

Withdrawal/Redaction Sheet

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. cable	Re: Support Cable East Asia Brief (5 pages)	10/07/1997	P1/b(1)
002. cable	Re: Futenma Provisional Operating Requirements (5 pages)	10/07/1997	P1/b(1)
003. cable	Re: October 17 Meeting (2 pages)	10/10/1997	P1/b(1)
004. cable	Re: September 23 Meeting (10 pages)	10/15/1997	P1/b(1)
005. cable	Re: Futenma Relocation (5 pages)	10/15/1997	P1/b(1)
006. cable	Re: Importance of SBF [Sea-Based Facility] (4 pages)	10/17/1997	P1/b(1)
007. cable	Re: Futenma Replacement - U.S. - Japan Security Relationship (5 pages)	10/18/1997	P1/b(1)

COLLECTION:

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

FOLDER TITLE:

[10/06/1997 - 10/18/1997]

2016-0420-F
sb1911

RESTRICTION CODES

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

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

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

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

RR. Document will be reviewed upon request.

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

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

Cable

PREC: IMMEDIATE

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INFO: RUEHRC/USDA FAS WASHDC 3882

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SUBJ: JAPANESE MORNING PRESS HIGHLIGHTS OCTOBER 6

TOP HEADLINES:

TEXT:

UNCLAS SECTION 01 OF 08 TOKYO 008722

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 OCTOBER 6

TOP HEADLINES:

ASAHI: TO INDICT 10 SOME ODD PROFESSIONAL BASEBALL
PLAYERS ON CHARGE OF TAX EVASION UNDER INSTRUCTIONS;
NARROWED DOWN FROM 28 PERSONS BY NATIONAL TAX
ADMINISTRATION OFFICERS

NIHON KEIZAI: PRIME MINISTER INTENDS TO RECONSIDER INTERIM REPORT RELEASED BY ADMINISTRATIVE REFORM PANEL; WILL KEEP THREE POSTAL SERVICES STATE-RUN; DISMANTLING OF CONSTRUCTION MINISTRY PUT ON HOLD, OUT OF CONSIDERATION FOR LDP (TRANSLATION BELOW)

TOKYO SHIMBUN: GREENHOUSE-EFFECT GASES CUTS; NEGATIVE ABOUT PLACING DEVELOPING COUNTRIES UNDER OBLIGATION; TARGET GOALS SHOWN BY EACH COUNCIL WILL BE LISTED; KYOTO CONFERENCE'S PROTOCOL WATERED DOWN BY CHAIRMAN

MAINICHI: NTT RESEARCH INSTITUTE TELECOMMUNICATIONS WEBS INVADED; LEAKAGE OF BUSINESS SOFTWARE; WEAKNESS IN SECURITY MEASURES EXPLOITED; FOR MORE THAN ONE YEAR INVASION BY OUTSIDERS

YOMIURI: GREENHOUSE-EFFECT GASES: DEVELOPING COUNTRIES WILL ALSO BE OBLIGED TO FOLLOW RESTRICTIONS IN FUTURE; FIVE INDUSTRIALIZED COUNTRIES IN ASIA-PACIFIC AGREE; TO SPECIFY AT KYOTO CONFERENCE

SANKEI: LDP'S ECONOMIC STIMULUS MEASURES; TO PROPOSE PREFERENTIAL TAX SYSTEM FOR LAND FLUIDITY; WILL CONSIDER SPECIAL LAW FOR PROMOTION OF CONVERTING COLLATERAL PROPERTIES INTO BONDS (TRANSLATION BELOW)

PRIME MINISTER GIVES IN TO PRESSURE FOR REVISIONS IN INTERIM ADMINISTRATIVE REFORM REPORT
(NIHON KEIZAI - TOP PLAY)

PRIME MINISTER RYUTARO HASHIMOTO FIRMED UP HIS POLICY APPROACH YESTERDAY TO MODIFY THE INTERIM REPORT DETERMINED IN SEPTEMBER BY THE CONFERENCE ON ADMINISTRATIVE REFORM ON REORGANIZATION OF CENTRAL GOVERNMENT OFFICES, OUT OF CONSIDERATION FOR VEHEMENT OBJECTIONS IN THE LIBERAL DEMOCRATIC PARTY (LDP). MAJOR MODIFICATIONS WILL INCLUDE: 1) RETRACTING THE PROPOSAL FOR PRIVATIZING A PORTION OF THE THREE POSTAL SERVICES AND KEEP ALL THE THREE SERVICES STATE-OPERATED; 2) SHELVE THE SEPARATING OF THE RIVER BUREAU FROM THE MINISTRY OF CONSTRUCTION (MOC); AND 3) REEXAMINING THE PROBLEM OF SEPARATING OFF FINANCIAL AND BANKING SECTORS FROM THE MINISTRY OF FINANCE (MOF) AND FLESHING OUT REFORM OF MOF, INCLUDING SEPARATION OF THE NATIONAL TAX ADMINISTRATION AGENCY. THE REORGANIZATIONAL FRAMEWORK TO SHIFT FROM THE PRESENT SYSTEM OF ONE OFFICE AND 21 MINISTRIES AND AGENCIES TO A SYSTEM OF ONE OFFICE AND 12 MINISTRIES AND AGENCIES WILL BE SOLIDLY MAINTAINED. AFTER CAREFULLY WATCHING THE TREND OF DEBATE AND OTHER FACTORS IN THE RULING CAMP, THE PRIME MINISTER WILL MAKE A FINAL DECISION BEFORE THE FINAL REPORT IS SET AT THE END OF NOVEMBER.

THE CONFERENCE ON ADMINISTRATIVE REFORM (CAR) (CHAIRMANED BY PRIME MINISTER RYUTARO HASHIMOTO) IN ITS INTERIM REPORT HAMMERED OUT A PLAN TO PRIVATIZE POSTAL INSURANCE, ONE OF THE THREE POSTAL SERVICES, TIMED TO REALIGNMENT OF GOVERNMENT MINISTRIES AND AGENCIES IN THE YEAR 2001, AND

ON THE POSTAL SAVINGS SERVICES, TO PROMOTE PREPARATIONS SO AS TO PRIVATIZE IT AT AN EARLY DATE. REGARDING NATIONAL LAND CONSOLIDATION, THE REPORT HAS SUGGESTED ESTABLISHING A "NATIONAL LAND PRESERVATION MINISTRY" BY COMBINING THE RIVER BUREAU UNDER MOC AND THE MINISTRY OF AGRICULTURE, FORESTRY AND FISHERIES (MAFF) AND ALSO CREATING A "NATIONAL LAND MINISTRY" BY MERGING THE UNCLAS SECTION 02 OF 08 TOKYO 008722

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 OCTOBER 6

REMAINING BUREAUS UNDER MOC, SUCH AS THE ROAD BUREAU, AND THE MINISTRY OF TRANSPORT (MOT).

CRITICISM IN THE LDP, HOWEVER, ERUPTED AGAINST THE PLAN TO PRIVATIZE POSTAL INSURANCE, OUT OF CONSIDERATION FOR THE JAPAN PRIVATELY-OWNED POST OFFICES' MANAGERS ASSOCIATION, AN INFLUENTIAL VOTE-GATHERING ORGANIZATION. THE PROPOSED BREAKING APART OF MOC ALSO CAUSED A SURGE OF DISCONTENT. BEING AWARE OF THESE CIRCUMSTANCES, THE PRIME MINISTER HAS JUDGED IT DIFFICULT TO PRIVATIZE A PORTION OF THE THREE POSTAL SERVICES AND TO DISBAND MOC OVER THE OPPOSITION IN HIS PARTY, SO HE HAS MADE UP HIS MIND TO RECONSIDER THE CONTENTS OF THE INTERIM REPORT.

DEBATES ON THE POSTAL SERVICES THAT ARE TO START SOON WILL CENTER ON HOW TO IMPROVE THE MANAGERIAL METHODS WHILE KEEPING THEM STATE-OPERATED. THE LDP'S ADMINISTRATIVE REFORM PROMOTION HEADQUARTERS (HEADED BY KABUN MUTO) IS OPPOSED TO THE PRIVATIZATION OF SUCH SERVICES, BUT HAS ASSUMED THE STANCE OF ACCEPTING REFORM PROPOSALS AS ARE SHOWN BY THE INTERIM REPORT, SUCH AS "ABROGATING THE DEPOSITS SYSTEM UNDER WHICH POSTAL SAVINGS FUNDS ARE DEPOSITED AT THE TRUST FUND BUREAU AND INSTEAD ADOPTING A SYSTEM UNDER WHICH THE POSTAL SERVICES WILL MAKE PAYMENTS TO THE NATIONAL TREASURY." THROUGH TAKING DRASTIC MEASURES TO CHANGE THE PREVIOUS MANAGERIAL METHODS, THE PRIME MINISTER INTENDS TO REFORM THE PREVIOUS WAY THE POSTAL SERVICES HAVE BEEN.

ON THE QUESTION OF SEPARATING FINANCIAL AND BANKING FUNCTIONS FROM MOF, THE PRIME MINISTER WILL COPE WITH IT BY NARROWING DOWN TO AS SMALL A SCOPE AS POSSIBLE THE SPHERE COVERED BY THE BANKING SECTOR, WHICH HAS BEEN DETERMINED TO BE LEFT IN MOF ON THE PRETEXT OF "MAINTAINING THE MARKET CREDIT ORDER" WHILE ENVISAGING

SUCH PROPOSALS AS TRANSFERRING A PORTION OF SUCH A SECTOR TO A FINANCIAL SUPERVISION AGENCY THAT IS PLANNED TO BE ESTABLISHED. AT THE SAME TIME, HE WOULD LIKE TO CLEARLY HAMMER OUT SEPARATION OF THE NATIONAL TAX ADMINISTRATION AGENCY FROM MOF, A FUTURE TASK TO DEAL WITH.

THE REASON WHY THE PRIME MINISTER IS GOING TO TAKE A STEP FORWARD TOWARD REFORMING MOF, ALTHOUGH SUCH REFORM WAS LEFT AMBIGUOUS IN THE INTERIM REPORT, IS BECAUSE HE WANTS TO ABATE ANY POSSIBLE CRITICISM THAT "HASHIMOTO-LED ADMINISTRATIVE REFORM HAS NOW RETREATED DUE TO PRESSURE FROM POLICY-CLIQUE (ZOKU) LAWMAKERS IN THE WAKE OF HIS ABANDONING THE REVIEW OF THE MANAGERIAL SYSTEMS FOR THE POSTAL SERVICES."

IF THE FRAMEWORK OF ONE OFFICE AND 12 MINISTRIES AND AGENCIES WERE FIRMLY UPHELD, HE COULD KEEP THE PLEDGE MADE BY THE LDP IN LAST YEAR'S LOWER-HOUSE ELECTION CAMPAIGN THAT "WE WILL SLICE THE NUMBER OF MINISTRIES AND AGENCIES TO NEARLY A HALF." BUT SINCE THE POSTAL SERVICES, WHICH HAVE ALREADY BEEN OPERATED LIKE PRIVATE FIRMS, WILL BE KEPT STATE-RUN, IT IS VERY LIKELY THAT THE MINISTRIES AND AGENCIES AND LABOR UNIONS WILL VOICE STRONGER OPPOSITION TO SCHEMES STREAMLINING ADMINISTRATIVE ORGANS BY SUCH MEANS AS ESTABLISHING INDEPENDENT ADMINISTRATIVE CORPORATIONS (A JAPANESE-STYLE AGENCY SYSTEM) TO SEPARATE THE POLICY-IMPLEMENTATION FUNCTIONS FROM MINISTRIES AND AGENCIES.

FINANCE MINISTRY REFORM REFOCUSES ON SEPARATING OFF FISCAL AND FINANCIAL AREAS (YOMIURI - PAGE 1)

THE ADMINISTRATIVE REFORM PROMOTION HEADQUARTERS (CHAIRER BY KABUN MUTO) OF THE LIBERAL DEMOCRATIC PARTY (LDP) YESTERDAY STARTED FULL-FLEDGED WORK TO COORDINATE INTRA-PARTY VIEWS IN THE DIRECTION OF SEPARATING THE FINANCE MINISTRY'S (MOF) FINANCIAL AND FISCAL FUNCTIONS -- ONE OF UNCLAS SECTION 03 OF 08 TOKYO 008722

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 OCTOBER 6

STICKY ISSUES IN RESTRUCTURING CENTRAL GOVERNMENT MINISTRIES AND AGENCIES. ALL THE MORE BECAUSE THIS POLICY DIRECTION IS AIMED TO CORRECT THE PLAN FOR UNIFYING THE TWO FUNCTIONS FINANCIAL, WHICH WAS PROPOSED IN THE INTERIM REPORT OF THE GOVERNMENT'S CONFERENCE ON

ADMINISTRATIVE REFORM (HEADED BY PRIME MINISTER HASHIMOTO), THE LDP REFORM GROUP WILL UNAVOIDABLY FACE DIFFICULT NEGOTIATIONS WITH THE LDP AND THE MOF.

THE GOVERNMENT'S PANEL IN ITS INTERIM REPORT PROPOSED THAT THE FINANCIAL SECTION AS WELL AS THE FISCAL PLANNING AND DESIGNING SECTION SHOULD BE RETAINED IN MOF. THE LPD'S FINANCIAL SUBCOMMITTEE HAS ALSO INSISTED: "IN ORDER TO MAINTAIN FINANCIAL CONFIDENCE AND ORDER, IT IS INDISPENSABLE TO RETAIN THE FISCAL PLANNING AND DESIGNING SECTION IN MOF." IN CONTRAST, MUTO AND ADMINISTRATIVE REFORM PROMOTION HEADQUARTERS' MEMBERS HAVE REVEALED THE VIEW THAT "ONCE FINANCIAL UNCERTAINTY APPEARS, NOT ONLY MOF BUT THE GOVERNMENT AS A WHOLE SHOULD STEP UP EFFORTS. SO, THE FINANCIAL AND FISCAL FUNCTIONS SHOULD BE SEPARATED."

IN THE PAST, HOWEVER, THE LDP, THE SOCIAL DEMOCRATIC PARTY (SDP) AND SAKIGAKE PARTY, REACTING TO THE MOF'S DECISION IN THE COURSE OF REFORMING MOF AND THE BANK OF JAPAN TO ESTABLISH A FISCAL SURVEILLANCE AGENCY THAT HOUSES THE MOF'S FINANCIAL INSPECTION AND SURVEILLANCE SECTION, REACHED AN AGREEMENT TO BREAK AWAY THE FISCAL AND FINANCIAL FUNCTIONS. GIVEN THIS BACKGROUND, THE SDP AND SAKIGAKE HAVE INDICATED THEIR INTENTION TO CALL FOR THIS AGREEMENT ALSO IN THE PROCESS OF STREAMLINING THE BUREAUCRACY. THE LDP'S ADMINISTRATIVE REFORM PANEL'S EFFORT TO IRON OUT DIFFERENCES IN THE PARTY OVER THE ISSUE OF BREAKING AWAY MOF'S FISCAL AND FINANCIAL FUNCTIONS APPARENTLY IS OUT OF THE NECESSITY FOR FUTURE COORDINATION AMONG THE THREE RULING PARTIES.

U.S. STUDYING JAPAN'S GREENHOUSE GAS PROPOSAL IN POSITIVE WAY (NIHON KEIZAI - PAGE 3)

(HONOLULU, OCTOBER 5, KEISUKE KUBOTA) ENVIRONMENT AGENCY DIRECTOR GENERAL HIROSHI OKI, ATTENDING AN ASIA-PACIFIC INFORMAL MINISTERIAL MEETING, MET ON THE 4TH WITH U.S. UNDERSECRETARY OF STATE WIRTH TO EXCHANGE VIEWS ON MEASURES FOR THE UNITED NATIONS CONFERENCE ON CLIMATE CHANGE IN KYOTO IN DECEMBER. UNDERSECRETARY WIRTH SAID THIS ABOUT JAPAN'S NUMERICAL REDUCTION TARGET THAT WAS REVEALED IN LATE SEPTEMBER: "WE ARE PLEASED WITH THE FACT THAT JAPAN CAME UP WITH A SPECIFIC TARGET." HIS COMMENT SUGGESTED THAT JAPAN'S PROPOSAL COULD BE USED AS A MODEL PLAN IN DIPLOMATIC TALKS.

IN THE SESSION, DIRECTOR GENERAL OKI SOUGHT U.S. UNDERSTANDING TOWARD JAPAN'S PLAN CALLING FOR ALL INDUSTRIALIZED COUNTRIES TO REDUCE GREENHOUSE GASES BY FIVE PERCENT FROM THE 1990 LEVELS DURING THE 2008 - 2012 PERIOD. IN RESPONSE, UNDERSECRETARY WIRTH NOTED, "IT IS AN INTERESTING PROPOSAL. WE WOULD LIKE TO CONTINUE TO LOOK INTO IT." HE THUS REVEALED THE U.S.' INTENTION TO CONSIDER IT POSITIVELY, ALTHOUGH THERE STILL EXISTS A GAP IN OPINIONS BETWEEN THE TWO COUNTRIES OVER THE TYPES OF GASES THAT SHOULD BE REDUCED.

REGARDING THE U.S. GOVERNMENT STILL NOT COMING UP WITH ITS TARGET, THE UNDERSECRETARY SAID, "I DO NOT KNOW WHEN WE WILL BE ABLE TO ANNOUNCE OUR PLAN IN VIEW OF PRESIDENT CLINTON'S SCHEDULE AND OTHER FACTORS." IN THE U.S., A CAMPAIGN OPPOSING GAS EMISSION REDUCTIONS HAS BEEN SPREADING AMONG INDUSTRIAL CIRCLES AND LABOR UNIONS. UNDERSECRETARY WIRTH EXPLAINED, "THE SITUATION HAS BEEN CHANGING RECENTLY, (DUE TO THE CAMPAIGN STAGED BY ENVIRONMENTAL GROUPS).
UNCLAS SECTION 04 OF 08 TOKYO 008722

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 OCTOBER 6

FORMER PRIME MINISTER NAKASONE CALLS US FORCES JAPANQS QWATCHDOGQ (TOKYO SHIMBUN - PAGE 1 OCT. 5 EDITION)

FORMER PRIME MINISTER YASUHIRO NAKASONE OF THE LIBERAL DEMOCRATIC PARTY (LDP), IN A SPEECH DELIVERED ON THE 4TH IN OTARU CITY, HOKKAIDO, STATED: "IT IS NOT NECESSARY FOR A POLITICIAN TO BE A SAINT." HIS WORDS INDICATED HIS PET VIEW ON THE POLITICAL ETHICS PROBLEM, WHICH HAS NOW FLARED UP AGAIN DUE TO HIS CONFIDANT KOKO SATO'S ENTRY INTO THE CABINET AND HIS SUBSEQUENT RESIGNATION. BUT HE DID NOT EXPRESS ANY SELF-REFLECTION ON HIS "HAVING ASKED (PRIME MINISTER HASHIMOTO TO GIVE A CABINET POST TO SATO) IN FORCEFUL STANCE." HIS REMARK IS LIKELY TO CREATE CONTROVERSY.

WHILE AVOIDING MENTIONING THE NAME OF SATO, NAKASONE STRESSED: "POLITICIANS SHOULD HAVE A BASIC MORALITY. BUT THAT IS NOT THE FIRST QUALIFICATION FOR BECOMING A POLITICIAN." CITING THE FACT THAT HE PICKED MUTSUKI KATO, WHO WAS BEING CALLED A "GRAY OFFICIAL" AS HIS CABINET MEMBER WHEN HE WAS PRIME MINISTER, HE ADDED: "I WAS FIERCELY CRITICIZED BY THE MASS MEDIA. I HOWEVER THOUGHT THAT THEY WOULD SEE THE FUTURE WORK OF (KATO). IF A POLITICIAN DOES NOT HAVE SUCH A VIEW, HE OR SHE WON'T PURSUE POLITICS."

