

Withdrawal/Redaction Sheet

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. cable	Re: Secretary's Meeting, Defense Minister, February 23 (4 pages)	03/06/1997	P1/b(1)
002. cable	Re: Secretary's Meeting, Foreign Minister, February 23 (5 pages)	03/07/1997	P1/b(1)
003. cable	Re: Japan-U.S. / Okinawa Base Issue (9 pages)	03/10/1997	P1/b(1)
004. cable	Re: Marine Reductions in Okinawa (5 pages)	03/11/1997	P1/b(1)

COLLECTION:

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

FOLDER TITLE:

[03/06/1997 - 03/11/1997]

2016-0420-F

sb1898

RESTRICTION CODES

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

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

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

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

RR. Document will be reviewed upon request.

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

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

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Cable

PREC: IMMEDIATE
CLASS: UNCLASSIFIED
LINE1: OAAUZYUW RUEHKO2080 0690810-UUUU--RHEHAAA.
LINE2: ZNR UUUUU ZZH
LINE3: O 100810Z MAR 97
LINE4: FM AMEMBASSY TOKYO
OSRI: RUEHKO
DTG: 100810Z MAR 97
ORIG: AMEMBASSY TOKYO
TO: RUEHC/SECSTATE WASHDC IMMEDIATE 3700
INFO: RUEAWJB/DEPT OF JUSTICE WASHDC IMMEDIATE
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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 03/10/97
(PART 1)

regulations.

TEXT:

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

UNCLAS SECTION 02 OF 06 TOKYO 002080

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WHITE HOUSE FOR NEC CUTTER
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SUBJECT: JAPANESE DAILY PRESS SUMMARY 03/10/97
(PART 1)

regulations.

Also, referring to Futenma Air Station, Sobe Radio Station, Camp McTureous, and other U.S. military facilities, the memorandum provides that even in case Japanese nationals who entered facilities or areas with permission sustain damage to property or accidents resulting in injury or death, the U.S. military "shall not bear any liability for reparation or compensation under Article 18 of the Japan-U.S. Status of FAgreement, unless otherwise such were intentionally caused by U.S. military personnel."

In addition, the memo, in its parts regarding the facilities and areas, incorporates descriptions about training hours at each facility and about weapons and bombs that are prohibited from being used.

The Government is now expediting the work so that Prime Minister Ryutaro Hashimoto will be able to explain an outline of the memo in his meeting with Okinawa Prefecture's Governor Masahide Ota later this month.

Prime Minister Hashimoto Coordinating Meeting with Governor on the 17th

Prime Minister Ryutaro Hashimoto on the 8th revealed that he has been in coordination to meet with Okinawa Prefecture's Governor Masahide Ota on the 17th of this month. In reply to a question from press reporters at his official residence, the Prime Minister answered: "They said it would be all right to set it up for Saturday or Sunday, but if so, it will be too showy. Yesterday I instructed that it be on a day when the public hearing is being held." The Upper House Budget Committee is to hold a public hearing on the 17th.

(2) May 15 Memo: 26 Other Facilities' Portion Revealed; Conditions for U.S. Military Use of Bases on Okinawa Different from Actual Facts

ASAHI (Page 1) (Full)
March 9, 1997

Regarding the 'May 15 Memo' or a memorandum of conditions and other arrangements determined between Japan and the U.S. at the time of Okinawa's reversion to Japan in 1972 for the U.S. military's

use of bases (on Okinawa), the Government on the 8th revealed the document's descriptions pertaining to major facilities and areas. In addition to the existence of facilities approved under the same conditions as those approved before Okinawa's reversion, there were also facilities that have been actually used differently from what is described in the memorandum. The memorandum of agreement is expected to be disclosed in a meeting scheduled to be held between Prime Minister Ryutaro

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(PART 1)

Hashimoto and Okinawa Prefecture's Governor Masahide Ota in mid-March. It will likely give rise to controversy over the fact that the Government has kept it secret for as long as 25 years.

Disclosed were the conditions for the U.S. military's use of 48 facilities and areas, including those already returned, among the U.S. military bases' 88 facilities and areas that existed in Okinawa as agreed upon at a Japan-U.S. Joint Committee meeting of May 1972. The document was partially disclosed in May 1978. However, regarding 26 other facilities, including the Yomitan subairfield and the Torishima firing range, the newly disclosed portion of the memorandum has now revealed such conditions as the purpose of using those facilities, training hours, and weapons that can be used there.

Among the portions newly revealed were the fact that U.S. forces had other training areas and to carry out exercises using "all conventional aircraft firearms less than 2,000 pounds" at the Torishima firing range where the accidental firing of depleted-uranium shells took place. At the Yomitan subairfield, U.S. forces have been prohibited from carrying out "training to drop heavy loads."

To have no military secrets unnatural

Hiromichi Umebayashi, a citizens' group activist who is knowledgeable about the U.S. forces in Japan, comments: "It doesn't show anything that can be called a military secret. High-level problems concerned with nuclear weapons may not have been written into the memorandum from the start. But I was surprised at the fact that they were allowed to carry out river-crossUPk_Qe@Q=xr facilities, which was once criticized by people in the prefecture and which they no longer carry out. The memo describes almost nothing about conditions for the Henoko and Kadena ammunition depots' storage, but that's unnatural. I think there are still some hidden portions of the memo."

(3) Minshuto, SDP, Sakigake Will Meet on March 12 for Discussion on the Problem of Amending the Special Measures Law (for U.S. Military Base Sites); In Attempt to Check Deliberations on the Problem Now Going on at the LDP's Pace

TOKYO SHIMBUN (Page 3) (Full)
March 8, 1997

Informal consultations have been set for the 12th among the Minshuto (Democratic Party of Japan), the Social Democratic Party (SDP) and the Sakigake Party in order to discuss the problem of amending
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(PART 1)

and discuss also the review of "the Japan-U.S. defense cooperation guidelines," which will reach its time limit this fall.

(5) Prime Ministerial Assistant Okamoto Will Visit the U.S. from March 14 for Discussion of the Okinawa Problem

TOKYO SHIMBUN (Page 3) (Full)
March 8, 1997

Prime Ministerial Assistant Yukio Okamoto is to leave on the 14th for the United States and to stay

there for a week in order to discuss the Okinawa base problem with both members of the U.S. Senate and the House of Representatives, as well as with government officials concerned. This plan was revealed on the 7th by a government source.

The aim is to exchange views on the Okinawa base problem, including the forced use of sites now offered to U.S. military bases, prior to U.S. Vice President Gore's upcoming trip to Japan and Prime Minister Ryutaro Hashimoto's visit to the U.S. in late April. He also will likely probe U.S. thinking on the problem of reducing the Marines, which is being strongly sought by Okinawa Prefecture.

(6) SDP's Wandering Course on the Okinawa Base Problem; Possibility of Coexistence of Arguments Pro and Con on the Special Land-Lease Measures Law

YOMIURI (Page 2) (Full)
March 9, 1997

As the time runs out on the leases for land used by the U.S. bases on Okinawa, the Social Democratic Party (SDP) is wandering back and forth on the question of amending the special measures law for the use of land by U.S. forces stationed in Japan. In the party's proposed action plan for fiscal 1997 drafted March 6, the party has hammered out a position that opposes such in principle, stating, "We will not approve legal amendment that would preserve or harden the status quo." On the other hand, in a meeting of the SDP's foreign policy and defense department, there was agreement to the wording, "the current situation is clean-slate," which suggests confusion in the party. The department decided to establish a general headquarters on Okinawa issues to try to unify views in the future, but already there is quiet talk of allowing the coexistence of argument for and against (the amendment), some saying, "Since party debate will not be confined by the adoption of a bill amending the law, there may be no other recourse but to save face of the Liberal Democratic Party (LDP) and Okinawa prefecture."

The SDP, since the time when it was the Japan Socialist Party, has grappled with the problem of
UNCLAS SECTION 06 OF 06 TOKYO 002080

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(PART 1)

U.S. bases on Okinawa as a priority topic, and so there is deep-rooted objections in the party toward amending the special measures law. Even at the party's regional bloc conferences, which were convened on the 7th in four locations across the country, the party center's stance was questioned repeatedly, with members stating, "Why can't we say flat out that we are absolutely against it?"

The greatest reason for the party center's bending over backwards is the possibility that the Shinshinto (New Frontier Party) and the Minshuto (Democratic Party of Japan) will come around to approving the legal revision, and that "if we fall out of step with the Administration on priority matters other than the budget, it can only lead to the dissolution of our cooperating outside the cabinet" (senior party official). For the SDP, which only has 15 seats in the Lower House, if it turns into an opposition party without any future prospects, it will not be able to avoid losing its now broad influence and falling into a situation of party stagnation.

For that reason, even though the opponents are coming out, the party, as an "ultra-C" measure to make it possible to support cooperation from outside the cabinet, may come out with an argument of coexistence between those for and against the legal revision. However, to such thinking, even in the party there are strong negative views, some saying, "such a viewpoint as party policy would be questioned," so it appears that it will be some time before the party adopts a final response.

DEMING

SECT: SECTION: 02 OF 06
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<^TOR>970310033801 M2657287

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SIT: NSC

Cable

PREC: IMMEDIATE
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LINE3: O 100811Z MAR 97
LINE4: FM AMEMBASSY TOKYO
OSRI: RUEHKO
DTG: 100811Z MAR 97
ORIG: AMEMBASSY TOKYO
TO: RUEHC/SECSTATE WASHDC IMMEDIATE 3706
INFO: RUEATRS/TREASURY DEPT WASHDC IMMEDIATE
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RHHMUNA/USCINCPAC HONOLULU HI
RUATJHU/CGUSARJ CAMP ZAMA JA//IX CORPS G5//
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RUALSFJ/COMUSJAPAN YOKOTA AB JA
RUEHOK/AMCONSUL OSAKA KOBE 0888
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(PART 2)

(8) May 15 Memo: Full Disclosure Now a Delicate
Issue; If Partial Disclosure, Okinawa's Distrust to

TEXT:

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

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(PART 2)

(8) May 15 Memo: Full Disclosure Now a Delicate Issue; If Partial Disclosure, Okinawa's Distrust to Increase

YOMIURI (Page 2) (Full)
March 9, 1997

The Government would like to prepare the environment for resolving the issue of the forced use of land by the U.S. forces, now in the main political spotlight, by quickly carrying out a full disclosure of the so-called "May 15 Memo" which the Okinawan Prefecture is seeking.

However, since it appears that included in the agreement between the U.S.-Japan Joint Committee in May 1972 were essentially secret matters, more than just facilities-related matters, such as military operations, there is a view that "full disclosure of the entire memo will be difficult" (government source). For that reason, it is an open question whether the document can be released in a form that is convincing to the Okinawa Prefectural side.

The Government basically is working to release that document at the time of the meeting between Prime Minister Hashimoto and Okinawa Governor Masahide Ota on the 17th of this month. This is because the judgment has been made that it is essential to have the high-powered understanding of the Okinawa Prefectural side, while aiming at amending the special land-leases law in mid-April.

Only from what has been revealed about the memorandum to date, it runs 260 pages in its English text, so the translation work will take some time. However, only taking a bird's eye view, there seems to be no reason to keep it essentially secret, so there is fear that suspicions would be brought out that "if that is it, why couldn't it have been released earlier?"

The Government takes the view, "We would like to release the memo in its entirety," but it has been pointed out already that "if there are undisclosed portions left, the feeling of distrust on the Okinawa Prefectural side will remain even stronger" (Social Democratic Party source), so it would appear that in the end the Government will be required to make a difficult judgment.

(9) USFJ Marines "Can't Move Now"; Mobility the

Life of 'Storming Troops'; All Nagasaki-Based Transport Ships Now under Repair or Away on Official Business; If Marines Can't Be Rapidly Deployed Anywhere, Their Permanent Stationing to Okinawa Meaningless?

TOKYO SHIMBUN (Page 27) (Full)
March 1, 1997

It became known on the 28th that all the U.S. naval
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(PART 2)

vessels assigned to the U.S. naval base at Sasebo in Nagasaki Prefecture -- which are indispensable for transporting the U.S. Marine troops stationed in Okinawa -- have not been available for they have been either under repair or away joining overseas training. The Japanese and U.S. Governments have so far explained that the U.S. Marines in Okinawa "cannot be reduced" on the grounds of their being essential for U.S. armed forces' forward deployment strategy. However, the 'vacuum' of mobility, which can be called the lifeline of the Marine Corps, will likely raise questions again over the meaning of their being stationed on Okinawa.

The U.S. forces stationed on Okinawa total 29,000 military personnel, of which 17,000 are Marines. The Marines on Okinawa are called the 3rd Marine Expeditionary Force, which is the only one assigned overseas among the Marine Corps' three expeditionary forces. The 3rd Marine Expeditionary Force in Okinawa is known as a 'storming force' readied for dispatch to areas ridden with regional conflicts in a combination of vessels assigned to the U.S. Navy's 11th Amphibious Fleet, headquartered at Sasebo, and choppers and attack planes deployed to Futenma Air Station in Okinawa Prefecture and Iwakuni Air Station in Yamaguchi Prefecture.

Okinawa Prefecture has been calling for the Marines' withdrawal, claiming that their mission is

not to defend Japan but to go out on expeditions and that this function runs counter to the purpose of the Japan-U.S. security treaty. However, the Japanese and U.S. Governments have been maintaining the status quo, reasoning that "they will be dispatched first to dispute-ridden areas" and "their presence is needed for stability in the Asia-Pacific region."

However, the 11th Amphibious Fleet, which can be even referred to the "legs" of the 3rd Expeditionary Force, is not in a readied state now for rapid deployment. For instance, the Belleau Wood, the 11th Amphibious Fleet's assault landing flagship, has been under repair at a dock at the Sasebo base since December last year and will remain there until March.

All three other ships -- broken down into a dock landing ship (LSD) named the Germantown, a tank landing ship (LST) named the Fort McHenry, and an amphibious transport dock (LPD) named the Dubuque -- left Japan on the 24th by way of Okinawa to participate in "Tandem Trust" -- a U.S.-Australia joint maneuver to be carried out in Australia from March 10. No alternate ships have been dispatched to Japan at all.

A USFJ source explains, "East Asia is now stable, and the region is not in a situation where the Marines' rapid deployment is urgently needed."
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However, if the U.S. detects a tense situation and is capable of dispatching its troops in time from its mainland or Hawaii, then the meaning of the troops' being stationed in Okinawa on a standing basis is weak.

Since before, the 3rd Marine Expeditionary Force has been the 3rd Marine Expeditionary Force assigned at home, not a unit to be dispatched first to dispute-ridden areas. The 11th Amphibious

Fleet's transport capability also is as low as a little less than 3,000 men, so it is regarded as doubtful whether the force has forward deployment capability as explained.

Training unit's pullout discussed also in the Marine Corps

Yukihide Kawazu (or Kawatsu?), a commentator on military affairs, says: "The Belleau Wood is often out of Japan, sent to the Middle East or other regions. Other U.S. naval ships also cannot be used sometimes for repair or training. So, if an emergency takes place then in the Far East, they can't do anything. The Marines in Okinawa from the first are a training unit, and their forward deployment capability is not high. Right after the cold ended, when a cutback of the U.S. defense budget came up, the U.S. looked even into the possibility of dissolving them. There has been an argument also from within the Marine Corps to withdraw them from Okinawa."

(10) A Series of Japan Trips by U.S. Government Leaders Lined up: U.S. Stepping up Its Offensive Focusing on Trade Issues; Japan Placing Emphasis on Okinawa Issue

ASAHI (Page 2) (Excerpts)
March 9, 1997

With an array of Japan trips by top United States Government executives, such as Vice President Gore and Secretary of Defense Cohen, lined up for this spring, starting later this month, differences in approaches "JUSQKQcus is on the Okinawa base issue with an emphasis on land expropriation for the U.S. armed forces there, whereas America's goal is to accomplish a comprehensive security package including a review of the Guidelines for Japan-U.S. Defense Cooperation (Guidelines) as well as to shift weight to economic and trade issues, such as boosting Japan's domestic demand. With the Japan-U.S. summit meeting coming up in April between Prime Minister Ryutaro Hashimoto and President Clinton, how to bridge the gap will become a challenging subject for Japan.

The Government has adopted a policy direction of
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amending the special land lease measures law for the U.S. forces in Japan before the Prime Minister travels to the United States in order to avert a state of "illegal occupation" of the land in May. Nevertheless, with the Social Democratic Party (SDP) calling for returning the Government's decision to a "clean-slate state," amending the law is not the coalition's unified decision. In addition, Okinawa's opposition is inevitable.

In order to minimize such negative reactions, the Prime Minister appears to be aiming to draw out from the U.S. during the summit meeting a flexible response, such as in the area of reducing the presence of the Marines. As a starter, Japan intends to feel out America's thinking in the meeting with U.S. Joint Chiefs of Staff Chairman Shalikashvili, who will visit Japan before Vice President Gore and Defense Secretary Cohen.

Nevertheless, America's emphasis of "growing instability in East Asia," indicated in a recent bilateral working-level meeting of foreign and defense officials and other developments suggest that there is little chance for the U.S. to accept (the reduction scenario). In the working-level meeting, the U.S. made it clear to expedite reviewing the guidelines in order to deal with emergencies in the Far East.

In addition, the U.S. in late February revealed its decision to apply sanctions against Japan, calling for the improvement of Japan's harbor practice. The U.S. Government's announcement was followed by a Japan visit by Deputy Secretary of the Treasury Summers, in which he directly appealed to Finance Minister Hiroshi Mitsuzuka for demand-led growth and deregulation of the Japanese market.

One observation now floating about is: "Like the Bush Administration, (the Clinton Administration) is now perhaps trying to press Japan for structural reform, using specific issues as leverage "(Foreign Ministry official).

Another source has analyzed the atmosphere of the second Clinton Administration atmosphere: "For the U.S., supplying the U.S. armed forces with land lots is purely Japan's domestic problem. The

feeling is strong in the U.S. that the Okinawa issue was over last year" (Government source).

