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001. cable	Re: Japan-U.S.-Cambodia/Relations (4 pages)	08/04/1997	P1/b(1)
002. cable	Re: Japan-U.S. / Okinawa Base Issues (4 pages)	08/05/1997	P1/b(1)
003. cable	Re: Digest Executive Edition (12 pages)	08/06/1997	P1/b(1)
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sb1906

RESTRICTION CODES

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P1 National Security Classified Information [(a)(1) of the PRA]
P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
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Cable

PREC: IMMEDIATE
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LINE2: ZNR UUUUU ZZH
LINE3: O 010416Z AUG 97
LINE4: FM AMEMBASSY TOKYO
OSRI: RUEHKO
DTG: 010416Z AUG 97
ORIG: AMEMBASSY TOKYO
TO: RUEHC/SECSTATE WASHDC IMMEDIATE 9341
RUEHIA/USIA WASHDC IMMEDIATE 6117
INFO: RUEAWJA/USDOJ WASHDC
RUYNJDK/COMNAVFORJAPAN YOKOSUKA JA
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RUCPDOG/USDOC WASHDC
SUBJ: JAPANESE MORNING PRESS HIGHLIGHTS AUGUST 1

TOP HEADLINES:

TEXT:
UNCLAS SECTION 01 OF 06 TOKYO 006705

USIA

FOR: USIA D/P, I/GEA, I/RF, I/RFW, EA, R/MR; STATE FOR
EAR/J; STATE PASS TO USTR/PUBLIC AFFAIRS OFFICE; CIA
WASHDC; SECDEF FOR JCS-J-5/JAPAN, OASD/ISA/EAPR/JAPAN;
TREASURY/OASIA/IMI; WHITE HOUSE; JUSTICE FOR STU
CHEMTOB IN ANT-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 AUGUST 1

TOP HEADLINES:

ASAHI: 20,000 KINDS OF SPECIFICATIONS FOR SDF EQUIPMENT
LIKELY TO BE REVIEWED DUE TO OUTLAY CUTS; GSDF TRUCKS --
"PRICES DOUBLED DUE TO SPECIAL SPECIFICATIONS"; IRON
ELECTRIC FAN IN PREPARATION FOR FIRE ON VESSELS; HALF OF
EQUIPMENT CAN BE SWITCHED TO SAME TYPES OF WIDELY-USED
PRODUCTS (TRANSLATION BELOW)

NIHON KEIZAI: CONSTRUCTION AND MANAGEMENT OF TOLL ROADS TO BE PUT IN HANDS OF PRIVATE-SECTOR FIRMS; CONSTRUCTION MINISTRY WILL FORMULATE A SYSTEM AT STUDY SESSION AS EARLY AS FY1999; TO APPLY BRAKES TO PUBLIC CORPORATIONS' EXPANSION

TOKYO SHIMBUN: CLEARANCE SALE: HOUSING AND URBAN DEVELOPMENT CORPORATION WILL CUT PRICES OF UNSOLD HOUSES BY 10 MILLION YEN

MAINICHI: TIMETABLE FOR JAPAN'S BIG BANG: AGGREGATE SECURITIES ACCOUNT SYSTEM TO BE ADOPTED IN OCTOBER; START OF SALE OF INVESTMENT TRUSTS AT BANKS' COUNTERS IN DECEMBER

YOMIURI: PAYOFFS IN MTURES TRANSACTIONS; SENIOR MANAGING DIRECTOR'S OWN IDEA; IN COOPERATION WITH EXECUTIVE IN CHARGE; ADDED PROFITS TO KOIKE SIDE'S ACCOUNT

SANKEI: TWO TRAFFIC SIGNAL MAINTENANCE GROUPS SUSPECTED OF CONCEALING ONE SOME ODD BILLION YEN OF INCOME; TOKYO NATIONAL TAX ADMINISTRATION BUREAU INSPECTS THEM; EX-POLICE OFFICERS GAINED HIGH POSITIONS IN THESE TWO GROUPS

JSDF TO REVISE MIL SPECS FOR COST CUTS (ASAHI - TOP PLAY)

THE JAPAN DEFENSE AGENCY (JDA) HAS DECIDED TO REVIEW NEARLY 20,000 SPECIAL SPECIFICATIONS THAT ARE NOW USED FOR SELF-DEFENSE FORCES (SDF) EQUIPMENT IN ORDER TO LOWER PROCUREMENT COSTS THAT ARE HIGHER THAN CIVILIAN REGULAR-PURPOSE PRODUCTS. CONSEQUENTLY, THE JDA PLANS TO SWITCH HALF OF THEM TO THE PRIVATE SECTOR'S DUAL-USE PRODUCTS OR EASE SPECIFICATION STANDARDS IN A BID TO PARE DOWN EXPENDITURES FUNDAMENTALLY. THE JDA HAS BEEN STRESSING PERFORMANCE OVER COST FOR THEIR DURABILITY IN COMBAT OPERATIONS. BUT WITH THE COLD WAR STRUCTURE LONG GONE AND THE GOVERNMENT PUSHING AHEAD WITH FISCAL STRUCTURAL REFORM, THE AGENCY IS NOW BEING PRESSED TO REEXAMINE SEVERELY BOTH COST AND PERFORMANCE.

FOREIGN MINISTER IKEDA: NEW GUIDELINES QWONQT SPELL OUT SCOPE OF CONTINGENCIES AROUND JAPANQ
(NIHON KEIZAI - PAGE 2)

FOREIGN MINISTER YUKIHIKO IKEDA IN HIS SPEECH GIVEN YESTERDAY AT THE JAPAN PRESS CLUB TOUCHED ON THE SCOPE OF "SITUATIONS NEAR JAPAN," NOW THE CENTER OF ATTENTION IN THE ONGOING REVIEW OF THE JAPAN-UNITED STATES DEFENSE COOPERATION GUIDELINES, AND INDICATED THAT IN HIS VIEW, IT WAS DIFFICULT TO PLAINLY DEMONSTRATE A GEOGRAPHICAL SCOPE," ADDING: "IT IS A NOTION THAT PLACES EMPHASIS ON SITUATIONS THAT WILL HAVE A SERIOUS IMPACT ON THE SECURITY OF JAPAN, SO WE CANNOT SPECIFY IN ADVANCE AREAS THAT WILL BE COVERED BY THIS NOTION." SPEAKING OF THE CHINA-TAIWAN ISSUE, HE EXPRESSED HIS VIEW THAT "I HOPE IT WILL BE SETTLED IN A PEACEFUL MANNER THROUGH TALKS BETWEEN OFFICIALS CONCERNED OF CHINA AND TAIWAN. FROM

THIS PREMISE, THE GOVERNMENT ON ITS PART DO NOT THINK THE ISSUE IS IN A CONDITION THAT MAKES US HYPOTHEZIZE (AN EMERGENCY NEAR OUR COUNTRY)."

SDPQS ITO CHECKS CONSERVATIVES AGAINST THEIR ALLIANCE ON GUIDELINES REVIEW, HINTING AT POSSIBILITY OF HIS PARTYQS BREAKAWAY FROM RULING CAMP (NIHON KEIZAI - PAGE 2)
UNCLAS SECTION 02 OF 06 TOKYO 006705

USIA

FOR: USIA D/P, I/GEA, I/RF, I/REW, EA, R/MR; STATE FOR EAR/J; STATE PASS TO USTR/PUBLIC AFFAIRS OFFICE; CIA WASHDC; SECDEF FOR JCS-J-5/JAPAN, OASD/ISA/EAPR/JAPAN; TREASURY/OASIA/IMI; WHITE HOUSE; JUSTICE FOR STU CHEMTOB IN ANT-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 AUGUST 1

SOCIAL DEMOCRATIC PARTY (SDP) SECRETARY GENERAL SHIGERU ITO HELD AN INFORMAL MEETING LAST NIGHT WITH THE PRESS AT A HOTEL IN YUZAWA-MACHI, NIIGATA PREFECTURE, AND STATED: "IT IS INCONCEIVABLE THAT THE SDP AND THE LIBERAL DEMOCRATIC PARTY WILL BE COMPLETELY IN ACCORD ON THE CONTENTS OF THE REVIEW OF THE JAPAN-UNITED STATES DEFENSE COOPERATION GUIDELINES AND ON LEGAL AMENDMENTS, BUT IF THE LDP ASKS THE OPPOSITION SHINSHINTO FOR ITS COOPERATION, OUR PARTY MIGHT BREAK AWAY FROM THE RULING CAMP." HIS REMARK IS TO HOLD IN CHECK MOVES WITHIN THE LDP FOR GIVING PRIORITY TO "AN ALLIANCE BETWEEN THE CONSERVATIVES IN THE RULING AND OPPOSITION PARTIES, SUCH AS THE SHINSHINTO (NEW FRONTIER PARTY), RATHER THAN MAKING EFFORTS TO FIND COMMON GROUND WITH THE SDP.

PRIOR TO THIS, SDP HEAD TAKAKO DOI IN AN SDP NATIONAL POLICY STUDY MEETING YESTERDAY REVEALED THAT IF THE DIRECTION OF MAKING LIGHT OF HUMAN RIGHTS WAS MADE CLEAR IN THE PROCESS OF REVIEWING THE DEFENSE COOPERATION GUIDELINES, THE SDP WOULD HAVE A SHOWDOWN WITH THE LDP. SHE STATED: "I AM CONCERNED THAT A NUMBER OF PERSONS HAVE ACCEPTED VULGAR VIEWS THAT INDICATE CONSIDERATION CANNOT BE GIVEN FOR INDIVIDUAL HUMAN RIGHTS IN TIMES OF EMERGENCY, AS SEEN FROM A CALL FOR EMERGENCIES LEGISLATION. OUR PARTY SHOULD BE CAUTIOUS ABOUT A TREND OF DOWNPLAYING PROVISIONS RELATED TO HUMAN RIGHTS IN OUR CONSTITUTION."

ACSA PACT FOR EMERGENCIES: GOJ TO CALL FOR PRIOR CONSULTATIONS OVER REAR SUPPORT (ASAHI - PAGE 1)

THE GOVERNMENT FIRMED UP YESTERDAY THE POLICY DIRECTION TO ASK THE UNITED STATES TO SET UP A SYSTEM THAT WILL ENABLE JAPAN TO ADJUST VIEWS IN ADVANCE AS TO WHETHER TO

PROVIDE LOGISTICAL SUPPORT UNDER AN EMERGENCY VERSION OF THE "JAPAN-U.S. ACQUISITION AND CROSS-SERVICING AGREEMENT (ACSA)," WHICH IS TO BE CONCLUDED WITH THE U.S. AFTER THE ONGOING REVIEW OF THE JAPAN-U.S. DEFENSE COOPERATION GUIDELINES. THE INTERIM REPORT ON THE ONGOING REVIEW OF THE GUIDELINES INCLUDES AS "LOGISTICAL SUPPORT" COOPERATION IN SUCH AREAS AS SUPPLIES, TRANSPORTATION AND MAINTENANCE, BUT IT IS U.S. FORCES THAT WILL MAKE A JUDGMENT ON WHAT WILL BE COVERED BY REAR SUPPORT. FOR THIS REASON, THE JAPANESE GOVERNMENT HAS JUDGED IT NECESSARY TO INSTITUTE A CONSULTATION FRAMEWORK TO DECIDE WHETHER COOPERATION IN PARTICULAR AREAS WILL BE POSSIBLE, EVEN THOUGH SUCH IS WITHIN THE LOGISTICAL SUPPORT AREA.

LOGISTICAL SUPPORT THAT IS SOUGHT OF JAPAN MEANS TO OFFER ASSISTANCE IN AREAS ADJACENT TO "A THEATER OF WAR," HE SPOT OF A BATTLE. IF JAPAN GIVES SUPPORT TO U.S. TROOPS WHO TAKE PART IN A BATTLE, THAT WILL BE VIEWED AS AN ACTION CATEGORIZED AS PART OF THE USE OF ARMED FORCE BY U.S. FORCES AND BE CONCLUDED AS THE USE OF THE RIGHT OF COLLECTIVE SELF-DEFENSE, WHICH IS PROHIBITED BY THE CONSTITUTION. LOGISTICAL SUPPORT IS SAID TO BE GIVEN TO AN AREA DISTINGUISHED FROM AN AREA WHERE A BATTLE IS GOING ON, SO THE JAPANESE GOVERNMENT STATES (PROVIDING LOGISTICAL SUPPORT) DOES NOT MEAN THE EXERCISE OF THE RIGHT TO COLLECTIVE SELF-DEFENSE, BUT IN CASE A WAR AREA EXPANDS, DEPENDING ON DEVELOPMENTS OF THE BATTLE, THE POSSIBILITY IS THAT THERE MAY EMERGE A CASE OF VIOLATING THE CONSTITUTION WITH THE DISTINCTION BETWEEN THE WAR AREA AND THE NON-WAR AREA BECOMING VAGUE.

ACCORDING TO INFORMED SOURCES, THE NOTION OF LOGISTICAL SUPPORT WAS BROUGHT UP FOR THE FIRST TIME BY THE U.S. SIDE AT DEPUTIES' MEETINGS OF THE SUBCOMMITTEE FOR DEFENSE COOPERATION (SDC) HELD IN TOKYO LAST SEPTEMBER AND ON OTHER OCCASIONS. AT THAT TIME, THE U.S. SIDE INDICATED A MAP THAT OUTLINED THE WAR AREA AND THE LOGISTICAL SUPPORT AREA ON THE KOREAN PENINSULA, AND UNCLAS SECTION 03 OF 06 TOKYO 006705

USIA

FOR: USIA D/P, I/GEA, I/RF, I/RFW, EA, R/MR; STATE FOR EAR/J; STATE PASS TO USTR/PUBLIC AFFAIRS OFFICE; CIA WASHDC; SECDEF FOR JCS-J-5/JAPAN, OASD/ISA/EAPR/JAPAN; TREASURY/OASIA/IMI; WHITE HOUSE; JUSTICE FOR STU CHEMTOB IN ANT-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 AUGUST 1

REPORTEDLY ASKED JAPAN: "WE WOULD LIKE YOU TO EXTEND COOPERATION TO US WITHIN THE LOGISTICAL AREA, NOT THE WAR AREA." AN AGREEMENT WAS REACHED IN PRINCIPLE BETWEEN THE TWO COUNTRIES, AND IN THE PROCESS OF COMPILING THE

INTERIM REPORT THIS JUNE, "LOGISTICAL SUPPORT," WHICH UNTIL THEN HAD SIGNIFIED COOPERATION FOR GOODS AND SERVICES, WAS CHANGED INTO THE WORDING, SUPPORT IN THE LOGISTICAL AREA.

HOWEVER, IF AN EMERGENCY WERE TO BREAK OUT IN ACTUALITY ON THE KOREAN PENINSULA, THE COMMANDER OF THE U.S. FORCES IN THE REPUBLIC OF KOREA (ROK), DEPENDING ON THE STATE OF THE BATTLE, WILL DETERMINE A WAR AREA AND A LOGISTICAL AREA AND INFORM U.S. TROOPS AND RELEVANT TROOPS, SUCH AS THE SDF, OF SUCH AREAS. UNDER THIS SITUATION, THERE IS NO ROOM FOR JAPAN TO PARTICIPATE IN DETERMINING A WAR AREA AND A LOGISTICAL AREA. THE JAPANESE GOVERNMENT STATES IT WILL MAKE A JUDGMENT IN CONSULTATIONS WITH THE U.S. AS TO WHETHER IT IS POSSIBLE TO DRAW A DISTINCTION BETWEEN A WAR AREA AND OTHER AREAS.

OKINAWAN GOVERNMENT TO GIVE QGO-AHEADQ FOR OFFSHORE HELIPORT FEASIBILITY STUDY (NIHON KEIZAI - PAGE 2)

OKINAWA PREFECTURE HAS REACHED A POLICY DIRECTION TO APPROVE THE CENTRAL GOVERNMENT'S PLAN TO CARRY OUT A BORING FEASIBILITY STUDY OFF CAMP SCHWAB IN NAGO CITY FOR CONSTRUCTING A HELIPORT TO REPLACE THE ONE IN THE U.S. FUTENMA AIR STATION. THE PREFECTURE WILL HAND A RESEARCH PERMISSION TO THE NAHA DEFENSE FACILITIES ADMINISTRATION BUREAU AS EARLY AS AUGUST 1. THE PREFECTURE HAS BEEN REJECTING (THE CENTRAL GOVERNMENT'S REQUEST) TO WORK AS A COORDINATOR IN DEALING WITH THE HELIPORT PROJECT. IT WILL BE THE PREFECTURE'S FIRST PERMISSION THAT WILL ALLOW ITS OWN INVOLVEMENT IN THE PROJECT. IN REACTION, THE GOVERNMENT INTENDS TO COMPLETE THE FEASIBILITY STUDY BY MID-AUGUST IN ORDER TO COMPILE AN IMPLEMENTATION PLAN BEFORE YEAR'S END.

LOCAL RESIDENTS OPPOSING THE HELIPORT CONSTRUCTION HAVE BEEN WORKING ON GOVERNOR MASAHIRO OTA NOT TO ISSUE A PERMISSION, REASONING, "CARRYING OUT A BORING FEASIBILITY STUDY WILL LEAD TO APPROVING THE HELIPORT CONSTRUCTION." LOCAL CITIZENS AGAINST THE PROJECT ARE REACTING STRONGLY TO THE PREFECTURAL GOVERNMENT'S DECISION TO ALLOW THE FEASIBILITY STUDY. THEY ARE CONSIDERING TO CARRY OUT A LOCAL POLL OVER THE HELIPORT CONSTRUCTION. GOVERNOR OTA THINKS, "THE FEASIBILITY STUDY AND THE HELIPORT CONSTRUCTION ARE TWO DIFFERENT SUBJECTS." DEPENDING UPON HOW THE PREFECTURE MOVES, DIFFICULTIES ARE EXPECTED BEFORE REACHING A SETTLEMENT.

JDA VICE MINISTER VOWS TO EXPEDITE BILATERAL EFFORTS FOR HELIPORT CONSTRUCTION PLAN (YOMIURI - PAGE 2)

REGARDING THE ISSUE OF CONSTRUCTING A SEA-BASED HELIPORT TO REPLACE THE U.S. FORCES' FUTENMA AIR STATION, JAPAN DEFENSE AGENCY ADMINISTRATIVE DEPUTY DIRECTOR GENERAL MASAHIRO AKIYAMA MET THE PRESS ON JULY 31, AND STATED: "OUR (PRELIMINARY FEASIBILITY) STUDY OVER THERE IS NOW ABOUT FOUR MONTHS BEHIND SCHEDULE, AND SO IS THE U.S. SIDE'S FOLLOW-UP WORK (OF STUDYING SUCH MATTERS AS THE

PLANNED FLOATING FACILITY'S FUNCTIONS). AFTER COMPLETING OUR SURVEY THERE, WE WILL DECIDE WHERE TO CONSTRUCT IT, AND WILL THEN NEGOTIATE WITH THE LOCAL MUNICIPALITY THERE. SO, WE WANT TO MAKE EVERY POSSIBLE EFFORT FOR THE WORK." AKIYAMA HAS THUS INDICATED JDA'S INTENTION OF EXPEDITING THE INTERGOVERNMENTAL FOLLOW-UP WORK OF JAPAN AND THE U.S. TO CREATE AN IMPLEMENTATION PLAN IN DECEMBER.

FOREIGN MINISTER IKEDA; JAPAN WILL MAKE FOR CAMBODIAN PEACE (SANKEI - PAGE 2)
UNCLAS SECTION 04 OF 06 TOKYO 006705

USIA

FOR: USIA D/P, I/GEA, I/RF, I/RFW, EA, R/MR; STATE FOR EAR/J; STATE PASS TO USTR/PUBLIC AFFAIRS OFFICE; CIA WASHDC; SECDEF FOR JCS-J-5/JAPAN, OASD/ISA/EAPR/JAPAN; TREASURY/OASIA/IMI; WHITE HOUSE; JUSTICE FOR STU CHEMTOB IN ANT-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 AUGUST 1

MEETING THE PRESS AT THE JAPAN PRESS CLUB AT UCHISAIWAI-CHO, TOKYO YESTERDAY, FOREIGN MINISTER YUKIHIKO IKEDA TOUCHED ON JAPAN'S FUTURE DIPLOMATIC STANCE TOWARD THE ASIA-PACIFIC REGION. IN HIS REMARK, HE UNDERScoreD HIS INTENTION TO POSITIVELY PROMOTE PERSONNEL CONTRIBUTION TO CAMBODIA, INCLUDING THE DISPATCH OF AN ELECTION MONITORING TEAM FOR PEACE; HE NOTED, "JAPAN MAY BE SEEN BY THE INTERNATIONAL COMMUNITY THAT IT IS NOT ACTIVE IN POLITICAL AFFAIRS, BUT SINCE THE MATTER AFFECTS THE FATE OF JAPAN, TOO, WE MUST TAKE A STEP FORWARD AND TAKE A BOLD ACTION. WE WILL SPEAK OUT AND ACT, IF NECESSARY." ASKED ABOUT THE SITUATION IN CAMBODIA, HE POINTED OUT THE IMPORTANCE OF A GENERAL ELECTION SCHEDULED TO TAKE PLACE IN MAY, 1998, SAYING, "CAMBODIA HAS TO MAKE A DEMOCRATIZATION PROCESS INTO A CONCRETE REALITY, BY HOLDING A GENERAL ELECTION IN A FREE AND FAIR MANNER."