HE THEN BLAMED THE MANAGEMENT OF THE PARTY BY SECRETARY GENERAL KOICHI KATO AND POLICY RESEARCH AFFAIRS COUNCIL CHAIRMAN TAKU YAMASAKI, SAYING "THEY ARE WISHY WASHY COMPARED TO OUR GENERATIONS," AND "THEY FEAR MAKING ENEMIES. THEIR STANCE IS TO SHREWDLY SETTLE PROBLEMS." HE WAS AS IF TO SAY THAT THE LDP LEADERSHIP WAS

RESPONSIBLE FOR NOT HAVING SATO REMAIN IN THE CABINET.

IN ADDITION, NAKASONE TOUCHED ON HIS CHARACTERIZATION OF UNITED STATES FORCES IN JAPAN (USFJ) UNDER JAPAN-U.S. SECURITY ARRANGEMENTS. HE STATED: "(THE USFJ) HAVE BEEN USED AS A 'WATCHDOG' IN ORDER TO PREVENT DISPUTES FROM OCCURRING IN THE ASIA-PACIFIC REGION AND FAR EAST. JAPAN PAYS MONEY TO THE U.S. TO HAVE ITS MILITARY STATIONED IN JAPAN. USING THE USFJ AS A WATCHDOG WAS A WISE DECISION."

RULING CAMP GIVES UP ATTEMPT TO REACH CONSENSUS ON QAREAS SURROUNDING JAPANQ (MAINICHI - PAGE 1, OCT. 4 EDITION)

THE TRILATERAL RULING CAMP OF THE LIBERAL DEMOCRATIC PARTY, SOCIAL DEMOCRATIC PARTY, AND SAKIGAKE PARTY HELD A MEETING ON THE 3RD OF THEIR CONSULTATIVE COUNCIL ON A REVIEW OF GUIDELINES FOR DEFENSE COOPERATION BETWEEN JAPAN AND THE U.S. HOWEVER, THE THREE PARTIES FAILED TO IRON OUT THEIR POLICY DIFFERENCES ON SUCH ISSUES AS THE DEFINITION OF "SITUATIONS IN AREAS SURROUNDING JAPAN" (OR SHUHEN JITAI), AND THEY HAVE NOW GIVEN UP REACHING AN AGREEMENT ON MATTERS TO BE CONFIRMED. THE LDP AND ITS TWO NONCABINET ALLIES HAVE GIVEN PRIORITY TO RETAINING THEIR CURRENT TRILATERAL FRAMEWORK WHILE SHELIVING UP THEIR ISSUES.

FROM NOW ON AS WELL, THE THREE PARTIES WILL DISCUSS SUCH MATTERS AS MAKING A DECISION ON MUTUAL COOPERATION PLANNING BETWEEN JAPAN AND THE U.S., MAKING PREPARATIONS FOR BILLS RELATING TO NEIGHBORING SITUATIONS, AND CONCLUDING AN ACQUISITION AND CROSS-SERVICING AGREEMENT (ACSA) BETWEEN JAPAN AND THE U.S. FOR EMERGENCY SITUATIONS.

SDPQS POLICY CHIEF OKINAWA SAYS GUIDELINES SHOULD BE APPROVED BY THE DIET (TOKYO SHIMBUN - PAGE 2)

REGARDING THE NEWLY ADOPTED SET OF GUIDELINES FOR JAPAN-
UNCLAS SECTION 05 OF 08 TOKYO 008722

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 OCTOBER 6

U.S. DEFENSE COOPERATION, KAZUO OIKAWA, CHAIRMAN OF THE SOCIAL DEMOCRATIC PARTY'S POLICY BOARD, REMARKED IN A TV PROGRAM AIRED ON THE 5TH BY NHK (NIPPON HOSO KYOKAI OR

JAPAN BROADCASTING CORPORATION): "IT MAY REQUIRE DIET APPROVAL IF THE PUBLIC CRIES OUT FOR IT." OIKAWA SO INSISTED ON THE NECESSITY OF CONSIDERING DIET APPROVAL WHILE SEEING THE FUTURE COURSE OF DIET DELIBERATIONS FROM NOW ON. OIKAWA HAS NOTED, "I THINK THERE WILL BE A COLLISION (BETWEEN THE NEW SET OF GUIDELINES AND THE CONSTITUTION)." MORE SPECIFICALLY, OIKAWA HAS EXPRESSED HIS CONCERN, SAYING: "IF U.S. MILITARY PLANES USE ALL DOMESTIC CIVILIAN AIRPORTS, JAPAN MIGHT BECOME AN UNSINKABLE AIRCRAFT CARRIER. TRANSPORTING WEAPONS AND AMMUNITION (TO U.S. NAVAL SHIPS ON THE HIGH SEAS) CAN BE REGARDED AS ONE WITH THE USE OF ARMED FORCE, AND (THE SELF-DEFENSE FORCES) WILL BE NO DIFFERENT FROM U.S. FORCES."

JDA AND US FORCES START COORDINATING PROCESS ON CONSTRUCTION OF HELIPORT OFF CAMP SCHWAB
(YOMIURI - PAGE 1, OCT. 5 EDITION)

REGARDING THE PROBLEM OF CONSTRUCTING AN ALTERNATIVE HELIPORT ALONG WITH THE PLANNED REVERSION OF THE U.S. FORCES' FUTENMA AIRFIELD IN OKINAWA PREFECTURE, A SEA-BASED FACILITY IS NOW BEING PLANNED TO BE CONSTRUCTED IN WATERS OFF CAMP SCHWAB (LOCATED IN NAGO CITY, OKINAWA PREFECTURE). IN ORDER TO PRESENT AN OUTLINE OF THE OFFSHORE FACILITY TO THE LOCAL MUNICIPALITY THIS MONTH, THE JAPAN DEFENSE AGENCY INFORMALLY ENTERED INTO COORDINATION WITH THE U.S. FORCES JAPAN ON THE 4TH. AT THE JAPANESE GOVERNMENT'S REQUEST, THE USFJ BEGAN LATE LAST MONTH TO COME UP WITH A LISTING OF "OPERATIONAL REQUIREMENTS" IN STAGES TO INDICATE THE OFFSHORE FACILITY'S FUNCTIONS AND OTHER MATTERS. JDA WANTS TO OBTAIN THE LOCAL COMMUNITY'S UNDERSTANDING THROUGH SUCH APPROACHES AS ALLOWING ONLY SAFE FLIGHT COURSES FOR HELICOPTERS TO BE ASSIGNED THERE.

REGARDING THE SEA-BASED INSTALLATION, THE JAPANESE AND U.S. GOVERNMENTS, AS A RESULT OF THEIR CONSULTATIONS TO DATE, HAVE NOW BASICALLY AGREED THAT: (1) FUTENMA AIR STATION'S OPERATIONAL FUNCTIONS FOR ABOUT 60 CHOPPERS ARE TO BE RETAINED; (2) THE OFFSHORE FACILITY IS TO HAVE AN OVERALL LENGTH OF ABOUT 1,500 METERS, AND ITS RUNWAY IS TO BE ABOUT 1,300 METERS LONG SO THAT IT CAN BE USED BY FIXED-WING AIRCRAFT AS WELL; AND (3) HELICOPTERS ARE TO FLY MOSTLY OVER THE SEA OR MOUNTAIN AREAS SO AS TO HOLD DOWN THE LEVEL OF NOISE POLLUTION AND PREVENT ACCIDENTS RESULTING IN INJURY OR DEATH. THE JAPANESE AND U.S. SIDES ARE NOW IN THE PROCESS OF COORDINATING SUCH MATTERS AS THE SCALE AND LOCATION OF REAR SUPPORT FACILITIES AND THE NUMBER OF PERSONNEL REQUIRED.

MEANWHILE, NAGO CITY HAS NOW ESTABLISHED A PLEBISCITE ORDINANCE TO TAKE A VOTE ON THE PROPRIETY OF CONSTRUCTING AN OFFSHORE FACILITY. THEREFORE, JDA WILL IMMEDIATELY WORK OUT A ROUGH PLAN TO MINIMIZE THE LEVEL OF NOISE POLLUTION AND THE DANGER OF ACCIDENTS, WHICH WILL DIRECTLY AFFECT THE LIVES OF LOCAL RESIDENTS, AND POSSIBLE EFFECTS ON THE SEA ENVIRONMENT, AND WILL PRESENT

IT TO NAGO CITY AND OKINAWA PREFECTURE.

GOVERNMENT TO REACH DECISION ON FOOD AID TO NORTH KOREA
NEXT WEEK WITH LDPQS APPROVAL
(NIHON KEIZAI - PAGE 2, OCT. 5 EDITION)

THE GOVERNMENT PLANS TO MAKE ITS DECISION THIS WEEK ON
IMPLEMENTING FOOD ASSISTANCE TO THE DEMOCRATIC PEOPLES
REPUBLIC OF KOREA (NORTH KOREA) VIA THE UNITED NATIONS.
WITH THE MOOD IN THE LIBERAL DEMOCRATIC PARTY (LDP)
OBJECTING TO FOOD AID HAVING AMELIORATED, THE JUDGMENT
UNCLAS SECTION 06 OF 08 TOKYO 008722

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 OCTOBER 6

WAS REACHED TO PREPARE THE ENVIRONMENT FOR THE DECISION.
THE FINAL DECISION WILL BE MADE WHILE WATCHING SUCH
ASPECTS AS NORTH KOREA'S RESPONSE TO THE THE PROBLEM OF
THE VISITS OF JAPANESE WIVES LIVING IN NORTH KOREA.

LDP READIES ECONOMIC STIMULUS PACKAGE CENTERED ON LAND-
USE POLICY (SANKEI - PAGE 1)

THE LIBERAL DEMOCRATIC PARTY (LDP) YESTERDAY COMPILED AN
ECONOMIC STIMULUS PACKAGE FEATURING AN AMENDMENT TO THE
TAX SYSTEM AIMED LAND LIQUIDATION AND MEASURES FOR USING
EFFECTIVE USE OF LAND. THIS POLICY LINE REFLECTS PRIME
MINISTER RYUTARO HASHIMOTO'S, WHO IS DEEPLY CONCERNED
ABOUT THE LONG-STAGNANT ECONOMY, INTENTION TO BRING THE
ECONOMY BACK ON THE TRACK THROUGH LAND LIQUIDATION
MEASURES, SUCH AS THE FRONTLOADING OF DEREGULATORY
EFFORTS AND A REVIEW OF LAND-RELATED TAX SYSTEMS. ALONG
THE PRIME MINISTER'S POLICY LINE, THE LDP HAS COME UP
WITH TAX SYSTEM PREFERENTIAL MEASURES, SUCH AS MEASURES
TO VITALIZE THE MARKET FOR SECURITIZING REAL ESTATE HELD
AS COLLATERAL, WHICH IS EXPECTED TO PROMOTE THE
LIQUIDATION OF NON-PERFORMING LOANS, AND A REDUCTION OF
TAXATION ON CAPITAL GAINS BY COMPANIES, WHICH IS IMPEDING
THE LIQUIDATION OF LAND. THE SPECIAL FEATURE OF THE
PACKAGE IS THAT IT INCLUDES AS IMPORTANT TASKS A STUDY
INTO THE POSSIBILITY OF ESTABLISHING SPECIAL-EXCEPTION
REGULATIONS THAT WILL EXEMPT FROM TAXATION A SPECIAL-
PURPOSE COMPANY (SPC) TO BE ESTABLISHED FOR THE
SECURITIZATION OF REAL ESTATE HELD AS COLLATERAL.

UNDER THE LDP PROPOSAL, IN CONNECTION WITH DEREGULATION,

A BUILDING LEASE SYSTEM WILL BE INTRODUCED AND THE MINIMUM PERIOD OF LEASE-HOLDING WILL BE SHORTENED. AS ADDITIONAL MEASURES DESIGNED TO PROMOTE LIQUIDATION OF LAND, THE FOLLOWING PROPOSALS HAVE BEEN MADE: (1) A REVIEW OF A SYSTEM THAT EXCLUDES DEFICIT-BALANCE CONSTRUCTION COMPANIES FROM DESIGNATION; (2) THE FRONTLOADING OF A REVIEW OF AREAS SUBJECT TO REGULATIONS SET UNDER THE FACTORIES, ETC., RESTRICTION LAW; AND (3) A SHIFT OF THE LAND TRANSACTION NOTIFICATION SYSTEM SET UNDER THE NATIONAL LAND UTILIZATION PLAN LAW TO AN EX POST FACTO SYSTEM.

ON TAX SYSTEM-RELATED ISSUES IN CONNECTION WITH BUSINESS OPERATIONS UNDER THE SPECIFIC REAL ESTATE JOINT BUSINESS LAW, UNDER WHICH UNIONS FINANCED BY INVESTORS MANAGE REAL ESTATE, THE REPORT PROPOSED TO SCRAP OR EASE SPECIAL EXEMPTION MEASURES ON THE TAX SYSTEM AND RESTRICTIONS ON THE TRANSFERS OF REAL ESTATE. FURTHERMORE, THE PACKAGE ACCORDS THE HIGHEST PRIORITY TO IMPROVEMENT OF THE TAX BREAK FOR TRADING UP RESIDENTIAL PROPERTY.

PROMOTION OF THE SECURITIZATION OF REAL ESTATE HELD AS COLLATERAL, WHICH IS DRAWING ATTENTION AS A MEANS TO LIQUIDATE LAND IS AIMED AT EFFICIENTLY LIQUIDATING LAND, BY ENHANCING THE LIQUIDATION OF SUCH BY DIVIDING BAD LOANS HELD BY FINANCIAL INSTITUTIONS INTO SMALL LOTS. THE SECURITIZATION OF REAL ESTATE IS DEEMED TO HAVE THE ADVANTAGE OF REVITALIZING THE REAL ESTATE MARKET, BY EXPANDING A SPECTRUM OF INVESTORS. IF THIS MEASURE IS TO BE REALIZED, A METHOD LIKELY TO BE ADOPTED IS FOR FINANCIAL INSTITUTIONS TO TRANSFER THEIR REAL ESTATE TO THE SPC, AND THE SPC WILL IN TURN OUT-SOURCE THE CONTROL, MANAGEMENT AND SALES OF SUCH. THE PROBLEM IN PROMOTING SECURITIZATION IS THAT THE CORPORATE TAX AND THE REGISTRATION AND LICENSING TAX WILL BE IMPOSED ON THE SPC.

KEIDANREN (FEDERATION OF ECONOMIC ORGANIZATIONS) HAS POINTED OUT, "IF THE SPC'S PROFITS AND EARNINGS ARE SUBJECT TO THE CORPORATE TAX, IT WILL BE A COMPLETELY DOUBLE TAXATION." IT HAS REQUESTED TO ADOPT SPECIAL-UNCLAS SECTION 07 OF 08 TOKYO 008722

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 OCTOBER 6

EXCEPTION REGULATIONS, SUCH AS EXEMPTION FROM THE

CORPORATE TAX. THE LDP HAS IN RESPONSE LAUNCHED INTO A FULL-FLEDGED CONSIDERATION INTO THE MATTER.

THE LDP INTENDS TO ESTABLISH AN "AD HOC ECONOMIC COUNTERMEASURES ADVISORY PANEL" CHAIRED BY TAKU YAMASAKI. THE PANEL WILL BY THE 20TH COMPILE AN ECONOMIC STIMULUS PACKAGE, CENTERED ON DEREGULATION AND THE LIQUIDATION OF LAND, AND CALL ON THE GOVERNMENT TO IMPLEMENT THE PROPOSED MEASURES.

-- LDP-SPONSORED LAND LIQUIDATION MEASURES (OUTLINE)

(DEREGULATION-RELATED)

1. SHIFT THE LAND TRANSACTION NOTIFICATION SYSTEM UNDER THE NATIONAL LAND UTILIZATION PLAN LAW TO AN EX POST FACTO SYSTEM
2. INTRODUCE A BUILDING LEASE SYSTEM AND SHORTEN THE MINIMUM PERIOD FOR THE LEASE HOLDING RIGHT
3. DEREGULATE CONSTRUCTION-RELATED GOVERNMENT CONTROLS, SUCH AS THE RELAXATION OF A RESTRICTION ON CAPACITY RATES OF HIGH-RISE RESIDENTIAL BUILDINGS IN URBAN AREAS
4. FRONTLOAD A REVIEW OF AREAS SUBJECT TO REGULATIONS UNDER THE FACTORY, ETC., RESTRICTIONS LAW
5. REVIEW A SYSTEM OF EXCLUDING DEFICIT-BALANCE CONSTRUCTION COMPANIES FROM DESIGNATION
6. SIMPLIFY PROCEDURES FOR CONVERSION OF FARM LAND TO OTHER PURPOSES
7. RELAX RESTRICTIONS ON THE TRANSFERS OF REAL ESTATE SET UNDER THE SPECIFIC REAL ESTATE JOINT BUSINESS LAW AND RESTRICTIONS ON THE MINIMUM INVESTMENT RATIO
8. REVITALIZE DOWNTOWN AREAS, BY PROMOTING THE RIGHT TO ADVANCED OBTAINING OF LAND FOR PUBLIC USE

(TAX SYSTEM REFORM-RELATED)

1. REVIEW THE LAND PRICE TAX AND THE FIXED ASSETS TAX
2. REDUCE TAX RATES LEVIED ON CAPITAL GAINS BY COMPANIES
3. IMPROVE THE TAX BREAK FOR TRADING UP RESIDENTIAL PROPERTY
4. EXEMPT THE SPC TO BE ESTABLISHED FOR THE SECURITIZATION OF REAL ESTATE HELD AS COLLATERAL FROM THE CORPORATE TAX
5. INTRODUCE TAX SYSTEM SPECIAL-EXCEPTION REGULATIONS FOR A UNION FINANCED BY INVESTORS UNDER THE SPECIFIC REAL ESTATE JOINT BUSINESS LAW

REFORM PROMOTING COMMERICAL SALES OF FARM LAND MAY HELP
U.S. DEVELOPER OF MALLS
(MAINICHI - PAGE 7, OCT. 5 EDITION)

IT HAS BEEN GENERALLY DECIDED THAT MEASURES TO ALLOW THE
FLEXIBLE USE OF FARM LAND FOR OTHER PURPOSES WILL BE
INCLUDED IN A PACKAGE OF NEW ECONOMIC MEASURES THAT IS TO
BE FINALIZED BY THE GOVERNMENT AND LIBERAL DEMOCRATIC
PARTY (LDP) BY THE END OF THIS MONTH. ACCORDING TO AN
INFORMED SOURCE, PRIME MINISTER RYUTARO HASHIMOTO MADE
THIS INSTRUCTION DIRECTLY TO AGRICULTURE MINISTER
YOSHINOBU SHIMAMURA JUST BEFORE THE END OF A MINISTERIAL
INFORMAL MEETING ON THE 3RD. UNDER THE EXISTING
UNCLAS SECTION 08 OF 08 TOKYO 008722

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
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FLT/PA; COMNAVFORJAPAN/PA.

E.O. 12958: N/A

SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS OCTOBER 6

REGULATIONS, PERMISSION WILL BE ISSUED FOR FARM LAND TO
BE USED FOR OTHER PURPOSES, WHEN THE FOLLOWING
REQUIREMENTS ARE MET: (1) MORE THAN EIGHT YEARS HAVE
PASSED SINCE A LAND IMPROVEMENT PROJECT COMPLETED; (2)
THE LAND WILL BE MAINLY USED FOR THE PUBLIC INTEREST; AND
(3) THERE IS NO ALTERNATIVE SOURCE OF LAND. THE PACKAGE
WILL INCLUDE MEASURES TO EASE THESE REGULATIONS. IF
THESE DEREGULATORY MEASURES ARE ADOPTED, PROGRESS MAY BE
BROUGHT TO THE PLAN OF AMERICAN MALLS INTERNATIONAL (AMI)
TO OPEN THE LARGEST-SCALE COMPLEX-TYPE SHOPPING CENTER IN
MORIYA-MACHI, IBARAKI PREFECTURE.

THE MINISTRY OF AGRICULTURE, FORESTRY AND FISHERIES
(MAFF), BASED ON THE STANCE THAT THE ISSUE OF USE OF FARM
LAND FOR OTHER PURPOSES WOULD BE DISCUSSED BY THE
GOVERNMENT AS A WHOLE" (SENIOR OFFICIAL), IS READY TO
WORK OUT SPECIFICS IN REVIEWING THE PRESENT REGULATIONS
UNDER THE INSTRUCTIONS OF THE PRIME MINISTER. YET, THE
MINISTRY HAS STILL TAKEN A NEGATIVE POSTURE TOWARD (THE
CONSTRUCTION OF A SHOPPING CENTER IN) MORIYA-MACHI,
EXPLAINING, "ITS LAND IS BEST SUITABLE FOR FARMING,
HAVING THE RICHEST SOIL IN JAPAN. IF THE GOVERNMENT
APPROVED THE DIVERSION, NO FARM LAND IN JAPAN WOULD BE
PROTECTED."