(11) How to Handle Okinawa Situation? Interview with LDP Secretary General Koichi Kato: Throwing up "a Shack on the Runway" Unacceptable; Weathering Critical Condition with LDP-SDP-Sakigake Arrangement a Basic Approach

ASAHI (Page 7) (Full)
March 6, 1997

Q: The Fiscal 1997 budget has just passed the
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Lower House. What is the next hurdle?

A: I'm sure we will have another climax during the Upper House deliberations. Until the end of March, we have to remain sensitive to developments in the deliberations in the Upper House, where the Liberal Democratic Party (LDP) does not hold a majority. Above all, what is critical is the Okinawa issue. The Okinawa Prefectural Expropriation Committee will hold its second round of hearings on March 12. We are keeping a watchful eye on how that will turn out. It appears that landowners are prepared to deal with the hearing calmly. We think such a mood is important.

Q: The land leases will expire on May 14. Some in the Government and the LDP are saying that amending the special land lease law for the U.S. forces in Japan is unavoidable. Do you agree?

A: The prevailing opinion in the Government and ruling camp is to watch calmly how the March 12 hearing will go. I think it would be disingenuous to consider amending the law simultaneously.

Q: A state of "illegal occupation" resulted in last year at the Sobe telecom site. Is it your basic direction to prevent such a consequence this

time around?

A: We have weathered the Sobe case by applying the Cabinet Legislation Bureau's view that such was not totally a state of illegal occupation. But this time, we have to deal with 3,000 landowners and some of them own land lots on the runway of Kadena Air Base. The Legislation Bureau's opinion would not be enough to cover all those landowners.

Q: Would that affect Japan's relations with the United States?

A: The issue concerns the application of the U.S.-Japan Security Treaty fundamentally, which means it could have a tremendous impact on mutual trust.

Q: In other words, you want to avoid creating a vacuum regarding the right to the use of (those land lots) at all cost, don't you?

A: That's right. A vacuum may not necessarily be an illegal condition, but such is a question that cannot be reasoned out so clearly. If it turns out to be illegal, the Government cannot say anything if a landowner throws up a shack in the runway. With tensions building on the Korean Peninsula, how are we going to serve as deterrence in such a condition?

Q: Requesting emergency use of land is one approach. What do you think of such an approach?

A: Such an approach would allow us half a year at
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the maximum. I don't know if that is enough to settle the problem, but some people say that we should follow all the necessary procedures. The final decision is up to the Chief Cabinet Secretary. At this point, however, nothing is definite.

Q: But time-wise, requesting emergency use is increasingly becoming difficult.

A: Indeed, the time is moving qvnQPQMQQ'QQ)V6Qarines?

A: (U.S. Marines) are in a way symbolic of the American presence in Asia which relies heavily on the Japan-U.S. security arrangement. We just cannot shift them around so easily. The dominant view in the U.S. is that the Marines are essential because the Korean Peninsula is becoming more unstable.

Q: Some suggest shifting them to Hawaii.

A: In view of the international climate today, I don't think such is possible. (Personally,) I would like take a flexible approach to the various views, but I know that for those who are actually carrying out day-to-day operation, the matter is not that simple.

Q: Don't you think creating a mid to long-term framework for talks would help enhance Okinawa's understanding?

A: I can understand why people want to discuss the future changes in the Far East situation and possible options for the Marines. But at this stage, the situation in the world today is just too serious to allow our government to discuss such a subject with the U.S. even as a scenario 10 or 20 years from today.

Q: Then how are you going to garner Okinawa's understanding?

A: We should put emphasis on an Okinawa revitalization package and the disclosure of the "May 15 memo," for instance. More specifically, I would like to suggest the creation of a free trade zone as part of an economic package.

Q: Would that satisfy the Social Democratic Party (SDP)?

A: Over the next month, we've got to brace ourselves for the sake of the present coalition arrangement. Three years have passed since a coalition government was launched in collaboration with the SDP. During that period, we have encountered some tough issues together, such as the
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SUBJECT: JAPA4.gxQF-uOMQ@NQrity arrangement
and the Self-Defense Forces (SDF), and the
consumption tax. I am sure we can find a
breakthrough because our will is strong to work
things out without dissolving the present
arrangement and also because our relationship is
backed by strong mutual trust.

Q: How are you going to deal with the Minshuto
(Democratic Party of Japan)?

A: The Minshuto does not seem to be too
cooperative when it comes to the Okinawa issue.
But both the SDP and Minshuto have recognized the
importance of the security treaty and they share
the perception that the security arrangement is
vital for the security of the Far East.

Q: The Shinshinto (New Frontier Party) seems to be
closer to the LDP's vision.

A: I am aware that some LDP members are quite
vocal about such an argument. But I am afraid that
such would invite a political upheaval and affect
mutual trust among the ruling parties. We have to
work things out as much as possible among
ourselves, I mean with the SDP and the Sakigake.

Q: The Hashimoto Administration has declared it
will carry out administrative and fiscal reforms,
along with resolving the Okinawa problem. Covering
a wide range of subjects would blur your attention,
don't you think?

A: Responsibility is divided. For instance, the
Government is responsible for fiscal reform and
streamlining government agencies, and the ruling
parties for deregulation and realigning special
corporations (tokushu houjin). Narrowing down
themes may be one approach. But when a group-
oriented society is totally at an impasse, it would
be better to carry out total reform instead of
partial reform. For starters, we should
concentrate on fiscal reform.

Q: Former prime minister Yasuhiro Nakasone is
calling for a grand alliance for administrative
reform, isn't he?

A: The present LDP-SDP-Sakigake arrangement will

remain essential to us. But it would be nice to have cooperation from the Minshuto. We won't reject the Shinshintō either if it can work with us. But whether or not such can develop into party-to-party talks is a different story.

Q: Is it possible for you to work out a FY1998 budget with the Minshuto?

A: Chances are fifty-fifty.

Q: Fifty-fifty? That high?

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A: Yes, fifty-fifty. Some Minshuto members would sink if that party joins hands with the LDP now. Co-leader Yukio Hatoyama does not rule out the option of teaming up with the LDP. But he is apprehensive that marriage would wear him out. Women nowadays don't give up their career even after they get married. They are now more independent.

Q: Some men use such a line in order to win women's hearts.

A: Ha, ha, ha ...

Q: The budget has passed the Lower House without any alteration. Isn't it contradictory not to have trimmed the waste at this point?

A: Budgets are plans to the last. Nobody would reduce his planned spending because once it is reduced, the framework would be slashed for the following year. "Returning a half of what you received," is a saying we LDP members believe in. The idea is to exercise economy and return half of what you saved to the Finance Ministry and the rest is free for you to spend. Economizing pays off.

(Interviewers: Yasumasa Aoki, Tetsuya Okazaki)

(12) Interpellations at Budget Committee Meeting
on March 7 of the Upper House

ASAHI (Page 7) (Full)
March 8, 1997

Okinawa

Oikawa: Land Lease Contracts for Military
Facilities Will Expire Soon; Prime Minister: We
Are Responsible to Offer Land for U.S. Military
Bases

Kazuo Oikawa (Social Democratic Party (SDP)): Land
lease contracts on a portion of the sites now
offered to United States military bases are to
expire on May 14, the day which will probably
demonstrate to what extent Okinawan people and the
central government can share the same feelings.
What is your outlook?

Prime Minister Ryutaro Hashimoto: The Japan-U.S.
relationship based on the U.S.-Japan Security
Treaty is an extremely important bilateral
relationship, even globally. We are responsible to
provide U.S. forces with land lots. On the other
hand, (U.S.) base facilities concentrated on
Okinawa have made prefectural citizens feel that
their daily lives are placed in jeopardy.

In view of our national interests, we can never
lose the right to use the sites now used as

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military bases. Although deliberations are
underway in the Land Expropriation Committee, the
time allotted to it is extremely limited. I am
carefully monitoring the hearings, hoping the
situation will grow better.

Oikawa: Seeing the response (taken by the central
government) to the incident of mistaken-firing of

depleted-uranium bullets by U.S. troops, I now doubt whether the central government really understands Okinawan people's position.

Foreign Minister Yukihiko Ikeda: It was a truly regrettable incident. We failed to promptly inform Okinawa of its occurrence. We lacked due consideration for Okinawa. After much self-reflecting on that case, we decided to drastically improve the communication system with the U.S. forces.

Hiroshi Kikunami (Japan Communist Party (JCP)): On mainland Japan, most U.S. military bases are located on government-owned land, but in Okinawa, most base sites are owned by private citizens.

Japan Defense Agency (JDA) Director General Fumio Kyuma: I feel sorry for Okinawan people, for military bases were built there under various circumstances. But of the 32,000 landowners of the sites, whose lease contracts are slated to run out soon, 29,000 have agreed to renew the contracts. As for the remaining 3,000 landowners, I would like you to understand tQQc`YQ2^ers."

Kikunami: A judgment on whether to be able to use land or not should be decided by the Land Expropriation Committee, but not by the central government nor by a court. If one who does not have any right to use it is allowed to use the land while the hearings are underway, it obviously violates the spirit of what is stipulated in Article 31 of the Constitution, namely, that no one should abuse authority. Is this thinking a mistake?

Prime Minister: We have to take action, thinking whether it is truly in the national interest or not. In that process, I am distressed about how to respond to Okinawan people's feelings.

Diplomacy

Manabe: Problems Linked to North Korea Crop up in Succession; Foreign Minister: Unreasonable Political System

Kenji Manabe (Liberal Democratic Party (LDP)): Japan and China are now celebrating the 25th anniversary of their diplomatic relationship. When will top leaders of the two countries visit each other?

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Prime Minister: Both sides have invited each other. China is now at an important stage in the sense it will soon see Hong Kong returned to it, an event attracting attention all over the world. Travel schedules are now being discussed through diplomatic channels, but no timetable has yet been fixed.

Manabe: What is the aim of the planned visit by the Foreign Minister to China in late March?

Foreign Minister: Envisioning a plan for both countries to invite top leaders to their countries respectively, I hope to discuss problems that have to be settled by two countries.

Manabe: Around when will you resume grant aid cooperation?

Prime Minister: I am devoting myself to considering it. I will think about a timing for resumption in concrete terms after some developments appear in ascertaining the present state of the problem (a moratorium for underground nuclear testing), which is to be shown by China.

Manabe: Various problems that include Secretary Hwang Jang Yop's defection are arising in North Korea (Democratic People's Republic of Korea).

Foreign Minister: Economic difficulties are reaching serious proportions. Secretary Kim Jong Il seems to lead the country, but unreasonable aspects linked to a political system extremely peculiar to that country are now cropping up. What kind of impact will these factors have on the rest of the world? For that reason, we cannot take our eyes off that country.

At the run-up explanatory meeting for the four-way talks, North Korea attentively listened to explanations given by the U.S. and the Republic of Korea (ROK). (The North) is tightening its control over its people at home, but, on the other hand, it is taking a stance of looking for ways to build

links with the international community.

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at Misawa and the Self-Defense Forces also control
some other airports at such localities as Komatsu

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at Misawa and the Self-Defense Forces also control some other airports at such localities as Komatsu and Tokushima. Excluding those airports under SDF and U.S. military control, there are 84 civilian airports. According to the airport landing records of the Government and local self-governing bodies, U.S. military aircraft used 27 civilian airports in 1996, and made a total of 1,048 landings there. In 1995, U.S. forces used 33 airports and made 926 landings in total. MOT explains, "They used more airports, but there has been an increase in the number of landings for three consecutive years.

In the breakdown of airports (used by U.S. military aircraft in 1996), Nagasaki Airport was most frequently used with 338 landings, Fukuoka Airport -- 272 landings, and Amami Airport (in Kagoshima Prefecture) -- 120 landings. All these airports were used more often than in 1995.

As for principal airports, in 1995 when the Great Hanshin (Osaka-Kobe) Earthquake disaster took place, two airports in Osaka and Kansai -- located near the disaster-stricken areas -- had more than 100 U.S. military aircraft landings in total. Last year, however, the number of landings decreased to only one, which was made at Osaka. On the other hand, however, New Chitose Airport, where U.S. military aircraft made no landings in 1995, was used 22 times (in 1996). At Narita and Haneda, U.S. military aircraft made no takeoffs or landings (in 1996) as in 1995.

The U.S. forces have never clarified the purpose of their making use of domestic airports. However, one of those engaged in airport services says: "Most of those aircraft that came flying over here were the Air Force's C-130 transports, helicopters, and small planes. There were almost no fighters. Short-ranging helicopters and small planes also came often for refueling services."

Also, according to last year's landing records, SDF aircraft, which is not charged for landings as in the case of U.S. military aircraft, used 72 airports where they made a total of 36,144 landings -- less frequent than in 1995 when SDF aircraft made a total of 37,926 landings at 73 airports. At Naha, however, SDF aircraft still made more than 10,000 landings. The airports at Nagoya, Nagasaki, Yao (in Osaka Prefecture), and Kumamoto were used as often as more than 3,000 times in total.

On the other hand, U.S. naval ships also have repeatedly entered private ports. Last year, they made 20 port entries in total, showing a marked increase over two years ago when they made 13 port entries. In particular, the Observation Island, a missile observation ship, was a noticeavxcFuQ^Qt never entered any Japanese port the year before last. Last year, however, the UNCLAS SECTION 03 OF 13 TOKYO 002082

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ship appeared five times in all -- broken down into March, May, and December. Four of those port entries were made at Yokohama, where U.S. military facilities are located, but the ship entered port also at Aomori.

Those port calls were made just at a time when China carried out missile firing exercises in the waters near Taiwan before Taiwan's presidential election and also at a time when there was a rumor going round about the likelihood of the Democratic People's Republic of Korea (North Korea) carrying out ballistic missile test firing. The observation ship was apparently on the watch, and its making of port calls endorsed that Japanese commercial seaports were included in the U.S. forces' operations.

An expert on military affairs views: "It probably was also for the purpose of training crew members for skills so that they will be able to enter any port whenever they need to do so."

The Japanese and U.S. Governments last year initiated a review of the Guidelines for Japan-U.S. Defense Cooperation along with the planned reversion of Futenma Air Station in Okinawa Prefecture, and then agreed to compile a report in the fall of this year on bilateral cooperation for possible emergencies around Japan. Those subject to the two governments' studies include U.S. forces' use of commercial airports and seaports,

too.

One of the senior officials in the Japan Defense Agency and the Transport Ministry are saying, "Their use of domestic airports and seaports at present has nothing to do with the two countries' discussion of bilateral cooperation." However, U.S. military aircraft and naval vessels are now making even more frequent use of private-sector facilities right at this time when the two governments are discussing a cooperative posture for Far East emergencies. Concerning this fact, some in civil aviation and port-harbor services point out: "They're probably moving ahead to establish facts." "Japan is now steadily turning into a rear support base."

(14) Japan-U.S. Friction over "Burma (Myanmar); U.S. Municipalities Now Excluding Japanese Firms Having Dealings with Burma; Japanese Government: "(U.S. Side Is) Unfairly Hindering Private Firms' Business Activities; U.S. Congressmen: "(Japan Is) Attaching More Importance to Money than Human Rights"

ASAHI (Page 11) (Full)
March 8, 1997

A move is spreading among local governments in the United States to exclude Japanese companies that
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have dealings with the Burmese government from bidding on public works projects. In this connection, it was discovered on the 7th that the Japanese Government has expressed its concern to the U.S. Government, claiming, "Such action in the U.S. unfairly impedes (Japanese) business activities in Burma." The U.S. Congress and other organizations which have a strong interest in human rights and democratization issues in Burma have criticized Japan "for placing more importance on money than human rights." Given such

circumstances, friction between Japan and the U.S. over means to improve human rights is heating up.

According to an informed source, the City of San Francisco has asked San Francisco International Airport authorities to cancel Mitsubishi Heavy Industries' successful bid, which it won last September for the project of constructing a small-scale train system at the San Francisco International Airport that totals approximately 140 million dollars (about 16 billion yen). The City argued that "(Picking Mitsubishi Heavy Industries as the successful bidder) violates the municipal ordinance imposing sanctions against Burma." In addition, Massachusetts last June enacted a state law aiming at effectively excluding companies which have commercial transactions with the Burmese government from bidding on state projects. It has compiled a list of about 35 Japanese companies targeted for exclusion. Reportedly there are about ten American municipalities that have established sanctions legislation against Burma.

Toward such a U.S. approach, the Ministry of Foreign Affairs (MOFA) has conveyed its concern to the Department of State as well as to the U.S. Trade Representative (USTR) in mid-January, citing these reasons: (1) applying domestic law that stipulates sanctions to foreign firms is questionable under international law; and 2) it is a violation of the principle of fair treatment of domestic and foreign firms. Massachusetts is a signatory.

Since the late 1980s, Japan has frozen its official development assistance (ODA) program to Burma, which is controlled by a military regime, although it revived it once briefly. It still continues to take this policy line. Japan, however, maintains the principle of "separation of politics and economics" regarding private sector companies' dealings. So now about 70 Japanese companies including trading firms and banks have advanced into Burma.

Ten members of the House of Representatives from Massachusetts sent a letter to Prime Minister Ryutaro Hashimoto in early February in which they protested: "Whether the Japanese Government places more importance on money than human rights is a
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momentum to discussions on reform is liberalization of stock consignment fees. The Securities and Exchange Advisory Council (advisory panel to the prime minister) is slated to come up with an implementation schedule possibly in June. A consensus is now beginning to be forged among government officials concerned on the direction of liberalizing in the first place large transactions in April, 1998 and then complete liberalization in April, 1999.

However, the LDP has indicated a stance of liberalizing such fees in one sweep in April, 1998. The LDP's decision makes a contrast with the Finance Ministry's position of hinging at a phased-in liberalization in harmony with the consolidation of the environment, noting, "Liberalization of stock consignment fees is linked to diversification of securities businesses as a set" (senior official of the Securities Bureau).

One example of the LDP's resolve for complete liberalization is that it has indicated a policy measure of allowing securities subsidiaries established by banks to engage in all kinds of securities businesses this fall, excluding stock trading. The decision covers removal of a ban on the underwriting business among stock-related business fields, which the securities industry regards as a sacrosanct area. It is good news for the banking industry, but the view claiming that 'it is logical to allow business operations pertaining to the issuance market and the distribution market as a set' (senior official of the Securities Bureau) is still deep-seated in the MOF. For the moment, the LDP draft plan is bound to spark discussion, but whether timetables for the implementation of those proposals will be accepted "as planned" is open to a question.

