

Withdrawal/Redaction Sheet

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. cable	Re: Digest Executive Edition (13 pages)	03/12/1997	P1/b(1)
002. cable	Re: Heliport / Land Leases (3 pages)	03/21/1997	P1/b(1)
003. cable	Re: The Quadrennial Defense Review, Futenma, and SACO [Special Action Committee on Okinawa] (7 pages)	03/24/1997	P1/b(1)
004. cable	Re: Paperwork Error (4 pages)	03/25/1997	P1/b(1)

COLLECTION:

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

FOLDER TITLE:

[03/21/1997 - 03/26/1997]

2016-0420-F

sb1899

RESTRICTION CODES

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

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

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

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b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

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INDEX:

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Three Bills to Be Submitted to Diet Today
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Defensive Battle (Part 2): Between Politics and
Local Public's Awareness; Governor Ota Refuses to
Compromise; Some Worried about 'Silent Approval'
- (3) Regrettable If Amending the PKO Law Shelved in
the Current Diet Session; Akashi Urges More Active
Policy Course

ARTICLES:

- (1) Turning Point toward Globalization of Economy;
Three Bills to Be Submitted to Diet Today

YOMIURI (Page 11) (Excerpts) March 11, 1997

The government today will hold a cabinet meeting to adopt three economic bills, namely an amendment to the Bank of Japan Law (BOJL) designed to strengthen the autonomous nature of the central bank, a financial surveillance agency establishment law bill as the first step toward reform of the central government agencies, and an amendment to the Anti-Monopoly Law (AML), which includes removal of a ban on holding companies, and submit them to the Diet.

It can be said that the BOJL and the AML are the two basic laws that have set the standards for the Japanese economy during the post-war period. The proposals for drastic financial reform will make into a concrete plan the establishment of a financial industry watchdog designed to split financial inspection and surveillance functions from the Finance Ministry (MOF). At the same time, they demonstrate that the Japanese economy is at a major turning point amid the current trend for liberalization and internationalization.

Room for Government Intervention

Bank of Japan Law

The BOJL will undergo an overall revision for the first time since it was enacted 56 years ago. The revamping is aimed at making the BOJ, which is

responsible for monetary policies and decisions, more independent of the government, by strengthening the Policy Board and scrapping the finance minister's general supervision and on-the-spot inspection rights.

Moreover, the BOJ, centered on the Policy Board,
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will come to assume a far heavier responsibility. The Policy Board's responsibility will cover judgment-making not only on a revision of the official discount rate but also (1) on the setting of a guidance target for the market rates of interest; (2) a decision on the BOJ's basic view over the economic and financial situations; and (3) whether the BOJ will issue special BOJ financing at the request of the government.

In addition, a summary of debate by the Policy Board will be made public a month after its meeting, which means their decision-making process will be exposed to the eyes of markets in the world. If the Board fails to pursue in-depth discussions that can bear publication, the publication of minutes may instead damage confidence in policy-making by the BOJ.

From the viewpoint of securing its independence, the relationship with the Diet is also open to a question.. Under the amended BOJL, the BOJ reports to the Diet twice a year instead of once a year as practiced before on its monetary policy management and daily operations. Furthermore, Diet approval will be required for the selection of governor and vice governor. The finance minister's authority over the budget will remain intact. The government has been given a right to request the Policy Board to postpone a policy decision. As it stands, some have pointed out that room has been left for the government to intervene in policy-making by the BOJ.

Coordination over Scope of Liberalization of

Holding Companies Likely to Face Difficulties

Anti-Monopoly Law

It is expected that removal of a ban on holding companies will enhance the flexibility of corporate management and help strengthen their international competitiveness, but the amendment to the AML is a mere indication of a general outline for removal measures. The Fair Trade Commission (FTC) is scheduled to map out guidelines for a specific scope of liberalization of holding companies, while hearing views from various circles before the bill is put into force.

A detailed framework of financial holding companies has been left up to the MOF to coordinate, because further studies are needed from the viewpoints of not only competitive but also financial measures. However with views of industrial circles at odds over the scope of liberalization, coordination is expected to face complications.

Coordination over the labor issue has yet to be solved. Labor union circles, such as Rengo (Japanese Trade Union Confederation) is concerned about the possibility of removal of the ban on holding companies worsening labor conditions. It
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is now seeking a revision to the Trade Union Law so that the employees of a subsidiary are given the right to attend labor negotiations with a holding company -- their parent company. The Nikkeiren (Japan Federation of Employers' Association) claims, "It is not necessary to amend the Trade Union Law." An organization for negotiations between the labor and management sides is expected to be established as a framework for continuing negotiations. Another task is how to promote information disclosure and secure the right of stockholders.

The issue of a consolidated tax-payment system,

under which taxes are imposed on profits and earnings of a corporate group as a whole, has yet to undergo full-fledged discussion.

Influence of Finance Ministry to Remain Strong

Finance Surveillance Agency Establishment Law

The financial inspection and surveillance functions of the MOF will be shifted to an external bureau under the Prime Minister's Office. The aim of the shift is to promote transparency, by separating the planning sector of financial administration from the MOF.

However, the bill allows the MOF to commit itself to financial administration to a great extent not only in emergency cases, such as financial failures, but also at ordinary times.

The new surveillance agency will be responsible for handling troubled financial institutions.

However, "in case a judgment is reached that" (the agency's) measures, such as issuing an order to place a company on probation or cancel a license, "may have a major impact on credit-worthiness and order," it is obligated to hold prior negotiations with the MOF.

In handling financial failures, there is no such case that is free from concerns over the possibility of inducing a chain of bankruptcies, so, it can be said that it would be really impossible for the surveillance agency to handle such cases independently.

The related-laws consolidation bill stemming from the establishment of the surveillance agency stipulates that in the agency's regular surveillance operations toward financial institutions, various kinds of ministerial ordinances be used as joint ministerial ordinances between the Prime Minister's Office and the MOF. Ministerial ordinances are administrative regulations that stipulate everyday operations by financial institutions. They are the very basis of the MOF's influence over financial institutions, but the view is emerging that "it means that the
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MOF's consent will be needed even for adoption of a ministerial ordinance. Such a system will impair the autonomous nature of the surveillance agency."

Contents Unclear due to Hastened Coordination

As a result of a decision to submit to the Diet an amendment to the BOJL, the finance surveillance agency establishment bill and the amendment to the AML on the 11th, the stage of deliberations on those three bills, which are designed to take a second look at Japan's financial regulation and reform the financial structure, will shift to the Diet. It is an undeniable fact that the present BOJL and the AML have stimulated the development of the Japanese economy over the fifty years since the end of the war, but now system fatigue is visible in the workings of those laws. There are also many agenda items, such as the securing of transparency in financial regulation and the scope of liberalization of financial holding companies. The outlook for a settlement of the problem of non-performing loans carried by financial institution -- a factor that is working as a drag for economic recovery -- is still unclear. Diet deliberations will draw attention in terms of whether the three bills will serve as major driving force for the revival of the Japanese economy with the Big-Bang financial deregulation plan.

With the calculations of the government, BOJ and LDP intertwined with one other, those bills have encountered many complications before they were finalized. The MOF is, however, highly evaluating them, "The contents of those bills are in line with the consensus reached among the three coalition parties -- the LDP, SDP and Sakigake -- late last year." It is now geared up to aiming at their passage within the current Diet session. The likelihood is, according to Diet sources, the amendment to the BOJL will be deliberated by the MOF Committee and the finance surveillance agency establishment bill by the Special Administrative Reform Committee.

Regarding the issue of establishing a finance surveillance agency, with emphasis placed on the intention of the SDP and Sakigake, a decision was made, also on the basis of the LDP plan, that this new organization should be established as an external bureau of the Prime Minister's Office.

Taking into consideration that in mapping out the amendment to the BOJL, MOF-led discussion drew criticism from the LDP, a settlement was reached with the MOF correcting the course of its policy direction regarding the securing of the BOJ's independence.

However, the bill has some unclear points, such as the way negotiations between the MOF and the surveillance agency should be in dealing with failed financial institutions and government involvement in the BOJ's financial policy
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decisions.

At a press conference held that day, Chief Cabinet Secretary Kajiyama stated his resolve, "It has been said that the financial surveillance agency establishment bill is a litmus test for government efforts to reform the MOF. My perception is that whether the government can carry it out or not would be the first step toward reform of the MOF."

With the Big-Bang scheme targeting the year 2001 now underway, the process of reorganization and weeding out of financial institutions is inevitable. At the same time, what to do about financial regulation regarding the handling of bad loans and the stance of the BOJ, which will assume a heavy responsibility in return for enhanced independence, will also be put to the test. We probably must be aware that the submission of the three bills is just the starting point for setting sail into a stormy sea.

(2) Okinawa Base Problem -- Night before Offensive-Defensive Battle (Part 2): Between Politics and Local Public's Awareness; Governor Ota Refuses to Compromise; Some Worried about 'Silent Approval'

MAINICHI (Page 2) (Full) March 8, 1997

"The prefecture's government would like to consider

a sea-based heliport plan, a revision of the special land lease law for armed forces stationed in Japan (or the so-called "tokusoho" law), and an option to reduce the U.S. Marines -- all together as a trinity."

In mid-February, right after Okinawa Prefecture's assembly started its regular session, senior officials from the government of Okinawa Prefecture -- including Governor Masahide Ota and Lieutenant Governor Masanori Yoshimoto -- held an informal meeting with the reformist (or leftist) heads of four local municipalities in Okinawa Prefecture. The central agenda on that occasion was the issue of constructing a sea-based heliport, and what the prefectural government side meant there on the problem was that it wanted those local municipalities' heads to understand the prefectural government side's stance. At the meeting, however, one of the officials from the prefectural government side broke the ice that way.

The various base issues, now facing Okinawa, can be narrowed down generally into three. What comes first is the stalemated problem of constructing a sea-based heliport with Nago City's rejection of (the central government's request for cooperation on) a preliminary feasibility study for the planned construction of an alternative heliport for the U.S. Forces' Futenma Air Station. Second is the problem of revising the tokusoho law, whereby the central government is aiming to continue its current requisitioning of land for U.S. military

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use prior to the expiry of its land use title in May. And third, there is the problem of reducing the U.S. Marines in Okinawa as proposed by Okinawa to the Japanese and U.S. Governments. What is meant by the prefectural government officiaal's remarks is that the prefectural government is going to think totally of these problems.

Depending on the way of taking what it means, such

can be read even as: "If the Government makes a somewhat clear-cut request to the U.S. Government for reduction of the Marines, Okinawa Prefecture will then approve the idea of revising the tokusoho law, even while people in the prefecture are now loudly crying out against such an idea." Depending on the future course of the Marines' drawdown, base relocation from one place to somewhere else within Okinawa Prefecture -- symbolized by the alternative heliport plan -- may be eliminated as well, and such would also pave the way for Okinawa Prefecture's initiative to position its base-reversion action program -- which calls for the Japanese and U.S. Governments to remove all the bases in the prefecture by the year 2015 -- as a national policy.

About ten days later, however, the Governor, in a prefectural assembly session of questions and answers, was queried about his attitude concerning these two problems, and replied: "I will continue to strongly urge the U.S. and Japanese Governments to cut the troop strength. But I will not accept anything like revising the tokusoho law with this reduction as a premise." So, stating, the Governor clearly denied the idea of linking the two problems to each other. It was the Governor's total denial of the mainland government's outlook -- in which the central government, hopefully expecting the Governor to come out to make a political compromise, has been taking Okinawa's proposal of troop-strength reduction as "a message meaning that if Japan and the U.S. promise to discuss the matter, Okinawa will withhold its spearhead."

Even so, however, one official from a city with a military base said, "Maybe there is no change in the prefectural government's way of thinking, I guess." So saying, the official appeared to be skeptical of the Governor's real intention. The official continued, "If the Government makes a clear-cut request for troop-strength reduction, the prefectural government may give silent approval in favor of the idea of amending the tokusoho law, even though it may uphold its stance of opposing that idea ..."

"But," one of the local heads present at the meeting with the prefectural officials said, "I can't agree to their doing anything like forcing the security burden only on the people of Okinawa Prefecture. If the Government can't make it certain in its diplomatic negotiations, then its practical effectiveness would be questioned, and

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such cannot be acceptable in the process of
'consultations' alone. The people of Okinawa
Prefecture have been betrayed in the past as well."

In mid-February, the Mainichi Shimbun conducted a
questionnaire on the heads of municipalities with
bases in Okinawa Prefecture. Its results also
showed that 12 of the surveyed 13 local heads were
entertaining a sense of alarm about a possible
amendment to the tokusoho law.

Furthermore, the Governor himself is saying, "The
Government has remained idle about this problem.
Nevertheless, the Government has brought it up now
..." As seen in this complaint, there is deep-
seated opinion in Okinawa Prefecture to pursue the
Government's responsibility: "It's the Government
that created the situation of its facing a crisis
over the time limit. Revising the law is to force
the burden on the people of Okinawa Prefecture
again because of the Government's lack of policy
toward the base problem." Due to the mistaken use
of depleted-uranium ammunition, the prefecture's
people are now increasingly becoming distrustful of
the Japanese and U.S. Governments.

Backed by such a view, the Governor has stated
positively, "We've been calling for base reversion
-- but not from any ideological stance." Then, how
is the Governor going to hold its ground against
the Government between his own political
perspective and the prefectural people's viewpoint
based on Okinawa's history to date?

Okinawa is now at a turning point as the
Government's title to the use of land for U.S.
military bases there will soon expire and Okinawa
will shortly see the 25th anniversary of its
reversion to Japan. Furthermore, the U.S.
Department of Defense is scheduled to submit a
defense review report to Congress on 'May 15.' For
that day, the Governor is now being again called to
make his own judgment -- ever since the issue of
executing an official posting and public review (of
the Government-filed application to the
prefecture's land expropriation commission for its

land use arbitration).

(Shunji Nozawa)

(3) Regrettable If Amending the PKO Law Shelved in the Current Diet Session; Akashi Urges More Active Policy Course

SANKEI (Page 2) (Full) March 11, 1997

Yasushi Akashi, deputy secretary general for humanitarian affairs in the United Nations, in an exclusive interview to the Sankei Shimbun, mentioned that it now seemed likely that a bill amending the UN Peace Keeping Operations Cooperation Law (PKO Law), a change in connection with a judgment as to whether to allow Self-Defense UNCLAS SECTION 08 OF 08 TOKYO 002168

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Forces (SDF) personnel to use arms, will be put on hold in the current Diet session. "(Japan's) negative position (toward PKO activities) is now standing out," he said, expressing strong concern that if the amendment were shelved, it might impede Japan's bid to get a permanent seat on the UN Security Council (UNSC).

In the interview, Akashi stated: "I understand the significance of the Okinawa problem, but it would be a disappointing matter if amending the PKO law, no more than a simple modification which most Japanese think is no problem, were shelved." Adding, "The Republic of Korea (ROK) and Malaysia have participated in several times as many as PKO operations as Japan has. Germany, too, aiming at joining the UNSC as a permanent member, now participates in operations led by the multinational force in Bosnia formed under Chapter 7 of the UN Charter. What I want to say is how long will Japan continue to behave like a scalded cat that fears cold water?" He set forth his view urging the Japanese Government to hammer out an active approach to PKO participation by such steps as amending the law at an early date.

Meanwhile, referring to humanitarian assistance to North Korea, an aid program under his charge, Akashi remarked: "Taking a look at assistance offered last year to the North (in terms of donations), the U.S. ranked number one, followed by Japan and the ROK, and (in the assistance program set this time), there are high expectations of Japan." He then hinted that in his opinion, Japan would be asked to donate, for the aid program this time, 6 million dollars or so, an amount equivalent to the ROK's.

As for an appeal that is to be drawn up by the UN Department of Humanitarian Affairs (DHA) in order to ask for food assistance to North Korea, Akashi said: "We are trying to make a comprehensive appeal. Perhaps we will present it in April."

Speaking of the Japanese Government's cautious stance toward food assistance in the wake of the problem of the suspected involvement of North Korea in the kidnapping of a junior high school girl in Niigata Prefecture, Akashi commented: "The nation has its own feelings, so it is no wonder that it is expressing its displeasure and objections. But imagine the case of political upheaval bringing about a flood of North Korean refugees. That situation would affect Japan. A broad perspective is necessary from the viewpoint of the Japanese national interests." He then called on Japan to give assistance to the North.

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SUBJ: JAPANESE DAILY PRESS SUMMARY 03/14/97
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TEXT:

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ARTICLES:

- (1) EDITORIAL: Resolution of Okinawa Problem
Seems Far off

ASAHI (Page 5) (Full)
March 14, 1997

It already seems like early summer in Okinawa but the prefectural residents are riveting their attention on the open hearings being held by the Prefectural Expropriation Committee over the forced use of land by U.S. military bases, the leases of which expire on May 14.

With the end of the second round of hearings, the standoff continues unabated between the landowners, who oppose their land being used by U.S. bases and reject signing leases with the central government, and the Government side, which wants to continue to offer the land for use by the U.S. forces by forcefully expropriating the land of these owners.

There are exactly two months until the leases expire. If the decision of the Expropriation Committee is not made by this time, the situation will be created of the state illegally occupying land on a large-scale.

Open hearings is one type of procedure based on the special measures law for the use of land by forces stationed in Japan. Looking only at the two rounds of hearings until now, things have been moving along quietly.

The strong impression throughout these hearings is that the landowners want to clear up the actual state of the now transformed security arrangement between Japan and the United States, as well as to what extent their historical rights as landowners have been treated lightly.

Public hearings have been held three times since

Okinawa was reverted to the mainland in 1972. In every case, there was severe confrontation between the Expropriation Committee and the landowners, and a conclusion was reached for forced use of the land without going into substantive deliberations.

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What has distinguished the current set of hearings so far has been the Expropriation Committee's stance of "not wanting to leave the next generation a shameful decision."

Lying behind that stance are the prefecture's anti-base feelings that were intensified by the rape of a schoolgirl by U.S. servicemen the fall before last, as well as the weight of the prefectural referendum last September which supported "consolidating and reducing the bases."

Since the Government has not replied openly to the landowners' queries about the security treaty arrangement, there has been no incisive debate in the hearings. However, Okinawa, with its postwar history of "having our land taken away at gunpoint and by the bulldozer," is attempting to hand down its own decision by going through all the formal procedures.

Prime Minister Ryutaro Hashimoto has made up his mind to continue the forced use of the land by amending a portion of the special measures law, without waiting for the third round of public hearings scheduled for the 27th of this month. It is not unreasonable, from the Government's point of view, for it to want to avoid the situation that would be caused by its illegal occupation of large amount of land.

However, regarding a part of the land used by the Sobe communications site at Yomitan where the Government's right to land use ran out at the end of last March, the Government took the position,

"We can't say directly that it is illegal," and continued to use it after the deadline. This time, there has been a lack of legal consistency, by their saying more or less that they would amend the law because the amount of land illegally occupied would be large.

Of the approximately 32,000 landowners, about 3,000 have refused to sign new land leases. A majority of them are anti-war landowners owning one tsubo of land (3 square meters) who live on the mainland, so the Government's thinking most likely is that the reaction by the prefecture to amending the law would not upset the entire population.

However, the special measures law at present is a special "land expropriation law" applied only to Okinawa. It must not be forgotten that amending that law will not only be taken by the landowners on the mainland as a new discrimination but by many of the Okinawans as well.

Even in a survey by the local press, there is not one local mayor who is suggesting approval for legal revision.

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Outside the hall where the hearings are being held, self-defense actions can be seen taken by the landowners in order to disperse helmeted supporters gathered there.

That is because both the Okinawans and the landowners who refuse to sign fully realize that a meaningless displays of force will only dampen the requests of the prefecture for a consolidation and reduction of the bases.

At the Diet in Nagata-cho, maneuvering is going on between the ruling and opposition camps regarding this legal revision. The people of Okinawa cannot escape the impression that this scene once again

shows Okinawa being used as a political bargaining chip.

It is like locking the barn after the horse has run off. With such a makeshift response, a solution for the Okinawa problem moves farther and farther away. That is what we fear the most.

(2) Hashimoto Administration Urged to Reach a Bold Conclusion -- Commentary by Takae Takubo, Professor

SANKEI (Page 7) (Almost Full)
March 13, 1997

Increased Influence of North Korea

May 14, the "time limit for the forced use of land lots" for twelve (United States military bases), such as Kadena Air Base, located in Okinawa Prefecture, is coming nearer. If the Hashimoto Administration failed to quickly reach a bold conclusion, about 2,900 "hito-tsubo or one-square-meter anti-war landowners," so to speak, and radical groups supporting them would make this Okinawa island a field for an anti-America, anti-base and "anti-Japan" struggle, contrary to the will of a good silent majority in Okinawa. This is one of my worries. But what I am most concerned about is that North Korea, which hates U.S. forces stationed on Okinawa, is increasing its influence there. The nation as a whole must realize the gravity of the matter.

Hito-tsubo anti-war landowners, who as an ideological fight have evolved an "anti-war campaign," account for no more than 9.3 percent of the 31,000 landowners offering their land plots for military bases. More than 28,000 landowners have already renewed land-lease contracts that will continue into the year 2012. Land lots owned by a small number of "professional" anti-war activists are only 0.001 percent of the entire land, putting together privately and state-owned land. But the problem this time is more serious than last year's uproar caused by one anti-war landowner in connection with Sobe Telecommunications Station in Yomitan Village because land plots leased by those

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2,900 (anti-war) landowners are in the central parts of two U.S. airfields.

For example, 67 square meters (20 tsubo) of small land located at the entrance of the runway in Futenma Air Station are in possession of as many as 620 landowners as a result of their deliberately having registered themselves as such. In the case of Kadena Air Base, 2,000 square meters (606 tsubo) lay scattered about in three places near A Runway at Kadena Air Base. Since land lots are registered as in possession of 2,265 landowners, an area each landowner possesses is 95 square centimeters. Good Okinawa citizens frown on such landowners, calling them cushion-size or handkerchief-size landowners instead of hito-tsubo landowners.

Half of them do not live on Okinawa but on mainland Japan and are real activists. Among them are those affiliated with the Japan Communist Party (JCP) or the Social Democratic Party (SDP), members of extreme left groups, such as the Central Core Faction (Chukakuha), the Revolutionary Marxist Sect (Kakumaruha), and members of the former civic group calling for peace of Vietnam (Beheiren) and others. Not a few of them were imprisoned for assembling with offensive weapons or interference with a government official in the exercise of his duties or forcible obstruction of business. In Okinawa Prefectural Assembly, most of its seats are occupied by members of the JCP, the SDP and the Shakai Taishu Party (Social Mass Party). In addition; since a number of such members work in such positions as bureau director, deputy director, deputy mayor and treasurer, information carelessly revealed by central government officials would go around quickly.

Local Media Are Heavily Responsible

Okinawa has two major newspapers: the Ryukyu Shimpo and the Okinawa Times. Both look like each other in their stance against military bases, the U.S. and mainland Japan. And their tone of arguments so resemble each other that no one could distinguish between them if their paper names were exchanged. More disgustingly, hito-tsubo landowners are also found among senior officials of those two newspapers who include presidents and editors-in-chief. A common wisdom in a democratic community is to draw a line between one's public and private life, but no one acts that way there.

Worse enough, there are no press agencies on mainland Japan that critically focus on that unusual situation.

At the beginning of this article, I mentioned North Korea's influence. It is because Okinawa University Professor Masakazu (or Masaichi) Sakugawa, chairman of the National Federation of the Juche Ideology Research Societies, who is reportedly friendly with Governor Masahide Ota, UNCLAS SECTION 05 OF 08 TOKYO 002283

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served as representative of the Executive Committee for the International Seminar on Juche Ideology, a forum held in Tokyo from February 7 through 9. The seminar was participated in by a North Korean delegation led by Secretary Hwang Jang Yop sent by Pyongyang, although Hwang later sought asylum in the Republic of Korean embassy in Beijing. Professor Sakugawa stated: "The ideological base for independence and peace of Okinawa is common to the juche ideology" (according to Chosen Jiho (Korean Times) dated February 20).

In February last year, at a national seminar on the juche thinking and Japan-North Korea friendship held at the Chiba Prefectural Education Hall, that professor noted: "Guns of U.S. troops deployed in the Asia-Pacific region, beginning with U.S. Forces in Japan (USFJ), target North Korea. Okinawa is located on the frontline of the Japan-U.S. security arrangement, the spearhead of which is set at (North) Korea" (The Juche Ideology -- March, 1996). Those remarks have made me suspect that Professor Sakugawa has a plot that North Korea and Okinawa, opposing the U.S.-Japan Security Treaty, will endeavor to kick out the bases from Okinawa. Reportedly Governor Ota plans to send shortly to the U.S. a delegation that will include that professor. (The Governor's) real aim is out of my reach, but if he did it at a critical timing before the Japan-U.S. summit meeting set for late April, his action, which could be viewed as the

prefectural side's attempt to plant the seeds of international conflict, would end up simply trampling on the good will of the central government, which is trying to assuage Okinawa's burden. How do they view our national interests?