AMI HAS MORIYA-MACHI IN MIND AS THE SITE FOR THE FIRST
OUTLET AMONG EIGHT SHOPS IT IS PLANNING TO CONSTRUCT
ACROSS THE NATION. IT IS PREPARING TO BUY FARM LAND
COVERING 125 HECTARES AND CONSTRUCT A COMPLEX COMMERCIAL

FACILITY THAT HOUSES A SHOPPING CENTER, RESTAURANTS AND A PLEASURE GROUND ON A SITE OF 65 HECTARES. REGARDING THE CANDIDATE SITE, HOWEVER, CONSTRUCTION IS UNDERWAY IN ACCORDANCE WITH THE LAND IMPROVEMENT PROJECT WITH AN INVESTMENT OF 1.5 BILLION YEN SINCE 1987, AND THE SITE IS DESIGNATED AS A FARM LAND DISTRICT THAT IS NOT ALLOWED TO USE FOR OTHER PURPOSES ACCORDING TO NOTIFICATION BASED ON THE AGRICULTURE PROMOTION LAW. GIVEN SUCH CIRCUMSTANCES, AMI HAS EXPERIENCED SETBACKS IN PROMOTING THE DEVELOPMENT PLAN.

MARUBENI PUMPED OVER 100 MILLION YEN A YEAR INTO JDA
AMAKUDARI ORGANIZATION
(MAINICHI - TOP PLAY, OCT. 5 EDITION)

IT CAME TO LIGHT ON THE 4TH THROUGH A MAINICHI SHIMBUN INVESTIGATION THAT MTS (CHIYODA WARD, TOKYO) -- A COMPANY JOINTLY FINANCED BY THE DEFENSE INDUSTRY SECURITY ASSOCIATION (DISA; DIRECTOR: KAZUO FUJII, A FORMER DIRECTOR GENERAL OF THE DEFENSE FACILITIES ADMINISTRATION AGENCY) THE LEADING TRADING FIRM MARUBENI, WHICH HAS THE MONOPOLY ON HANDLING THE DEFENSE AGENCY'S DEFENSE EQUIPMENT TRANSPORT -- HAD PAID A TOTAL OF 120 MILLION YEN TO DISA OVER TWO YEARS. MTS HAS EXPLAINED THAT THE MONEY WAS PAID AS COMMISSION FOR "CONFIDENTIAL WORK." HOWEVER, THERE WAS NO CONTRACT WITH MTS INCLUDED IN DISA'S ORDER LIST. ALL THIS SUGGESTS A SYSTEM TO FUNNEL A PART OF THE DEFENSE AGENCY BUDGET VIA A DEFENSE-RELATED COMPANY TO A DEFENSE AGENCY AMAKUDARI (GOLDEN PARACHUTE) ORGANIZATION.

MTS WAS ESTABLISHED IN 1995. THAT YEAR, MTS CONCLUDED A CONTRACT WITH THE DISA TO PAY COMMISSION FOR CONFIDENTIAL WORK, ACCORDING TO MTS. MTS ALSO HAS ADMITTED THAT IT HAD PAID A TOTAL OF ABOUT 120 MILLION YEN -- 50 MILLION YEN IN FISCAL 1995 AND 70 MILLION YEN IN 1996 -- TO DISA.
CRANE

SECT: SECTION: 01 OF 08

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. cable	Re: Support Cable East Asia Brief (5 pages)	10/07/1997	P1/b(1)

COLLECTION:

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

FOLDER TITLE:

[10/06/1997 - 10/18/1997]

2016-0420-F
sb1911

RESTRICTION CODES

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

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

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

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

RR. Document will be reviewed upon request.

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

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

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
002. cable	Re: Futenma Provisional Operating Requirements (5 pages)	10/07/1997	P1/b(1)

COLLECTION:

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

FOLDER TITLE:

[10/06/1997 - 10/18/1997]

2016-0420-F
sb1911

RESTRICTION CODES

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Cable

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RUEKJCS/SECDEF WASHDC
SUBJ: JAPANESE MORNING PRESS HIGHLIGHTS OCTOBER 9

TOP HEADLINES:

TEXT:
UNCLAS SECTION 01 OF 09 TOKYO 008859

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 OCTOBER 9

TOP HEADLINES:

ASAHI: KIM JONG IL TAKES POST OF PARTY GENERAL SECRETARY
IN NORTH KOREA; SUCCEEDS TO AUTHORITY AMID DIFFICULTIES;
AFTER HIATUS OF THREE YEARS, THREE MONTHS AFTER DEATH OF
PRESIDENT KIM IL SUNG

NIHON KEIZAI: KIM JONG IL ASSUMES POST OF GENERAL

SECRETARY IN NORTH KOREA; INHERITS AUTHORITY AFTER THREE-YEAR LAPSE

TOKYO SHIMBUN: KIM JONG IL TAKES POST OF GENERAL SECRETARY; INHERITED AFTER HIATUS OF THREE YEARS, THREE MONTHS AFTER PRESIDENT'S DEATH; ANNOUNCED BY NORTH KOREAN WORKERS PARTY CENTRAL COMMITTEE AND MILITARY COMMITTEE; HOW TO SURMOUNT FOOD SHORTAGE LIES AHEAD AS MONUMENTAL TASK

MAINICHI: KIM JONG IL TAKES OVER AS GENERAL SECRETARY, RECOMMENDED BY NORTH KOREAN WORKERS PARTY'S CENTRAL COMMITTEE; INHERITS HIS FATHER'S POSITION AFTER A VACANCY OF THREE YEARS AND THREE MONTHS; HOW TO STABILIZE POLITICAL SYSTEM AS PRESSING TASK AMID SERIOUS FOOD SHORTAGE

YOMIURI: KIM JONG IL ASSUMES POST OF GENERAL SECRETARY; SUPREME POSITION INHERITED AFTER HIATUS OF THREE YEARS IN NORTH KOREA; AMID DIFFICULTIES IN ECONOMIC AND DIPLOMATIC AREAS; ANNOUNCED BY PYONGYANG BROADCASTING, OTHER MEDIA

SNKEI: KIM JONG IL TAKES OVER AS GENERAL SECRETARY RECOMMENDED BY NORTH KOREAN WORKERS PARTY'S CENTRAL COMMITTEE AND OTHER ORGANS; UNUSUAL HEREDITARY OF AUTHORITY; AFTER HIATUS OF THREE YEARS AND THREE MONTHS SINCE FATHER'S DEATH

IMPACT OF KIM JONG IL ASSUMING TOP PARTY POST ON JAPAN-NORTH KOREA TIES REMAINS MURKY (YOMIURI - PAGE 2)

SECRETARY KIM JONG IL OF THE WORKERS PARTY (KWP) OF THE DEMOCRATIC PEOPLE'S REPUBLIC OF KOREA (NORTH KOREA) WAS ELECTED GENERAL SECRETARY YESTERDAY. THE JAPANESE GOVERNMENT BASICALLY ASSUMES THE POSITION OF KEEPING A WATCHFUL EYE ON DOMESTIC AND FOREIGN POLICIES THE NEW KIM JONG IL LEADERSHIP WILL NOW LAY OUT, SINCE HE SUCCEEDED TO POWER SMOOTHLY WITHOUT TURMOIL. A MOUNTAIN OF OUTSTANDING ISSUES LIE BETWEEN JAPAN AND NORTH KOREA, SUCH AS WHETHER TO RESUME TALKS FOR DIPLOMATIC NORMALIZATION, THE SCHEDULING OF HOMECOMINGS BY AN INITIAL GROUP OF JAPANESE WIVES (MARRIED TO NORTH KOREANS), WHICH HAS BEEN PUT OFF UNTIL LATER THIS MONTH, AND SUSPECTED KIDNAPPINGS OF JAPANESE BY NORTH KOREAN AGENTS. ADDITIONALLY, IN THE SECURITY AREA, THE NORTH WILL HAVE A SERIOUS IMPACT ON JAPAN. WHAT WILL BECOME OF THESE PROBLEMS NOW THAT KIM JONG IL HAS TAKEN THE POST OF GENERAL SECRETARY? THIS NEWSPAPER PROBES FUTURE DEVELOPMENTS.

-- EXPECTATIONS

REFERRING TO THE EMERGENCE OF GENERAL SECRETARY KIM-LED LEADERSHIP, THE GOVERNMENT TAKES THE VIEW THAT "NORTH KOREA WILL FUNDAMENTALLY FOLLOW THE SAME FOREIGN POLICY LINE AS BEFORE."

A HIGH-LEVEL FOREIGN MINISTRY (MOFA) OFFICIAL LAST

EVENING STATED, "WE HOPE WE CAN SEE PROGRESS IN DEALING WITH (THE PROBLEM OF BRIEF VISITS TO JAPAN) BY JAPANESE WIVES AND THE ALLEGED KIDNAPPING CASES." THIS COMMENT IS NO MORE THAN WISHFUL THINKING THAT KIM MAY BRING HIS ABILITY INTO FULL PLAY IN DEALING WITH OTHER COUNTRIES.

IN THE GOVERNMENT, HOWEVER, EXPECTATIONS ARE GROWING THAT UNCLAS SECTION 02 OF 09 TOKYO 008859

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 OCTOBER 9

THERE WILL BE SMOOTH PROGRESS IN THE JAPAN-NORTH KOREA TALKS OVER THE COMING MONTHS. ONE OFFICIAL NOTED: "IT HAS AT LAST BECOME CLEAR WHO THE PERSON IS WITH WHOM WE SHOULD DISCUSS MATTERS" (HIGH-LEVEL MOFA OFFICIAL).

AT TODAY'S CABINET MEETING, THE GOVERNMENT WILL DECIDE TO OFFER ASSISTANCE WORTH 27 MILLION DOLLARS (APPROXIMATELY 3.3 BILLION YEN) -- OR 67,000 TONS OF FOOD -- TO THE NORTH THROUGH THE WORLD FOOD PROGRAM (WFP). THIS OFFER ESSENTIALLY AIMS TO IMPROVE THE ATMOSPHERE FOR BETTERING TIES WITH THE NORTH, IN VIEW OF KIM'S TAKING OFFICE AS GENERAL SECRETARY.

HOWEVER, SEEN FROM ANOTHER ANGLE, THIS OFFER SEEMS TO BE MORE THE RESULT OF JAPAN HAVING PAINTED ITSELF INTO A CORNER, WITH THE UNITED STATES AND THE REPUBLIC OF KOREA (ROK) OFFERING FOOD AID IN SUCCESSION AND NOT JAPAN. AS A RESULT, "IF WE DELAY LONGER IN OFFERING AID, JAPAN MIGHT BE ISOLATED IN THE INTERNATIONAL COMMUNITY" (GOVERNMENT SOURCE). CHANCES ARE STRONGER NOW THAT NORTH KOREA WILL ASK FOR EVEN MORE FOOD AID.

-- NEGOTIATIONS FOR DIPLOMATIC NORMALIZATION

ON THE QUESTION OF RESUMING TALKS TO NORMALIZE DIPLOMATIC TIES BETWEEN JAPAN AND THE NORTH, SOME OBSERVE THAT THE NORTH KOREAN SIDE MAY MAKE APPROACHES TO JAPAN TO RESUME SUCH TALKS AT AN EARLY DATE. IN FACT, AT THE CONSULTATIONS BY DEPUTY BUREAU DIRECTOR GENERAL OFFICIALS OF BOTH COUNTRIES HELD IN BEIJING IN AUGUST, THE NORTH KOREAN DELEGATION SOUNDED OUT THE JAPANESE SIDE ABOUT THE TIMING AND LOCATION FOR RESUMED TALKS, BUT THE JAPANESE SIDE REPORTEDLY WAS CIRCUMSPECT AT THE TIME, NOTING, "WE HAVE YET TO RECEIVE ANY PROPOSAL FOR SUCH."

IN THE GOVERNMENT, HOWEVER, MANY ARE ALERT FOR ANY ACTIVE APPROACH FROM THE NORTH KOREAN SIDE, ONE OFFICIAL REMARKING, "THEIR MAJOR AIM IS TO SOLICIT ECONOMIC COOPERATION FROM JAPAN, SUCH AS REPARATIONS." IT IS "ENTIRELY UNCLEAR" (GOVERNMENT SOURCE) WHETHER IN THE DIPLOMATIC NORMALIZATION TALKS, THE NORTH WILL ACTUALLY MOVE FORWARD TO IMPROVE JAPAN-NORTH KOREA TIES, SUCH AS SOME PROGRESS IN THE ALLEGED ABDUCTION CASES.

-- RULING CAMP'S MISSION TO NORTH KOREA

ON THE OTHER HAND, THE LIBERAL DEMOCRATIC PARTY (LDP) IN A JOINT CONFERENCE HELD YESTERDAY OF THE PARTY'S FOREIGN RELATIONS COUNCILS GAVE APPROVAL TO EXTENDING HUMANITARIAN ASSISTANCE, BUT ATTACHED A CONDITION THAT "THE GOVERNMENT WILL TACKLE THE PROBLEM OF INVESTIGATING THE ALLEGED ABDUCTION CASES." IT ALSO MADE IT A CONDITION THAT IN CASE A LARGE AMOUNT OF FOOD AID IS PLANNED TO BE GIVEN IN THE FUTURE, THE PLAN SHOULD BE REFERRED TO THIS JOINT CONFERENCE AGAIN.

FURTHERMORE, IN CONNECTION WITH THE AGREEMENT REACHED TO DISPATCH A RULING CAMP'S DELEGATION TO NORTH KOREA, THE CONFERENCE TOOK UP ONCE AGAIN THE SUSPECTED ABDUCTIONS OF THE JAPANESE BY NORTH KOREANS, AND SOME POINTED TO "SPINELESS JAPANESE DIPLOMACY" (FOREIGN AFFAIRS DEPARTMENT DIRECTOR EITA YASHIRO) TOWARD THE NORTH. (SENDING A DELEGATION) MAY LEAD TO WORSENING JAPAN-NORTH TIES, DEPENDING ON FUTURE MOVES OF THE NORTH.

REFERRING TO THE SOCIAL DEMOCRATIC PARTY (SDP), WHICH IS POSITIVE ABOUT DISPATCHING A MISSION TO THE NORTH, CRITICAL VOICES WERE HEARD, LIKE, "SDP (SECRETARY GENERAL) ITO HAS NEVER USED THE PHRASE, SUSPECTED ABDUCTIONS. WE WANT TO TAKE BACK (THE PLAN FOR A DISPATCH OF A MISSION) AND DISCUSS IT IN THE PARTY" (LOWER-HOUSE MEMBER SHINZO ABE).

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USIA

FOR: USIA D/P, I/GEA, I/RF, I/RFW, EA, R/MR; STATE FOR EAR/J; STATE PASS TO USTR/PUBLIC AFFAIRS OFFICE; 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.

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SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS OCTOBER 9

REGARDING THE DISPATCH OF A RULING CAMP'S DELEGATION TO THE NORTH, A HIGH-LEVEL MOFA OFFICIAL YESTERDAY STATED, "WE ARE PAYING ATTENTION TO WHETHER IT CAN MEET WITH GENERAL SECRETARY KIM." THE GOVERNMENT'S DESIRE IS TO

DIRECTLY GRASP KIM'S INTENTION, EVEN THOUGH SLIGHTLY, REGARDING THE PROBLEM OF IMPROVING TIES WITH JAPAN. ALL IT CAN DO NOW IS TO KEEP A WATCHFUL EYE ON WORDS AND DEEDS OF KIM, WHO HAS JUST TAKEN OFFICE AS GENERAL SECRETARY.

KOREAN PENINSULA SECURITY ISSUE STILL UNPREDICTABLE
(YOMIURI - PAGE 2)

SPEAKING OF A POSSIBLE EFFECT OF KIM JONG IL'S ASSUMING THE POSITION OF GENERAL SECRETARY (OF THE KOREAN WORKERS PARTY) ON THE SECURITY AREA, THE GOVERNMENT YESTERDAY STATED, "IT IS A GOOD THING IN THE SENSE OF STABILIZING THE SITUATION" (SENIOR OFFICIAL AT THE MINISTRY OF FOREIGN AFFAIRS), BUT THE SAME OFFICIAL NOTED THAT JAPAN HAD TO ASCERTAIN TO WHAT EXTENT THE MILITARY WOULD HAVE A VOICE IN THE NEW GOVERNMENT.

WHAT HAS MADE NORTH KOREA AN UNSTABLE ELEMENT IN THE FAR EAST REGION IS ITS MILITARY POLICY THAT INCLUDES A MILITARY BUILD-UP AND ITS SUSPECTED NUCLEAR WEAPONS DEVELOPMENT PROGRAM. INDEED, IT WAS CONFIRMED IN SEPTEMBER THAT NORTH KOREA HAS INSTALLED MOVABLE LAUNCHING DEVICES FOR USE BY THE NODONG 1, A MEDIUM-RANGE BALLISTIC MISSILE NOW UNDER DEVELOPMENT.

THE GOVERNMENT'S REVIEW OF THE JAPAN-UNITED STATES DEFENSE COOPERATION GUIDELINES, ALSO FOCUSES ATTENTION ON THE KOREAN PENINSULA SITUATION.

KIM HAS "PLACED EMPHASIS ON HIS TIES WITH THE MILITARY" (DEFENSE AGENCY SOURCE) BY HIS REPEATED VISITS TO MILITARY UNITS DURING THE THREE YEARS SINCE PRESIDENT KIM IL SUNG DIED. MANY OFFICIALS TAKE THE VIEWPOINT THAT THE SITUATION IS UNLIKELY TO ALLOW HIM TO CUT NATIONAL DEFENSE SPENDING, EVEN THOUGH HE HAS ASSUMED OFFICE AS GENERAL SECRETARY.

MEANWHILE, A MORE OPTIMISTIC OBSERVATION IS THAT IN ORDER TO REBUILD THE ECONOMY, KIM CANNOT AVOID RECONSIDERING CURRENT MILITARY POLICY. ALTHOUGH ONE LIBERAL DEMOCRATIC PARTY LEADER EMPHASIZED, "THE ECONOMIC SITUATION WOULD IMPROVE IF MILITARY EXPENDITURES WERE CUT," NO ONE CAN PREDICT WHAT WILL HAPPEN OVER THE COMING MONTHS.

DIET BUDGET COMMITTEE BOYCOTT BY OPPOSITION MAY END NEXT WEEK (NIHON KEIZAI - PAGE 2)

THE RULING AND OPPOSITION PARTIES CONTINUED THEIR STANDOFF YESTERDAY IN THE LOWER HOUSE BUDGET COMMITTEE OVER THE ISSUE OF SUMMONING INDICTED OIL DEALER JUNICHI UZUI TO TESTIFY AS A WITNESS. THREE OPPOSITION PARTIES - - THE SHINSHINTO (NEW FRONTIER PARTY), MINSHUTO (DEMOCRATIC PARTY OF JAPAN), AND THE TAIYO (SUN) PARTY -- WOULD NOT BACK DOWN ON THEIR POSITION OF "PREMISING OUR ATTENDING DELIBERATIONS ON HIS SUMMONING BEING REALIZED," AND THE OUTLOOK NOW IS THAT COMMITTEE SESSIONS WILL NOT RESTART UNTIL EARLY NEXT WEEK OR LATER. THE LIBERAL

DEMOCRATIC PARTY (LDP), WHICH HAD STARTED THE BUDGET HEARINGS THINKING THAT THE JOINT STRUGGLE BY THE OPPOSITION WOULD SOON CRUMBLE, IS WORRIED THAT THE UNEXPECTED SOLIDARITY OF THE OPPOSITION CAMP WILL UPSET THE DIET SCHEDULE.