IN ADDITION, REFERRING TO THE SCOPE OF "EMERGENCIES IN AREAS SURROUNDING JAPAN" IN CONNECTION WITH THE ONGOING REVIEW OF THE "GUIDELINES FOR JAPAN-U.S. DEFENSE COOPERATION," HE STATED THAT "THERE IS NO GEOGRAPHICAL CONCEPT ABOUT IT. EMPHASIS IS PLACED ON AN EMERGENCY CASE THAT MIGHT HAVE A GRAVE IMPACT ON THE SECURITY OF JAPAN." THUS, HE ONCE AGAIN STRESSED HIS VIEW THAT SUCH AREAS CANNOT BE SPECIFIED.

HASHIMOTO, YELTSIN LIKELY TO MEET THIS OCTOBER OR AFTER (SANKEI - PAGE 2)

A GOVERNMENT SOURCE LAST NIGHT INDICATED THE OUTLOOK THAT

AN INFORMAL SUMMIT MEETING BETWEEN PRIME MINISTER RYUTARO HASHIMOTO AND RUSSIAN PRESIDENT YELTSIN, WHICH HAD BEEN SCHEDULED FOR AS EARLY AS THE FALL, WOULD BE PUT OFF TO OCTOBER OR LATER, REMARKING: "THEIR MEETING IN AUGUST OR SEPTEMBER IS NOW UNLIKELY."

IKEDA PLANNING TO VISIT CZECH, POLAND
(NIHON KEIZAI - PAGE 2)

FOREIGN MINISTER YUKIHIKO IKEDA HAS DECIDED TO MAKE AN EAST EUROPEAN TOUR TO CZECH AND POLAND IN LATE AUGUST. IT WILL BE A FIRST TRIP TO THE TWO COUNTRIES FOR A JAPANESE PRIME MINISTER IN SEVEN YEARS SINCE (THEN) FOREIGN MINISTER TARO NAKAYAMA VISITED THE TWO COUNTRIES IN 1990.

OPPOSITION STUDY GROUP UNPOPULAR, ONLY 60 HOPING TO JOIN
(NIHON KEIZAI - PAGE 2)

THE "REFORM CONFERENCE," A STUDY GROUP MADE UP OF THOSE INTERESTED FROM THE SHINSHINTO (NEW FRONTIER PARTY), MINSHUTO (DEMOCRATIC PARTY OF JAPAN) AND SAKIGAKE IN A BID TO PUT OPPOSITION FORCES TOGETHER, HAS FAILED TO DRAW A SATISFACTORY NUMBER OF PARTICIPANTS. WITH A NEGATIVE REACTION OBSERVED IN EACH PARTY, A RAFT OF DIETMEMBERS HAVE TAKEN A WAIT-AND-SEE POSTURE. AS OF THE END OF JULY -- THE DEADLINE FOR APPLICATION, NO MORE THAN 60 OR SO LAWMAKERS HAVE APPLIED FOR JOINING THE PANEL. THIS FIGURE IS FAR BELOW THE TARGETED NUMBER OF 100. SINCE THERE IS STILL TIME LEFT UNTIL THE FIRST GENERAL MEETING SCHEDULED FOR LATE AUGUST, PUBLIC INFORMATION PLANNING CHAIRMAN MICHIO KANO, A SHINSHINTO MEMBER, AND OTHER PROPONENT MEMBERS ARE SET TO STRENGTHEN MANEUVERS TO LURE MORE. BUT SOME SUGGEST REVISING THE TARGET DOWNWARD, ONE OFFICIAL SAYING "WITH 50 TO 60 MEMBERS, THE PANEL CAN BE LAUNCHED."

DOMESTIC STEVEDORESQ MEETING BROKEN OFF (ASAHI - PAGE 2)

PARTIES CONCERNED WITH THE CARGO HANDLING INDUSTRY MET YESTERDAY TO DISCUSS MEASURES TO IMPROVE A "PRIOR CONSULTATIONS SYSTEM," A LABOR-MANAGEMENT PRACTICE
UNCLAS SECTION 05 OF 06 TOKYO 006705

USIA

FOR: USIA D/P, I/GEA, I/RF, I/RFW, EA, R/MR; STATE FOR EAR/J; STATE PASS TO USTR/PUBLIC AFFAIRS OFFICE; CIA WASHDC; SECDEF FOR JCS-J-5/JAPAN, OASD/ISA/EAPR/JAPAN; TREASURY/OASIA/IMI; WHITE HOUSE; JUSTICE FOR STU CHEMTOB IN ANT-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 AUGUST 1

EMPLOYED IN THAT INDUSTRY. THE TALKS BROKE DOWN WITHOUT BEING ABLE TO FIND A COMMON GROUND. VOICES CALLING FOR IMPROVING THE PRIOR CONSULTATIONS SYSTEM ARE GAINING GROUND ABROAD, CITING THAT THE APPLICATION OF THAT SYSTEM IS NON-TRANSPARENT. THE 31ST WAS THE DEADLINE FOR JAPAN'S PLEDGE TO THE UNITED STATES TO COME UP WITH IMPROVEMENT MEASURES. THE U.S. HAS POSTPONED THE SANCTIONS DEADLINE AGAINST JAPAN'S THREE SHIPPING LINES TO SEPTEMBER 4 IN ITS HOPES TO SEE JAPAN FORMULATE IMPROVEMENT MEASURES BY THAT TIME. CHANCES ARE THAT UNLESS AN IMPROVEMENT PACKAGE IS COMPILED, THE SANCTIONS ISSUE MIGHT SURFACE AGAIN.

UNDER THE PRIOR CONSULTATIONS SYSTEM, WHEN SHIPPING LINES ALTER THEIR BUSINESS OPERATIONS, THEY ARE SUPPOSED TO MAKE AN ADVANCE APPLICATION TO THE JAPAN HARBOR TRANSPORTATION ASSOCIATION (JHTA), AN INDUSTRY ORGANIZATION OF CARGO HANDLERS, AND IN RESPONSE, THE JHTA HOLDS NEGOTIATIONS WITH LONGSHOREMEN'S TRADE UNIONS. IN THE TALKS, THE SHIPPING LINES' SIDE PROPOSED AN IMPROVEMENT MEASURE, CENTERED ON A PLAN THAT THEY PRESENT THE DETAILS OF THEIR OPERATIONAL CHANGES DIRECTLY TO CARGO HANDLERS WITHOUT PASSING THROUGH THE JHTA, AND THE JHTA HOLD NEGOTIATIONS WITH LONGSHOREMEN'S' TRADE UNIONS AS USUAL.

HOWEVER, THE JHTA REACTED NEGATIVELY TO THE PROPOSAL, SAYING, "IT IS NOT ACCEPTABLE THAT DIFFICULT NEGOTIATIONS WITH TRADE UNIONS ALONE ARE PUSHED ONTO THE JHTA." THE TALKS ENDED UP CONFIRMING EACH OTHER'S ASSERTIONS.

SHARP INCREASE SEEN IN JAPANQS TECHNOLOGY EXPORTS TO CHINA IN FY 1995 (NIHONKEIZAI - PAGE 2)

THE NATIONAL INSTITUTE OF SCIENCE AND TECHNOLOGY POLICY UNDER THE SCIENCE AND TECHNOLOGY AGENCY YESTERDAY COMPILED A SURVEY REPORT ON JAPAN'S TECHNOLOGY EXPORTS IN 1995. ACCORDING TO THE REPORT, ASIAN-BOUND TECHNOLOGY EXPORTS COMMANDED 64.5 PERCENT OF THE WHOLE, REMAINING ON THE RISE SINCE THE SURVEY WAS STARTED IN 1992. IN PARTICULAR, THE RATIO OF SUCH EXPORTS TO CHINA DOUBLED DURING THE LAST THREE YEARS. THE VIEW IS THAT THE RESULT IS A REFLEX OF AN INCREASE IN DIRECT INVESTMENTS IN ASIA, CENTERED AROUND CHINA.

LDPQS MORI DECIDES NOT TO VISIT NORTH KOREA (ASAHI - PAGE 2)

LIBERAL DEMOCRATIC PARTY (LDP) EXECUTIVE COUNCIL CHAIRMAN YOSHIRO MORI REVEALED YESTERDAY THAT HE HAS POSTPONED HIS TRAVEL TO THE DEMOCRATIC PEOPLE'S REPUBLIC KOREA (NORTH KOREA), GIVING PRIORITY TO THE ONGOING GOVERNMENT-TO-GOVERNMENT NEGOTIATIONS ON SUCH ISSUES AS HOME VISITS BY JAPANESE WIVES LIVING IN THAT COUNTRY. HE WAS ASKED TO VISIT THERE BY NORTH KOREA IN MID-JUNE. HE TOLD THIS TO THE PRESS CORPS AT THE LDP HEADQUARTERS.

TAKAHASHI NAMED FOR NEGOTIATIONS WITH NORTH KOREA

(TOKYO SHIMBUN - PAGE 1)

FOREIGN MINISTER YUKIHIKO IKEDA YESTERDAY INFORMALLY APPOINTED MASAJI TAKAHASHI, AMBASSADOR AT THE DELEGATION OF JAPAN TO THE ORGANIZATION FOR ECONOMIC COOPERATION AND DEVELOPMENT (OECD), TO SERVE AS GOVERNMENT REPRESENTATIVE FOR DIPLOMATIC NORMALIZATION TALKS BETWEEN JAPAN AND NORTH KOREA, REPLACING HIROMOTO SEKI, WHO WILL BECOME AMBASSADOR TO ITALY. TAKAHASHI'S APPOINTMENT WILL LIKELY BE FORMALLY ANNOUNCED IN SEPTEMBER.

IKEDA REFUSES TO FUND U.N. REFORM
(TOKYO SHIMBUN - PAGE 2)

FOREIGN MINISTER YUKIHIKO IKEDA AT THE FOREIGN MINISTRY
UNCLAS SECTION 06 OF 06 TOKYO 006705

USIA

FOR: USIA D/P, I/GEA, I/RF, I/RFW, EA, R/MR; STATE FOR EAR/J; STATE PASS TO USTR/PUBLIC AFFAIRS OFFICE; CIA WASHDC; SECDEF FOR JCS-J-5/JAPAN, OASD/ISA/EAPR/JAPAN; TREASURY/OASIA/IMI; WHITE HOUSE; JUSTICE FOR STU CHEMTOB IN ANT-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 AUGUST 1

AROUND NOON YESTERDAY MET WITH (JOSEPH) CONNOR, UNITED NATIONS UNDERSECRETARY GENERAL FOR ADMINISTRATION AND MANAGEMENT. IN IT, TOUCHING ON THE 1-BILLION-DOLLAR FUND ESTABLISHMENT PLAN REVEALED BY UN SECRETARY GENERAL ANNAN ON THE 16TH FOR RESCUING STRAINED UN FINANCES, FOREIGN MINISTER IKEDA NOTED, "COOPERATION IS DIFFICULT BECAUSE JAPAN'S FISCAL CONDITION IS SEVERE." HE THUS FORMALLY REVEALED FOR THE FIRST TIME THE JAPANESE GOVERNMENT'S POLICY DIRECTION NOT TO EXTEND COOPERATION.

THE FOREIGN MINISTER STRESSED: "WE CANNOT OBTAIN THE TAXPAYERS' UNDERSTANDING TOWARD JAPAN'S INCREASED BURDEN-SHARING WHEN THERE IS NO PROGRESS IN THE UN SECURITY COUNCIL REFORM PROGRAM (TO GIVE A PERMANENT SEAT TO JAPAN). THE FOREIGN MINISTER ADDED: "IT IS A PROBLEM THAT SPECIFIC COUNTRIES NEED TO SHOULDER HEAVIER BUDGETARY BURDENS." HIS COMMENT SUGGESTED THAT THE FINANCIAL DIFFICULTIES SHOULD BE RESOLVED BY ASKING MINOR MEMBERS FOR GREATER FINANCIAL COMMITMENT INSTEAD OF WORKING ON MAJOR PLAYERS.
CRANE

SECT: SECTION: 01 OF 06

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TO: RUCWAAA/FBIS RESTON VA
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AIG4587
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RAYWBFA/ONA CANBERRA AS
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RHHJJAA/JICPAC HONOLULU HI
RHHJJPI/PACOM IDHS HONOLULU HI
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RHHMUNA/USCINCPAC HONOLULU HI
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RHLBAAQ/USCINCSO SCJ2 QUARRY HEIGHTS PM
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RUADPDA/DET 611 AFOSI OSAN AB KOR//IVO//
RUADYRA/CTG SEVEN TWO PT TWO
RUAGAAA/COMUSKOREA SEOUL KOR//FKJ2-IS-H//
RUAGAMS/CDPACO524THMIBN SEOUL KOR//IADK-CE-PI//
RUAGAMS/CDRBCO524THMIBN SEOUL KOR//IADK-CE-CI//
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RUAYFFA/MCAS IWAKUNI JA
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RUCKMEZ/SJTTFHQ MFL//J2//
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RUCXGRD/COGARD INTELCOORDCEN WASHINGTON DC
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SUBJ: Take 1 of 7 -- Hashimoto Addresses Corporate Executives

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SUBJ: Take 1 of 7 -- Hashimoto Addresses Corporate Executives

REF: 1. ow2407232797 tokyo kyodo in english 1226 gmt 24 jul 97
-- hashimoto sets out three 'policy principles' on russia
2. ow2407135297 hong kong afp in english 1318 gmt 24 jul 97
-- hashimoto's plans on new diplomatic approach to russia
3. ow2407084397 tokyo kyodo in english 0810 gmt 24 jul 97
-- japan to map out new diplomatic policy toward russia"

SOURCE: (Internet) WWW Japanese Prime Minister's Official
Residence Home Page in English

TEXT:

["Provisional Translation" of an address by Prime Minister
Ryutaro Hashimoto to the Japan Association of Corporate
Executives, 24 July 1997]

[FBIS Transcribed Text] Thank you for giving me this
opportunity again to address you today at this informal discussion
group of the Japan Association of Corporate Executives. I recall
speaking here last year on structural reform in our country.
Today, I would like to draw your attention to how our nation's
foreign policy should be shaped, focusing especially on our
foreign policy toward Russia and also on our relations with China
and the "Silk Road" region.

The State of the World [subhead]

May I begin with my perceptions of the current state of the
world so that everyone can fully grasp why I have decided to speak
today about such a topic.

As many have already stated, we are now living in the post-Cold
War era. This era is most notable for the fact that the military
confrontation between the United States and the Soviet Union has
come to an end, and the ideological conflict between liberalism
and communism has concluded. The disappearance of communism as a
goal gives an opportunity to steer many countries toward a
liberal, free-market economy in a broad sense, although the
specific path taken and the rate of progress achieved by each
country vary. For example -- and I will elaborate on this later
-- China has opted for a socialist market-economy path.
Furthermore, with the end of the Cold War, the Soviet Union
collapsed, bringing many new countries into existence. As a
result, a new task has been to achieve political and economic
stability in those countries and to create a new international
order encompassing surrounding countries.

Furthermore, we are now in the age of the so-called borderless
society. We could not even imagine the evolution of an

international economic community some time ago; economic activities now go beyond national borders, and corporations have come to select the countries in which they operate. On the one hand, the globalization of economic activities, by enhancing interdependence between countries and regions, has created a situation in which problems can no longer be solved easily. On the other hand, by expanding the potential loss resulting from cutting off exchanges with partners, such globalization has the potential to contribute to maintaining peace. A long time ago, Charles Louis de Secondat Montesquieu said that peace is the natural result of commerce and all unions are based on mutual necessity. The expansion of such interdependence was limited to the countries of the former Western bloc during the Cold War. However, as I said earlier, the end of the Cold War has created the possibility of expanding this in one stroke to encompass other countries, including the nations of the former Soviet Union.

Reaffirmation of the Japan-U.S. Security Arrangements [subhead]

What is it, then, that Japan should do, given this state of affairs?

As you all know, since the establishment of my administration, I have, more than anything else, devoted myself to reaffirming the significance of the Japan-U.S. security relationship. There have been times when, both in Japan and the United States, people have questioned whether the Japan-U.S. security arrangements were still necessary in this post-Cold War era. The end of the Cold War did not, unfortunately, signify an end to all international conflicts. Moreover, I have been keenly feeling that it is the Japan-U.S. security arrangements which provide a sense of security to the countries of the Asia-Pacific region, from my conversations with leaders from other parts of Asia. Therefore, while tackling the difficult issue of U.S. military bases in Okinawa, I have been striving to reaffirm the significance of the Japan-U.S. security arrangements. Of course, this issue has by no means been fully resolved. As for the so-called 15 May Memorandum, the part which was not made public at the last occasion will be handed to the Okinawa Prefecture tomorrow. I believe, however, that we have made headway, through the efforts to compile the Japan-U.S. Joint Declaration on Security issued by U.S. President Bill Clinton and me in April last year and through the review of the Guidelines for Japan-U.S. Defense Cooperation on which the Interim Report was issued last June.

The basic objective of Japan's foreign policy is to maintain the peace and prosperity of the Asia-Pacific region. In that sense, maintenance of the Japan-U.S. security arrangements, as I have just described, and the creation of frameworks in this region through such fora as the ASEAN Regional Forum [ARF] and Asia-Pacific Economic Cooperation [APEC] can be characterized as creating a platform to stage Japan's basic foreign policy.
(more) 24 jul gh/morriss

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RUEBBA/MARITIME ADMIN DEPT OF TRANSPORTATION
RUEBDKA/DAG MONTEREY CA
RUEBFGA/VOA WASHINGTON DC
RUEDADA/AFISA AMHS BOLLING AFB DC
RUEDADI/AFOSI IOC BOLLING AFB DC
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RUEHBJ/AMEMBASSY BEIJING
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RUEHC/SECSTATE WASHINGTON DC//EB/TT/MA//
RUEHC/SECSTATE WASHINGTON DC//INR//
RUEHC/SECSTATE WASHINGTON DC//STR//

RUEHDN/AMCONSUL SYDNEY
RUEHGP/AMEMBASSY SINGAPORE
RUEHHI/AMEMBASSY HANOI
RUEHIA/USIA WASHINGTON DC//B/VOA/F//
RUEHIA/USIA WASHINGTON DC//R//
RUEHJA/AMEMBASSY JAKARTA
RUEHKL/AMEMBASSY KUALA LUMPUR
RUEHME/AMEMBASSY MEXICO
RUEHSG/AMEMBASSY SANTIAGO
RUEHWL/AMEMBASSY WELLINGTON
RUEHYM/AMCONSUL MONTERREY
RUEKJCS/SECDEF WASHINGTON DC
RUEOAYA/CDR NGIC CHARLOTTESVILLE VA
RUERFCP/CDR USARSO FT CLAYTON PM//SOCS-PA//
RUERPMB/CDRJOTC FT SHERMAN PM//SOJT-SB/S-2//
RUESDG/PTS HONG KONG
RUESDF/FBIS SEOUL KOR
RUESFB/FBIS ASUNCION PA
RUESFG/FBIS BANGKOK TH
RUESTO/AMEMBASSY TOKYO
RUETIAV/MPC FT GEO G MEADE MD
RUHBABA/CG III MEF//G-2//
RUHBANB/MWHS ONE
RUHBANB/NAVCRIMINVSERVRA OKINAWA JA
RUHBANB/SECOND BN TWELFTH MAR
RUHBANB/TWELFTH MAR//S-2//
RUHBEEA/CDR MTMC TML NAHA JA//MTW-N//
RUHBEEA/CDR1315TH MEDPORTCMD OKINAWA JA
RUHBEEA/CG THIRD FSSG CAMP KINSER JA//G2//
RUHBBMA/AMCONSUL NAHA
RUHBBMA/MACG EIGHTEEN
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ACCT FBOW-EDWK

INFO: ////

SUBJ: Take 2 of 7 -- Hashimoto Addresses Corporate Executives

TEXT:

UNCLAS 4A

WARNING: ATTN BANGKOK BLOCAL

WARNING: ATTN BANGKOK BAE

WARNING: TOPIC: LEADER, INTERNATIONAL, ECONOMIC, POLITICAL

SERIAL: OW0408052597

COUNTRY: JAPAN, RUSSIA

SUBJ: Take 2 of 7 -- Hashimoto Addresses Corporate Executives

REF: OW0408052497 (Internet) WWW Japanese Prime Minister's
Official ///basic foreign policy.

TEXT:

[FBIS Transcribed Text] However, I believe that amidst the sweeping changes in international relations resulting from the end of the Cold War, the foreign policy of our nation has come to an important period in which we must greatly push to enlarge the horizon of our foreign policy toward the Asia-Pacific region as we forge a new diplomatic perspective. I prefer to call this perspective Eurasian diplomacy.

Enthusiastically Developing a Eurasian Diplomacy [subhead]

I am sure that you are all aware that this summer, a model for a new security order spanning from the Atlantic Ocean across Europe was agreed upon between the nations of Europe and North America and Russia, and the North Atlantic Treaty Organization has reemerged in a new form. Indeed, we have seen the clear emergence of one part of the post-Cold War international political and economic structure centering on Europe, which, in the economic sector, had already come into existence in a new shape in the post-Cold War era through the Maastricht Treaty.