Deep Sympathy with "Okinawans' Feelings"

Most Japanese people including myself are sympathetic to the feelings of the Okinawan people. But who is really portrayed when the Okinawan side expresses "prefectural people's feelings"?

If it means the feelings of "hito-tsubo landowners," who more loudly express opposition than the others, most of the Japanese people would voice their objections. I at least am not as generous as to approve pouring a vast amount of money from our treasury coffers to people who flatly reject the Japan-U.S. alliance.

Governor Ota is not a governor who was elected by "hito-tsubo anti-war landowners." When the Governor accepted the request for him to sign as a proxy necessary papers, an organ paper issued by Chukakuha, for example, decried him, arguing: "Let us denounce thoroughly Ota's submissive and unfaithful act." But I believe Governor Ota is a reliable man, for while he sometimes argues with the central government, at other times he comes under attack from extreme left groups. I therefore
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desire Governor Ota to be aware that there is no person but him who can correct Okinawa's course from overly straying to the left.

(3) Taiwan to Pull Back Maneuvers Area in International Waters off Yonaguni-jima Island; Island Inhabitants' Complaints Taken into Consideration

SANKEI (Page 1) (Full)

March 14, 1997

The Taiwanese Navy has been carrying out live-shell firing practice in international waters off Yonaguni-jima Island in Okinawa Prefecture, but such drills have been increasingly criticized by the island's fishermen and others. Concerning this problem, Taiwanese authorities have decided as of the 13th to substantially pull the line of the maneuvers area back to the Taiwan side. For Taiwan it means that its training sphere will be narrowed down, which would be a sizeable military disadvantage. However, Taiwan, out of consideration for Japan, has now decided to restrain its naval maneuvers in the area. Taiwanese authorities will shortly transmit this decision to the island's residents through the Japanese Government, and in Japan the Liberal Democratic Party is thinking of expressing its gratitude to the Taiwan side in some way or other.

A Maritime Self-Defense Force staff officer explains that the action taken by Taiwan is "extremely unusual from the military aspect." However, Sadanori Yamanaka (former Minister of International Trade and Industry), a member of the Japan-Taiwan Relationship Parliamentary Forum, says that when he visited Taiwan in mid-January and met with Taiwan's President Li Tenghui, the President indicated such an possibility, showing him a chart.

Regarding how far back to set the demarcation line for its practice zone, Taiwan has yet to announce anything specific for such would be a military secret. According to a Taiwanese diplomatic source in Japan, however, the zone's line, which had reached a point as close as about 15 nautical miles (27 kilometers) away from Yonaguni-jima Island, will be moved westward to the shore of Taiwan -- back from the base line of Taiwan's territorial waters at a distance of about 60 nautical miles (108 kilometers) away from the island.

The shores of Yonaguni-jima Island and Taiwan are about 60 nautical miles (90 kilometers) apart from each other. The Taiwanese Navy has been frequently carrying out firing drills since it started in August 1994, and the maneuvers zone has been extended from the middle point between the two shores to a point off Yonaguni-jima Island.

During such live-fire exercises, "good fishing
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grounds having many high-quality fish, such as red sea bream" (according to a local fishermen's cooperative) are located in the danger zone, and the local fishermen frequently had to give up their fishing operations there. So, they have been strongly unhappy with Taiwan's maneuvers.

In addition, when China forcedly carried out missile firing exercises before the presidential election of Taiwan in March last year, missiles fell at a spot about 60 kilometers away from the island, so the residents there were increasingly upset by the growing tension between China and Taiwan in the Strait of Taiwan.

The local government there strongly called on the Government to ask Taiwan to do something about it, such as suspending the exercises or carrying out such drills somewhere else. However, since they were being carried out in international waters, the Government was at a loss.

Under such circumstances, Taiwan has 'conceded' by moving back the maneuvers zone. Behind this, "there was a political decision made by President Li, giving priority to consideration for Japan," a Taiwanese diplomatic source in Japan explains. On the Japanese side, high acclaim is now being voiced as an executive officer of the Liberal Democratic Party is saying that "it will become a breakthrough for a security dialogue between Japan and Taiwan."

(4) Shigeru Yamaguchi, Newly Appointed Supreme Court Justice

SANKEI (Page 3) (Full)

March 12, 1997

"He is judge worthy of being on the Supreme Court." This is the common view about Yamaguchi in the courts of law. Being promoted to a seat on the Supreme Court after being the chief justice of the Fukuoka High Court, he has now assumed an even heavier responsibility.

"There is no difference in the responsibility held by a judge who serves on the Supreme Court, a high

court, a summary court, or even a family court. I deal with each case properly. That's all I have to do." The reason for his choosing the judicial profession is, he says, "Because I was enchanted with the judicial career, in which one can carry out one's job according to one's conscience."

He enjoys reading books about the judicial system in the Edo period and the early Meiji era.

He has the reputation of being heavy drinker. The more he imbibes, the more he amuses himself and others by talking about judicial affairs, forgetting about time. Although he speaks indifferently in a gentle manner, he has a full of
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passion for justice.

He has mainly served in the civil court. Since he has served as director of the Supreme Court's Civil Affairs Division, as well as director general of its General Affairs Bureau, he is well versed in judicial administration matters. He started out his career as a criminal judge, so he has a well-balanced career.

Asked about his most memorable lawsuit, he replied: "I have fond memories of even the small lawsuits." His remarks indicates that "he is a person who puts all his energy into every bit of his work" (source concerned).

During his tenure as director general of the Supreme Court's General Affairs Bureau (1983 - 1988), he accomplished the streamlining of the summary courts all the while that he was under pressure, having to deal with the Diet policy and to receive groups of petitioners. In such, his persevering efforts were highly evaluated.

He is now busy taking over his new duties. He will actually be on the bench in April. He expressed

his firm determination, remarking, "Since I saw the work of a justice when I was serving at the General Affairs Bureau (of the Supreme Court), I am aware of how hard the duty is."

Shigeru Yamaguchi: Born in 1932 in Kobe City; graduated from the Law Faculty at Kyoto University; appointed 1956; served in such posts as justice in Okayama, Hakodate, Tokyo High Courts, director general of the Supreme Court's General Affairs Bureau, Legal Training Center chief; has been appointed as Supreme Court justice on March 10 1996; age 64.

(Ichiro Kikuchi)

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SUBJ: JAPANESE MORNING PRESS HIGHLIGHTS MARCH 17

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WASHDC; SECDEF FOR JCS-J-5/JAPAN, OASD/ISA/EAPR/JAPAN;
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TOKYO SHIMBUN: DONEN'S NUCLEAR REPROCESSING FACTORY TO
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MAINICHI: PERUVIAN GOVERNMENT EXPECTED TO ALLOW PORTION
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SANKEI: QUAKE SHAKES TOYOHASHI CITY, AICHI PREF. WITH
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PREFECTURES; SHINKANSEN BULLET TRAINS AND OTHER TRAFFIC
SYSTEM STOP

YOMIURI/GALLUP POLL: 46 PERCENT OF AMERICANS, JAPANESE
THINK BILATERAL TIES GOOD; RISING CHINA THREAT
(YOMIURI - PAGE 1)

IT BECAME CLEAR FROM THE RESULTS OF A JOINT PUBLIC
OPINION SURVEY CONDUCTED IN JAPAN AND IN THE U.S. BY THE
YOMIURI SHIMBUN AND GALLUP, A U.S. POLLSTER, THAT THE
JAPANESE AND AMERICAN PEOPLES' RESPECTIVE FEELINGS TOWARD
EACH OTHER, WHICH HAD BEEN BECOMING WORSE SINCE EARLY IN
THE 1990S, HAVE NOW MARKEDLY IMPROVED. THE RATE OF THOSE
WHO THINK THAT PRESENT-DAY RELATIONS BETWEEN JAPAN AND
THE U.S. ARE "GOOD" HAS SUBSTANTIALLY INCREASED TO NEARLY
50 PERCENT BOTH IN JAPAN AND IN THE U.S. ON THE
CONTRARY, THE RATE OF THOSE THINKING THAT THE TWO
COUNTRIES' PRESENT RELATIONS ARE "BAD" MARKED AN ALL-TIME
LOW OVER THE PAST DECADE IN BOTH COUNTRIES. ON THE OTHER
HAND, THOSE FEELING A MILITARY THREAT FROM CHINA
ACCOUNTED FOR 60 PERCENT IN BOTH COUNTRIES. AS SEEN FROM
THIS, PEOPLE IN THE TWO COUNTRIES SHOWED A GROWING SENSE
OF ALARM AGAINST CHINA, AND IT MAY SAFELY BE SAID THAT
THE UNSTABLE MILITARY SITUATION IN EAST ASIA HELPS
TIGHTEN THE BILATERAL TIES OF JAPAN AND THE U.S.

THE JAPAN-U.S. SURVEY HAS BEEN CONDUCTED ALMOST ANNUALLY
SINCE 1978. THIS TIME, THE SURVEY ON THE JAPANESE SIDE
WAS CONDUCTED IN JANUARY. ON THE U.S. SIDE, THE SURVEY
WAS CARRIED OUT FROM JANUARY TO FEBRUARY.

ABOUT THE PRESENT-DAY RELATIONS BETWEEN JAPAN AND THE
U.S., THE TOTAL RATE OF AFFIRMATIVE VIEWS -- BOTH "VERY
GOOD" AND "GOOD" -- REACHED 46 PERCENT BOTH IN JAPAN AND
IN THE U.S. IN JAPAN, IT WAS UP 23 PERCENTAGE POINTS AS
COMPARED WITH THE PREVIOUS SURVEY CONDUCTED IN 1995. IN
THE U.S. AS WELL, IT MARKED AN INCREASE OF 18 PERCENTAGE
POINTS. ON THE CONTRARY, "BAD" HAS MARKEDLY DECREASED
FROM THE PREVIOUS SURVEY'S 32 PERCENT TO 13 PERCENT IN
JAPAN. IN THE U.S., IT ALSO SHOWED A DECREASE OF 8

PERCENTAGE POINTS TO 5 PERCENT. THIS PRESUMABLY CAN BE ATTRIBUTED TO SUCH FACTS AS THAT MAJOR ISSUES IN THE JAPAN-U.S. ECONOMIC FRICTIONS HAVE NOW CALMED DOWN, AND THAT THE TWO GOVERNMENTS HAVE REACHED AN AGREEMENT ON THE REVERSION OF THE U.S. FORCES JAPAN'S FUTENMA AIR STATION SITE IN OKINAWA PREFECTURE. EVENTUALLY, THESE FACTS SEEM TO HAVE WORKED AS PLUS FACTORS.

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USIA

FOR: USIA D/P, I/GEA, I/RF, I/RFW, EA, R/MR; STATE FOR EAR/J; STATE PASS TO USTR/PUBLIC AFFAIRS OFFICE; VIA WASHDC; SECDEF FOR JCS-J-5/JAPAN, OASD/ISA/EAPR/JAPAN; TREASURY/OASIA/IMI; WHITE HOUSE; JUSTICE FOR STU CHEMTOB IN ANTI-TRUST DIVISION; COMMERCE FOR JEAN GRIER IN GENERAL COUNCIL'S OFFICE, DAS; USCINCPAC/PA; CINCPAC FLT/PA; COMNAVFORJAPAN/PA.

E.O. 12958: N/A

SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS MARCH 17

ON THE OTHER HAND, THOSE SURVEYED WERE ASKED ABOUT "AN AREA OR A COUNTRY THAT MAY BECOME A MILITARY THREAT." AS A RESULT, THE "DEMOCRATIC PEOPLE'S REPUBLIC OF KOREA (NORTH KOREA)" TOPPED ALL OTHER AREAS AND COUNTRIES IN JAPAN AT 55 PERCENT, WHILE THE "MIDDLE EAST" RANKED FIRST IN THE U.S. AT 50 PERCENT. "CHINA" WAS NEXT BOTH IN JAPAN AND IN THE U.S. IN JAPAN, THE RATE OF THOSE WHO GAVE THAT COUNTRY INCREASED TO 39 PERCENT, AN INCREASE OF 22 PERCENTAGE POINTS OVER THE SAME SURVEY CONDUCTED IN 1994. IN THE U.S. AS WELL, IT REACHED 41 PERCENT, UP 5 PERCENTAGE POINTS OVER THE PREVIOUS SURVEY.

FURTHERMORE, THE SURVEY, FOCUSING ON CHINA, ASKED THE TWO NATIONS' PEOPLE IF THEY THINK CHINA WOULD BECOME A THREAT TO THEIR RESPECTIVE COUNTRIES. AS A RESULT, 64 PERCENT IN JAPAN AND 60 PERCENT IN THE U.S. ANSWERED CHINA WOULD BECOME A "THREAT" TO THEIR COUNTRIES. THIS SHOWS THAT BOTH THE JAPANESE AND THE AMERICANS ARE STILL ON THE ALERT AGAINST CHINA FOR ITS HARD-LINE POSTURE DISPLAYED IN ITS MILITARY MANEUVERS THAT COINCIDED WITH LAST YEAR'S PRESIDENTIAL ELECTION IN TAIWAN.

OKINAWA ISSUES: PRIME MINISTER, DESPERATELY SEEKING SOLUTION TO OKINAWA PROBLEM, SENDING SPECIAL AIDE THERE (NIHON KEIZAI - PAGE 2, MARCH 16 EDITION)

WITH THE CLIMAX SOON TO BE REACHED, PRIME MINISTER RYUTARO HASHIMOTO IS DESPERATELY TRYING TO FIND A SOFT LANDING TO THE PROBLEM OF U.S. MILITARY BASES ON OKINAWA. HE HAS DECIDED TO HASTILY POSTPONE HIS SPECIAL ASSISTANT YUKIO OKAMOTO'S TRIP TO THE UNITED STATES AND SEND HIM TO OKINAWA TO NEGOTIATE WITH GOVERNOR MASAHIRO OTA'S OFFICE ON COORDINATING THE AGENDA FOR THE PRIME MINISTER'S MEETING WITH THE GOVERNOR AND TO PUT EVERY EFFORT INTO

FILLING OUT THE PACKAGE OF PROMOTIONAL MEASURES FOR THAT PREFECTURE. BEFORE HIS APRIL 24 VISIT TO THE U.S., THE PRIME MINISTER IS THINKING OF AMENDING THE SPECIAL MEASURES LAW FOR THE USE OF LAND BY THE U.S. FORCES, BUT SINCE A STRONG REACTION FROM THE PREFECTURE WILL BE UNAVOIDABLE, HE WANTS TO PUT EVERY CONSIDERATION INTO OBTAINING THEIR UNDERSTANDING.

IN HIS MEETING WITH GOVERNOR OTA, THE PRIME MINISTER HAS DECIDED TO FORMALLY TELL HIM ABOUT HIS INTENTION TO AMEND THE SPECIAL LAND-LEASE LAW IN ORDER TO AVOID THE LAND USED BY U.S. BASES FROM FALLING INTO A STATE OF THE CENTRAL GOVERNMENT HAVING LOST ITS USE AUTHORITY.

IN ORDER FOR THE PRIME MINISTER TO HAVE THE AMENDMENT ENACTED BEFORE HE TRAVELS TO THE U.S., THERE IS "A TIME LIMIT FOR SUBMITTING THE LEGISLATION OF LATE MARCH TO EARLY APRIL" (GOVERNMENT SOURCE). ALSO, THE FOCUS WILL BE ON HOW FAR THE GOVERNMENT WILL GIVE CONSIDERATION TO OKINAWA PREFECTURE IN THE PACKAGE OF PROMOTIONAL MEASURES, IN ORDER TO MINIMIZE THE IMPACT OF SUCH PROBLEMS AS THE TRANSFER OF FUTENMA AIR STATION.

OKAMOTO HAD INTENDED TO GO TO THE UNITED STATES AND THERE FLOAT SUCH IDEAS TO OFFICIALS CONNECTED WITH THE ISSUE AS SETTING UP A REGULAR DIALOGUE BETWEEN JAPAN AND THE U.S. ON THE PROBLEM OF TROOP STRENGTH (IN JAPAN) AS A MEANS OF FINDING A LANDING SPOT THAT SATISFIES THE REQUEST OF OKINAWA PREFECTURE. HOWEVER, THE VIEW AROUND THE PRIME MINISTER WAS THAT THIS "WAS NOT SUFFICIENT TO CONVINCE OKINAWA," AND INSTEAD THERE WAS CONCERN IT "RAISE EXCESSIVE EXPECTATIONS ABOUT A FUTURE REDUCTION IN U.S. TROOPS." THE JUDGMENT THEN TILTED TOWARD A WISER APPROACH THAT IT WOULD BE BETTER TO AVOID ANY TRIP TO THE U.S. THAT COULD ONLY INVITE COMPLICATED REACTIONS, AND TO HAVE OKAMOTO CONCENTRATE HIS EFFORTS ON THE PROMOTIONAL PACKAGE.

UNCLAS SECTION 03 OF 10 TOKYO 002305

USIA

FOR: USIA D/P, I/GEA, I/RF, I/RFW, EA, R/MR; STATE FOR EAR/J; STATE PASS TO USTR/PUBLIC AFFAIRS OFFICE; VIA WASHDC; SECDEF FOR JCS-J-5/JAPAN, OASD/ISA/EAPR/JAPAN; TREASURY/OASIA/IMI; WHITE HOUSE; JUSTICE FOR STU CHEMTOB IN ANTI-TRUST DIVISION; COMMERCE FOR JEAN GRIER IN GENERAL COUNCIL'S OFFICE, DAS; USCINCPAC/PA; CINCPAC FLT/PA; COMNAVFORJAPAN/PA.

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SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS MARCH 17

OKAMOTO WILL VISIT OKINAWA FROM THE 18TH TO THE 25TH. IN ORDER TO BEGIN FEASIBILITY SURVEYS IN APRIL, HE WILL PROMOTE COORDINATION ON PROJECTS PROPOSED LAST NOVEMBER BY CHIEF CABINET SECRETARY KAJIYAMA'S PRIVATE PANEL,

FORUM RELATED TO MUNICIPALITIES WITH U.S. MILITARY BASES (CHAIRLED BY PROFESSOR HARUO SHIMADA OF KEIO UNIVERSITY). HE ALSO WILL VISIT NAGO CITY, THE SITE OF A PROPOSED ALTERNATE HELIPORT FOR THE ONE AT FUTENMA AIR STATION, AND SEEK THEIR UNDERSTANDING FOR THE CARRYING OUT OF A PLANNED CONSTRUCTION SURVEY.

AS A PROMOTIONAL MEASURE, OKINAWA PREFECTURE HAS STRONGLY REQUESTED MEASURES TO LIGHTEN THE CORPORATE TAX LOAD, AND THE INTRODUCTION OF A NO-VISA SYSTEM. BUT THE FINANCE AND FOREIGN MINISTRIES ARE DEAD SET AGAINST "HAVING TWO SYSTEMS IN ONE COUNTRY," AND SIGNS OF CONCRETE PROGRESS ON THIS ISSUE HAVE YET TO BE SEEN. FOR THAT REASON, THE GOVERNMENT'S THINKING IS TO SHOW ITS SINCERITY TO THE PREFECTURE BY USING AS LEVERAGE A PACKAGE OF MEASURES THAT CAN BE IMPLEMENTED IN A RELATIVELY SHORT TIME.

LDP POLICY CHAIRMAN YAMASAKI: ONE-TSUBO LANDOWNERS POLITICALLY MOTIVATED, DO NOT REPRESENT OKINAWA CITIZENS (TOKYO SHIMBUN - PAGE 2)

LIBERAL DEMOCRATIC PARTY (LDP) POLICY AFFAIRS RESEARCH COUNCIL (PARC) CHAIRMAN TAKU YAMASAKI APPEARED ON AN NHK TELEVISION PROGRAM ON THE MORNING OF THE 16TH. IN IT, REFERRING TO THE ISSUE OF LAND LEASES FOR THE U.S. FORCES IN OKINAWA, WHICH WILL EXPIRE ON MAY 14, YAMASAKI REMARKED, "A FAMILIARIZATION PERIOD IS NECESSARY FOR THE 3,000 LANDOWNERS." HIS COMMENT SUGGESTED THE LDP'S GOAL OF AMENDING THE SPECIAL LAND MEASURES LAW BEFORE THE JAPAN-U.S. SUMMIT ON APRIL 25.

YAMASAKI REMARKED, "WE NEED (THE LANDOWNERS') APPROVAL IN ORDER TO LET THE U.S. FORCES CONTINUE TO USE THEIR FACILITIES IN ACCORDANCE WITH THE U.S.-JAPAN SECURITY TREATY," AND REQUESTED THE LANDOWNERS' UNDERSTANDING TOWARD AMENDING THE LAW AS AN EMERGENCY STEP.

YAMASAKI ALSO NOTED: "NINETY PERCENT OF THE 1-TSUBO (3.3 SQUARE METERS) LANDOWNERS ARE POLITICALLY MOTIVATED. I DON'T THINK THEY REPRESENT OKINAWA'S UNIFIED OPINION."

SOCIAL DEMOCRATIC PARTY (SDP) POLICY DELIBERATION COUNCIL CHAIRMAN KAZUO OIKAWA CRITICIZED YAMASAKI'S OPINION, ARGUING, "WE HAVE NOT YET OBTAINED OKINAWA'S UNDERSTANDING. WHAT'S THE RUSH TO SETTLE THE ISSUE BEFORE THE JAPAN-U.S. SUMMIT TALKS? WE DON'T NEED TO BRING A SOUVENIR TO SUCH AN OCCASION." HIS COMMENT REVEALED ONCE AGAIN THE SDP'S DETERMINATION TO OPPOSE AMENDING THE LAW. MINSHUTO (DEMOCRATIC PARTY OF JAPAN) PARC CHAIRMAN YOSHITO SENGOKU FOLLOWED SUIT AND NOTED, "WE CANNOT APPROVE SUCH A STEP AT PRESENT."

MEANWHILE, SHINSHINTO (NEW FRONTIER PARTY) POLICY DELIBERATION COUNCIL CHAIRMAN TAKESHI NODA ARGUED, "THE PRESENT LEGAL SYSTEM IS NOT DESIGNED FOR ACQUIRING BASE LAND LOS. THE OVERALL LEGAL SYSTEM IS IMPROPER." HIS COMMENT SUGGESTED THAT JAPAN NEEDS A NEW LEGAL SYSTEM THAT CAN REPLACE THE SPECIAL MEASURES LAW.

I ADDITION, JAPAN COMMUNIST PARTY (JCP) POLICY COMMITTEE CHAIRMAN HIROSHI KIKUNAMI INDICATED OPPOSITION TO AMENDING THE LAW. TAIYO PARTY PARC CHAIRMAN TOSHINOBU AWAYA INDICATED THAT HIS PARTY IS UNDER STUDY.

LDPQS YAMASAKI: GUIDELINES REVIEW AND ARGUMENT FOR CUTTING MARINES GO SIDE BY SIDE (MAIICHI - PAGE 2)

LIBERAL DEMOCRATIC PARTY (LDP) POLICY AFFAIRS RESEARCH COUNCIL (PARC) CHAIRMAN TAU YAMASAKI IN A PRESS UNCLAS SECTION 04 OF 10 TOKYO 002305

USIA

FOR: USIA D/P, I/GEA, I/RF, I/RFW, EA, R/MR; STATE FOR EAR/J; STATE PASS TO USTR/PUBLIC AFFAIRS OFFICE; VIA WASHDC; SECDEF FOR JCS-J-5/JAPAN, OASD/ISA/EAPR/JAPAN; TREASURY/OASIA/IMI; WHITE HOUSE; JUSTICE FOR STU CHEMTOB IN ANTI-TRUST DIVISION; COMMERCE FOR JEAN GRIER IN GENERAL COUNCIL'S OFFICE, DAS; USCINCPAC/PA; CINCPAC FLT/PA; COMNAVFORJAPAN/PA.

E.O. 12958: N/A

SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS MARCH 17

CONFERENCE ON THE 16TH INDICATED THAT JAPAN AND THE UNITED STATES' PLAN TO REVIEW BY THIS FALL THE GUIDELINES FOR JAPAN-U.S. DEFENSE COOPERATION SHOULD GO HAND IN HAND WITH THE ISSUE OF REDUCING THE U.S. MARINES STATIONED IN OKINAWA. HE ALSO INDICATED A PLAN TO BEGIN A PROBING DISCUSSION AMONG THE RULING PARTIES ON THE REVIEW OF THE GUIDELINES. HIS ANNOUNCEMENT SEEMS TO REFLECT THE JUDGMENT THAT IN ORDER TO REALIZE THE SOCIAL DEMOCRATIC PARTY'S (SDP) CALL FOR REDUCING THE U.S. MARINES, A DISCUSSION AMONG THE RULING PARTIES IS INDISPENSABLE. IN ADDITION, HIS ANNOUNCEMENT SEEMINGLY REVEALED THE LDP'S INTENTION TO BEGIN DISCUSSING THE ISSUE IN THE FORUM ON THE OKINAWA PROBLEM (OKINAWA MONDAI KONDANKAI), WHICH WILL BE LAUNCHED BY THE RULING CAMP ON THE 14TH.