"AFTER THE LOWER-HOUSE BUDGET COMMITTEE ENDS ITS HEARINGS ON THE 9TH, THE UPPER-HOUSE BUDGET COMMITTEE WILL MEET FROM THE 13TH TO THE 15TH, AND THEN FROM THE 16TH, SUBSTANTIVE DELIBERATIONS ON THE FISCAL STRUCTURAL REFORM BILL WILL START," SAID ONE LDP LEADER LAST WEEKEND
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USIA

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EXPLAINING CONFIDENTLY THE DIET OUTLOOK. THE REASON HE HAD THIS WAS HIS READING THAT "THE MINSHUTO AND TAIYO PARTY CANNOT CONTINUE TO BOYCOTT DELIBERATIONS." JUDGING THAT "PUBLIC OPINION IS NOT PAYING MUCH ATTENTION TO THE ISSUE OF SUMMONING IZUI," AND "IT'S NOT NECESSARY TO LISTEN TO THE UNILATERAL EXCUSES OF A CRIMINAL DEFENDENT," THE LDP DECIED NOT TO COMPROMISE WITH THE OPPOSITION BUT TO AKE A FRONTAL ATTACK.

ON THE 7TH, WHEN THE BUDGE HEARING OPENED WITH THE THREE OPPOSITION PARTIE ABSENT, THE PLAN ADOPTED WAS TO "QUIETLY USE UP THE CALENDAR," BUT THE THREE PARTIES IN A MEETIN OF THEIR HEADS AGREED TO MAINTAIN SOLIDARITY, AND THE MINSHUTO, WHICH WAS THE LDP'S ONE LAST HOPE, LSO TURNED TOWARD A HARD LINE STANCE IN ORDER TO CONTINUE THE BOYCOTT, ALTHOUGH SOME IN THE PARTY OBJECTED. THE PARTY HAD NO RECOURSE BUT TO CHANGE ITS STANCE EMPHASIZING "DIALOGUE."

PRIME MINISTER HASHIMOTO BESEIGED ON ALL SIDES BY DIVISIVE POLICY ISSUES (MAINICHI - PAGE 11)

PRIME MINISTER RYUTARO HASHIMOTO IS GRADUALLY FINDING HIMSELF IN A STATE OF BEING BESEIGED ON ALL SIDES, WITH HIS CABINET'S RATE OF PUBLIC SUPPORT SLIPPING. APPARENTLY, THE PRIME MINISTER IS INCREASINGLY FEELING UNABLE TO FIND AN EFFECTIVE MOVE TO MAKE NOW THAT HE FACES THE AFTEREFFECTS OF MANAGEMENT AND COORDINATION AGENCY DIRECTOR GENERAL KOKO SATO'S RESIGNATION FROM HIS CABINET POST, BACKPEDALLING ON HIS ADMINISTRATIVE REFORM INITIATIVE RESULTING FROM A REVIEW OF THE PROPOSED

PRIVATIZATION OF GOVERNMENT-RUN POSTAL SERVICES, AND THE EXISTENCE OF CONTRADICTIONS BETWEEN ECONOMIC STIMULUS MEASURES AND FISCAL RESTRUCTURING. PROBABLY BECAUSE OF HE NOW HAS A COLD, THE PRIME MINISTER LOOKED DESPONDENT WHEN HE WAS GIVING HIS REPLIES YESTERDAY IN THE DIET. SOME IN THE LIBERAL DEMOCRATIC PARTY ARE WORRIED ABOUT HIS RESOLVE NOW. IN NOVEMBER, THE PRIME MINISTER IS SCHEDULED TO MEET WITH THE TOP LEADERS OF RUSSIA AND CHINA ON THE DIPLOMATIC FRONT. SO, THE PRIME MINISTER WILL LIKELY TO USE HIS DIPLOMACY TO APPEAL TO THE PUBLIC IN SEEKING WAYS PUMP UP HIS GOVERNMENT AGAIN.

ON THE 8TH, THE PRIME MINISTER RESTED AT THE LIVING QUARTERS OF HIS OFFICIAL RESIDENCE UNTIL EARLY AFTERNOON. IN REPLY TO A PRESS REPORTER'S QUESTION ASKING IF HE MIGHT TAKE A GOOD REST, THE PRIME MINISTER, TOUCHING THE FOREHEAD OF HIS FLUSHED FACE, ANSWERED: "I STILL HAVE A SLIGHT FEVER."

THE PRIME MINISTER LOOKED TIRED ALSO WHEN HE TOOK THE FLOOR TO REPLY BEFORE THE LOWER HOUSE BUDGET COMMITTEE ON THE 7TH. AN AIDE TO THE PRIME MINISTER SAYS, "HE'S JUST FEELING BAD BECAUSE HE HAS A COLD." BUT THERE IS NO DENYING THE IMPRESSION OF HIS BEING TIRED AS COMPARED WITH HIS TIME WHEN HE WAS REELECTED LDP PRESIDENT.

ENCOUNTERING THE LDP'S FIERCE OBJECTION, THE GOVERNMENT IS NOW COMPELLED TO MAKE A DE FACTO REVIEW OF ITS PLAN TO PRIVATIZE POSTAL SERVICES. PRIME MINISTER HASHIMOTO HIMSELF PRESIDES OVER THE GOVERNMENT'S ADMINISTRATIVE REFORM PANEL, WHICH, IN ITS SEPTEMBER INTERIM REPORT, HAS JUST RECOMMENDED THE GOVERNMENT TO PRIVATIZE ITS POSTAL INSURANCE. HOWEVER, LDP SECRETARY GENERAL KOICHI KATO AND OTHER LDP LEADERS HAVE SUCCESSIVELY HINTED AT THEIR PARTY'S INTENTION OF CALLING FOR A REVIEW OF THAT PRIVATIZATION PLAN. AMONG THE CABINET MINISTERS AS WELL, MCA DIRECTOR GENERAL SADATOSHI OZATO AND CHIEF CABINET SECRETARY KANEZO MURAOKA HAVE IMPLIED THE LIKELIHOOD OF MODIFYING THE DRAFT PLAN.

THE PRIME MINISTER HIMSELF PROPOSED TO DETACH THE MINISTRY OF CONSTRUCTION'S RIVER BUREAU FROM MOC, BUT
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USIA

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SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS OCTOBER 9

THIS IDEA FACED NEGATIVE REACTIONS FROM THE (LDP'S) CONSTRUCTION POLICY CLIQUE AND IS NOW 'A CANDLE FLICKERING IN THE WIND.'

"I'M GONNA BE A FIREBALL IN WORKING IT OUT." THE PRIME MINISTER SAID THIS ONCE AS HE PLAYED TO THE GALLERY. BUT IF HIS ADMINISTRATIVE REFORM INITIATIVE'S CENTRAL TASK IS SUBJECT TO BACKTRACKING, THEN HIS LEADERSHIP WILL BE MARKEDLY MARRED. IN PARTICULAR, HEALTH AND WELFARE MINISTER JUNICHIRO KOIZUMI IS CONCERNED ABOUT (A REVIEW OF) THE PROPOSED PRIVATIZATION OF POSTAL SERVICES. HE HAS NOW BEGUN TO VOICE HIS CRITICISM: "WHAT WAS THE ORIGIN OF THE HASHIMOTO INITIATIVE IN ADMINISTRATIVE REFORM?" IF THE PRIME MINISTER TAKES A WRONG COURSE, THE RESULT WOULD CAUSE A SERIOUS UPROAR.

ADDITIONALLY, ECONOMIC INDICATORS, SHOWN IN SUCH MATERIALS AS THE BANK OF JAPAN'S RECENT TANKAN REPORT, HAVE ALSO BARED THE ECONOMY'S HAVING BEEN REMAINING MORE SLUGGISH THAN EXPECTED. AT A LIAISON MEETING OF LDP EXECUTIVE OFFICERS ON THE 7TH, A NUMBER OF PARTY OFFICERS VOICED THEIR HOPES FOR "SPECIAL TAX CUTS" AND "FISCAL ACTION," WORDS THAT ARE FORBIDDEN DUE TO THE GOVERNMENT'S FISCAL RECONSTRUCTION PLAN. THE GOVERNMENT IS HURRYING TO RECONSTRUCT ITS FINANCES BY CONSTRAINING ITS ISSUE OF DEFICIT-COVERING BONDS. THE PRIME MINISTER IS NOW IN A DILEMMA BETWEEN SUCH A GRAND DESIGN OF FISCAL RESTRUCTURING AND MEASURES FOR STIMULATING THE ECONOMY.

THE PRIME MINISTER, IN SUCH A SITUATION, WILL HAVE A CHANCE TO PUT HIMSELF BACK ON THE RIGHT TRACK. THAT IS A SERIES OF DIPLOMATIC EVENTS SET FOR THIS NOVEMBER. ONE OF THOSE CLOSE TO THE PRIME MINISTER HAS REMARKED: "THE PRIME MINISTER WILL HAVE TO SCORE POINTS TO THE BEST OF HIS ABILITY IN DIPLOMACY SO AS TO BOOST HIS ADMINISTRATION'S IMAGE." (HIROSHI YAMAZAKI)

SDP AND SAKIGAKE PARTYQS AT ODDS WITH HASHIMOTO GOVERNMENT OVER CO2 EMISSIONS CUT PLAN (YOMIURI - PAGE 5)

THE LIBERAL DEMOCRATIC PARTY'S (LDP) TWO OFF-CABINET ALLIES -- SOCIAL DEMOCRATIC PARTY (SDP) AND SAKIGAKE PARTY -- YESTERDAY PRESSED PRIME MINISTER HASHIMOTO TO WITHDRAW THE GOVERNMENT'S GREENHOUSE GAS REDUCTION PROPOSAL. THIS NEW DEVELOPMENT UNDERLINED THE DIFFICULTY OF REPAIRING THE CRACKS THAT HAD APPEARED IN THE PRESENT LDP-SDP-SAKIGAKE COALITION ARRANGEMENT OVER THE APPOINTMENT OF KOKO SATO AS MANAGEMENT AND COORDINATION AGENCY CHIEF. THE TWO PARTIES PLAN TO CALL FOR A MORE STRINGENT REDUCTION TARGET IN "TALKS THAT WILL START SOON" (SAKIGAKE HEAD AKIKO DOMOTO). THE GOVERNMENT IS RELUCTANT ABOUT WITHDRAWING ITS PLAN BECAUSE IT HAS BEGUN LAYING THE GROUNDWORK INTERNATIONALLY AS THE COUNTRY HOSTING THE THIRD CONFERENCE OF PARTIES (COP3) ON THE UN FRAMEWORK CONVENTION ON CLIMATE CHANGE KYOTO CONFERENCE. ONE OFFICIAL REMARKED, "THEY JUST DON'T KNOW WHAT WILL HAPPEN IF WE TAKE IT BACK" (GOVERNMENT SOURCE). THE SHOCKWAVE THIS HAS GIVEN TO THE TRIPARTITE ARRANGEMENT

MIGHT CONTINUE FOR SOME TIME.

IN A THREE PARTY CHIEFS' MEETING, SDP CHAIRPERSON TAKAKO DOI ARGUED IN A STRONG TONE: "HAVE YOU FORGOTTEN WE HAVE A PROJECT TEAM? DESPITE KNOWING THAT, THE GOVERNMENT ADOPTED ITS OWN PLAN WITHOUT ANY EXPLANATION TO US. WHAT'S THE POINT OF CARRYING OUT POLICY TALKS AMONG THE THREE RULING PARTIES?"

IN RESPONSE, THE PRIME MINISTER SOUGHT UNDERSTANDING, EXPLAINING, "ORIGINALLY, THE REDUCTION TARGET WAS SET AT ZERO PERCENT DUE TO STRONG RESISTANCE FROM THE MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY (MITI) BACKED BY INDUSTRIAL CIRCLES, BUT WE HAVE MANAGED TO RAISE IT TO FIVE PERCENT." DOI AND DOMOTO, HOWEVER, ARGUED THAT UNCLAS SECTION 06 OF 09 TOKYO 008859

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SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS OCTOBER 9

JAPAN'S ACTUAL TARGET WOULD BE COMPRESSED TO ABOUT 2.5 PERCENT DUE TO SUCH FACTORS AS EMISSIONS PER CAPITA AND THE POPULATION GROWTH RATE. "AS THE HOST COUNTRY, WE WILL BE STRONGLY CRITICIZED INTERNATIONALLY," THEY ARGUED.

THE MEASURES JAPAN HAS TAKEN HAVE BEEN DRAWING ATTENTION. AS THE HOST COUNTRY, IT SHOULD BE WORKING AS AN INTERMEDIARY BETWEEN THE UNITED STATES, WHICH IS RELUCTANT ABOUT SETTING NUMERICAL TARGETS, AND THE EUROPEAN UNION (EU), WHICH HAS COME UP WITH A 15 PERCENT REDUCTION.

EARLIER, ON SEPTEMBER 26, THE SDP AND SAKIGAKE HAD SUBMITTED A JOINT PROPOSAL TO THE PRIME MINISTER'S OFFICIAL RESIDENCE (KANTEI) CALLING FOR A 12 PERCENT REDUCTION IN THE YEAR 2010 FROM THE 1990 LEVEL. THE GOVERNMENT'S PLAN REVEALED ON OCTOBER 6 WAS A BLOW TO THOSE TWO PARTIES. THEY REACTED STRONGLY, THINKING, "THERE WAS NO AGREEMENT AMONG THE THREE PARTIES. WE HAVE BEEN IGNORED" (SAKIGAKE EXECUTIVE). DOI AND DOMOTO MET ON THE 7TH, AND ON THE MORNING OF THE 8TH, SDP-SAKIGAKE TALKS WERE HELD. THERE, THE TWO PARTIES AGREED TO CALL UPON THE PRIME MINISTER TO WITHDRAW THE PLAN.

IN THE SESSION YESTERDAY, THE PRIME MINISTER REPEATEDLY APOLOGIZED, "IT WAS MY FAULT." DOI CURTLY REPLIED,

"APOLOGIES DO NOT SETTLE ANYTHING." CITING THE FACT THAT THE GOVERNMENT ONCE MADE A DECISION ON OVERSEAS DISPATCH OF SELF-DEFENSE FORCES' TRANSPORT AIRCRAFT (WITHOUT CONSULTATION), DOI CRITICIZED: "I DON'T SEE ANY POINT IN CARRYING OUT TALKS LIKE THIS AMONG THE THREE RULING PARTIES."

IN PART, THE TWO PARTIES, FOLLOWING THE KOKO SATO ISSUE, HAVE BEEN ACTIVE IN AN EFFORT TO "UNDERLINE OUR PRESENCE REGARDING THE ENVIRONMENTAL ISSUE, WHICH IS OUR FORTE" (SDP EXECUTIVE).

MEANWHILE, THE PRIME MINISTER'S AIDES HAVE EXPRESSED A SENSE OF "SELF-REMORSE," AT LEAST ON THE SURFACE, ANNOUNCING, "COMMUNICATION WAS NOT SUFFICIENT" (CHIEF CABINET SECRETARY MURAOKA). THE REAL REASON WAS: "WE HAVE BEEN COORDINATING VIEWS WITH THE FOREIGN MINISTRY, ENVIRONMENT AGENCY, AND MITI. WE WOULD NOT HAVE BEEN ABLE TO PRODUCE A UNIFIED OPINION IF WE HAD TO TAKE CARE OF THREE MORE PARTIES" (GOVERNMENT SOURCE). REPORTEDLY, EVEN THE LDP HAD BEEN KEPT IN THE DARK.

LATE YESTERDAY AT HIS RESIDENTIAL OFFICE, THE PRIME MINISTER TOLD THE PRESS ABOUT RESUMPTION OF TRIPARTITE TALKS, "IF THERE IS A BETTER PLAN, I'M HAPPY TO WORK ON IT." BUT BECAUSE THE GOVERNMENT HAS ENTERED DIPLOMATIC TALKS, MANY THINK LOOKING INTO ANOTHER PLAN WOULD BE "DIFFICULT."

THE SDP AND SAKIGAKE'S DEMAND FOR A WITHDRAWAL OF THE GOVERNMENT PLAN WAS UNEXPECTED BY THE LDP LEADERSHIP, WHICH IS NOW AIMING TO PATCH UP RELATIONS BY SENDING A JOINT DELEGATION TO NORTH KOREA. ONE OBSERVATION HAS BEEN SPREADING IN THE LDP: "THE SDP HAS BEEN COMING ON STRONG WITH US, WITH ITS DEPARTURE FROM THE RULING CAMP AS ONE OPTION ON THE HORIZON."

FINANCE MINISTER RULES OUT SPECIAL TAX CUT, CITING COMMITMENT TO NOT ISSUING DEFICIT BONDS
(YOMIURI - PAGE 9)

CALLS FOR A SPECIAL INCOME TAX CUT AS THE BEST CARD TO STIMULATE THE ECONOMY ARE MOUNTING IN THE RULING CAMP, BUT OBJECTIONS WERE ALSO HEARD YESTERDAY IN SUCCESSION FROM THE GOVERNMENT AND THE LIBERAL DEMOCRATIC PARTY (LDP). FINANCE MINISTER MITSUZUKA CATEGORICALLY TOLD A UNCLAS SECTION 07 OF 09 TOKYO 008859

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NEWS CONFERENCE, "FROM THE STANDPOINT OF THE BASIC PRINCIPLE OF THE FISCAL STRUCTURAL REFORM LAW, IT IS NOT AN OPTION WE SHOULD TAKE." LDP TAX SYSTEM RESEARCH COUNCIL SUBCOMMITTEE CHAIRMAN SOHEI MIYASHITA SOUGHT TO DEFUSE PRESSURE FOR TAX CUTS BY TAKING A NEGATIVE VIEW, STATING, "WE HAVE NO SUCH INTENTION."

FINANCE MINISTER MITSUZUKA STRESSED THAT IT WOULD NOT BE POSSIBLE TO APPROVE THE ISSUANCE OF ADDITIONAL DEFICIT-COVERING BONDS TO FINANCE TAX BREAKS. HE ARGUED, "IN ORDER FOR THE NATION TO CLIMB OUT OF DEFICIT-COVERING GOVERNMENT BONDS OVER SIX YEARS AS STIPULATED IN THE FISCAL STRUCTURAL REFORM LAW, IT IS NECESSARY TO REDUCE (THE AMOUNT OF THE ISSUANCE OF SUCH) BY 1.25 TRILLION YEN A YEAR." HE INDICATED THE VIEW THAT THE ECONOMY SHOULD BE BROUGHT ON THE RECOVERY TRACK THROUGH DEREGULATION AND INCREASED LAND LIQUIDITY. THE FINANCE MINISTRY, WHICH PLANS TO CARRY OUT CORPORATE TAX CUTS STARTING IN FISCAL 1998, FEELS STRONG RESISTANT TO THE CALL FOR (PERSONAL) INCOME TAX CUTS -- THE OTHER MAIN SOURCE OF NATIONAL TAX REVENUES. THAT WAS THE SAME LINE TAKEN BY SUBCOMMITTEE CHAIRMAN MIYASHITA, WHO WARNED OF EASY-GOING TAX BREAKS FROM THE STANDPOINT OF THE TAX SYSTEM RESEARCH COUNCIL.

INTERNATIONAL TRADE AND INDUSTRY (MITI) VICE MINISTER OSAMU WATANABE ALSO REVEALED IN THE PRESS CONFERENCE HELD YESTERDAY THAT HIS MINISTRY HAS NO INTENTION OF SEEKING INCOME TAX CUTS IN A FY1998 TAX REFORM PACKAGE, NOTING, "THE IMPACT OF THE CONSUMPTION TAX HIKE (IN APRIL) IS BEING FELT, BUT IN OUR VIEW, THE TREND HAS CHANGED TOWARD RECOVERY."

THE REASON FOR THE SERIES OF STATEMENTS IS A SENSE OF ALARM THAT IF SPECIAL TAX CUTS ARE ALLOWED AND CUT INTO NATIONAL REVENUES, IT WOULD MAKE THE ONGOING FISCAL RECONSTRUCTION EFFORTS USELESS. HOWEVER, WITH THE ECONOMY LIMPING ALONG THE PATH TO RECOVERY, DISCUSSION ON THE ECONOMIC STIMULUS PACKAGE THE GOVERNMENT AND RULING CAMP WILL COMPILE AS EARLY AS WITHIN THE MONTH IS LIKELY TO MOVE INTO HIGH GEAR.