I have carefully watched this new structure -- extending from the United States, across the Atlantic Ocean, through Europe, and over the former Soviet Union, to reach the Pacific Ocean -- as a vast region which takes on the characteristics of a Eurasian diplomacy viewed from the Atlantic. It was in this context that before the Denver Summit, the leaders of European countries and North America were interested in how Japan would react to the idea of having a Summit of the Eight.

At such an historic period of transition, have we not reached a time when we must introduce a new dynamism into our nation's foreign policy by forging a perspective on a Eurasian diplomacy viewed from the Pacific? As we look beyond Japan, out across a huge continent, this perspective which now emanates from within us spans the Russian Federation, China, and the Silk Road region, encompassing the Central Asian Republics of the former Soviet Union and the nations of the Caucasus region.

As I stated earlier, one of the traits of the post-Cold War era was the birth of many states, beginning with the Russian Federation, as a result of the collapse of the Soviet Union. These countries have encountered various difficulties as they basically seek to shift to democracy and a market-economy system. The Russian Federation has experienced the birth pains of

democratization and transition to a market economy, the lack of an effective organization governing its vast landmass, the downward spiraling of productivity, and other great hardships in dealing with the dark legacies of the Cold War era, symbolized in the challenge of dismantling nuclear weapons. Still, out of that process, both in the political system and economic structure and in the pursuit of honor and dignity as a nation, we have seen the slow but certain birth of a new Russia. It was from that perspective that the United States and Europe have made a diplomatic decision to expand NATO, as described earlier, and to have a Summit of the Eight at this year's Denver Summit.

Turning our eyes to China, we have seen it take the opening up and reform policy under the slogan of socialist market economy. Although China has achieved high economic growth, it faces many challenges in the transition to a market economy, including reform of state-run enterprises and regional disparity. In addition, it holds issues which must be dealt with in the environment and energy sector. I firmly believe that participation by China in international frameworks and strengthening its status as a constructive partner in the international community will stably advance openness and reform in China and is therefore indispensable for the stability and prosperity of the Asian region. There are some difficult issues in Japan's foreign policy toward the Russian Federation, such as the Northern Territories issue, and Japan has certain issues in its foreign policy toward China that arise due to its location as a neighboring country. However, the developments in these two great powers, Russia and China, now hold the key to the formation of an international order. One might even go so far as to say that the focus of world diplomacy has shifted from an axis of the Atlantic Ocean and Europe poised on conflict between the United States and the Soviet Union to an axis spanning the Eurasian landmass and encompassing many nations, small and large. Hence, just as Japan has long had to stress to the United States the legitimacy of our policy of active engagement with China, I believe that it is time to strive even harder to build even more constructive relations with Russia and China. Many have already pointed out that China and Russia have broken away from a relationship of conflict and are now coming closer together in economic and other sectors. Take the energy sector, for example: China, which is rapidly becoming an energy importer to keep up its rapid economic growth, is developing its relationship with Russia, which views energy development as the trigger to revitalize its own economy; this will have a tremendous impact on the energy situation in Asia and indeed in the entire world, as well as on the global economy as a whole.

(more) 24 jul gh/morriss

SECT: SECTION: 01 OF 01

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ACCT FBOW-EDWK

INFO: ////

SUBJ: Take 3 of 7 -- Hashimoto Addresses Corporate Executives

TEXT:

UNCLAS 4A

WARNING: ATTN BANGKOK BLOCAL

WARNING: ATTN BANGKOK BAE

WARNING: TOPIC: LEADER, INTERNATIONAL, ECONOMIC, POLITICAL

SERIAL: OW0408052697

COUNTRY: JAPAN, RUSSIA

SUBJ: Take 3 of 7 -- Hashimoto Addresses Corporate Executives

REF: OW0408052497 (Internet) WWW Japanese Prime Minister's
Official ///as a whole.

TEXT:

[FBIS Transcribed Text] Furthermore, in this post-Cold War era, the Central Asian republics and nations of the Caucasus region, which have come into existence in the vast area that we may call the Silk Road region, are making great efforts to establish affluent and prosperous domestic systems under a new political and economic structure and to forge peaceful and stable external relations with their neighboring countries. Furthermore, the rich oil and natural gas resources in the Caspian Sea region are having a steadily expanding influence on the world energy supply. In addition, these countries have great potential to serve as bridges, offering distribution routes within the Eurasian region. Fortunately, these countries have great expectations of Japan as an Asian country, and at the same time, Japan has deep-rooted nostalgia for this region, stemming from the glory days of the Silk Road. Indeed, there already exists a solid foundation upon which to build firm relations with these countries as friendly states.

Positive assistance by Japan for the nation-building efforts of these countries will most certainly have a constructive significance, not only for these newly independent states, but also for the peace and prosperity of Russia, China, and the Islamic states, and I am certain that it will expand the frontier of Japanese foreign policy to the Eurasian region at the dawn of the 21st century. It is from this perspective that I would like to talk to you about how we should shape our foreign policies, centering on our policies toward the Russian Federation and followed by our policies toward China and toward the Silk Road region.

Relations With the Russian Federation [subhead]

After the Second World War, the international community experienced a series of trials and errors to create a new order. However, among the interrelationships linking the United States, China, Japan and Russia, nations which exert an important influence on the peace and stability of the Asia-Pacific region, it cannot be denied that the Japan-Russia relationship has lagged behind. While it is true that there have been diverse historical developments between the two countries, it would not be good for relations between neighbors such as Japan and Russia to remain at the current level, either in terms of the interests of Japan and

Russia or the Asia-Pacific region overall. Improvement in this bilateral relationship is without doubt one of the most important issues facing both of our governments as we approach the 21st century. Last month, at the Denver Summit of the Eight, I told President Boris Yeltsin directly that I think that we must improve Japan-Russia relations with a view to creating new cooperation, to which the president responded reassuringly. Indeed we should.

What, then, are the principles which should guide us in improving Japan-Russia relations? I would like to touch on three principles today.

First of all is the principle of trust. At the time of the negotiations for the 1855 Japan-Russia Treaty of Commerce, Navigation, and Delimitation, the Russian vessel *Diana*, with the Russian delegation headed by Commodore Putyatin on board, sank in an earthquake-generated tsunami. A film featuring this event has recently been produced, and I am pleased with this in that we can be reassured about friendship between Japan and Russia. At the time our nations were in the throes of grave negotiations aimed at securing our respective interests. Still, we put aside our differences and cooperated to build a new boat for the Russians. I believe this story shows that in relations among states as well, ultimately, unless the people on both sides of the table truly trust each other, there can be no real progress. I have tremendous respect for the achievements President Yeltsin has made in overcoming the many serious difficulties of the grand reform through which the former Soviet Union gave birth to Russia and in undertaking the great and historic task of reform toward democracy and a market economy. In my talks with President Yeltsin at the Denver Summit of the Eight, the second occasion for us, we deepened our personal friendship, and I could sense in our discussions President Yeltsin as a human being. It was in such an atmosphere that I proposed to President Yeltsin that we seek the possibility of meeting again over a weekend before the end of the year in a casual manner, should he have such an occasion as to travel to the Russian Far East. According to recent reports, President Yeltsin has stated that he hopes to meet with me again soon, and I sincerely look forward to meeting the president and to further deepening the friendship and trust we share.

The second principle in seeking to advance Japan-Russia relations is mutual benefit. Given our geographic position as neighbors and the great influence we both wield, it is certain that there will be many cases in which we must coordinate our interests. At such times, an approach through which one side gains, unilaterally creating both a "winner" and a "loser," can in no way yield a true resolution. In considering this point, I should like to recall the wisdom of President Yeltsin's oft-emphasized statement that in concluding the Cold War between East and West, there were neither winners nor losers.

(more) 24 jul gh/morriss

SECT: SECTION: 01 OF 01

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ACCT FBOW-EDWK

INFO: ///

SUBJ: Take 4 of 7 -- Hashimoto Addresses Corporate Executives

TEXT:

UNCLAS 4A

WARNING: ATTN BANGKOK BLOCAL

WARNING: ATTN BANGKOK BAE

WARNING: TOPIC: LEADER, INTERNATIONAL, ECONOMIC, POLITICAL

SERIAL: OW0408052797

COUNTRY: JAPAN, RUSSIA

SUBJ: Take 4 of 7 -- Hashimoto Addresses Corporate Executives

REF: OW0408052497 (Internet) WWW Japanese Prime Minister's
Official ///winners nor losers.

TEXT:

[FBIS Transcribed Text] The third principle I would like to speak of is maintaining a long-term perspective. Specifically, improvements in the Japan-Russia relationship must aim to create a sound foundation for the 21st century, so that in that century and centuries to come, our children and our children's children can inherit it and build further upon it. Indeed, if we are to achieve that, we must seriously consider the role of our generation and consider what type of bilateral relations our governments and our peoples should shape to build our legacy for our children and grandchildren.

The Northern Territories Issue [subhead]

Needless to say, our objective is to improve the overall relations between Japan and Russia, keeping these three principles in mind, and thereby create a relationship with which our two countries can be delighted, spanning a massive continent from the Asia-Pacific across to the western limits of the Eurasian landmass.

In order to achieve this goal, we must improve our relations across a broad spectrum. First of all, I would like to talk about concluding a peace treaty by resolving the Northern Territories issue, the most difficult task persisting throughout the more than a half-century since the end of the war. As a result of long years of efforts made by many people concerned, the best foundation exists in the form of the Tokyo Declaration, agreed upon at the time of President Yeltsin's Japan visit in October 1993. At the Denver Summit, President Yeltsin and I shared the view that the Tokyo Declaration must be steadily implemented; and I believe that indeed, this very issue is one that can only be overcome through the three principles I mentioned earlier.

First of all, I would name the Framework Negotiations concerning Japanese Fishing Vessels Operating in the Waters near the Four Northern Islands as an example of how the principle of trust has moved us forward even in the most difficult issue. The parties to this negotiation have held direct and unreserved discussions during these three years and have discussed difficult issues head-on, creating a substantial level of trust in each other, fostering a positive environment that was absent from previous negotiations.

Second, I firmly believe that no resolution of the Northern

Territories issue can be achieved in a way that creates a winner on one side and a loser on the other. It took 50 years for our countries to truly come to understand this principle, which seems to be self-evident. Henceforth, I intend to devote my utmost and pool my wisdom with President Yeltsin to achieve that goal, based on the principle of mutual benefit.

Third, we must remember that the Northern Territories issue is a matter our nations have been unable to resolve in 50 years. Obviously, it is very difficult to resolve it. Still, through the hard work of our predecessors, we have achieved many advances, beginning with the Tokyo Declaration. One example of a major advance toward the resolution of this issue is the movement to foster continuing trust in the islands through visits to graves in the Northern Territories, mutual visits between Japanese citizens and current Russian residents of the Northern Territories, and Fishery Frameworks currently under negotiation, among other measures. More than anything, steady, concrete progress could become a landmark that will not have our children's and grandchildren's generations inherit this issue. Considering the positive achievements made thus far, I believe it is the responsibility of our generation to show the way forward now toward the resolution of this issue. I would like to discuss this matter calmly, based on a long-term perspective.

Japan-Russian Economic Issues [subhead]

In economic relations between Japan and Russia as well, there is a need to seek concrete progress based on these three principles. From this perspective, I would like to take advantage of this opportunity to put forward two ideas.

First of all, I propose that consideration focus on strengthening economic relations with Russia, especially in Siberia and the Far East region, particularly in the energy sector. There already exist the Support Plan for Russian Trade and Industry, which I proposed during my tenure as Minister for International Trade and Industry, as well as the Cooperation Committee, which was created based on an agreement with twelve former Soviet republics. Through these and other fora, careful assistance is being provided for efforts to make a transition to a market economy, and these must be continued. The ideas I would like to outline here consist of efforts beyond these to promote development and foster cooperation, especially in the energy sector in Siberia and the Far East region.

(more) 24 jul gh/morriss

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ACCT FBOW-EDWK

INFO: ////

SUBJ: Take 5 of 7 -- Hashimoto Addresses Corporate Executives

TEXT:

UNCLAS 4A

WARNING: ATTN BANGKOK BLOCAL

WARNING: ATTN BANGKOK BAE

WARNING: TOPIC: LEADER, INTERNATIONAL, ECONOMIC, POLITICAL

SERIAL: OW0408052897

COUNTRY: JAPAN, RUSSIA

SUBJ: Take 5 of 7 -- Hashimoto Addresses Corporate Executives

REF: OW0408052497 (Internet) WWW Japanese Prime Minister's
Official ///Far East region.

TEXT:

[FBIS Transcribed Text] Needless to say, Russia is a nation of great natural resources, which if used and developed effectively can trigger stable economic development and contribute to stabilizing the energy needs of the Asian region, where economic growth is generating rising energy demand, and thereby stabilize the energy supply of the world as a whole. Further, the links in the energy supply-and-demand relationship shall be clearly connected to fostering relations of trust and peace throughout East Asia.

Specifically, we certainly could move ahead in dialogue on energy development in Siberia and the Far East between Japan and Russia. For example, we continue to cooperate in oil and natural gas projects in Sakhalin, which have already commenced, natural gas development projects, and economic and technical feasibility of pipeline construction projects in places like Irkutsk and Yakutsk; these can no doubt provide opportunities for discussion and examination. We can certainly further enhance the dialogues which have already begun through such fora as the Japan-Russian Federation Inter-Governmental Commission on Trade and Economic Affairs. Naturally, in order to move ahead with such projects, it is essential that an adequate investment environment be created in Russia, and I am confident that we can expect great things from cooperation through the Initiative for the Japan-Russia Cooperation in the Sphere of Investment, on which President Yeltsin and I shared views at the Denver Summit of the Eight. Furthermore, the Energy Charter Treaty can play an extremely important role as an international agreement on investment promotion and trade liberalization in the energy sector, and I have great expectations for its enactment. In addition, there is certainly a need for us to cooperate further to realize the holding of a conference of the eight countries on energy issues, proposed by the Russian Federation in Denver.

Secondly, I should like to tell you of the great interest with which I listened to a recent radio speech by President Yeltsin. In his radio address of 11 July, the president stated that he had ordered the drafting of a plan to foster Russian corporate executives, including 5,000 executive trainees, each year through sending young, talented Russians abroad. As a response to President Yeltsin's enthusiasm, I intend to take up his challenge and propose that in the future, in consultation with you, the representatives of our nation's business community, the young

generation of Russians learn from all of Japan's experience, spanning the macro- as well as the microsectors, gaining from actual hands-on corporate know-how beginning with our nations economic policies thereby developing the human resources essential for contributing to the building of a new Russia. I would like to tell President Yeltsin that we are more than willing to extend our active cooperation to build human resources in Russia.

I have candidly outlined for you my thoughts on Japan-Russia relations, although clearly some are still in the process of being formulated. I sincerely look forward to having the earliest possible opportunity to discuss with President Yeltsin in a frank and friendly atmosphere the issues that I have just described, as well as other issues which must be addressed in creating a multilayered bilateral relationship between our two countries that encompasses the security sector and contributions to the Northeast Asia region.

Japan's Relations With China [subhead]

Next, I would like to touch upon Japan's relations with China. But today, I am not going into details and would like to briefly mention basic ideas.

As everyone knows, Japan and China share a 2,000-year history of friendly relations. However there was a truly unfortunate historical experience at a certain time in recent history. Japan, sincerely recognizing and reflecting on such past history, under its Constitution based on democracy and pacifism, achieved rapid economic growth after the Second World War and became the first Asian country to establish itself as an advanced industrialized nation. On its part, China has accomplished many tasks and effected a great transformation, and has recently achieved dramatic development, especially through its opening up and reform policy.

In view of these historic experiences and the status of our two countries in the international community of today, continued stability and development in our two nations into the 21st century is extremely important, not only for our bilateral relationship alone, but for the peace and prosperity of the Asia-Pacific region and therefore that of the whole world. We must also recognize the fact that this indeed imparts to our two nations a great responsibility.

(more) 24 jul gh/morriss

SECT: SECTION: 01 OF 01

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RUESFB/FBIS ASUNCION PA
RUESFG/FBIS BANGKOK TH
RUESTO/AMEMBASSY TOKYO
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RUHBABA/CG III MEF//G-2//
RUHBANB/MWHS ONE
RUHBANB/NAVCRIMINVSERVRA OKINAWA JA
RUHBANB/SECOND BN TWELFTH MAR
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RUHBVMA/CTF SEVEN SIX
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RUHHMLK/SAICCCODET KWANJU AB KOR//IADK-CE-L-KRO//
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RUWSMXI/USCINTRANS INTEL CEN SCOTT AFB IL//J2-O/J2-J//
RUWTAEA/NAIC WRIGHT PATTERSON AFB OH
RUYLBAH/DODSPECREP OKINAWA JA
RUYLSDE/NAVSECGRUACT HANZA JA
RUYNJDK/COMNAVFORJAPAN YOKOSUKA JA
RUYNJMF/NAVCRIMINVSERVFO FAREAST YOKOSUKA JA
ACCT FBOW-EDWK

INFO: ////

SUBJ: Take 6 of 7 -- Hashimoto Addresses Corporate Executives

TEXT:

UNCLAS 4A

WARNING: ATTN BANGKOK BLOCAL

WARNING: ATTN BANGKOK BAE

WARNING: TOPIC: LEADER, INTERNATIONAL, ECONOMIC, POLITICAL

SERIAL: OW0408052997

COUNTRY: JAPAN, RUSSIA

SUBJ: Take 6 of 7 -- Hashimoto Addresses Corporate Executives

REF: OW0408052497 (Internet) WWW Japanese Prime Minister's
Official ///a great responsibility.

TEXT:

[FBIS Transcribed Text] This year marks the 25th anniversary of the normalization of relations between Japan and China. I am planning to visit China at the beginning of September and intend to take advantage of that opportunity to add a new page to the long history of friendship between Japan and China. And at the same time, I believe that the two countries must tackle many international issues, while Japan encourages greater cooperation between China and the international community so that China can secure its standing as a constructive partner in the today's Asia-Pacific region.

In this regard, it is absolutely vital that China, whose economy is expanding, participate in the international economic system and therefore Japan continue to support the early accession of China to the World Trade Organization (WTO) and is more than willing to cooperate for that. I conveyed this message to the other leaders at the Denver Summit meeting. Furthermore, while continuing to promote cooperative relations in such international fora as the United Nations Security Council, APEC and ARF, I believe that it is important to deepen dialogue between Japan and China on issues directly related to the stability of this region, including the issue of the Korean Peninsula.

Two common issues in which Japan and China ought to cooperate in particular are topics I would like to discuss today, namely the environment and energy.

Considering environmental issues, in addition to the need to protect rare species and forests, the issue of air and water pollution resulting from the rapid economic development pursued by China has the potential to exert a direct influence on our nation, which borders China, in the form of acid rain and other effects. Japan, principally through the Japan-China Friendship Environmental Protection Center, makes efforts to monitor air pollution levels, take urban air pollution control measures and transfer related techniques. The Third Conference of the Parties to the United Nations Framework Convention on Climate Change (COPIII) is scheduled to be held in Kyoto in December of this year. Although the positions of participating countries on this conference have not yet converged, I believe that in the months remaining before this conference there is a need to continue to engage in dialogue with China and other developing countries in order to gain their cooperation despite positions on the conference still being diversified among participating countries.

Similarly, in the energy sector, I believe that the high rate of economic growth currently being achieved by China will have a tremendous influence on global energy issues. As such, on the demand side, it is necessary that we consider how Japan and China can cooperate to improve China's energy efficiency rates, which are as low as one-tenth of Japan's. On the supply side, securing new sources of energy is an issue which may pose various difficult challenges, and I believe that dialogue on joint oil-field development cooperation and ways to promote the use of nuclear energy will become even more important in the future. Furthermore, as I mentioned earlier in the context of Japan-Russian Federation relations, the establishment of a secure energy supply structure in Russia is important for China as well. Indeed, cooperation on development of natural gas in Irkutsk has already begun between China and Russia, and one proposal would be for a development concept including cooperation among China, Russia and others including Japan.

Of course, there are other common issues on which Japan and China can cooperate, including food supply, population and health and medical care, including measures to combat HIV. After my visit to China, a visit to Japan by a leader of the Government of China is planned, and I believe that these opportunities will allow us as neighbors who stand in a position of responsibility for our region and the world to further deepen our dialogue with each other.

Turning our eyes to the history of civilization, treasures kept in the Shosoin of the Todaiji Temple was brought to Japan through a route called the "Silk Road". I believe that many people including myself try to imagine what impact the civilization introduced to our country had on people at that time and on us at the present time. With this in mind, we would like to cooperate as much as possible to preserve and succeed to the future those historical and cultural heritage in this area which are in danger.

Japan's Relations with the Countries of the Silk Road Region
[subhead]

In closing, I would like to touch upon Japan's diplomacy vis-a-vis the Silk Road region.

Japan has already used Official Development Assistance (ODA) and other means to help the development of the New Independent States of Central Asia, and has sought to enhance its bilateral relations with these countries. In the future, Japan's foreign policy toward this region will be crafted as an organic component of the broad scheme of relations with Eurasia. In this process, I believe there is a need to develop even more elaborated foreign policies than in the past. Member of the House of Representatives Keizo Obuchi reported to me on his impressions immediately after returning from his trip earlier this month to the countries of Central Asia, where he met with their leaders and other officials. Mr. Obuchi's impressions matched exactly the line of thought which I have outlined here.

