.S. are in the process of reviewing the guidelines for bilateral defense cooperation. Such work is based on JDA's in-house studies that were made in those days. However, a number of difficult problems have now come up in the course of specific case studies, such as: (1) how to cope with armed refugees; and (2) whether Japanese nationals can be rescued without fail if and when ROK people and Taiwan residents come to ask for help as refugees in the event of a conflict breaking out.

"In an emergency, airfields will be targeted first. In the event of an emergency, Japan is going to send rescue aircraft for Japanese citizens overseas. But I wonder if there is any place where that plane can make a landing ..." So saying, a senior official of the Foreign Ministry points out that the most secure way of rescuing Japanese nationals abroad is to carry them from a seaside area to an offshore transport ship of the Maritime Self-Defense Force on standby. In the Social Democratic Party, however, there is an objection to the idea of dispatching SDF vessels for the purpose of rescuing Japanese nationals abroad, for such "will lead to the use of force abroad." So, the ruling parties remain unable to enter even into coordination.

(To be concluded)

(6) "Japan's Financial Reform Is Slow," U.S. Deputy Secretary of Treasury Says; Will Not Condone Increase in Surplus

NIHON KEIZAI (Page 1) (Excerpt)
Evening, March 1, 1997

UNCLAS SECTION 10 OF 10 TOKYO 001906

E.O. 12958: N/A
TAGS: PGOV, PINR, JA
SUBJECT: JAPANESE DAILY PRESS SUMMARY 03/04/97
(PART 1)

Referring to the problem of Japan's financial system in a speech made on the 28th at the America-Japan Society, U.S. Deputy Secretary of Treasury Summers criticized the delay in Japan's responses, noting, "The delay has been caused because Japan's reform efforts have been slow, shaky and even contradictory." He indicated his view that insufficient disclosure of information by banks is especially rattling confidence in Japan's reform efforts. In the meantime, as to Japan's current account surplus, which is again on the upward trend, he indicated the view that it is necessary to cope with the trend in a flexible manner with fiscal measures, noting, "We should not allow it to expand again." The Deputy Secretary is scheduled to visit Japan next week and hold negotiations with high-ranking officials of the Ministry of Finance over such issues.

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(PART 2)

TEXT:
UNCLAS SECTION 01 OF 10 TOKYO 001907

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E.O. 12958: N/A
TAGS: PGOV, PINR, JA
SUBJECT: JAPANESE DAILY PRESS SUMMARY 03/04/97
(PART 2)

INDEX:

(7) Interview with Yoshihiro Nando, Engineering and Safety Department Chief of Transport Ministry Road Transport Bureau: Two Deregulatory Measures Aimed at Generating Diversified Services to Revitalize Auto Industry

(8) Interview with Liberal Democratic Party Secretary General Koichi Kato by Editorial Committee Members Tadao Karino and Tetsuro Kikuchi; How to Tide over Critical Phase? Financial Reconstruction in Practical Manner

(9) Yanai to Be Picked as Next Administrative Vice Foreign Minister; Tanba as Deputy Minister

ARTICLES:

(7) Interview with Yoshihiro Nando, Engineering and Safety Department Chief of Transport Ministry Road Transport Bureau: Two Deregulatory Measures Aimed at Generating Diversified Services to Revitalize Auto Industry; Users' Maintenance Responsibility to Step up Their Interest

NIKKAN JIDOSHA (Page 1) (Full)
February 22, 1997

The Ministry of Transport (MOT) announced on the 19th its deregulatory measures to "establish a designated-parts specialty certification system" and "to ease the regulations related to facilities requirements of authorized repair shops." With these measures, the Government has now prepared all the deregulatory measures Japan promised to implement in settling Japan-United States autos and auto parts talks. In particular, this easing of restrictions, by greatly expanding the framework of the certification system through the creation of a certification for specialty, is expected to enhance competition by bringing newcomers into the market. On the other hand, the measure easing the requirements for authorized garages is likely to bring about more benefits to the ones already recognized. This newspaper interviewed Yoshihiro Nando, Engineering and Safety Department Chief of the Road Transport Bureau of the Ministry of Transport about the effect of these measures.

(Interviewer: Hiroshi Koguchi)

-- What is the aim of the deregulatory measures?

"They are based on the agreement reached in Japan-United States (auto) talks. With these measures, Japan has prepared all the measures that it

initially planned to take. Every deregulatory measure is intended to diversify businesses. These two measures are designed for the after-service industry to cover a variety of services."

UNCLAS SECTION 02 OF 10 TOKYO 001907

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TAGS: PGOV, PINR, JA

SUBJECT: JAPANESE DAILY PRESS SUMMARY 03/04/97
(PART 2)

-- With these measures, what do you expect of the industry?