LDP AND RENGO CONSULT ON TAX CUT POSSIBILITY
(YOMIURI - PAGE 9)

TAKU YAMASAKI, CHAIRMAN OF THE LIBERAL DEMOCRATIC PARTY (LDP) POLICY AFFAIRS RESEARCH COUNCIL, YESTERDAY MET WITH KIYOSHI SASAMORI, SECRETARY GENERAL OF RENGO (JAPANESE TRADE UNION CONFEDERATION). REFERRING TO AN EARLY IMPLEMENTATION OF 2-TRILLION-YEN IN INCOME TAX CUTS, CHAIRMAN YAMASAKI HINTED AT THE PARTY'S INTENTION TO LOOK INTO THE POSSIBILITY OF CARRYING OUT TAX CUTS ON A CERTAIN SCALE, SAYING, "2 TRILLION YEN WOULD BE DIFFICULT, BUT WE THINK THAT WE HAVE TO COME UP WITH A REASONABLE SCALE. WE HAVE RECEIVED A STRONG REQUEST FOR

INCOME TAX CUTS FROM THE SOCIAL DEMOCRATIC PARTY (SDP) AND THE SAKIGAKE. A CALL FOR TAX BREAKS IS GAINING ADDED MOMENTUM IN THE PARTY." AT THE SAME TIME, HE ALSO UNDERScoreD HIS VIEW THAT "FISCAL DISBURSEMENTS WOULD BE DIFFICULT."

REFORM PANEL TO LIMIT FINANCE MINISTRY'S FINANCIAL PLANNING AUTHORITY TO CRISIS MANAGEMENT
(MAINICHI - PAGE 1)

THE GOVERNMENT'S CONFERENCE ON ADMINISTRATIVE REFORM (CHAIR'D BY PRIME MINISTER RYUTARO HASHIMOTO) IN A MEETING YESTERDAY STARTED COORDINATION WORK TO TRANSFER FINANCIAL PLANNING AND DESIGNING FUNCTIONS OF THE MINISTRY OF FINANCE (MOF) TO A NEWLY-ESTABLISHED FINANCIAL SURVEILLANCE AGENCY, THOUGH WITH DUTIES RELATED TO FINANCIAL CRISIS MANAGEMENT, SUCH AS ESTABLISHMENT OF RULES FOR INSOLVENT BANKS, RETAINED IN MOF. THIS IS PART OF A DRIVE TO SPLIT THE MOF'S FISCAL AND FINANCIAL
UNCLAS SECTION 08 OF 09 TOKYO 008859

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 OCTOBER 9

SECTIONS, THE BONE OF CONTENTION IN REORGANIZING CENTRAL GOVERNMENT MINISTRIES AND AGENCIES.

THE PRIME MINISTER STATED IN THE MEETING, "WHAT IS MOST CONCERNED ABOUT IS THE ISSUE OF CLEARING AWAY DEFUNCT FINANCIAL INSTITUTIONS. I WANT TO SEE THE WORDING 'FOR THE SAKE OF CONFIDENCE AND ORDER IN THE MARKET' CHANGED INTO 'CRISIS MANAGEMENT RELATED TO FINANCES'." BUT THE DEFINITION OF "CRISIS MANAGEMENT" WAS NOT DISCUSSED IN DETAIL. WHETHER THIS STEP WOULD RESULT IN REDUCING MOF'S AUTHORITY HINGES ON FUTURE COORDINATION WORK.

IN THE MEETING, CONFERENCE OF ADMINISTRATIVE REFORM CHIEF OF SECRETARIAT KIYOSHI MIZUNO AND YOMIURI SHIMBUN PRESIDENT TSUNEO WATANABE SUBMITTED THEIR OWN PROPOSALS, RESPECTIVELY. IN THE INTERIM REPORT, IT WAS PROVIDED THAT MOF SHOULD CONTINUE TO TAKE CHARGE OF FISCAL, CURRENCY AND EXCHANGE CONTROL BUT ITS FINANCIAL PLANNING AND DESIGNING DUTIES BE LIMITED TO THE SCOPE OF "MAINTAINING CONFIDENCE AND ORDER IN THE MARKET," BUT IT DID NOT SPECIFICALLY CLARIFY WHAT DUTIES SHOULD BE TAKEN AWAY FROM THE MINISTRY.

MIZUNO HAS PROPOSED THAT MOF'S FINANCIAL PLANNING AND DESIGNING FUNCTIONS SHOULD BE LIMITED TO "FINANCIAL CRISIS MANAGEMENT" CASES, AND THAT SUPERVISORY RIGHT OVER STOCK EXCHANGE MARKETS AND FINANCIAL FUTURES MARKETS AND GOVERNMENT-AFFILIATED FINANCIAL INSTITUTIONS, CORPORATE ACCOUNTING-RELATED DUTIES, AS WELL AS DUTIES TO WORK OUT RULES TO KEEP CONFIDENCE AND ORDER, SUCH AS ADJUSTMENT OF INTEREST RATES ADOPTED BY FINANCIAL INSTITUTIONS, SHOULD BE TRANSFERRED TO A FINANCIAL SURVEILLANCE AGENCY TO BE ESTABLISHED NEXT JULY.

REGARDING "CRISIS MANAGEMENT," MIZUNO DEFINES "FISCAL DISBURSEMENTS AT TIMES OF CRISIS," BUT WATANABE TAKES THE VIEW THAT "IT IS TOO LATE TO START PREPARATIONS AFTER A CRISIS OCCURS. WE NEED TO PREPARE A MANUAL BEFOREHAND."

PUBLIC SECURITY INVESTIGATION AGENCY TO ESCAPE REFORM
PANELQS AX (SANKEI - PAGE 5)

THE GOVERNMENT ON THE 8TH COMPILED A DRAFT PLAN TO RESTRUCTURE THE PUBLIC SECURITY INVESTIGATION AGENCY (PSIA), THE EXISTENCE OR ABOLITION OF WHICH HAS BEEN DISCUSSED, AND SUBMITTED IT TO THE CONFERENCE ON ADMINISTRATIVE REFORM (CHAIRER BY PRIME MINISTER RYUTARO HASHIMOTO). THE GOVERNMENT STRESSED IN ITS DRAFT THAT THE PSIA'S RESPONSIBILITY OF CONTROLLING ACTIVITIES OF VARIOUS ORGANIZATIONS WAS INDISPENSABLE FOR KEEPING PUBLIC ORDER UNDER THE LAW, INCLUDING THE CONSTITUTION. IT, THEREFORE, HAS SUGGESTED THE AGENCY BE RETAINED.

THE GOVERNMENT'S PLAN, HOWEVER, PROPOSED STREAMLINING OF THE PSIA'S LOCAL OFFICES SO THAT INTELLIGENCE-GATHERING ACTIVITIES OVERSEAS AND THE INFORMATION AND RESEARCH FUNCTION FOR THE CABINET WILL BE STRENGTHENED.

IT ALSO SUGGESTED SHELVEING THE PLAN TO INTEGRATE THE INTELLIGENCE-COLLECTING OFFICES OF THE MINISTRY OF FOREIGN AFFAIRS AND DEFENSE AGENCY FOR THE FOLLOWING REASONS: (1) THE QUALITY AND RELIABILITY ON INTELLIGENCE WILL BE HEIGHTENED THROUGH INVESTIGATIONS CONDUCTED FROM DIFFERENT PROFESSIONAL ANGLES OF MORE THAN ONE ORGANIZATION; AND (2) MISTAKES IN INTELLIGENCE AND THE USE OF SUCH WILL BE AVOIDED IF SEVERAL ORGANIZATIONS ARE INVOLVED.

CHIEF CABINET SECRETARY: OKINAWA HELIPORT PLAN TO SLIP TO EARLY NEXT YEAR (NIHON KEIZAI - PAGE 2)

CHIEF CABINET SECRETARY KANEZO MURAOKA, IN A PRESS CONFERENCE ON THE EVENING OF THE 8TH, STATED THAT THE UNCLAS SECTION 09 OF 09 TOKYO 008859

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 OCTOBER 9

FORMULATION OF THE FEASIBILITY PLAN TO CONSTRUCT AN
HELIPORT IN PLACE OF THE ONE AT THE MARINE CORPS' FUTENMA
AIR STATION ON OKINAWA "MAY BE POSTPONED FROM DECEMBER TO
JANUARY AS WE EXPECTED. SINCE THIS IS AN IMPORTANT
ISSUE, WE HAVE TO GO ALONG WITH ITS BEING DELAYED." HIS
REMARKS INDICATED HIS VIEW THAT THE POSTPONEMENT OF THE
FORMULATION OF THE CONSTRUCTION PLAN WILL BE NECESSARY
GIVING THOUGHT TO NAGO CITY, WHICH PLANS TO CONDUCT A
REFERENDUM ON THE HELIPORT CONSTRUCTION PLAN IN JANUARY.

TRANSPORT MINISTRY WANTS TO DISCUSS HARBOR PRACTICES ISSUE
WITH U.S. BEFORE SANCTIONS KICK IN (SANKEI - PAGE 11)

MINISTRY OF TRANSPORT (MOT) ADMINISTRATIVE VICE MINISTER
KURONO REVEALED YESTERDAY THAT JAPAN IS WILLING TO RESUME
JAPAN-UNITED STATES MARITIME TALKS ON THE ISSUE OF THE
U.S. FEDERAL MARITIME COMMISSION'S (FMC) SANCTIONS
AGAINST JAPAN IN REACTION TO THE JAPANESE "SYSTEM OF
PRIOR CONSULTATION" BETWEEN SHIPPING COMPANIES AND THE
LABOR UNIONS REPRESENTING LONGSHOREMEN OVER WATERFRONT
CARGO SERVICES. THE FMC HAS SET OCTOBER 15 AS THE
DEADLINE FOR THREE SHIPPERS TO PAY FINES. BEFORE THE
15TH, GOVERNMENTAL TALKS WILL LIKELY BE HELD IN
WASHINGTON.

TALKS ON THE REVIEW OF THE PRIOR CONSULTATION SYSTEM IS
GOING ON BETWEEN MOT, JAPANESE AND FOREIGN CARRIERS, AND
THE JAPAN HARBOR TRANSPORTATION ASSOCIATION (JHTA)
COMPOSED OF CARGO HANDING FIRMS. THE SHIPPERS' GROUP
HAVE CALLED FOR INTRODUCTION OF A NEW SYSTEM DESIGNED TO
ALLOW DIRECT NEGOTIATIONS BETWEEN SHIPPING COMPANIES AND
CARGO-HANDING FIRMS, IN ADDITION TO THE EXISTING SYSTEM
IN WHICH JHTA SERVES AS AN INTERMEDIARY IN NEGOTIATIONS.

THE PARTIES INVOLVED HAVE AGREED IN GENERAL TO OVERHAUL
THE EXISTING SYSTEM IN NEGOTIATIONS HELD UNTIL THE 8TH.
THEY REPORTEDLY ARE NOW NEGOTIATING THE DETAILS OF A
DIRECT NEGOTIATION SYSTEM. BUT MOT, BEARING IN MIND THE
APPROACHING DEADLINE FOR PAYING PENALTIES, HAS DECIDED TO
RESUME GOVERNMENT-LEVEL TALKS WITH THE U.S. IN THE
RESUMED TALKS, THE MINISTRY INTENDS TO EXPLAIN THE
PROCESS OF THE SERIES OF TALKS TO IMPROVE THE SYSTEM AND
URGE THE U.S. TO REMOVE THE SANCTIONS.

THE FMC HAS COMPLAINED: "UNDER THE JAPANESE PRIOR
CONSULTATION SYSTEM, FOREIGN SHIPPERS HAVE BEEN TREATED
WITH DISCRIMINATION." IT HAS IMPOSED PENALTIES OF
100,000 DOLLARS PER VOYAGE FROM SEPTEMBER 4 ON LINER
VESSELS OPERATED BY NIPPON YUSEN, MITSUI O.S.K. LINES AND
KAWASAKI KISEN KAISHA CALLING AT U.S. PORTS. OCTOBER 15

IS THE FIRST DEADLINE UNDER A SYSTEM OF MANDATING THE
THREE CARRIERS TO PAY FINES IN A PACKAGE THE FOLLOWING
MONTH. CRANE

SECT: SECTION: 01 OF 09

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SUBJ: JAPANESE MORNING PRESS HIGHLIGHTS OCTOBER 14

TOP HEADLINES:

TEXT:
UNCLAS SECTION 01 OF 08 TOKYO 008915

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;
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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 OCTOBER 14

TOP HEADLINES:

ASAHI: TELEPHONE RATES TO BE LIBERALIZED POSSIBLY NEXT
SUMMER; POSTS AND TELECOMMUNICATIONS MINISTRY INTENDS TO
FRONTLOAD LICENSE SYSTEM; DISCOUNT COMPETITION WILL
FURTHER INTENSIFY; AS "SHOWCASE" FOR ECONOMIC STIMULUS
MEASURES

NIHON KEIZAI: SAKURA BANK WILL OFFER OVER-THE-COUNTER SERVICE ALSO ON SATURDAYS, SUNDAYS, NATIONAL HOLIDAYS; WEEKDAY WORKING HOURS WILL BE EXTENDED TO 7:00 P.M. AT PORTION OF BRANCHES STARTING NEXT YEAR

TOKYO SHIMBUN: AIR-CONDITIONING WILL BE SET AT 28xDEGREES CENTIGRADE OR OVER; PERSONALLY-OWNED CARS ALSO NEED TO SELF-RESTRAIN; PART OF GOVERNMENT'S SAVING ENERGY POLICY TO AVOID MORE OF GLOBAL WARMING; 3 TRILLION YEN TO BE INVESTED BY STEEL INDUSTRY; COMPULSORY ACTION WILL BE TAKE IF NO EFFECT EMERGES

MAINICHI: RIVER BUREAU WILL NOT BE SEPARATED FROM CONSTRUCTION MINISTRY; ADMINISTRATIVE REFORM PANEL'S INTERIM REPORT ONCE AGAIN MODIFIED; "NATIONAL LAND PRESERVATION MINISTRY" WILL BE INTEGRATED INTO NATIONAL LAND AGENCY; LDP'S POLICY (TRANSLATION BELOW)

YOMIURI: 6.5 BILLION YEN OF IZUI MONEY OFFERED TO MITSUBISHI OIL FOR CONCEALMENT OF INCOME; FALSE TRANSACTIONS FOR NEARLY ONE DECADE; TOKYO NATIONAL TAX ADMINISTRATION AGENCY, UPON ITS RECOGNITION, ADDITIONALLY COLLECTED PORTION OF TAXES; CONSIDERING CANCELLATION OF BLUE-RETURN CORPORATION STATUS

SANKEI: TO INTEGRATE COMPUTATION SYSTEMS AT REGIONAL BANKS ACROSS THE COUNTRY; TO REDUCE COSTS IN PREPARATION FOR BIG BANG SCHEME; 24-HOUR ATM ALSO ENVISIONED

JAPAN LIKELY TO SIGN ANTI-MINE TREATY; FOREIGN MINISTER OBUCHI COORDINATING INTERNALLY (ASAHI - PAGE 1)

FOREIGN MINISTER KEIZO OBUCHI YESTERDAY DECIDED TO START COORDINATING VIEWS IN THE GOVERNMENT ON JAPAN SIGNING THE TREATY BANNING ANTIPERSONNEL MINES. AS EARLY AS TODAY, HE WILL SUMMON SENIOR OFFICIALS IN THE DEFENSE AGENCY (JDA) TO LISTEN TO THEIR VIEWS. PARTLY BECAUSE THE UNITED STATES AND OTHER COUNTRIES ARE AGAINST SIGNING THE TREATY, JDA IS DEEPLY CAUTIOUS ABOUT SIGNING, CITING SUCH REASONS AS: "THE TREATY WILL BE LESS EFFECTIVE." SO THE FOREIGN MINISTER PLANS TO WORK ON THEM TO AGREE TO SIGN THE TREATY WITHOUT ANY RESERVATIONS. BUT JDA IS LIKELY TO REMAIN RELUCTANT. THE PLAN THE FOREIGN MINISTER HAS IN MIND NOW IS TO FINALIZE INTERNAL COORDINATION BY THE TIME OF THE SIGNING CEREMONY FOR THE TREATY ON DECEMBER 3 IN OTTAWA, CANADA.

AT THE LOWER HOUSE BUDGET COMMITTEE MEETING THAT REOPENED YESTERDAY, THE FOREIGN MINISTER, IN RESPONSE TO A QUESTION POSED BY YUKIO HATOYAMA (DEMOCRATIC PARTY OF JAPAN) REGARDING SIGNING THE TREATY WITHOUT CONDITIONS, REITERATED THAT HE WAS POSITIVE ABOUT SIGNING THE TREATY, NOTING, "I WOULD BE PLEASED IF I COULD BRING VIEWS TOGETHER." HE ALSO STRESSED: "INSTEAD OF JUST FOLLOWING THE UNITED STATES' THINKING, WE JAPANESE HAVE TO COPE WITH THIS MATTER BASED ON OUR OWN THINKING. THE SELECTION OF A NOBEL PEACE PRIZE WINNER (FROM A NON-

GOVERNMENT ORGANIZATION) FOR (ANTI-MINE) TREATY EFFORTS IS CHANGING PUBLIC OPINION INSIDE JAPAN AND ABROAD."

ON SIGNING THE TREATY, THE JDA HAS SO FAR BEEN CAUTIOUS, ARGUING, "THE TREATY WILL BE LESS EFFECTIVE UNLESS MAJOR POWERS THAT USE LAND MINES LIKE THE U.S. AND CHINA SIGN IT."

UNCLAS SECTION 02 OF 08 TOKYO 008915

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.

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SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS OCTOBER 14

ON THE OTHER HAND, THE FOREIGN MINISTER POINTS OUT, "IT IS ILLOGICAL IF JAPAN DOES NOT APPROVE THE TREATY WHILE WORKING TOGETHER TO REMOVE LAND MINES." EVEN IN THE JDA, BEING AWARE OF THE TREND OF PUBLIC OPINION, SOME ARE VOICING: "SIGNING THE TREATY MAY BE UNAVOIDABLE."

PRIME MINISTER HASHIMOTO TURNING TO DIPLOMACY TO COUNTER DOMESTIC POLITICAL WOES
(NIHON KEIZAI - PAGE 2, OCT. 12 EDITION)

IT WAS A MONTH AS OF THE 11TH SINCE THE SECOND HASHIMOTO CABINET WAS LAUNCHED. MEANWHILE, THE NEWLY INAUGURATED CABINET CONTINUES TO BE AFFECTED BY THE AFTERMATH OF THE PROBLEM OF FORMER MANAGEMENT AND COORDINATION AGENCY DIRECTOR GENERAL KOKO SATO'S (RESIGNATION SOON AFTER HIS) CABINET ENTRY. MOREOVER, PRIME MINISTER RYUTARO HASHIMOTO'S INITIATIVE TO CARRY OUT ADMINISTRATIVE REFORM THAT HE HIMSELF HAS ADVOCATED AS THE HIGHEST PRIORITY FOR HIS CABINET IS NOW IN A CRISIS, STALLED BY THE RULING PARTIES' OWN RESISTANCE. IN COMPILING ECONOMIC STIMULUS MEASURES, HIS GOVERNMENT HAS LACKED DECISIVENESS. IN STEERING THE DIET AS WELL, THE PRIME MINISTER IS FACING A NUMBER OF DIFFICULT PROBLEMS, SUCH AS THE ISSUE OF SUMMONING JUNICHI IZUI (AN OIL WHOLESALER ON TRIAL FOR INCOME TAX EVASION AND FRAUD) TO THE DIET AS A WITNESS. THE PRIME MINISTER BEFORE THE CABINET RESHUFFLE APPEARED TO HAVE BEEN SMOOTHLY STEERING HIS GOVERNMENT., BUT NOW THE SITUATION HAS CHANGED COMPLETELY AND HE FACES A STRONG HEADWIND. IN ORDER TO DETRACT FROM DOMESTIC DIFFICULTIES, THE PRIME MINISTER WANTS TO REINTENSIFY HIS GOVERNMENT'S CENTRIPETAL FORCE THROUGH HIS SUCCESSIVELY SCHEDULED SUMMIT MEETINGS WITH FOREIGN LEADERS -- AN UNPRECEDENTED CASE TO TAKE PLACE WHEN THE DIET IS STILL IN SESSION. YET THERE IS NO CLEAR PROSPECTS OF HIS

CABINET'S RATE OF PUBLIC SUPPORT RISING AGAIN.