There are also restrictions in terms of schedules for amending related laws. The proposed introduction of the stock option system is premised on a revision to commercial law that prohibits companies to buy their own stocks with the exception of such for the purpose of erasing their own stocks, and removal of a ban on the "treasury stock" system, under which companies continue to own their own stocks for a certain fixed period. If the introduction of the stock option system is

put into practice, it will have a major impact onX63!3q7WbQ]grsI#
8pQment of companies in general.

That is because there is an international viewpoint that the stock option system is absolutely necessary in order to heighten the incentives of corporate executives and employees. The reality is, however, with the Justice Ministry sticking to a cautious stance toward a sweeping revision of the basic law, the move to consolidate the domestic environment remains blocked. Some have pointed out that the LDP plan calling for "introduction of such
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a system in early 1998" is a "pitch high on the outside" aimed at implanting the impression that the LDP draft plan is positive toward administrative reform.

When the Big Bang scheme was compiled by the second Hashimoto Administration, it, amid various government agencies' struggle to defend their organizations and a clash of interests among industrial sectors, a trend that it is agreeable as a general argument but specific subjects are not acceptable. The LDP plan will for the time being display effects in promoting discussions on reform.

Outline of Deregulation Plan for Finances and Securities

The following is the outline of a financial and securities deregulation plan drafted by the LDP.

1. Drastically review the securities trading tax and stock exchange tax.

- Immediately make a drastic review of those two taxes, including the possibility of scrapping such from the beginning of 1998, when the amended Foreign Exchange Law is slated to be implemented.

- The LDP Tax Research Council is to make a

comprehensive review of the financial and tax systems. The revised system is to implement when the tax system is revised in 1998.

2. Liberalize stock consignment fees.

-- Completely liberalize such fees from the beginning of 1998, when the amended Foreign Exchange Law is slated to come into force.

3. Shift a system applied to securities houses from a licensing system to a registration system

-- Shift from 1998

4. Abolish a principle that securities exchanges should be the center of stock trading.

-- Switch to a new system from the beginning of 1998.

5. Review restrictions on business territories imposed on subsidiaries established, classified by business type

-- Allow securities subsidiaries to engage in all kinds of securities businesses, excluding the brokerage business, and trust subsidiaries to pursue all kinds of trust businesses from the second half of 1997.

-- Allow securities subsidiaries to engage in the brokerage business within 1998.

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6. Introduce a general securities account system

-- Completely scrap restrictions pertaining to general securities accounts within 1997

7. Dismantle restrictions on investment trusts

(1) Over-the-counter sales of investment trusts by banks

-- Ban to be lifted from the beginning of 1998

(2) Lift a ban on investments in unlisted stocks

-- Removal of the ban from the beginning of 1997

(3) Investment trust management companies' external trusts of fund management, such as foreign-affiliated companies.

-- Reach a conclusion as early as possible within 1997

(4) Remove a ban on privately offered investment trusts

-- Draw a conclusion as early as possible in 1997

(5) Review the individual authorization system under the trust agreement pertaining to investment trusts.

-- Reach a conclusion as early as possible in 1997.

(6) Review restrictions on entries by investment trusts management companies

-- Draw a conclusion as early as possible in 1997.

8. Deregulation regarding restrictions over-the-counter registration

(1) Introduce a book-building formula

-- From FY1997, after reaching a conclusion within FY1996

(2) Remove a ban on borrowing stock system

-- From FY1997, after reaching a conclusion within FY1996

9. Deregulation regarding unlisted stocks

(1) Lift a ban on the handling of privately issued unlisted stocks or solicitation for investment in such stocks by securities houses

-- From FY1997, after drawing a conclusion within FY1996

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(2) REMOVAL OF A BAN ON THE MANAGEMENT OF
EMPLOYEES PENSION INSURANCE FUNDS, ELIGIBLE PENSION
FUNDS AND INVESTMENT TRUSTS IN UNLISTED STOCKS

-- LIFT ALSO A BAN ON THE MANAGEMENT OF INVESTMENT
TRUSTS IN UNLISTED STOCKS FROM THE BEGINNING OF
1997

10. SCRAP RESTRICTIONS ON THE ISSUANCE OF
CORPORATE BONDS AND CP (COMMERCIAL PAPER) BY LEASE
COMPANIES AND CREDIT COMPANIES

-- SCRAP PARAGRAPH 3 OF ARTICLE 2 OF THE INVESTMENT
LAW FROM 1997

-- IN THE MEANTIME, SCRAP AT LEAST A "BAN ON THE
ISSUANCE OF CP PLACED UNDER ADMINISTRATIVE
GUIDELINES" AT THE END OF FY1996 AND LIBERALIZE
SUCH AN ISSUANCE FROM THE BEGINNING OF FY1997

-- PROMPTLY REACH A CONCLUSION ON THE WAY SOUND
DISCLOSURE SHOULD BE, WHILE GIVING CONSIDERATION TO
IMPARTIALITY UNDER THE SECURITIES AND EXCHANGE LAW

11. DEREGULATION REGARDING COMMODITY FUNDS

(1) SCRAP RESTRICTIONS ON THE LIMIT OF THE
INCLUSION OF OBJECTS OF INVESTMENTS OTHER THAN
COMMODITIES.

-- FROM FY1997

(2) SCRAP A RESTRICTION ON THE MINIMUM SALES UNIT

-- RAISE THE MINIMUM LEVEL TO 5 MILLION YEN FROM
OCTOBER, 1997, AND THEN ABOLISH IT FROM APRIL 1,
1998

-- A CONCLUSION IS TO BE PROMPTLY REACHED REGARDING
THE CONSOLIDATION OF AN INFORMATION SUPPLY SYSTEM
FOR A THOROUGH ENFORCEMENT OF INVESTORS' SELF-
RESPONSIBILITY PRINCIPLE, SUCH AS DISCLOSURE OF
CLEAR-CUT INFORMATION ON THE FEATURES OF
COMMODITIES.

12. EXPAND THE SCOPE OF LENDERS OF SUBORDINATED LOANS ATTACHED WITH SPECIAL CONTRACTS (SUBORDINATED LOANS)

-- DRAW A CONCLUSION IN FY1996 AND IMPLEMENT SUCH FROM FY1997

13. EASE PENSION-RELATED RESTRICTIONS

(1) SCRAP A "5-3-3-2 RESTRICTION" ON EMPLOYEES' PENSION FUNDS

-- SET GUIDELINES WITHIN FY1996 AND SCRAP THE "5-3-3-2" RESTRICTION FROM FY1997

(2) INTRODUCE FIXED-PAYMENT-TYPE PENSIONS IN EMPLOYEES' PENSIONS AND ELIGIBLE PENSIONS
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-- Look into its position under the overall public pension system and how it should be handled under the tax system by the time of the next-term fiscal recalculations (FY1999) and reach a conclusion.

(3) Remove a ban the management of pension funds in unlisted stocks

-- Ban to be lifted from the beginning of FY1997, including that of eligible funds

(4) Flexible introduction of predetermined rates for eligible retirement pensions

-- From FY1997

-- Look into possible comprehensive legal measures for pension schemes, such as, for example, a "basic pension law" (e.g. the Elisa (TN. phonetic) Law of the U.S.), including the handling of "eligible pensions," "fixed-payment-type pensions" and "private-pension commodities, and clarifying of rules applied to the management of pension funds.

14. General introduction of a stock option system

-- Show the results of studies on such an introduction within 1997 and actually introduce such within 1998, after revising related-laws.

15. Consolidate the ABS market

-- Come up with the results of studies on measures on "requirements to run counter to third parties" within 1997 and take necessary legal steps within 1998.

-- For full-scale consolidation of the ABS market, immediately reach a conclusion on "special-exception regulations on minimum capital" and special-exemption regulations on handling under the tax system (corporate tax system and land-related tax system)" concurrently with this issue.

16. Introduce MTN within residing country

(1) Comprehensive resolution at a board meeting

(2) Introduce a comprehensive registration system for a MTN (medium term note) issuance program under an "issuance registration system" (Compress contents to be carried in additional documents).

(3) Introduce a quick notification formula (notification formula using facsimiles and other similar means as soon as conditions are set) on portions pertaining to "conditions," such as interest rates and issuance prices to be carried in additional documents submitted at the time of such issuance

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-- Show the results of studies on (1), (2) and (3) within FY1996 and introduce such a formula as soon as possible within FY1997.

17. Liberalize the setting of nonlife insurance premium rates

-- From the beginning of 1998.

18. Removal of a ban on a direct CP issuance formula

-- Reach a conclusion on the handling of such a formula under the tax system (such as a method of making a distinction with promissory notes), including the stamp duty within 1997.

19. Further improvement of the bond distribution market and system

-- Review anew the mechanism of the market in view of implementation of the new Foreign Exchange Law and the Big-Bang financial deregulation.

Items that are deemed to be realized almost as proposed in the LDP draft plan

-- Removal of restrictions imposed on securities houses regarding securities general accounts

-- Allow securities houses to invite to unlisted loans

-- Allow investment companies external trust of funds, such as foreign-affiliated companies

-- Introduction of fixed-payment-type pensions for employees' pension funds and eligible pensions

-- Removal of a ban on "private offering of investment trusts" by investment companies

Items over which highly volatile coordination is likely to occur regarding timetables for implementation

-- Review of the securities trading tax

-- Complete liberalization of stock consignment fees

-- Review of the scope of businesses allowed for banks and their securities subsidiaries

-- Removal of a ban on the issuance of company debentures by non-bank financial institutions

-- Lift a ban on over-the-counter-sales of investment trusts by banks

(17) MITI to Request Auto Industry to "Give Some

Thought to Your Exports to the U.S."

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(19) The "Highlight" of the Okinawa Problem, Which Will Soon Reach a Climax

SENTAKU (Excerpts) March, 1997

One small stumble could lead directly to "a June crisis."

The Okinawa problem, a pending issue for the Hashimoto Administration since its inauguration, will soon reach a grand climax. In an attempt to stave off a "state of illegal occupation" of land by the central government, the Administration is now forced to make up its mind as to whether to take legal steps within April to continue the forced use of land before land lease contracts expire on May 14. Such land is owned by nearly 3,000 landowners and scattered in twelve United States military bases in Okinawa Prefecture, including Kadena Air Base. But it is not an easy task to obtain agreement from the Social Democratic Party (SDP), a ruling bloc partner, not to mention overcoming opposition (to taking legal steps) from Okinawa Prefecture. A minor mistake, if made, could paint the administration into a corner, making the rumor of "June crisis" into a real situation. Saying, "We want to overcome this hurdle without mishap at any cost," insiders continue to bustle about.

Standing out in the central government and the Liberal Democratic Party (LDP) lineup that reflects the "Okinawa shift" is Prime Minister Ryutaro Hashimoto, who has long poured much of his energies into Okinawa issues. He relies on information not only from the Ministry of Foreign Affairs and the Japan Defense Agency (JDA) but also from his own sources and through his secretary.

Yukio Okamoto, a foreign affairs who was formerly a MOFA official, was picked last November to be a prime ministerial assistance and is now working

hard for the Prime Minister. He frequently visits Okinawa to grope for ways out of this problem by talking face-to-face with senior officials of the prefectural government and other municipalities in UNCLAS SECTION 02 OF 09 TOKYO 002088

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Okinawa. "Okamoto, being sympathetic to the Okinawan people, has enjoyed their confidence," says an official involved.

Following the Prime Minister, the one who stands out the most is Chief Cabinet Secretary Seiroku Kajiyama, who acts as if he were a commander of a control tower in the central government and the LDP in dealing with the Okinawa problem.

His current pet phrase is, "Is there anything that pleases Okinawa Prefecture?" At a meeting of the Okinawa policy council that took place on February 18, for example, responding to a proposal by Okinawan Governor Masahide Ota when he stated, "We wish to examine deregulatory steps as is sought by the prefecture and to submit the outcome of our study to a council meeting," Kajiyama without any hesitation accepted the proposal, noting: "On the part of the central government, we would like to take it up for earnest consideration."

To Gain Bright Prospects for the Problems of the FQ(yQ*KkYF^%/Q8Qyama repeatedly advocates a "vision for building a horai (meaning a beautiful island) economic zone." His idea is to establish a free trade zone covering Okinawa, Taiwan and Fuchien Province of China as a centerpiece of an Okinawa economic stimulation package. Kajiyama is zealous to realize it, remarking: "I want to inject earnest efforts to bring it to fruition, though it depends on whether China agrees to it."

But the tide of opinion in the central government and the LDP is: "It is a unique idea, but two systems in one country allowing Okinawa to be treated as an exceptional case is unacceptable now in Japan." His enthusiasm alone is going ahead.

In the LDP, the key lies in the hands of a duo of Secretary General Koichi Kato and Policy Affairs Research Council Chairman Taku Yamasaki. The challenge for the two is not only to give support as the ruling party to a government-compiled package of economic promotional measures for Okinawa, but also as the supreme responsible officials in steering the Diet have to get a legal action approved in order to allow the forced use of land, a vital issue.

What is now under study in the central government is a plan to include a clause that goes, "a continued use will be allowed of land that is deliberated on at the Prefectural Expropriation Committee," in the supplementary provision to the special measures law for the stationed U.S. forces' facilities for their use of land. But Okinawa Prefecture has been persistently opposing the plan, as is shown by a comment by Governor Ota: "In view of historical circumstances related to the
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installation of bases and Okinawans' feelings, I cannot agree to any measure that will allow a forced use of land at the central government's discretion." The SDP as well indicates its respecting Okinawa Prefecture's policy course.

Kato, who favors the present "tripartite cooperative arrangement of the LDP, the SDP and the Sakigake Party," had long avoided any mention of an amendment to the law. But recently he stated, "It is an unusual approach for politics and administration to follow the Cabinet Legislation Bureau's view that goes: 'Continuing to use base sites even after the expiration of lease contracts is not immediately concluded as an illegal state.'" Together with Yamasaki, Kato is exerting himself to persuade the SDP, aiming at realizing an amendment to the law.

Thanks to his efforts, even in the SDP, some

members who include Secretary General Shigeru Ito are beginning to say, "Amending the law is acceptable on the condition that negotiations will be started on reduction of U.S. Marines stationed (on Okinawa)," reasoning, "If a state of illegal occupation by the central government of land owned by as many as 3,000 landowners arose with no measure taken, a serious turmoil would take place." Even among Okinawa prefectural government officials, some are indirectly urging the central government and the Diet to make a decision, noting: "If we as the prefectural side are asked about our opinion, we say we oppose amending the law, but if the central government and the Diet do so, steamrolling our opposition, the prefectural government cannot block it."

On withdrawal and reduction of the Marines, Prime Minister Hashimoto's opinion is, "It is not appropriate now to seek such." But his view does not exclude the possibility of placing it on "agenda of items in the future." Meanwhile, some lawmakers in the Shinshinto (New Frontier Party), for instance, former Japan Defense Agency Director General Kazuo Aichi, and a portion of the Taiyo Party legislators are in favor of amending the law. The likelihood is therefore strong of various parties reaching an agreement in the end.

What Prime Minister Hashimoto has in mind is to meet Governor Ota in mid-March and ask for his understanding toward amending the law. Afterwards he would like to submit an amendment bill to the Diet in his effort to get it approved by the time of the Japan-U.S. summit planned to take place in Washington in late April.

The Problem of Building an Alternative Heliport Is a Hard Nut to Crack

Of the three problems involving Okinawa, some prospects are likely to be obtained for two -- the forced use of land sites for military bases and
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compilation of an Okinawa economic stimulus package, but the last one is a knotty problem associated with how to build an alternative heliport for Futenma Air Station. Although the Japanese and U.S. Governments have agreed to hammer out an implementation plan by the end of this year, they still remain unable to obtain an agreement from a local municipality which houses Camp Schwab, the sea off of which is a candidate place (for an alternative heliport). As a result, no plan for an advance survey has been set.

A comment by a former senior JDA official:

"The decision to return Futenma Air Station is an welcoming event indeed for the future of Okinawa, but most of landowners at the bottom of their hearts do not desire their land to be returned. The local government which has a candidate site for relocation is naturally loudly opposing the relocation. The prefectural government also does not want to work on the local municipality which has the relocation candidate site to accept (the relocation plan); accordingly it simply plays the role of being a mere onlooker, noting, 'it is the matter of a contract between the central government and the local municipality.' And U.S. forces don't have any problem with the present situation. The four parties involved are all alike inactive, so no headway has been made at all. In addition, there has been no example of constructing an airport in post-war Japan only for the sake of U.S. forces. As is found in that we experienced tremendous difficulties in building Narita Airport, a thinking is from the beginning in the wrong that a military airport can be built on Okinawa where strong-anti-base sentiments remain. Furthermore, anticipating that 'over the several years to come, the military situation in Asia will change, probably making construction of an alternative heliport unnecessary with U.S. troops stationed on Okinawa being trimmed,' some among the prefectural government officials rather tend to take a wait-and-see attitude."

On the overall return of Futenma Air Station, Prime Minister Hashimoto reached an agreement with the U.S. side last April, on the condition that "it will be realized in five to seven years hence." As for the construction of an alternative heliport, an off shore formula was determined under the lead of the prime minister's residential office. "Futenma" in a sense symbolizes Prime Minister Hashimoto's leadership over the Okinawa problem.

In his meeting with Governor Ota set for mid-March, the Prime Minister intends to strongly ask him and

prefectural government officials to vigorously cooperate for adjusting views among local residents for relocation of Futenma Air Station. But Governor Ota will likely remain cautious.

In Okinawa, in 1974, two years after Okinawa was
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reverted to Japan, an agreement was reached between the Japanese and U.S. sides at the Japan-U.S. Security Consultative Committee to return all of the Naha Port facility used for shipping and discharging. But it has not yet been aQVn_)VQno progress has been made due to opposition from local municipalities to construction of an alternative facility. Some people then take a similar viewpoint about the Futenma problem, remarking: "It is following the same fate as the Naha Port facility. The problem of the return of Futenma, the centerpiece since Hashimoto took office as prime minister, is now turning a heavy burden for him.