"The amended Road Vehicles Law, which was enacted in 1995, is intended to introduce a system for users to take responsibility for maintenance, but this system has not satisfactorily spread across Japan. I hope the system will fully disseminate so that users will be interested in maintenance of their own cars."

-- In the after-service market, competition is expected to heat up.

"It is thought that competition will intensify. But it is true that we are now urged to cope with the changing times in various areas. This is applied also to the maintenance and repair industry. I believe these deregulatory measures will serve to resuscitate the industry."

-- The MOT refused the request by the U.S. Government and auto parts industry to erase brakes from the list of critical repair parts, for reasons of safety. In its reply, there is the expression, "We would like the U.S. to count on these two deregulatory measures," but do you have confidence in obtaining understanding from the U.S.?

"We have urgently sent officials in charge to the U.S. in a bid to secure its understanding toward our reply. They have given briefings on these two deregulatory measures in the U.S. We have yet to receive a report on their U.S. tour, so what response the U.S. has made remains unknown. Not limited to this case, I think whenever new problems

occur as the society and economy become diversified, we had better conduct a careful study to make some corrections."

-- What steps are you going to take next?

"Our ministry has now set in motion all necessary deregulatory measures related to after services, with some already implemented and others now underway. I think it is the ministry's next challenge to work out measures that reflect international trends."

(8) Interview with Liberal Democratic Party Secretary General Koichi Kato by Editorial Committee Members Tadao Karino and Tetsuro Kikuchi; How to Tide over Critical Phase? Financial Reconstruction in Practical Manner; Introduction of Public Money Absolutely Necessary; Retrenchment of U.S. Marines Needed; Urges Discussion on Phased-Step Reduction

MAINICHI (Pages 3 and 4) (Excerpts)
March 3, 1997

With Diet deliberations on the fiscal 1997 state
UNCLAS SECTION 03 OF 10 TOKYO 001907

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E.O. 12958: N/A
TAGS: PGOV, PINR, JA
SUBJECT: JAPANESE DAILY PRESS SUMMARY 03/04/97
(PART 2)

budget making steady progress, the prospect now is that it will clear the Lower House as early as this week. Rumors on the Hashimoto Administration's "March crisis," which were at one time on the tips of everyone's tongues, have died down, but the future of the administration is not necessarily secure. Administrative reform has yet to be carried out. Amid speculation on the uncertainty of the nation's financial system brought about by the management crisis of leading banks, arguments calling for introducing public money as a precautionary step are floating. The issue of land leases for U.S. forces in Okinawa is also a factor for a possible political uproar. Reform of the Liberal Democratic Party (LDP) still is a pending

issue. The Hashimoto Administration may face a crisis, depending on how any one of these issues develop. This newspaper asked LDP Secretary General Koichi Kato how he planned to tide over this difficult period.

-- Today, the power of the bureaucracy has declined. Don't you think that personnel exchanges between the bureaucracy and the private sector is important?

Kato: We will shortly come up with such measures. We are in fact proceeding in such a direction. However, if we do it directly, it will give rise to collusive ties between the bureaucracy and the private sector, and so, we will have the National Personnel Authority sort out such an exchange. As we go along with that, the issue of a disparity in wages is bound to arise. We are considering how to put in extra outlays to eliminate the differences.

-- Let's change the subject to the economy. Corporate performances have improved considerably. Stock prices have picked up for the time being. Under the present climate, the economy is doing rather well. It seems that if only the problem of bad loans is solved, it may become possible for the Japanese economy to be put back on the recovery trail. What is your perception about that?

Kato: I half agree and half disagree with you. In my view, Japan's present pessimism is traceable to non-performing loans. At such a time, the Big-Bang financial deregulation plan was launched, further widening anxieties. There is no doubt that the Big-Bang scheme has to be carried out and that non-performing loans have to be disposed of.

However, another matter that must be solved is the problem of Japan's loss of its sense of purpose. When we were told more than ten years ago that we had caught up with Europe and the U.S., our economy by then attained full growth. As a result, we lost our sense of purpose. That is the problem. For five years since then, we succumbed to the malaise current of the bubble economy, and five years following the bursting of the economy were spent

UNCLAS SECTION 04 OF 10 TOKYO 001907

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TAGS: PGOV, PINR, JA

SUBJECT: JAPANESE DAILY PRESS SUMMARY 03/04/97
(PART 2)

for reforming politics. It is waste of ten years.

However, further studies (of economics) reveal that a mature economy does not stop at that stage. According to a British economist, who advocated the notion of a mature economy, at a point when a nation becomes well off as its economy grows, it has to aim at being a mature economy from a standpoint of being able to well afford it.