PRIOR TO THAT, YAMASAKI APPEARED ON AN NHK TELEVISION DISCUSSION PROGRAM IN WHICH HE STRESSED, "WE HAVE TO CARRY OUT A PROBING DISCUSSION ON THE SECURITY ISSUE BEFORE PRODUCING JAPAN'S DECISION." IN ADDITION, HYPOTHESIZING EMERGENCIES NEAR JAPAN, SUCH AS ON THE KOREAN PENINSULA, YAMASAKI REMARKED: "IT WOULD BE LOGICAL TO SUGGEST HOW MUCH JAPAN'S SELF-DEFENSE FORCES CAN COOPERATE IN ORDER TO SLASH AMERICA'S DEPLOYMENT. BUT JUST REQUESTING A SHIFT IN THE PRESENT CONDITION WOULD ONLY ELICIT OPPOSITION FROM THE U.S." YAMASAKI'S REMARKS INDICATED THE NEED TO EXAMINE THE DEPLOYMENT OF U.S. ARMED FORCES IN JAPAN IN TANDEM WITH THE REVIEW OF THE GUIDELINES.

MEANWHILE, SDP POLICY DELIBERATION COUNCIL CHAIRMAN KAZUO OIKAWA REMARKED IN REFERENCE TO THE ISSUE OF AMENDING THE

SPECIAL LAND MEASURES LAW FOR THE U.S. FORCES IN JAPAN, "AMENDING THE LAW SHOULD NOT BE OUR FIXED GOAL." HIS COMMENT SUGGESTED THAT THE SDP AT THIS POINT CANNOT BACK THE LDP'S APPROACH. OIKAWA ALSO ARGUED THAT REMOVING THE U.S. MARINES COMPLETELY OUT OF OKINAWA WOULD BE THE BEST WAY IN ORDER TO PREVENT THE PERMANENT SETTLEMENT OF U.S. BASES THERE. (HARUYUKI AIKAWA)

NFP HEAD OZAWA BLASTS ARGUMENT FOR REDUCING MARINES; IMPOSSIBLE FOR JAPAN TO ASK SUCH (NIHON KEIZAI - PAGE 2)

SHINSHINTO (NEW FRONTIER PARTY) PRESIDENT ICHIRO OZAWA ON THE 16TH HELD A PRESS CONFERENCE AT A HOTEL IN SENDAI CITY. IN IT, REFERRING TO THE SOCIAL DEMOCRATIC PARTY'S (SDP) CALL FOR REDUCING THE U.S. MARINES STATIONED IN OKINAWA, OZAWA REMARKED IN A STRONG TONE: "THE U.S. FORCES ARE"STATIONED IN JAPAN AT JAPAN'S REQUEST FOR THE SAKE OF THE PEACE OF JAPAN AND THE FAR EAST. REQUESTING REDUCTION IS OUT OF THE QUESTION IN VIEW OF THE BASIC THINKING OF SUSTAINING ASIA'S PEACE CENTERING ON THE JAPAN-U.S. ALLIANCE."

OZAWA ALSO REMARKED ABOUT THE OKINAWA BASE ISSUE: "JAPANESE PEOPLE MUST UNDERSTAND WHY THE U.S. FORCES HAD TO STAY IN JAPAN EVEN AFTER THE WAR." HIS COMMENT SUGGESTED THE PERSPECTIVE THAT JAPAN AS A WHOLE HAS TO SHOULDERS OKINAWA'S BURDEN.

MINSHUTO HEAD HATOYAMA UNCERTAIN ABOUT CHANGING SPECIAL LAND-LEASE LAW (SANKEI - PAGE 2)

DEMOCRATIC PARTY OF JAPAN REPRESENTATIVE YUKIO HATOYAMA MET THE PRESS IN MITO CITY ON THE 15TH, AND TOUCHED ON THE PROBLEM OF THE GOVERNMENT'S FORCEDLY USING LAND IN OKINAWA PREFECTURE FOR U.S. MILITARY BASES THERE. HATOYAMA REVEALED HIS VIEW: "IT'S STRANGE TO SAY (FROM THE BEGINNING) THAT THERE SHOULD BE AN AMENDMENT TO THE SPECIAL LAND-LEASE LAW. THE GOVERNMENT SHOULD FIRST MAKE AN APPLICATION (TO OKINAWA PREFECTURE'S LAND EXPROPRIATION COMMISSION) FOR EMERGENCY LAND USE, AND THEN GO THROUGH THE PROCEDURES." FURTHERMORE, HE STATED, "IT SEEMS THAT THE U.S. IS ALSO THINKING OF REVIEWING ITS UNCLAS SECTION 05 OF 10 TOKYO 002305

USIA

FOR: USIA D/P, I/GEA, I/RF, I/RFW, EA, R/MR; STATE FOR EAR/J; STATE PASS TO USTR/PUBLIC AFFAIRS OFFICE; VIA WASHDC; SECDEF FOR JCS-J-5/JAPAN, OASD/ISA/EAPR/JAPAN; TREASURY/OASIA/IMI; WHITE HOUSE; JUSTICE FOR STU CHEMTOB IN ANTI-TRUST DIVISION; COMMERCE FOR JEAN GRIER IN GENERAL COUNCIL'S OFFICE, DAS; USCINCPAC/PA; CINCPAC FLT/PA; COMNAVFORJAPAN/PA.

E.O. 12958: N/A

SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS MARCH 17

TROOP STRENGTH. JAPAN SHOULD NOT MISS THIS OPPORTUNITY TO TRANSMIT ITS CALL TO THE U.S. FOR REDUCING THE MARINES."

FORMER JSP SPLINTER GROUP COMES OUT AGAINST AMENDING SPECIAL LAND-LEASE LAW (SANKEI - PAGE 2)

THE NEW SOCIALIST PARTY (TN: A SMALL GROUP OF LEFT-WING SOCIALISTS WHO SPLINTERED FROM THE SOCIAL DEMOCRATIC PARTY TWO YEARS AGO) HELD ITS SECOND PARTY CONVENTION IN TOKYO ON THE 15TH, AND ADOPTED AN ACTION POLICY PLAN THAT INCORPORATED SUCH POLICY APPROACHES AS CALLING FOR REMOVING AND REDUCING THE U.S. MILITARY BASES ON OKINAWA AND RERALLYING THE CONSTITUTIONALISTS.

THE NSP ALSO REELECTED ITS CURRENT LEADERSHIP OF CHAIRMAN OSAMU YATABE, VICE CHAIRPERSONS TATSUKUNI KOMORI AND HIROMI OKAZAKI, AND SECRETARY GENERAL TETSUO YAMAGUCHI.

ACCORDING TO THE ACTION POLICY PLAN, THE NSP IS GOING TO PUT UP AT LEAST 10 OR MORE CANDIDATES IN THE UPPER HOUSE ELECTION SLATED FOR THE SUMMER OF NEXT YEAR AND WILL THEN AIM AT GAINING 2 PERCENT OR A HIGHER RATE OF VOTES FOR IT IN THE ELECTION SO AS TO MEET THE POLITICAL PARTY REQUIREMENTS UNDER THE POLITICAL PARTY SUBSIDIZATION LAW. ADDITIONALLY, THE NSP INTENDS TO START A MOVEMENT AGAINST ADMINISTRATIVE REFORM AND DEREGULATION THAT WILL LEAD TO DESERTING THE SOCIALLY WEAK.

AT A PRESS CONFERENCE, YATABE STATED: "CONCERNING THE PROBLEM OF U.S. MILITARY BASES ON OKINAWA, WE'D LIKE TO ACT IN CONCERT WITH THE CONSTITUTIONALIST MEMBERS OF THE SOCIAL DEMOCRATIC PARTY AND ALSO WITH THE OKINAWA SHAKAI TAISHUTO (OKINAWA SOCIAL POPULAR PARTY). WE CAN'T APPROVE ANY ADMINISTRATIVE REFORM LED BY BUSINESS CIRCLES AND BIG COMPANIES AT THE SACRIFICE OF WORKING PEOPLE."

RUSH OF SENIOR LDP DIETMEMBERS VISITING CHINA (ASAHI - PAGE 2)

TRIPS TO CHINA ARE NOW BEING PLANNED BY MANY DIETMEMBERS, SINCE THIS SEPTEMBER WILL COMMEMORATE THE 25TH ANNIVERSARY OF NORMALIZATION OF DIPLOMATIC RELATIONS BETWEEN JAPAN AND CHINA. STANDING OUT AMONG THE TRAVELING DIETMEMBERS ARE THOSE FROM THE LIBERAL DEMOCRATIC PARTY (LDP). WHAT HAS MADE THESE DIETMEMBERS EAGER TO TRAVEL TO CHINA IS THEIR SELF-REFLECTION ON THE PAST YEAR, WHEN THE JAPAN-CHINA RELATIONSHIP BECAME CHILLY, "THE WORST SINCE DIPLOMATIC NORMALIZATION." DURING THAT YEAR, THE LDP WAS UNABLE TO TAKE ANY HELPFUL ACTION BECAUSE NO POLITICIAN WAS AVAILABLE TO SERVE AS A COORDINATOR. IN ADDITION, SOME POLITICIANS ARE MOTIVATED TO STRENGTHEN POLITICAL EXCHANGES WITH CHINA IN VIEW OF THE GREATLY CHANGING ENVIRONMENT IN EAST ASIA AND THE PACIFIC, SUCH AS THE CURRENT FLUIDITY ON THE KOREAN PENINSULA.

ON THE 12TH, SOCIAL DEMOCRATIC PARTY (SDP) PRESIDENT

TAKAKO DOI COMPLETED HER FOUR-DAY TOUR OF CHINA. FROM THE 17TH, A GROUP OF MID-RANKING AND JUNIOR LDP LAWMAKERS LED BY DEPUTY SECRETARY GENERAL SEIICHI OTA IS TO VISIT CHINA. IN ADDITION, TARO NAKAYAMA (FORMER FOREIGN MINISTER), CHAIRMAN OF THE LDP FOREIGN AFFAIRS RESEARCH COMMISSION CHAIRMAN, KEIZO OBUCHI (FORMER VICE PRESIDENT), CHAIRMAN OF THE LDP SPECIAL COMMITTEE ON EXTERNAL ECONOMIC COOPERATION AND OTHER MEMBERS ARE ALSO PLANNING TO TRAVEL TO CHINA FROM THE 20TH. FURTHERMORE, LDP POLICY AFFAIRS RESEARCH COUNCIL CHAIRMAN TAKU YAMASAKI IS GOING TO TRIP TO CHINA DURING GOLDEN WEEK, THE WEEK OF CONSECUTIVE HOLIDAYS IN MAY. FORMER FOREIGN MINISTER (AND FORMER PRESIDENT) YOHEI KONO ALSO IS ADJUSTING HIS SCHEDULE IN ORDER TO VISIT CHINA.

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USIA

FOR: USIA D/P, I/GEA, I/RF, I/RFW, EA, R/MR; STATE FOR EAR/J; STATE PASS TO USTR/PUBLIC AFFAIRS OFFICE; VIA WASHDC; SECDEF FOR JCS-J-5/JAPAN, OASD/ISA/EAPR/JAPAN; TREASURY/OASIA/IMI; WHITE HOUSE; JUSTICE FOR STU CHEMTOB IN ANTI-TRUST DIVISION; COMMERCE FOR JEAN GRIER IN GENERAL COUNCIL'S OFFICE, DAS; USCINCPAC/PA; CINCPAC FLT/PA; COMNAVFORJAPAN/PA.

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SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS MARCH 17

LAST YEAR, JAPAN-CHINA TIES WERE SHAKEN UP GREATLY IN THE WAKE OF CHINA'S NUCLEAR TESTING THAT WAS LATER FOLLOWED BY SUCH PROBLEMS AS PRIME MINISTER RYUTARO HASHIMOTO'S PAYING HOMAGE AT YASUKUNI SHRINE AND THE DISPUTE OVER CLAIMS TO THE SENKAKU ISLANDS (OR DIAOYU ISLANDS IN CHINESE). BUT BECAUSE "POLITICAL DIALOGUE BETWEEN JAPAN AND CHINA HAS BEEN IN A BLOCKED SITUATION" (LDP SECRETARY GENERAL KOICHI KATO), THERE WAS NO CHANCE FOR POLITICIANS TO PLAY A ROLE TO IMPROVE BILATERAL BONDS.

ON THE CONTRARY, THE LDP INCURRED A STRONG CRITICISM FROM CHINA FOR CAMPAIGN PLEDGES MADE DURING THE GENERAL ELECTION THAT INCORPORATED THE SENKAKU ISLANDS ISSUE

TAIWAN, WITH ITS RAPIDLY GROWING ECONOMY, HAS BEEN ATTRACTING MORE ATTENTION FROM LDP MEMBERS, AND THE PRO-TAIWANESE GROUP'S JAPAN-CHINA PARLIAMENTARIANS FORUM HAS BEEN HIGHLY ACTIVE. IN CONTRAST, PRO-CHINESE POLITICIANS, WHO ONCE SERVED AS A BRIDGE BETWEEN JAPAN AND CHINA, HAVE RETIRED ONE AFTER ANOTHER FROM THE POLITICAL STAGE. FOR NOW, "THERE IS NO OTHER POLITICIAN BUT FORMER PRIME MINISTER NOBORU TAKESHITA WHO CAN EXCHANGE FRANK VIEWS WITH THE CHINESE SIDE" (MID-RANKING DIETMEMBER).

HOWEVER, CHINA IS CARRYING MORE WEIGHT IN THE INTERNATIONAL COMMUNITY, AND THE ANXIETY OF THE PARTY

EXECUTIVES IS THAT COMMUNICATION CHANNELS WITH CHINA MAY BE TAPERING OFF. THE FOREIGN MINISTRY ALSO IS CONCERNED THAT "SHOULD A PROBLEM ARISE BETWEEN JAPAN AND CHINA, IT DOES NOT APPEAR THE PROBLEM COULD BE SETTLED THANKS TO THE COMMUNICATIONS CHANNELS OF POLITICIANS" (SENIOR OFFICIAL).

(A FLOOD OF PLANNED VISITS TO CHINA) GIVES US THE IMPRESSION OF BEING A HASTY MEASURE, BUT THE OBJECTIVE OF SUCH VISITS IS TO FOSTER "POLITICIANS WHO FRANKLY CAN DISCUSS MATTERS WITH CHINA."

JAPAN, CHINA CONCLUDE SECURITY DIALOGUE, VOW TO STRENGTHEN EXCHANGES (MAONICHI - PAGE 2)

JAPAN AND CHINA ON THE 15TH HELD THEIR FOURTH SECURITY DIALOGUE, IN WHICH BUREAU-DIRECTOR LEVEL FOREIGN AND DEFENSE OFFICIALS PARTICIPATED. THESE SESSIONS TAKE PLACE ONCE A YEAR, BUT THIS TIME, SENIOR OFFICIALS OF CHINA'S PEOPLE'S LIBERATION ARMY ATTENDED FOR THE SAME TIME. BOTH SIDES EXCHANGED VIEWS ON SUCH MATTERS AS THE NATURE OF THE JAPAN-UNITED STATES JOINT SECURITY DECLARATION AND TRANSPARENCY, AND CONFIRMED THEY WOULD STRENGTHEN EXCHANGES THROUGH FUTURE DIALOGUE AS WELL.

IN CONNECTION WITH THE JAPAN-U.S. JOINT SECURITY DECLARATION RELEASED LAST APRIL, THE CHINESE SIDE SOUGHT TO CHECK JAPAN BY STATING, "THE JAPAN-U.S. SECURITY ARRANGEMENT SHOULD BE APPLIED ONLY TO THE SPHERE OF JAPAN-U.S. BILATERAL RELATIONS." JAPAN SOUGHT CHINA'S UNDERSTANDING, EXPLAINING, "(THE DECLARATION) WAS NOT INTENDED TO CHANGE THE FRAMEWORK OF THE JAPAN-U.S. SECURITY ARRANGEMENT. IT ALSO REFERS TO THE IMPORTANCE OF COOPERATION WITH CHINA.Q (HIROSHI KOMATSU)

VICE FOREIGN MINISTER TAKAMURA GOING TO 3 COUNTRIES TO DISCUSS EXIT OF PERUVIAN REBELS (TOKYO SHIMBUN - PAGE 2)

PRIME MINISTER RYUTARO HASHIMOTO HAS TAKEN THE POLICY STANCE OF "NOT YIELDING TO TERRORISM" AS WELL AS OF BRINGING A PEACEFUL SETTLEMENT THROUGH "DIALOGUE" TO THE HOSTAGE CRISIS. ALTHOUGH HE WAS AWARE THAT SUCH MEASURES WOULD TAKE SOME TIME BEFORE THE CRISIS COULD BE RESOLVED, HE DECIDED LAST WEEK TO DISPATCH PARLIAMENTARY VICE FOREIGN MINISTER MASAHIKO KOMURA AS HIS SPECIAL ENVOY TO PERU, CUBA, AND DOMINICAN REPUBLIC IN ORDER TO PREPARE UNCLAS SECTION 07 OF 10 TOKYO 002305

USIA

FOR: USIA D/P, I/GEA, I/RF, I/RFW, EA, R/MR; STATE FOR EAR/J; STATE PASS TO USTR/PUBLIC AFFAIRS OFFICE; VIA WASHDC; SECDEF FOR JCS-J-5/JAPAN, OASD/ISA/EAPR/JAPAN; TREASURY/OASIA/IMI; WHITE HOUSE; JUSTICE FOR STU CHEMTOB IN ANTI-TRUST DIVISION; COMMERCE FOR JEAN GRIER IN GENERAL COUNCIL'S OFFICE, DAS; USCINCPAC/PA; CINCPAC FLT/PA; COMNAVFORJAPAN/PA.

E.O. 12958: N/A

SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS MARCH 17

THE GROUNDWORK FOR LETTING THE ARMED GROUP LEAVE THEIR COUNTRY. THE HASHIMOTO GOVERNMENT IS NOW APPROACHING A DEFINING MOMENT FOR ACHIEVING SUCCESS THOROUGH DIALOGUE.

(KOKI MIURA)

WHEN THE HOSTAGE CRISIS OCCURRED, THE PRIME MINISTER WAS WORRIED MOST ABOUT A POSSIBLE USE OF FORCE BY THE PERUVIAN GOVERNMENT. AFTER THE JAPANESE AMBASSADOR'S RESIDENCE IN LIMA WAS SEIZED BY REBELS, HE TELEPHONED PRESIDENT FUJIMORI AND THE TWO TALKED FOR FOUR HOURS. HE ASKED PRESIDENT FUJIMORI TO PLACE TOP PRIORITY ON THE LIVES OF THE HOSTAGES. IN ADDITION, HE THAT DAY DECIDED TO SEND FOREIGN MINISTER YUKIHIKO IKEDA TO PERU. SUCH EFFORTS LED TO THE PRESIDENT'S REMARKS: "I WILL GIVE SPECIAL CONSIDERATION TO THE SAFETY OF THE HOSTAGES."

BUT IN LATE JANUARY, THE PRIME MINISTER RECEIVED INFORMATION THAT THE PERUVIAN GOVERNMENT WAS LOOKING INTO THE USE OF FORCE AS WELL. IN HIS MEETING WITH PRESIDENT FUJIMORI THAT TOOK PLACE SOON AFTERWARD IN TORONTO, CANADA, PRIME MINISTER HASHIMOTO PRESENTED THE PRESIDENT A SIMULATION THAT WAS DESIGNED IN CASE THE PERUVIAN MILITARY RUSHED INTO THE AMBASSADOR'S RESIDENCE. WITH HIS SIMULATION PLAN, HASHIMOTO STRESSED THE LIVES OF MANY HOSTAGES WOULD BE AT RISK, AND HE SUCCESSFULLY PERSUADED FUJIMORI TO PAVE THE WAY FOR HOLDING A PREPARATORY DIALOGUE WITH THE REBELS.

"NO MATTER WHAT KIND OF TALKS THAT WOULD BE, LAUNCHING OF DISCUSSION IS SIGNIFICANT." WITH THAT SUMMIT MEETING AS A TURNING-POINT, HASHIMOTO HAS GAINED CONFIDENCE IN A PEACEFUL SETTLEMENT BEING SUCCESSFUL THROUGH DIALOGUE, AVOIDING ANY UNFORESEEN DEVELOPMENT.

SINCE THEN, PREPARATORY DIALOGUE WAS HELD MORE THAN TEN TIMES BETWEEN THE PERUVIAN GOVERNMENT AND THE GUERRILLA GROUP. BUT WITH THE DISCOVERY THIS MONTH OF THE PERUVIAN GOVERNMENT HAVING TUNNELED INTO THE AMBASSADOR'S RESIDENCE, NEGOTIATIONS WERE TEMPORARILY DISCONTINUED. THE PRIME MINISTER, HOWEVER, DID NOT TAKE THAT SERIOUSLY BECAUSE "THIS WAS LIKE A DRAMA DURING AN INTERMISSION" (JAPANESE GOVERNMENT SOURCE).

THE PRIME MINISTER HAS NOW DECIDED TO DISPATCH VICE FOREIGN MINISTER KOMURA (TO THE THREE COUNTRIES.) ALTHOUGH HASHIMOTO, WHO HAS OFTEN TALKED ABOUT THE OUTLOOK OF THE HOSTAGE CRISIS, SAYS THAT THE PURPOSE OF THE DISPATCH OF KOMURA "SHOULD NOT BE REVEALED IN ADVANCE," IT IS CERTAIN THAT THE PRIME MINISTER'S SIDE HAS JUDGED THE HOSTAGE CRISIS HAS COME TO A CRUCIAL STAGE BUT THIS IS NOT YET THE FINAL MOMENT.

PRIME MINISTER SETS GUIDELINES FOR CUTTING BUDGET
(ASAHI - PAGE 1)

PRIME MINISTER RYUTARO HASHIMOTO YESTERDAY DECIDED ON A "BASIC POLICY LINE" FOR FACILITATING A MUCH-SOUGHT-FOR SPENDING CUT FROM THE COMPILATION OF THE FY1998 BUDGET. THE BASIC POLICY LINE INDICATES WAYS TO SLASH EXPENDITURES IN EACH BUDGET AREAS, SUCH AS PUBLIC WORKS PROJECTS, SOCIAL SECURITY, DEFENSE AND OFFICIAL DEVELOPMENT AID (ODA) AND EDUCATION. THE GOVERNMENT'S GOAL IS TO LOWER FISCAL DEFICITS CARRIED BY BOTH THE CENTRAL AND LOCAL GOVERNMENTS TO LESS THAN 3 PERCENT OF GDP (GROSS DOMESTIC PRODUCT). IN CONCRETE TERMS, THE FOLLOWING MEASURES WILL BE INCLUDED IN THE POLICY LINE (1) REVIEW THE MEDIUM-TERM DEFENSE POWER CONSOLIDATION PLAN (CHUKIBO) AHEAD OF THE SCHEDULE. IN ADDITION, A FORWARD PAYMENT SYSTEM FOR THE PURCHASES OF MAJOR EQUIPMENT WILL BE RECONSIDERED; (2) EXPLORE A SOCIAL SECURITY BENEFITS PAYMENT SYSTEM REFLECTING THE INCOME OF THE ELDERLY; AND (3) TAKE A SECOND LOOK AT WHAT TO DO ABOUT SPECIFIC FINANCIAL RESOURCES APPROPRIATED FOR ROADS UNCLAS SECTION 08 OF 10 TOKYO 002305

USIA

FOR: USIA D/P, I/GEA, I/RF, I/RFW, EA, R/MR; STATE FOR EAR/J; STATE PASS TO USTR/PUBLIC AFFAIRS OFFICE; VIA WASHDC; SECDEF FOR JCS-J-5/JAPAN, OASD/ISA/EAPR/JAPAN; TREASURY/OASIA/IMI; WHITE HOUSE; JUSTICE FOR STU CHEMTOB IN ANTI-TRUST DIVISION; COMMERCE FOR JEAN GRIER IN GENERAL COUNCIL'S OFFICE, DAS; USCINCPAC/PA; CINCPAC FLT/PA; COMNAVFORJAPAN/PA.

E.O. 12958: N/A

SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS MARCH 17

AND AIRPORTS, SUCH AS THE VOLATILE OILS TAX, WHICH IS USED FOR THE CONSTRUCTION OF ROADS.