The Okinawa problem will affect greatly not only Japan but also the peace and stability of the Asia-Pacific region. The essentials, among other things, are to give consideration to the actual state of Okinawa and then not to cause any unguarded moment in the Japan-U.S. security arrangement by giving top priority to settling the problem of the continued use of U.S. bases. All parties advocating the "firm upholding of the Japan-U.S. security arrangement" need to play an active role in cooperating for that, putting aside party interests.

(20) Will Japan-U.S. Trade Friction Be Rekindled?;
U.S. Takes Strategy to Win Japanese Consumers to
Its Side, Instead of Playing up "Political Show"

NIHON KEIZAI (Page S43) (Excerpt) March 9, 1997

Set off by the standoff over Japan's long-standing labor-management practices in cargo-handling

services, uncertainty has begun to loom over the trade relationship between Japan and the United States. In response to the U.S. announcement of sanctions, Japanese workers' unions have decided to stage a strike. Looking at such a development, some observers predict a sanctions war between the two countries. There is currently a flood of difficult governmental talks, such as liberalization of civil aviation services, an extension of the paper accord, quarantines on apples, and photo film. Following the settlement in automobile talks in the summer of 1995, bilateral issues have been gradually calming down, but will both countries now again plunge into politically entangled trade disputes? This newspaper looks into that possibility.

(Washington, Yasuhiko Ota)

"Do you know why I look so tired?" USTR Ambassador Shapiro told the press after a public hearing of the House Standing Committee on Foreign Affairs. He said, "It's because I am always upset over Japan issues." His remarks indicated that the Clinton Administration has continued to place emphasis on Japan policy also in its second term.

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Acting USTR Barshevsky was called "the stone-wall lady" by her negotiating counterparts. The official installation of this tough woman to the post of "USTR" is expected to be made this week. Immediately after assuming the post, she will start work to select suitable persons for deputy USTR for Japanese affairs and other posts. Included among likely candidates are a private-sector lawyer who is an expert on Japan issues and an "anti-Japan hard-liner" inside the government.

The Report on Trade Barriers, on which the U.S. decides to apply sanctions against unfair trade practices in compliance with Section 301 of the U.S. Trade Act, will be released in late March.

Officials in charge of Japan affairs appear to be going ahead full steam holding meetings and negotiating with industries to collect materials to apply pressure to Japan.

Scenario (1) -- Expanded deficit with Japan will develop into a political issue (25 percent possibility)

The U.S.' Big Three automobile manufacturers and the United Automobile Workers (UAW) in early February jointly issued a statement, in which they expressed strong concern about the expansion of Japan's trade imbalance being helped by the current strong-dollar and weak-yen trend. The share of Japanese passenger cars in the U.S. has already topped the 30 percent level. Japanese manufactures, keeping in mind how each issue developed into a dispute in the past, have been fearful, one executive remarking, "Our market share has exceeded the defense line the Big Three has set (30 percent)."

The American Automobile Manufacturers Association (AAMA) has earnestly worked on the Clinton Administration to hammer out some measures to redress the current trend of a weak dollar. Executive Director Card has taken the lead. He is a big-wheel lobbyist, having served as Transportation Secretary, and is known as a representative "Japan basher."

The deficit with Japan in the automobile industry, including the auto parts industry, accounts for two-thirds of the U.S. total trade deficit with Japan (for 1996) of 47.7 billion dollars. Once their dissatisfaction bursts out, Congress will inevitably ratchet up its pressure on the U.S. Government. Depending on political circumstances, the USTR Office would be forced to take action. With the cargo-handling issue as a prelude and occasioned by Barshevsky's assuming of the post of USTR, the U.S., again brandishing sanctions, might step up its offensive against Japan.

Scenario (2) -- Local skirmishes will continue over structural problems in cargo-handling services (70 UNCLAS SECTION 07 OF 09 TOKYO 002088

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percent possibility)

The key to turning into a politicized issue lies in how far U.S. industries' calls will intensify or what moves Congress will take. Among factors for the U.S. to focus on Japan issues is a revival of Japan's "bad-guy image."

Facing a "strong enemy outside the country," American political parties tend to solidify themselves, as was seen in the cases with the former Soviet Union, Panama under Noriega's dictatorship, "terrorism states" Iran and Iraq, and "trade protectionist and economic superpower" Japan.

As of now, however, Congress still views China as that enemy. With the return of Hongkong to China coming closer, there are myriads of tasks to resolve in mapping out policy toward China, such as human rights, outflow of nuclear technology, and alleged (Chinese) contributions to the Clinton Administration. Responding also to the death of Deng Xiaoping, the American mass media and U.S. politicians has focused their attention on China.

As the view is gaining ground that Japan's economic stagnation will be protracted, the mood for bashing such a "weak" Japan is on the wane.

On the other hand, some U.S. Government officials have welcomed such a cool response in Congress to Japan issues, one official saying, "This is a good opportunity for us to set forth our own policy measures toward Japan without under the Congress' sway." An official who long experience of being in charge of trade affairs with Japan stated, "Instead of a political show, we now can take the time to carefully tackle Japan's structural problems."

Of the bilateral issues, public attention is now set on distribution, agriculture, cargo-handing and civil aviation. In the distribution market, discussions are going on in the World Trade Organization over the propriety of a "Japanese-style industrial policy approach," with photofilm as the material. The U.S., taking advantage of growing calls for deregulation advocated by the Hashimoto Administration, has adopted a strategy to win Japanese consumers over to its side. In insurance talks, which were resolved late last year, the mechanism of coordination between the government and private sector in setting uniform

insurance premium rates was made public. Bearing this effect in mind, the U.S. Government is willing to take a similar method also in the cargo-handling market. In industries that are beset with structural problems, a local standoff will continue between Japan and the U.S.

Scenario (3) -- Japan Passing will serve to dissolve friction (less than 5 percent)

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"It costs too much to negotiate with Japan." Some trade officials in Washington expressed this complaint. For the amount of time and trouble they spend, they sense no definite results have been produced and they feel only a lingering sense of fatigue. Some observers predict that, with the aftereffect of the stormy talks on automobiles and semiconductors, the U.S. might lower the level of priority given to policy toward Japan.

(Under this scenario,) the U.S. Government and industries will gradually lose their eagerness to pry open Japanese markets, leading to a growing "Japan-passing" tendency. As a result, bilateral friction will disappear. With the U.S. deficit with China exceeding that with Japan, Japan's presence (as a policy issue) will rapidly wane in Washington.

It is true that as the Clinton Administration has set itself in motion for its second term, U.S. government officials handling Japanese affairs have become all fired up. Assistant Secretary of the Treasury Summers announced during his visit to Japan last week that Finance Minister Hiroshi Mitsuzuka had promised in their meeting to take additional measures to restore domestic demand-driven economic recovery and to prevent a further expansion of the nation's trade surplus.

As Japan removed tariffs and other barriers to new entries in its markets, industrial circles and the Congress eased their raw beating up on the Japanese Government. But the impression is left that Japan's structural problems, which have long been left untouched, still stand out in bold relief.

(21) Japan-U.S. Paper Agreement Negotiations: Even in the Private Sector, Both Sides at Swords' Point; Objection from the Paper Manufacturers Association to (ACCJ's Statement) "Dango-like Activities by Japanese Paper Industry"

NIHON KEIZAI (Page 21) (Full) March 8, 1997

While the tug-of-war continues between the Japanese and American governments over the Japan-U.S. paper accord, which runs out in April, a fierce clash of swords is going on at the private-sector level. What started it off was a passage in the 1997 edition of the annual white paper on bilateral trade issued by the American Chamber of Commerce in Japan (ACCJ). Part of the contents includes reference to industrial associations being involved in bid-rigging-like activities (dango) like production adjustments. The reaction to this from the Japan Association of Paper Manufacturers has been ferocious. The Association commented, "We are preparing to raise formal objections."

The problem area in the white paper is in the section on paper products, which goes, "The Japan Association of Paper Manufacturers has engaged in UNCLAS SECTION 09 OF 09 TOKYO 002088

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illicit acts, including discussions of production adjustment while on organized overseas inspection travel." It pointed out the need for strong guidance in order to eliminate such practices from the Japanese market.

The paper association has objected, stating, "Such a situation does not exist at all." But the ACCJ also will not budge on this, rebutting, "Although the paper association does not directly get involved in them, there are still dango-like activities going on in the paper industry" (Paper Products Committee Chairman Fujio Hayashi). Paper imports from the United States have been in a slump since 1996 when there was a change in domestic

market conditions, and so, according to a domestic market-connected source, the view is that "the U.S. side was shaken into aiming at concluding a new pact."

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ASAHI: DIGITAL BROADCASTING WILL START BY THE YEAR 2000;
TESTING AT GROUND TV BROADCASTING FROM NEXT FALL;
CHANNELS WILL INCREASE TO MORE THAN 30

NIHON KEIZAI: THREE DAI-ICHI KANGYO BANK-AFFILIATED
INVESTMENT AND TRUST FIRMS WILL MERGE BY OCTOBER; IN

PREPARATION FOR JAPAN'S BIG BANG; OPERATING FUNDS LIKELY TO REACH 2.5 TRILLION YEN

TOKYO SHIMBUN: AIDS PROBLEM: DEFENDANT ABE'S FIRST TRIAL; "DELAYED IN GIVING APPROVAL TO TREATED DRUGS IN RETURN FOR RECEIPT OF MONEY" "COZY RELATIONS WITH PHARMACEUTICAL FIRM," ACCORDING TO PROSECUTION'S OPENING STATEMENT; ALREADY AWARE OF DANGER OF UNTREATED DRUGS IN NOVEMBER, 1984

MAINICHI: FIRST TRIAL ON DRUG-INDUCED AIDS PROBLEM: FORMER VICE PRESIDENT ABE HAD ADJUSTED THE TIMING FOR APPROVAL FOR TREATED DRUGS; "COLLUSIVE RELATIONS WITH FIRMS FOR MONEY," POINTS OUT PROSECUTION IN OPENING STATEMENT

YOMIURI: DEFENDANT ABE HAD RECEIVED 100 MILLION YEN FROM A PHARMACEUTICAL FIRM; PROSECUTION IN OPENING STATEMENT DURING FIRST TRIAL POINTS OUT DELAY IN APPROVING "TREATED" DRUGS

SANKEI: FIRST TRIAL FOR DRUG-CAUSED AIDS PROBLEM: PROSECUTION POINTS OUT COZY RELATIONSHIP WITH PHARMACEUTICAL FIRM; DEFENDANT ABE HAD RECEIVED 100 MILLION YEN; HE THEN REJECTED ADOPTION OF BLOOD PRODUCT CLIO

GOVERNMENT TRYING TO AVOID FORCEFUL APPROACH TO AMENDING SPECIAL MEASURES LAW (ASAHI - PAGE 2)

THE IDEA OF REVISING THE SPECIAL LAND LEASE LAW FOR ARMED FORCES STATIONED IN JAPAN (OR THE SO-CALLED "TOKUSOHO" LAW) -- A GROUND FOR THE GOVERNMENT'S REQUISITIONING OF LANDED PROPERTIES FOR U.S. MILITARY BASES ON OKINAWA -- HAS NOW FINALLY COME UP IN A SCHEDULE. IT HAS BEEN ABOUT ONE AND A HALF YEARS SINCE THE SCHOOLGIRL RAPE INCIDENT TOOK PLACE IN SEPTEMBER OF THE YEAR BEFORE LAST. DURING THAT TIME, FOR OKINAWA WHICH HAS BEEN CALLING FOR THE GOVERNMENT TO REDUCE THE U.S. MILITARY BASES AND FULFILL PROMOTIONAL MEASURES, THE LAW HAS BEEN A 'TRUMP CARD' IN ITS TALKS WITH THE GOVERNMENT. REVISING THE LAW MAY CHANGE EVEN RELATIONS BETWEEN OKINAWA AND THE GOVERNMENT IN NATURE. WHAT KIND OF REVISION IS THE GOVERNMENT PREPARING NOW? THE ASAHI SHIMBUN PROBED INTO THESE POINTS.

POT SHOT

THE REVERSION OF OKINAWA TO JAPAN IN 1972 OBLIGED THE GOVERNMENT OF JAPAN TO PROVIDE U.S. ARMED FORCES WITH LEASED LAND IN OKINAWA PREFECTURE AS MILITARY LAND. THE GROUNDS FOR THAT ARE STIPULATED IN ARTICLE 6 OF THE JAPAN-U.S. SECURITY TREATY.

THE GOVERNMENT USED TO MEET THAT OBLIGATION UNDER THE LAND FOR PUBLIC USE LAW AND THE LAND REGISTER CLARIFICATION LAW. IN THE 1980S, HOWEVER, THE GOVERNMENT BEGAN ENTERING INTO PROCEDURES FOR ITS EXPROPRIATION OF

LAND LOTS BY EMPLOYING THE TOKUSOHO LAW, WHICH WAS ESTABLISHED FOR THE PURPOSE OF "EXPROPRIATING OR USING LAND AND OTHER PROPERTIES NECESSARY FOR ENTERPRISES IN THE PUBLIC INTERESTS," AND WHICH HAS BEEN POSITIONED AS A SPECIAL LAW FOR THE COMPULSORY PURCHASE OF LAND LAW THAT DOES NOT COVER MILITARY-USE LAND IN ITS SCOPE OF PROCEDURES.

THE TOKUSOHO LAW IS APPLICABLE TO LAND ALL OVER JAPAN. AS FOR LAND CURRENTLY USED BY THE U.S. MILITARY OUTSIDE OKINAWA PREFECTURE, HOWEVER, THE GOVERNMENT HAS NOW CONCLUDED VOLUNTARY LEASE CONTRACTS WITH LANDOWNERS IN CASE SUCH LAND IS PUBLIC- OR PRIVATE-OWNED LAND. SUBSEQUENTLY, THE TOKUSOHO LAW HAS BEEN APPLIED ONLY TO LAND IN OKINAWA PREFECTURE. THIS IS WHY CRITICS TAKE IT THAT "THE LAW TAKES A POT SHOT AT OKINAWA."

OKINAWA PREFECTURE'S LIEUTENANT GOVERNOR MASANORI YOSHIMOTO ON THE 10TH TOLD A FACT-FINDING SURVEY TEAM FROM THE DEMOCRATIC PARTY OF JAPAN (MINSHUTO): "UNDER THE CONSTITUTION, ESTABLISHING A LAW THAT WILL BE APPLIED TO ONE SELF-GOVERNING BODY REQUIRES A PLEBISCITE." YOSHIMOTO HAS THUS INDICATED HIS VIEW THAT "REVISING THE LAW HAS PROBLEMS UNDER THE CONSTITUTION."

IMPARTIALITY, PUBLIC UTILITY

ON THE OTHER HAND, LANDOWNERS' PROPERTY RIGHT IS GUARANTEED IN ARTICLE 29 OF THE CONSTITUTION. THEREFORE, IMPARTIALITY AND PUBLIC UTILITY ARE STRONGLY REQUIRED FOR THE PROCEDURES TO EXPROPRIATION, AND EACH PREFECTURE'S LAND EXPROPRIATION COMMISSION IS DEFINED AS AN "INDEPENDENTLY FUNCTIONING AUTHORITY."

THE GOVERNMENT ALSO HAS BEEN RECOGNIZING THE NECESSITY OF RESPECTING THE EXPROPRIATION BOARD'S INDEPENDENCE TO THE UTMOST. SO, THE GOVERNMENT, IN ITS WORK OF DRAFTING A REVISION BILL, IS NOW CONSIDERING ADDING A SUPPLEMENTARY PROVISION (TO THE TOKUSOHO LAW) TO THE EFFECT THAT "THE GOVERNMENT MAY CONTINUE ITS LAND LEASE INTERACTIONS DURING THE EXPROPRIATION COMMISSION'S EXAMINATION" -- INSTEAD OF STEPPING INTO ALTERING THE EXPROPRIATION BOARD'S AUTHORITY IN ITS REVISION BILL.

THIS REVISION PROCESS WILL MAKE IT POSSIBLE FOR THE GOVERNMENT SIDE TO CONTINUE ITS LAND REQUISITIONING EVEN AFTER THE DUE EXPIRY OF ITS CURRENT TITLE ON MAY 14 TO THE USE OF LAND IN THE CASE OF 12 U.S. MILITARY FACILITIES IN OKINAWA THIS TIME, BECAUSE THE GOVERNMENT HAS ALREADY FILED AN APPLICATION WITH THE PREFECTURE'S EXPROPRIATION COMMISSION FOR ITS ARBITRATION ON THESE FACILITIES' SITES.

SPEAKING THE OTHER WAY, IT MEANS THAT THE OKINAWA PREFECTURE SIDE'S CONVENTIONAL TACTICS WILL NOT WORK EFFECTIVELY AS IN THE PAST, SINCE ITS STYLE USED TO SHAKE

UP THE GOVERNMENT BY REFUSING TO COOPERATE ON ITS TOKUSOHO LAW PROCEDURES AND WIN ITS CONCESSIONS TO A CERTAIN EXTENT.

ONE OF THE LIKELY PLANS IN THE GOVERNMENT IS TO RIDE OUT THE IMPASSE WITH AN ADDITIONAL SUPPLEMENTARY PROVISION THAT WOULD HARDLY IMPRINT SOMETHING LIKE A STRONG MEASURE. ANOTHER PLAN THAT HAS ALSO COME UP IN THE GOVERNMENT IS TO ESTABLISH A LAW IN FORCE ONLY FOR A LIMITED PERIOD OF TIME THROUGH SUCH OPTIONS AS ENFORCING A REVISED LAW FOR FIVE YEARS -- DEPENDING ON THE FUTURE DEVELOPMENTS OF NEGOTIATIONS BETWEEN THE RULING AND OPPOSITION PARTIES;.