"THE LAST MEASURE TO PULL THE GOVERNMENT'S CHESTNUTS OUT OF THE FIRE IS DIPLOMACY. ABOVE ALL, THE (PRIME MINISTER'S) RUSSIA VISIT, SCHEDULED FOR EARLY NOVEMBER, IS PARTICULARLY IMPORTANT." ON THE 8TH, MUNEO SUZUKI, DIRECTOR GENERAL OF THE HOKKAIDO DEVELOPMENT AGENCY AND CONCURRENTLY IN OFFICE AS DIRECTOR GENERAL OF THE OKINAWA DEVELOPMENT AGENCY, ONE OF THE AIDES TO THE PRIME MINISTER, MADE THAT REMARK TO A CLOSE ASSOCIATE. SUZUKI THUS INDICATED THAT IN HIS JUDGMENT THE HASHIMOTO GOVERNMENT SHOULD SEEK A WAY OUT OF ITS DIFFICULTY THROUGH DIPLOMACY.

ALTHOUGH THE DIET IS STILL IN SESSION, PRIME MINISTER HASHIMOTO WILL MAKE THREE FOREIGN TRIPS DURING NOVEMBER. ON NOVEMBER 1 AND 2, THE PRIME MINISTER WILL VISIT RUSSIA TO MEET WITH PRESIDENT YELTSIN AT KRASNOYARSK IN SIBERIA. AFTER THAT, THE PRIME MINISTER WILL VISIT SAUDI ARABIA FROM THE 7TH THROUGH THE 10TH, AND THEN PARTICIPATE IN AN INFORMAL SUMMIT MEETING OF THE ASIA-PACIFIC ECONOMIC COOPERATION (APEC) FORUM TO BE HELD ON THE 24TH IN VANCOUVER, CANADA.

IT IS ONLY NATURAL FOR THE PRIME MINISTER TO ATTEND THE PERIODIC APEC SUMMIT MEETING OF THE LEADERS OF THE U.S., CHINA, AND OTHER COUNTRIES. AS FOR THE PRIME MINISTER'S SCHEDULED VISITS TO RUSSIA AND SAUDI ARABIA, A SOURCE IN THE MINISTRY OF FOREIGN AFFAIRS SAYS THAT "SUCH WERE SET BY THE PRIME MINISTER'S STRONG INTENTION." THIS SHOWS THE PRIME MINISTER'S INNERMOST DESIRE TO BRING UP THE PUBLIC APPROVAL OF HIS CABINET AGAIN THROUGH SUMMITRY DIPLOMACY.

YET THERE IS NO PREDICTING WHETHER SUCH DIPLOMACY WILL BECOME A MEANS TO BOOST HIS GOVERNMENT'S IMAGE, AS DESIRED BY THE PRIME MINISTER. ESPECIALLY IN THE UNCLAS SECTION 03 OF 08 TOKYO 008915

USIA

FOR: USIA D/, 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.

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SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS OCTOBER 14

SCHEDULED JAPAN-RUSSIA SUMMIT MEETING, THE PRIME MINISTER WILL BE TESTED ON HIS OWN THREE PRINCIPLES HE RECENTLY ANNOUNCED AS HIS FOREIGN POLICY TOWARD RUSSIA: (1) CONFIDENCE; (2) RECIPROCITY; AND (3) LONG-TERM VISION. ALL THE MORE FOR THIS REASON, THE PRIME MINISTER WILL

INEVITABLY HAVE TO MAKE SOME SPECIFIC PROGRESS IN HIS SUMMIT TALKS OVER THE PENDING NORTHERN TERRITORIAL ISSUE AND ECONOMIC RELATIONS, OR LOSE MOMENTUM.

SOME IN THE LIBERAL DEMOCRATIC PARTY ARE NOW VOICING THEIR APPREHENSIONS ABOUT THE FUTURE COURSE OF THE HASHIMOTO GOVERNMENT. ON THE 9TH, PRIME MINISTER HASHIMOTO WAS RUMORED ON TOKYO'S FOREIGN EXCHANGE AND MONEY MARKETS TO RESIGN. CONCERNING SUCH A RUMOR, SEVERAL LDP DIETMEMBERS INQUIRED OF THE PRIME MINISTER'S OFFICIAL RESIDENCE ABOUT WHETHER IT WAS TRUE OR NOT. ONE CONNECTED TO THE MARKETS REMARKED, "THAT'S ONLY A GROUNDLESS RUMOR." EVEN SO, HOWEVER, SUCH CAN BE CALLED AN OVERREACTION. THE POLITICAL WORLD HAS NOW BECOME SENSITIVE TO A CRISIS OF THE HASHIMOTO GOVERNMENT.

IN NOVEMBER THE GOVERNMENT'S ADMINISTRATIVE REFORM PANEL IS EXPECTED TO RELEASE A FINAL REPORT ON ITS PROPOSAL OF REORGANIZING THE CENTRAL GOVERNMENT MINISTRIES AND AGENCIES. ADDITIONALLY, IZUI IS SUPPOSED TO BE SUMMONED TO THE DIET AS A WITNESS, AND A DIET COMMITTEE IS GOING TO DELIBERATE ON A FISCAL RESTRUCTURING BILL. SO, THE PRIME MINISTER WILL BE COMPELLED TO STEER THE POLITICAL SITUATION IN A DIFFICULT WAY DURING THAT MONTH IN PARTICULAR. EVEN MORE, HIS DIPLOMATIC SCHEDULES WILL OCCUR COINCIDENTALLY. AN LDP EXECUTIVE OFFICER IS NOW CONCERNED ABOUT SUCH SCHEDULES, SAYING: "THE PRIME MINISTER MAY BECOME UNABLE TO MOVE AT ALL ..."

THERE IS ALSO AN URGENT NEED TO STIMULATE THE ECONOMY. IN FACT, HOWEVER, THE HASHIMOTO GOVERNMENT -- PARTLY BECAUSE OF ITS ADMINISTRATIVE AND FISCAL REFORM INITIATIVE -- REMAINS UNABLE TO TAKE ANY IMMEDIATELY EFFECTIVE JACK-UP MEASURES, INCLUDING SUCH OPTIONS AS INCREASING THE BUDGETARY AMOUNT OF INVESTMENTS IN PUBLIC WORKS AND CARRYING OUT AN INCOME TAX REDUCTION. A GOVERNMENT LEADER HAS NOW CONFESSED TO THOSE AROUND HIM, "IF THERE IS A GOOD IDEA, TELL ME." AS SEEN FROM SUCH A COMMENT, THERE IS NO DENYING THE IMPRESSION OF THE HASHIMOTO GOVERNMENT BEING IN A FIX. IF THE DOMESTIC ECONOMY FURTHER SLOWS DOWN, THE RULING PARTIES' CALLS FOR SUBSTANTIAL TAX CUTS WILL BECOME EVEN LOUDER, AND IT WILL CERTAINLY BECOME STILL HARDER FOR THE PRIME MINISTER TO STEER HIS GOVERNMENT.

-- MAJOR POLITICAL SCHEDULE AT THIS TIME --

- NOVEMBER 1: THE PRIME MINISTER VISITS RUSSIA (FOR A SUMMIT MEETING AT KRASNOYARSK UNTIL NOV. 2).
- NOVEMBER 7: THE PRIME MINISTER VISITS SAUDI ARABIA (UNTIL NOV. 10).
- NOVEMBER 11 (?): CHINESE PREMIER LI PENG VISITS JAPAN.
- NOVEMBER 17: THE ADMINISTRATIVE REFORM PANEL HOLDS AN INTENSIVE SESSION OF DISCUSSIONS (UNTIL NOV. 19).
- NOVEMBER 21: A CEREMONY IN COMMEMORATION OF THE 25TH ANNIVERSARY OF OKINAWA'S REVERSION TO JAPAN.
- NOVEMBER 24: APEC'S INFORMAL SUMMIT MEETING (AT VANCOUVER, CANADA UNTIL NOV. 25).

- IN LATE NOVEMBER: THE ADMINISTRATIVE REFORM PANEL RELEASES A FINAL REPORT ON ITS PROPOSAL OF REORGANIZING THE CENTRAL GOVERNMENT MINISTRIES AND AGENCIES.
- IN DECEMBER: THE NEW FRONTIER PARTY (SHINSHINTO) HOLDS A PARTY HEAD ELECTION.
- DECEMBER 1: KYOTO CONFERENCE ON GLOBAL WARMING PREVENTION (UNTIL DEC. 10).
- DECEMBER 12: THE EXTRAORDINARY DIET SESSION ENDS. IN UNCLAS SECTION 04 OF 08 TOKYO 008915

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 OCTOBER 14

MID-DECEMBER: JAPAN-ASEAN SUMMIT TALKS (AT KUALA LUMPUR).

- IN LATE DECEMBER: BUDGET COMPILATION FOR FY1998.

RULING CAMPQS PLAN TO SEND DELEGATION TO NORTH KOREA DEADLOCKED (NIHON KEIZAI - PAGE 2, OCT. 11 EDITION)

COORDINATION AMONG THE LIBERAL DEMOCRATIC PARTY (LDP), SOCIAL DEMOCRATIC PARTY (SDP), AND THE SAKIGAKE PARTY OVER THE DISPATCH OF A DELEGATION TO THE DEMOCRATIC PEOPLES REPUBLIC OF KOREA (NORTH KOREA) HAS HIT A SNAG. A CAUTIOUS VIEW HAS EMERGED NOT ONLY IN THE LDP THAT "NO CONCRETE RESULTS CAN BE HOPED FOR IN SUCH PENDING ISSUES AS THE SUSPICIONS OF KIDNAPPINGS OF JAPANESE CITIZENS," BUT ALSO IN THE SDP EXECUTIVE, WHICH HAD BEEN STRONGLY CALLING FOR SUCH A DISPATCH. THERE IS A GOOD POSSIBILITY THAT THE TIMING OF THE DISPATCH AIMED AT THIS MONTH COULD GREATLY SLIP.

THE DISPATCH OF A RULING CAMP DELEGATION WAS FORMALLY APPROVED ON OCTOBER 7 AT A MEETING OF SECRETARIES GENERAL OF THE THREE COALITION PARTIES. THE THREE PARTIES IN SUBSEQUENT COORDINATION DECIDED THAT THE COMPOSITION OF THE DELEGATION WOULD BE 4 LDP MEMBERS, 3 SDP MEMBERS, AND ONE SAKIGAKE PARTY MEMBER. IT WAS ALSO FIRMED UP THAT THE SELECTION FROM EACH PARTY WOULD CENTER ON LDP EXECUTIVE COUNCIL CHAIRMAN YOSHIAKI MORI, SDP SECRETARY GENERAL SHIGERU ITO, AND SAKIGAKE HEAD AKIKO DOMOTO.

HOWEVER, ON THE QUESTION OF MISSION LEADER, THE LDP HAS PROPOSED ITO, WHO HAD BEEN POSITIVE ABOUT THE DISPATCH FOR SOME TIME, BUT ITO REFUSED. THE PREVALENT VIEW IN THE SDP WAS THAT "IT WAS MORE APPROPRIATE FOR MORI TO

LEAD THE MISSION IN THE SENSE OF THE LDP AS THE LEADING COALITION PARTY BEARING RESPONSIBILITY OF THE MISSION TO NORTH KOREA." THE SDP DID NOT TO BEAR RESPONSIBILITY FOR SENDING A DELEGATION TO NORTH KOREA WHICH HAD LITTLE PROSPECT FOR SUCCESS AND IT WAS ALSO CAUTIOUS ABOUT DOING AS THE LDP WISHED SINCE THAT PARTY AGREED TO THE DISPATCH TO KEEP THE COALITION FRAMEWORK OF THE LDP, SDP, AND SAKIGAKE PARTY INTACT.

ON THE TIMING OF THE DISPATCH AS WELL, SOME IN THE LDP WERE SAYING, "WE SHOULD DISPATCH THE MISSION AS SOON AS POSSIBLE, NOT IGNORING THE TIMING OF KIM JONG IL'S HAVING BEEN NAMED GENERAL SECRETARY OF THE KOREAN WORKERS PARTY. BUT OTHERS IN THE PARTY HAD STRONG RESERVATIONS ABOUT AN EARLY DISPATCH, SAYING, "IF WE SCURRY NOW TO DISPATCH A MISSION, IT WILL PROBABLY GIVE THE IMPRESSION OF A DIPLOMACY OF PAYING TRIBUTE TO NORTH KOREA." AS A RESULT, COORDINATION IN A CONCRETE WAY AMONG THE THREE PARTIES HAS NOT MOVED FORWARD.

SPARKS FLY BETWEEN HASHIMOTO AND OZAWA IN BUDGET COMMITTEE BUT SHOWDOWN MAY BE AVERTED (MAINICHI - PAGE 2)

IN THE LOWER HOUSE BUDGET COMMITTEE SESSION (CHAIRER BY HIKARU MATSUNAGA) THAT RESUMED ON THE 13TH, PRESIDENT ICHIRO OZAWA OF THE LARGEST OPPOSITION PARTY, SHINSHINTO (NEW FRONTIER PARTY), WHICH IS SEEKING TO TOPPLE THE CABINET, TOOK THE STAND. CONTRARY TO HEIGHTENED EXPECTATIONS THAT HE WOULD BATTLE WITH PRIME MINISTER RYUTARO HASHIMOTO, OZAWA ONLY LIGHTLY TOUCHED ON THE APPOINTMENT AND RESIGNATION OF KOKO SATO AS MANAGEMENT AND COORDINATION AGENCY (MCA) DIRECTOR GENERAL IN REGARD TO THE POLITICAL ETHICS ISSUE, WHICH IS THE FOCUS OF THE CURRENT DIET. INSTEAD, HE SPEND MOST OF HIS TIME ON SECURITY ISSUES, HIS STRONG AREA. HIS AVOIDANCE OF THE ETHICS ISSUE STOOD OUT.

(NATSUKI MOTOTANI, AKIRA FUKUI)

UNCLAS SECTION 05 OF 08 TOKYO 008915

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 OCTOBER 14

IN THE SESSION, OZAWA TOOK UP ONLY THE SATO DEBACLE IN A CONTEXT RELATED TO THE PRIME MINISTER'S LEADERSHIP, WITHOUT TOUCHING ON THE SUMMONING OF OIL TRADER JUNICHI

IZUI, WHO IS THE CENTRAL FIGURE OF THE POLITICAL DONATIONS SCANDAL THAT HAD STALLED THE BUDGET COMMITTEE SESSION.

IN REGARD TO THE APPOINTMENT OF KOKO SATO AS MCA CHIEF, OZAWA DID NOT RAISE ANY OBJECTION AND JUST SAID, "IT WAS A CONCLUSION THE PRIME MINISTER REACHED AFTER GIVING MUCH THOUGHT. IT WAS ONE OPTION." INSTEAD, HE SHED MORE LIGHT ON THE FACT THAT "THE PRIME MINISTER'S DECISION CHANGED IN ONLY A FEW DAYS."

OZAWA ONLY MADE HIS POLITICAL STANCE MORE CLEAR THAT ACTION IS MORE IMPORTANT THAN ETHICS AND LEADERSHIP THAN PUBLIC OPINION, ARGUING, "HE NEEDS A STRONG WILL TO CARRY OUT HIS GOAL EVEN IF THAT RUNS COUNTER TO (PUBLIC OPINION)."

THROUGHOUT THE INTERPELLATIONS AND BUDGET COMMITTEE DELIBERATIONS, THE PRIME MINISTER HAS EMPHASIZED THE "WEIGHT OF PUBLIC OPINION" AND REPEATED WORDS OF APOLOGY. THE ETHICS PROBLEM IS THE MOST VULNERABLE POINT FOR THE HASHIMOTO ADMINISTRATION. IN THAT RESPECT, IT WAS CLEAR THAT OZAWA HELD BACK IN SEIZING UPON THAT POINT.

IT SEEMS THAT OZAWA FOCUSED HIS ATTENTION ON HIS STRONG AREA OF SECURITY IN AN ATTEMPT TO PULL THE SOCIAL DEMOCRATIC PARTY (SDP) APART FROM THE RULING CAMP BY DEMONSTRATING THAT THERE WAS ALMOST NO PERCEPTION GAP WITH THE PRIME MINISTER ABOUT SECURITY.

OZAWA'S WORDING REMAINED HUMBLE THROUGHOUT THE SESSION, AS SEEN IN HIS COMMENT, "I HAD POLITE RESPONSES FROM THE PRIME MINISTER." OZAWA TRIED TO FISH OUT A COMMENT FROM THE PRIME MINISTER, SAYING, "I WORKED WITH (PRIME MINISTER) HASHIMOTO IN HANDLING THE GULF WAR." IN RESPONSE, THE PRIME MINISTER NOTED, "(MR. OZAWA) PLAYED AN IMPORTANT ROLE AS SECRETARY GENERAL OF THE LIBERAL DEMOCRATIC PARTY (LDP)." SUCH AN EXCHANGE WAS A REMINISCENT OF THEIR SENSE OF CAMARADERIE DURING THE TANAKA-TAKESHITA AGE.

OZAWA ATTEMPTED TO DRAW THE PHRASE "THE GOVERNMENT'S CHANGE IN ITS INTERPRETATION OF THE CONSTITUTION" FROM THE PRIME MINISTER REGARDING THE NEW JAPAN-U.S. DEFENSE COOPERATION GUIDELINES, FIGURING THAT SUCH WOULD NECESSITATE DIET APPROVAL OF THE DEFENSE GUIDELINES THAT WOULD DRIVE THE SDP AWAY FROM THE RULING CAMP (OZAWA AIDE).

MEANWHILE, YUKIO HATOYAMA OF THE MINSHUTO (DEMOCRATIC PARTY OF JAPAN) REMARKED TO THE PRESS LATER YESTERDAY: "MR. OZAWA DID NOT TOUCH ON ANY ECONOMIC ISSUES AND ONLY BRIEFLY MENTIONED THE POLITICAL ETHICS PROBLEM. HIS ACTION MAKES ME THINK THAT HE IS STILL LOOKING FOR WAYS TO ACHIEVE A 'CONSERVATIVE-CONSERVATIVE ALLIANCE.'" HATOYAMA'S COMMENT SUGGESTED THAT HE WAS ALARMED ABOUT THE "CLOSENESS" BETWEEN OZAWA AND THE PRIME MINISTER.

HASHIMOTO AND OZAWA DEBATE CONSTITUTIONALITY OF DEFENSE GUIDELINES IN DIET EXCHANGE (MAINICHI - PAGE 2)

IN THE LOWER HOUSE BUDGET COMMITTEE SESSION ON THE 13TH, SHINSHINTO (NEW FRONTIER PARTY) PRESIDENT ICHIRO OZAWA TOOK UP THE RELATIONSHIP BETWEEN JAPAN'S REAR SUPPORT FOR THE UNITED STATES, STIPULATED IN THE NEW JAPAN-U.S. DEFENSE COOPERATION GUIDELINES, AND THE GOVERNMENT'S HITHERTO INTERPRETATION OF THE CONSTITUTION. THE GOVERNMENT INSISTED THAT THERE HAS BEEN NO CHANGE IN ITS INTERPRETATION OF THE CONSTITUTION. THE SO-CALLED GRAY UNCLAS SECTION 06 OF 08 TOKYO 008915

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 OCTOBER 14

ZONE THAT IS RELATED TO THE EXERCISE OF THE RIGHT OF COLLECTIVE SELF-DEFENSE REMAINS UNSETTLED (LIBERAL DEMOCRATIC PARTY (LDP) EXECUTIVE).

OZAWA QUESTIONED THE FEASIBILITY OF JAPAN'S PARTICIPATION IN LOGISTICAL SUPPORT FOR THE U.S. IN DEALING WITH AN EMERGENCY IN AREAS SURROUNDING JAPAN, PUSHING THE EXCHANGE AS FAR AS THE ISSUE OF "A UNITED NATIONS SANCTION."