(more) 24 jul gh/morriss

SECT: SECTION: 01 OF 01

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TO: RUCWAAA/FBIS RESTON VA
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AIG4583
AIG4587
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RAYWBFA/ONA CANBERRA AS
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RHAKAAA/18WG KADENA AB JA//PA//
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RHKAALA/611AIF ELMENDORF AFB AK
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RHLBAAA/USCINCSO QUARRY HEIGHTS PM//SCPA/SCJ2-IW//
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RHLBAAF/CDR470THMIGP COROZAL PM//IAPP-O-AS//
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RUADPDA/DET 611 AFOSI OSAN AB KOR//IVO//
RUADYRA/CTG SEVEN TWO PT TWO
RUAGAAA/COMUSKOREA SEOUL KOR//FKJ2-IS-H//
RUAGAMS/CDPACO524THMIBN SEOUL KOR//IADK-CE-PI//
RUAGAMS/CDRBCO524THMIBN SEOUL KOR//IADK-CE-CI//
RUAGAMS/CINC UNC CFC SEOUL KOR//UNCMAC//
RUAGAMS/COMUSKOREA SEOUL KOR//PAJ//
RUAGAMS/SACINCUNC SEOUL KOR
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RUATHNI/SAICCCODET TAEGU KOR//IADK-CE-L-TRO//
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ACCT FBOW-EDWK

INFO: ////

SUBJ: Take 7 of 7 -- Hashimoto Addresses Corporate Executives

TEXT:

UNCLAS 4A

WARNING: ATTN BANGKOK BLOCAL

WARNING: ATTN BANGKOK BAE

WARNING: TOPIC: LEADER, INTERNATIONAL, ECONOMIC, POLITICAL

SERIAL: OW0408053097

COUNTRY: JAPAN, RUSSIA

SUBJ: Take 7 of 7 -- Hashimoto Addresses Corporate Executives

REF: OW0408052497 (Internet) WWW Japanese Prime Minister's
Official ///have outlined here.

TEXT:

[FBIS Transcribed Text] I would like to channel Japan's foreign policies toward this region into three directions. First of all, there is political dialogue aiming to enhance trust and mutual understanding. Secondly, there is economic cooperation as well as cooperation for natural resource development aiming to foster prosperity. Thirdly, there is cooperation to build peace through nuclear non-proliferation, democratization and the fostering of stability.

Specifically, in terms of enhancing trust and mutual understanding, a remaining task is to strengthen even further the exchanges with countries with which there have already been exchanges of officials and at the same time, to realize exchanges at the official level with countries with which there has not been a sufficient level of exchanges. Indeed, in the near future, a minister-level visit to this region is planned. In terms of cooperation to foster prosperity, it will certainly be important for Japan to promote regional cooperation aiming to create a transport, telecommunications and energy supply system, and for Japan to cooperate in developing energy resources in that region. I am ardently watching the efforts of Japanese corporations toward their participation in the exploitation of oil and other energy resources in such countries as Azerbaidjan and Kazakhstan. In terms of cooperation for peace, to begin with, this autumn, Japan will invite appropriate experts from the region and concerned countries to Tokyo for a Comprehensive Strategy Seminar, which we will host with a view to more actively contributing to enhancing peace and stability in this region.

It is clear to all that private-sector exchanges must play a vital role in these developments. I know that all of you are already keenly interested in this region and I understand that some missions are planning to visit Central Asia in the near future. I have great expectations that these will be extremely fruitful.

Conclusion [subhead]

Today I have tried to present my thoughts on what Japan should do in order to foster political and economic stability in the Eurasian continent by touching upon my views of Japan's relations with Russia in particular, and also with China and the "Silk Road" region. We should avoid situations in which a clash of national

interests on a particular issue constrains wide-ranging exchanges between two countries and limits the realization of fruitful opportunities by the peoples of both countries. In a sense, conflict of interest and confrontation lie in our minds. Whether we can overcome confrontation, therefore, depends largely on creative thinking, which would enable those responsible for managing confrontation to examine wide possibilities. If there is way in which the Government could help, please do not hesitate to ask.

I hope that my comments here today will have stimulated your thoughts and I look forward to your comments. I would like to thank all of you for your attention today.

Description of source: (Internet) WWW Japanese Prime Minister's Official Residence Home Page in English -- WWW homepage for Japanese Prime Minister's Official Residence

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(endall) 24 jul gh/morriss

SECT: SECTION: 01 OF 01

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DTG: 041735Z AUG 97
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RUEKJCS/SECDEF WASHDC
SUBJ: JAPANESE MORNING PRESS HIGHLIGHTS AUGUST 4

TOP HEADLINES:

TEXT:
UNCLAS SECTION 01 OF 09 TOKYO 006771

USIA

FOR: USIA D/P, I/GEA, I/RF, I/RFW, EA, R/MR; STATE FOR
EAR/J; STATE PASS TO USTR/PUBLIC AFFAIRS OFFICE; CIA
WASHDC; SECDEF FOR JCS-J-5/JAPAN, OASD/ISA/EAPR/JAPAN;
TREASURY/OASIA/IMI; WHITE HOUSE; JUSTICE FOR STU
CHEMTOB IN ANT-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 AUGUST 4

TOP HEADLINES:

ASAHI: KDD, DDI WILL TIE UP; 20-PERCENT CUT IN TELEPHONE
CHARGES STARTING IN OCTOBER; TO COUNTER TELECOM/ITJ

NIHON KEIZAI: SURVEY OF MAJOR FIRMS BY NIHON KEIZAI
SHIMBUN: LOCAL BUSINESS BASES INCREASINGLY DECLINING;
MORE THAN 5 PERCENT IN 12 PREFECTURES; BROADER-COVERAGE

SYSTEM PROGRESSING WITH COLLAPSE OF BUBBLE ECONOMY

TOKYO SHIMBUN: MILITARY, POLICE, VOLUNTEERS ...;
DESPERATE EFFORT TO PREVENT LOSS OF LIVES; FLOOD DAMAGE
FOR LAST THREE MONTHS IN FORMER EAST GERMANY

MAINICHI: TO FREEZE NATIONAL PERSONNEL AUTHORITY'S
RECOMMENDATION FOR SEVERAL MONTHS; GOVERNMENTAL
COORDINATION; OUT OF CONSIDERATION FOR NATIONAL BURDEN
INCREASES IN PROCESS OF FISCAL REFORM

YOMIURI: GOVERNMENT INTENDS TO SUPPORT RUSSIA'S APEC
MEMBERSHIP; AS PART OF MEASURES TO IMPROVE RELATIONS
(ARTICLE IN ENGLISH ED.)

SANKEI: RUSSIA DOES NOT VIEW "JAPAN AS THREAT"; ANALYSIS
BY PRESIDENTIAL ADVISOR; POSSIBLE CUTS IN TROOPS NOW
DEPLOYED IN FAR EAST ENVISIONED; PREDICTS A NATIONAL
BORDER DISPUTE WITH CHINA (TRANSLATION BELOW)

U.S.-JAPAN AVIATION TALKS STILL FAR APART ON OPEN SKIES
ISSUE (MAINICHI - PAGE 7)

FORMAL SUBCABINET TALKS IN THE JAPAN-U.S. CIVIL AVIATION
NEGOTIATIONS THAT AIM AT ADJUSTING AIR RIGHTS BETWEEN
JAPAN AND THE UNITED STATES WILL OPEN ON AUGUST 4 FOR
THREE DAYS AT THE MINISTRY OF TRANSPORT (MOT) IN TOKYO'S
KASUMIGASEKI. BOTH SIDES HAVE AGREED TO "AIM AT A
PROVISIONAL AGREEMENT BY THE END OF SEPTEMBER," BUT THE
FOCUS WILL BE ON HOW SPECIFICALLY TO FIND ROOM FOR
COMPROMISE IN THE PASSENGER AND CARGO FLIGHTS AREAS. THE
JAPANESE SIDE HAS TAKEN A FLEXIBLE STANCE IN THE CARGO
AREA, AND WOULD LIKE TO TRY TO MAKE PROGRESS IN
NEGOTIATIONS THAT WOULD INCLUDE THE PASSENGER AREA. BUT
THERE REMAINS A HUGE GAP BETWEEN THE TWO COUNTRIES OVER
THE U.S.' REQUEST FOR OPEN SKIES, SO DIFFICULT TALKS ARE
ENVISAGED.

PARTICIPATING IN THE TALKS WILL BE MOT VICE MINISTER FOR
INTERNATIONAL AFFAIRS HIROMICHI TOYA AND U.S. ASSISTANT
SECRETARY OF STATE LARSON, AMONG OTHER OFFICIALS.
REPRESENTATIVES FROM JAPANESE AND AMERICAN AIRLINE
COMPANIES WILL ALSO ATTEND AS OBSERVERS. THE
PARTICIPANTS WILL DISCUSS A "PROVISIONAL AGREEMENT" TO
COVER A THREE TO FOUR YEAR PERIOD BEFORE "BROAD
LIBERALIZATION." THE MAJOR THEMES WILL INCLUDE
ESTABLISHMENT OF NEW FLIGHT ROUTES BETWEEN JAPAN AND THE
U.S., AND GRADUAL LIBERALIZATION OF THE BEYOND RIGHT (THE
RIGHT TO FLY TO THIRD COUNTRIES VIA JAPAN).

THE JAPANESE GOVERNMENT HAS TAKEN A FLEXIBLE STANCE
TOWARD THE EXPANSION OF ROUTES TO CHINA BY THE U.S.
CARRIER FEDERAL EXPRESS, WHICH HAS STRONG CLOUT WITH THE
CLINTON ADMINISTRATION. IT WOULD ALSO LIKE TO SEE
PROGRESS IN NEGOTIATION IN THE PASSENGER FLIGHT AREA.

ON THE ESTABLISHMENT OF NEW ROUTES, TWO JAPANESE
AIRLINES, INCLUDING ANA, AND TWO U.S. AIRLINES ARE ALL

AIMING AT BRINGING ABOUT PRIORITY ENTRY, AND THERE HAS BEEN AN INFORMAL PROPOSAL THAT INCLUDES INCREASING THE NUMBER OF FLIGHTS ALLOWED TO U.S. LATECOMER AIRLINES, (THE IDEA BEING TO) SEEK A U.S. COMPROMISE.

THE U.S. SIDE, IN TURN, IS ULTIMATELY AIMING AT OPEN SKIES, OR THE COMPLETE EASING OF ALL RESTRICTIONS ON UNCLAS SECTION 02 OF 09 TOKYO 006771

USIA

FOR: USIA D/P, I/GEA, I/RF, I/RFW, EA, R/MR; STATE FOR EAR/J; STATE PASS TO USTR/PUBLIC AFFAIRS OFFICE; CIA WASHDC; SECDEF FOR JCS-J-5/JAPAN, OASD/ISA/EAPR/JAPAN; TREASURY/OASIA/IMI; WHITE HOUSE; JUSTICE FOR STU CHEMTOB IN ANT-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 AUGUST 4

FLIGHT NUMBERS AND ROUTES, ETC. WITH JAPAN ONLY GOING AS FAR AS (AGREEING TO) LIBERALIZATION IN STAGES, THE GAP BETWEEN THE TWO COUNTRIES WILL NOT GO AWAY.

EDITORIAL: REMOVE THE INDEQUALITIES IN U.S.-JAPAN AVIATION NEGOTIATIONS (SANKEI - PAGE 2)

JAPAN AND THE UNITED STATES WILL RESUME CIVIL AVIATION TALKS IN TOKYO TODAY. THE U.S. IS SET TO AGAIN PROPOSE THAT JAPAN CONCLUDE AN "OPEN-SKIES (AGREEMENT)" DESIGNED TO COMPLETELY LIBERALIZE THE SKIES. JAPAN WILL INEVITABLY REACT FIERCELY TO THIS PROPOSAL, ON THE GROUNDS THIS WOULD RESULT IN PRESERVING THE CURRENT UNEQUAL ALLOCATIONS OF RIGHTS TO COMMERCIAL AIRLINES.

UNDER SUCH CIRCUMSTANCES, THERE ARE DIM PROSPECTS FOR MAJOR PROGRESS TO BE BROUGHT INTO THE TALKS. THE JAPANESE AND U.S. GOVERNMENT, KEEPING IN MIND THE DEADLINE FOR REACHING AN AGREEMENT SET FOR THE END OF SEPTEMBER, MAY COME UP WITH NEW PROPOSALS FOR "SMALLER RIGHTS" MUTUALLY. BUT WE WOULD LIKE THE JAPANESE GOVERNMENT NOT TO FOCUS ON SHORT-TERM GOALS, BUT TO SETTLE DOWN TO NEGOTIATIONS THAT AIM AT "EQUILIBRIUM OF AVIATION RIGHTS."

UNDER THE "OPEN-SKIES POLICY," JAPANESE AND AMERICAN AIRLINES WILL BE ALLOWED TO SET UP NEW ROUTES FOR TRANSPACIFIC FLIGHTS WITHOUT ANY RESTRICTION IN VIEW OF THE VOLUME OF TRAFFIC AND THE NUMBER OF FLIGHTS. THE U.S. HAS REITERATED THAT "THIS POLICY WILL SERVE TO DRIVE DOWN FARES AND TO UPGRADE SERVICES." THIS EXPLANATION SOUNDS RATIONAL, BUT IN IT, THERE IS A HIDDEN TRAP THAT WILL LEAD JAPAN INTO A DISADVANTAGEOUS POSITION.

THE FIRST POINT IS THAT THE EXISTING CIVIL AVIATION PACT

(CONCLUDED IN 1952) HAS LONG AGO CREATED INEQUITIES BETWEEN JAPANESE AND AMERICAN CARRIERS, AS SEEN FROM JAPAN HOLDING A 34 PERCENT SHARE AND THE U.S. COMMANDING A 66 PERCENT SHARE IN THE VOLUME OF TRAFFIC.

TWO JAPANESE CARRIERS HAVE BEEN ALLOWED TO OPERATE TRANSPACIFIC SERVICES WHEREAS THE RIGHT HAS BEEN VESTED WITH FIVE AMERICAN AIRLINES. MOREOVER, THE NUMBER OF ROUTES INITIATED BY JAPANESE AND AMERICAN CARRIERS IS 15 AND 29, RESPECTIVELY. UNDER SUCH AN UNCONSOLIDATED ENVIRONMENT FOR COMPETITION, IF THE MARKET IS LIBERALIZED AT ONE STROKE, JAPAN WILL UNAVOIDABLY BE PLACED AT A DISADVANTAGE. IN ADDITION, TAKE-OFF AND LANDING SLOTS PROVIDED TO JAPANESE CARRIERS AT NARITA AIRPORT FOR JAPAN-U.S. ROUTES ARE NO MORE THAN HALF THOSE HELD BY AMERICAN CARRIERS. IN VIEW OF AIRPORTS' ACCOMMODATION CAPACITY, TOO, IT IS IMPOSSIBLE TO INITIATE FLIGHTS WITHOUT ANY RESTRICTIONS. IF JAPAN IS TO PROPOSE THAT VESTED RIGHTS BE CANCELLED AND THEN BE REALLOCATED, THE U.S. WILL UNDOUBTEDLY RAISE AN OBJECTION.

THE SECOND OBJECTION IS THAT THE U.S. HAS TAKEN THE STANCE OF NOT OPENING UP ITS OWN DOMESTIC CIVIL AVIATION MARKET EVEN UNDER THE "OPEN-SKIES POLICY." THE U.S. MARKET HAS COMMANDED A 30 PERCENT SHARE OF THE ENTIRE PASSENGER TRAFFIC IN THE INTERNATIONAL MARKET. IF THIS MARKET REMAINS CLOSED, IT CANNOT BE INTERPRETED THAT THE SKY IS COMPLETELY FREE. REGARDING BEYOND RIGHTS (RIGHTS TO FLY BEYOND THE OTHER SIDE COUNTRY TO THIRD COUNTRIES) AS WELL, THERE IS AN OBVIOUS IMBALANCE BETWEEN THE U.S., WHICH IS EYEING RAPIDLY GROWING ASIAN COUNTRIES, AND JAPAN, WHICH AIMS AT LOCATIONS IN THE U.S. AS ITS FINAL DESTINATION POINTS.

JAPAN IS TRYING TO FIRST INCLUDE ALL NIPPON AIRLINES AMONG CARRIERS THAT HAVE BEEN GRANTED WITH FREE OPERATION RIGHTS IN THE TRANSPACIFIC FLIGHT MARKET (JAPAN AIRLINES AND TWO AMERICAN CARRIERS) AND THEN PROMOTE THE UNCLAS SECTION 03 OF 09 TOKYO 006771

USIA

FOR: USIA D/P, I/GEA, I/RF, I/RFW, EA, R/MR; STATE FOR EAR/J; STATE PASS TO USTR/PUBLIC AFFAIRS OFFICE; CIA WASHDC; SECDEF FOR JCS-J-5/JAPAN, OASD/ISA/EAPR/JAPAN; TREASURY/OASIA/IMI; WHITE HOUSE; JUSTICE FOR STU CHEMTOB IN ANT-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 AUGUST 4

LIBERALIZATION OF THE AIR IN STAGES. AMERICAN NEGOTIATORS WILL PROBABLY SAY "NO."

ONCE THE TALKS REACH AN IMPASSE, THE TWO COUNTRIES MIGHT

COME UP WITH A PROPOSAL FOR "TWO COUNTRIES TO APPROVE SOME OF THE OTHER SIDE'S CALL FOR INITIATING NEW ROUTES." BUT WE HOPE THE TWO GOVERNMENTS, WITHOUT MAKING EASY COMPROMISES, WILL CONDUCT A FORWARD-LOOKING DISCUSSION IN AN EFFORT TO CONCLUDE A EQUAL ACCORD THAT CAN GENERATE FAIR COMPETITION.

GOVERNMENT STUDYING HOW TO CUT THE HOST NATION SUPPORT BUDGET (TOKYO SHIMBUN - PAGE 1)

THE GOVERNMENT ON AUGUST 1 FIRMED UP ITS POLICY INTENTION AT THE TIME OF THE COMPILATION OF THE FISCAL 1998 BUDGET TO CONSTRAIN THE SO-CALLED "SYMPATHY BUDGET," WHICH IS JAPAN'S OBLIGATION TO SHOULDER THE COSTS OF STATIONING U.S. FORCES IN JAPAN, TO BELOW THE LEVEL OF LAST YEAR'S AMOUNT. IT HAS ENTERED INTO COORDINATION WITH THE U.S. SIDE. THIS WOULD BE THE FIRST TIME SINCE THE SYMPATHY BUDGET (TN: HOST-NATION-SUPPORT BUDGET) WOULD TURN TO NEGATIVE GROWTH, COMPARED TO THE PREVIOUS FISCAL YEAR, SINCE IT WAS STARTED IN FISCAL 1978. HAVING ACCEPTED THE CABINET'S DECISION TO CONSTRAIN DEFENSE-RELATED OUTLAYS BELOW THE PREVIOUS FISCAL YEAR'S AMOUNT TO THE DURATION OF THE PERIOD OF INTENSE FISCAL STRUCTURAL REFORM (THE THREE YEAR PERIOD STARTING WITH FISCAL 1998), THE GOVERNMENT JUDGED THAT THERE WOULD BE NO "SACRED AREAS" EXEMPT FROM CONSTRAINT ON EXPENDITURES, AND THAT THE HOST NATION SUPPORT BUDGET WOULD BE REDUCED, TOO.

ALTHOUGH THE SPECIFIC SCOPE OF THE REDUCTION AND THE ITEMS SUBJECT TO CUTS HAVE NOT BEEN DECIDED, SUCH PROPOSALS HAVE BEEN OFFERED AS SHRINKING THE "CONSTRUCTION EXPENDITURES FOR PROVISION OF FACILITIES," WHICH WOULD INCLUDE DELAYING STARTS OF CONSTRUCTION OF BILLETS, FAMILY HOUSING, AND PUBLIC HEALTH AND WELFARE FACILITIES.

THE SYMPATHY BUDGET FOR FISCAL 1997 TOTALED 273.7 BILLION YEN. IT WAS MAINLY BROKEN DOWN INTO 146.2 BILLION YEN IN SALARIES AND OTHER LABOR EXPENSES, 95.3 BILLION YEN IN "CONSTRUCTION EXPENSE FOR PROVISION OF FACILITIES," AND 30.9 BILLION YEN IN UTILITIES COSTS.

LABOR EXPENDITURES WERE ONLY 6.2 BILLION YEN IN FISCAL 1978, WHEN THE SYMPATHY BUDGET WAS INITIATED, BUT AFTERWARD THE AMOUNT GREW ANNUALLY AS JAPAN ASSUMED MORE OF THE BURDEN.

IF THE RENTS AND OTHER MONEY PAID TO THE OWNERS OF LAND USED BY U.S. MILITARY BASES ARE INCLUDED, TOTAL OUTLAYS RELATED TO THE U.S. FORCES IN JAPAN FOR FISCAL 1997 REACHED 461.7 BILLION YEN, OR ABOUT 10 PERCENT OF TOTAL DEFENSE-RELATED EXPENDITURES (4.9414 TRILLION YEN).