GOVERNMENT WILL NOT DISCLOSE MILITARY SECRETS IN MAY 15 MEMO (SANKEI - PAGE 2)

THE CENTRAL GOVERNMENT TRANSMITTED AS OF THE 10TH TO OKINAWA PREFECTURE AN OUTLINE OF 48 FACILITIES AND AREAS -- INCLUDING EXISTING BASES -- THAT ARE INCORPORATED IN THE "MAY 15 MEMO," A WRITTEN AGREEMENT EXCHANGED BETWEEN THE JAPANESE AND UNITED STATES GOVERNMENTS BEFORE OKINAWA WAS REVERTED TO JAPAN IN ORDER TO SPECIFY THE CONDITIONS FOR U.S. FORCES TO USE THEIR BASES. MEANWHILE, PRIME

MINISTER RYUTARO HASHIMOTO FIRMED UP A POLICY DIRECTION NOT TO DISCLOSE A PORTION OF THE MEMO FOR THE REASON OF MILITARY SECRETS OR SECURITY MEASURES. BUT THE PREFECTURAL SIDE HAS SOUGHT A FULL-SCALE DISCLOSURE OF THE MEMO INCLUDING ATTACHMENTS, SUCH AS DRAWINGS AND MAPS. A CONFLICT IS LIKELY TO ARISE BETWEEN THE PREFECTURAL AND CENTRAL GOVERNMENT SIDES.

THE MEMO WAS ADOPTED AT A MEETING OF THE JAPAN-U.S. JOINT COMMITTEE HELD ON 1970 AND IS WRITTEN IN ENGLISH, COVERING ABOUT 260 PAGES. WHAT THE MEMO HAS MADE PUBLIC THIS TIME ARE 26 FACILITIES, SUCH AS THE TORISHIMA ISLAND FIRING GROUND, THE PLACE WHERE DEPLETED-URANIUM ROUNDS HAD BEEN MISTAKENLY FIRED BY U.S. MILITARY AIRCRAFTS. IN ADDITION, 22 FACILITIES INCLUDING THE NORTHERN TRAINING GROUND, ALL OF WHICH HAD BEEN ALREADY MADE PUBLIC IN MAY, 1973, WERE ALSO SHOWN AGAIN NOW TO THE PREFECTURAL SIDE.

OF THOSE FACILITIES, THE TORISHIMA ISLAND FIRING GROUND IS SPECIFIED AS FOLLOWS:

SEA AREAS AND AIRSPACE CAN BE AVAILABLE FROM 6:00 A.M. TO TWELVE O'CLOCK OF THE FOLLOWING DAY. IT IS ALLOWED TO CARRY OUT "AIR-TO-GROUND FIRING THERE BY USING "ALL KINDS OF CONVENTIONAL AIRBORNE FIREARMS UNLESS SUCH FIREARMS EXCEED 2,000 POUNDS (ABOUT 900 KILOGRAMS), FOR EXAMPLE. AND "SCRAPPING OF BULLETS WILL BE CARRIED OUT."

AS FOR SUCH FACILITIES AS FUTENMA AIR STATION AND YOMITAN AUXILIARY AIRFIELD, THE MEMO SAYS THAT IF AN ACCIDENT THAT OCCURS WHILE A FACILITY IS IN OPERATION IS NOT CAUSED INTENTIONALLY BY U.S. MILITARY PERSONNEL, THERE IS

NO NEED TO BEAR THE ONUS OF PAYING COMPENSATION AS IS STIPULATED IN ARTICLE 18 OF THE U.S.-JAPAN STATUS OF FORCES AGREEMENT (SOFA). IN THIS CONTEXT, PRIME MINISTER HASHIMOTO SUMMONED DEFENSE FACILITIES ADMINISTRATION AGENCY DIRECTOR GENERAL MASUO MOROTOMI AND PRIME MINISTERIAL ASSISTANT YUKIO OKAMOTO TO THE PRIME MINISTER'S RESIDENTIAL OFFICE YESTERDAY AFTERNOON AND DISCUSSED WITH THEM HOW TO HANDLE THE "MAY 15 MEMO."

AS A RESULT, THE FOLLOWING POLICY DIRECTION WAS CONFIRMED: THE ONGOING TRANSLATION OF THE MEMO WILL BE FURTHER SPEEDED UP, AND (A TRANSLATED MEMO) WILL BE DISCLOSED IN PRINCIPLE IN A MEETING BETWEEN THE PRIME MINISTER AND OKINAWA GOVERNOR MASAHIDE OTA POSSIBLY SET FOR THE 17TH, BUT AS FOR MILITARY SECRETS OR MATTERS THAT MAY BRING ABOUT PROBLEM IN TERMS OF SECURITY, THEY WILL BE KEPT SECRET, AND THE REASONS WHY THEY ARE NOT DISCLOSED WILL BE INDICATED.

SET OFF BY THE ACCIDENTAL FIRING OF DEPLETED-URANIUM BULLETS, OKINAWA PREFECTURE HAS ASKED FOR A FULL-SCALE DISCLOSE OF THE MEMO. THE PREFECTURAL SIDE SEEKS EVERYTHING ABOUT THE MEMO BE DISCLOSED, NOTING: "IT IS DIFFICULT TO UNDERSTAND THE WHOLE PICTURE UNLESS WE SEE SUPPLEMENTARY DOCUMENTS." ATTENTION IS NOW FOCUSED ON WHAT WILL BECOME OF A MEETING BETWEEN THE PRIME MINISTER AND THE GOVERNOR.

OKINAWA PREFECTURE CLEARLY AGAINST CHANGING THE SPECIAL MEASURES LAW (YOMIURI - PAGE 2)

IT WAS REVEALED YESTERDAY THAT OKINAWA HAS ALREADY TRANSMITTED INFORMALLY TO THE GOVERNMENT ITS OPINION TO OPPOSE THE GOVERNMENT'S PLAN TO AMEND THE SPECIAL LAND LEASE MEASURES LAW FOR THE U.S. FORCES IN JAPAN. PRIME MINISTER RYUTARO HASHIMOTO IS SCHEDULED TO HOLD A MEETING WITH OKINAWA GOVERNOR MASAHIDE TA IN MID-MARCH IF THE PRIME MINISTER TELLS THE GOVERNOR ABOUT AMENDING THE LAW IN THE MEETING, GOVERNOR OTA WILL FORMALLY CONVEY OKINAWA'S DECISION TO OPPOSE IT AND ALSO HOLD A PRESS MEETING. IT WAS ALSO REVEALED THAT OKINAWA HAS REQUESTED

THE GOVERNMENT TO URGE THE U.S. SIDE TO BEGIN CONTINUOUS TALKS FOR REDUCING U.S. ARMED FORCES STATIONED IN OKINAWA IN A SERIES OF HIGH-LEVEL TALKS, INCLUDING THE SUMMIT MEETING BETWEEN PRIME MINISTER HASHIMOTO AND U.S. PRESIDENT BILL CLINTON SCHEDULED TO BE HELD BEFORE THE LAND LEASES EXPIRE IN MAY.

THE GOVERNMENT HAS BEGUN FINALIZING THE LEGAL PROCESS REQUIRED TO AMEND THE LAW, WITH SPECIAL ATTENTION TO OKINAWA'S REQUEST. NEVERTHELESS, OKINAWA'S FIRM STANCE HAS GIVEN RISE TO THE CONCERN THAT BRINGING UP THE SUBJECT OF AMENDING THE LAW IN THE SESSION BETWEEN THE PRIME MINISTER AND THE GOVERNOR WOULD ONLY "UNDERLINE THE RIFT BETWEEN THE GOVERNMENT AND OKINAWA" (GOVERNMENT SOURCE).

OKINAWA'S VIEW WAS CONVEYED INFORMALLY BY LIEUTENANT GOVERNOR MASANORI YOSHIMOTO TO SUCH MEMBERS AS DEPUTY CHIEF CABINET SECRETARY FURUKAWA AND PRIME MINISTERIAL ASSISTANT YUKIO OKAMOTO ON FOUR OCCASIONS IN TOKYO FROM LATE JANUARY TO EARLY MARCH.

EACH TIME, THE LIEUTENANT GOVERNOR MADE IT CLEAR THAT OKINAWA IS OPPOSED TO AMENDING THE LAW. AS FOR REASONS, THE LIEUTENANT GOVERNOR SPELLED OUT: 1) OKINAWA PEOPLE CANNOT STAND THE GOVERNMENT'S METHOD OF CHANGING THE RULES WHEN THE EXPROPRIATION PROCESS IS PROCEEDING SMOOTHLY; 2) THERE IS A MOVE AMONG THE PEOPLE OF OKINAWA TO SEEK A LOCAL REFERENDUM IN ACCORDANCE WITH ARTICLE 95 IN THE CONSTITUTION AGAINST THE GOVERNMENT'S PLAN TO AMEND THE LAW THAT WOULD BE APPLIED TO OKINAWA ALONE; AND 3) IT IS UNCONVINCING FOR THE GOVERNMENT TO RESORT TO AMENDING THE LAW WITHOUT MAKING AN APPEAL FOR EMERGENCY USE OF LAND LOTS UNDER THE PRESENT LAW. THE LIEUTENANT GOVERNOR CHALLENGED THE GOVERNMENT, "IS THE GOVERNMENT REALLY ARMED WITH A JUST CAUSE STRONG ENOUGH TO CONVINCE THE PEOPLE OF OKINAWA?"

LDPQS YAMASAKI HOPES TO SEE RULING PARTIESQ AGREEMENT ON OKINAWA BEFORE SUMMIT MEETING (NIHON KEIZAI - PAGE 2)

LIBERAL DEMOCRATIC PARTY (LDP) POLICY AFFAIRS RESEARCH COUNCIL CHAIRMAN TAKU YAMASAKI DELIVERED A SPEECH IN TOKYO YESTERDAY AFTERNOON. IN IT, REFERRING TO THE OKINAWA BASE ISSUE, YAMASAKI REMARKED, "IT IS DESIRABLE FOR (THE PRIME MINISTER) TO ATTEND THE JAPAN-U.S. SUMMIT MEETING (FOR LATE APRIL) AFTER SETTling THIS PROBLEM." HIS COMMENT SUGGESTED THAT THE THREE RULING PARTIES -- LDP, SOCIAL DEMOCRATIC PARTY (SDP), AND SAKIGAKE -- WOULD AIM AT REACHING AGREEMENT BEFORE THE PRIME MINISTER'S U.S. TRIP. AT THE SAME TIME, YAMASAKI NOTED, "SUBSTANTIAL AMOUNT OF TIME AND ENERGY WOULD BE REQUIRED BEFORE THE SDP AND LDP CAN REACH TOTAL AGREEMENT."

MINSHUTO GROUP MEETS GOVERNOR OTA, ASKED TO OPPOSE AMENDING SPECIAL MEASURES LAW (NIHON KEIZAI - PAGE 2)

MINSHUTO'S (DEMOCRATIC PARTY OF JAPAN) DELEGATION TO OKINAWA (LED BY LOWER-HOUSE MEMBER SEIJI MAEHARA) YESTERDAY AT THE PREFECTURAL OFFICE HELD MEETINGS IN SUCCESSION WITH GOVERNOR MASAhide OTA AND LIEUTENANT GOVERNOR MASANORI YOSHIMOTO. GOVERNOR OTA REMARKED ABOUT THE GOVERNMENT'S DECISION TO AMEND THE SPECIAL LAND LEASE MEASURES LAW FOR THE U.S. FORCES IN JAPAN: "I CANNOT AGREE WITH THE GOVERNMENT'S APPROACH OF ENSURING PEACE AT THE EXPENSE OF THE WEAK." HE ALSO URGED THE MINSHUTO TO OPPOSE AMENDING THE LAW.

OKINAWAQS EXPROPRIATION COMMITTEE OPENS SECOND ROUND OF HEARINGS TOMORROW (SANKEI - PAGE 2)

THE OKINAWA PREFECTURAL EXPROPRIATION COMMITTEE WILL HOLD TOMORROW AFTERNOON THE SECOND ROUND OF OPEN HEARINGS IN

NAHA CITY REGARDING THE PROBLEM OF THE FORCED USE OF LAND LOTS AS UNITED STATES MILITARY FACILITIES ON OKINAWA. AS A RESULT OF CONSULTATIONS AMONG THE EXPROPRIATION COMMITTEE, THE CENTRAL GOVERNMENT AND LANDOWNERS THAT CONTINUED UNTIL THE 10TH, THE THIRD ROUND OF HEARINGS WAS DECIDED TO TAKE PLACE ON MARCH 27. SINCE THE EXPROPRIATION COMMITTEE SHOWS A FORWARD-LOOKING STANCE TOWARD AN ON-THE-SPOT SURVEY AS IS SOUGHT BY LANDOWNERS, IT HAS BECOME PHYSICALLY IMPOMSBLE FOR THE CENTRAL GOVERNMENT TO OBTAIN THE RIGHT TO USE LAND BY MAY, WHEN ITS LEASE CONTRACTS ON 12 FACILITIES THAT INCLUDE KADENA AIR BASE EXPIRE.

IN THE SECOND ROUND OF HEARING, THE LANDLORD SIDE WILL DEMAND EXPLANATIONS ABOUT NEARLY 50 ITEMS IN RESPONSE TO THE REASONS FOR AN APPEAL SEEKING A DECISION AS IS SHOWN BY THE NAHA DEFENSE FACILITIES ADMINISTRATION BUREAU DURING THE FIRST ROUND OF HEARING HELD ON FEBRUARY 21. FOR THIS REASON, CONCRETE HEARINGS BY FACILITY WILL NOT START UNTIL THE THIRD ROUND OF HEARINGS OR AFTER.

IN ORDER FOR THE CENTRAL GOVERNMENT TO OBTAIN THE RIGHT TO USE LAND, ABOUT TWO MONTHS WILL BE REQUIRED FOR PAYMENT OF COMPENSATION TO ALL LANDOWNERS AFTER A DECISION IS HANDED DOWN BY THE EXPROPRIATION COMMITTEE. BUT IT HAS BECOME CERTAIN THAT NO DECISION WILL BE MADE IN THE THIRD ROUND OF HEARINGS, SO EXPIRY OF LEASE CONTRACTS WILL BE UNAVOIDABLE.

THE CENTRAL GOVERNMENT PLANS TO SUBMIT AN AMENDMENT BILL TO THE SPECIAL MEASURES LAW FOR LAND-USE BY STATIONED U.S. FORCES IN AN EFFORT TO STAVE OFF A STATE OF ILLEGAL OCCUPATION, BUT OKINAWA PREFECTURE IS OPPOSING SUCH A BILL, CLAIMING: "WE WOULD LIKE YOU TO AVOID TAKING ANY MEASURES THAT COULD BE TAKEN AS A DISCRIMINATORY TREATMENT BY OKINAWAN RESIDENTS" (GOVERNOR MASAHIRO OTA). IT SEEMS SUCH A BILL WILL BE FORWARDED TO THE DIET WITH NO UNDERSTANDING COMING FROM OKINAWA PREFECTURE.

LDPQS YAMASAKI TALKS OF QAPRIL CRISISQ OVER OKINAWA PROBLEM (SANKEI - PAGE 2)

LIBERAL DEMOCRATIC PARTY (LDP) POLICY AFFAIRS RESEARCH COUNCIL CHAIRMAN TAKU YAMASAKI GAVE A SPEECH YESTERDAY AT A HOTEL LOCATED AT TORANOMON IN TOKYO. REFERRING TO THE MAY 14 TIME LIMIT FOR LAND LEASE CONTRACTS ON 12 UNITED STATES MILITARY FACILITIES, BEGINNING WITH KADENA AIR BASE ON OKINAWA, HE TOUCHED ON THE PROBLEM OF AMENDING THE SPECIAL LAND-USE LAW FOR STATIONED MILITARY FORCES AND STATED: "CONSIDERABLE TIME AND ENERGY ARE NECESSARY FOR THE LDP AND THE SOCIAL DEMOCRATIC PARTY TO ARRIVE AT A CONSENSUS. IN THINKING ABOUT WHAT WE WOULD DO IF BOTH SIDES DO NOT AGREE WITH EACH OTHER, AN APRIL CRISIS IS NOT OUT OF THE QUESTION." HIS COMMENT EXPRESSES HIS WORRY THAT IF VIEWS AMONG THE THREE RULING PARTIES FAIL TO BE COORDINATED, THE FOUNDATION OF THE ADMINISTRATION

LED BY PRIME MINISTER RYUTARO HASHIMOTO WOULD BE SHAKEN GREATLY. IN ADDITION, HE INDICATED HE WOULD EXERT HIMSELF TO STAVE OFF THAT CRISIS.

PRIME MINISTER HINTS AT EARLY RELEASE OF MAY 15 MEMO ON OKINAWA BASES (ASAHI - PAGE 2)

PRIME MINISTER HASHIMOTO ON THE 10TH HELD CONSULTATIONS IN THE DIET WITH DEFENSE FACILITIES ADMINISTRATION AGENCY DIRECTOR GENERAL MASUO MORODOMI AND OTHER OFFICIALS ABOUT THE ISSUE OF DISCLOSING THE "MAY 15 MEMO" OR A MEMORANDUM OF ARRANGEMENTS EXCHANGED BETWEEN JAPAN AND THE U.S. ON SUCH MATTERS AS THE U.S. MILITARY'S USE (OF FACILITIES AND AREAS) IN OKINAWA PREFECTURE, AND THE PRIME MINISTER THEN ORDERED THE OFFICIALS TO DISCLOSE IT AS EARLY AS POSSIBLE, RESPONDING TO OKINAWA PREFECTURE'S CALL. IN CONNECTION WITH THIS PROBLEM, A RULING PARTY'S EXECUTIVE

OFFICER ON THE SAME DAY INDICATED HIS OUTLOOK THAT THE MEMO WOULD BE MADE PUBLIC ALMOST ENTIRELY IN A FEW DAYS AT THE EARLIEST.