THE PRIME MINISTER WILL RELEASE HIS "BASIC POLICY LINE" AT A MEETING OF THE FISCAL STRUCTURAL REFORM COUNCIL TO BE HELD ON THE 18TH. FOR CURBING THE FISCAL DEFICIT, THE SOCIAL DEMOCRATIC PARTY (SDP) AND THE NEW PARTY SAKIGAKE HAD SOUGHT TO FRONTLOAD THE FY2005 TARGET, BUT NO CHANGE WILL BE MADE TO THAT SCHEDULE. COORDINATION IS NOW UNDERWAY ON WHETHER TO INCORPORATE A NUMERICAL TARGETING -- "GROWTH IN THE GENERAL-ACCOUNT PORTION OF THE STATE BUDGET SHOULD BE MADE ZERO" IN THE POLICY LINE IN ORDER TO ACHIEVE THIS TARGET.

THE TOTAL AMOUNT OF DEFENSE SPENDING IN THE FY1997 DRAFT BUDGET HAS BEEN COMPRESSED BY MEANS OF DEFERRING MANDATED PAYMENTS FOR FRONT-LINE EQUIPMENT DUE THAT YEAR. ALL DEFENSE-RELATED EXPENSES WILL BE FERRETED OUT, BEARING IN MIND THE POSSIBILITY OF USING SUCH A METHOD. AS A MEASURE TO AX SOCIAL SECURITY EXPENSES, THE PRESENT SYSTEM, UNDER WHICH THE ELDERLY ARE UNIFORMLY ENTITLED TO RECEIVE PREFERENTIAL TREATMENT REGARDING MEDICAL EXPENSES AND PENSION BENEFITS, HOWEVER HIGH THEIR INCOME IS, WILL

BE REFORMED.

IN THE PUBLIC WORKS PROJECTS SEGMENT, A REAL REDUCTION IN THE BASIC PUBLIC WORKS PROJECTS PLAN, WHICH TOTALS 630 TRILLION YEN, WILL BE REAFFIRMED. THERE ARE TWO WAYS TO THAT END -- (1) TO CUT THE TOTAL AMOUNT OF THE PLAN OR (2) TO LENGTHEN THE PERIOD OF LONG-TERM PLANS FOR VARIOUS PROJECT ITEMS. THE BASIC POLICY LINE WILL CARRY THE TWO ARGUMENTS. HOW TO WORK THAT OUT WILL BE LEFT TO FUTURE DEBATE BY THE FISCAL STRUCTURAL REFORM COUNCIL.

POST MINISTER SENDS LETTER TO U.S. ASKING LICENSES FOR KDD AND NTT (NIHON KEIZAI - PAGE 5, MARCH 15 EDITION)

RESPONDING TO THE UNITED STATES FEDERAL COMMUNICATIONS COMMISSIONS' (FCC) DEFERRAL OF LICENSES FOR NIPPON TELEGRAPH AND TELEPHONE CORPORATION (NTT) AND KOKUSAI DENSHIN DENWA (KDD) TO BASE ITS INTERNATIONAL OPERATIONS IN THE U.S., MINISTER OF POSTS AND TELECOMMUNICATIONS HISAO HORINOUCI SENT A LETTER DATED THE 14TH TO FCC CHAIRMAN HUNT, IN WHICH MPT REQUESTED THE FCC'S APPROVAL AND REPLY AT AN EARLY DATE. THE MINISTRY SENT A COPY ALSO TO U.S. TRADE REPRESENTATIVE BARSHEVSKY, SECRETARY OF STATE ALBRIGHT AND SECRETARY OF COMMERCE DALEY.

MPT MINISTER HORINOUCI EXPRESSED HIS APPREHENSION IN THE LETTER, NOTING "I AM DEEPLY CONCERNED" ABOUT THE FCC'S REFUSAL TO ISSUE LICENSES TO NTT AND KDD. REFERRING TO THE U.S. GOVERNMENT'S STANCE OF CONNECTING THE LICENSING ISSUE WITH FOREIGN CAPITAL RESTRICTIONS BY NTT AND KDD AS WELL AS WITH THE ISSUE OF NTT'S PROCUREMENT OF MATERIALS, HORINOUCI PROTESTED: "THE NON-TRANSPARENT OPERATION OF THE MARKET ENTRY SYSTEM MIGHT BECOME A BARRIER TO NEW MARKET ACCESS."

THE MPT HAS TAKEN THE STANCE OF "BEING UNABLE TO RESPOND TO NEGOTIATIONS FOR AN EXTENSION OF THE BILATERAL PROCUREMENT ACCORD UNDER THE CURRENT SITUATION" (TELECOMMUNICATIONS BUREAU OFFICIAL).

U.S. AWARDS FULL LICENSE TO SWEDISH FIRM, THOUGH REFUSED KDD AND NTT
(NIHON KEIZAI - PAGE 2, MARCH 15 EVENING EDITION)

THE UNITED STATES FEDERAL COMMUNICATIONS COMMISSION (FCC) REVEALED ON THE 14TH THAT IT HAS ISSUED A LICENSE TO THE AMERICAN AFFILIATE OF TERIA (TN: PHONETIC), "A SWEDISH GOVERNMENT-RUN CARRIER, FOR FULL OPERATION OF A TELECOMMUNICATIONS BUSINESS. THIS IS THE FIRST CASE OF APPROVAL AMONG FOREIGN COMPANIES. UNDER THIS LICENSE, A UNCLAS SECTION 09 OF 10 TOKYO 002305

USIA

FOR: USIA D/P, I/GEA, I/RF, I/RFW, EA, R/MR; STATE FOR EAR/J; STATE PASS TO USTR/PUBLIC AFFAIRS OFFICE; VIA WASHDC; SECDEF FOR JCS-J-5/JAPAN, OASD/ISA/EAPR/JAPAN; TREASURY/OASIA/IMI; WHITE HOUSE; JUSTICE FOR STU CHEMTOB

IN ANTI-TRUST DIVISION; COMMERCE FOR JEAN GRIER IN
GENERAL COUNCIL'S OFFICE, DAS; USCINCPAC/PA; CINCPAC
FLT/PA; COMNAVFORJAPAN/PA.

E.O. 12958: N/A

SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS MARCH 17

FOREIGN COMPANY IS ALLOWED TO INITIATE EVERY
TELECOMMUNICATIONS SERVICE, INCLUDING NETWORKS FOR PUBLIC
USERS AND FOR EXCLUSIVE USE OF COMPANIES, ON A PAR WITH
AMERICAN CARRIERS. THIS DECISION OF THE U.S. GOVERNMENT
IS IN STARK CONTRAST TO THE CASE INVOLVING COMPANIES LIKE
NIPPON TELEGRAPH AND TELEPHONE CORPORATION (NTT) IN WHICH
THE FCC HAS WITHHELD LICENSES FOR LIMITED BUSINESS
OPERATIONS.

NORTH AMERICA-TERIA HAS OBTAINED TWO KINDS OF LICENSES --
A "FACILITY" LICENSE TO DO TELECOMMUNICATIONS BUSINESS BY
CONSOLIDATING TELECOMMUNICATIONS NETWORKS ON ITS OWN BY
FACILITIES INVESTMENTS OR BUYING UP OTHER COMPANIES AND A
"RESALE" LICENSE TO INITIATE SERVICES BY BORROWING AN
OTHER COMPANY'S FACILITIES. CARRIERS OF THE BRITAIN AND
NEW ZEALAND HAVE RECEIVED SIMILAR LIGHTLY-REGULATED
LICENSES. EVEN COMPARED WITH THESE LICENSES, THE LICENSE
ISSUED TO THE SWISS COMPANY ALLOWS A NEWCOMER TO CARRY
OUT FREER BUSINESS ACTIVITIES WITHOUT ANY OBLIGATION TO
OBTAIN A LICENSE FOLLOWING AN INCREASE IN INTERNATIONAL
LINES BETWEEN ITS OWN COUNTRY AND THE U.S.

TERIA IS AN UNLISTED COMPANY WHOLLY OWNED BY THE SWEDISH
GOVERNMENT. BUT HIGHLY EVALUATING ITS TELECOMMUNICATIONS
SYSTEM THAT IS GENEROUS IN ALLOWING FOREIGN CAPITAL TO
MAKE A NEW ENTRY INTO THE MARKET, THE U.S. HAS DECIDED TO
GRANT A LICENSE TO THE COMPANY AFTER ABOUT SIX MONTHS OF
SCREENING ITS APPLICATION.

ON THE OTHER HAND, THE OFFICE OF U.S. TRADE
REPRESENTATIVE (USTR) HAS ANNOUNCED ITS POLICY STANCE OF
OPPOSING AN EARLY ISSUANCE OF LICENSES TO NTT AND THE
OTHER CARRIER (KDD), CITING THE REASONS AS THERE BEING
PENDING ISSUES TO BE SOLVED BETWEEN JAPAN AND THE U.S.,
SUCH AS EXTENSION OF THE NTT'S MATERIALS-PROCUREMENT
ACCORD. ALTHOUGH THEIR APPLICATION IS NOT FOR SERVICES
BETWEEN JAPAN AND THE U.S. BUT FOR INTERNATIONAL AND
OTHER LIMITED SERVICES, NO PROSPECTS IS SEEN FOR THE TWO
CARRIERS TO BE ABLE TO OBTAIN LICENSES. (WASHINGTON,
TOORU MACHIDA)

U.S. FLOATS IDEA OF REOPENING TALKS ON TELECOM
PROCUREMENT PACT BUT POSTS MINISTRY NEGATIVE
(NIHON KEIZAI - PAGE 3)

THE UNITED STATES GOVERNMENT HAS SOUNDED OUT THE
POSSIBILITY OF HOLDING NEGOTIATIONS FROM MAY ON EXTENSION
OF THE NTT'S (NIPPON TELEGRAPH AND TELEPHONE CORPORATION)
MATERIALS PROCUREMENT AGREEMENT CONCLUDED BETWEEN JAPAN
AND THE U.S. THE PACT EXPIRES AT THE END OF SEPTEMBER.

THE NEGOTIATIONS HAD BEEN EXPECTED TO START AROUND THE SUMMER, BUT THE UNITED STATES TRADE REPRESENTATIVE (USTR) IS NOW MAKING AN UNUSUAL REQUEST OF FRONTLOADING THE SCHEDULE, WHILE CALLING ON JAPAN TO OPEN ITS TELECOMMUNICATIONS MARKET. THE MINISTRY OF POSTS AND TELECOMMUNICATIONS (MPT), HOWEVER, STRONGLY RESENTS THE U.S. GOVERNMENT'S WITHHOLDING LICENSES TO NTT AND KDD (KOKUSAI DENSHIN DENWA) TO DO INTERNATIONAL TELECOM BUSINESS BASED IN THE U.S.. IT DOES NOT INTEND TO COMPLY WITH THE U.S. REQUEST.

THE NTT PROCUREMENT PACT BETWEEN JAPAN AND THE U.S. WAS CONCLUDED BETWEEN THE TWO GOVERNMENTS IN 1980. SINCE THEN, IT HAS BEEN EXTENDED FIVE TIMES. THE CURRENT PACT EXPIRES ON SEPTEMBER 30. DURING THE PREVIOUS NEGOTIATIONS (1994), THE U.S. REQUESTED SETTING UP NUMERICAL TARGETS FOR THE PURCHASES OF MATERIALS BY NTT, BUT THE JAPANESE SIDE TURNED IT DOWN. A THREE-YEAR EXPANSION OF THE PACT AS BEFORE WILL BECOME INTERTWINED WITH PROCUREMENT ISSUES AFTER THE REORGANIZATION OF NTT. AS IT STANDS, THE U.S. GOVERNMENT INTENDS TO OBTAIN CONCESSIONS FROM JAPAN.

UNCLAS SECTION 10 OF 10 TOKYO 002305

USIA

FOR: USIA D/P, I/GEA, I/RF, I/RFW, EA, R/MR; STATE FOR EAR/J; STATE PASS TO USTR/PUBLIC AFFAIRS OFFICE; VIA WASHDC; SECDEF FOR JCS-J-5/JAPAN, OASD/ISA/EAPR/JAPAN; TREASURY/OASIA/IMI; WHITE HOUSE; JUSTICE FOR STU CHEMTOB IN ANTI-TRUST DIVISION; COMMERCE FOR JEAN GRIER IN GENERAL COUNCIL'S OFFICE, DAS; USCINCPAC/PA; CINCPAC FLT/PA; COMNAVFORJAPAN/PA.

E.O. 12958: N/A

SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS MARCH 17

IN CONTRAST, THE MPT IS LODGING A PROTEST TO THE FCC (FEDERAL COMMUNICATIONS COMMISSIONS) FOR WITHHOLDING THE GRANTING OF BUSINESS LICENSES TO THE AMERICAN SUBSIDIARIES OF NTT AND KDD, WHILE THE U.S. GOVERNMENT WAS PRESSING JAPAN AT THE SAME TIME TO SCRAP FOREIGN CAPITAL RESTRICTION, NOW SET AT 20 PERCENT FOR BOTH COMPANIES, AND TO EXTEND THE PROCUREMENT PACT, MAKING SUCH LICENSE APPROVALS AS A BARGAINING CHIP. THE MPT CLAIMS, "WE CANNOT POSSIBLY COMPLY WITH THE REQUEST FOR OPENING THE NEGOTIATIONS FOR EXTENSION OF THE PACT UNLESS SUCH LICENSES ARE ISSUED QUICKLY."

LIFE CORPORATIONQS SHIMIZU FEARS SCRAPPING LARGE STORE LAW WOULD MAKE LARGE STORE OPENINGS IMPOSSIBLE (SANKEI - PAGE 10)

COMMENT BY LIFE CORPORATION CHAIRMAN AND PRESIDENT SHINJI SHIMIZU:

I OPPOSE THE ABROGATION OF THE LARGE-SCALE RETAIL STORE LAW. IT MAY SOUND STRANGE THAT A MANAGEMENT OPERATOR OF RETAIL CHAINS TAKES A STANCE OF OBJECTING TO ABOLISHING THE LAW. BUT ONCE THE LARGE-SCALE RETAIL STORE LAW IS REPEALED, THERE WOULD APPEAR CASES IN WHICH NEW SUPERMARKETS COULD NOT BE OPENED. FOR INSTANCE, THERE IS A CASE OF A LOCAL ASSEMBLY ADOPTING A RESOLUTION OPPOSING A SUPERMARKET'S OPENING. IF WE REFUTE, "WE HAVE GONE THROUGH DUE FORMALITIES IN ACCORDANCE WITH THE LARGE-SCALE RETAIL STORE LAW," LOCAL ASSEMBLIES WOULD NOT BE ABLE TO PLACE THEIR BANS ON STORE OPENINGS. GROWING CALLS FOR ABOLISHING THE LARGE-SCALE RETAIL STORE LAW IS ONLY IN LINE WITH RECENT TRENDS. NECESSARY REGULATIONS AND PROCEDURES MUST BE PROPERLY CONSOLIDATED. (INTERVIEW ON THE 12TH) CRANE

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LINE3: O 170839Z MAR 97
LINE4: FM AMEMBASSY TOKYO

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DTG: 170839Z MAR 97

ORIG: AMEMBASSY TOKYO

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RHHMHAH/CINCPACFLT PEARL HARBOR HI//N5//

SUBJ: JAPANESE DAILY PRESS SUMMARY 03/17/97-1

TEXT:
UNCLAS SECTION 01 OF 08 TOKYO 002322

DEPT FOR E, P, PM, EB, EAP/J AND S/AL
USIA FOR MR AND REA
WHITE HOUSE FOR NSC ROTH
WHITE HOUSE FOR NEC CUTTER
JUSTICE FOR STU CHEMTOB IN ANTI-TRUST DIVISION
COMMERCE FOR JEAN GRIER IN GENERAL COUNCILQS OFFICE, DAS
TREASURY FOR OASIA/IMI/JAPAN
DEPT PASS USTR FOR SHAPIRO/WOLD
DEPT PASS ELECTRONICALLY TO USDA FAS/ITP FOR SCHROETER

E.O. 12958: N/A

TAGS: PGOV, PINR, JA

SUBJECT: JAPANESE DAILY PRESS SUMMARY 03/17/97-1

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(5) Ambassador to UN Owada: Increase in Japan's Share of UN Funding Should Be Decided in Connection with Its Bid for a Permanent Seat on UNSC; Expresses His Concern over Possibility of Putting off of Membership Issue

(6) Hard Choice for May 14 -- Okinawa and Amendment to Special Land Lease Law (Part 1): Pressing Time, Impatient Prime Minister; Prime Minister Can Make No Concessions on His Firm Maintenance of 'Security' Ties; Government Hurrying to Reach Settlement before Japan-U.S. Summit Meeting Set for Late April

(7) Administrative Reform Conference to Look into Investing Prime Minister's Direct Authority to Command Briefly during Specific Crisis-Management Situations, Like Large-Scale Disasters and Terrorism

(8) Okinawa '97: Gap Opening between Japan and U.S. on Reduction of Troop Strength: U.S. Side Says, "Not Even an Alternate Location for Futenma Has Been Decided"; Government between a Rock and a Hard Place Domestically

ARTICLES:

(5) Ambassador to UN Owada: Increase in Japan's Share of UN Funding Should Be Decided in Connection with Its Bid for a Permanent Seat on UNSC; Expresses His Concern over Possibility of Putting off of Membership Issue

MAINICHI (Page 2) (Full) March 13, 1997

Referring to the question of reforming the United Nations, Japanese Ambassador to UN Hisashi Owada, in an interview with the Sankei Shimbun on the 12th, remarked: "The entire picture should be drawn in line with the thinking that payments to the UN of contributions should be decided in accordance with the responsibilities of that country." His remarks indicated that the two issues -- Japan's joining the UN Security Council (UNSC) as a permanent member and an increase in Japan's share of UN funding -- should be discussed as one package.

The Ambassador made such remarks in response to the outlook that the present 16 percent of Japan's disbursement will likely to be raised to 18 - 19 percent. He expressed his concern that Japan's securing a permanent seat on the UNSC might be shelved despite an increase in its share of the UN funding.

In the interview, Ambassador Owada stated:
"(Joining the UNSC as a permanent member) means cooperating with and upholding the UN order. In the negotiations, it would not be a idea to try
UNCLAS SECTION 02 OF 08 TOKYO 002322

DEPT FOR E, P, PM, EB, EAP/J AND S/AL
USIA FOR MR AND REA
WHITE HOUSE FOR NSC ROTH
WHITE HOUSE FOR NEC CUTTER
JUSTICE FOR STU CHEMTOB IN ANTI-TRUST DIVISION
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E.O. 12958: N/A
TAGS: PGOV, PINR, JA
SUBJECT: JAPANESE DAILY PRESS SUMMARY 03/17/97-1

trade off (the issue of hiking Japan's percentage of funding allocations for its obtaining an permanent membership of the UNSC). So that does not mean a give and take approach." With this, he denied there was thinking to place prior conditions linking the issue of Japan's bid for securing a permanent seat on the UNSC to an increase in its share of UN funding allocations.

Meanwhile, Owada stressed that the UNSC members should shoulder funding allocations that match their responsibilities, noting, "It is not good that payments corresponding to a country's responsibility have not been offered despite its bearing an enormous load.

He added: "It is true that some countries think that the principle of no taxation without representation as adopted when the United States became independent from the United Kingdom, should be introduced to the UN." So saying, Ambassador Owada revealed a sense of alarm toward a possible postponement of the issue of Japan's joining the UNSC as a permanent member, while only resolving the issue of hiking Japan's share of UN contributions.

(6) Hard Choice for May 14 -- Okinawa and Amendment to Special Land Lease Law (Part 1): Pressing Time, Impatient Prime Minister; Prime Minister Can Make No Concessions on His Firm Maintenance of 'Security' Ties; Government Hurrying to Reach Settlement before Japan-U.S. Summit Meeting Set for Late April

YOMIURI (Page 2) (Full) March 15, 1997

On May 14, two months from now, the Government's

compulsory use of land for U.S. military facilities in Okinawa will expire. In order to avoid such a situation, Prime Minister Hashimoto will take action to revise the special land lease law for armed forces stationed in Japan (or the so-called "tokusoho" law). On the 25th of this month, the Prime Minister will meet with Okinawa Prefecture's Governor Masahide Ota. But how will the Government and political parties deal with the issue of amending the law in the face of Okinawa's opposition? Prior to May 14, the Yomiuri Shimbun reports various moves from various angles in Tokyo, Naha, and Washington. (Dai (or Masaru?) Saitome, Political Section)

"Shut up, and listen! I'm now seriously replying."

On the 5th of this month, the last day of the Lower House Budget Committee session of deliberations, Prime Minister Hashimoto so cried out in an angry voice and glared at the opposition parties' bench that had been heckling him.

It happened right after the Social Democratic Party's Kosuke Uehara, a member of the Budget
UNCLAS SECTION 03 OF 08 TOKYO 002322

DEPT FOR E, P, PM, EB, EAP/J AND S/AL
USIA FOR MR AND REA
WHITE HOUSE FOR NSC ROTH
WHITE HOUSE FOR NEC CUTTER
JUSTICE FOR STU CHEMTOB IN ANTI-TRUST DIVISION
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E.O. 12958: N/A
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Committee, was ready to hear the Prime Minister's answer about how he felt about the problem of U.S. military bases on Okinawa. Uehara had asked him: "I'm only asking which is it in weighting national interests and a prefectural people's earnest desire? Is it always elevating military allocations?" The Prime Minister used to ignore the hecklings unconcernedly, but his snapping back then showed his irritation at his being make progress on the Okinawa problem.

Even so, however, the Prime Minister at that time had already made up his mind to give priority to the 'national interests' in terms of Japan-U.S. security ties.

The Prime Minister finally made up his mind to

amend the special land-lease law soon after Okinawa Prefecture's land expropriation commission held its first public hearing on February 21 to discuss the propriety of continuing the Government's requisitioning of landed properties for U.S. military facilities in Okinawa.

"As I thought, it will be difficult without touching the law." The Prime Minister so confessed unexpectedly to one of his staffers at the Prime Minister's official residence, a source has revealed. On February 24, the Prime Minister met with visiting Secretary of State Albright. On that occasion, the Prime Minister informally told the Secretary that he would take action to revise the law.

It was because the Prime Minister had reckoned at that point of time that even if the Government had filed an application with Okinawa Prefecture's expropriation commission for 'emergency use' of land, such an application "cannot be expected to be accepted, and it would be too risky to depend on that alone" (according to a Government source).

Around that time the Prime Minister called Governor Ota twice. Governor Ota "didn't want to answer the telephone because he thought the telephone call from the Prime Minister was probably about the special law," said an aide to the Governor. So, the Governor pretended to be out when the first telephone call came from the Prime Minister. But the Governor could not refuse the second call. However, what Governor Ota heard over the telephone was about development in Okinawa, not about the law.

The Prime Minister himself took the trouble to call the Governor to let him know the Government's decision to disburse several tens of millions of yen for a project. The Governor then felt the Prime Minister's enthusiasm for a settlement of the Okinawa problem. At the same time, the Governor also felt the Prime Minister's impatience.

Governor Ota also has his own political position
UNCLAS SECTION 04 OF 08 TOKYO 002322

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COMMERCE FOR JEAN GRIER IN GENERAL COUNCILQS OFFICE, DAS
TREASURY FOR OASIA/IMI/JAPAN
DEPT PASS USTR FOR SHAPIRO/WOLD
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E.O. 12958: N/A

TAGS: PGOV, PINR, JA

SUBJECT: JAPANESE DAILY PRESS SUMMARY 03/17/97-1

that is backed by his prefecture's public opinion. On February 17, Prime Minister Hashimoto and Governor Ota met. One source claims the Prime Minister and the Governor then consented to forget anything they had discussed about the law in that conversation. The Prime Minister then asked, "Mr. Ota, what do you think the Government should do?" Both the Prime Minister and the Governor sank into silence for a moment.

At a meeting of the three ruling parties' heads held on the night of the 13th, the Prime Minister hardly mentioned the problem of U.S. military bases on Okinawa because he still wanted to keep a watch on future developments in the ruling parties' coordination.

Apart from the ruling parties' coordination, Chief Cabinet Secretary Kajiyama recently made informal contacts with leaders of the New Frontier Party (Shinshintou), Democratic Party of Japan (Minshuto), and Taiyo Party (Taiyoto) to ask for their cooperation. In anticipation of the Social Democratic Party's voting against the Diet legislation of an amendment to the law in the end, one source thought that Kajiyama was trying to persuade the opposition parties to vote for it so as to have the revision bill passed. An SDP executive officer presumes that "the Government may not desist even from breaking the governing framework for the sake of the Okinawa problem."