However, Japan took that stage as an end and lost its sense of purpose. We must do something about that.

-- One way of doing that would be devising and realizing a method of making every single Japanese more affluent, but it will take time to have that method take root.

Kato: No, not necessarily so. America was in a slump ten years ago. It was suffering twin deficits, a real estate depression, bad loans held by savings and loan associations, and a decline in competitiveness of the auto industry and the semiconductor industry. However, America made a fresh start with a sense of purpose that it will revive from the recession. The result is what we see now.

-- What is the purpose of injecting public money into the current urgent problem of bad loans?

Kato: We always keep in mind a situation where the Deposit Insurance Corporation becomes unable to cope with those problem loans. Because when that happens, we cannot say, sorry you are unlucky, please give up your deposits. We are considering injecting public money to prepare for such a situation. We also think that to prepare an atmosphere that as a logic of Nagata-cho (TN: Japan's political center) the Diet, if that is possible, may work as a deterrent to prevent the collapse of the financial system.

-- However, it is only human to think that the government is preparing to inject public money is because a situation that requires such money could occur. People may imagine that a major financial debacle might occur in the future. We want the government to do it with firm determination.

Kato: Bad loans were created by the bubble economy. Somebody made profits during the bubble

years. The government and local governments had the lion's share. They have to return it to people now. They exploited the situation to the full. They cannot possibly turn a blind eye to the present difficulty.

-- That is right. However, it will only build a sense of distrust if the government provides fiscal funds with an obscure method without clarifying whose money it is going to use and who is going to

UNCLAS SECTION 05 OF 10 TOKYO 001907

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E.O. 12958: N/A
TAGS: PGOV, PINR, JA
SUBJECT: JAPANESE DAILY PRESS SUMMARY 03/04/97
(PART 2)

receive that money as did when it bailed out the jusen (housing loan companies). If people think that the government is again trying to help only banks and agriculture-related financial organizations, then a sense of distrust alone will permeate all over Japan. Is the government resolved to do that even at the cost of disclosing information?

Kato: We have no intention of protecting financially feeble institutions. We will do it in a business-like way. It is friction stemming from reform.

-- The government is reportedly studying a possibility of amending the Special Measures Law for Sites to Be Used by Stationary Troops in order to enable U.S. forces to continue to use the sites. However, the Social Democratic Party and Okinawa Prefecture are poised to oppose such a plan. If this issue becomes deadlocked, the base of the administration will be shaken, and "rumors on the Hashimoto Administration's May or June crisis" will come true.

Speaking for citizens of Okinawa and Governor Masahide Ota, what they hope for is basically a reduction in the number of U.S. Marines stationed in Okinawa instead of a revision of the law. Okinawa's sentiments toward the U.S. have worsened due to the mistaken firing of depleted uranium

bullets by U.S. fighter planes. There was a scene where Governor Ota made an angry remark, "There is no other way than to have the Marines return to the U.S."

When Prime Minister Ryutaro Hashimoto held talks with U.S. Secretary of State Albright on February 24, he stated to her that he wanted to hold close negotiations, while keeping in mind a future reduction of the Marines. That is fine, but shouldn't we make a more concrete request to the U.S. A step-by-step method would do for that purpose. The time has come for the government and the ruling parties to tackle the problem in one body.

We must probe into the issue of the appropriate level of stationing U.S. forces in Japan from a mid to long-range view. However, the stationing of the Marines in Okinawa is not unrelated to the situation on the Korean Peninsula. The situation on the peninsula is abnormally serious. If Japan strongly seeks a reduction of the Marines amid such a situation, a sense of distrust might emerge between Japan and the U.S., questioning how seriously Japan thinks of the effectiveness of the bilateral security arrangements.

So, what is now needed for Japan is to draw the Democratic People's Republic of Korea (North Korea) into the international community. This is not a
UNCLAS SECTION 06 OF 10 TOKYO 001907

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TAGS: PGOV, PINR, JA
SUBJECT: JAPANESE DAILY PRESS SUMMARY 03/04/97
(PART 2)

question at the level of whether one likes it or not. I think that if some kind of breakthrough measure is found, there will emerge room for us to discuss the issue of reducing the U.S. Marines.

-- The U.S. Defense Department is now pressing ahead with the "quad-annual defense review (QDR)" to overhaul U.S. forces' military composition and strategy every four years. Former Defense Assistant Secretary Armitage, who is taking part in

this project as an expert, said that if military technology progresses and the relaxation of tension on the Korean Peninsula is promoted, it would be possible to curtail the Marines. However, the Japanese Government is not making all-out efforts to relax the situation of the peripherals of the peninsula. Okinawa Prefecture is frustrated with that.