FOREIGN MINISTER HINTS AT EARLY RELEASE OF MAY 15 MEMO TO BE COMPLETELY DISCLOSED (TOKYO SHIMBUN - PAGE 2)

ADMINISTRATIVE VICE MINISTER SADAYUKI HAYASHI OF THE MINISTRY OF FOREIGN AFFAIRS (MOFA), AT A PRESS BRIEFING ON THE EVENING OF THE 10TH, REFERRED TO THE QUESTION OF WHETHER THE "MAY 15 MEMORANDUM," AN AGREEMENT REACHED BY THE JAPAN-UNITED STATES JOINT COMMITTEE WHICH SPELS OUT THE CONDITIONS FOR USE OF U.S. MILITARY BASES ON OKINAWA AFTER IT IS RETURNED. HE THEN REMARKED: "OUR THINKING IS TO MAKE AS MUCH AS POSSIBLE OF THE ENTIRE DOCUMENT PUBLIC." WITH THIS, HE REVEALED THAT MOFA IS WORKING ON THE MATTER IN AN EFFORT TO FULLY DISCLOSE THE MEMORANDUM IN PRINCIPLE. REGARDING THE TIMING OF THE DISCLOSURE, HE CITED NO SPECIFIC DATE, ONLY REMARKING, "WE WANT TO DISCLOSE IT AS EARLY AS POSSIBLE."

CHIEF CABINET SECRETARY: PRIME MINISTER TO DISCUSS MAY 15 MEMO WITH GOVERNOR OTA (TOKYO SHIMBUN - PAGE 2)

PRIME MINISTER RYUTARO HASHIMOTO ON THE 10TH, MEETING WITH DIRECTOR GENERAL MASUO MORODOMI OF DEFENSE FACILITIES ADMINISTRATION AGENCY, DEPUTY DIRECTOR GENERAL HITOSHI TANAKA OF MOFA NORTH AMERICAN AFFAIRS BUREAU, AND PRIME MINISTERIAL ASSISTANT YUKIO OKAMOTO, INSTRUCTED THEM TO SPEED UP THEIR WORK AIMING AT MAKING PUBLIC THE "MAY 15 MEMORANDUM" WHICH REPORTEDLY INCLUDES THE CONDITIONS FOR USE OF U.S. MILITARY FACILITIES WHEN THEY ARE RETURNED TO OKINAWA.

IN THIS CONNECTION, CHIEF CABINET SECRETARY SEIROKU KAJIYAMA, IN HIS PRESS CONFERENCE, STATED: "WHAT THE PRIME MINISTER PROMISED TO THE GOVERNOR IS THAT HE WOULD LIKE TO DISCLOSE THAT MEMORANDUM AT THEIR MEETING." HIS REMARK INDICATED THAT THE PRIME MINISTER WOULD UNVEIL THE

MAY 15 MEMO AT HIS NEXT MEETING WITH GOVERNOR OTA."

CHIEF CABINET SECRETARY KAJIYAMA SEEKS COOPERATION OF
OPPOSITION PARTIES ON OKINAWA (SANKEI - PAGE 2)

SIX SENIOR MEMBERS OF THE "FORUM FOR THINKING ABOUT THE
FUTURE COURSE OF JAPAN," WHO INCLUDE VETERAN LDP
LAWMAKERS, SUCH AS CHIEF CABINET SECRETARY SEIROKU
KAJIYAMA, FORMER MINISTER OF INTERNATIONAL TRADE AND
INDUSTRY EIICHI NAKAO, MET LAST NIGHT AT A RESTAURANT AT
AKASAKA IN TOKYO. THEY EXCHANGED OPINIONS ABOUT HOW TO
HANDLE THE PROBLEM OF THE FORCED USE OF LAND AS U.S.
MILITARY BASES ON OKINAWA.

AS A RESULT, THEY REACHED A CONSENSUS THAT THEY WOULD
NEED TO ASK NOT ONLY THE SOCIAL DEMOCRATIC PARTY (SDP)
AND THE SAKIGAKE PARTY BUT ALSO THE SHINSHINTO (NEW
FRONTIER PARTY) AND THE TAIYO PARTY TO COOPERATE. IN
ADDITION, THEY NEED TO HAVE CERTAIN PROSPECTS AT LEAST
BEFORE PRIME MINISTER RYUTARO HASHIMOTO'S TRIP TO THE
U.S. IN APRIL.

THEY ALSO DECIDED THEY WOULD GRAPPLE MAINLY WITH
REALIZATION OF ADMINISTRATIVE AND FISCAL REFORM,
EDUCATIONAL REFORM AND THE JAPAN-U.S. SECURITY PROBLEM.

IRANQS CENTRAL BANK GOVERNOR ASKS JAPAN TO IMPLEMENT YEN-
LOAN DAM ROJECT (NIHON KEIZAI - PAGE 5)

VISITING IRANIAN CENTRAL BANK GOVERNOR NURBAKSH MET WITH
FOREIGN MINISTER YUKIHIKO IKEDA AT THE FOREIGN MINISTRY
YESTERDAY AND ASKED FOR JAPAN TO IMPLEMENT YEN LOANS THAT
HAD BEEN PROVIDED TO HIS COUNTRY AND TO EXPAND INVESTMENT
BY THE PRIVATE SECTOR. THE FOREIGN MINISTER, HOWEVER,

AVOIDED MAKING ANY COMMITMENT, CITING THE REASON THAT
IRAN HAS YET TO GIVE A SUFFICIENT EXPLANATION ABOUT ITS
BEING SUSPECTED OF GIVING SUPPORT TO TERRORIST ACTIVITIES
IN THE MIDDLE EAST.

IN 1993, JAPAN OFFERED 38.6 BILLION YEN IN YEN LOANS TO
IRAN FOR A PROJECT TO CONSTRUCT THE FOURTH KARUN DAM.
LATER, IT SUSPENDED THE LOANS IN EFFECT FOR THE SECOND-
STAGE PLAN DUE TO GROWING (INTERNATIONAL) CRITICISM OF
IRAN. RECENTLY, PRESIDENT RAFSANJANI DREW ATTENTION TO
THE PROBLEM BY STATING THAT IRAN NO LONGER NEEDED THOSE
YEN LOANS.

U.S., ROK ASK JAPAN TO PROVIDE FOOD AID TO NORTH KOREA
(SANKEI - PAGE 4)

(WASHINGTON, MARCH 10, YUKIO KASHIYAMA) AT A BUREAU-
DIRECTOR-LEVEL MEETING OF JAPAN, THE UNITED STATES AND
THE REPUBLIC OF KOREA (ROK) ON THE 8TH, THE U.S. AND ROK
REQUESTED JAPAN FOR PROVIDING ANOTHER FOOD ASSISTANCE
TOWARD NORTH KOREA. JAPAN, HOWEVER, HAS BEEN RELUCTANT
TO PROVIDE ADDITIONAL AID CITING AS THE REASON THE STRONG

POSSIBILITY OF NORTH KOREA'S INVOLVEMENT IN THE KIDNAPPING OF A JAPANESE SCHOOLGIRL IN NIIGATA PREFECTURE. BUT HAVING NOW RECEIVED REQUESTS FROM THE TWO COUNTRIES, JAPAN WILL ONCE MORE BE UNDER PRESSURE TO MAKE A DECISION.

THE U.S. PROVIDED A BRIEFING ON NORTH KOREA'S FOOD SITUATION, BASED ON WHAT IT HAD BEEN TOLD BY THE NORTH: "CONDITIONS SEEMS TO BE CONTINUING TO WORSEN. WE MUST NOW WATCH THIS SITUATION CAREFULLY." THE BRIEFER ADDED, "WE HAVE RECENTLY EXTENDED MORE ASSISTANCE AT THE REQUEST OF THE WORLD FOOD PROGRAM (WFP). IT JAPAN OFFERS ITS SUPPORT, IT WOULD CONTRIBUTE TO MAKING THE NORTH'S FOOD SITUATION BETTER AND WOULD BE WORTHWHILE." THE U.S. SIDE BY THIS SOUGHT TO EVOKE A POSITIVE STANCE FROM THE JAPANESE. THE ROK ALSO SIDED WITH THE U.S. VIEW.

THE JAPANESE SIDE STRESSED THAT JAPAN WAS REQUIRED TO TAKE A CAREFUL RESPONSE IN CONSIDERATION OF THE KIDNAPPING OF A GIRL IN NIIGATA PREFECTURE 20 YEARS AGO, NOTING "SINCE THERE IS A QUESTION TOUCHING ON HUMANITARIAN CONSIDERATIONS IN JAPAN, WE WILL MAKE OUR DECISION WITH THAT IN MIND."

HASHIMOTO CABINETQS SUPPORT RATE PLUMMETS IN NIKKEI POLL (NIHON KEIZAI - PAGE 1)

THE NIHON KEIZAI SHIMBUN CONDUCTED A NATIONWIDE PUBLIC OPINION SURVEY OVER THE TELEPHONE FROM MARCH 7 TO 9. THE RATE OF PUBLIC SUPPORT FOR THE HASHIMOTO CABINET WAS 36.1 PERCENT, SHOWING A DROP OF AS MUCH AS 11.0 PERCENTAGE POINTS OVER THE LAST SURVEY CONDUCTED IN JANUARY, AND MARKED THE LOWEST FIGURE EVER SINCE PRIME MINISTER HASHIMOTO CAME INTO OFFICE IN JANUARY LAST YEAR. THE RATE OF NON-SUPPORT ALSO WENT UP TO 37.5 PERCENT, THE SECOND HIGHEST FIGURE EVER, AND IT WAS HIGHER THAN THE RATE OF SUPPORT. THIS IS THE SECOND REVERSAL OF SUPPORT AND NON-SUPPORT FOR THE HASHIMOTO CABINET IN ONE YEAR AFTER THE SURVEY CONDUCTED IN MARCH LAST YEAR. AS REASONS (PLURAL ANSWERS) FOR NOT SUPPORTING THE HASHIMOTO CABINET, 49.3 PERCENT OF THOSE POLLED ANSWERED THAT "ITS POLICIES ARE BAD," AND 42.8 PERCENT ANSWERED THAT "HE'S LACKING IN LEADERSHIP." PARTICULARLY, THE RATE OF THOSE WHO POINTED OUT THE PRIME MINISTER'S LACK OF LEADERSHIP WENT UP AS MUCH AS 11.1 PERCENTAGE POINTS AS COMPARED WITH THE LAST SURVEY.

DESPITE SUCH A SUBSTANTIAL DROP IN THE RATE OF SUPPORT FOR THE CABINET, THE RATE OF PUBLIC SUPPORT FOR THE LIBERAL DEMOCRATIC PARTY -- WHEN LOOKING INTO THE RATES OF SUPPORT FOR POLITICAL PARTIES IN A BROAD SENSE

INCLUDING FAVORITE POLITICAL PARTIES AS WELL -- WAS 38.2 PERCENT, A DROP OF NO MORE THAN 4.7 PERCENTAGE POINTS OVER THE LAST SURVEY. AS REASONS FOR NOT SUPPORTING THE CABINET, THE RATE OF THOSE WHO ANSWERED THAT THAT IS "BECAUSE IT'S AN LDP CABINET" WAS 23.3 PERCENT, A

DECREASE OF 4.6 PERCENTAGE POINTS OVER THE LAST SURVEY.
PUBLIC SUPPORT FOR THE LDP STILL REMAINS STEADY TONED.

PRIME MINISTERQS HEAVY SMOKING AGAINST THE CONSTITUTION?
(TOKYO SHIMBUN - PAGE 3)

PRIME MINISTER RYUTARO HASHIMOTO IS NOW AT A LOSS ON HOW TO RESPOND TO A COMPLAINT FILED AGAINST HIS HEAVY SMOKING FOR THE REASON OF ITS "VIOLATING THE CONSTITUTION." THE PRIME MINISTER HAS PUBLICLY ADMITTED HIMSELF THAT HE IS A HABITUAL SMOKER. HAVING SAID THAT, FIVE ANTI-SMOKERS IN AICHI AND TOCHIGI PREFECTURES IMMEDIATELY FILED A COMPLAINT WITH NAGOYA DISTRICT COURT AGAINST THE PRIME MINISTER AND THE GOVERNMENT, CALLING FOR REPARATIONS FOR THE MENTAL ANGUISH THE COUNTRY HAS SUFFERED FROM THE PRIME MINISTER'S SMOKING DURING HIS TERM OF OFFICE.

IN THE APPEAL, THEY INSISTED THAT SMOKING, WHOSE HARMFULNESS HAS BEEN RECOGNIZED BY THE MINISTRY OF HEALTH AND WELFARE, INFRINGES ON THE "RIGHT TO PURSUE LIFE, LIBERTY AND HAPPINESS," WHICH IS SECURED BY THE CONSTITUTION. THEY CLAIMED THAT THE PRIME MINISTER'S SMOKING IS AN ILLEGAL ACT SINCE HE IS BOUND TO ABIDE BY THE CONSTITUTION.

ASKED FOR HIS OPINION, THE PRIME MINISTER, WHO SMOKES 20 TO 30 CIGARETTES EVERYDAY, REPLIED, "HUH, I DIDN'T KNOW THAT." RESPONDING TO A CALL FOR HIS GIVING UP SMOKING, THE PRIME MINISTER SAID, "I WON'T PROMISE THAT," LOOKING PERPLEXED, BEING UNABLE TO UNDERSTAND THE REAL INTENTION OF THE COMPLAINT.

THREE MAJOR REFORM BILLS GO TO THE DIET TODAY
(ASAHI - PAGE 1)

THE GOVERNMENT TODAY WILL CONVENE A CABINET MEETING TO ADOPT A FINANCE MINISTRY (MOF) REFORM-RELATED BILL FOR SEPARATING FINANCIAL INSPECTION AND SURVEILLANCE FUNCTIONS FROM THE MOF, A BILL AMENDING THE BANK OF JAPAN (BOJ) LAW AND A BILL AMENDING THE ANTI-MONOPOLY LAW (AML) THAT REMOVES THE BAN ON PURE HOLDING COMPANIES. THE BILLS WILL THEN BE SUBMITTED TO THE DIET. THE BILLS ARE PART OF THE "SIX MAJOR REFORMS" ADVOCATED BY PRIME MINISTER RYUTARO HASHIMOTO WHICH INCLUDE FINANCIAL SYSTEM AND ECONOMIC STRUCTURAL REFORM. THE CONTENTS OF THE BILLS WILL USHER IN A RESTRUCTURING OF THE NATION'S POST-WAR ECONOMIC SYSTEM. HEATED DISCUSSIONS ARE LIKELY IN THE DIET OVER THE PROPOSED SYSTEM OF SHARED AUTHORITY AND ACCOUNTABILITY OF CONCERNED GOVERNMENT AGENCIES IN CASES OF FINANCIAL FAILURE, AS WELL AS ON CONCRETE EXAMPLES OF "OVERCONCENTRATION OF BUSINESS CONTROL," UNDER WHICH CONDITION THE ESTABLISHMENT OF A HOLDING COMPANY WOULD NOT BE ALLOWED.

IN CONNECTION WITH REFORM OF THE MOF, TWO BILLS WILL BE SUBMITTED, NAMELY A FINANCIAL SURVEILLANCE AGENCY -- A NEW ORGAN TO BE CREATED IN THE PRIME MINISTER'S OFFICE -- ESTABLISHMENT BILL AND "DRAFT LAWS ON CONSOLIDATION OF

RELATED LAWS STEMMING FROM IMPLEMENTATION OF A FINANCIAL SURVEILLANCE AGENCY," WHICH INCLUDES REVISIONS 58 LAWS, INCLUDING THE BOJ LAW. THE TWO BILLS WERE COMPILED IN LINE WITH A REFORM PLAN WHICH THE THREE RULING PARTIES DRAFTED LATE LAST YEAR IN RESPONSE TO STRIDENT CRITICISM OF THE MOF FOR ITS "BLACK-BOX-LIKE ADMINISTRATION" IN ITS HANDLING OF FAILED HOUSING LOAN COMPANIES (JUSEN) AND THE DAIWA BANK CASE.

THE AMENDMENT TO THE BOJ LAW, WHICH WAS ENACTED DURING

WORLD WAR II, IS DESIGNED TO ENHANCE THE AUTONOMOUS NATURE OF THE BOJ POLICY BOARD OVER ITS MONETARY POLICY, SUCH AS CHANGING THE OFFICIAL DISCOUNT RATE, AS WELL AS TO MAKE PUBLIC ITS POLICY-MAKING PROCESS. THE GOVERNMENT HAS BEEN INITIATING THE WORK OF AMENDING THE BOJ LAW, FOLLOWING UP QUESTIONS THE RULING CAMP RAISED, BASED ON THE REALIZATION THAT THE MOF'S RELUCTANCE TOWARD FISCAL DISBURSEMENTS CREATED A LOW-INTEREST-RATE POLICY AS A SIDE-EFFECTS, THUS USHERING IN A BUBBLE ECONOMY.

HOWEVER, THE BILL ALLOWS GOVERNMENT REPRESENTATIVES TO ATTEND MEETINGS OF THE BOJ POLICY BOARD "AS THE NEED ARISES" AND REQUEST THE COMMITTEE TO POSTPONE REACHING A DECISION. THE FINANCE MINISTER WILL ALSO MAINTAIN AUTHORIZATION OVER THE BOJ BUDGET. AS IT STANDS, THE VIEW IS STRONG THAT "THE AUTONOMOUS NATURE OF THE BOJ IS NOT ENOUGH."

THE AMENDMENT TO THE AML IS AIMED AT LIFTING A BAN ON PURE HOLDING COMPANIES, WHICH HAVE BEEN PROHIBITED FOR 50 YEARS SINCE THE END OF THE WAR, IN ORDER TO MATCH THE SITUATION IN EUROPE AND THE UNITED STATES. THE CENTERPIECE OF THE BILL IS AN AMENDMENT TO ARTICLE 9, WHICH BANS ESTABLISHMENT OF HOLDING COMPANIES. THE BILL ALLOWS FREE ESTABLISHMENT OF ALL KINDS OF HOLDING COMPANIES, EXCLUDING ONES WHERE "BUSINESS CONTROL POWER CONCENTRATES TO AN EXCESSIVE DEGREE."