THE GOVERNMENT, AS PART OF FISCAL STRUCTURAL REFORM TO BREAK OUT OF THE FISCAL CRISIS SITUATION, HAS DECIDED TO SHRINK DEFENSE-RELATED EXPENDITURES FOR THE THREE YEAR PERIOD STARTING IN FISCAL 1998, FOCUSING ON THE MID-TERM DEFENSE PROGRAM (FISCAL 1998 TO FISCAL 2000; TOTAL 215.15

TRILLION YEN).

ACCOMPANYING THAT, DEFENSE AGENCY (JDA) DIRECTOR GENERAL FUMIO KYUMA HAS INDICATED THAT THE HOST-NATION-SUPPORT BUDGET WILL BE TREATED THE SAME AS THE BUDGET FOR JDA AND THE SELF-DEFENSE FORCES, AND THAT COORDINATION SHOULD START ON THAT WITH THE UNITED STATES.

SDP BESEIGED WITH OBJECTIONS TO GUIDELINES REVIEW FROM LOCAL PARTY ORGANIZATIONS (NIHON KEIZAI - PAGE 2)

UNCLAS SECTION 04 OF 09 TOKYO 006771

USIA

FOR: USIA D/P, I/GEA, I/RF, I/RFW, EA, R/MR; STATE FOR EAR/J; STATE PASS TO USTR/PUBLIC AFFAIRS OFFICE; CIA WASHDC; SECDEF FOR JCS-J-5/JAPAN, OASD/ISA/EAPR/JAPAN; TREASURY/OASIA/IMI; WHITE HOUSE; JUSTICE FOR STU CHEMTOB IN ANT-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 AUGUST 4

THE SOCIAL DEMOCRATIC PARTY, NOW HOLDING A NATIONAL POLICY STUDY FORUM IN YUZAWA TOWN, NIIGATA PREFECTURE, WENT THROUGH AN INTENSIVE SESSION OF DISCUSSIONS ON AUGUST 1 ABOUT THE ONGOING REVIEW OF GUIDELINES FOR BILATERAL DEFENSE COOPERATION BETWEEN JAPAN AND THE U.S. A NUMBER OF PARTICIPANTS REPRESENTING THE SDP'S LOCAL CHAPTERS CRIED OUT AGAINST IT, CLAIMING THAT "THE GUIDELINES REVIEW WILL LEAD TO A REVISION OF THE JAPAN-U.S. SECURITY TREATY." SOME OF THE SDP'S LOCAL DELEGATES CALLED EVEN FOR CHOOSING TO BREAK AWAY FROM THE RULING CAMP. THERE WAS ALSO A RISING OF OPINION OPPOSING THE GOVERNMENT'S VIEW REGARDING THE SCOPE OF "AREAS SURROUNDING JAPAN" UNDER A NEW SET OF GUIDELINES AND "SHIP INSPECTION" IN TIMES OF EMERGENCY AROUND JAPAN. THE SDP'S LEADERSHIP HAS OBTAINED ITS LOCAL REPRESENTATIVES' APPROVAL FOR THE PARTY'S CONTINUING TO PARTICIPATE IN THE GOVERNING PARTIES' CONSULTATIONS. HOWEVER, THE FORUM HAS MADE CLEAR THE DIFFICULTY OF INTRA-PARTY COORDINATION.

THE SDP'S LEADERSHIP EXPLAINED ITS BASIC POLICY STANCE REGARDING THE GUIDELINES REVIEW, FEATURING THAT: (1) THE SDP WILL NOT TOLERATE THE RIGHT OF COLLECTIVE SELF-DEFENSE (SHUDANTEKI JIEIKEN) OR WILL NOT AGREE TO ANY OTHER ARGUMENTS OVERSTEPPING THE BOUNDS OF THE JAPAN-U.S. SECURITY TREATY, (2) THE SDP WILL CALL ON THE GOVERNMENT TO MAKE DIPLOMATIC EFFORTS FOR PEACE IN ASIA; AND (3) THE SDP, EFFECTIVELY AVAILING ITSELF OF THE POSITION OF A RULING PARTY TO THE MAXIMUM, WILL HAVE ITS ASSERTIONS REFLECTED IN THE WORK OF REVIEWING THE GUIDELINES. SDP POLICY BOARD CHAIRMAN KAZUO OIKAWA STATED, "WE'LL NEVER

ACCEPT ARGUMENTS ABOUT ANYTHING THAT IS SUSPECTED OF BEING UNCONSTITUTIONAL. IF SO, WE WILL DETERMINE OUR PARTY'S POLICY AT A CONFERENCE OF PARTY OFFICERS INCLUDING LOCAL DELEGATES." BASED ON THIS STANCE, THE LEADERSHIP SOUGHT UNDERSTANDING FOR THE SDP'S TAKING PART IN THE RULING CAMP'S CONSULTATIONS FOR THE TIME BEING.

CONCERNING SUCH A POLICY STANCE, HOWEVER, UPPER HOUSE DIETMEMBER KANTOKU TERUYA, ELECTED FROM OKINAWA PREFECTURE, POINTED OUT THAT "THE GUIDELINES REVIEW WILL LEAD TO A REVISION OF THE JAPAN-U.S. SECURITY TREATY IN EFFECT." DELEGATES FROM THE PREFECTURES OF SAITAMA AND TOYAMA ALSO SET FORTH THEIR OPINIONS, ONE ASSERTING: "IF YOU'RE GOING TO SAY OUR PARTY IS SMALL IN NUMBER, SO YOU MADE A COMPROMISE, THAT'S UNACCEPTABLE TO US. THE PARTY LEADERSHIP SHOULD SHOW A CLEAN RESPONSE WHILE BEING RESOLVED TO BREAK AWAY FROM THE RULING CAMP."

SPECIFICALLY, A NUMBER OF OPINIONS WERE VOICED OVER THE CONTROVERSIAL SPHERE OF "EMERGENCIES AROUND JAPAN" UNDER A NEWLY PLANNED SET OF GUIDELINES. A DELEGATE FROM YAMANASHI PREFECTURE MAINTAINED THAT THE PARTY "SHOULD STRICTLY DEFINE IT'S AS FAR AS COUNTRIES ON THE OPPOSITE SHORE OR WITHIN THE BOUNDS OF FISHERY WATERS." OPINIONS WERE VOICED ALSO ABOUT "SHIP INSPECTION" INCORPORATED IN THE GOVERNMENT'S INTERIM REPORT. A DELEGATE FROM SAITAMA PREFECTURE HAS NOTED, "INSPECTING ANOTHER COUNTRY'S SHIP -- EVEN THOUGH JAPAN IS NOT UNDER ANY COUNTRY'S ATTACK -- COULD LEAD TO ACCEPTING THE RIGHT OF COLLECTIVE SELF-DEFENSE."

NEGATIVE REACTIONS WERE VOICED ALSO FROM AMONG THE PARTY'S EXECUTIVE OFFICERS. HIDEO DEN, DEPUTY CHIEF OF THE SDP'S FOREIGN AND DEFENSE AFFAIRS DIVISION, INSISTED: "MAKING A NOTION OF AREAS AROUND JAPAN -- DIFFERING FROM THE 'FAR EAST' UNDER THE SECURITY TREATY -- MEANS A DISPARATE CONCEPT BREAKING AWAY FROM THE SECURITY TREATY. IT'S ALSO STRANGE TO INCLUDE TAIWAN IN THE SCOPE OF AREAS AROUND JAPAN UNDER THE GUIDELINES." OIKAWA ALSO REMARKED, "EVEN AMONG THOSE CLASSIFIED INTO THE CATEGORY OF HUMANITARIAN ACTIVITIES, THERE ARE ALSO SOME SPECIFIC MATTERS THAT ARE PREMISED ON A CONFLICT IN ANOTHER UNCLAS SECTION 05 OF 09 TOKYO 006771

USIA

FOR: USIA D/P, I/GEA, I/RE, I/RFW, EA, R/MR; STATE FOR EAR/J; STATE PASS TO USTR/PUBLIC AFFAIRS OFFICE; CIA WASHDC; SECDEF FOR JCS-J-5/JAPAN, OASD/ISA/EAPR/JAPAN; TREASURY/OASIA/IMI; WHITE HOUSE; JUSTICE FOR STU CHEMTOB IN ANT-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 AUGUST 4

COUNTRY. THAT'S A PROBLEM." OIKAWA, SO SAYING, HAS REVEALED THAT THERE WERE MANY SPECIFICS ON WHICH THE SDP COULD HARDLY REACH A COMPROMISE WITH THE GOVERNMENT AND THE LIBERAL DEMOCRATIC PARTY.

HOWEVER, THE SDP'S HEAD, TAKAKO DOI, STRESSED HER VIEW TO PRESS REPORTERS ON THE NIGHT OF AUGUST 1, SAYING: "BREAKAWAY FROM THE RULING CAMP IN THE BEGINNING IS NOT OUR CHOICE." SHE HAS THUS CLARIFIED HER INTENTION OF CONTINUING TO MAKE EFFORTS TO HAVE THE SDP'S ASSERTIONS REFLECTED (IN THE GUIDELINES REVIEW) THROUGH THE RULING PARTIES' CONSULTATIONS. THE SDP, FROM NOW ON, IS GOING TO HOLD CONFERENCES OCCASIONALLY WITH ITS LOCAL REPRESENTATIVES WHILE WATCHING THE PROGRESS OF THE RULING PARTIES' CONSULTATIONS, AND WILL DETERMINE ITS FINAL ATTITUDE BY THE END OF SEPTEMBER.

RULING CAMP TO START INTERNAL DISCUSSIONS ON GUIDELINES REVIEW LATER THIS MONTH (NIHON KEIZAI - PAGE 2)

KOICHI KATO, SECRETARY GENERAL OF THE LIBERAL DEMOCRATIC PARTY (LDP), AND SHIGERU ITO, SECRETARY GENERAL OF THE SOCIAL DEMOCRATIC PARTY (SDP), YESTERDAY EVENING MET INFORMALLY AT A TRADITIONAL JAPANESE RESTAURANT IN TOKYO. DURING THE MEETING, THEY AGREED TO ENTER INTO FULL-FLEDGED POLICY NEGOTIATIONS AMONG THE THREE RULING PARTIES -- THE LDP, THE SDP AND THE SAKIGAKE PARTY -- ON THE REVIEW OF THE GUIDELINES FOR JAPAN-UNITED STATES DEFENSE COOPERATION, FOLLOWING THE BUDDHIST OBON HOLIDAY LATER IN AUGUST. REGARDING THE ISSUE OF THE PROPOSED REORGANIZATION OF CENTRAL GOVERNMENT AGENCIES, TOO, THEY REAFFIRMED TO BEGIN COORDINATION AMONG THE SECRETARIES GENERAL, OFFICERS RESPONSIBLE FOR POLICY-MAKING AND SENIOR UPPER HOUSE MEMBERS OF THE THREE RULING PARTIES, FOLLOWING THE INSTRUCTION GIVEN EARLIER BY PRIME MINISTER RYUTARO HASHIMOTO.

DURING THE MEETING ITO EXPLAINED TO KATO THE SITUATION OF THE SDP, NOTING, "THERE ARE DISCREPANCIES IN VIEWS BETWEEN THE PARTY CENTER AND THE LOCAL CHAPTERS." HIS STATEMENT IS BASED ON THAT AT THE RECENT SDP NATIONAL POLICY RESEARCH RALLY, A DEEP-SEATED CAUTIOUS ARGUMENT WAS HEARD OVER THE SDP'S PARTICIPATION AS A MEMBER OF THE RULING PARTIES IN THE WORK OF REVIEWING THE GUIDELINES. HE ASSERTED THAT THE THREE PARTIES SHOULD ALSO CONSIDER THE RELATIONS BETWEEN JAPAN, THE U.S. AND CHINA, TOGETHER WITH DISCUSSIONS ON THE GUIDELINES. KATO INDICATED HIS APPROVAL TO BRING THE ISSUE ONTO THE TABLE OF DISCUSSION ON POLICY COORDINATION, REPLYING, "IT IS AN IMPORTANT ISSUE. I THINK WE SHOULD DISCUSS IT."

DEFENSE AGENCY DIRECTOR GENERAL REBUTS SDP HEAD DOI ON EMERGENCIES LEGISLATION ISSUE (NIHON KEIZAI - PAGE 2)

IN A SPEECH GIVEN YESTERDAY AT A HOTEL IN OTSU CITY OVER THE ISSUE OF A REVIEW OF THE GUIDELINES FOR JAPAN-UNITED STATES DEFENSE COOPERATION, DEFENSE AGENCY DIRECTOR GENERAL FUMIO KYUMA SAID, "THE SDP'S ATTITUDE IS

VISCERAL." HE THEN REBUTTED THE STATEMENT MADE BY SDP PRESIDENT TAKAKO DOI, WHO HAD SAID, "THE HUMAN RIGHTS GUARANTEED UNDER OUR CONSTITUTION SHOULD NOT BE INFRINGED ON EVEN IN CASE OF EMERGENCIES:" KYUMA NOTED, "THERE IS A MISUNDERSTANDING IN HER REMARK. IT IS VITAL TO SET UP A LEGAL FRAMEWORK TO PROVIDE FOR EMERGENCY SITUATIONS, TOO. IT IS NECESSARY TO DISCUSS EMERGENCIES LEGISLATION IN PEACE-TIME."

HE ALSO REFERRED TO THE GEOGRAPHICAL SCOPE OF "EMERGENCY SITUATIONS IN AREAS SURROUNDING JAPAN" AND POINTED OUT, "THE NOTION OF THE 'FAR EAST' IS THE GEOGRAPHICAL SCOPE TOWARD WHICH U.S. FORCES LAUNCH ATTACKS FROM JAPAN IN ACCORDANCE WITH THE JAPAN-U.S. SECURITY TREATY. TODAY, WITH THE SCOPE OF OUR COUNTRY'S ACTIVITIES SPREADING TO UNCLAS SECTION 06 OF 09 TOKYO 006771

USIA

FOR: USIA D/P, I/GEA, I/RF, I/RFW, EA, R/MR; STATE FOR EAR/J; STATE PASS TO USTR/PUBLIC AFFAIRS OFFICE; CIA WASHDC; SECDEF FOR JCS-J-5/JAPAN, OASD/ISA/EAPR/JAPAN; TREASURY/OASIA/IMI; WHITE HOUSE; JUSTICE FOR STU CHEMTOB IN ANT-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 AUGUST 4

VARIOUS OTHER AREAS, IT IS QUESTIONABLE TO SPECIFY (SURROUNDING AREAS) IN GEOGRAPHICAL TERMS."

AT THE SAME TIME, HE STATED, "THE TWO COUNTRIES WILL CLARIFY IN WHAT WAY THEY WILL COOPERATE WITH EACH OTHER WHEN EMERGENCY CASES THAT MIGHT HAVE A GRAVE IMPACT ON JAPAN'S PEACE AND SECURITY BREAK OUT IN AREAS OUTSIDE JAPAN."

DFAA DIRECTOR: EVEN IF NO LOCAL AGREEMENT, CAMP SCHEWAB HELIPORT PLAN WILL BE DRAFTED (YOMIURI - PAGE 5)

IN CONNECTION WITH THE ISSUE OF CONSTRUCTING AN ALTERNATIVE HELIPORT FOR THE U.S. FORCES' FUTENMA AIR STATION IN OKINAWA PREFECTURE, JIRO HAGI, DIRECTOR GENERAL OF THE DEFENSE FACILITIES ADMINISTRATION AGENCY, MET THE PRESS ON AUGUST 1 AND THEN TOUCHED ON AN IMPLEMENTATION PLAN TO BE CREATED IN DECEMBER BY THE FUTENMA IMPLEMENTATION GROUP (FIG) OF THE JAPANESE AND U.S. GOVERNMENTS FOR THE PLANNED CONSTRUCTION OF A SEA-BASED FACILITY. HAGI REMARKED, "WE'RE GOING TO HAVE A GENERAL PLAN THAT WILL BE WORKED OUT BETWEEN JAPAN AND THE U.S., AND WE, BASED ON THAT PLAN, WILL HOLD TALKS WITH THE LOCAL SIDE TO MAKE A COMPLETE PLAN WITH THEIR AGREEMENT. SO, THE QUESTION IS WHICH ONE WE SHOULD CALL AN IMPLEMENTATION PLAN." HAGI HAS THUS IMPLIED HIS PERCEPTION THAT EVEN IN CASE THE GOVERNMENT SHOULD FAIL

TO OBTAIN A LOCAL CONSENSUS BY DECEMBER FROM NAGO CITY, THE LOCAL MUNICIPALITY WHERE THE HELIPORT IS PLANNED TO BE CONSTRUCTED OFF CAMP SCHWAB, OR FROM THE GOVERNMENT OF OKINAWA PREFECTURE, THE JAPANESE AND U.S. GOVERNMENTS WOULD LIKELY DRAW UP AN IMPLEMENTATION PLAN FOR CONSTRUCTING IT IN THE OFFING OF CAMP SCHWAB.

HOWEVER, DFAA DIRECTOR GENERAL HAGI HAS ALSO STATED: "WHAT WE HAVE PROMISED NOW IS NOT TO CONSTRUCT ANYTHING THERE WITHOUT CONSULTATIONS WITH THE LOCAL SIDE." HAGI SO INDICATED HIS UNDERSTANDING THAT THE ACTUAL START OF CONSTRUCTION WORK WOULD BE PREMISED ON THE LOCAL COMMUNITY'S AGREEMENT TO THE LAST.

SECRET DOCUMENT: RUSSIA NO LONGER SEES JAPAN AS A THREAT; MAY CUT FAR EASTERN TROOP STRENGTH (SANKEI - TOP PLAY)

(MOSCOW, AUGUST 3, SHIN OKABE) IT WAS LEARNED ON THE 3RD THROUGH A PROPOSAL BY RUSSIA'S DIPLOMACY AND NATIONAL DEFENSE COUNCIL, WHICH THE SANKEI SHIMBUN HAS OBTAINED THAT RUSSIA IN ITS SECURITY POLICY TOWARD THE ASIA-PACIFIC REGION DOES NOT CONSIDER JAPAN A THREAT, BUT IT PREDICTS THAT A CHINA THREAT WILL GROW OVER THE NEXT FIVE TO TEN YEARS. THIS MAY BE TAKEN AS A MAJOR SHIFT IN RUSSIA'S THINKING, ALTHOUGH UNDER ITS MILITARY DOCTRINE COMPILED IN 1993, IT HAD VIEWED JAPAN AS A HYPOTHETICAL ENEMY IN CONFRONTATION WITH IT OVER THE NORTHERN TERRITORIES ISSUE.

THIS PROPOSAL ANALYZES "THREAT" RUSSIA WILL FACE WHEN THE ABOVE COUNCIL, THE MOST INFLUENTIAL THINK TANK UNDER THE DIRECT CONTROL OF PRESIDENT YELTSIN, IMPLEMENTS MILITARY REFORM, FROM SHORT-TERM (THREE TO FIVE YEARS), MEDIUM-TERM (FIVE TO TEN YEARS) AND LONG-TERM (15 TO 20 YEARS) PERSPECTIVES.

ACCORDING TO THE PROPOSAL, IN A SHORT RUN, THERE WILL BE NO THREAT FROM OTHER COUNTRIES AGAINST RUSSIA, BUT OVER THE MEDIUM-TERM, IT IS PREDICTED THAT "DISPUTES CONNECTED WITH THE NATIONAL BORDER OR REGIONAL DISPUTES WILL ARISE."

CITED AS THE FIRST POSSIBLE DISPUTE IS A CONFLICT WITH ISLAMIC COUNTRIES BORDERING ON THE SOUTHERN PART OF RUSSIA, AND IN ADDITION, THE POSSIBILITY IS POINTED OUT THAT A GRAVE DISPUTE WITH CHINA MAY OCCUR IN THE BAIKAL UNCLAS SECTION 07 OF 09 TOKYO 006771

USIA

FOR: USIA D/P, I/GEA, I/RE, I/RFW, EA, R/MR; STATE FOR EAR/J; STATE PASS TO USTR/PUBLIC AFFAIRS OFFICE; CIA WASHDC; SECDEF FOR JCS-J-5/JAPAN, OASD/ISA/EAPR/JAPAN; TREASURY/OASIA/IMI; WHITE HOUSE; JUSTICE FOR STU CHEMTOB IN ANT-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 AUGUST 4

AND COASTAL REGIONS. IT PREDICTS THAT CHINA, WHICH IS STEPPING UP ITS MILITARY STRENGTH, "WILL POSE A MOST SERIOUS AND DIRECT THREAT TO RUSSIA."

THE SET OF PROPOSALS SUGGESTS REINFORCING MORE THAN 90 PERCENT OF NATIONAL BORDER TROOPS WITHIN SEVERAL MONTHS IF A CONFLICT BETWEEN RUSSIA AND CHINA ACTUALLY OCCURS, AND IT ALSO WARNS THAT SUPPLIES OF WEAPONS TO CHINA AND NEGOTIATIONS WITH IT ON REDUCTION IN NATIONAL ORDER TROOPS SHOULD BE RECONSIDERED.