Kato: In my view, full discussions should also be held on U.S. military bases not only at Futenma and Kadena in Okinawa but also in Misawa, Aomori Prefecture, from the military and security viewpoints. Of those U.S. military bases, Kadena Air Base will remain in place for security of Asia as long as the Japan-U.S. Security Treaty exists. However, regarding other military bases, it is necessary to brainstorm the possibility of a phased-step reduction.

-- Some military expert has pointed out, "In light of our experience in the Gulf war, there is no reason for stationing the Marines in Okinawa. In an emergency case, we can get support units from Hawaii or Guam or even from the U.S. mainland, depending on the circumstances.

Kato: There is no mistake that that is an issue that will arise in the future.

-- The government should take leadership in mapping out concrete measures to promote the economy of Okinawa instead of leaving the matter to other government agencies. Government agencies have proposed nearly 90 project items, but a close look at their details reveals that those proposals have an aspect of seeking "expand their own ministry interests."

Kato: I am serving as chairman of the LDP Okinawa Prefecture General Promotion Countermeasures Research Council. From that standpoint, I do not think that various government agencies are engaging in a turf battle or fighting for the sake of their vested interests. If there is such a move, I will have it corrected.

Okinawa Prefecture is hoping that it will be designated as a deregulated area prior to the mainland in terms of establishment of a free trade zone and visa-free entry into Okinawa by tourists from Taiwan and the like. It is true that central
UNCLAS SECTION 07 OF 10 TOKYO 001907

DEPT FOR E, P, PM, EB, EAP/J AND S/AL
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E.O. 12958: N/A
TAGS: PGOV, PINR, JA
SUBJECT: JAPANESE DAILY PRESS SUMMARY 03/04/97
(PART 2)

government agencies are putting up resistance to such requests.

There are many technical difficulties, too. In the case of Okinawa, there is the problem that even if public works projects are carried out there, the multiplier effect is small. We are now considering what to do about that problem. In order for Okinawa to grow into an economic zone that is internationally acceptable, it is vital for it to nurture personnel resources equipped with the technical capability to cope with such a position. I think that Okinawa should acquire formidable underlying strength through such efforts. Otherwise, they may be left without an answer to how to promote its industry when a large number of bases are reverted in the future.

-- Financial and economic reforms are key issues, but at the same time structural reform of the LDP is also needed. The LDP at its party convention held in January adopted an action policy of "steering the ship of national administration with a moderate stance." It will be meaningless if the LDP's deeds do not agree with its words. The top agenda item is how the LDP should face the task of establishing political ethics and cleaning up politics. In order to attain those goals, too, the LDP should make efforts to frontload the placing of a ban on or scrapping financial donations to individual politicians and political parties by business corporations and organizations. Because of the jusen (housing loan corporations) we had for a time self-refrained from receiving financial donations from banks. We have now started receiving such, but it is quite unpopular.

Kato: It is not good for political parties to cover their expenses with public subsidies alone. Political parties would become like government offices. Receiving political donations from individuals and organizations has a positive aspect of enabling political parties and politicians to learn what is going on in the world.

-- That is only the logic of the political parties' side. It is illogical to receive both

public subsidies and corporate cash.

Kato: In our present Japanese society there is no climate for making individual political donations. In the case of the U.S., it is said that individual donations account for a main portion of political donations, but it is in fact that donations from corporations and organizational command major portions. The money we spend for the general election held last fall was less than the amount spent during the previous one by 30 percent. That is because people were moderate in spending money because of the strengthened complicity system. We will further strengthen the complicity system. In the meantime, we want to be allowed to receive
UNCLAS SECTION 08 OF 10 TOKYO 001907

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
TREASURY FOR OASIA/IMI/JAPAN
DEPT PASS USTR FOR SHAPIRO/WOLD
DEPT PASS ELECTRONICALLY TO USDA FAS/ITP FOR SCHROETER

E.O. 12958: N/A
TAGS: PGOV, PINR, JA
SUBJECT: JAPANESE DAILY PRESS SUMMARY 03/04/97
(PART 2)

corporate donations until the practice of individual donations sets in.

-- The ruling and opposition camps decided to abolish or review corporate and organizational donations three years ago. They should put their decision into practice without waiting for five years hence.

Kato: I understand your point well, but I want you to understand that actual politics is costly even if it is carried out moderately.