The Prime Minister is scheduled to hold a summit meeting with U.S. President Clinton in late April, so a senior official in the Ministry of Foreign Affairs explains the circumstances: "The Japan-U.S. security arrangement must not be left unstable. Before that time, an amendment to the law will absolutely have to be legislated, or things will become troublesome."

Okinawa Prefecture has been strongly calling for the Prime Minister to request the U.S. side to reduce the U.S. Marines. Some are taking it that this could become a likely 'card' to obtain Okinawa's understanding.

However, the Prime Minister, according to a Government source, has expressed "a strong sense of unpleasantness about the idea of regarding the reduction issue as a trump card," and the Prime Minister seems to have judged that "making the people of Okinawa Prefecture hopefully expect too much about their call for reducing the U.S. Marines

while we can't promise to do so" (one close to the Chief Cabinet Secretary) would become a factor to be feared under the Japan-U.S. security arrangement.

The Prime Minister is scheduled to meet with Governor Ota once again on the 25th, and he is watching coordination among the ruling parties and is expecting the revision bill to be legislated
UNCLAS SECTION 05 OF 08 TOKYO 002322

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USIA FOR MR AND REA
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before his visit to the U.S. in April. Prior to such a series of scenarios, the Prime Minister "is going on a tightrope from now until around April 20, and no mistake can be permitted," according to one close to the Prime Minister.

No way but to revise the special measures law

Ken Moroi, vice chairman of the Japan Federation of Employers' Associations (Nikkeiren), comments:
"Okinawa Prefecture is strongly dissatisfied, claiming that the Government has not made serious efforts to reduce the U.S. military bases there since Okinawa's reversion to Japan. However, Prime Minister Hashimoto somehow reached agreement for Futenma airfield's reversion, although the U.S. reportedly would never accept such. We should appreciate the Prime Minister's leadership. But, military bases cannot be reduced so easily. That's intertwined with the unstable international situation, too. There's no way but to support the Government's current way of doing things to reach a settlement. I think that revising the special measures law also is unavoidable. As for economic promotional measures, the Government may carry out deregulation and decentralization first in Okinawa."

(7) Administrative Reform Conference to Look into Investing Prime Minister's Direct Authority to Command Briefly during Specific Crisis-Management Situations, Like Large-Scale Disasters and Terrorism

SANKEI (Top Play) (Full) March 16, 1997

Prime Minister Ryutaro Hashimoto as of the 15th has decided to strengthen the prime minister's authority in a way that would allow him to give orders directly to all relevant government offices without waiting for a Cabinet decision as part of the plan to improve the Government's crisis management system to deal with large-scale disasters and terrorism. Such a decision was made in the wake of a host of unfortunate events, such as the hostage crisis in Peru, oil spill by the Nakhodka, and the explosion at a nuclear fuel processing plant by the Power Reactor and Nuclear Fuel Development Corp. (Donen). As the next step, the Conference on Administrative Reform (gyousei kaikaku kaigi) (chaired by Prime Minister Hashimoto), a panel placed directly under the prime minister, plans to carry out a probing discussion in order to come up with a blueprint possibly by early May.

The prime minister's authority will be strengthened to deal with "crises and emergencies that would jeopardize the safety of the people" (Government source). Specifically, the focus will be on three areas: 1) large-scale natural disasters, such as traumatic earthquakes; 2) man-made disasters, like accidents involving nuclear power facilities; and UNCLAS SECTION 06 OF 08 TOKYO 002322

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3) major terrorism and riots.

Specific cases will be enumerated in order to speed up the prime minister's initial response. The prime minister will be invested with the right of command over government agencies for a specific time period, possibly for 24 hours or 72 hours.

National defense that would require the mobilization of the Self-Defense Forces (SDF) will be excluded this time since such will be discussed in the process of streamlining central government

agencies. The reason is because: 1) the SDF Law already stipulates the prime minister's authority to mobilize the SDF in emergencies; and 2) involving emergency legislation would irritate the Social Democratic Party (SDP) and such may hinder the overall administrative reform program.

Rescue measures for Japanese nationals overseas as well as for refugees in case tensions build on the Korean Peninsula have been under study.

In addition, the Government is considering enhancing the prime minister's authority so that he will be able to issue orders directly to relevant government agencies without cabinet approval.

Article 6 in the Cabinet Law stipulates, "The Prime Minister shall exercise direction and supervision over various administrative branches in accordance with the decision made by the Cabinet meeting." The Conference on Administrative Reform has been calling for amending the law in order to beef up the prime minister's authority in emergencies. The Cabinet Legislation Bureau, however, thinks such would violate Article 72 in the Constitution that stipulates the Prime Minister's responsibility, representing the Cabinet, to exercise control and supervision over various administrative branches. In addition, it was not certain if the SDP would approve such an approach.

Under the circumstances, Prime Minister Hashimoto has decided to strengthen the prime minister's authority for crisis management for a limited period and for specific instances without modifying article 6 in the Cabinet Law.

(8) Okinawa '97: Gap Opening between Japan and U.S. on Reduction of Troop Strength: U.S. Side Says, "Not Even an Alternate Location for Futenma Has Been Decided"; Government between a Rock and a Hard Place Domestically

ASAHI (Page2) (Excerpt) March 16, 1997

A gap is opening between Japan and the United States on the issue of reducing the U.S. forces' troop strength, an idea that has floated up in order to find a breakthrough in the Okinawa base problem. The U.S. is displeased with a new move in Japan to request consultations on the force
UNCLAS SECTION 07 OF 08 TOKYO 002322

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structure which would include in its scope the reduction of the Marines -- even though domestic coordination to return Futenma Air Station, as agreed last April, has yet to go forward. The Japanese Government finds itself on the horns of a dilemma, with (domestic) expectations that consultations on troop strength could be used as a trump card to smooth talks among political parties on the problem of the use of land by U.S. bases, and the U.S. fiercely reacting against such an idea.

The United States

"On the reduction of U.S. Marines in Okinawa"

"Thank you for asking that question."

In a session with the foreign correspondents association in Washington on the 14th, Deputy Assistant Secretary for Defense (in charge of the Asia-Pacific) Campbell prefaced his remarks with such a statement.

"The Asia-Pacific region is not in a situation for us to consider reducing the troop strength of the American forces." "Although it is of great importance to improve the situation on Okinawa, at the same time we also have to look on the security relationship in the context of the Asia-Pacific as well as the world."

At this point, there is welling up within the U.S. Government an irritation with Japan:

"We made a maximum compromise on the reversion of Futenma Air Station. But the Hashimoto Government, even though it can't resolve the alternate site problem, is now saying us that we should compromise by reducing the presence of Marines" (source connected to the Department of Defense).

DAS Campbell's statement about waiting for that question was because his aim was to relay the U.S.' irritation to the Hashimoto Government.

Indeed, for the American Government, there is no doubt that it has become easy to get a message, including economic issues, to the current

administration of Prime Minister Hashimoto and the Liberal Democratic Party (LDP) that supports it. It also nows that it is not wise policy to get out front by simply criticizing the Prime Minister and driving him into a corner.

There seems to be the calculation also that even if there is at the end some kind of compromise decision on the issue of reducing the presence of the Marines during President Clinton's meeting with the Prime Minister in late April, coming out at this stage with a tough stance could prove beneficial later during bargaining later between Japan and the U.S.

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(Washington: Hiroshi Hoshi)

GREENWOOD

SECT: SECTION: 01 OF 08
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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
002. cable	Re: Heliport / Land Leases (3 pages)	.03/21/1997	P1/b(1)

COLLECTION:

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

FOLDER TITLE:

[03/21/1997 - 03/26/1997]

2016-0420-F
sb1899

RESTRICTION CODES

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

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

P1 National Security Classified Information [(a)(1) of the PRA]
P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
P3 Release would violate a Federal statute [(a)(3) of the PRA]
P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
003. cable	Re: The Quadrennial Defense Review, Futenma, and SACO [Special Action Committee on Okinawa] (7 pages)	03/24/1997	P1/b(1)

COLLECTION:

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

FOLDER TITLE:

[03/21/1997 - 03/26/1997]

2016-0420-F
sb1899

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SUBJ: JAPANESE MORNING PRESS HIGHLIGHTS MARCH 25

TOP HEADLINES:

TEXT:
UNCLAS SECTION 01 OF 08 TOKYO 002504
USIA

FOR: USIA D/P, I/GEA, I/RF, I/RFW, EA, R/MR; STATE FOR
EAR/J; STATE PASS TO USTR/PUBLIC AFFAIRS OFFICE; VIA
WASHDC; SECDEF FOR JCS-J-5/JAPAN, OASD/ISA/EAPR/JAPAN;
TREASURY/OASIA/IMI; WHITE HOUSE; JUSTICE FOR STU CHEMTOB
IN ANTI-TRUST DIVISION; COMMERCE FOR JEAN GRIER IN
GENERAL COUNCIL'S OFFICE, DAS; USCINCPAC/PA; CINCPAC
FLT/PA; COMNAVFORJAPAN/PA.

E.O. 12958: N/A

SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS MARCH 25

TOP HEADLINES:

ASAHI: WILL NOT SEEK REDUCTION OF U.S. TROOPS FOR THE
TIME BEING, PRIME MINISTER STATES TO U.S. VICE PRESIDENT;
EMPHASIS PLACED ON ASIAN SECURITY (TRANSLATION BELOW)

NIHON KEIZAI: LISTED LAND PRICES DROP FOR SIX YEARS IN A
ROW; A 1.6 PERCENT FALL FOR RESIDENTIAL LAND, SHOWING A

SENSE OF REACHING THE BOTTOM, WHILE A 7.8 PERCENT FALL
FOR COMMERCIAL LAND WITH TWO POLARIZATION CLEAR;
DECLINING RANGE NOW SHRINKING

TOKYO SHIMBUN: SIX-YEAR-OLD GIRL DIES OF O-157 POISONING
IN YOKOHAMA; FIRST DEATH CASE THIS YEAR; THREE PERSONS IN
TWO FAMILIES INFECTED

MAINICHI: AIDS SUIT: THREE FORMER GREEN CROSS PRESIDENTS
ADMIT FACTS ABOUT THEIR INDICTMENT IN FIRST TRIAL AT
OSAKA DISTRICT COURT; PROSECUTION IN ITS OPENING
STATEMENT CRITICIZES COMPANY FOR PRIORITY GIVEN TO
BUSINESSES

YOMIURI: PRIME MINISTER HASHIMOTO STATES TO U.S. VICE
PRESIDENT GORE: "I WILL NOT SEEK A CUTBACK IN U.S.
FORCES"

SANKEI: FIRST TRIAL OF "GREEN CROSS" IN CONNECTION WITH
AIDS INFECTION AT OSAKA DISTRICT COURT: THREE FORMER
PRESIDENTS ADMITS FACTS ABOUT THEIR INDICTMENT;
PROSECUTION IN S OPENING STATE SAYS CONSULTATIONS WERE
HELD FOR CONTINUOUS USE OF UNTREATED BLOOD PRODUCTS

PRIME MINISTER TELLS VICE PRESIDENT JAPAN WILL NOT ASK
FOR TROOP CUTS AT THIS TIME (ASAHI - TOP PLAY)

PRIME MINISTER RYUTARO HASHIMOTO HELD AN HOUR-MEETING ON
THE AFTERNOON OF THE 24TH WITH UNITED STATES VICE
PRESIDENT AL GORE AT THE GUEST HOUSE IN TOKYO. REGARDING
THE MAY 14 EXPIRY OF A PORTION OF LAND LEASES ON THE
SITES NOW USED AS U.S. MILITARY BASES ON OKINAWA, THE
PRIME MINISTER, REFERRING TO THE PROBLEM OF REDUCTION OF
U.S. FORCES AS SOUGHT BY THE SOCIAL DEMOCRATIC PARTY
(SDP) AND OKINAWA PREFECTURE, STATED CLEARLY: "WITH THE
SITUATION IN ASIA NOW IN A DELICATE STATE, THE JAPANESE
GOVERNMENT ON ITS PART WILL NOT SEEK REDUCTION OF
TROOPS." REGARDING THE PROBLEM OF LAND EXPROPRIATION, HE
MADE HIS INTENTION CLEAR TO COPE WITH IT BY AMENDING THE
SPECIAL LAND-USE LAW FOR STATIONED TROOPS AS THE
GOVERNMENT PLANS, NOTING: "I WILL DO MY UTMOST SO THAT
THE U.S.-JAPAN SECURITY TREATY ARRANGEMENTS WILL NOT BE
IMPEDED."

FIVE AREAS ADDED TO U.S.-JAPAN COMMON AGENDA
(NIHON KEIZAI - PAGE 2)

PRIME MINISTER RYUTARO HASHIMOTO AND U.S. VICE PRESIDENT
CORE DURING THEIR MEETING YESTERDAY AGREED TO ADD THE
FOLLOWING FIVE AREAS INTO THE JAPAN-U.S. COMMON AGENDA
FOR GLOBAL COOPERATION: (1) MEASURES TO COUNTER OIL
SPILLS AS A RESULT OF ACCIDENTS AT SEA; (2) RESEARCH ON
GLOBAL (CLIMATIC) CHANGES; (3) PROMOTION OF A PLAN FOR A
GLOBAL-SCALE STUDY AND OBSERVATION OF THE ENVIRONMENT
DIRECTED AT CHILDREN; (4) COOPERATION FOR THE
PRESERVATION OF THE ENVIRONMENT IN THE WEST PACIFIC AND
EAST ASIA REGION AND (5) JOINT MEASURES FOR THE ISSUE OF
CHILDREN'S HEALTH.

DAS CAMPBELL TO LDPQS YAMASAKI: TOPIC OF WITHDRAWAL OF MARINES NOT NEGOTIABLE (SANKEI - PAGE 2)

U.S. DEPUTY ASSISTANT SECRETARY OF DEFENSE CAMPBELL MET WITH THE LIBERAL DEMOCRATIC PARTY'S POLICY AFFAIRS RESEARCH COUNCIL CHAIRMAN TAKU YAMASAKI AT THE LDP'S UNCLAS SECTION 02 OF 08 TOKYO 002504

USIA

FOR: USIA D/P, I/GEA, I/RF, I/RFW, EA, R/MR; STATE FOR EAR/J; STATE PASS TO USTR/PUBLIC AFFAIRS OFFICE; VIA WASHDC; SECDEF FOR JCS-J-5/JAPAN, OASD/ISA/EAPR/JAPAN; TREASURY/OASIA/IMI; WHITE HOUSE; JUSTICE FOR STU CHEMTOB IN ANTI-TRUST DIVISION; COMMERCE FOR JEAN GRIER IN GENERAL COUNCIL'S OFFICE, DAS; USCINCPAC/PA; CINCPAC FLT/PA; COMNAVFORJAPAN/PA.

E.O. 12958: N/A

SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS MARCH 25

HEADQUARTERS ON THE 24TH, AND STATED: "I'D LIKE TO LET YOU KNOW THAT WE'RE DETERMINED TO MAINTAIN OUR DEPLOYMENT OF 100,000 TROOPS IN EAST ASIA." CAMPBELL SO EMPHASIZED THAT THE U.S. WOULD NOT DISCUSS THE PROBLEM OF WITHDRAWING THE MARINES STATIONED ON OKINAWA AT NEGOTIATIONS BETWEEN JAPAN AND THE U.S.

CAMPBELL, WHO HAD VISITED THE REPUBLIC OF KOREA RIGHT BEFORE HIS VISIT TO JAPAN, TRANSMITTED THE ROK GOVERNMENT'S INTENTION: "IT'S HARD TO PREDICT NORTH KOREA'S MOVES. A REDUCTION IN THE U.S. FORCES IS NOW BEING TALKED ABOUT, BUT THE ROK SIDE ASKED ME TO TELL JAPAN NOT TO SEND ANY WRONG SIGNAL." CAMPBELL HAS THUS EXPRESSED CONCERN TO THE EFFECT THAT THE JAPANESE SIDE'S ARGUMENTS ON A REDUCTION IN THE U.S. FORCES MAY SERIOUSLY AFFECT THE KOREAN PENINSULA SITUATION.

PRIME MINISTER TO MEET GOVERNOR OTA TODAY WITH REVISION OF SPECIAL LAW ON AGENDA (SANKEI - PAGE 2)

PRIME MINISTER RYUTARO HASHIMOTO WILL MEET WITH OKINAWA GOVERNOR MASAHIRO OTA AT HIS RESIDENTIAL OFFICE ON THE MORNING OF THE 25TH TO EXCHANGE VIEWS ON SUCH ISSUES AS THE FORCED USE OF LAND BY UNITED STATES MILITARY BASES. IN THE MEETING, HASHIMOTO WILL REFER TO THE POSSIBILITY OF REVISING OF THE SPECIAL LAND-LEASE LAW FOR U.S. FORCES IN JAPAN IN ORDER TO SECURE THE RIGHT TO USE THE LAND IF THE OKINAWAN LAND EXPROPRIATION COMMITTEE IS UNABLE TO REACH A DECISION BY MAY 14 WHEN LEASES UNDER THE SPECIAL LAND-LEASE LAW WILL EXPIRE. BUT GOVERNOR OTA IS LIKELY TO OPPOSE THE IDEA. THE PRIME MINISTER, THEREFORE, WILL LIKELY BE DRIVEN INTO TIGHT CORNER IN REACHING A SETTLEMENT OF THE OKINAWA ISSUE, SINCE HE HAS YET TO OBTAIN ANY PROSPECT FOR REDUCING THE U.S. TROOP STRENGTH, FOR WHICH THE OKINAWA GOVERNMENT HAS BEEN CALLING.

IN THE SESSION, PRIME MINISTER HASHIMOTO WILL UNVEIL THE "MAY 15 (1972) MEMORANDUM," WHICH STIPULATES SUCH CONDITIONS AS THE USE OF U.S. MILITARY FACILITIES WHEN THEY ARE RETURNED TO OKINAWA. HE ALSO WILL DISCUSS WITH OTA SUCH PENDING ISSUES AS CONSTRUCTION OF ALTERNATE HELIPORT FOR ONE AT FUTENMA AIR STATION, PROMOTION MEASURES FOR OKINAWA DEVELOPMENT, AND THE ACCIDENTAL FIRING OF DEPLETED-URANIUM BULLETS BY U.S. MILITARY AIRCRAFT.

REGARDING THE ISSUE OF THE SPECIAL LAND-LEASE LAW, THE CENTER OF ATTENTION, HASHIMOTO WILL CONVEY HIS GOVERNMENT'S POLICY INTENTION THAT "AFTER THE LEASE CONTRACTS EXPIRE, WE MUST NOT CREALE THE SITUATION WHERE THE GOVERNMENT LOSES THE RIGHT TO USE THE LAND" (CHIEF CABINET SECRETARY KAJIYAMA), WHILE SAYING THAT HE WILL KEEP AN EYE ON THE OUTCOME OF THE THIRD ROUND DELIBERATIONS OF THE OKINAWA LAND EXPROPRIATION COMMITTEE SLATED ON THE 27TH. THIS KAJIYAMA'S REMARKS MEANT AMENDING OF THE SPECIAL LAND-LEASE LAW, WHICH WILL ENABLE THE U.S. FORCES TO USE THE LAND. BUT GOVERNOR OTA INTENDS TO OPPOSE SUCH A REVISION, TAKING HIS CLUE FROM THE SENTIMENTS OF THE OKINAWAN PEOPLE.

ON THE DISCLOSURE OF THE MAY 15 MEMO, SINCE THE GOVERNMENT "WILL NOT MAKE PUBLIC INFORMATION IRRELEVANT TO OKINAWA, AS WELL AS INFORMATION THAT SHOULD BE KEPT SEC RET SUCH AS TELECOMMUNICATIONS" (KAJIYAMA), SOME INFORMATION WILL NOT BE REVEALED.

HASHIMOTO AND OTA WILL DISCUSES THE 30 ITEMS OF OKINAWA DEVELOPMENT MEASURES AIMING AT AN EARLY REALIZATION. CONCERNING THE ISSUE OF CONSTRUCTING AN ALTERNATE HELIPORT, AS NAGO CITY HAS REFUSED TO A PRIOR INVESTIGATION, THE PRIME MINISTER WILL ASK OTA FOR OKINAWA PREFECTURE'S COOPERATION.

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USIA

FOR: USIA D/P, I/GEA, I/RF, I/RFW, EA, R/MR; STATE FOR EAR/J; STATE PASS TO USTR/PUBLIC AFFAIRS OFFICE; VIA WASHDC; SECDEF FOR JCS-J-5/JAPAN, OASD/ISA/EAPR/JAPAN; TREASURY/OASIA/IMI; WHITE HOUSE; JUSTICE FOR STU CHEMTOB IN ANTI-TRUST DIVISION; COMMERCE FOR JEAN GRIER IN GENERAL COUNCIL'S OFFICE, DAS; USCINCPAC/PA; CINCPAC FLT/PA; COMNAVFORJAPAN/PA.

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SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS MARCH 25

ON THE OTHER HAND, THE GOVERNMENT HAS TAKEN THE POSITION THAT "APART FROM THE FUTURE, IN VIEW OF THE INTERNATIONAL SITUATION, THE PRESENT SITUATION DOES NOT ALLOW ANY CUTS IN THE U.S. TROOP STRENGTH" (KAJIYAMA).

THE PRIME MINISTER AND U.S. VICE PRESIDENT GORE ON THE 24TH REACHED AGREEMENT ON THE MAINTAINING OF THE CURRENT LEVEL OF TROOP STRENGTH, BUT OKINAWA PREFECTURAL GOVERNMENT NEGATIVELY REACTED TO IT. SO HASHIMOTO IS NOW ON THE HORNS OF A DILEMMA BETWEEN UPHOLDING THE U.S.-JAPAN SECURITY ARRANGEMENT AND SEEKING OKINAWA PREFECTURE'S UNDERSTANDING TOWARD AMENDING THE SPECIAL LAND-LEASE LAW. IN ADDITION, THE SOCIAL DEMOCRATIC PARTY HAS STILL TAKEN THE STANCE OF OPPOSING REVISION OF THE LAW. UNDER SUCH CIRCUMSTANCES, A DIFFICULT COURSE LIES AHEAD OF HIM.

OTA TO ASK HASHIMOTO FOR REDUCTION OF U.S. FORCES ON OKINAWA (ASAHI - PAGE 2)

ON THE 24TH, OKINAWAN GOVERNOR MASAHIDE OTA, WHO IS TO MEET WITH PRIME MINISTER RYUTARO HASHIMOTO ON THE 25TH FOR TALKS ON THE PROBLEM OF UNITED STATES BASES ON OKINAWA, REVEALED HIS PLAN TO CALL ON THE PRIME MINISTER TO REQUEST THE U.S. FOR A CUTBACK IN TROOP STRENGTH DURING THE UPCOMING JAPAN-U.S. SUMMIT IN APRIL. HE STATED: "THE ONLY WAY TO ASSUAGE OKINAWAN PEOPLE'S SENTIMENTS WITHOUT DAMAGING THE JAPANESE GOVERNMENT IS FOR THE GOVERNMENT TO WORK ON THE U.S. TO SHRINK ITS TROOP STRENGTH ALONG LINES SET BY THE PREFECTURE'S CONCEPT THAT CALLS FOR A PHASED REDUCTION." HE WAS RESPONDING TO A QUESTION FROM THE ASAHI SHIMBUN.

THE AGENDA FOR THE HASHIMOTO-OTA MEETING IS EXPECTED TO BE CENTERED ON THE PROBLEM OF WHETHER TO AMEND THE SPECIAL LAND-LEASE LAW FOR STATIONED FORCES, WHICH WOULD MAKE IT POSSIBLE TO USE LAND EVEN AFTER THE LAND LEASE CONTRACTS EXPIRE IN MAY. GOVERNOR OTA STRESSED: "EVEN IF THE EXPIRY OF CONTRACTS COMES, LANDOWNERS CANNOT ENTER BASES IN EFFECT BECAUSE U.S. TROOPS HAVE THE ADMINISTRATIVE RIGHT. BECAUSE IT IS OVERLY CONCERNED ABOUT SAVING THE U.S. GOVERNMENT'S FACE, (THE JAPANESE GOVERNMENT) IS TRYING TO AMEND THE LAW." "IF THE LAW IS AMENDED, OKINAWAN PEOPLE'S SENTIMENTS WILL REACH A BOILING POINT. SUCH WILL NOT BRING ABOUT ANY SETTLEMENT OF THE PROBLEM," ADDED OTA, INDICATING HIS INTENTION TO CONVEY ONCE MORE HIS OPPOSITION TO THE PRIME MINISTER.