THE PRIME MINISTER AT ONE POINT SUGGESTED THE GOVERNMENT HAS CHANGED IN ITS INTERPRETATION OF THE CONSTITUTION, REPLYING, "I THINK JAPAN'S SUPPORT IS POSSIBLE IN AREAS WHERE THE USE OF ARMED FORCE IS NOT INVOLVED AND THAT IS CLEARLY APART FROM THE COMBAT AREA. SUCH WAS NOT THE GOVERNMENT'S VIEW IN THE PAST."

HOWEVER, CABINET LEGISLATION BUREAU DIRECTOR GENERAL MASASUKE OMORI DENIED IT, EXPLAINING, "THE GOVERNMENT'S VIEW HAS NOT BEEN CHANGED AT ALL." THE PRIME MINISTER IMMEDIATELY CORRECTED HIS RESPONSE, GOING, "THEORETICALLY, THERE HAS BEEN NO CHANGE IN THE GOVERNMENT'S JUDGMENT."

DIRECTOR GENERAL OMORI'S ARGUMENT IS SUPPORTED BY THE UNITED NATIONS PEACE COOPERATION BILL WHICH THE GOVERNMENT SUBMIT TO THE EXTRAORDINARY DIET IN THE FALL OF 1990 DURING THE GULF CRISIS, BUT THAT LEGISLATION WAS NEVER PASSED. THE GOVERNMENT HAD THEN EXPLAINED ITS THINKING ABOUT DISPATCHING SELF-DEFENSE FORCES FOR MULTINATIONAL FORCES, "(THEY CANNOT BE DISPATCHED) FOR

OPERATIONS THAT INVOLVE THE USE OF ARMED FORCE, BUT IN THE CASE OF ASSISTING IN SUPPLYING (FUEL AND OTHER MATERIALS), DISPATCH CANNOT BE RULED OUT." THUS, THE GOVERNMENT HAD TAKEN THE VIEW THAT JAPAN WOULD BE ALLOWED TO PARTICIPATE PARTIALLY IN REAR SUPPORT OPERATIONS CARRIED OUT BY MULTILATERAL FORCES.

OZAWA WENT ON TO ASK, "IN THOSE DAYS, THE GOVERNMENT EXPLAINED THAT TRANSPORT OF ARMS AND AMMUNITION WAS OUT OF QUESTION. I THINK THAT MEANS A CHANGE IN OR AN EXPANSION OF THE INTERPRETATION OF THE CONSTITUTION." THE PRIME MINISTER ONLY REMARKED, "ARGUMENTS HAVE NOW BECOME MORE SUBTLE THAN BEFORE." (ITARU JINRA)

GOVERNMENT READIES ENVIRONMENTAL COUNTERMEASURES PLAN FOR ALTERNATE HELIPORT IN OKINAWA
(NIHON KEIZAI - PAGE 2, OCT. 11 EDITION)

AS A STEP TO DEAL WITH THE PROBLEM OF CONSTRUCTING AN ALTERNATE HELIPORT IN NAGO CITY IN RESPONSE TO THE RETURN OF UNITED STATES FORCES' FUTENMA AIR STATION IN OKINAWA, THE CENTRAL GOVERNMENT HAS OUTLINED A PLAN THAT IT WILL SHOW TO LOCAL RESIDENTS LATER THIS MONTH. TAKING INTO CONSIDERATION THE NAGO MUNICIPAL ASSEMBLY'S ADOPTION OF AN ORDINANCE CALLING FOR A REFERENDUM ON WHETHER TO APPROVE CONSTRUCTION OF A HELIPORT AT A CANDIDATE SITE OFF CAMP SCHWAB, THE CENTRAL GOVERNMENT INTENDS TO POUR IN MORE ENERGY TO GRAPPLE WITH THE ENVIRONMENTAL AND NOISE PROBLEMS WHICH LOCAL CITIZENS ARE GREATLY CONCERNED ABOUT. IT INTENDS TO SEEK TO BUILD A CONSENSUS IN THE LOCAL AREA ON CONSTRUCTION OF A HELIPORT BY ALLEVIATING LOCAL CONCERNS.

ON THE PROBLEM OF AN ALTERNATE HELIPORT, JAPAN AND THE U.S. HAVE ALREADY REACHED AN AGREEMENT THAT INCLUDES: 1) PURSUING CONSTRUCTION OF AN OFFSHORE HELIPORT AND PLANNING TO ABSORB MOST OF FUTENMA AIR STATION'S HELIPORT FUNCTIONS; AND 2) SETTING THE LENGTH OF THE FACILITY AT ABOUT 1,500 METERS (RUNWAY WILL BE APPROXIMATELY 1,300 METERS). THE OUTLINE OF THE PLAN IS FOR SUPPLEMENTING WHAT HAS BEEN BILATERAL AGREED ON AND WILL COVER SUCH UNCLAS SECTION 07 OF 08 TOKYO 008915

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 OCTOBER 14

MATTERS AS THE SIZE OF A FACILITY, INSTALLATIONS, AND A

SUMMARY OF AN ENVIRONMENTAL ANALYSIS.

ALTHOUGH NO SPECIFIC CONSTRUCTION METHOD WILL BE MENTIONED, THE CENTRAL GOVERNMENT WILL PUT EVERY EFFORT INTO COPING WITH THE ENVIRONMENTAL PROBLEM, REGARDLESS OF WHICH OF THE THREE PROPOSED CONSTRUCTION METHODS ARE CHOSEN AS FEASIBLE. IT WILL TAKE A BASIC POLICY LINE OF "TRYING TO AVOID NOISE AND THE DANGER OF ACCIDENTS BY THE CONTRIVING OF FLIGHT PATHS OF THE HELICOPTERS" (SENIOR OFFICIAL OF THE DEFENSE AGENCY).

THE REASON FOR THE CENTRAL GOVERNMENT'S DETERMINATION TO READY THE PLAN IS ITS JUDGMENT THAT IN ORDER TO OBTAIN AGREEMENT FROM LOCAL RESIDENTS, MATERIALS FOR THEM TO JUDGE MUST BE SHOWN AT AN EARLY DATE. NAGO CITY'S LOCAL REFERENDUM WILL OFFER FOUR CHOICES: 1) AGREEMENT; 2) AGREEMENT BECAUSE ENVIRONMENTAL MEASURES AND ECONOMIC EFFECTS CAN BE EXPECTED; 3) OPPOSITION; AND 4) OPPOSITION BECAUSE NO ENVIRONMENTAL MEASURES NOR ECONOMIC EFFECTS CAN BE EXPECTED. SO, THE CENTRAL GOVERNMENT BELIEVES THE KEY IS HOW IT TACKLES THE ENVIRONMENTAL PROBLEM, AS WELL AS THE ECONOMIC PACKAGE BEING READIED FOR THE AREA.

HOWEVER, IN THE MEETING ON THE 8TH BETWEEN OKINAWAN GOVERNOR MASAHIDE OTA, WHOM THE CENTRAL GOVERNMENT EXPECTS TO PLAY A LEADING ROLE IN COORDINATING VIEWS WITH LOCAL CITIZENS, AND PARLIAMENTARY VICE DEFENSE MINISTER YUKO KURIHARA, THE GOVERNOR DID NOT CHANGE HIS STANCE OF NOT GETTING INVOLVED IN LOCAL COORDINATION.

U.S.-JAPAN COORDINATION ON RESOLVING HARBOR PRACTICES
ISSUE ON VERGE OF CRISIS (ASAHI - PAGE 11)

THE FEDERAL MARITIME COMMISSION (FMC) IS IMPOSING SANCTIONS AGAINST THREE JAPANESE SHIPPING LINES, CALLING FOR REFORM OF JAPAN'S OWN "PRIOR CONSULTATION SYSTEM" -- A LABOR-MANAGEMENT PRACTICE EMPLOYED FOR CARGO HANDLING. WITH THE DUE DATE FOR THE FIRST PAYMENT OF THE FINES CLOSE AT HAND ON THE 15TH, THE GOVERNMENTS OF JAPAN AND THE UNITED STATES ARE NOW ENGAGING IN DOWN-TO-THE-WIRE TALKS. THE MINISTRY OF TRANSPORT (MOT) HOPES TO FIND A BREAKTHROUGH AT A BUREAU DIRECTOR GENERAL-LEVEL MEETING. HOWEVER, THE U.S.' HANDLING OF THE ISSUE IS DIVIDED AMONG THE STATE DEPARTMENT, THE TRANSPORTATION DEPARTMENT AND THE FMC. MATTERS ARE AT AN EXTREMELY DELICATE STAGE TO TELL WHETHER PROGRESS WILL OCCUR IN THE TALKS AND THE SANCTIONS WILL BE LIFTED BY THE 15TH.

THERE HAVE BEEN ROUGHLY TWO POINTS OF DISCUSSION REGARDING REFORM OF THE SYSTEM. ONE IS SIMPLIFYING THE PRESENT NEGOTIATION FORMULA, IN WHICH THE JAPAN HARBOR TRANSPORTATION ASSOCIATION (JHTA), A CARGO-HANDLERS' ORGANIZATION, ACTS AS A MEDIATOR, AND THE OTHER IS HOW TO DEAL WITH A NEW FORMULA WITHOUT THE INVOLVEMENT OF THE JHTA AS SUCH A PLAYER. THE SHIPPING INDUSTRY AND THE JHTA HAVE GENERALLY AGREED ON THE PROPOSED SIMPLIFICATION OF THE SYSTEM. REGARDING THE ADOPTION OF A NEW FORMULA, THE JAPAN FOREIGN STEAMSHIP ASSOCIATION (JFSA) CONTENDED,

"WE WANT A GOVERNMENT GUARANTEE FOR ESTABLISHMENT AND SMOOTH APPLICATION OF A NEW SYSTEM," BUT MOT HAS REPLIED, "WE CANNOT DIRECTLY INTERVENE IN AFFAIRS PERTAINING TO LABOR-MANAGEMENT RELATIONS." MOT, JUDGING THAT THERE WOULD BE NO MORE PROGRESS IN DOMESTIC COORDINATION, HAS DECIDED TO FIND A BREAKTHROUGH BY RESORTING TO GOVERNMENT-TO-GOVERNMENT NEGOTIATIONS.

IN THE PAST BILATERAL DISPUTES, THERE HAVE BEEN CASES WHERE ADDITIONAL TARIFFS WERE PAID IN ACCORDANCE WITH COURT ORDERS, BUT "THIS IS PERHAPS THE FIRST TIME THAT FINES WILL BE PAID UNDER AN ADMINISTRATIVE ORDER" (FOREIGN MINISTRY). ALL THE MORE FOR THAT REASON, THE

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USIA

FOR: USIA D/P, I/GEA, I/RF, I/RFW, EA, R/MR; STATE FOR EAR/J; STATE PASS TO USTR/PUBLIC AFFAIRS OFFICE; 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 OCTOBER 14

U.S. IS CONCERNED ABOUT JAPAN'S RESPONSE. MOT VICE MINISTER KURONO NOTED, "WE CAN SENSE THAT THE STATE DEPARTMENT DESIRES TO WIND UP THE NEGOTIATIONS BEFORE THE 15TH." HOWEVER, ONE SENIOR MOT OFFICIAL COMMENTED THAT THE TRANSPORTATION DEPARTMENT AND THE FMC "ARE IN AN ATMOSPHERE OF NOT EASILY GIVING IN," BACKED BY AMERICAN SHIPPING LINES' TOUGH STANCE.

REVISION OF ADMINISTRATIVE REFORM REPORT TO ALLOW CONSTRUCTION MINISTRY TO KEEP RIVERS BUREAU (MAINICHI - TOP PLAY)

THE LIBERAL DEMOCRATIC PARTY'S ADMINISTRATIVE REFORM PROMOTION HEADQUARTERS (CHAIRER BY KABUN MUTO) ON THE 13TH FIRMED UP A POLICY LINE OF REVIEWING AN INTERIM REPORT COMPILED BY THE CONFERENCE ON ADMINISTRATIVE REFORM (CAR), WHICH HAS SUGGESTED REMOVING THE RIVER BUREAU FROM THE MINISTRY OF CONSTRUCTION (MOC) AND THEN UNIFYING IT INTO A "NATIONAL LAND PRESERVATION MINISTRY"

TOGETHER WITH THE MINISTRY OF AGRICULTURE, FORESTRY AND FISHERIES (MAFF). THE ADMINISTRATIVE REFORM PROMOTION HEADQUARTERS (ARPH) NOW PLANS TO MERGE THE WHOLE MOC INCLUDING THE RIVER BUREAU AND THE NATIONAL LAND AGENCY INTO A "NATIONAL LAND CONSOLIDATION MINISTRY." THE POSSIBILITY IS NOW STRONG THAT THE CAR'S INTERIM REPORT WILL BE REVISED UNDER THE LDP'S INITIATIVE, FOLLOWING THE WITHDRAWAL OF THE PLAN TO PRIVATIZE PORTION OF THREE POSTAL SERVICES. PRIME MINISTER RYUTARO HASHIMOTO'S LEADERSHIP ONCE MORE WILL BE QUESTIONED.

THE CAR IN ITS INTERIM REPORT PROPOSED THAT MOST OF THE MOC'S RESPONSIBILITIES AND THE MINISTRY OF TRANSPORT (MOT) BE COMBINED INTO A "NATIONAL LAND DEVELOPMENT MINISTRY" AND THE RIVER BUREAU ALONE BE MERGED INTO A "NATIONAL LAND PRESERVATION MINISTRY." BUT LDP'S CONSTRUCTION POLICY CLIQUE IN THE DIET, CENTERING ON THE CONSTRUCTION DEPARTMENT (KENSETSU BUKAI), FIERCELY OBJECTED TO THAT PROPOSAL. RESPECTING THE CONSTRUCTION CLIQUE'S VIEW, THE ARPH HAS NOW COME UP WITH THE IDEA OF TRANSFERRING ALL OF THE MOC'S DUTIES TO A "NATIONAL LAND CONSOLIDATION MINISTRY." IN ADDITION, IT HAS NOW STARTED LOOKING INTO THE POSSIBILITY OF ESTABLISHING AN "AGRICULTURE, FORESTRY, FISHERIES AND ENVIRONMENT MINISTRY" (TENTATIVE NAME) BY UNIFYING THE MAFF AND THE ENVIRONMENT MINISTRY IN PLACE OF THE CAR'S PROPOSAL OF SETTING UP OF A "NATIONAL LAND PRESERVATION MINISTRY."

MOREOVER, IT IS ALSO EXPECTED TO DISCUSS THE PLAN TO ESTABLISH A "TRAFFIC AND COMMUNICATIONS MINISTRY" (TENTATIVE NAME) BY INTEGRATING MOT AND MINISTRY OF POST AND TELECOMMUNICATIONS. (HIROKO ARITA)
CRANE

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RUAYJAA/COMPATWING ONE KAMI SEYA JA
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RUATJHU/CGUSARJ CAMP ZAMA JA//IX CORPS G5//
RUALSFJ/COMUSJAPAN YOKOTA AB JA//J5/JO21//
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RUHBBMA/AMCONSUL NAHA 0211

SUBJ: JAPANESE DAILY PRESS SUMMARY 10/14/97

TEXT:

UNCLAS SECTION 01 OF 14 TOKYO 008927

DEPT FOR E, P, PM, EB, EAP/J AND S/AL

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WHITE HOUSE FOR NSC, NEC

JUSTICE FOR STU CHEMTOB IN ANTI-TRUST DIVISION

COMMERCE FOR JEAN GRIER IN GENERAL COUNCILQS OFFICE, DAS

TREASURY FOR OASIA/IMI/JAPAN

DEPT PASS USTR FOR PUBLIC AFFAIRS OFFICE

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E.O. 12958: N/A

TAGS: PGOV, PINR, JA

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- (1) EDITORIAL: Japan-U.S. Automobile Dispute Coming to an End

NIHON KEIZAI (Page 2) (Full)
October 12, 1997

The conclusion reached about the San Francisco follow-up meeting on the implementation of the automobile accord (concluded in 1995) between the governments of Japan and the United States is that this is "a bilateral trade dispute that is coming to an end."

In the session, the U.S. Government expressed concern over growing trade deficit with Japan and Japan's weak deregulation effort. In addition, the American automobile industry is dissatisfied with the dropping sales of American cars in Japan. Nevertheless, the advanced internationalization of the Japanese auto industry and its local production, which are the essence of the auto accord, helped avoid the auto issue from developing into a full-blown trade dispute.

- During the last decade, exports of Japanese cars to the U.S. have dropped by 68 percent, and over the last five years, Japanese purchases of American auto parts have doubled to 22 billion dollars. Such a trend is expected to continue due to growing production of Japanese cars in North America.

For instance, Toyota Motor produced approximately 800,000 units in North America in 1996, but it will be able by the end of next year to produce up to
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1.2 million units to meet annual sales demand there. The company has been exporting over 400,000 units annually to the United States, but that figure will drop dramatically, according to a Toyota executive.

Nissan Motor and Honda Motor also will beef up their North American production. The falling value of the yen and the strong U.S. market are likely to continue to push up Japan's exports this year, but that trend is certain to level off next year and beyond.

Japan has been investing in the U.S. at a rate greater than it promised in its North American production program that was released at the time of the bilateral accord. As for its other public pledge, that is, the opening of the Japanese auto market, we cannot but point out the lack of efforts here by the Big Three.

Extremely poor sales of Chrysler's Neon and GM's Saturn here are problems that predate the problem of the closed nature of the Japanese market. In the case of GM's Cavalier, which is being sold via Toyota's sales networks, its sales is bound to decline from the previous year's level despite sales promotion expenditures that match the price of the car.

What is selling in the United States does not necessarily sell in other parts of the world. One need only bring up Volkswagen's success in Japan. It is the iron rule that anyone who can grasp the consumer tastes fast can become a victor in the Japanese market.

America's call for the public disclosure of auto registration information and other deregulatory

measures are perfectly justifiable. Those measures will benefit Japanese consumers more than the American industry. Leading Japanese auto manufacturers should reform voluntarily the auto inspection and distribution systems, although they were not part of the theme in the San Francisco round. Such a step will help eliminate seeds for future conflict.

(2) Yomiuri Nationwide Poll on Hashimoto Cabinet and Administrative Reform

YOMIURI (Page 16) (Extract)
October 9, 1997

Questions & Answers

(Figures shown in percentage.)

Q: Prime Minister Hashimoto reshuffled his cabinet on September 11. What do you want his new cabinet to pursue on a priority basis? If any, pick as many as you like from among those listed below.

Promote administrative reform 33.7
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Reconstruct government finances	23.8
Promote deregulation	8.5
Review public works	20.5
Review tax systems	31.2
Bring about economic recovery	45.5
Revitalize the stock market	4.3
Dissolve trade friction	2.7
Fulfill Japan's international contributions	3.9
Strengthen the Japan-U.S. security alliance	5.3
Revise or review the Constitution	6.0
Establish political ethics	9.7
Promote educational reform	16.1
Improve medical and welfare services	44.6
Cope with the aging population	39.0
Conserve the earth's environment	18.1
Ensure nuclear safeguards	8.5
Prevent crimes for public security	15.3
Work out countermeasures against	

earthquakes and other natural calamities	13.9
Promote agriculture	9.2
Implement housing and land measures	9.2
Promote decentralization	5.7
Other answers	0.4
Nothing in particular	7.6

Q: The Hashimoto government has been operated with the Social Democratic Party and the Sakigake Party extending cooperation to the Liberal Democratic Party as ruling parties. In what way do you think the Hashimoto government should be managed from now on? Pick just one from among those listed below.

The LDP, SDP, and Sakigake should cooperate	42.2
The LDP and the New Frontier Party (Shinshinto) should cooperate	12.6
The LDP's single-party government	22.1
Other answers	0.5
No answer	22.6

Q: Intertwined with the LDP's presidential election held before the cabinet reshuffle, an intra-LDP group in support of the current trilateral ruling setup of the LDP, SDP, and Sakigake and another group of LDP Dietmembers in favor of an alliance of all conservatives involving the LDP and the NFP were at odds over the post of LDP Secretary General and other party posts. Do you think such confrontation between the two groups in the LDP will become even more serious, or do you think otherwise?