PRIME MINISTER PLANS TO RESTRUCTURE GOVERNMENT AGENCIES IN TWO STAGES (TOKYO SHIMBUN - PAGE 1)

PRIME MINISTER RYUTARO HASHIMOTO YESTERDAY FIRMED UP HIS PLAN REGARDING LEGISLATION TO REORGANIZE THE CENTRAL GOVERNMENT'S MINISTRIES AND AGENCIES. THE PLANS FEATURE THAT (1) THE GOVERNMENT WOULD ADOPT A TWO-STEP FORMULA, FIRST SUBMITTING A "BASIC BILL" RELATED TO RESTRUCTURING OF CENTRAL GOVERNMENT TO THE REGULAR DIET SESSION NEXT YEAR AND THEN PRESENTING A BILL PERTAINING TO ESTABLISHING SPECIFIC AGENCIES; AND (2) IT WOULD INTRODUCE AN "AGENCY" FORMULA, DESIGNED TO SEPARATE THE EXECUTIVE SECTOR FROM EACH MINISTRY AND AGENCY, BY TIME-LIMITED LEGISLATION AND THEN CONSIDER SUCH AGENCIES' PRIVATIZATION. THE PRIME MINISTER IS WILLING TO FORMALLY CONFIRM THE PLANS AT THE GOVERNMENT'S CONFERENCE OF ADMINISTRATIVE REFORM (GYOSEIKAIKAU KAIGI) (CHAIRLED BY THE PRIME MINISTER).

IN THAT FORUM, A DECISION WAS MADE TO FINALIZE A SET OF PROPOSALS FOR RESTRUCTURING THE CENTRAL GOVERNMENT'S MINISTRIES AND AGENCIES BY LATE THIS NOVEMBER AND TO INTRODUCE A NEW SYSTEM FROM THE YEAR 2001.

KEEPING SUCH A TIMETABLE IN MIND, THE PRIME MINISTER HAS JUDGED IT IMPOSSIBLE TO DECIDE EVERYTHING BY LATE NOVEMBER, INCLUDING AN AMENDMENT TO OR ABOLITION OF EACH AGENCY'S "ESTABLISHMENT LAW," WHICH STIPULATES THEIR RESPONSIBLE DUTIES, WITH THE NUMBER TOTALING APPROXIMATELY 1,400. HE HAS CONSIDERED IT PRACTICAL TO FIRST COMPILE A ROUGH DRAFT IN THE FORM OF BASIC LAW.

THE GOVERNMENT THEN WILL HURRIEDLY DRAW UP BILLS RELATED TO AMENDMENT TO OR SCRAPPING OF "ESTABLISHMENT LAWS, BUT SUCH SPECIFIC BILLS WOULD LIKELY COME AFTER BASIC LAW IS ENACTED.

AS FOR THE INTRODUCTION OF AN "AGENCY SYSTEM," WHICH THE GOVERNMENT INTENDS TO SET AS AN EYE-CATCHER, IT HOPES TO INTRODUCE THE SYSTEM UNDER FIVE-YEAR TIME-LIMIT LEGISLATION AFTER IT IS FORMALLY APPROVED. THIS MEASURE IS DESIGNATED TO ESTABLISH "JAPANESE-VERSION AGENCIES" AND TO PRIVATIZE THEM IN A POSITIVE WAY AFTER ASCERTAINING THE CONTENTS OF THEIR DUTIES AND INCREASE IN EFFICIENCY.

BUT SOME MEMBERS HAVE INSISTED THAT "SPECIFIC PLANS SHOULD BE SHOWN AS MUCH AS POSSIBLE AT THE END OF NOVEMBER." ON THE ISSUE OF HOW FAR SPECIFIC CONTENTS SHOULD BE STIPULATED IN BASIC LAW, DIFFICULT NEGOTIATIONS ARE EXPECTED.

DIET TO FOCUS ON ORANGE KYOSAI SCANDAL ON MARCH 21
(YOMIURI - PAGE 2)

IN AN INFORMAL DIRECTORS' MEETING HELD ON THE 10TH, THE UPPER HOUSE BUDGET COMMITTEE (CHAired BY TAICHIRO OKAWARA) AGREED TO CONDUCT QUESTIONING ON THE 21ST OF TATSUO TOMOBE -- AN UPPER HOUSE MEMBER -- AND MOMOO TOMOBE -- THE SECOND SON OF DEFENDANT TOMOBE, WHO WERE INDICTED OVER THE ORANGE MUTUAL BENEFIT SOCIETY CASE, AND SUMMON AS A WITNESS MAMORU SAITO, PRESIDENT OF A REAL ESTATE COMPANY, WHICH IS SUSPECTED TO HOLD THE KEY TO THEIR MANEUVERING OF THE POLITICAL WORLD. THE COMMITTEE WILL REACH A FORMAL DECISION AT A MEETING SCHEDULED TO BE HELD ON THE 12TH.

SUMMONING A WITNESS IN COMPLIANCE WITH THE DIET CHAMBER TESTIMONY LAW IS THE FIRST IN THIS ORANGE CASE BOTH FOR THE LOWER AND UPPER HOUSES. A VISITING QUESTIONING BY THE UPPER HOUSE WILL BE THE SECOND TIME SINCE THE ONE CONDUCTED ON HIROYASU WATANABE, FORMER PRESIDENT OF TOKYO SAGAWA KYUBIN, IN DECEMBER, 1992.

A WITNESS SUMMONING WILL BE CONDUCTED ON THE MORNING OF THE 21ST AND A VISITING QUESTIONING ON THE AFTERNOON THAT DAY. COMMITTEE CHAIRMAN OKAWARA AND DIRECTORS REPRESENTING VARIOUS GROUPS AND FACTIONS WANT TO HEAR TESTIMONY ON (1) CIRCUMSTANCE THAT THE DEFENDANT TOMOBE BECAME A CANDIDATE IN THE CONCERNED UPPER HOUSE ELECTION; (2) RELATIONS BETWEEN THE DEFENDANT TOMOBE AND FORMER PRIME MINISTER HOSOKAWA; AND (3) FACTS ABOUT THE USE OF FUNDS COLLECTED BY THE MUTUAL BENEFIT SOCIETY.

UPPER HOUSE TO ASCERTAIN DEFENDANT TOMOBE'S INTENTION TO RESIGN

THE UPPER HOUSE DIET STEERING COMMITTEE AT A DIRECTORS' MEETING HELD ON THE 10TH DECIDED TO ASCERTAIN THE DEFENDANT TOMOBE -- AN UPPER HOUSE MEMBER -- ABOUT HIS INTENTION TO RESIGN AS A DIET MEMBER ON THE 12TH. DIET STEERING COMMITTEE CHAIRMAN KOKICHI SHIMOINABA WILL HAVE AN INTERVIEW WITH THE DEFENDANT TOMOBE TO ASCERTAIN HIS INTENTION. THE INTERVIEW WILL ATTENDED BY DIRECTORS OF THE LIBERAL DEMOCRATIC PARTY AND THE HEISEI GROUP IN THE UPPER HOUSE. CRANE

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INDEX:

- (1) The Propriety of Amending the Special Measures Law for U.S. Military Base Sites on Okinawa
- (2) Prime Minister Planning to Set up New Forum for Japan-U.S. Consultations on USFJ Reduction; Assistant Okamoto Going to U.S. to Tap
- (3) Okinawa Base Problem -- Night before Offensive-Defensive Battle (Part 1): Prime Minister Aiming at 'Breakthrough at a Stroke'
- (4) Ryukyu University Professor Takayoshi Egami
(50) Says Okinawa's Pain Should Be Understood in the Process of Amending the Law

ARTICLES:

- (1) The Propriety of Amending the Special Measures Law for U.S. Military Base Sites on Okinawa

TOKYO SHIMBUN (Page 3) (Excerpts)
March 7, 1997

Rival Opinions

Land lease contracts concluded by the central government for land plots now used as United States military facilities on Okinawa will run out on May 14. This problem is now on "pressing" political agenda. The central government's plan is to submit an amendment bill to the special measures law for land used by U.S. military base facilities (Tokusoho), for it wants to avoid at any cost giving rise to a state of illegal occupation, but it is bound to confront strong opposition from Okinawa Prefecture. How should we settle the problem of the forced use of land, an issue directly linked to the Japan-U.S. security arrangement? This newspaper asked two experts whose positions differ from each other.

(Interviewer: Kengo Suganuma of the Political Department)

Toshiyuki Shikata, Professor at Teikyo University:
Provisional Action Should Be First Taken

-- The expiry of land lease contracts is nearing.

"Japan is a law-governed nation state, so illegal action by the central government is unacceptable. Amending the special measures law is one

administrative step that can be taken, I think. As is often the case, national interests run counter to regional or personal interests, but if no agreement is reached in discussions, the only way to follow in the end is to abide by law. But what we should have debated first was why must we continue to have military bases on Okinawa. Explanations given by the central government about UNCLAS SECTION 02 OF 09 TOKYO 002134

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why the U.S.-Japan Security Treaty is of vital importance are all abstract."

-- Okinawa is opposed to amending the special measures law.

"There may still remain emotionally unpleasant feelings, namely that they were forced to provide land, but (amending the law) is necessary to avert turmoil. For example, how could you dissuade a landowner, who claims, 'That is my land, so I have the right to enter the base.'"

-- What kind of amendment is needed?

"I think a smart approach as a political strategy is to amend the law by adopting a provisional measure. It is unwise to get the problem settled in a hasty way as to which side is right."

-- Okinawan citizens are deeply indignant about the bases concentrated on Okinawa.

"Okinawa is of vital importance in terms of its location. Just over a thousand kilometers away, there are several areas that may turn into flash points, such as the Korean Peninsula, China, and Taiwan. The distances between Okinawa and those areas are most convenient in military terms. Being too close to the other side would tend to pose a threat. If Okinawa were located off the Tohoku area, no U.S. troops would be stationed there."

-- Do you think there is a possibility of reducing the Marines stationed on Okinawa?

"It would be possible if there came to be a strategic environment that would not require the presence of U.S. troops, which have a great influence. The prerequisite at least for that is the Korean Peninsula situation will be stabilized, but over 10 to 20 years to come, I think the situation will remain almost the same. Yet, I think it better for Japan to state its opinion rather than to say that we don't know anything beyond what the U.S. has announced as necessary to deploy its 100,000 troops (in the Asia-Pacific region)."

-- What is your view about Okinawan people's desire for peace?

"If U.S. troops did not land on Okinawa at the last stage of the Pacific War, another story about the base problem would have been developed. More measures should have been taken to heal the Okinawans' hearts which have been hurt. For the peace of Asia, not only military strength but also mutual confidence building are indispensable. We have to create job opportunities in Okinawa so that its residents, particularly young people, can find jobs."

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cutting not only the base sites but also military capabilities. Okinawa desires to play a part in disarmament now going on across the world. Incidentally, Okinawa has no dialect word meaning kill."

-- Do you think there are any points of contact with the central government?

"The central government is paying the bill for its 50-year-long policy toward Okinawa. It should not think that this matter stems from regional egoism

in Okinawa or a reckless behavior taken by a handful of anti-war landowners. I think the short-cut way to solve the problem is to continue discussion until a compromise line comes out which both the central government and Okinawa can reach. Otherwise, the central government will likely continue to experience failure."

Hiroshi Nakachi: expert on administrative law. After working as lecturer and assistant professor at Ryukyu University, became professor in 1988. One of the advisors to Governor Masahide Ota. 61 years old.

(2) Prime Minister Planning to Set up New Forum for Japan-U.S. Consultations on USFJ Reduction; Assistant Okamoto Going to U.S. to Tap

TOKYO SHIMBUN (Top Play) (Excerpts)
Eve., March 11, 1997

In connection with the problem of realigning and reducing the U.S. military bases on Okinawa, Prime Minister Ryutaro Hashimoto on the 11th made up his mind to set up a new forum for periodic consultations between Japan and the U.S. about the makeup and role of the U.S. Forces in Japan. The Prime Minister will send his assistant for Okinawa affairs, Yukio Okamoto, to the U.S. on the 14th in order to sound out U.S. Government officials on the idea. If the U.S. side's understanding is obtained, the Prime Minister will propose it formally and would like to reach an agreement in a Japan-U.S. summit meeting scheduled to be held with U.S. President Clinton.

Concerning Okinawa Prefecture's strong outcry for reducing the Marines stationed in Okinawa, the Prime Minister reckoned that it would be difficult to reduce them actually at once but that it would be necessary to continue consultations for reduction. Through such an approach, the Prime Minister intends to obtain cooperation also from the Social Democratic Party, which has been opposing the idea of revising the special land lease law for armed forces stationed in Japan (or the so-called "tokusoho" law), and would like to have a tokusoho law amendment bill passed at the Diet at an early date.

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Assistant Okamoto stated at a meeting of the Liberal Democratic Party's Security Affairs Research Council on the morning of the 11th: "Japan and the U.S. have had bilateral consultations on the use of bases. However, the two countries haven't discussed anything about the role and makeup of the U.S. Forces in Japan." Okamoto continued, "For that purpose, Japan should have its own defense policy that can stand discussions with the U.S. side. I'd like to pose this problem in the U.S."

(3) Okinawa Base Problem -- Night before Offensive-Defensive Battle (Part 1): Prime Minister Aiming at 'Breakthrough at a Stroke'; Finding Way out of Difficulty by Revising Special Land Lease Law; Governor Ota Trying to Shake up Government with Proposal of 'Troop Strength Reduction'

MAINICHI (Page 2) (Full)
March 7, 1997

The problem of U.S. military bases on Okinawa, which has now developed into a political issue over the way the Japan-U.S. security arrangement should be, is going to move forward on a full scale, beginning with a meeting to be held between Prime Minister Ryutaro Hashimoto and Okinawa Prefecture's Governor Masahide Ota about the middle of this month, before seeing the due expiry (on May 14) of the Government's current title to the use of landed properties (in Okinawa Prefecture) for 12 U.S. military facilities including such pivotal bases as Kadena Air Force Base. The Government wants to break away from the crisis by revising a special land lease law for armed forces stationed in Japan (or the so-called "tokusoho" law), while Okinawa has been crying out for a fundamental solution to the base problem by calling for the Marines' drawdown, and the U.S. is now watching the course of events from a cool-headed perspective of military strategies. Prior to their offensive and defensive battle, the Mainichi Shimbun looked into their entangled motives and future developments in this problem's tripartite structure.

On February 17, Prime Minister Hashimoto met with Governor Ota. On that occasion, the Prime Minister did not refer to anything about the Government's

intention of revising the tokusoho law to continue its current land use title. On the same day, however, Deputy Chief Cabinet Secretary Teijiro Furukawa met Lieutenant Governor Yoshimoto, who came up to Tokyo together with the Governor, and then transmitted to him a serious alteration in the Government's course of action.

Deputy Chief Cabinet Secretary Furukawa: "We won't file an application for emergency land use since there's no knowing if Okinawa Prefecture's land expropriation commission will grant it."

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Lieutenant Governor Yoshimoto: "That's troublesome. If the Government suddenly amends the law, that won't be convincing to the prefecture's people."

Emergency use is stipulated in the Compulsory Purchase of Land Law as a step that allows the Government's continued use of land, limited to an extended period of six months, in such cases as when a prefectural land expropriation commission's examination is delayed. Until then, the Government had been planning in its scenario to file an emergency land use application with Okinawa Prefecture's land expropriation commission by the end of February -- and to present a bill amending the special land-use law to the Diet in case the prefecture's expropriation board did not grant the Government-filed application or did not hand down a land use arbitration by the end of March in its examination. The idea of skipping over an approach that is approved under the current law shows the Government's extraordinary intention of revising the law.

The change in the Government's policy course was strongly affected by the Prime Minister's own intention. In mid-February, prior to the scheduled meeting between the Prime Minister and the

Governor, the Prime Minister had openly disclosed his skepticism before administrative officials about the propriety of going through the procedures, remarking: "Even if the Government files an application for emergency land use, do you think the expropriation commission will okay that?" It is said that a nightmare ran across the Prime Minister's mind; in March last year, the Government's application for emergency use of a land lot of the Sobe radio station site was rejected by the prefecture's expropriation board, and the site has been in a state of illegal use since then.

Even though the Government's application is granted, its title to the use of land is to be extended provisionally up until November, so "it's something like a temporary injunction to the last" (according to a senior official of the Japan Defense Agency). Accordingly, for the Prime Minister who is scheduled to attend a Japan-U.S. summit meeting set for late April and is going to face reelection as president of the Liberal Democratic Party in September, no change will occur in the "unclear situation" (one close to the Prime Minister). The Prime Minister apparently has implied his desire to settle the problem of military base land at a stroke.

Meanwhile, however, the Social Democratic Party's stance has now made the Government's steering even subtler. The SDP on the 6th announced its action policy draft that is opposed to the idea of revising the tokusoho law for the purpose of

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sustaining or fixing the status quo of those military bases. On February 26, however, SDP Secretary General Shigeru Ito had already warned Chief Cabinet Secretary Seiroku Kajiyama that the Government "should go through the procedures stipulated under the current law." In the SDP as well, there is a view that the Government "will

have to avoid a state of having no title to the use of the land which may deny the Japan-U.S. security arrangement" (according to an SDF executive officer). Yet, the SDP has been greatly affected by the circumstances in which it "must respect the prefecture's intention from the position of being a ruling party for the prefecture's Ota administration," says another SDP executive officer.

On the other hand, Governor Ota since early this year has repeatedly asked the Government to reduce the Marines. The Government took it as "a message that Okinawa will consent if the Government promises to hold consultations between Japan and the U.S. about troop-strength reduction" (according to a senior JDA official). In reply to a question asked by SDP Secretary General Ito at a Lower House Budget Committee meeting held on February 4, the Prime Minister took the position that "Japan and the U.S. will hold close consultations about a military posture," and then replied: "If the security environment changes, then Japan and the U.S. will cooperate on a defense policy or military posture that can most adequately meet such a change." This was an answer prepared carefully by the Ministry of Foreign Affairs and JDA for the Governor.