Koichi Kato: LDP Secretary General. Elected Lower House member for the first time in 1972. Successively held posts of Defense Agency director general, chief cabinet secretary and LDP policy affairs research council chairman. Regarded as a key figure in the "LDP-Social Democratic Party - Sakigake" coalition, which has been in place since the Murayama Cabinet. Supporting the Hashimoto Administration as a central figure of the so-called "YKK" group. 57 years old.

(9) Yanai to Be Picked as Next Administrative Vice Foreign Minister; Tanba as Deputy Minister

SANKEI (Page 2) (Full)
March 1, 1997

Foreign Minister Yukihiko Ikeda decided on the 28th to carry out personnel changes of high-ranking officials of his ministry in July or August after the Denver Summit (industrialized countries summit meeting) scheduled for late June. He then will appoint Deputy Minister (for political affairs) Shunji Yanai to the post of administrative vice minister as the successor to Sadayuki Hayashi, as well as incumbent Ambassador to Saudi Arabia Minoru Tanba to the post of deputy minister as a replacement of Yanai.

Regarding the post-retirement post for Hayashi, Ikeda first considered designating him to be next ambassador to the United States, (but he gave up on such an idea) reasoning, "Ambassador Kunihiro Saito has been getting along very well with the Clinton Administration" (MOFA senior official). So the Foreign Minister has decided to place him in the post of ambassador to the United Kingdom as the successor to incumbent Ambassador Hiroaki Fujii, whose term of office passed three years this February.

In addition, the appointments that will most likely to occur include: Asian Affairs Bureau Director General Ryozi Kato will be picked to be a successor to Foreign Policy Bureau Director General Yutaka Kawashima, who is expected to be appointed to an ambassadorial post; Koreshige Anami, minister at the Embassy in China, will succeed Kato; and as the successor to North American Affairs Bureau Director UNCLAS SECTION 09 OF 10 TOKYO 001907

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E.O. 12958: N/A
TAGS: PGOV, PINR, JA
SUBJECT: JAPANESE DAILY PRESS SUMMARY 03/04/97
(PART 2)

General Masaki Orita, who is also expected to take ambassadorship, Noriyuki Takano, minister at the Embassy in the Republic of Korea, will be promoted to the post now filled by Orita.

Sadayuki Hayashi, Ambassador-Designate to the U.K.: Graduated from the Education Department of Tokyo University and joined MOFA in 1960; has been serving as vice minister since July 1995, after serving in such posts as director general of the Economic Affairs Bureau, director general of the Secretariat, deputy minister (for economic affairs); age 59; born in Ehime Prefecture.

Shunji Yanai, Administrative Vice Minister-Designate: Graduated from the Law Faculty of Tokyo University and entered MOFA in 1961; has been serving as deputy minister for foreign affairs since August 1995, after having served in such posts as director general of the Treaties Bureau, chief of the secretariat to the International Peace Cooperation Headquarters, and director general of the Foreign Policy Bureau; age 60; born in Tokyo.

Minoru Tanba, Deputy Minister-Designate: Graduated from the Law Faculty of Tokyo University and entered MOFA in 1962; has been serving as ambassador to Saudi Arabia since August 1994, after having served in such posts as director general of the United Nations Bureau and director general of the Treaties Bureau; age 58; born in Karafuto (Sakhalin).

Personnel Changes in the Ministry of Foreign Affairs

(As of March 1)

- 1) -- Name
- 2) -- Current Post
- 3) -- Newly Designated Post

- 1) Takashi Hosomoto
- 2) Counselor and Consul General at the Embassy in Jakarta
- 3) Consul General at Medan

- 1) Tetsuro Miyata
- 2) Counselor at the Embassies in Italy and Malta
- 3) Consul General at Milan

- 1) Kagefumi Ueno
- 2) Director of General Affairs, Japan Foundation
- 3) Minister at the Embassy in Spain

- 1) Yutaka Iimura
- 2) Minister at the Embassy in France
- 3) Minister at the Embassy in France and Minister to Andorra

- 1) Kaoru Ishikawa
 - 2) Minister at the Embassy in France
- UNCLAS SECTION 10 OF 10 TOKYO 001907

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E.O. 12958: N/A
TAGS: PGOV, PINR, JA
SUBJECT: JAPANESE DAILY PRESS SUMMARY 03/04/97
(PART 2)

3) Minister at the Embassy in France and Minister
to Andorra

DEMING

SECT: SECTION: 01 OF 10

<^SECT>SECTION: 02 OF 10
<^SECT>SECTION: 03 OF 10
<^SECT>SECTION: 04 OF 10
<^SECT>SECTION: 05 OF 10
<^SECT>SECTION: 06 OF 10
<^SECT>SECTION: 07 OF 10
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<^SECT>SECTION: 10 OF 10

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