PRIME MINISTER SANDWICHED BETWEEN OKINAWA PREFECTURE AND U.S. ON BASE LAND ISSUE (NIHON KEIZAI - PAGE 2)

PRIME MINISTER RYUTARO HASHIMOTO WILL MEET THIS MORNING WITH OKINAWA GOVERNOR MASAHIDE OTA ON THE ISSUE OF UNITED STATES MILITARY BASES ON OKINAWA. HE WILL MAKE IT CLEAR THAT U.S. VICE PRESIDENT GORE DURING HIS VISIT TO JAPAN TOOK THE STANCE OF NOT RESPONDING TO OKINAWA'S REQUEST FOR A REDUCTION OF THE MARINES THERE, AND THAT HE AS PRIME MINISTER TOLD THE VICE PRESIDENT HE HAD NO INTENTION OF SEEKING ANY REDUCTION IN THE STRENGTH OF THE U.S. TROOPS UNDER CURRENT CONDITIONS. GOVERNOR OTA INEVITABLY WILL REACT STRONGLY. IN HIS MEETING WITH THE GOVERNOR, THE PRIME MINISTER WANTS TO OBTAIN HIS

UNDERSTANDING TOWARD THE REVISION OF THE SPECIAL MEASURES LAW FOR USE OF LAND BY THE STATIONED FORCES, BUT HE APPEARS TO BE IN A TOUGH POSITION, SANDWICHED BETWEEN THE UNITED STATES AND OKINAWA PREFECTURE.

DFAA SETS POLICY OF CONVEYING REQUESTS FROM LANDOWNERS DESIRING ACCESS TO BASE LAND LOTS (SANKEI - PAGE 2)

ON THE PROBLEM OF THE GOVERNMENT'S COMPULSORY REQUISITIONING OF LAND LOTS IN OKINAWA FOR KADENA AIR FORCE BASE AND OTHER U.S. MILITARY BASES THERE, ABOUT UNCLAS SECTION 04 OF 08 TOKYO 002504

USIA

FOR: USIA D/P, I/GEA, I/RF, I/RFW, EA, R/MR; STATE FOR EAR/J; STATE PASS TO USTR/PUBLIC AFFAIRS OFFICE; VIA WASHDC; SECDEF FOR JCS-J-5/JAPAN, OASD/ISA/EAPR/JAPAN; TREASURY/OASIA/IMI; WHITE HOUSE; JUSTICE FOR STU CHEMTOB IN ANTI-TRUST DIVISION; COMMERCE FOR JEAN GRIER IN GENERAL COUNCIL'S OFFICE, DAS; USCINCPAC/PA; CINCPAC FLT/PA; COMNAVFORJAPAN/PA.

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3,000 UNCONTRACTED LANDOWNERS HAVE NOW APPLIED TO OKINAWA PREFECTURE'S LAND EXPROPRIATION COMMISSION FOR ENTRY INTO THE AREAS OF THOSE BASES. CONCERNING THIS ISSUE, THE DEFENSE FACILITIES ADMINISTRATION AGENCY HAS DECIDED AS OF THE 24TH TO CONVEY THEIR PLEA TO THE U.S. FORCES. THIS IS THE FIRST TIME FOR THE GOVERNMENT TO WORK FOR LANDOWNER'S BASE ENTRY IN THE PROCESS OF THE EXPROPRIATION COMMISSION'S PUBLIC HEARINGS OVER THE COMPULSORY USE OF LAND.

THE GOVERNMENT USED TO REJECT THE LANDOWNERS' BASE ENTRY REQUEST ON THE GROUNDS THAT "IT IS UNNECESSARY FOR HEARINGS." THIS TIME, HOWEVER, THE DFAA JUDGED THAT IT "CAN EXPECT HEARINGS TO BE EXPEDITED" (ACCORDING TO A DFAA SOURCE) -- PARTLY BECAUSE OF THE EXPROPRIATION COMMISSION'S STRONG REQUEST AND THE APPROACHING TIME LIMIT FOR LAND LEASES WHICH ARE DUE TO EXPIRE IN MAY. THE DFAA, THEREFORE, DECIDED TO COME UP WITH ENTRY PERMIT APPLICATION FORMS AND TRANSMIT THEM TO THE U.S. FORCES.

HOWEVER, WHETHER OR NOT THE LANDOWNERS WILL BE PERMITTED TO ENTER THE BASE SITES DEPENDS ON THE U.S. MILITARY'S JUDGMENT TO THE LAST. ACCORDINGLY, THE SO-CALLED "ONE-TSUBO (ABOUT 3.3 SQUARE METERS) LANDOWNERS (HITOTSUBO JINUSHI)" -- WHO ACCOUNT FOR THE GREATER PART OF THOSE UNCONTRACTED LANDOWNERS AND WHOSE PURPOSE IS TO PUSH FOR ANTI-BASE STRUGGLES -- ARE NOT EXPECTED TO BE PERMITTED TO ENTER THE BASES.

OKINAWA ASSEMBLY TO VOTE ON RESOLUTION OPPOSING AMENDMENT OF SPECIAL LAND-LEASE LAW (SANKEI - PAGE 2)

THE GOVERNMENT IS NOW MAKING PREPARATIONS FOR AN AMENDMENT TO THE SPECIAL LAND LEASE LAW FOR ARMED FORCES STATIONED IN JAPAN ("TOKUSOHO" LAW) OVER ITS COMPULSORY REQUISITIONING OF LAND LOTS IN OKINAWA FOR KADENA AIR FORCE BASE AND OTHER U.S. MILITARY FACILITIES THERE. ON THIS PROBLEM, THE OKINAWA PREFECTURAL ASSEMBLY'S SPECIAL COMMITTEE ON RELATIONS WITH U.S. MILITARY BASES ADOPTED AN ANTI-AMENDMENT RESOLUTION AS DRAFTED ON THE NIGHT OF THE 24TH BY A MAJORITY OF VOTES FROM THE PREFECTURE'S GOVERNING PARTIES, INCLUDING THE SOCIAL DEMOCRATIC PARTY, THE JAPAN COMMUNIST PARTY, AND THE OKINAWA SOCIAL POPULAR PARTY.

THE RESOLUTION STATES THAT AN AMENDMENT "IS ABSOLUTELY UNACCEPTABLE PARTLY BECAUSE IT IS AGAINST THE INTERESTS OF ONLY A SPECIFIC AREA LIKE OKINAWA PREFECTURE." THE LIBERAL DEMOCRATIC PARTY VOTED AGAINST THE RESOLUTION, AND THE NEW FRONTIER PARTY WITHDREW.

ALSO, THE COMMITTEE HAS UNANIMOUSLY ADOPTED A REVISED RESOLUTION TO THE EFFECT THAT "THE MARINES' PHASED REALIGNMENT AND REDUCTION ARE NEEDED IN PARTICULAR" FOR FURTHER BASE REALIGNMENT AND REDUCTION. BOTH RESOLUTIONS WILL BE TRANSMITTED TO THE GOVERNMENT AFTER THEY ARE ADOPTED AT THE PREFECTURAL ASSEMBLY'S PLENARY SESSION ON THE 26TH.

LOWER HOUSE OF DIET TO FOCUS DELIBERATIONS ON OKINAWA PROBLEM ON APRIL 3 (MAINICHI - PAGE 2)

THE LOWER HOUSE BUDGET COMMITTEE AT ITS DIRECTORS MEETING YESTERDAY DECIDED TO CARRY OUT INTENSIVE DELIBERATIONS ON THE OKINAWA PROBLEM ON APRIL 3. THE JAPAN COMMUNIST PARTY (JCP) DEMANDED THE SUMMONING OF SIX MEMBERS AS WITNESSES -- TOKYO ASSEMBLY MEMBER HIDEO ARATO (?) IN CONNECTION WITH THE ORANGE KYOUSAI KUMIAI (A MUTUAL BENEFIT SOCIETY) SCANDAL; FORMER PRESIDENT HIDEO SAKAMAKI, FORMER MANAGING DIRECTORS SHIMPEI MATSUKI AND NOBUTAKA FUJIKURA OF NOMURA SECURITIES REGARDING THE SUPPLY OF ILLEGIT SECURITIES GAINS; SAKAE HIRASHIMA, AN ADVISOR TO NISHIMATSU CONSTRUCTION AND NOBUO KUMAGAI, UNCLAS SECTION 05 OF 08 TOKYO 002504

USIA

FOR: USIA D/P, I/GEA, I/RF, I/RFW, EA, R/MR; STATE FOR EAR/J; STATE PASS TO USTR/PUBLIC AFFAIRS OFFICE; VIA WASHDC; SECDEF FOR JCS-J-5/JAPAN, OASD/ISA/EAPR/JAPAN; TREASURY/OASIA/IMI; WHITE HOUSE; JUSTICE FOR STU CHEMTOB IN ANTI-TRUST DIVISION; COMMERCE FOR JEAN GRIER IN GENERAL CONCIL'S OFFICE, DAS; USCINCPAC/PA; CINCPAC FLT/PA; COMNAVFORJAPAN/PA.

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SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS MARCH 25

FORMER PRESIDENT OF SAEKI CONSTRUCTION, IN CONNECTION WITH BID-RIGGING IN ENGINEERING WORKS IN KANSAI.

SHINSHINTO AND TAIYO PARTY REACH AGREEMENT TO CARRY OUT DELIBERATIONS AT SECURITY COMMITTEE ON AMENDMENT TO SPECIAL LAND-LEASE LAW

THE SHINSHINTO (NEW FRONTIER PARTY) AND TAIYO PARTY HELD THEIR REGULAR MEETING IN THE DIET BUILDING YESTERDAY TO DISCUSS MEASURES FOR DRAFT LEGISLATION AMENDING THE SPECIAL LAND-LEASE LAW BEING SUBMITTED TO THE DIET. AS A RESULT, THE TWO PARTIES REACH ACCORD THAT THEY CANNOT APPROVE THE BILL IN THE CURRENT ENVIRONMENT, AND THAT IT SHOULD BE DELIBERATED IN THE SECURITY COMMITTEE. THEY ALSO REAFFIRMED THE POLICY DIRECTION OF CALLING ON THE MINSHUTO (DEMOCRATIC PARTY OF JAPAN) TO TAKE JOINT STEPS.

SDP SECRETARY GENERAL EXPRESSES EXTREME REGRET THAT CURRENT LEVEL OF TROOP STRENGTH UPHELD (ASAHI - PAGE 2)

CRITICIZING THE VIEW THAT UNITED STATES VICE PRESIDENT GORE TRANSMITTED TO FOREIGN MINISTER YUKIHIKO IKEDA ABOUT THE U.S. MAINTAINING THE PRESENT TROOP STRENGTH OF U.S. FORCES IN JAPAN, SOCIAL DEMOCRATIC PARTY (SDP) SECRETARY GENERAL SHIGERU ITO MADE THIS STATEMENT: "IT IS EXTREMELY REGRETTABLE. THE U.S. IS NOW MAKING EFFORTS SO THAT THE DEMOCRATIC PEOPLE'S REPUBLIC OF KOREA (NORTH KOREA) CAN MAKE A SMOOTH TRANSITION INTO THE INTERNATIONAL COMMUNITY. I DON'T UNDERSTAND WHY THE U.S. SAYS IT NEEDS TO MAINTAIN THE PRESENT LEVEL OF TROOP STRENGTH DESPITE ITS NOW HAVING OPENED BROAD COMMUNICATION CHANNELS WITH THE NORTH."

DOCKWORKERS TO REJECT NIGHT LOADING OF PORT CARGO TO PROTEST AGAINST U.S. SANCTIONS (NIHON KEIZAI - PAGE 1)

THE NATIONAL COUNCIL OF DOCKWORKERS' UNIONS OF JAPAN (CHAIRMANED BY TETSUYA SAKANO, 50,000 MEMBERS) AND THE ALL JAPAN HARBOR TRANSPORT LABOR UNION LEAGUE (CHAIRMANED BY SHOJIRO NAKANISHI, 5,000 MEMBERS) DECIDED AT A STANDING DIRECTORS' MEETING YESTERDAY TO REFUSE NIGHT HARBOR SERVICES STARTING FROM THE 31ST. THEY WILL INFORM ON THE 25TH THE JAPAN HARBOR TRANSPORTATION ASSOCIATION (CHAIRMANED BY SHIROO TAKASHIMA) OF THE DECISION. FOLLOWING THE REFUSAL OF SUNDAY WORK FROM THE 16TH, THE TWO WORKERS' UNIONS WILL EXPAND THE STRIKE IN REACTION TO THE UNITED STATES FEDERAL MARITIME COMMISSION'S (FMC) CALL FOR REFORMING LONG-STANDING LABOR UNIONS-MANAGEMENT PRACTICES IN CARGO-HANDLING SERVICES.

INCLUDED AMONG THE SUBJECT HARBORS TO THEIR STRATEGY WILL BE THE SIX LARGEST PORTS, SUCH AS YOKOHAMA, KOBE AND OSAKA, AND ABOUT HALF OF THE 96 PORTS ACROSS THE NATION WILL BE INVOLVED. AT MAJOR PORTS, CARGO SERVICES WILL BE REFUSED FROM 6:00 P.M. THROUGH 8:00 A.M. SOME CARGO-HANDLING FIRMS ARE TRYING TO BREAK THE IMPASSE BY LABOR-MANAGEMENT NEGOTIATIONS, BUT THEIR NATIONAL COUNCIL IS DETERMINED NOT TO SHRINK EVEN FROM FALLING INTO A

PROTRACTED STRIKE, A COUNCIL MEMBER REMARKING: "WE WILL FACE THE SITUATION WITH A RESOLUTE ATTITUDE THIS TIME."

SERIOUS EFFECT ON HARBOR DISTRIBUTION

(ANALYSIS)

THE REFUSAL OF NIGHT CARGO-HANDLING SERVICES WOULD HAVE A SERIOUS EFFECT ON GOODS DISTRIBUTION AT HARBORS AND PORTS. NIGHT SERVICES ARE MAINLY TO UNLOAD CONTAINERS WITH IMPORTED FOODSTUFFS, MISCELLANEOUS GOODS, CLOTHING AND MACHINERY. THE SUSPENSION OF SUCH WORK COULD PROLONG FOR HOURS A SHIP THAT ENTERS PORT AT NIGHT TO ANCHOR. IN SUCH A CASE, THE EFFECTIVENESS OF DISTRIBUTION OF GOODS WILL DETERIORATE, AND HARBORS WILL BE CONFUSED AND UNCLAS SECTION 06 OF 08 TOKYO 002504

USIA

FOR: USIA D/P, I/GEA, I/RF, I/RFW, EA, R/MR; STATE FOR EAR/J; STATE PASS TO USTR/PUBLIC AFFAIRS OFFICE; VIA WASHDC; SECDEF FOR JCS-J-5/JAPAN, OASD/ISA/EAPR/JAPAN; TREASURY/OASIA/IMI; WHITE HOUSE; JUSTICE FOR STU CHEMTOB IN ANTI-TRUST DIVISION; COMMERCE FOR JEAN GRIER IN GENERAL COUNCIL'S OFFICE, DAS; USCINCPAC/PA; CINCPAC FLT/PA; COMNAVFORJAPAN/PA.

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SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS MARCH 25

CONGESTED. FOR INSTANCE, AT YOKOHAMA PORT, "THERE WILL BE AN IMPACT ON ABOUT 20 PERCENT OF ALL THE VESSELS THAT ARRIVE IN PORT AFTER 6:00 P.M., ACCORDING TO CALCULATION BASED ON THE PAST DATA" (YOKOHAMA CITY).

LABOR UNIONS, INCLUDING THE NATIONAL COUNCIL OF DOCKWORKERS' UNIONS, HAVE DECIDED TO TAKE THE EXPANSION STRATEGY TO PROTEST THE CALLS OF THE FMC AND EUROPEAN UNION (EU) FOR REVIEWING THE "PRIOR CONSULTATION SYSTEM." THEY ALSO AIM TO REALIZE THEIR DEMANDS IN THE SPRING LABOR STRUGGLE, SUCH AS INTRODUCTION OF AN EMPLOYMENT SECURITY SYSTEM AND A SHIFT SYSTEM FOR LONGSHOREMEN.

SHIPPING COMPANIES HAVE TAKEN IT THAT "THE REJECTION OF WORK WILL END IN A SHORT PERIOD" (AN EXECUTIVE OF THE JAPAN SHIPOWNERS' PORT COUNCIL), BUT SOME MEMBERS OF THE NATIONAL COUNCIL OF DOCKWORKERS' UNIONS HAVE TAKEN A RESOLUTE POSTURE, AS ONE MEMBER SAYING "OUR REFUSAL WILL LAST INDEFINITELY."

TOYOTA MOTORS DID NOT ATTAIN OVERSEAS PRODUCTION TARGET LAST YEAR (NIHON KEIZAI - P;AGE 11)

TOYOTA MOTOR YESTERDAY RELEASED A REPORT ON THE PROGRESS OF THE "NEW INTERNATIONAL BUSINESS PLAN" IT ANNOUNCED IN 1995 TO DEAL WITH AUTOS TRADE FRICTION BETWEEN JAPAN AND THE UNITED STATES. THE NUMBER OF UNITS PRODUCED OVERSEAS

IN 1996 INCREASED 110,000 FROM A YEAR EARLIER TO 1,510,000. YET, EXPORTS ALSO SWELLED, SO THE RATIO OF OFFSHORE PRODUCTION AS A SHARE OF TOTAL SALES OVERSEAS STAYED AT 58 PERCENT -- THE SAME LEVEL AS THE PREVIOUS YEAR.

BY REGION, CARS PRODUCED IN NORTH AMERICA INCREASED 30,000 UNITS FROM A YEAR AGO TO 850,000 UNITS. THOSE IN EUROPE CLIMBED 30,000 UNITS TO 120,000 AND THOSE IN ASIA AND OCEANIA CAME TO 470,000 UNITS, AN INCREASE OF 20,000. OVERSEAS SALES ROSE 200,000 UNITS TO 2,620,000. THE RATIO OF OVERSEAS PRODUCTION TO TOTAL SALES OVERSEAS WAS BELOW THE TARGET OF 60 PERCENT.

TOYOTA WILL GRADUALLY CARRY OUT PLANS TO CONSTRUCT NEW PLANTS IN NORTH AMERICA, EUROPE AND ASIA, AS WELL AS MEASURES TO BUILD UP ITS CAPABILITY, WITH THE AIM OF ACHIEVING THE GOAL OF 65 PERCENT FOR 1998. THE COMPANY IS SET TO LAUNCH PRODUCTION IN NEW FACTORIES IN BRAZIL AND ARGENTINA, AND TO START COMMERCIAL ACTIVITIES IN INDIA.

REVISED DEREGULATION PLAN READY FOR CABINET APPROVAL ON 28TH (SANKEI - PAGE 1)

THE OUTLINE OF THE RE-REVISED DEREGULATION PROMOTION PLAN, WHICH IS TO BE ADOPTED ON THE 28TH AT A CABINET MEETING WAS REVEALED YESTERDAY. THE DRAFT WAS COMPILED AS A RESULT OF NEGOTIATIONS BETWEEN MANAGEMENT AND COORDINATION AGENCY DIRECTOR GENERAL KABUN MUTO AND CONCERNED CABINET MINISTERS HELD IN THE MIDDLE OF THIS MONTH. ACCORDING TO THE DRAFT, A SUPPLY-DEMAND ADJUSTMENT SYSTEM, UNDER WHICH THE LANDING AND DEPARTURE SLOTS OF AIRCRAFT WERE DECIDED ACCORDING TO SEAT OCCUPANCY RATES, WILL BE SCRAPPED IN FISCAL 1999. IN ADDITION, THE DRAFT ALSO SPECIFICALLY MENTIONS THAT A SIMILAR SYSTEM APPLIED TO THE TAXI SERVICE INDUSTRY WILL BE SCRAPPED IN FISCAL 2001 AT THE LATEST. IT ALSO INCLUDES A PROPOSAL THAT COMPANIES IN GENERAL BE ALLOWED WITHIN FISCAL 1998 TO ADOPT A STOCK OPTION SYSTEM, WHICH ALLOWS EMPLOYEES TO BUY STOCKS OF THEIR OWN COMPANIES AT A CERTAIN FIXED PRICE BUT IS NOW ALLOWED ONLY FOR VENTURE CAPITAL FIRMS.

IN THE RE-REVISION THIS TIME, A POLICY TURNABOUT FROM THE USUAL "PRIOR RESTRICTION-TYPE ADMINISTRATION" TO "EX-POST-UNCLAS SECTION 07 OF 08 TOKYO 002504

USIA

FOR: USIA D/P, I/GEA, I/RF, I/RFW, EA, R/MR; STATE FOR EAR/J; STATE PASS TO USTR/PUBLIC AFFAIRS OFFICE; VIA WASHDC; SECDEF FOR JCS-J-5/JAPAN, OASD/ISA/EAPR/JAPAN; TREASURY/OASIA/IMI; WHITE HOUSE; JUSTICE FOR STU CHEMTOB IN ANTI-TRUST DIVISION; COMMERCE FOR JEAN GRIER IN GENERAL COUNCIL'S OFFICE, DAS; USCINCPAC/PA; CINCPAC FLT/PA; COMNAVFORJAPAN/PA.

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SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS MARCH 25

FACTO CHECKING-TYPE ADMINISTRATION" AS A BASIC STANCE.

TO BE PRECISE, AMID THE PRONOUNCED TREND FOR THE FRONTLOADING OF THE SCRAPPING OF SUPPLY-DEMAND ADJUSTMENT BECOMING PRONOUNCED IN THE TRANSPORT INDUSTRY, IN THE CIVIL AVIATION INDUSTRY, DOUBLE/TRIPLE TACK STANDARDS THAT ALLOW ONLY TWO OR THREE CARRIERS TO OPERATE ON ONE ROUTES, WILL BE ABOLISHED WITHIN FISCAL 1997, PRIOR TO THE COMPLETE LIBERALIZATION OF LANDING AND DEPARTURE SLOTS. AS A RESULT, ROUTES ACTUALLY MONOPOLIZED BY SPECIFIC CARRIERS WILL DISAPPEAR. IN THE TAXI SERVICE INDUSTRY, TOO, A REGULATION ON THE MINIMUM NUMBER OF VEHICLES WHICH NEW ENTRANTS IN THE INDUSTRY ARE REQUIRED TO MEET WILL BE EASED GREATLY FROM FISCAL 1997. IN THE TOKYO AREA, SUCH A NUMBER WILL BE REDUCED FROM THE PRESENT 60 TO TEN. SUPPLY-DEMAND ADJUSTMENT APPLIED TO CHARTERED BUSES WILL ALSO BE ABOLISHED IN FISCAL 1999.

FOR THE DEREGULATION OF THE FINANCIAL AND SECURITIES SECTOR, THE DRAFT SPECIFIES THAT "EFFORTS BE MADE FOR EARLY AND COMPLETE LIBERALIZATION OF" STOCK COMMISSION FEES. IN ADDITION, STANDARDS FOR THE ESTABLISHMENT OF BRANCHES BY FINANCIAL INSTITUTIONS WILL BE DONE AWAY WITH WITHIN FISCAL 1997. NONLIFE INSURANCE PREMIUMS WILL ALSO BE LIBERALIZED BY NEXT JULY. A RESTRICTION ON THE MINIMUM SALES UNIT OF COMMODITY FUNDS WILL ALSO BE TOTALLY REMOVED IN FISCAL 1998.

IN THE ENERGY SEGMENT, A GASOLINE SUPPLIER PROOF SYSTEM THAT IS NEEDED WHEN OPENING A GASOLINE STATION, WILL BE ABOLISHED WITHIN FISCAL 1997.

REGARDING HOUSING AND LAND, A POSITIVE STANCE WAS INDICATED TOWARD THE ESTABLISHMENT OF A "FIXED HOUSING LEASE RIGHT," UNDER WHICH IF A HOUSING LEASE COMES TO AN END, THE RIGHT OF THE TENANT EXPIRES AUTOMATICALLY, CITING, "NECESSARY MEASURES ARE TO BE TAKEN, AFTER REACHING A CONCLUSION WITHIN 1997."

HIGH COURT OVERTURNS FUJINAMI'S NOT GUILTY VERDICT IN RECRUIT SCANDAL; LDP SHOCKED (MAINICHI - PAGE 2)

THE TOKYO HIGH COURT ON THE 24TH FOUND FORMER CHIEF CABINET SECRETARY TAKAO FUJINAMI OF THE LIBERAL DEMOCRATIC PARTY (LDP) GUILTY, OVERTURNING (TOKYO DISTRICT COURT'S) NOT-GUILTY VERDICT REGARDING HIS ALLEGED ACCEPTANCE OF BRIBES FROM RECRUIT CO., A TOKYO-BASED EMPLOYMENT INFORMATION COMPANY. A VIEW HAS ALREADY EMERGED IN THE SHINSHINTO (NEW FRONTIER PARTY) AND THE MINSHUTO (DEMOCRATIC PARTY OF JAPAN) SUGGESTING THAT THE LDP SHOULD PRESS FUJINAMI FOR HIS RESIGNATION. TAKING ADVANTAGE OF THIS DECISION, THE OPPOSITION CAMP IS EXPECTED TO BOOST ITS OFFENSIVE TOWARD THE LDP. SUCH MAY AFFECT DIET MANAGEMENT.