The Prime Minister stated before the Upper House Budget Committee on the 6th: "This may not meet the heart of Okinawa Prefecture at a very high rate of probability. But, in order to protect our country's national interests, we have to provide the U.S. forces stationed in Japan with facilities and areas in a stable way, as our responsibility." The Prime Minister so expressed his strong resolve to ask for Okinawa's understanding for a revision of the tokusoho law in his meeting with Governor Ota about the middle of this month.

The problem of the Government's title to the use of land is a hard-to-eliminate shackle on the Government, but is the greatest 'card' for Okinawa to depend on. The Governor is not expected to understand it easily, as he is wary of the Japanese and U.S. Governments' Okinawa ardor cooling down after the law is amended. Even in the countdown to the expiry of land use, strained relations still continue between the Government and the SDP-Okinawa alliance.

(Natsuki Motoya (or Mototani?))

(To be continued)

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(4) Ryukyu University Professor Takayoshi Egami
(50) Says Okinawa's Pain Should Be Understood in
the Process of Amending the Law; Prior to the
Second Round of Open Hearings of the Okinawa
Prefectural Expropriation Committee Set for the
12th

NIHON KEIZAI (Page S 41) (Full)
March 9, 1997

-- After the second round of open hearings is over,
the central government will likely more actively
move to amend the special measures law for land-use
by (United States) forces' military facilities.

"On the part of the central government, amending
the law is probably unavoidable in view of
performing the duties as are stipulated under the
U.S.-Japan Security Treaty. But the special
measures law is a law applied only to Okinawa in
order to secure sites for U.S. bases. If the
central government, for its own convenience,
amended it now, chances are that Okinawan citizens
would increase their anger, possibly destroying the
trust relationship now being formed gradually
(between the prefectural side and the central
government). That situation would be the same even
if an amendment is made in a moderate fashion
without relying on legal authority, or even if it
is taken premised on a time limit."

-- The Okinawan people are severely against
(amending the law).

"Okinawan residents think they alone have been
forced to shoulder the burden of the Japan-U.S.
security arrangement. The rape incident of a
school girl that occurred in 1995 touched off
emotionally unpleasant feelings and the pain
Okinawa that had harbored but they kept down until
then. It is unpredictable how Okinawan citizens
will react to the issue of amending the law, but
(amending the law) would have an ill effect also on

the problem of constructing an alternative heliport for Futenma Air Station."

-- Governor Ota is now in a tight spot.

"Last September, the Governor shifted into a cooperative policy line with the central government by accepting his acting as a proxy to put on public display legal papers necessary to continue the forced use of land, but his behavior was viewed as a sudden change by Okinawans, causing mixed reactions among them. The Governor later shifted weight from the central government to the prefectural people. Although the Governor can understand the central government's position, he cannot say amending the law 'is unavoidable.' If he said so, he would come under heavy fire from Okinawan residents.

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"The central government also will not bring the Governor to bay. If that happens, it will be a worst case scenario. The role the Governor now plays is a buffer between the central government and Okinawan citizens. It is quite natural that the central government wants to protect the Governor in order to head off a direct confrontation with Okinawans."

-- Is there any good avenue to obtain understanding of the prefectural people?

"It is a tough question to answer. Okinawan citizens are discontent with the way Prime Minister Ryutaro Hashimoto is tackling the Okinawa problem but they appreciate his efforts to some extent. If the Prime Minister can share the same pain Okinawans have, can listen to prefectural voices and then he himself persuades Okinawan people by working out, with sincerity, bold and specific measures, then Okinawans might listen to him."

-- This year will celebrate the 25th anniversary of

the reversion of Okinawa to mainland Japan.

"For Okinawa, which was under the rule of U.S. forces for the 27 years after the end of World War II, democracy was not something that was given to them but something that they won. Before the reversion to mainland Japan, people on Okinawa resisted land expropriation by the U.S. forces and their poor treatment. Their objection to the base-related problem now is in a way their way of raising a question about democracy in Japan. In that context, there is continuity between before the reversion and after the reversion. The question is how the Japanese Government and the entire nation will take it."

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(5) Upper House Budget Committee Meeting Held on the 6th

ASAHI (Page 7) (Excerpts)
March 7, 1997

Best Relocation Site for U.S. Base Is Offshore Platform

Okinawa/Security

Shigeto Nagano (Heisei Group): In connection with the Okinawa base problem, what is the government's final policy stance for procedures for the special measures law for sites used by troops stationed in Japan?

Prime Minister Ryutaro Hashimoto: As long as the Japan-U.S. security arrangement is grasped as Japan's national interests, it is our obligation to provide facilities to U.S. forces. The Expropriation Committee has started its session, but its schedule is tight. I hope that a title to the use of such sites in compliance with the special measures law will be secured before the May 14 deadline, but the possibility is high that the outcome may not meet the wishes of the citizens of Okinawa Prefecture.

Nagano: Is the best plan for an alternative site for Futenma is construction of an offshore platform?

Prime Minister: The only plan that will enable evacuation (of Futenma Air Station), while

eliminating potential danger hanging over the lives of Okinawan citizens, is to construct a floating (heliport).

Nagano: What is the demarcation line between logistic support and battle zones (for activities of the Self-Defense Forces (SDF))?

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Defense Agency Defense Bureau Director General Masahiro Akiyama: Areas designated as logistic support are ones that have a demarcation line with battle zones. We would like to give a full consideration to the issue, because concrete thinking on the matter is subject to support for U.S. forces' activities.

Nagano: I think that our Constitution is an issue on which brisk discussion should be pursued.

Prime Minister: Article 9 of our Constitution stipulates procedures for a constitutional amendment. Our Constitution will not remain unchanged forever. It is necessary to wait for public opinion to ripen.

Nagano: It is also time for the PKO (UN peace-keeping operations) Cooperation Law to be revised. What is the government going to do about the use of weapons? Shouldn't Japan take part in multinational forces?

Defense Agency Director General Fumio Kyuma: Coordination is under way within government circles on the basis of the view that it would be better to allow the use of weapons. It would be difficult for the SDF to take part in UN forces accompanying armed force.

Foreign Minister Yukihiko Ikeda: UN forces in accordance with the UN Charter have never been formed, and the situation is not such that will go

in such a direction.

Crisis Management

Nagano: An anti-terrorism meeting was held immediately before the occurrence of the present hostage crisis (in Lima). Have there been any ways to make the best use of such a meeting for security measures? Hasn't there been any mistake about guard preparedness? Have the Peruvian policy made an optimistic judgment?

Foreign Minister Ikeda: The meeting did not cover diplomatic establishments abroad. (The Japanese Embassy) in Peru had a drill on the assumption of a terrorist attack. They had also frequently exchanged information with the Anti-Terrorism Bureau of the Peruvian police. However, their attack has taken them by surprise, such as that they rode up to an adjacent house in an ambulance car.

Nagano: Japan is always lagging behind regarding crisis management. Why did an oil-recovery ship arrive belatedly in the oil-spill incident caused by the SS Nakhodka?

Transport Minister Makoto Koga: Such a ship had not been deployed in the Sea of Japan. Under usual
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circumstances, it takes 70 hours for a recovery ship to arrive at the Bay of Wakasa from Nagoya, where it is anchored, but due to the bad weather it took as long as 100 hours.

Tomoharu Tazawa (Liberal Democratic Party): We hear that an international fund will provide 22.5 billion yen as compensation for the oil spill accident. Is the government going to do make up for the shortfall?

Transport Minister Koga: We are now working out

the total amount of the damage. We will consider how we can cope with the disaster.

Tazawa: What is the present state of Aum Cult?

Public Security Investigation Agency Director
General Hiroyasu Sugihara: There are 500 followers who took orders at more than 130 locations throughout the county. Of those who were arrested as of October 14, 1996, 360 were released, of whom 100 returned to Aum's facilities.

(6) Deregulation Drive Still Lacks Vigor;
Government-Sponsored Promotion Plan to Be Revised at End of March; "Capacity Rates" Likely to Become Showcase; Industrial Circles Dissatisfied
Deregulation of Many Items Have Been Postponed

NIHON KEIZAI (Page 3) (Full)
March 5, 1997

The government plans to revise its deregulation promotion plan at the end of March. Many items that are directly concerned with consumer interests, such as taxis with low starting fares and easing of a restriction on the capacity rate imposed on condominiums, are up for revision. Some in the industrial community are, therefore, highly evaluating the plan. However, chances are that with various government agencies giving first consideration to taking the form of including their drastic reform plans in the already proposed six major reforms, such as financial reform, a revision to the plan this time will remain partial; many items up for revision will be deferred to a later date. Such being the circumstances, the proposed deregulation measures are far from addressing expectations coming from the industrial community.

The Ministry of Construction (MOC) will drastically ease a restriction imposed on the capacity rate of mid- to high-rise condominiums possibly within fiscal 1997 in order to provide homes in urban areas in major cities. The showcase of the deregulation is establishment of "midtown high-rise residence promotion areas." In such areas a slant line restriction on condominium buildings (oblique cut made to such buildings in order to secure the right to enjoy sunshine for people living in nearby homes) will be eased. The condominium construction
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industry highly evaluates the decision, noting, "The relaxation of the restriction will enable us to supply less costly condominiums in midtown" (Shuji Yokoyama, president of Daikyo). Haseko Corporation also sees, "The decision will promote redevelopment and consolidation of densely populated areas, which will in turn lead to land liquidity."

Types of business that can be handled by personnel agencies were expanded to 20 last December, but the situation is far from liberalization in principle as sought by the industry, that is to say, to specify only types of business that cannot be handled by such agencies. However, after that, the Central Employment Security Advisory Council (advisory panel to the Ministry of Labor) submitted a final report, focusing on liberalization in principle of types of jobs subject to such a restriction. The MOL is also scheduled to implement an employment security law, which includes liberalization in principle, from the new fiscal year.

As it stands, the view is widespread in the personnel dispatch industry that the policy line of liberalization in principle will take shape before the end of the year. When deregulatory steps were taken last December, the "estimated impact of such on the sale of the industry as a whole was 2 - 3 percent" (Pasona), but now expectations are running high for further expansion of the market.

Requests regarding reform of the Large-Scale Retail Store Law focus on abolition of restrictions on the operational front, such as store-closing time and the number of operating days, judging that there is no possibility of complete abolition of the store-opening restriction - the basis for that law. Isao Nakauchi, president of Daiei, is eager to extend store-opening hours, noting, "If the restriction on store-closing times is abolished, we want to stay open until late at night." If the restriction on store-operating hours is eased further, it will enable stores to stay open later on Saturdays, Sundays, national holidays and days before those holidays, when stores are likely to draw more customers. The reform will encourage some companies to come up with more flexible operating

strategy.

Many industrial circles are dissatisfied with slow progress in deregulation. "Supply-demand adjustment" imposed on domestic airline companies and the taxi service industry will be scrapped by the year 2001. The opening of air routes and flights will be nominally liberalized, but since major routes connecting among Haneda, Itami and Kansai International Airports, where landing and departure slots are limited, are not subject to the proposal made this time. The prevalent view among carriers is that "there will be no major change."
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Moves over Items up for Studies for This Year

(a) = showcase.
(b) = likely to face difficulties or questionable effects

Housing

(a) Raise the capacity rate of condominiums in midtown

Raise the capacity rate from the current 400 percent to 800 percent at the most for condominiums in midtown.

(a) Communal areas of condominiums to be excluded from the capacity rate regulation

Communal portions of multi-family homes, such as hallways and staircases, are to be excluded in calculating the capacity rate of the building. The change is aimed at promoting rebuilding such.

(b) Remove a ban on wooden three-story multi-family homes in semi-fire-prevention areas

This construction restriction will remain in place

in semi-fire-prevention areas with a high degree of the danger of the spread of a fire, namely 23 wards in Tokyo and more than three-fourth of Osaka City.

Communications and Mails Service

(a) Scrap an individual licensing system applied to portable phones

A mandatory radio transmitting equipment license required to each portable phone unit is to be scrapped possibly this fall. The license fee (5,800 yen) is also to be made free.

(a) Scrap a foreign capital restriction imposed on the communications business

The ratio of foreign capital has been limited to below one-third, but this restriction is to be scrapped from 1998. Foreign carriers' entry into the business is expected to lower telephone rates.

(b) Delivery of credit cards by private home-delivery companies

The state monopoly of the mail service will be kept intact. The assertion is that private-sector-operated home-delivery services are concentrated in urban areas, so lack impartiality in the service.

Employment

(a) Expand the scope of the types of job that can be handled by private job agencies

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The number of jobs equivalent to 60 percent of the whole will be included in the list of jobs that can be handled by job agencies. Liberalize employment referral service for white-collar workers

(a) Increase job types handled by employee dispatch

agencies

Employee dispatch agencies are currently allowed to deal with 26 job types, including secretaries and interpreters. The scope of job types included in the list is to be extensively expanded before the end of the year, including the possibility of liberalization of such in principle.

Agricultural Products

(a) Relax restrictions on construct new or more dairy production facilities

Liberalize construction of new or more facilities for milk/dairy production facilities. A fall in prices stemming from an increased number of local brands and fierce competition is expected.

(b) Allow stock companies to own and use farmland

Regarding the proposal, concerns, such as the use of farmland for other purposes and speculative acquiring of land, have been pointed out. The Ministry of Agriculture, Forestry and Fisheries claims, "It is too early to reach a conclusion."

Transport

(a) Flexible taxi fares

Introduce a "zone system," under which a number of fare levels are allowed within the scope from the upper limit to a level 10 percent below that, is to be adopted by June.

(a) Scrap air routes entry standards set on the second and third largest carriers

Scrap entry standards set on the basis of passengers airline companies carried in a year before the end of 1997 to promote service and price competition.

Pension

(a) Abolish restrictions on the management of employees' pension funds

Scrap the restriction that stipulates that in managing such funds, principal-guaranteed assets, such as bonds, should account for more than 50 percent, is to be scrapped as early as FY1999.

Commerce, Industry and Distribution
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(a) Extend inspection interval applied to weighing machines

The valid period of inspection of weighing machines that are obligated to undergo inspection on a regular basis is to be extended by three to five years as early as within 1997.

(b) Review the Large-Scale Retail Store Law

Review of the Law is to be completed before the end of 1997, focusing on the possibility of scrapping a restriction on store-opening hours. The abolition of such likely to be delayed.

Insurance

(a) Liberalize non-life insurance premiums

Do away with the rule that has obligated the fire and auto insurance sectors to employ uniform premiums.

(7) Fair Trade Commission Considering Measures to Step up Cooperation with Prosecution, Exchanging Information on Bid Rigging Practices

NIHON KEIZAI (Page 1) (Full)
March 9, 1997

In an effort to strictly deal with such wrongdoings as bid-rigging practices, the Fair Trade Commission (FTC) has started discussion on measures to fortify its investigative system. It will arrange a closer cooperation setup with the prosecution by such means as exchanging secret investigation information on possible violations of the Antimonopoly Law. The FTC will also consider measures to simplify procedures for making accusations with the prosecution to enable it to flexibly seek indictment, as well as to strengthen the FTC's investigation authority. It will make its conclusions by the end of the year and then

launch work to amend the Antimonopoly Law as the occasion demands.

By strengthening its investigative system, the FTC aims to deal with private companies' illegal acts, which are expected to increase as deregulation progresses. FTC Chairman Yasuchika Negoro instructed the Secretariat to "fundamentally revamp the Antimonopoly Law now that 50 years have passed since it was enacted."

The FTC hopes to promote exchange of information with the prosecution regarding wrongdoing to make up for its personnel shortfalls. The investigation section has a staff of only 200 persons. Especially, its function to investigate local organizations is vulnerable. The FTC attaches particular significance to information on bid-
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rigging and price cartels secured by the prosecution through its information networks across the nation.

Under the present situation, there is no opportunity for them to exchange information regularly. In addition, the regulation to prohibit the disclosure for other purposes of information obtained through duties has worked as a barrier. The FTC is studying the possibility of easing such a requirement stipulated in the Government Officials Law and Antimonopoly Law and of incorporating the obligation to offer such cooperation in a law.

The FTC will also look into simplifying procedures for filing an appeal. There is a regulation that allows only the FTC to file an appeal with the public prosecutor general against offenses against the Antimonopoly Law. Compared with other cases in which every citizen has the right to file a criminal suit, the procedures in such cases are considerably stricter.

Over the past several years, the FTC only filed four lawsuits. Some FTC officials voice dissatisfaction about this, complaining, "Without considerable positive evidence, we cannot file an appeal."

(8) Survey of European Images of the Japanese: They Are "Industrious but Have a Closed Nature"; Few Think They Are "Honest"

NIHON KEIZAI (Page 2) (Full)
March 9, 1997

European academics and other (elites) have a deep-rooted negative image of the Japanese as "insular nature and closed," though they singled out one special characteristic of the Japanese people being "industrious." Such an image toward Japan was underscored in the results of the latest survey of public opinion of major European Union countries toward Japan, in a report released on the 8th by the Ministry of Foreign Affairs.

The survey has been carried out since 1977, the current being the eighth following the last one conducted in 1993. The latest survey was conducted from September through December of last year toward politicians, bureaucrats, business executives, and labor union leaders of seven EU member countries: Great Britain, Germany, France, Italy, Belgium, the Netherlands and Spain.

According to the survey; those who replied that the Japanese people are "industrious" exceeded 90 percent in Germany, France and the Netherlands, and accounted for more than 70 percent of the responses in the other countries. About 50 percent of the respondents in Germany and Belgium, and almost 30
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percent of those in the other countries called the Japanese people "creative and energetic."

On the other hand, those who thought that the Japanese people were "honest" accounted for less than 10 percent of the respondents in six countries, the exception being Britain (11 percent). Those who held the image of the Japanese being "narrow-minded and closed nature" totalled about 40 percent in France and Belgium, about 35 percent in Germany, and about 25 percent in Spain.

On the question of what Japan should do to contribute to the international community, the dominant view in Britain, Germany and the Netherlands was that Japan should do its best to contribute to the conservation of the global environment. A majority of the respondents in France, Italy, and Spain said that Japan should offer more assistance to developing countries. Many respondents in Belgium wanted Japan to make efforts to maintain world peace.

In particular, "Japan should extend assistance to developing countries" was high on the list in all seven countries, indicating their strong expectations of Japan in this area.

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