Think so	50.6
Don't think so	31.6
No answer	17.8

Q: As a result of the Lower House election held in October of last year, the LDP failed to gain more than half of the seats. After that, however, some NFP defectors and independents joined the LDP, and in early September the LDP gained a majority of seats. What do you think about Lower House members' leaving their respective parties and belonging to different political parties after their election under the party-oriented election

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system? Pick just one closest to your opinion from among those listed below.

They may belong to different parties	20.1
Lower House members elected from small (single-seat) constituencies, where the candidates are voted for, may do so, but Lower House members elected under the proportional representation system, where the vote is by political party, should not do so	22.1No
Lower House members should do so	47.8
Other answers	0.1
No answer	9.9

Q: The Hashimoto cabinet has pledged itself to carry out the following six reforms as its primary political tasks. If there is anything you are particularly interested in, pick as many as you like from among those listed below.

Administrative reform intended to reorganize or consolidate the central government ministries and agencies	31.4
Fiscal restructuring intended to reduce the government's fiscal deficit through such steps as reviewing its annual expenditures	35.0
Social security restructuring intended to cope with rapid progress in such trends as the decreasing population of children and the aging population of society	39.3
Economic restructuring for such incentives as creating new industries through deregulation	14.4
Financial system reform for such goals as restructuring the money market in a drastic way	17.7
Educational reform for such objectives as developing talented persons full of rich human emotions that are caring for others	33.1
Nothing in particular	11.6
No answer	4.1

Q: Do you appreciate the Hashimoto Cabinet's way of tackling administrative reform such as central government reorganization?

Appreciate greatly	5.2
Appreciate somewhat	34.5
Don't appreciate very much	40.6

Don't appreciate at all	10.7
No answer	9.0

Q: The government's administrative reform panel released an interim report in early September with a listing of recommendations. If there is anything you feel strongly about, pick as many as you like from among those listed below.

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Carry out a substantial	
'scrap-and-build' plan to	
reorganize the central	
government ministries and agencies	20.8
Strengthen the Prime Minister's	
leadership and step up the cabinet functions	12.8
Reduce the number of state ministers	26.1
Retain the Finance Ministry's	
fiscal and financial functions	7.1
Reinforce the Environment	
Agency's functions and raise	
it to a ministry of environmental	
security (tentative name)	9.9
Dismantle such government	
offices as the Ministry of	
Posts and Telecommunications	
and the Ministry of Health	
and Welfare in effect	13.0
Privatize government-run postal	
insurance and push ahead with a	
plan to privatize postal savings	12.9
Establish independent	
administrative corporations with	
the private sector's management know-how	8.3
Control public works under a	
ministry of national land	
development (tentative name)	
and a ministry of national	
land conservation (tentative name)	6.1
Other answers	0.1
Nothing in particular	32.8
No answer	6.3

Q: The administrative reform panel, in its

proposal to strengthen the Prime Minister's authority, has recommended the government make it possible for the Prime Minister to directly instruct each central government ministry and agency. Concerning this recommendation, there are two opinions: (A) "I agree to that idea because it will step up the government's crisis management capability." (B) "I disagree with that idea because the Prime Minister's authority would become too strong." Which opinion is closer to yours?

Opinion A	40.2
Opinion B	32.7
Can't say which	23.4
No answer	3.7

Q: As to whether or not to rename the Defense Agency and raise its status to a defense ministry, there are two opinions: (A) "It's desirable to raise its status because the agency is tasked with Japan's national security." (B) It's undesirable to do so because such may cause foreign countries to misunderstand that Japan will turn into a military power." Which opinion is closer to yours?

Opinion A	24.3
Opinion B	51.6
Can't say which	21.1
No answer	3.0

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Q: For what tasks do you think the government should make still greater efforts from now on? Pick up to three from among those listed below.

Consolidate or reduce the central government ministries and agencies	34.6
Reduce public service personnel	42.5
Realign or integrate special-status corporations (i.e., government-affiliated organizations)	26.8
Review public works and government subsidies	38.1
Review three government-run postal services	12.9

Ease or remove restrictions	19.1
Promote information disclosure	21.0
Promote decentralization	14.2
Other answers	0.6
Nothing in particular; no answer	13.6

Q: What do you think is needed for the Hashimoto cabinet to carry out administrative reform? Pick up to three from among those listed below.

The Prime Minister's leadership	58.8
The ruling parties' unity	22.0
The opposition parties' cooperation	22.7
Expel bureaucrats' resistance	28.4
Expel Diet policy cliques' resistance	24.4
Expel labor unions' resistance	4.6
Strong support from the general public	52.9
Other answers	0.3
Nothing in particular	5.8
No answer	4.3

Method of Survey:

Date of survey: September 27-28.

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

Method of implementation: Door-to-door visits for face-to-face interviews.

Number of effective respondents: 1,975 persons (65.8 percent).

Breakdown of respondents: Male -- 47 percent, female -- 53 percent; persons in their 20's -- 14 percent, 30's -- 16 percent, 40's -- 22 percent, 50's -- 20 percent, 60's -- 19 percent, 70 and over -- 9 percent; big cities (Tokyo's wards and government-designated cities) -- 19 percent, medium-size cities (with a population of more than 100,000) -- 38 percent, small cities (with a population of less than 100,000) -- 19 percent, towns and villages -- 24 percent.

(3) Active Moves on Political Ethics and Environment Issues by SDP Chairperson Doi and Sakigake Head Domoto Bothering LDP

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NIHON KEIZAI (Page 2) (Full)
October 12, 1997

Social Democratic Party (SDP) Chairperson Takako Doi and Sakigake Party head Akiko Domoto are now actively working in close cooperation on the political ethics and environment problems, among other issues.

On September 15 when the public outcry heightened against Koko Sato's assumption of the post of director general of the Management and Coordination Agency, Doi said to Domoto: "Our party will seek the resignation of Director General Sato. How about your party?"

Domoto then replied: "The Sakigake Party is thought to have little presence as a party. So we will work together."

Doi and Domoto had this exchange on the phone. They decided at that time to take joint steps to urge the Liberal Democratic Party (LDP) to start deliberations on removing Sato from the Cabinet and the political ethics issue.

The SDP and Sakigake Party also formed a common front on how to deal with the Kyoto Conference to prevent global warming, which will be held in December. On October 7, Domoto called on Doi at her office in the lower-house members' building to tell her that: "I am unable to accept the government's proposal to decrease global warming gas emissions since it was reached without discussion among the ruling parties." The two agreed to take a joint step to seek the withdrawal of the government proposal.

The ties between Doi and Domoto go back to the upper-house election in 1989. Domoto, who was working as a director at the Tokyo Broadcasting System (TBS), was persuaded by Doi to run in the upper-house election. She was elected. As seen in Domoto's remarks that "Without Ms. Doi, I would not have become a politician," their relation is like the one between teacher and student (SDP senior leader).

"We always understand each other" (Doi). "We have maintained our good relations" (Domoto). At

meetings of the ruling camp, Prime Minister Hashimoto (LDP president) has to respond to the two female political leaders. While the SDP has now set forth the policy line of keeping tense relations with the LDP, the LDP is now feeling ill at ease toward the so-called "Doi-Domoto combination."

(4) Posts and Telecommunications Ministry to Liberalize Telephone Rates Possibly Next Summer, by Frontloading Schedule for Scrapping Approval System; Rate-Cutting Competition Likely to Jump-Start

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ASAHI (Top Play) (Full)
October 14, 1997

The Ministry of Posts and Telecommunications (MPT) has decided to liberalize in principle telephone rates by scrapping the present approval system. This policy intent will be put into practice possibly next summer. MPT Minister Shozaburo Jimi will announce the ministry's decision at a press conference to be held today. Liberalization of telephone rates will enable carriers, such as NTT and the new common carriers like Shindenden, to cut communications and telephone rates freely. This move is expected to bring momentum to competition for lower charges and improved services. The outlook is that the decision will be one of the "showcases" in the economic stimulus packages that the Government and the Liberal Democratic Party (LDP) are separately compiling.

As "Centerpiece" of Economic Stimulus Package

Prime Minister Ryutaro Hashimoto has ordered MPT Minister Jimi to hurry deregulation in the communications sector.

In Japan, MPT has maintained under the Telecommunications Business Law an approval system for telephone charges, except for some segments,

such as portable phone charges. MPT's explanation had been, "We adopted this system in order to protect consumers from paying unduly high telephone bills" (senior official), but strong criticism exists that MPT did so because it does not want to relinquish its authority. The business community, such as Keidanren (Federation of Economic Organizations), has also strongly called for scrapping the approval system.

Under the present law, although carriers that have their own circuits need to obtain approval for rates they have set, a notification system is applied to carriers that operate on leased lines. Under such a circumstance, there has been the paradox that the system is advantageous to carriers that do not have lines, because they can change rates flexibly.

Carriers that do not have their own lines will be able to have access to the international telephone business from the end of this year, creating a sense of alarm among domestic communications companies that foreign affiliates would gain an advantage under the present system.

MPT had looked into the possibility of introducing a "price cap system" -- a kind of a notification system -- for long-distance and international communications charges beginning in fiscal 1999. Under this system, MPT sets a maximum rate, referring to the rate of an increase in prices, and carriers set their own rates freely under the set ceiling.

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However, in response to a strong call for deregulation coming from the government and the LDP, MPT has decided to liberalize in principle long-distance and international telephone rates, by frontloading the schedule by one year and introduce a "complete notification system" without any ceilings set. There is also a plan for introducing a "complete notification system" for high-level.

communications service. MPT also intends to scrap the authorization system now applied to local communications rates and introduce a "price cap system." As a result, lowering telephone rates will be liberalized, although restrictions will remain in place on raising such.

MPT will work out details before the end of this year and submit an amendment to the Telecommunications Business Law to next year's regular Diet session.

As a result of technology innovation and fierce competition, long-distance and international telephone charges have dropped to about one-third of the level seen ten years ago. The introduction of a "notification system" this time is likely to lead to a further drop in rates and improvement of services.

(5) Commemorative Ceremony for 25th Anniversary of Okinawa's Reversion to Japan: Prime Minister to Clarify His Resolve to Cut Okinawa Bases Further

YOMIURI (Page 2) (Full)
October 12, 1997

In commemoration of the 25th anniversary of Okinawa's reversion to Japan, the government on November 21 will hold a ceremony in Okinawa Prefecture, where Prime Minister Hashimoto is to deliver an address. On the problem of U.S. military bases on Okinawa, the Prime Minister as of October 11 has begun to consider expressing his determination to continue to do his utmost on his government's part to realign and reduce those bases even after the bilateral agreement reached in December last year on such issues as returning the U.S. Forces' Futenma Air Station site is actually implemented.

The municipal government of Nago City in Okinawa Prefecture will soon conduct a referendum on the propriety of constructing an alternative sea-based heliport incident to the planned reversion of the Futenma airfield. In that connection, the Prime Minister has judged that the government should again articulate its stance of further realigning and reducing the bases in order to seek the understanding of Okinawa Prefecture's Governor Masahide Ota, who has an influence on the local consensus making, for relocation within the prefecture.

As for the issue of realigning and scaling down the U.S. military bases on Okinawa, the Japan-U.S.
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Special Action Committee on Facilities and Areas in Okinawa (SACO) agreed in its final report, which was released in December last year, to return a total area of about 21 percent (approximately 5,002 hectares), including the Futenma airfield. Additionally, the two governments have also decided to relocate the U.S. military's live-fire artillery training across a prefectural road to mainland prefectures.

Okinawa Prefecture has requested the central government to clearly show its stance of realigning and reducing bases that were not incorporated in the SACO agreement. Furthermore, the prefectural government has been calling for the central government to reduce the Marines and other Okinawa-based U.S. troops -- totaling about 23,000 -- for actual base reversion with no conditions attached to relocation.

However, the government's view is that "the security environment of the Asia-Pacific region is unclear, and the current (forward) deployment of 100,000 U.S. troops in the region, including Japan, is indispensable." The government, also in its relations with the U.S., has yet to obtain prospects even for Futenma reversion. In view of such circumstances, it would be difficult (for the Prime Minister in his Okinawa speech) to touch on when the offshore heliport will be removed -- or to mention any other specific base realignment and reduction outside the SACO agreement.

For the foregoing reason, the Prime Minister's address for the Okinawa ceremony is expected to be based on his statement of September last year (adopted at a cabinet meeting) to the effect that the government will "continuously promote base realignment and reduction with the U.S."

(6) Enigma of Argument on Reorganization of Government Agencies (Part 3); Delicate Differences in Views Seen in Postal Services Family

SANKEI (Page 1) (Full)

September 22, 1997

The interim report -- a draft plan issued by the Conference on Administrative Reform (CAR), which has in effect set a direction for dismantling the Ministry of Posts and Telecommunications (MPT) -- has sent the "postal services family," which employs 300,000 personnel, into a tailspin. The report proposed: "Postal insurance should be privatized, postal savings should be privatized in the future, and mail services should stay state-run;" and "the regulatory sector in information and communications administration should be transferred to the Administrative Committee, and the promotion sector to a planned Industry Ministry (MITI), the nucleus of which is the Ministry of International Trade and Industry."

Specified post offices number approximately 18,000,
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commanding the 70 percent of 24,000 post offices throughout the nation. Their "vote-collecting power" is the power source of the postal service family. The networks of these specified post offices worked on their local assemblies to adopt a resolution against privatization. Of 3,300 local governments in the country, as many as 90 percent of such resolved to "oppose the proposed privatization of postal services."

Perhaps placing too much confidence in their power, senior officials of the Ministry of Posts and Telecommunications (MPT), such as Administrative Vice Minister Mitsuo Igarashi and Chief of the Secretariat Sadanori Amano, called on CAR members to persuade them, saying, "A larger entity absorbs a smaller one in the private sector. For the same reason, information and telecommunications should be reorganized, centering on MPT."

It is true that MPT, having the "Communications Policy Bureau," the "Telecommunications Bureau" and the "Broadcasting Administration Bureau" under its jurisdiction, surpasses MITI, as far as the

information and communications sector is concerned. At one time it even endeavored to absorb the information and communications sector of MITI, its "natural enemy" (mid-ranking MPT official), with which it had vied for ministry interests regarding the supervisory right over the VAN value added network (VAN) project.

However, MPT's erratic struggle started from this point. Finding that MITI had already maneuvered behind the scenes, Vice Minister Igarashi and other ranking officials tried to bring about a desperate rollback toward the conference members with an "anti-MITI" argument, saying, "We do not want to merge with MITI alone."

Just before the intensive debate scheduled for late August, MPT instructed each bureau to "submit data of the time when MPT was operating together with the Ministry of Transport (MOT)." The aim was to revive the former Ministry of Communications. The MPT Minister also provided supporting fire by noting, "A unification with MOT would be acceptable but never with MITI" the argument being "MPT should be unified with a ministry with which it has a friendly relationship in view of its history. It is questionable to lump together information and communications under a simple industrial framework."

However, some members told an MPT bureaucrat, who went the rounds of Conference members, "It is too late." In the end, the proposal for merging MPT and MOT received support from only three members out of 15. One senior MPT official revealed, "I felt like I fell from heaven into hell."

At the Liberal Democratic Party (LDP) Headquarters at Nagata-cho, Tokyo on August 28 soon after the intensive debate was over, Vice Minister Igarashi
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insisted in severe terms, "No. If this is not included, specified (post offices) will not be convinced."

Vice Minister Igarashi was meeting with LDP Communications Sub-Committee Chairman Keiji Furuya. It was the time when the Sub-Committee's administrative reform project team, following intensive debate in the CAR, was drafting a report to the government and the CAR, calling for "maintaining a state-run system for the three postal services and their unification with information and communications administration."

What Vice Minister Igarashi indicated with the word "this" was the portion of a unification with information and communications administration. The prevalent view among Sub-Committee Chairman Furuya and several others had been: "Maintaining the state-run system for the three postal services alone will suffice. Let's leave matters related to radio waves alone for the time being."

Vice Minister Igarashi persistently urged (to include in the report a unification of information and communications administration into the postal services) on the strength of the existence of post offices and bowed many times to them. Giving in to his tenacity, they incorporated in the representation paper "unification of information and communications administration."

Vice Minister Igarashi called on Deputy Secretary General Hiromu Nonaka and General Affairs Bureau Director General Sadaichi Tanigaki on September 9. They told him, "A regulatory portion of information and communications administration alone should be protected. The matter can wait for the time being, because all we have to do for that is to establish an office with a minister. What should be done first should be maintaining the state-run system for the three postal services."

One CAR staff member explained, "Our first consideration for postal service policy figures (TN: "zoku") is rescuing specified post offices, which may determine the result of elections. For them information and communications administration is of secondary importance. MPT is trying to survive as a government office with the specified post offices and the influence of postal services policy clique as a card."

As long as such delicate differences in the views of the "postal services family," which is supposed to be monolithic, MPT is likely to continue to struggle erratically.

(To be continued)

(7) MAGAZINE ARTICLE: Appointment of Foley as Ambassador to Japan: Questioning His Skills in

Economic Disputes

SEKAI SHUHO (Page 19) (Full)
UNCLAS SECTION 13 OF 14 TOKYO 008927

DEPT FOR E, P, PM, EB, EAP/J AND S/AL
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E.O. 12958: N/A
TAGS: PGOV, PINR, JA
SUBJECT: JAPANESE DAILY PRESS SUMMARY 10/14/97

October 14, 1997

Former speaker of the House Thomas Foley has been selected to be the new American ambassador to Japan. Foley is well-known in Washington as a prominent Japanophile, and his appointment indicates that President Clinton's stance of giving priority to Japan-U.S. relations will continue. Naturally, Japan's diplomatic establishment has welcomed his appointment to the extent that some are saying, "There is no more qualified person than him." But on the other hand, some Americans are voicing concern that "he is overly involved with Japan," especially now that signs are emerging of renewed trade disputes between the two countries in the future.

Indeed, can Foley display the force of a big-league ambassador?

"I am greatly honored that the President has named me ambassador. The United States and Japan are world's two greatest economic powers. Our interdependent relationship is vital for the Asia-Pacific region. I intend to place all my efforts so that this extremely important bilateral relationship will be maintained and move forward."

Foley made this statement at the beginning of September when he was named by President Clinton. He made clear his resolve to put in his best effort to strengthen Japan-U.S. relations in both the security and economic areas.

Foley will be the 12th ambassador to Japan in the postwar period and the first to have served as speaker of the House. In particular, since his early years as a member of Congress, he has put much energy into parliamentary exchanges with Japan, and is known for having many friends in

Japanese political circles. He has travelled to Japan over 30 times, and having served in a role of domestic coordinator during Japan-U.S. agricultural trade talks, he has displayed his skills as an important politician.

Indeed, his pro-Japan stance explains why it took so much time for his to be named "the next ambassador to Japan" after Ambassador Mondale resigned from his post last December. That was because concerns continue to fester that "Foley may not be able to take a tough stance toward Japan." However, "the pluses of appointing Foley ambassador far outweigh the minuses" (diplomatic source in Washington) was undoubtedly the judgment reached in the Clinton Administration.

Now that the work to review the Japan-U.S. defense cooperation guidelines has ended, the next important bilateral task is certain to be economic affairs. He will be standing between the U.S., which is irritated at its expanding trade surplus with Japan, and Japan, which aims to revive its economy by bringing about deregulation. Here, his
UNCLAS SECTION 14 OF 14 TOKYO 008927

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skills at coordination will be put to the test.

Foley was born in Spokane, Washington, in 1929, and entered politics when he was first elected to the House of Representatives in 1964. He has held responsible positions in the Democratic Party, and was the speaker of the House for five years, starting in 1989. But in 1994, he lost his Congressional seat in the off-year elections, and after that he became a partner in a law firm in Washington, D.C.

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Jan 1997-Dec 1998 ([Futenma])
OA/Box Number: 520000

FOLDER TITLE:

[10/06/1997 - 10/18/1997]

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006. cable	Re: Importance of SBF [Sea-Based Facility] (4 pages)	10/17/1997	P1/b(1)

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007. cable	Re: Futenma Replacement - U.S. - Japan Security Relationship (5 pages)	10/18/1997	P1/b(1)

COLLECTION:

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

FOLDER TITLE:

[10/06/1997 - 10/18/1997]

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