THE LDP, TO WHICH FUJINAMI BELONGS, IS APPARENTLY IN SHOCK SINCE IT HAD EXPECTED HIM TO BE FOUND INNOCENT.

AFTER HE WAS INDICTED, FUJINAMI LEFT THE LDP TEMPORARILY. BUT WHEN HE RECEIVED A NOT-GUILTY VERDICT, HE RETURNED TO THE LDP AND IS NOW SERVING IN A POST RELATED TO PARTY GENERAL AFFAIRS. THE COURT DECISION THIS TIME MAY DEVELOP INTO A QUESTION OF FUJINAMI'S RESIGNATION. KATO IN A PRESS MEETING YESTERDAY REVEALED A NEGATIVE OPINION TOWARD SUCH AN OBSERVATION, REMARKING, "WE HAVE NO CLEAR PARTY RULE REGARDING SUCH A CASE."

MEANWHILE, SECRETARY GENERAL TAKAO NISHIOKA OF THE SHINSHINTO, WHICH HAS URGED UPPER-HOUSE MEMBER TATSUO TOMOBE TO RESIGN FROM THE DIET FOR HIS INVOLVEMENT IN THE ORANGE KYOUSAI KUMIAI (A MUTUAL BENEFIT SOCIETY) SCANDAL, REMARKED TO THE PRESS YESTERDAY: "WE WILL WATCH THE LDP CLOSELY REGARDING HOW IT WILL DEAL WITH THE CASE BASED ON UNCLAS SECTION 08 OF 08 TOKYO 002504

USIA

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OUR PARTY'S STEPS." HE THUS URGED THE LDP TO TAKE SEVERE MEASURES. MINSHUTO CO-LEADER YUKIO HATOYAMA ALSO CALLED TACITLY FOR FUJINAMI'S RESIGNATION, REMARKING, "THE COURT RULING IS GRAVE AND SERIOUS. A DECISION SHOULD BE MADE ACCORDINGLY." ADDITIONALLY, THE JAPAN COMMUNIST PARTY (JCP) CRITICIZED THE PRESENT CONDITION IN A STRONG TONE: "WHAT IS BEING CALLED INTO QUESTION IN COURT IS THE COZY MONEY-BASED RELATIONSHIP BETWEEN POLITICIANS AND BUSINESSES WHICH IS THE VERY CAUSE OF TODAY'S DISTORTED POLITICS" (ATSUSHI HASHIMOTO, CHAIR OF THE COMMITTEE FOR ELIMINATING MONEY-DRIVEN CORRUPT POLITICS).

CHIEF CABINET SECRETARY KAJIYAMA EXPRESSES STRONG SYMPATHY

CHIEF CABINET SECRETARY SEIROKU KAJIYAMA, REFERRING TO THE REVERSAL OF THE DECISION (BY THE TOKYO HIGH COURT) TOWARD TAKAO FUJINAMI, REMARKED IN A PRESS CONFERENCE YESTERDAY AFTERNOON: "I HAVE NO DOUBT ABOUT THE RULING. NEVERTHELESS, I AM IN A GREAT SHOCK BECAUSE I PERSONALLY EXPECTED AN OUTCOME SOMEWHAT DIFFERENT THAN THIS. I FEEL STRONG SYMPATHY." IN A PRESS CONFERENCE IN THE MORNING, KAJIYAMA HAD STATED, "I HAVE SYMPATHY (TOWARD FUJINAMI)."

KAJIYAMA MADE THE ABOVE RESPONSE TO THE QUESTION: "YOU SAID YOU FEEL SYMPATHY. DOES THAT MEAN YOU THINK THE DECISION IS NOT JUST?" CRANE

SECT: SECTION: 01 OF 08

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SUBJ: JAPANESE MORNING PRESS HIGHLIGHTS MARCH 26

TOP HEADLINES:

TEXT:

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

UNCLAS SECTION 01 OF 09 TOKYO 002543

USIA

FOR: USIA D/P, I/GEA, I/RF, I/RFW, EA, R/MR; STATE FOR
EAR/J; STATE PASS TO USTR/PUBLIC AFFAIRS OFFICE; VIA
WASHDC; SECDEF FOR JCS-J-5/JAPAN, OASD/ISA/EAPR/JAPAN;
TREASURY/OASIA/IMI; WHITE HOUSE; JUSTICE FOR STU CHEMTOB
IN ANTI-TRUST DIVISION; COMMERCE FOR JEAN GRIER IN
GENERAL COUNCIL'S OFFICE, DAS; USCINCPAC/PA; CINCPAC
FLT/PA; COMNAVFORJAPAN/PA.

E.O. 12958: N/A

SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS MARCH 26

TOP HEADLINES:

ASAHI: NOMURA SECURITIES' HEAD OFFICE AND HOMES OF FORMER
AND PRESENT PRESIDENTS RAIDED BY INVESTIGATORS FROM TOKYO
DISTRICT PUBLIC PROSECUTORS OFFICE AND SECURITIES

EXCHANGE SURVEILLANCE COMMITTEE; ON SUSPICIONS ABOUT
COMPENSATION FOR LOSSES; PROFITS OFFERED THROUGH DEALS
WITH SOKAIYA CORPORATE RACKETEERS

NIHON KEIZAI: NOMURA SECURITIES RAIDED; INVESTIGATION
INTO WHETHER ENTIRE FIRM HAD BEEN INVOLVED; PROFITS GIVEN
TO FORMER SOKAIYA SIDE; ON CHARGES OF VIOLATION OF THE
COMMERCE AND SECURITIES TRANSACTIONS LAWS

TOKYO SHIMBUN: NOMURA SECURITIES RAIDED OVER SUSPICIONS
OF VIOLATIONS OF THE SECURITIES TRANSACTIONS AND COMMERCE
LAWS; BY TOKYO DISTRICT PUBLIC PROSECUTORS OFFICE OVER
ALLEGATIONS ABOUT "OFFER OF PROFITS"; TO EVOLVE INTO
LARGE ECONOMIC SCANDAL

MAINICHI: NOMURA SECURITIES RAIDED BY INVESTIGATORS FROM
TOKYO DISTRICT PUBLIC PROSECUTORS OFFICE AND SEC; TO
INVESTIGATE WHETHER THE ENTIRE FIRM WAS INVOLVED OVER
ALLEGATIONS ABOUT PROVIDING PROFITS TO SOKAIYA-AFFILIATED
COMPANY

YOMIURI: NOMURA SECURITIES RAIDED BY TOKYO DISTRICT
PUBLIC PROSECUTORS OFFICE AND SEC; OVER ALLEGATIONS ABOUT
COMPENSATION OF 38 MILLION YEN; COMPANY'S OFFICES
INCLUDING HEAD OFFICE SEARCHED; PROFITS OFFERED TO
SOKAIYA

SANKEI: NOMURA SECURITIES RAIDED BY TOKYO DISTRICT PUBLIC
PROSECUTORS OFFICE AND SEC; OVER CHARGES OF PROVIDING 38
MILLION YEN OF PROFITS TO SOKAIYA; TO PURSUE WHAT
INSTRUCTIONS THE CORPORATE LEADERSHIP GAVE

HASHIMOTO-OTA MEETING DISAGREEMENT ON NATIONAL VS.
PREFECTURAL INTERESTS BUT TRUST REMAINS
(YOMIURI - PAGE 2)

THE MEETING HELD ON THE 25TH BETWEEN PRIME MINISTER
HASHIMOTO AND OKINAWA PREFECTURE'S GOVERNOR MASAHIRO OTA
ENDED IN MAKING CLEAR "THE DIFFERENCES BETWEEN THE
NATIONAL INTERESTS AND THE PREFECTURAL INTERESTS" (CHIEF
CABINET SECRETARY KAJIYAMA) AS THEIR VIEWS WERE DIVERGENT
ON ALL THE THREE MAJOR ISSUES, NAMELY, THE GOVERNMENT'S
COMPULSORY REQUISITIONING OF LANDED PROPERTIES FOR U.S.
MILITARY FACILITIES, THE PLANNED CONSTRUCTION OF AN
ALTERNATIVE HELIPORT FOR FUTENMA AIR STATION, AND A
REDUCTION IN THE MARINES STATIONED IN OKINAWA. HOWEVER,
THE PRIME MINISTER AND THE GOVERNOR HAVE AGREED THAT THEY
WANT TO AVOID ANY DECISIVE CONFRONTATION SO AS TO RESOLVE
THE PROBLEM IN THE FUTURE, AND GOVERNOR OTA STATED THAT
"OUR TRUST RELATIONSHIP IS MAINTAINED." IN THIS RESPECT,
IT MAY SAFELY BE SAID THAT THE MEETING WAS MEANINGFUL FOR
BOTH THE PRIME MINISTER AND THE GOVERNOR.

"THAT'S AN 'IF' QUESTION, SO I WON'T ANSWER." ABOUT THE
PROPRIETY OF AMENDING THE SPECIAL LAND LEASE LAW FOR
ARMED FORCES STATIONED IN JAPAN ("TOKUSOHO" LAW),
GOVERNOR OTA SO EQUIVOCATED IN REPLYING TO A QUESTION AT
A PRESS CONFERENCE HELD AFTER HIS MEETING WITH THE PRIME

MINISTER, ASKING IF THE GOVERNOR WILL TAKE ANY SPECIFIC ACTION FROM NOW ON TO OPPOSE IT.

OKINAWA PREFECTURE'S ASSEMBLY IS EXPECTED TO ADOPT A RESOLUTION ON THE 26TH AGAINST REVISING THE TOKUSOHO LAW BY A MAJORITY OF VOTES FROM SUCH POLITICAL PARTIES AS THE SOCIAL DEMOCRATIC PARTY AND THE OKINAWA SOCIAL POPULAR PARTY (OKINAWA SHAKAI TAISHUTO). HOWEVER, GOVERNOR OTA CANNOT GO SO FAR AS TO CONFRONT THE GOVERNMENT IN THE FOREFRONT OF A MOVEMENT AGAINST IT, NOR CAN HE CUT OFF UNCLAS SECTION 02 OF 09 TOKYO 002543

USIA

FOR: USIA D/P, I/GEA, I/RF, I/RFW, EA, R/MR; STATE FOR EAR/J; STATE PASS TO USTR/PUBLIC AFFAIRS OFFICE; VIA WASHDC; SECDEF FOR JCS-J-5/JAPAN, OASD/ISA/EAPR/JAPAN; TREASURY/OASIA/IMI; WHITE HOUSE; JUSTICE FOR STU CHEMTOB IN ANTI-TRUST DIVISION; COMMERCE FOR JEAN GRIER IN GENERAL COUNCIL'S OFFICE, DAS; USCINCPAC/PA; CINCPAC FLT/PA; COMNAVFORJAPAN/PA.

E.O. 12958: N/A

SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS MARCH 26

THE CHANNEL WITH THE GOVERNMENT FOR A PACKAGE OF OKINAWA PROMOTIONAL MEASURES, SUCH AS DEREGULATION, AND A FUTURE REDUCTION IN THE U.S. FORCES. THE PREFECTURE'S GOVERNING PARTIES HAVE ALSO "TAKEN IT INTO ACCOUNT" (ACCORDING TO AN INFORMED SOURCE).

NAHA CITY'S MAYOR KOSEI OYADOMARI, ONE OF THOSE CLOSE TO THE GOVERNOR, HAS ALSO STATED: "I'M AGAINST REVISING THE LAW. BUT WE WON'T SAY THIS OR THAT ABOUT THE GOVERNOR'S POLITICAL JUDGMENT, EITHER."

ON THE OTHER HAND, PRIME MINISTER HASHIMOTO RECKONED THAT THE GOVERNMENT WOULD HAVE TO HAVE OKINAWA PREFECTURE'S COOPERATION SO AS TO HAVE THE SDP AND OTHER PARTIES APPROVE AN AMENDMENT TO THE TOKUSOHO LAW AND ALSO IN ORDER TO HAVE THE HELIPORT PROBLEM MAKE HEADWAY, SO HE HAS ENDEAVORED TO EXPLORE A POINT OF CONTACT WITH OKINAWA PREFECTURE TO THE VERY LIMIT.

THE PRIME MINISTER WAS APPRECIATED CERTAINLY BY THE GOVERNOR FOR THE GOVERNMENT'S DISCLOSURE OF THE 'MAY 15 MEMO' -- A MEMORANDUM OF AGREEMENT IN WRITTEN FORM AT THE TIME OF OKINAWA'S REVERSION TO JAPAN -- AND ALSO FOR THE PROBLEM OF LOOKING INTO THE ACCIDENTAL FIRING OF DEPLETED-URANIUM SHELLS. THIS CAN BE CALLED A RESULT OF SUCH EFFORTS.

OUTLINE OF EXCHANGE BETWEEN PRIME MINISTER HASHIMOTO AND OKINAWA GOVERNOR OTA (YOMIURI - PAGE 2)

THE MAIN POINTS OF THE MEETING HELD BETWEEN PRIME MINISTER HASHIMOTO AND OKINAWA PREFECTURE'S GOVERNOR OTA

ON THE 25TH ARE AS FOLLOWS:

(PROBLEM OF REVISING THE SPECIAL LAND LEASE LAW FOR ARMED FORCES STATIONED IN JAPAN ("TOKUSOHO" LAW))

PRIME MINISTER: THE GOVERNMENT CANNOT USE LAND IN AN UNLAWFUL STATE. AFTER SEEING THE RESULTS OF A PUBLIC HEARING TO BE HELD BY OKINAWA PREFECTURE'S EXPROPRIATION COMMISSION ON THE 27TH, THE GOVERNMENT INTENDS TO TAKE APPROPRIATE ACTION.

GOVERNOR: THE PEOPLE OF MY PREFECTURE HAVE SEVERE FEELINGS ABOUT AMENDING THE SPECIAL MEASURES LAW, AND SO THAT'S UNCONVINCING. I CAN UNDERSTAND THE GOVERNMENT'S POSITION, BUT WE CAN'T AGREE TO ANY AMENDMENT OF THAT LAW.

PRIME MINISTER: THE GOVERNMENT'S POLICY MAY NOT NECESSARILY SATISFY THE PREFECTURE'S DESIRES.

(PROBLEM OF CONSTRUCTING AN ALTERNATIVE HELIPORT FOR FUTENMA AIR STATION)

PRIME MINISTER: WE WANT TO PUSH AHEAD WITH A (PRELIMINARY FEASIBILITY) STUDY AS EARLY AS POSSIBLE. I WANT THE PREFECTURAL GOVERNMENT ALSO TO JOIN IN COORDINATION WITH THE CITY OF NAGO AND COOPERATE WITH US. THE GOVERNMENT WOULD LIKE TO PROMOTE IT IN A WAY THAT IS CONVINCING TO THE LOCAL MUNICIPALITIES.

GOVERNOR: WE WOULD LIKE THE GOVERNMENT TO TALK WITH THE LOCAL MUNICIPALITIES FIRST, AND THEN WE WOULD LIKE THE GOVERNMENT TO CONFIRM THEIR OPINION. OUR POSITION IS THAT WE WANT TO SEE CREATED AN OKINAWA WHERE THERE ARE NO MILITARY BASES. IT'S DIFFICULT FOR US TO DO ANYTHING THAT IS NOT CONSISTENT WITH THAT.

(PROBLEM OF REDUCING TROOP STRENGTH)

PRIME MINISTER: IN MY RECENT MEETINGS WITH U.S. SECRETARY OF STATE ALBRIGHT AND U.S. VICE PRESIDENT GORE, UNCLAS SECTION 04 OF 09 TOKYO 002543

USIA

FOR: USIA D/P, I/GEA, I/RF, I/RFW, EA, R/MR; STATE FOR EAR/J; STATE PASS TO USTR/PUBLIC AFFAIRS OFFICE VIA WASHDC; SECDEF FOR JCS-J-5/JAPAN, OASD/ISA/EAPR/JAPAN; TREASURY/OASIA/IMI; WHITE HOUSE; JUSTICE FOR STU CHEMTOB IN ANTI-TRUST DIVISION; COMMERCE FOR JEAN GRIER IN GENERAL COUNCIL'S OFFICE, DAS; USCINCPAC/PA; CINCPAC FLT/PA; COMNAVFORJAPAN/PA.

E.O. 12958: N/A

SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS MARCH 26

LAW WILL EXPIRE ON MAY 14. WHILE KEEPING AN EYE ON THE

DEVELOPMENTS OF COORDINATION WORK AMONG THE RULING PARTIES, HASHIMOTO PQ TO PRESENT A BILL TO AMEND THE LAW TO THE DIET IN EARLY APRIL AND HAVE IT PASS THE DIET BY LATE APRIL WHEN HE WILL MAKE A TRIP TO THE U.S. SDP CHAIRPERSON DOI AGAIN MADE HER PARTY POSITION CLEAR THAT IT WOULD OPPOSE A REVISION OF THE SPECIAL LAND-LEASE LAW UNDER THE PRESENT CIRCUMSTANCES.

IN THE SESSION, HASHIMOTO, BRIEFING ABOUT HIS MEETING WITH OKINAWA GOVERNOR OTA HELD YESTERDAY MORNING, SOUGHT THEIR SUPPORT FOR AN AMENDMENT OF THE LAW, SAYING "I HAVE TO ASK THE RULING CAMP TO MAKE A FINAL DECISION."

DOI, HOWEVER, INSISTED THAT "THE GOVERNMENT SHOULD RESPECT TO THE LAST THE POSITION OF OKINAWA PREFECTURE LAND EXPROPRIATION COUNCIL, WHICH HAS BEEN CONDUCTING PUBLIC HEARINGS." BUT HASHIMOTO ARGUED: "WE MUST NOT DESTROY THE U.S.-JAPAN SECURITY ARRANGEMENT." DOI WAS STILL NEGATIVE ABOUT THE REVISION OF THE LAW, NOTING "IF YOU IRRITATE THE SENSITIVITIES OF THE PEOPLE OF OKINAWA, THE ILL-EFFECT COULD EXTEND TO THE JAPAN-U.S. RELATIONSHIP."

SAKIGAKE PARTY REPRESENTATIVE DOMOTO TOLD HIM: "WE MUST MAKE EFFORTS TO SETTLE THE ISSUE WITHOUT HARMING THE RELATIONSHIP WITH THE UNITED STATES."

PRIOR TO THE HASHIMOTO-DOI-D/OOTO MEETING, CHIEF CABINET SECRETARY KAJIYAMA AT A CABINET MEETING YESTERDAY, REVEALED THE VIEW THAT THE GOVERNMENT AIMED AT ADOPTING A CABINET DECISION ON THE BILL AFTER COORDINATING VIEWS AMONG THE RULING PARTIES. HE STATED, "ALL PROCEDURES SHOULD BE READY BEFORE THE PRIME MINISTER LEAVES FOR THE U.S. THE CABINET CANNOT MAKE A DECISION BEFORE THE RULING PARTIES REACH A CONCLUSION."

SHINSHINTO LEANING TOWARD OPPOSING REVISION OF SPECIAL LAND LEASE LAW (NIHON KEIZAI - PAGE 2)

THE SHINSHINTO (NEW FRONTIER PARTY) IS LIKELY TO OPPOSE THE GOVERNMENT'S PLAN TO AMEND THE SPECIAL LAND LEASE LAW FOR THE U.S. FORCES IN JAPAN. A NEGATIVE VIEW HAS BEEN GAINING GROUND IN THAT PARTY, THE ARGUMENT BEING: 1) THE GOVERNMENT'S PLAN DESIGNED TO ALLOW CONTINUED USE OF LAND BY THE U.S. FORCES FOR THE DURATION THAT THE EXPROPRIATION COMMITTEE IS HOLDING ITS HEARINGS IS FUNDAMENTALLY INSUFFICIENT AS A MEASURE TO AVOID A STATE OF "ILLEGAL OCCUPATION"; AND 2) THE ISSUE SHOULD BE HANDLED AMONG THE THREE RULING PARTIES -- LIBERAL DEMOCRATIC PARTY (LDP), SOCIAL DEMOCRATIC PARTY (SDP) AND SAKIGAKE PARTY -- WHICH HAVE NEGLECTED THE ISSUE UNTIL TODAY, SO THERE IS NO NEED FOR THE SHINSHINTO TO COOPERATE. THE SHINSHINTO CALCULATES THAT IF IT OPPOSES CLEARLY THE GOVERNMENT'S PLAN AT THIS POINT, THE MINSHUTO (DEMOCRATIC PARTY OF JAPAN) AND THE SDP WOULD DECIDE THEIR COURSE OF ACTION AND FOLLOW SUIT. THE SHINSHINTO'S OTHER GOAL IS TO DRIVE THE GOVERNMENT AND THE LDP INTO A TIGHT SPOT AT ONE STROKE.

UNTIL NOW, THE SHINSHINTO HAS BEEN TAKING A WAIT-AND-SEE ATTITUDE REGARDING AMENDING THE LAND LEASE LAW, DECLARING, "WE WILL DECIDE OUR STEPS AFTER SEEING THROUGH THE GOVERNMENT'S AND THE RULING CAMP'S DECISION." IN FACT, A PESSIMISTIC OUTLOOK PREVAILED REGARDING BEING ABLE TO UNIFY VIEWS IN THE PARTY SINCE MANY FORMER KOMEITO MEMBERS WERE NEGATIVE ABOUT AMENDING THE LAW, WHEREAS PRESIDENT ICHIRO OZAWA WAS SUGGESTING THE PARTY TAKE A POSITIVE STANCE.

LAST WEEK, WHEN OZAWA TOLD POLICY DELIBERATION COUNCIL CHAIRMAN TAKESHI NODA, HIS DEPUTY CHIKARA SAKAGUCHI AND OTHERS TO LOOK INTO THIS SUBJECT, OZAWA ALSO INDICATED UNCLAS SECTION 05 OF 09 TOKYO 002543

USIA

FOR: USIA D/P, I/GEA, I/RF, I/RFW, EA, R/MR; STATE FOR EAR/J; STATE PASS TO USTR/PUBLIC AFFAIRS OFFICE; VIA WASHDC; SECDEF FOR JCS-J-5/JAPAN, OASD/ISA/EAPR/JAPAN; TREASURY/OASIA/IMI; WHITE HOUSE; JUSTICE FOR STU CHEMTOB IN ANTI-TRUST DIVISION; COMMERCE FOR JEAN GRIER IN GENERAL COUNCIL'S OFFICE, DAS; USCINCPAC/PA; CINCPAC FLT/PA; COMNAVFORJAPAN/PA.

E.O. 12958: N/A

SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS MARCH 26

THAT HE DID NOT WANT AN IMMEDIATE SETTLEMENT OF THE PROBLEM, NOTING, "THE SECURITY ARRANGEMENT BETWEEN JAPAN AND THE UNITED STATES SHOULD NOT BE LINKED TO THE OKINAWA PROBLEM." THE SHINSHINTO LEADERSHIP NOW JUDGES THAT EVEN THOSE MEMBERS WHO CAME FROM THE LDP AND ATTACH IMPORTANCE TO THE BILATERAL SECURITY ARRANGEMENT WOULD APPROVE OF THE PARTY'S STRATEGY TO CRITICIZE THE GOVERNMENT'S "LAST-MINUTE EFFORT." BEHIND-THE-SCENE COORDINATION IS UNDERWAY.

SECRETARY GENERAL NISHIOKA IN A PRESS MEETING YESTERDAY EXPRESSED A NEGATIVE VIEW TOWARD THE GOVERNMENT'S PLAN TO AMEND THE LAW, NOTING, "SUCH AN APPROACH SHOULD NOT BE TAKEN UNDER THE PRESENT LEGAL SYSTEM." NODA ALSO POINTED OUT THAT THE GOVERNMENT'S METHOD WOULD REQUIRE ANOTHER AMENDMENT IF THE EXPROPRIATION COMMITTEE TURNS DOWN THE GOVERNMENT'S REQUEST FOR CONTINUED USE OF LAND.

SOME SHINSHINTO MEMBERS THINK, "IT IS INAPPROPRIATE TO ENTRUST A DECISION OF A SUBJECT THAT CONCERNS THE BEDROCK OF THE COUNTRY'S SECURITY TO AN INDEPENDENT ORGANIZATION OF A LOCAL GOVERNMENT." THE LEADERSHIP HAS BEEN WORKING TO PRODUCE A UNIFIED OPINION "CALLING FOR SPECIAL LEGISLATION THAT CAN DEAL WITH ALL SECURITY FACILITIES, INCLUDING LAND FOR U.S. BASES AS WELL AS FOR THE SELF-DEFENSE FORCES." NEVERTHELESS, THE BASIC STRATEGY IS TO "UNCOVER THE PRESENT ADMINISTRATION'S IRRESPONSIBILITY THAT HAS LEFT THE BASE PROBLEM UNATTENDED UNTIL TODAY"

(SENIOR SHINSHINTO MEMBER). SO THE PARTY PLANS TO STICK TO THE TACTIC OF CRITICIZING THE GOVERNMENT FOR THE TIME BEING RATHER THAN TO PRESENT A BILL TO THE DIET INDEPENDENTLY.