FURTHERMORE, INDICATING THE POSSIBILITY OF CHINA ACTING IN CONCERT WITH NORTH KOREA IN THE MILITARY AREA, IT POINTS OUT THAT WITH THE GROWING CHINA THREAT IN THE ASIA-PACIFIC REGION IN THE FUTURE, RUSSIAN FOREIGN AFFAIRS OFFICIALS NEED TO POUR IN MORE ENERGY TO BECOME A PARTNER OF JAPAN, THE REPUBLIC OF KOREA (ROK) AND THE UNITED STATES.

ALTHOUGH THERE IS THE NORTHERN TERRITORIES ISSUE PENDING BETWEEN JAPAN AND RUSSIA, THE PROPOSAL ANALYZES THAT "NO POTENTIAL FOR A MILITARY ATTACK BY JAPAN EXISTS, SO THAT COUNTRY IS NOT A THREAT." IF JAPAN MOVES TO AIM AT INDEPENDENCE IN MILITARY ASPECTS FROM THE U.S. OVER THE NEXT FIVE TO TEN YEARS, THERE IS THE LIKELIHOOD OF WIDELY TRIMMING TROOP STRENGTH IN THE FAR-EAST RUSSIAN FORCES, INCLUDING THE PACIFIC FLEET THAT HAS CONSIDERED JAPAN A HYPOTHETICAL ENEMY, WHILE LEAVING ONLY NUCLEAR WEAPONS FOR THE PURPOSE OF KEEPING IT IN CHECK.

ACCORDING TO MAJOR PROVISIONS IN ITS MILITARY DOCTRINE COMPILED IN 1993, RUSSIA HAS REGARDED JAPAN AS A POTENTIAL THREAT FOR ITS PRESSING RUSSIA HARD TO RETURN THE NORTHERN TERRITORIES. BUT WITH FORMER JAPAN DEFENSE AGENCY DIRECTOR GENERAL USUI'S VISIT TO RUSSIA LAST YEAR AS A START, (RUSSIAN) NATIONAL DEFENSE OFFICIALS, AS A CONFIDENCE-BUILDING APPROACH FOR PEACE AND STABILITY IN THE ASIA-PACIFIC REGION IN THE POST-COLD WAR ERA, HAVE BEEN VIGOROUSLY PROMOTING DEFENSE EXCHANGES WITH JAPAN.

IN CONTRAST TO A GROWING SENSE OF ALARM ABOUT CHINA, THE PERCEPTION OF A JAPAN THREAT IS SAID TO HAVE BEEN DECLINING, AND IN FACT, FORMER DEFENSE MINISTER RODIONOV, WHO CAME TO JAPAN THIS MAY, APPRECIATED THE REVIEW OF THE U.S.-JAPAN SECURITY TREATY. IT IS THEN SAFE TO SAY THAT THE PROPOSAL BACKS UP THIS MOVE.

THE DIPLOMACY AND DEFENSE POLICY COUNCIL IS CHAIRED BY KARAGANOV (?), A MEMBER OF THE PRESIDENTIAL ADVISORS COUNCIL INFLUENTIAL OVER RUSSIA'S SECURITY POLICY AND CONCURRENTLY DEPUTY DIRECTOR OF THE EUROPEAN RESEARCH INSTITUTE, AND IT IS THE "KEY ADVISORY ORGAN, BEING UNDER THE DIRECT CONTROL OF THE PRESIDENT FOR NATIONAL DEFENSE POLICY" (SPOKESMAN FOR THE SECURITY COUNCIL), WHICH IS

PARTICIPATED IN BY 70 OFFICIALS, SUCH AS PRESIDENTIAL ASSISTANT BATOLIN (?), NATIONAL DEFENSE COUNCIL SECRETARY, WHICH IS PROMOTING MILITARY REFORM, AND SECURITY COUNCIL DEPUTY SECRETARY MIKHAYLOV.

RULING CAMPOS MISSION TO NORTH KOREA NOW A PHANTOM
(MAINICHI - PAGE 4)

AIMING AT BREAKING THE IMPASSE OF BILATERAL RELATIONS BETWEEN JAPAN AND THE DEMOCRATIC PEOPLE'S REPUBLIC OF KOREA (NORTH KOREA), THE RULING PARTIES HAD BEEN LOOKING INTO THE POSSIBILITY OF SENDING A DELEGATION TO THE NORTH. BUT THE PLAN IS NOW IN LIMBO. THIS IS BECAUSE THE RULING CAMP HAS JUDGED THAT SINCE THE JAPANESE AND NORTH KOREAN GOVERNMENTS HAVE DECIDED TO ELEVATE THE STATUS OF THEIR NEGOTIATIONS TO THE DEPUTY DIRECTOR-GENERAL LEVEL, THE RULING PARTIES SHOULD WAIT FOR THE TIME BEING BEFORE IT IS TIME FOR THEM TO GO ON STAGE. THE FOLLOWING ARE DEVELOPMENTS IN SUB-SURFACE-MOVES BY UNCLAS SECTION 08 OF 09 TOKYO 006771

USIA

FOR: USIA D/P, I/GEA, I/RF, I/RFW, EA, R/MR; STATE FOR EAR/J; STATE PASS TO USTR/PUBLIC AFFAIRS OFFICE; CIA WASHDC; SECDEF FOR JCS-J-5/JAPAN, OASD/ISA/EAPR/JAPAN; TREASURY/OASIA/IMI; WHITE HOUSE; JUSTICE FOR STU CHEMTOB IN ANT-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 AUGUST 4

THE GOVERNMENT AND RULING PARTIES.
(HARUYUKI AIKAWA)

ON JULY 8, IN A MEETING OF THE RULING PARTIES' RESPONSIBLE OFFICERS, THE IDEA OF SENDING A RULING COALITION'S DELEGATION TO NORTH KOREA FIRST CROPPED UP. THE MEETING DECIDED TO UNIFY APPROACHES BY ENTRUSTING NEGOTIATIONS TO LIBERAL DEMOCRATIC PARTY (LDP) POLICY AFFAIRS RESEARCH COUNCIL CHAIRMAN TAKU YAMASAKI AND TO CONSIDER SENDING A DELEGATION TO THAT COUNTRY. BUT PRIME MINISTER RYUTARO HASHIMOTO THEN SOUGHT THE RULING PARTY SIDE'S SELF-RESTRAINT, CAUTIONING, "I WOULD LIKE YOU TO WATCH THE DEVELOPMENT OF GOVERNMENT-TO-GOVERNMENT NEGOTIATIONS FOR A WHILE." THE RULING PARTIES AGREED.

BUT MOVES AIMING AT THE POSSIBILITY OF SENDING A MISSION CONTINUED BY SOCIAL DEMOCRATIC PARTY (SDP) SECRETARY GENERAL SHIGERU ITO, WHO WAS EAGER TO TRAVEL TO NORTH KOREA, LDP EXECUTIVE COUNCIL CHAIRMAN YOSHIRO MORI, AND LDP UPPER HOUSE SECRETARY GENERAL MASAKUNI MURAKAMI.

MORI RECEIVED IN JULY A FORMAL INVITATION FROM A NORTH KOREAN HIGH-LEVEL OFFICIAL "THROUGH THE GOOD OFFICES OF

AN AMERICAN VISITOR" (MORI).

YAMASAKI PROPOSED IN JUNE A PLAN FOR A MISSION TO NORTH KOREA LED BY MURAKAMI, WHO HAS TAKEN THE ACTIVE LEAD IN THE EFFORT TO RESOLVE THE ISSUE OF THE ALLEGED ABDUCTION OF A JAPANESE JUNIOR-HIGH SCHOOLGIRL BY NORTH KOREA. MURAKAMI CONTINUED HIS OWN NEGOTIATIONS BY USING A DIFFERENT CHANNEL FROM MORI'S. HE THEN RECEIVED IN THE MIDDLE OF JULY FROM THE NORTH A NOTIFICATION OF "ALLOWING A VISIT TO NORTH KOREA UNDER THE PRETEXT OF INSPECTION OF THE FOOD SHORTAGE SITUATION." THE SCHEDULE FOR HIS NORTH KOREA VISIT HAD BEEN DECIDED INCLUDING LEAVING FOR THAT COUNTRY ON JULY 26, AS WELL AS MEETING WITH TRADE PROMOTION COMMITTEE CHAIRMAN LI SONG ROK.

BUT THE JAPANESE GOVERNMENT ASKED MURAKAMI TO DELAY HIS VISIT BECAUSE THE GOVERNMENT-TO-GOVERNMENT NEGOTIATIONS WERE MOVING FORWARD. AS A RESULT, AT THE INFORMAL MEETINGS OF THE DIVISION DIRECTOR-LEVEL OFFICIALS OF THE TWO COUNTRIES HELD ON JULY 19 AND 20 IN BEIJING, THE PROSPECT OF HOME VISITS BY JAPANESE WIVES LIVING IN NORTH KOREA IMPROVED. THE PRIME MINISTER AGAIN SOUGHT LDP SECRETARY GENERAL KOICHI KATO TO PUT OFF SENDING A DELEGATION. SO THE PLANNED DELEGATION IS NOW UP IN THE AIR.

SDP SECRETARY GENERAL ITO, HOWEVER, IS UNHAPPY WITH THE GOVERNMENT AND THE LDP. IN A MEETING ON JULY 29 OF THE GOVERNMENT AND RULING PARTIES' RESPONSIBLE OFFICERS, HE STRESSED THE IMPORTANCE OF POLITICAL NEGOTIATIONS, WHILE HIGHLY PRAISING THE DEVELOPMENT OF GOVERNMENT-TO-GOVERNMENT NEGOTIATIONS. BUT NOBODY SUPPORTED HIS VIEW. THE SDP, WHICH HAS A LONG HISTORY OF EXCHANGES WITH THE KOREAN WORKERS' PARTY, WANTS TO DEMONSTRATE ITS OWN POLICY PRESENCE.

OBSERVERS SEE THAT NORTH KOREAN LEADERS, TOO, WOULD LIKE TO PUSH AHEAD WITH THE NEGOTIATIONS ON SUCH ISSUES AS FOOD ASSISTANCE, BY TAKING JAPANESE GOVERNMENT LEADERS THEIR SIDE. PRIME MINISTER HASHIMOTO ON JULY 29 STATED: "IF WE SEE A SINCERE RESPONSE (FROM NORTH KOREA), WE WILL RESPOND TO IT SINCERELY." HIS STATEMENT HAS INDICATED THAT IF THE NORTH KOREAN GOVERNMENT TAKES A FLEXIBLE STANCE IN THE FUTURE NEGOTIATIONS, JAPAN WILL PROVIDE FOOD AID THROUGH AN AGENCY OF THE UNITED NATIONS.

THE DEEP-ROOTED VIEW IN THE RULING PARTIES IS THAT IN CASE BILATERAL SUPPORT IS OFFERED, COORDINATION AMONG MINISTRIES WILL BE NECESSARY. SO THE RULING COALITION'S TURN WILL THEN COME. PREPARING FOR SUCH A TIME, THE UNCLAS SECTION 09 OF 09 TOKYO 006771

USIA

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

CHEMTOB IN ANT-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 AUGUST 4

POSSIBILITY OF A VISIT TO NORTH KOREA HAS BEEN KEPT ON
HOLD IN ORDER TO SECURE A (FUTURE) CHANNEL WITH NORTH
KOREA.

U.S. AMBASSADOR TO JAPAN: SEAT EMPTY OVER 7 MONTHS,
LONGEST SUCH HIATUS IN POST-WAR PERIOD (YOMIURI - PAGE 2)

(WASHINGTON, AUGUST 3, AKITOSHI UCHIDA) SINCE THE
RESIGNATION OF WALTER MONDALE LAST DECEMBER, THE POST OF
U.S. AMBASSADOR TO JAPAN HAS REMAINED VACANT ALREADY
ABOUT SEVEN AND A HALF MONTHS, MAKING IT CERTAIN NOW THAT
THE HIATUS WILL BECOME THE LONGEST IN THE POSTWAR PERIOD.

FORMER SPEAKER OF THE HOUSE OF REPRESENTATIVES THOMAS
FOLEY HAS BEEN PICKED INTERNALLY TO BE THE NEXT
AMBASSADOR, BUT SINCE THE CONGRESS ON THE SECOND STARTED
A MONTH-LONG RECESS, THE OUTLOOK NOW FOR HIM TO REACH
JAPAN, AFTER BEING NAMED BY THE PRESIDENT AND CONFIRMED
BY THE SENATE, NOT UNTIL LATE SEPTEMBER AT THE EARLIEST.
THERE IS SPECULATION THAT THE INSTALLMENT OF THE NEW
AMBASSADOR COULD EVEN BE LATER THAN THIS. IF SO, THERE
ARE SOME WHO PREDICT THAT THE DELAY COULD HAVE A DELICATE
IMPACT ON THE BILATERAL RELATIONSHIP, IN WHICH SUCH TRADE
ISSUES AS JAPAN'S EXPANDING TRADE SURPLUS WITH THE U.S.
ARE BEGINNING TO FESTER.

AMONG THE 11 WHO HAVE SERVED AS AMBASSADORS TO JAPAN
DURING THE POSTWAR PERIOD, THE LONGEST PERIOD WITH NO
AMBASSADOR BEFORE BEING APPOINTED WAS THE 252 DAYS BEFORE
JAMES HODGSON ARRIVED. THIS WAS BECAUSE THE APPOINTMENT
WAS ENTANGLED IN THE ISSUE OF SALES OF U.S. AIRCRAFT TO
JAPAN AND HODGSON, AN EXECUTIVE WITH LOCKHEED, RAN INTO
TROUBLE IN THE SENATE CONFIRMATION HEARINGS. IT WAS
ABOUT THREE MONTHS AFTER HIS NAMING BY THE PRESIDENT
BEFORE THE SENATE GAVE ITS APPROVAL.

THIS TIME, THE SCANDAL OVER ASIAN POLITICAL DONATIONS TO
THE DEMOCRATIC PARTY HAS HAD AN IMPACT ON THE BACKGROUND
CHECKS FOR PRESIDENTIAL NOMINEES, AND "IT HAS BEEN DEEMED
NECESSARY TO CARRY OUT EVEN MORE MINUTE (CHECKS) THAN
PREVIOUS TIMES" (U.S. GOVERNMENT SOURCE). A SERIES OF
AMBASSADORIAL AND STATE DEPARTMENT EXECUTIVE APPOINTMENTS
HAVE BEEN DELAYED, BUT THE SENATE LATE AT NIGHT ON JULY
31ST, JUST BEFORE IT WENT INTO RECESS, APPROVED A PACKAGE
OF IMPORTANT AMBASSADORIAL APPOINTMENTS, INCLUDING GREAT
BRITAIN, FRANCE, GERMANY, RUSSIA, AND CANADA. THE ONLY
POSTS LEFT NOW OTHER THAN JAPAN ARE THE REPUBLIC OF
KOREA, AND ITALY.

IN PARTICULAR, PRESIDENT CLINTON IN A NEWS CONFERENCE AT

THE DENVER SUMMIT IN LATE JUNE EXPRESSED HIS INTENTION TO NAME MR. FOLEY SOON, BUT OVER A MONTH HAS PASSED SINCE THEN. EVEN WITHIN THE CONGRESS, VOICES HAVE ARISEN STATING, "THE PRESIDENT SHOULD NAME SOMEONE AT ONCE" (GREG THOMAS, CHAIRMAN OF THE SENATE EAST ASIA-PACIFIC AFFAIRS SUBCOMMITTEE), BUT THE JAPANESE GOVERNMENT IS PUZZLED, ONE OFFICIAL SAYING, "WE HAVE NO IDEA WHY IT'S BEEN DELAYED THIS MUCH" (FOREIGN MINISTRY SOURCE).

IT IS POSSIBLE THAT THE PRESIDENT WILL NAME (FOLEY) DURING THE CONGRESS' RECESS, AND IF THE SCHEDULING GOES ALONG SMOOTHLY, WITH POST-RECESS HEARINGS IN THE FIRST WEEK OF SEPTEMBER BY THE SENATE SUBCOMMITTEE, AND CONFIRMATION DURING THE SECOND WEEK, AND WITH MR. FOLEY SAYING HIMSELF THAT "I WOULD LIKE TO GET TO JAPAN AS EARLY AS POSSIBLE," THE INSTALLMENT COULD OCCUR IN LATE SEPTEMBER. BUT COME LATE AUGUST, THE PERIOD OF HAVING NO AMBASSADOR IN PLACE WILL SET A NEW RECORD AS THE LONGEST IN POSTWAR HISTORY. CRANE

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SUBJ: JAPANESE MORNING PRESS HIGHLIGHTS AUGUST 5

TOP HEADLINES:

TEXT:
UNCLAS SECTION 01 OF 09 TOKYO 006818

USIA

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

TOP HEADLINES:

ASAHI: KOBE BOY MURDER CASE: 15-YEAR-OLD BOY TO UNDERGO
PSYCHIATRIC TEST; FAMILY COURT'S DECISION; PROCEEDINGS
FOR JUDGMENT NOW SUSPENDED

NIHON KEIZAI: CORPORATE PENSIONS: EXPANDING SHORTAGE OF
RESERVE FUNDS AMONG 24 FIRMS THAT HAVE ADOPTED U.S.

ACCOUNTING STANDARD; MORE THAN 3 TRILLION YEN
INSUFFICIENT LAST YEAR; NOW FACING POSSIBILITY OF
LOWERING PENSIONS

TOKYO SHIMBUN: 15-YEAR-OLD BOY TO UNDERGO PSYCHIATRIC
TEST; KOBE FAMILY COURT BEGINS PROCEEDINGS FOR JUDGMENT
ON A CHAIN OF MURDER CASES OF CHILDREN; TO DETAIN THE BOY
FOR 60 DAYS TO INVESTIGATE HIS MOTIVE

MAINICHI: KOBE FAMILY COURT RULES PSYCHIATRIC TESTING
NEEDED FOR THE BOY SUSPECTED OF KILLING ELEMENTARY SCHOOL
CHILDREN; SUSPENSION OF OBSERVATION PERIOD; TO DETAIN THE
BOY FOR TWO MONTHS

YOMIURI: SUCCESSION OF MURDERS OF ELEMENTARY SCHOOL
CHILDREN: KOBE FAMILY COURT DETERMINES PSYCHIATRIC
TESTING OF 15-YEAR-OLD BOY WILL BE CARRIED OUT; ALSO
DECIDES TO DETAIN THE BOY FOR 60 DAYS

SANKEI: CHAIN OF MURDERS OF ELEMENTARY SCHOOL CHILDREN:
TO DETAIN 15-YEAR-OLD BOY FOR 60 DAYS TO INVESTIGATE HIS
STATE OF MIND AT TIME OF MURDER; KOBE FAMILY COURT PUTS
OFF PUNITIVE ACTION UNTIL MID-OCTOBER

CIVIL AVIATION TALKS: FIRST DAYQS VICE-MINISTER-LEVEL
AVIATION TALKS ENDS ON DIVERGENT LINES
(NIHON KEIZAI - PAGE 5)

JAPAN-UNITED STATES FORMAL SUB-CABINET-LEVEL TALKS ON
CIVIL AVIATION STARTED IN TOKYO YESTERDAY. THE U.S.
GOVERNMENT CALLED AGAIN FOR FULL LIBERALIZATION OF ROUTES
AND THE NUMBER OF FLIGHT SERVICES (OPEN SKIES), BUT THE
MINISTRY OF TRANSPORT (MOT) DECLINED THE OFFER AS
"UNACCEPTABLE." AS IT STANDS, THE FIRST-DAY SESSION OF
THE THREE-DAY TALKS ENDED IN RUPTURE. WITH THE U.S.
SUBMITTING TOUGHER PROPOSALS THAN THOSE PRESENTED IN THE
LAST INFORMAL SESSIONS; WHETHER BOTH SIDES WOULD BE ABLE
TO FIND COMMON GROUND FOR A SETTLEMENT IN SEPTEMBER NOW
REMAINS AS MURKY AS EVER.

JAPAN HAS INSISTED ON ESTABLISHING A FREE OPERATION
SYSTEM WITH TWO JAPANESE AND AMERICAN CARRIERS EACH BY
INCLUDING ALL NIPPON AIRLINES AS WELL, BUT THE U.S.
REVEALED A SEVERE STANCE, A NEGOTIATOR ASSURING, "UNLESS
JAPAN PROMISES TO ADOPT AN "OPEN-SKIES" POLICY WITHIN
SEVERAL YEARS, THE U.S. WILL NOT ACCEPT THE JAPANESE
PROPOSAL." AS AN IMMEDIATE MEASURE, JAPAN OFFERED
"APPROVAL OF AN INCREASE OF MORE THAN 40 TRANSPACIFIC
FLIGHTS" FOR AMERICAN LATECOMER AIRLINES, INCLUDING
AMERICAN AIRLINES AND DELTA AIRLINES, BUT THE U.S. SOUGHT
FOR DOUBLING THE NUMBER.