HIGHTENING TENSIONS IN RULING CAMP OVER LAND LAW REVISION WITH NO COMPROMISE IN SIGHT (ASAHI - PAGE 2)

WITH A PARTY HEAD MEETING ON THE 25TH AMONG THE LIBERAL DEMOCRATIC PARTY (LDP), THE SOCIAL DEMOCRATIC PARTY (SDP) AND THE SAKIGAKE PARTY, THE LDP AND THE SDP HAVE NOW ENTERED THE PHASE OF COORDINATING VIEWS AT THE TOP-LEADER LEVEL IN DEALING WITH THE PROBLEM OF LAND LEASE CONTRACTS FOR STATIONED UNITED STATES BASES ON OKINAWA. IN THE RULING BLOC, OFFICERS RESPONSIBLE FOR POLICY-MAKING HAVE CONTINUED CONSULTATIONS UNTIL NOW AT THEIR FORUM TO DISCUSS THE OKINAWA PROBLEM. BUT THE GULF LYING BETWEEN THE LDP AND THE SDP REMAINS UNSPANDED WITH THE FORMER AIMING AT FINALIZING THE PROBLEM OF AMENDING THE SPECIAL LAND-LEASE LAW FOR STATIONED TROOPS, THE CORE ISSUE, BEFORE THE JAPAN-U.S. SUMMIT ON APRIL 25, AND THE LATTER OPPOSING SUCH AN LDP STANCE. TENSIONS ARE RISING BETWEEN THE TWO PARTIES OVER THEIR INABILITY TO FIND ANY SPECIFIC AREA OF COMPROMISE.

THE LDP, THE SDP AND THE SAKIGAKE WILL HOLD A "SIX-PARTY MEETING" OF THEIR SECRETARIES GENERAL AND OFFICERS RESPONSIBLE FOR POLICY-MAKING ON THE 26TH IN A BID TO ACCELERATE THE POLITICAL DIALOGUE. LDP SECRETARY GENERAL KOICHI KATO IN A SPEECH DELIVERED ON THE 25TH IN TOKYO STATED: "I AM DETERMINED TO MAKE DESPERATE EFFORTS OVER THE NEXT WEEK TO TEN DAYS." WHAT HE CITED AS CRUCIAL POINTS FOR REACHING COMPROMISE WITH THE SDP INCLUDE "THE SHAPE OF MILITARY BASES ON OKINAWA IN THE FUTURE" AND "A PACKAGE OF OKINAWA PROMOTIONAL MEASURES."

AS IS SEEN IN A REMARK THAT "DEPENDING ON THE WAY COORDINATION IS CARRIED OUT, THERE COULD BE A DELICATE EFFECT ON RUNNING THIS ADMINISTRATION" (KATO), THE LDP LEADERSHIP HARBORS A SENSE OF CRISIS THAT IF TALKS ENDED IN FAILURE, THE SDP MIGHT TURN AN OPPOSITION PARTY, CONSEQUENTLY THROWING THE POLITICAL SITUATION IN CONFUSION. IT THEN HAS ACCUMULATED EFFORTS TO PROMPT THE SDP TO ADOPT A FLEXIBLE LINE. FOR EXAMPLE, WHEN LDP POLICY AFFAIRS RESEARCH COUNCIL CHAIRMAN TAKU YAMASAKI, UNCLAS SECTION 06 OF 09 TOKYO 002543

USIA

FOR: USIA D/P, I/GEA, I/RF, I/RFW, EA, R/MR; STATE FOR EAR/J; STATE PASS TO USTR/PUBLIC AFFAIRS OFFICE; VIA WASHDC; SECDEF FOR JCS-J-5/JAPAN; OASD/ISA/EAPR/JAPAN; TREASURY/OASIA/IMI; WHITE HOUSE; JUSTICE FOR STU CHEMTOB IN ANTI-TRUST DIVISION; COMMERCE FOR JEAN GRIER IN GENERAL COUNCIL'S OFFICE, DAS; USCINCPAC/PA; CINCPAC FLT/PA; COMNAVFORJAPAN/PA.

E.O. 12958: N/A

SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS MARCH 26

TOGETHER WITH OFFICERS RESPONSIBLE FOR POLICY-MAKING IN THE SDP AND THE SAKIGAKE, VISITED THE REPUBLIC OF KOREA (ROK), HE BROUGHT OUT A REMARK FROM PRESIDENT KIM YOUNG SAM THAT WENT: "U.S. BASES INSTALLED ON OKINAWA ARE NECESSARY FOR THE PEACE AND SECURITY OF THE KOREAN PENINSULA." BUT SUCH EFFORTS HAVE SERVED SIMPLY TO PAVE THE WAY, SO "OUR EFFORTS TO PERSUADE THE SDP WILL NOW BE LAUNCHED" (SENIOR OFFICER).

BUT AFTER WITNESSING PRIME MINISTER RYUTARO HASHIMOTO STATING TO U.S. VICE PRESIDENT GORE THAT HE WOULD NOT SEEK A REDUCTION OF U.S. FORCES IN JAPAN FOR THE TIME BEING, THE SDP HAS HARDENED ITS STANCE. THE SCHEME THE LDP LEADERSHIP HAD IN MIND TO OBTAIN AGREEMENT FROM THE SDP SEEMS NOW INEFFECTIVE.

REGARDING THE PROBLEM OF AMENDING THE SPECIAL LAND-LEASE LAW, SOME IN THE LDP ARE VOICING THE VIEW OF SEEKING "A SNAP DECISION" BEFORE REACHING AN ACCORD WITH THE SDP, ONE OFFICER'S REMARK BEING "WE HAVE SPEND TIME IN OUR OWN WAY AND HAVE DONE WHAT WE CAN DO. WE NOW HAVE TO APPROVE A BILL AT A PARTY MEETING AS SOON AS POSSIBLE AND THEN TO SET A TIMETABLE BEFORE THE BILL IS ADOPTED" (MASAKUNI MURAKAMI, SECRETARY GENERAL OF THE LDP UPPER HOUSE CAUCUS).

AGAINST SUCH A MOOD, THE SDP IS INCREASINGLY IRRITATED. THE REASON IS THAT IN THE SDP'S EYES, THE GOVERNMENT AND THE LDP ARE QUICKENING PREPARATIONS FOR AMENDING THE LAW, DESPITE A REQUEST BY THE SDP SEEKING THE FILING OF APPLICATION FOR AN EMERGENCY USE, AND SUCH A REQUEST SEEMS LIKELY TO BE DROPPED, AND IN ADDITION, THE WAY HAS NOT BEEN PREPARED FOR A TROOP CUTBACK.

SECRETARY GENERAL SHIGERU ITO IN A PRESS CONFERENCE ON THE 25TH EMPHASIZED: "I CANNOT MAKE A FINAL DECISION NOW, BUT WE CANNOT CONCUR THE LAW BEING AMENDED IN THE WAY THAT IT IS NOW BEING TALKED ABOUT." SOME IN THE PARTY ARGUE: "THE GOVERNMENT AND THE LDP SHOULD HAVE A SENSE OF CRISIS THAT IF THE SDP OPPOSES A BILL, THE BILL WILL BE TURNED DOWN, AND IF THAT IS THE CASE, THE RESPONSIBILITY OF THE PRIME MINISTER WOULD POSSIBLY SURFACE." ON THE 26TH OR AFTER, THE PARTY INTENDS TO QUICKEN DEBATES AT THE PARTY'S COMPREHENSIVE HEADQUARTERS FOR THE OKINAWA PROBLEM (CHAIRER BY TAKAKO DOI, PARTY PRESIDENT).

OKINAWAN CHAPTER OF SDP THREATENS TO LEAVE THE PARTY IF IT APPROVES LAND LAW REVISION (TOKYO SHIMBUN - PAGE 2)

THE SOCIAL DEMOCRATIC PARTY (SDP) OKINAWA PREFECTURAL CHAPTER (CHAIRER BY ZENSHUN ARAKAKI) YESTERDAY IN A MEETING OF THE EXECUTIVE COMMITTEE DISCUSSED THE ISSUE OF THE REVISION OF THE SPECIAL LAND-LEASE LAW THAT WILL ENABLE THE UNITED STATES MILITARY TO LEGALLY CONTINUE

FORCIBLY USING FACILITIES IN OKINAWA. AS A RESULT, THE DOMINANT VIEW IS THAT IF THE PARTY HEADQUARTERS APPROVES THE GOVERNMENT'S PLAN TO AMEND THE SPECIAL LAND-LEASE LAW, THE CHAPTER MEMBERS WILL BOLT THE PARTY.

CHAPTER SECRETARY GENERAL NAGAMASA TAIRA, AFTER THE MEETING, REMARKED: "WE BELIEVE THE CENTRAL PARTY WILL NOT BETRAY US BUT IF IT DOES, OUR UNIFIED VIEW IS THAT WE WILL NOT STAY IN THE PARTY."

LDP TARGETS 11 SPECIAL PUBLIC CORPORATIONS IN ADMINISTRATIVE REFORM PROPOSALS (SANKEI - PAGE 3)

THE LIBERAL DEMOCRATIC PARTY'S ADMINISTRATIVE REFORM PROMOTION HEADQUARTERS (HEADED BY KOKO SATO), A PANEL TO PUSH AHEAD WITH REFORMING SPECIAL CORPORATIONS (TOKUSHUHOJIN), PRESENTED AT A MEETING OF THE POLICY AFFAIRS RESEARCH COUNCIL YESTERDAY ITS FIRST PACKAGE OF UNCLAS SECTION 07 OF 09 TOKYO 002543

USIA

FOR: USIA D/P, I/GEA, I/RF, I/RFW, EA, R/MR; STATE FOR EAR/J; STATE PASS TO USTR/PUBLIC AFFAIRS OFFICE; VIA WASHDC; SECDEF FOR JCS-J-5/JAPAN, OASD/ISA/EAPR/JAPAN; TREASURY/OASIA/IMI; WHITE HOUSE; JUSTICE FOR STU CHEMTOB IN ANTI-TRUST DIVISION; COMMERCE FOR JEAN GRIER IN GENERAL COUNCIL'S OFFICE, DAS; USCINCPAC/PA; CINCPAC FLT/PA; COMNAVFORJAPAN/PA.

E.O. 12958: N/A

SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS MARCH 26

REFORM PROPOSALS. THEY INCLUDE MEASURES TO SCRAP, INTEGRATE OR PRIVATIZE 11 SPECIAL CORPORATIONS, LISTING THE DISMANTLING OF THE ASSOCIATION FOR SHIPBUILDING INDUSTRY INFRASTRUCTURE BUSINESS AND THE ASSOCIATION FOR VOCATIONAL CAPABILITY DEVELOPMENT.

THE PACKAGE ALSO INCLUDES A MEASURE TO INTEGRATE THE AUTOMOBILE ACCIDENT COUNTERMEASURES CENTER INTO THE AUTOMOBILE SAFE DRIVING CENTER OF THE NATIONAL POLICE AGENCY. LISTED AS SPECIAL CORPORATIONS SUBJECT TO PRIVATIZATION ARE THE JAPAN EXPOSITION MEMORIAL ASSOCIATION AND TEITO RAPID TRANSIT AUTHORITY.

IN ADDITION, THE PACKAGE SUGGESTS THE HOUSING AND CITY CONSOLIDATION PUBLIC CORPORATION WITHDRAW IN PRINCIPLE FROM BUSINESSES RELATED TO SALES OF LAND IN LOTS AND RENTING OF HOUSES AND RECOMMENDS AN INTEGRATION OF THE RE-DEVELOPMENT SECTION OF LOCAL MUNICIPAL ORGANIZATIONS AND THE LOCAL PROMOTION CREDIT CORPORATION. IT FURTHER LISTS A REMOVAL OF THE EMPLOYMENT PROMOTION PROJECT CORPORATION FROM THE CONSTRUCTION SECTION OF WELFARE FACILITIES AND ABOLISH THE PENSION WELFARE SERVICE PUBLIC CORPORATION.

REGARDING GOVERNMENT-AFFILIATED FINANCIAL INSTITUTIONS,

THE PANEL IS GOING TO PUT FORTH REFORM MEASURES IN ITS SECOND PACKAGE DUE OUT IN APRIL OR LATER. IT WILL ALSO CONSIDER THE PRIVATIZATION OF THE JAPAN DEVELOPMENT BANK AND THE BANK FOR COMMERCE AND INDUSTRIAL COOPERATIVES.

LDPQS REVISED DEREGULATION LIST LEFT U.S. REQUEST UNTOUCHED (ASAHI - PAGE 11)

THE DRAFT PLAN FOR RE-REVISING THE GOVERNMENT-SPONSORED DEREGULATION PROMOTION PLAN WAS REVEALED YESTERDAY. DEREGULATION ITEMS PROPOSED IN THE DRAFT ARE CENTERED ON THOSE THAT ARE ALREADY INCLUDED IN THE LISTS OF DEREGULATION WHICH EACH GOVERNMENT AGENCY HAS PUBLICIZED ON AN INDIVIDUAL BASIS. ITEMS REQUESTED BY THE U.S. WERE UNTOUCHED. THIS NEWSPAPER COMPILED MAJOR ITEMS IN THREE ECONOMY-RELATED AREAS AND TASKS TO BE TACKLED IN THE FUTURE.

BANKING/SECURITIES

BUSINESS RESTRICTIONS IMPOSED ON SECURITIES SUBSIDIARIES AND TRUST SUBSIDIARIES OF FINANCIAL INSTITUTIONS WILL BE SCRAPPED PARTIALLY THIS FALL. AS A RESULT, SECURITIES SUBSIDIARIES OF BANKS AND OTHER FINANCIAL INSTITUTIONS WILL BE ALLOWED TO TRADE CONVERTIBLE BONDS AND WARRANT BONDS, AND TRUST SUBSIDIARIES OF BANKS AND SECURITIES HOUSES WILL BECOME ABLE TO ENGAGE IN THE LOAN TRUSTS AND SPECIFIED MONEY TRUSTS BUSINESSES. THE REMOVAL OF THE RESTRICTIONS WILL MOST LIKELY INVIGORATE SECURITIES AND TRUSTS SUBSIDIARIES. COMPETITION BEYOND EACH OTHER'S BUSINESS TURF IS BOUND TO BECOME FIERCE. AS FOR THE HANDLING OF SPOT TRANSACTIONS OF STOCKS, WHICH WILL HAVE A MAJOR IMPACT ON EXISTING MEDIUM AND SMALL-SIZED SECURITIES HOUSES AND TRUST BANKS, AND THE HANDLING OF THE PENSION FUNDS TRUST BUSINESS, STUDIES WILL BE CONTINUED IN THE DIRECTION OF LIFTING BANS AS EARLY AS IN FY1998.

IN THE MEANTIME, DECISIONS ON THE TIMING FOR LIBERALIZING STOCK COMMISSION FEES, WHICH IS EXPECTED TO DRASTICALLY CHANGE THE MANAGEMENT OF SECURITIES HOUSES, LIFTING BANS ON CASH MANAGEMENT ACCOUNT AND THE OVER-THE-COUNTER-SALES OF INVESTMENT TRUSTS BY BANKS HAS BEEN POSTPONED TO JUNE. THE DECISION IS BECAUSE FINANCIAL-RELATED ADVISORY PANELS ARE EXPECTED TO COME UP WITH CONCRETE PLANS FOR THE "JAPANESE-VERSION OF THE BIG-BANG SCHEME" AIMED AT PROMOTING FINANCIAL REFORM. TO WHAT EXTENT THE FINANCE MINISTRY (MOF) AND ADVISORY PANELS WILL BE ABLE TO COME UP PLANS FOR FRONTLOADING DEREGULATION SCHEDULES IS NOW UNCLAS SECTION 08 OF 09 TOKYO 002543

USIA

FOR: USIA D/P, I/GEA, I/RF, I/RFW, EA, R/MR; STATE FOR EAR/J; STATE PASS TO USTR/PUBLIC AFFAIRS OFFICE; VIA WASHDC; SECDEF FOR JCS-J-5/JAPAN, OASD/ISA/EAPR/JAPAN; TREASURY/OASIA/IMI; WHITE HOUSE; JUSTICE FOR STU CHEMTOB IN ANTI-TRUST DIVISION; COMMERCE FOR JEAN GRIER IN

GENERAL COUNCIL'S OFFICE, DAS; USCINCPAC/PA; CINCPAC
FLT/PA; COMNAVFORJAPAN/PA.

E.O. 12958: N/A

SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS MARCH 26

OPEN TO A QUESTION.

TRANSPORT

LAST DECEMBER, THE MINISTRY OF TRANSPORT (MOT) RELEASED A SET OF DEREGULATION MEASURES, SUCH AS ABOLITION OF SUPPLY-DEMAND ADJUSTMENT RESTRICTIONS OVER THREE TO FIVE YEARS. IN THE RE-REVISION DRAFT RELEASED THIS TIME, IT INDICATED TIMING FOR THE ABOLITION OF SUCH, SUCH AS FY1999 FOR THE CIVIL AVIATION SECTOR AND FY2001 FOR THE TAX SERVICE INDUSTRY. THE MOT'S DEREGULATION LIST INCLUDES: (1) A REDUCTION OF THE MINIMUM NUMBER OF VEHICLES (REQUIRED TO NEW ENTRANTS) WITHIN FY1997; (2) CUT BY 50 PERCENT RESTRICTIONS SET ON TAXI BUSINESS DISTRICTS WITHIN THE NEXT THREE YEARS; AND (3) INTRODUCTION OF A FARE CAP SYSTEM BY THE YEAR 2001.

ADJUSTMENT OF SPACE ON COASTAL VESSELS WILL BE CONTINUED, EXCLUDING SOME TYPES, SUCH AS CONTAINER SHIPS. A REVIEW OF RESTRICTIONS ON THE HARBOR TRANSPORT BUSINESS -- AN ISSUE THAT IS NOW BEGINNING TO DEGENERATE INTO TRADE FRICTION BETWEEN JAPAN AND THE U.S. -- HAS ALSO BEEN PUT OFF, CITING, "MEASURES ARE TO BE TAKEN, BASED ON CONCLUSIONS TO BE REACHED BY THE ADMINISTRATIVE REFORM COMMITTEE."

INFORMATION/COMMUNICATIONS

THE SHOWCASE OF DEREGULATION IN THIS SEGMENT IS SCRAPPING RESTRICTIONS ON THE FIRST-CLASS TELECOMMUNICATIONS BUSINESS AND FOREIGN CAPITAL IN THE CATV SECTOR, BUT JAPAN HAD ALREADY PLEDGED TO ABOLISH SUCH REGULATIONS IN THE BASIC TELECOMMUNICATIONS NEGOTIATIONS HELD UNDER THE WORLD TRADE ORGANIZATION (WTO), WHICH WRAPPED UP THIS FEBRUARY. THE FOREIGN CAPITAL RESTRICTION WILL BE MAINTAINED FOR NTT (NIPPON TELEGRAPHS AND TELEPHONE CORPORATION) AND KDD (KOKUSAI DENSHIN DENWA) AS PLEDGED IN THE NEGOTIATIONS.

THE U.S., WHICH IS CRITICIZING THAT THE FOREIGN CAPITAL RESTRICTION REGARDING THOSE TWO CARRIERS HAS BEEN KEPT INTACT, HAS WITHHELD BUSINESS LICENSES TO THOSE COMPANIES' AMERICAN SUBSIDIARIES.

MAJOR CONTENTS IN THREE SECTORS

(FINANCES/SECURITIES)

- SCRAP STANDARDS SET FOR THE ESTABLISHMENT OF BRANCHES BY FINANCIAL INSTITUTIONS

- LIBERALIZE STOCK COMMISSION FEES, LIFT BANS ON CASH

MANAGEMENT ACCOUNT AND THE OVER-THE-COUNTER SALES OF INVESTMENT TRUSTS BY BANKS (CONCLUSIONS ARE TO BE REACHED IN JUNE).

(TRANSPORT)

- ABOLISH A SUPPLY-DEMAND ADJUSTMENT RESTRICTION (BY FY1999 FOR DOMESTIC FLIGHTS AND CHARTERED BUSES AND BY FY2001 FOR TAXI SERVICE)

(INFORMATION/COMMUNICATIONS)

- SCRAP A FOREIGN CAPITAL RESTRICTION IMPOSED ON THE FIRST-CLASS TELECOMMUNICATIONS BUSINESS (EXCLUDING NTT AND KDD)

- REVIEW AN RATE-SETTING APPROVAL SYSTEM ADOPTED BY THIS BUSINESS SECTOR

LDP ADOPTS 5 PRINCIPLES OF FISCAL REFORM (ASAHI - PAGE 3)

THE LIBERAL DEMOCRATIC PARTY HELD A JOINT MEETING OF THE EXECUTIVE COUNCIL, THE POLICY AFFAIRS RESEARCH COUNCIL AND ADMINISTRATIVE REFORM PROMOTION HEADQUARTERS WITH THE UNCLAS SECTION 09 OF 09 TOKYO 002543

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PARTICIPATION OF PRIME MINISTER RYUTARO HASHIMOTO (PARTY PRESIDENT) YESTERDAY.

PRIME MINISTER HASHIMOTO THERE PRESENTED FIVE PRINCIPLES:
(1) FISCAL REFORM SHOULD BE COMPLETED BY THE YEAR 2003;
(2) THE THREE YEARS UP UNTIL 2000 BE SET AS AN "INTENSIVE REFORM PERIOD;" (3) EXPENDITURES IN THE BUDGET FOR FISCAL 1998 BE MADE A MINUS GROWTH FROM THE FY1997 BUDGET; (4) LONG-TERM PROGRAMS, INCLUDING THE BASIC PUBLIC SPENDING PROGRAM, BE LARGELY CURTAILED; AND (5) THE PUBLIC BURDEN COVERING THE NATION'S FISCAL DEFICIT SHOULD NOT EXCEED 50 PERCENT. THE MEMBERS ADOPTED THE PRINCIPLES.

PRIME MINISTER HASHIMOTO THEN ASKED FOR THEIR COOPERATION, REMARKING: "ALTHOUGH WE HAVE BEEN SADDLED WITH A RAFT OF DIFFICULT DOMESTIC AND INTERNATIONAL TASKS, I WOULD LIKE TO ASK YOU TO INTENSIVELY DISCUSS THIS ISSUE AND OFFER COOPERATION AS POLITICIANS TO TRANSLATE THESE INTO ACTION."

BUDGET TO PASS DIET ON 28TH: THIRD SPEEDIEST IN POSTWAR HISTORY (SANKEI - PAGE 2)

THE UPPER HOUSE BUDGET COMMITTEE AT A DIRECTORS' INFORMAL MEETING HELD YESTERDAY EVENING AGREED TO HOLD GENERAL INTERPELLATIONS IN ORDER TO WIND UP DISCUSSIONS ON THE FY1997 DRAFT BUDGET AND HAVE IT FINALLY APPROVED ON THE 28TH. THE JAPAN COMMUNIST PARTY OBJECTED TO THE PROPOSAL. IT IS NOW CERTAIN THAT THE DRAFT BUDGET WILL BE SUBMITTED ON AN URGENT BASIS TO A FULL SESSION OF THE UPPER HOUSE PLENARY SESSION FOR FINAL DIET APPROVAL BY A MAJORITY VOTE. ENACTING THE STATE BUDGET ON MARCH 28 WILL MAKE IT THE THIRD-SPEEDIEST ADOPTION IN THE POST-WAR PERIOD.

THE HEISEI-KAI REQUESTED IN COMMITTEE THE CONDITION FOR THEIR APPROVAL OF THE DRAFT BUDGET OF AMENDING THE DRAFT TO INCLUDE CONTINUED SPECIAL TAX BREAKS WORTH 2 TRILLION YEN, WHICH WOULD BE ADOPTED AT THE PLENARY SESSION. IT AGREED TO ADOPT THE DRAFT BUDGET ON THE 28TH WHEN THE LIBERAL DEMOCRATIC PARTY ACCEPTED ITS REQUEST.

THE UPPER HOUSE BUDGET COMMITTEE IS EXPECTED TO SUMMON ON THE 26TH MAMORU SAITO, PRESIDENT OF A REAL ESTATE COMPANY INVOLVED IN THE ORANGE MUTUAL BENEFIT SOCIETY CASE, AS A DIET WITNESS AND WILL THEN HOLD GENERAL INTERPELLATIONS. ON THE 27TH, IT WILL HOLD DELIBERATIONS ON REQUESTS. CRANE

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