U.S. SWITCHES TO HARD-LINE STAND IN AVIATION TALKS: WANTS
FULL LIBERATION, MORE FLIGHTS (TOKYO SHIMBUN - PAGE 5)

A JAPAN-UNITED STATES SUB-CABINET-LEVEL MEETING STARTED
AT THE MINISTRY OF TRANSPORT (MOT) IN KASUMIGASEKI,
TOKYO, YESTERDAY TO DISCUSS LIBERALIZATION OF AVIATION

SERVICES BETWEEN THE TWO COUNTRIES. ON THE FIRST DAY OF THE THREE-DAY MEETING, JAPAN AND THE U.S. FORMALLY PRESENTED THEIR RESPECTIVE LIBERALIZATION PROPOSALS, BUT THE U.S. REQUESTED FOR "AN OPEN-SKIES" AGREEMENT FOR FULL LIBERALIZATION OF ROUTES AND THEN SUBMITTED A NEW TOUGHER PROPOSAL, TURNING AROUND ITS (FLEXIBLE) STANCE SHOWN IN THE PAST INFORMAL SESSIONS. WITH JAPAN REACTING UNCLAS SECTION 02 OF 09 TOKYO 006818

USIA

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

NEGATIVELY TO THE U.S. REQUEST, THE GAP HAS GROWN SERIOUS. UNDER THI SITUATION, WHETHER THEY WOULD BE ABLE TO REACH N AGREEMENT IN SEPTEMBER REMAINS TO BE SEEN.

URING YESTERDAY'S SESSION, IN ADDITION TO A PHASED-N LIBERALIZATION PROPOSAL TO SET UP A SYSTEM, BYADDING ALL NIPPON AIRWAYS, TO ALLOW TWO CARRIERSEACH FROM JAPAN AND THE U.S. EQUALLY TO OPERATE LIGHT SERVICES WITHOUT RESTRICTION, JAPAN PROPOSD TO SET NO LIMITATION TO CODE SHARING FOR JAPANESE AND AMERICAN AIRLINES TO FORM PARTNERSHIP FOR JOINT OPERATIONS, AS WELL AS TO SET UP TERMS FOR APPROVAL OF BEYOND RIGHTS (RIGHTS TO FLY VIA THE OTHER SIDE COUNTRY TO THIRD COUNTRIES). JAPAN THUS SHOWED A POSITIVE APPROACH IN AN EFFORT TO BREAK THE IMPASSE.

BUT THE U.S. LISTED THE ADOPTION OF THE OPEN-SKIES POLICY WITHIN SEVERAL YEARS AS THE CONDITION TO ACCEPT JAPAN'S PHASED-IN LIBERALIZATION PROPOSAL. THE U.S. ALSO CALLED FOR DOUBLING THE NUMBER OF INCREASED FLIGHTS -- UP TO 42 A WEEK -- FOR THREE JAPANESE AND AMERICAN LATECOMER AIRLINES AS PROPOSED BY JAPAN.

JAPAN CLAIMED SUCH A TOUGHENED STANCE OF THE U.S. AS GOING AGAINST THE EFFORTS TO REACH A CONCLUSION IN THE TALKS. JAPANESE AND U.S. NEGOTIATORS REAFFIRMED AT THE OUTSET OF THE SESSION THE AGREEMENT REACHED IN THE LAST MEETING TO RESOLVE THE DISPUTE BOTH IN THE PASSENGER AND CARGO SECTORS BY THE END OF SEPTEMBER. BUT WITH THE FIRST-DAY SESSION FRAUGHT WITH POTENTIAL TROUBLE, THE SITUATION IS NOW UNPREDICTABLE.

USTR WELCOMES RECORD 32.6 PERCENT FOREIGN SHARE OF SEMICONDUCTOR MARKET IN JAPAN (NIHON KEIZAI - PAGE 5)

(WASHINGTON, AUGUST 4, YASUHIKO OTA) UNITED STATES TRADE REPRESENTATIVE (USTR) BARSHEFSKY ON THE 4TH RELEASED A STATEMENT REGARDING THE JAPANESE CHIP MARKET THAT THE FOREIGN CHIP SHARE MARKED A RECORD 32.6 PERCENT IN JAPAN FOR THE JANUARY - MARCH QUARTER THIS YEAR. THE STATEMENT WELCOMED THE ACHIEVEMENT REASONING, "THAT PROVES THE FUNCTIONING OF THE MARKET." AT THE SAME TIME, THE REPORT STRESSED: "THE U.S. GOVERNMENT IS GOING TO CONTINUE TO WATCH CLOSELY THE JAPANESE MARKET."

THE PREVIOUS RECORD WAS 29.6 PERCENT, MARKED IN THE OCTOBER - DECEMBER QUARTER IN 1995. THIS IS THE FIRST TIME THAT THE FOREIGN SHARE EXCEEDED THE 30 PERCENT LEVEL. THE PREVIOUS QUARTER MARKED 29.4 PERCENT. THIS SUGGESTS FOREIGN CHIP'S STEADY INCREASE IN JAPAN.

UNTIL THE JAPAN-U.S. SEMICONDUCTOR AGREEMENT EXPIRED IN JULY LAST YEAR, SURVEYS OF THE JAPANESE CHIP MARKET HAD BEEN CARRIED OUT JOINTLY BY THE TWO GOVERNMENTS. BUT BECAUSE JAPAN REJECTED A CONTINUATION OF THE SURVEYS IN THE SEMICONDUCTOR TALKS THAT WAS SETTLED IN AUGUST LAST YEAR, THE U.S. HAS BEEN CONDUCTING SURVEYS AND RELEASING REPORTS UNILATERALLY.

FTC FINDS POSSIBLE ANTI-MONOPOLY LAW VIOLATIONS IN MEDICAL EQUIPMENT MARKET (NIHON KEIZAI - PAGE 5)

THE FAIR TRADE COMMISSION (FTC) YESTERDAY RELEASED THE FINDING OF A FACT-FINDING INVESTIGATION INTO THE DISTRIBUTION AND TRADING OF MEDICAL EQUIPMENT, REGARDING WHICH A POINT HAS BEEN MADE THAT THE PRICES OF SUCH PRODUCTS ARE MUCH HIGHER THAN THE LEVEL SEEN IN WESTERN COUNTRIES. THE FTC STRESSED THAT IN THE TRADING OF PACE-MAKERS, "A FIXED RELATIONSHIP BETWEEN WHOLESALERS AND MEDICAL INSTITUTIONS WAS FOUND." IT WILL ASK THE MINISTRY OF HEALTH AND WELFARE (MHW) AND VENDORS TO CORRECT THE PRESENT PRICING SYSTEM AND TRADING PRACTICES, UNCLAS SECTION 03 OF 09 TOKYO 006818

USIA

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

CHARGING, "THERE IS CONCERN THAT SUCH A SYSTEM OR BUSINESS PRACTICES MAY INFRINGE ON THE ANTI-MONOPOLY LAW (AML)." AN MHW-CONDUCTED INVESTIGATION INTO MEDICAL EQUIPMENT ALSO FOUND LARGE EXTERNAL AND INTERNAL PRICE

GAPS. THE MINISTRY INTENDS TO LAUNCH EFFORTS TO INTRODUCE A FAIR PRICING SYSTEM FOR MEDICAL EQUIPMENT.

THREE KINDS OF MEDICAL EQUIPMENT WERE MADE THE TARGETS OF THE INVESTIGATION THIS TIME, NAMELY, PACEMAKERS, PTCA CATHETERS AND MAGNETIC RESPONSE IMAGERS (MRI).

ACCORDING TO THE INVESTIGATION, ONLY 2 PERCENT OF THE RESPONDENTS REPLIED THAT THE SUPPLIERS OF MEDICAL EQUIPMENT "HAVE CHANGED ALMOST ENTIRELY" DURING THE LAST THREE YEARS. AS REASONS FOR TRADING WITH THE SAME SUPPLIERS, THE REPORT ANALYZED: "MANY OF MEDICAL INSTITUTIONS ARE RECEIVING LABOR OFFERINGS FROM VENDERS, SUCH AS THEIR PRESENCE DURING OPERATIONS, WHICH TENDS TO GIVE RISE TO A FIXED RELATIONSHIP BETWEEN THE TWO PARTIES."

IN THE SURVEY CONDUCTED ON WHOLESALERS, 40 PERCENT OF THE RESPONDENTS REPLIED THAT THEY REPORT TO MANUFACTURERS THE SALES PRICES OF PACEMAKERS AND PTCA CATHETERS. SOME MANUFACTURERS SAID, "WE HAVE SPECIFIED IN CONTRACTS WITH WHOLESALERS WHAT PERCENTAGE SHOULD BE ADDED IN SETTING SALES PRICE TOWARD PURCHASERS, CLASSIFIED BY MEDICAL INSTITUTIONS." THE RESULT HAS BOUGHT INTO BOLD THE REAL SITUATION WHERE MANUFACTURERS ARE DEEPLY INVOLVED IN THE SETTING OF SALES PRICE.

POLL: CABINET SUPPORT 44 PERCENT; JAPAN COMMUNIST PARTY POPULARITY RISES TO SECOND PLACE (MAINICHI - PAGE 1)

THE MAINICHI SHIMBUN ON THE 4TH TABULATED THE RESULTS OF ITS NATIONWIDE PUBLIC OPINION SURVEY CONDUCTED (OVER THE TELEPHONE) ON THE 2ND AND 3RD OF THIS MONTH. THE RATE OF PUBLIC SUPPORT FOR THE RYUTARO HASHIMOTO CABINET WAS 44 PERCENT -- THE SECOND HIGHEST FOLLOWING THE RATE SHOWN RIGHT AFTER ITS INAUGURATION IN JANUARY LAST YEAR. ON THE OTHER HAND, THE RATE OF NON-SUPPORT WAS 26 PERCENT, AND THE RATE OF THOSE "NOT INTERESTED" WAS 27 PERCENT. COMPARED WITH THE RESULTS OF A TELEPHONE-BASED SURVEY CONDUCTED IN JUNE THIS YEAR, THE RATE OF SUPPORT SHOWED A SLIGHT INCREASE OF 1 PERCENTAGE POINT, WHILE THE RATE OF NON-SUPPORT SHOWED A DECREASE OF 6 PERCENTAGE POINTS. PRIME MINISTER HASHIMOTO IS NOW BEING REGARDED AS CERTAIN TO BE REELECTED PRESIDENT OF THE LIBERAL DEMOCRATIC PARTY IN SEPTEMBER, AND HIS CABINET REMAINS STABLE FROM THE ASPECT OF PUBLIC SUPPORT AS WELL.

POLL: CABINET SUPPORT 44 PERCENT; JAPAN COMMUNIST PARTY POPULARITY RISES TO SECOND PLACE (MAINICHI - PAGE 3)

IN THE RATES OF PUBLIC SUPPORT FOR POLITICAL PARTIES FOUND OUT FROM THE MAINICHI SHIMBUN'S NATIONWIDE TELEPHONE-BASED PUBLIC OPINION SURVEY, THE RESULTS OF WHICH WERE TABULATED ON THE 4TH, THE JAPAN COMMUNIST PARTY MARKED 6 PERCENT, RANKING NEXT TO THE LIBERAL DEMOCRATIC PARTY'S 33 PERCENT, AND NOW THE JCP, LEADING THE NEW FRONTIER PARTY (SHINSHINTO) WHICH WAS AT 5 PERCENT, IS IN SECOND PLACE FOR THE FIRST TIME EVER SINCE

THE SURVEY STARTED IN 1947. THE JCP MADE GREAT STRIDES IN THE TOKYO METROPOLITAN ASSEMBLY ELECTION HELD LAST MONTH, DOUBLING ITS PREVIOUS HOLDING OF SEATS. HOWEVER, THE JCP IN THE SURVEY THIS TIME MARKED AN INCREASE OF 2 PERCENTAGE POINTS OVER THE LAST SURVEY CONDUCTED IN JUNE THIS YEAR, INDICATING AN INCREASE IN THE RATE OF JCP SUPPORTERS NOT ONLY IN URBAN AREAS BUT ALSO IN OTHER AREAS.

THE DEMOCRATIC PARTY OF JAPAN (MINSHUTO) WAS AT 4 PERCENT, SHOWING A DECREASE OF 1 PERCENTAGE POINT, AND UNCLAS SECTION 04 OF 09 TOKYO 006818

USIA

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

THE SOCIAL DEMOCRATIC PARTY (SHAMINTO) AT 3 PERCENT, THE SAME AS BEFORE. THE TAIYO PARTY (TAIYOTO) AND THE SAKIGAKE PARTY (SHINTO SAKIGAKE) WERE BOTH AT 1 PERCENT. THE RATE OF THOSE HAVING NO PARTY TO SUPPORT -- OR THE SO-CALLED "MUTOHASO" CROWD (INDEPENDENTS CLASS) -- WAS AT 39 PERCENT, A DECREASE OF 4 PERCENTAGE POINTS.

THE RATE OF PUBLIC SUPPORT FOR THE JCP WAS AT 6 PERCENT, AND THIS IS THE FIRST TIME FOR THE PARTY TO REACH THAT LEVEL SINCE DECEMBER 1973 WHEN THE KAKUEI TANAKA CABINET WAS IN OFFICE. AT THAT TIME, THE JCP WAS IN THIRD PLACE, RANKING NEXT TO THE LDP AND THE JAPAN SOCIALIST PARTY (NOW THE SDP). WHILE THE RATES OF SUPPORT FOR THE NFP, DPJ, AND SDP HAS REMAINED LOW, THE JCP HAD A PUBLIC APPROVAL INCREASE OF 2 TO 4 PERCENTAGE POINTS IN ALL AGE GROUPS FROM THOSE IN THEIR 20S TO THOSE AGED 70 AND OVER.

REGARDING THE JCP'S COMING TO FILL THE SECOND PLACE IN THE RATES OF PUBLIC SUPPORT FOR POLITICAL PARTIES, KAZUO SHII, CHIEF OF THE JCP'S SECRETARIAT, HAS REMARKED: "OUR PARTY HAS MADE CLEAR ITS POSITION AS AN OPPOSITION PARTY, AND OUR PARTY'S STANCE HAS BEEN CONSISTENT. THIS HAS WON THE SYMPATHY OF PEOPLE. I THINK SUCH RESULTS CLEARLY SHOW THE BEGINNING OF AN LDP-VS.-JCP ERA. WE'RE STILL BEHIND THE LDP. FROM NOW ON, HOWEVER, THE LDP-JCP SHOWDOWN WILL BECOME A KEY FACTOR OF THE POLITICAL SITUATION."

ON THE OTHER HAND, LDP SECRETARY GENERAL KOICHI KATO SAYS, "THE JCP CRITICIZES ALL POLITICAL PARTIES, AND I GUESS IT HAS GATHERED PUBLIC SUPPORT WHILE STICKING TO

THE POSITION OF AN OPPOSITION PARTY. BUT THEY TRY TO MAKE CLEAR EVERYTHING ABOUT ACTUAL POLITICAL ISSUES, REGARDING THEM AS 'GOOD' OR 'BAD.' SUCH A WAY OF DOING THINGS WOULD COME TO ITS LIMIT IN TIME." KATO, SO REMARKING, STRESSED HIS NEGATIVE VIEW OF THE COMING OF AN "LDP-VS.-JCP" AGE.

SHINSHINTO PRESIDENT OZAWA VACATIONING IN ALASKA
(YOMIURI - PAGE 5)

SHINSHINTO (NEW FRONTIER PARTY) PRESIDENT OZAWA WILL LEAVE TODAY FOR ALASKA, THE UNITED STATES, FOR A RESTFUL VACATION. DURING A SIX-DAY STAY THERE, HE WILL ENJOY SALMON FISHING WITH HIS PRIVATE SECRETARIES, WHO ARE FOND OF FISHING. HE IS EXPECTED TO RETURN HOME ON THE 12TH AFTER STOPPING OVERNIGHT IN SEOUL.

THIS WILL BE THE SECOND TIME FOR OZAWA TO SPEND HIS SUMMER HOLIDAYS RELAXING IN ALASKA, FOLLOWING THE LAST SUMMER. IN THE MIDDLE OF LAST AUGUST, HE LEFT JAPAN WITHOUT EVEN INFORMING THE PARTY EXECUTIVES. THIS YEAR, HE REVEALED HIS TOUR PLAN TO THE MASS MEDIA, STRESSING, "I WILL REST UP THERE."

OSTENSIBLY HE APPEARS TO BE RELAXED, BUT ONE OF HIS AIDES EXPLAINS: "SINCE A DEEP-SEATED ANTI-OZAWA SENTIMENT IS STRONG IN THE LIBERAL DEMOCRATIC PARTY (LDP), IT WOULD BE WISER FOR HIM TO STAY CALM WHILE ENJOYING THE SUMMER RATHER THAN INCURRING A NEGATIVE REACTION BY STANDING AT THE FRONT STAGE OF POLITICS."

HE THINKS HIS ALASKA TOUR WILL SHOW THAT HE HAS A CERTAIN ALOOF ATTITUDE ABOUT THE POLITICAL SITUATION, AT A TIME WHEN THERE STILL CONTINUES A STRUGGLE IN THE LDP FOR ASSUMING THE LEADERSHIP BETWEEN A GROUP CALLING FOR MAINTAINING THE FRAMEWORK OF THE LDP-SOCIAL DEMOCRATIC PARTY (SDP)-SAKIGAKE PARTY ALLIANCE AND A PRO-CONSERVATIVE-CONSERVATIVE ALLIANCE (HO-HO RENGO) GROUP.

OZAWA HIMSELF REPORTEDLY TOLD HIS AIDES: "I ENJOYED MYSELF A LOT (IN ALASKA) LAST SUMMER. I AM FED UP WITH LIVING IN JAPAN. I MAY BE ABLE TO SEE AN AURORA."
UNCLAS SECTION 05 OF 09 TOKYO 006818

USIA

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

UNDER THE PRESENT SITUATION IN WHICH MEMBERS OF THE SHINSHINTO CONTINUE TO LEAVE THE PARTY, IT IS UNCERTAIN WHETHER OZAWA IS LEFT WITH ANY LEEWAY.

PRIME MINISTER EXPLAINS REASON FOR VISITING FORMER MANCHURIA IN SEPTEMBER TRIP TO CHINA (ASAHI - PAGE 2)

TOUCHING ON HIS CHINA TRIP STARTING ON SEPTEMBER 4, PRIME MINISTER RYUTARO HASHIMOTO EXPLAINED YESTERDAY TO THE PRESS CORPS AT HIS RESIDENTIAL OFFICE THE REASON FOR HIS HAVING DECIDED TO VISIT SHENYANG AND DALIAN, WHICH ARE LOCATED IN NORTHEASTERN CHINA (FORMER MANCHURIA), THAT "I HAVE NEVER BEEN THERE. THEY HAVE A WAR MUSEUM THERE." HIS REMARK INDICATED THAT HE WOULD VISIT SEPTEMBER 18 INCIDENT MUSEUM IN SHENYANG, A MUSEUM THAT CONTAINS DETAILED EXHIBITS PORTRAYING THE LIUTIAOHU INCIDENT THAT OCCURRED SEPTEMBER 18, 1931, THE ORIGIN OF THE MANCHURIAN INCIDENT.

REGARDING THE REASON WHY HE DECIDED NOT TO VISIT NANJING, WHERE UNDER THE JAPAN-CHINA WAR, MANY PRISONERS, WHO WERE CHINESE MILITARY PERSONNEL, AND PRIVATE CITIZENS WERE KILLED, HASHIMOTO SAID: "EVERYBODY HAS WRITTEN ABOUT THAT." HE TACITLY ADMITTED THAT HE HAD CANCELLED A NANJING VISIT BECAUSE IF HE WENT THERE, IT WOULD ONLY FUEL MORE ARGUMENTS ABOUT THE "NANJING MASSACRE" (BY THE JAPANESE ARMY). AS A RESULT, IT COULD IMPAIR THE JAPAN-CHINA RELATIONSHIP.

WHEN ASKED BY THE PRESS, "ISN'T YOUR DECISION NOT TO GO TO NANJING DONE TO AVOID REKINDLING THE ARGUMENT OF THE MASSACRE BY THE JAPANESE ARMY?" THE PRIME MINISTER REPLIED IN AN ANGRY TONE: "I DON'T LIKE TO BE ASKED SUCH A QUESTION."

HASHIMOTO TO MEET YELTSIN IN RUSSIA IN EARLY NOVEMBER (SANKEI - PAGE 2)

THE GOVERNMENTS OF JAPAN AND RUSSIA HAVE AS OF THE 4TH STARTED FINAL COORDINATION FOR HOLDING A SUMMIT MEETING BETWEEN PRIME MINISTER RYUTARO AND PRESIDENT YELTSIN IN THE SIBERIAN CITY OF IRKUTSK IN EARLY NOVEMBER. AT THE SUMMIT, PRIME MINISTER RYUTARO HASHIMOTO IS EXPECTED TO EXPLAIN TO THE RUSSIAN PRESIDENT THE THREE PRINCIPLES, SUCH AS "MUTUAL BENEFITS," WHICH HE EARLIER LAID OUT AS HIS NEW FOREIGN POLICY TOWARD RUSSIA WITH AN EYE TO MAKING THEM A COMMON POLICY LINE. HE INTENDS TO PROMOTE THE CREATION OF AN ENVIRONMENT FOR SETTling THE LONG-STANDING BILATERAL NORTHERN TERRITORIES ISSUE, BY BUILDING UP A BROAD-BASED RELATIONSHIP OF TRUST BETWEEN THE TWO COUNTRIES.

AT FIRST, COORDINATION FOR THE SUMMIT MEETING HAD BEEN PUSHED AHEAD AIMING AT JUST BEFORE THE END OF OCTOBER AS A POSSIBLE TIME, BASED ON THE PROPOSAL MADE BY THE RUSSIAN SIDE. HOWEVER, WITH THE EMERGENCE OF THE OUTLOOK FOR PRESIDENT YELTSIN MAKING A FORMAL VISIT TO CHINA IN

NOVEMBER, A PLAN FOR SETTING SUCH A MEETING IN IRKUTSK TO COINCIDE WITH THE CHINA TRIP SURFACED ALL OF A SUDDEN. HOWEVER, SOME UNCERTAIN ELEMENTS STILL REMAIN REGARDING A SCHEDULE FOR SUCH A MEETING WITH A GOVERNMENT SOURCE NOTING, "A CONCRETE SCHEDULE HAS YET TO BE DECIDED."

PRIME MINISTER RYUTARO HASHIMOTO AND PRESIDENT YELTSIN AT THE SUMMIT MEETING HELD ON THE SIDELINES OF THE DENVER SUMMIT IN JUNE, TOO, AGREED TO MEET AGAIN IN THE FALL. IN RESPONSE, THE PRIME MINISTER SET FORTH THREE PRINCIPLES -- "TRUST," "MUTUAL BENEFITS" AND "LONG-RANGE VIEWPOINT," GIVING HIGH MARKS TO RUSSIA'S STANCE.

THE PRIME MINISTER, WHOSE REELECTION TO LIBERAL DEMOCRATIC PARTY (LDP) PRESIDENCY IN SEPTEMBER IS DEEMED UNCLAS SECTION 06 OF 09 TOKYO 006818

USIA

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

CERTAIN, DESIRES TO "PAVE THE WAY FOR A SETTLEMENT" OF THE TERRITORIAL ISSUE, BASED ON THOSE THREE PRINCIPLES, BY SETTING IMPROVEMENT OF RELATIONS WITH RUSSIA AS THE AXIS OF HIS DIPLOMATIC TARGET IN HIS SECOND TERM IN OFFICE. TO ACHIEVE THAT END, THE PRIME MINISTER WILL EXPLAIN JAPAN'S NEW POLICY LINE AT THE PLANNED TALKS WITH PRESIDENT YELTSIN AND SEEK UNDERSTANDING FROM HIM: HE WILL THEN EXPRESS HIS INTENTION TO PROMOTE PROSPECTS FOR A SETTLEMENT OF THE TERRITORIAL PROBLEM, WHILE BUILDING UP AN OVERALL RELATIONSHIP OF TRUST, INCLUDING EXPANSION OF ECONOMIC CORPORATION, IN HOPES OF OBTAINING APPROVAL FROM THE RUSSIAN SIDE.

IRKUTSK IS A CITY BY LAKE BAIKAL, WHERE PRESIDENT YELTSIN'S COTTAGE IS LOCATED.

RUSSIA POLICY NOW BEING LED BY THE PRIME MINISTER AND HIS STAFF (ASAHI - PAGE 2)

PRIME MINISTER RYUTARO HASHIMOTO IN HIS SPEECH GIVEN ON JULY 24TH HAMMERED OUT HIS NEW FOREIGN POLICY TOWARD RUSSIA, WHICH IS SHOWCASED BY THREE PRINCIPLES, SUCH AS "MUTUAL BENEFITS." THE RUSSIANS SHOWED A GOOD RESPONSE TO HIS SPEECH, AND IN THE GOVERNMENT, SOME PRAISED IT, NOTING, "IT IS A SIGNIFICANT SPEECH THAT WILL HAVE ITS PLACE IN THE POST-WAR HISTORY OF OUR DIPLOMACY" (INSIDER OF THE MINISTRY OF FOREIGN AFFAIRS (MOFA)). WHAT COMES

UP TO THE FOREGROUND FROM PUTTING TOGETHER ACCOUNTS BY RELEVANT OFFICIALS IS THAT A DRAFT SPEECH WAS NOT WRITTEN BY MOFA BUT BY OFFICIALS IN THE PRIME MINISTER'S OFFICIAL RESIDENCE AND THAT IT LATER WAS MODIFIED BY MOFA. NOW "THE PRIME MINISTER'S LEADERSHIP" IS BECOMING SALIENT AS WAS IN LAST YEAR'S TALKS WITH THE UNITED STATES ON THE RETURN OF THE U.S. FORCES' FUTENMA AIR STATION.

-- TRUST RELATIONSHIP

"IT'S AFTER ALL THE DENVER SUMMIT. ALTHOUGH SINCE LAST YEAR, I HAVE CONSIDERED VARIOUS MATTERS, THE MAJOR FACTOR WAS A RELATIONSHIP OF TRUST WAS BUILT BETWEEN PRESIDENT YELTSIN AND MYSELF WITH THE GROUP OF SEVEN INDUSTRIALIZED NATIONS SUMMIT SHIFTING INTO A GROUP OF EIGHT," PRIME MINISTER HASHIMOTO SAID TO PERSONS CLOSE TO HIM AS THE REASON WHY HE WORKED OUT A NEW FOREIGN POLICY IN HIS SPEECH. IN THE MEETING HELD IN DENVER ON JUNE 20, THE PRIME MINISTER CONVEYED TO YELTSIN HIS STRONG DESIRE TO IMPROVE BILATERAL TIES, NOTING: "LET'S BUILD A NEW RELATIONSHIP FOR JAPAN AND RUSSIA BETWEEN YOU AND ME." REPORTEDLY THE PRIME MINISTER HAS GAINED MORE OF CONFIDENCE IN DOING SO, FOR HIS PROPOSAL FOR HOLDING A DIALOGUE IN THE FAR EAST OF RUSSIA WITHIN THE YEAR WAS FAVORABLY ACCEPTED BY THE PRESIDENT.

LATER THE PRESIDENT HELD A TELEPHONE CONVERSATION WITH KEIZO OBUCHI, FORMER VICE PRESIDENT OF THE LIBERAL DEMOCRATIC PARTY (LDP), WHO TRAVELED TO RUSSIA IN EARLY JULY. RIGHT AFTER THAT, THE JAPANESE AND RUSSIAN GOVERNMENTS MANAGED TO REACH AN AGREEMENT IN PRINCIPLE ON CONTROL RIGHTS IN FISHERIES TALKS ON WATERS AROUND THE NORTHERN TERRITORIES, AN OUTSTANDING ISSUE LYING BETWEEN THE TWO COUNTRIES. JAPAN-RUSSIA RELATIONS THIS WAY APPEAR "TO BE TAKING A TURN FOR THE BETTER IN EVERY ASPECT" (GOVERNMENT-RELATED OFFICIAL). IN THE BACKDROP OF THIS WAS IMPROVEMENT IN UNITED STATES-RUSSIA TIES.

IN ORDER TO GIVE IMPETUS TO THIS FAVORABLE TREND AND ALSO TO SHOW JAPAN'S POSITION BEFORE THE SUMMIT MEETING WITH PRESIDENT YELTSIN POSSIBLY TO TAKE PLACE IN EARLY NOVEMBER, THE JULY 24 MEETING OF THE JAPAN ASSOCIATION OF CORPORATE EXECUTIVES (KEIZAI DOYUKAI) WAS PICKED.

-- 40 PERCENT MODIFIED

UNCLAS SECTION 07 OF 09 TOKYO 006818

USIA

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

OFFICIALS CONCERNED CALLED THE DRAFT DOCUMENT, THE BASIS FOR THE SPEECH, "THE PRIMARY PAPER." WHEN THE PAPER WAS HANDED BY THE PRIME MINISTER'S OFFICIAL RESIDENT SIDE TO MOFA IN MID-JULY, MOFA APPARENTLY WAS SURPRISED, FOR THE PAPER INCLUDED NOT ONLY BASIC POLICY APPROACHES TO IMPROVE BILATERAL RELATIONS BUT ALSO SPECIFIC PROPOSALS THAT WERE DIVIDED INTO FOUR STAGES FOR A SETTLEMENT OF THE NORTHERN TERRITORIES ISSUE. THE PAPER WAS RIGHT AWAY REVISED FOR THE REASONS: "IT IS NOT IN SUCH A STAGE," OR "DIPLOMATICALLY SPEAKING, IT IS ARTLESS."

AFTER DELETING THE PORTIONS CONNECTED TO THE NORTHERN TERRITORIES, THE SO-CALLED THREE PRINCIPLES -- "MUTUAL BENEFITS," "TRUST," AND "A LONG-TERM PERSPECTIVE" -- WERE PLACED IN THE CENTER OF THE SPEECH, RESULTING IN MODIFYING "40 PERCENT OR SO OF THE ORIGINAL PAPER." ON THE EVENING OF THE DAY BEFORE HE GAVE A SPEECH, RELEVANT OFFICIALS GATHERED TOGETHER IN THE PRIME MINISTER'S OFFICE, AND WHEN THE DRAFT WAS READ, THE PRIME MINISTER GAVE DETAILED INSTRUCTIONS FOR ALTERATIONS, BUT IN OUTLINE, THE MODIFIED PAPER RECEIVED APPROVAL FROM THE PRIME MINISTER.

THIS WAY MOFA SAVED ITS FACE SOMEHOW, BUT IT WAS APPARENTLY SHOCKED AT ITS HAVING BEEN UNABLE TO TAKE THE LEAD IN CREATING A FOREIGN POLICY SPEECH. AN AIDE TO THE PRIME MINISTER EVEN COMMENTS: "IT IS A PITY TO SEE SUCH A MOFA. SINCE ITS TERRITORY WAS IN A WAY INVADED, NATURALLY IT SHOULD HAVE RAGED AGAINST IT."

-- MITI ALSO INVOLVED

A SPEECH THAT IS GIVEN TO KEIZAI DOYUKAI IS USUALLY COMPILED BY THE MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY (MITI), SO THIS TIME, TOO, RUMOR HAS IT THAT IT WAS WRITTEN WITH "MITI'S INITIATIVE," BUT THE MINISTRY DENIES IT, NOTING: "WE DON'T ACT LIKE MEDDLING IN THE NORTHERN TERRITORIES ISSUE" (SENIOR OFFICIAL).

JUDGING FROM ACCOUNTS PUT TOGETHER FROM RELEVANT OFFICIALS, (A) MITI OFFICIAL(S) WAS(WERE) CERTAINLY INVOLVED IN FORMULATING THE PRIMARY PAPER, BUT IT DOES NOT SEEM THE IDEA WAS NOT LIMITED TO MITI'S. PRIOR TO THE SPEECH, THE PRIME MINISTER'S OFFICIAL RESIDENCE RECEIVED INFORMAL MEMOS RELATED TO HOW TO SPEAK ABOUT FUTURE RELATIONS WITH RUSSIA FROM LDP POLITICIANS, BUSINESSMEN, PRIVATE-SECTOR PEOPLE, AND SENIOR MOFA OFFICIALS, ALL CONCERNED WITH RELATIONS WITH RUSSIA. THE PAPER WAS THEN COMPILED IN THE WAY OF PUTTING TOGETHER ALL OF THEM.

AS IF TO PROVE THAT, TOWARD FORMER VICE LDP PRESIDENT OBUCHI, WHO AFTER HIS RETURN HOME FROM RUSSIA, REPORTED ON THE SIGNIFICANCE OF ENERGY DEVELOPMENT, THE PRIME

MINISTER WHISPERED ON THE EVE OF HIS SPEECH: "I WILL SPEAK OF IT TOMORROW. YOUR OPINIONS WERE ALSO OF HELP TO ME."

THE APPROACH OF DETERMINING A POLICY DIRECTION BY INDEPENDENTLY GATHERING VIEWS FROM CONCERNED PEOPLE WAS ALREADY ADOPTED BY THE PRIME MINISTER AT A TIME WHEN HE MANAGED TO REACH AN ACCORD WITH THE U.S. ON THE RETURN OF THE FUTENMA AIR STATE LAST YEAR AND WHEN HE COMPILED AN OFFSHORE HELIPORT PLAN. IN BOTH CASES, THE PRIME MINISTER DECIDED TO DO SO DESPITE OPPOSITION FROM MOFA AND THE JAPAN DEFENSE AGENCY, AND HIS INITIATIVE HELD THE SPOTLIGHT.

THERE HAS YET TO BE ANY SCENE IN WHICH HE MEETS WITH OPPOSITION FROM THE BUREAUCRACY OVER THE RUSSIA POLICY, BUT HIS STANCE OF TRYING TO HOLD ON TO LEADERSHIP HAS NOW BECOME CLEARER.

UNCLAS SECTION 08 OF 09 TOKYO 006818

USIA

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

FIRST CONSTRAINING OF HOST NATION SUPPORT BUDGET TO START NEXT YEAR FOR THREE YEARS (NIHON KEIZAI - PAGE 1)

THE JAPAN DEFENSE AGENCY (JDA) YESTERDAY REACHED A POLICY DIRECTION TO CONSTRAIN JAPAN'S HOST-NATION SUPPORT FOR THE U.S. FORCES IN JAPAN (USFJ) TO A LEVEL BELOW THE PREVIOUS YEAR'S LEVEL FROM FY1998 TO FY2000 IN LINE WITH THE GOVERNMENT'S FISCAL STRUCTURAL REFORM PROGRAM. THE JDA PLANS TO BEGIN COORDINATION SOON WITH THE U.S. SIDE WITH THE FOCUS OF RETRENCHMENT ON FACILITY MAINTENANCE EXPENSES. REACHING A CONCLUSION THAT IN ORDER TO PARE DOWN OVERALL DEFENSE-RELATED OUTLAYS, REDUCING THE SELF-DEFENSE FORCES' (SDF) PORTION WOULD NOT BE ENOUGH, THE JDA HAS DECIDED TO SEEK SUBSTANTIAL CORPORATION FROM THE USFJ AS WELL. JAPAN'S HOST-NATION SUPPORT FOR THE USFJ HAS BEEN ON THE RISE EVER SINCE THE PROGRAM STARTED IN FY1978. SETTING ZERO GROWTH WOULD BE THE FIRST CASE.

JAPAN'S HOST-NATION SUPPORT, COMMONLY CALLED THE "SYMPATHY BUDGET" IN JAPAN, TOTALED 273.7 BILLION YEN IN FY1997. ITS BREAKDOWN: 146.2 MILLION YEN FOR SALARIES AND WAGES FOR JAPANESE PERSONNEL; 95.3 BILLION YEN FOR FACILITIES EXPENSES; AND 31.9 BILLION YEN FOR UTILITIES.

SPECIFICALLY, THE JDA PLANS TO CONSTRAIN MAINTENANCE COST FOR SUCH FACILITIES AS U.S. MILITARY BILLETTS AND HOUSING BELOW THE PREVIOUS YEAR'S LEVEL FOR THREE YEARS BY PROLONGING CONSTRUCTION PERIODS OR POSTPONING PAYMENTS FOR LATER YEARS. BECAUSE JAPAN IS OBLIGATORY TO SHOULDER LABOR COST AND UTILITIES UNDER A BILATERAL AGREEMENT, THOSE ITEMS WILL BE EXCLUDED FROM THE REDUCTION PLAN. INSTEAD, JAPAN WILL SEEK GREATER COST-CUTTING EFFORT OF THE U.S. SIDE.

NEVERTHELESS, WITH THE USFJ EXPRESSING A CONCERN TOWARD A DEEP "SYMPATHY BUDGET" CUT, THE ULTIMATE LEVEL OF CURTAILMENT IS STILL NOT CLEAR.

(ED. NOTE: THE ASAHI HAD A SIMILAR REPORT.)

GOVERNMENT CONSIDERING MAKING QEMERGENCIES IN AREAS SURROUNDING JAPANQ SPECIFIC (TOKYO SHIMBUN - PAGE 1)

THE GOVERNMENT IS NOW IN THE PROCESS OF REVIEWING GUIDELINES FOR DEFENSE COOPERATION BETWEEN JAPAN AND THE U.S., AND THE FOCUS IS NOW ON VARIOUS SITUATIONS THAT COULD EMERGE IN AREAS SURROUNDING JAPAN (PERIPHERAL EMERGENCIES). REGARDING SUCH CONTINGENCIES, THE GOVERNMENT BEGAN ON THE 4TH TO CONSIDER EXEMPLIFYING SPECIFIC CASES THAT COULD BE SUBJECT TO BILATERAL COOPERATION. SUCH CASE STUDIES PLACE EMPHASIS ON "POSSIBLE SITUATIONS," RATHER THAN ON A "GEOGRAPHICAL NOTION" OF PERIPHERAL EMERGENCIES FROM THE ASPECT OF WHETHER OR NOT TO INCLUDE TAIWAN. THE AIM OF SUCH EXEMPLIFICATION IS TO OBTAIN UNDERSTANDING FROM CHINA AND OTHER NEIGHBORING COUNTRIES. IN SEPTEMBER THE GOVERNMENT IS TO RELEASE A FINAL REPORT, WHICH IS ALSO EXPECTED TO INCORPORATE SUPPLEMENTARY WORDING WITH EMPHASIS ON THE GOVERNMENT'S HAVING IN MIND NO SUCH GEOGRAPHICAL CONCEPT OF PERIPHERAL EMERGENCIES.

JAPAN DEFENSE AGENCY DIRECTOR GENERAL FUMIO KYUMA HAS ORDERED JDA'S ADMINISTRATIVE OFFICIALS TO LOOK INTO THE POSSIBILITY OF EXEMPLIFYING SPECIFIC CASES.

THE INTERIM REPORT, RELEASED IN EARLY JUNE, DEFINES EMERGENCIES IN AREAS AROUND JAPAN AS "SITUATIONS IN AREAS SURROUNDING JAPAN THAT WILL HAVE AN IMPORTANT INFLUENCE ON JAPAN'S PEACE AND SECURITY." HOWEVER, IT HAS NOT ARTICULATED ANY SPECIFIC CASES IN CONCRETE TERMS.

REGARDING THE BOUNDS OF AREAS AROUND JAPAN AS WELL, THE GOVERNMENT HAS EXCLUDED DISTANT PLACES, EXPLAINING THAT "THE OTHER SIDE OF THE EARTH IS NOT INCLUDED" AND "THE INDIAN OCEAN AND THE MIDDLE EAST ARE NOT ANTICIPATED."

UNCLAS SECTION 09 OF 09 TOKYO 006818

USIA

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

CHEMTOB IN ANT-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 AUGUST 5

ON THE OTHER HAND, HOWEVER, THE GOVERNMENT HAS NOT
CLARIFIED WHETHER SUCH AREAS INCLUDE TAIWAN AND THE
SPRATLY ISLANDS -- A MATTER OF CONCERN TO CHINA.

CONCERNING THAT POINT, THE SOCIAL DEMOCRATIC PARTY HAS
BEEN INSISTING ON EXCLUDING TAIWAN. SO, THE GEOGRAPHICAL
ZONE OF SUCH PERIPHERIES HAS NOW COME UP AS A MAJOR POINT
AT ISSUE AMONG THE RULING PARTIES.

THE GOVERNMENT FEARED THAT ARGUING ABOUT GEOGRAPHICAL
BOUNDS WOULD GIVE RISE TO DIPLOMATIC PROBLEMS, AND THAT
SUCH COULD SHAVE OFF THE EFFECTS OF SECURITY STRATEGIES.
THEREFORE, THE GOVERNMENT WAS PRESSED FOR A SWITCHOVER OF
SUCH CONTROVERSY TO DISCUSSIONS CENTERING ON SPECIFIC
SITUATIONS.

IN CONCRETE TERMS, THE GOVERNMENT HAS SPECIFIED
PERIPHERAL EMERGENCIES IN AREAS AROUND JAPAN, SUCH AS:
(1) ARMED CONFLICTS; (2) NUMEROUS REFUGEES RESULTING FROM
A TURMOIL OF THE POLITICAL SITUATION IN A COUNTRY; AND
(3) ECONOMIC SANCTIONS ON A SPECIFIC COUNTRY. FROM NOW
ON, THE FOREIGN MINISTRY AND JDA ARE GOING TO WORK OUT
DETAILS ABOUT SUCH CASES STUDIES. CRANE

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Withdrawal/Redaction Marker

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
002. cable	Re: Japan-U.S. / Okinawa Base Issues (4 pages)	08/05/1997	P1/b(1)

COLLECTION:

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

FOLDER TITLE:

[08/01/1997 - 08/08/1997]

2016-0420-F
sb1906

RESTRICTION CODES

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

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

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

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

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

RR. Document will be reviewed upon request.

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

Withdrawal/Redaction Marker

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
003. cable	Re: Digest Executive Edition (12 pages)	08/06/1997	P1/b(1)

COLLECTION:

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

FOLDER TITLE:

[08/01/1997 - 08/08/1997]

2016-0420-F
sb1906

RESTRICTION CODES

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

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
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Freedom of Information Act - [5 U.S.C. 552(b)]

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
004. cable	Re: Courtesy Calls (5 pages)	08/08/1997	P1/b(1)

COLLECTION:

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

FOLDER TITLE:

[08/01/1997 - 08/08/1997]

2016-0420-F
sb1906

RESTRICTION CODES

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

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
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PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

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- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

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Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
005. cable	Re: Host Nation Support (4 pages)	08/08/1997	P1/b(1)

COLLECTION:

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

FOLDER TITLE:

[08/01/1997 - 08/08/1997]

2016-0420-F
sb1906

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