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ID	Doc Type	Document Description	No of Pages	Doc Date	Restrictions
51216	CABLE	RE JAPAN-US TRADE ISSUES	4	4/15/1982	B1 B3
51217	CABLE	RE VERSAILLES ECONOMIC SUMMIT	7	4/17/1982	B1 B3
51218	CABLE	DUPLICATE OF 51217	7	4/17/1982	B1 B3
51198	CABLE	240112Z APR 82 R 4/20/2010 M2007-081	3	4/24/1982	B1
51202	MEMO	NAU TO CLARK RE SUZUKI LETTER R 4/23/2010 NLRRM2007-081	1	4/28/1982	B1
51207	MEMO	BAILEY TO CLARK RE SUZUKI LETTER R 4/20/2010 M2007-081	1	4/26/1982	B1
51213	MEMO	DUPLICATE OF 51142	1	4/23/1982	B1
51214	LETTER	DRAFT RR TO SUZUKI R 4/20/2010 M2007-081	2	ND	B1
51215	CABLE	241949Z APR 82 R 4/20/2010 M2007-081	2	4/24/1982	B1
51219	CABLE	RE PROPOSAL FOR INTERNATIONAL TECHNOLOGICAL EXCHANGE	10	5/12/1982	B1 B3

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

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51216	CABLE RE JAPAN-US TRADE ISSUES	4	4/15/1982	B1 B3

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PARIS ALSO FOR USOECD, USEC
FOR BOB HORMATS FROM AMBASSADOR
E.O. 12065: GDS 4/23/88 (MANSFIELD, MICHAEL) OR-M
AGST ECON, OVIP (REAGAN, RONALD), PEPR
SUBJECT: AMBASSADOR'S VIEWS ON VERSAILLES SUMMIT
REF: A) STATE 098628

1. CONFIDENTIAL - ENTIRE TEXT

2. I WELCOME THIS OPPORTUNITY TO COMMENT ON THE
SUBSTANCE OF THE VERSAILLES SUMMIT AS SEEN FROM
JAPAN. THE FOLLOWING GIVES SOME GENERAL VIEWS,
AND THEN SOME SPECIFIC COMMENTS ON THE ISSUES
T ARE LIKELY TO BE RAISED AT THE SUMMIT.

3. THE JAPANESE SEE THE SUMMIT AS AN EXCELLENT
CHANGE FOR A FRANK EXCHANGE OF VIEWS AMONG
THE LEADERS OF THE WORLD'S MOST IMPORTANT
INDUSTRIALIZED DEMOCRACIES. THEY SEE THE
MEETING AS AN OCCASION TO DEEPEN THE PERSONAL
RELATIONSHIPS BETWEEN PRIME MINISTER SUZUKI
AND HIS COLLEAGUES, AS WELL AS AN OPPORTUNITY
TO SHORE UP SUZUKI'S DOMESTIC STANDING BY
SHOWING HIM AS AN IMPORTANT INTERNATIONAL LEADER.
THE GOJ DOES NOT SEE THE SUMMIT AS AN OCCASION
FOR NEGOTIATION, AND CERTAINLY NOT ON THE ISSUE
ON WHICH THEY ARE MOST VULNERABLE -- TRADE.
THUS ONE OF THE PRINCIPAL GOJ GOALS IS A
NEGATIVE ONE OF SEEKING TO AVOID HAVING THE
OTHER SUMMIT PARTICIPANTS "GANG UP" ON JAPAN
ON THE TRADE ISSUES. OF COURSE, A GOOD DEAL
OF THE CONTROL OVER WHETHER OR NOT THIS HAPPENS
RESTS WITH JAPAN. IF THE PROGRESS OF TRADE
LIBERALIZATION MEASURES SCHEDULED TO BE
ANNOUNCED MAY 7 DEMONSTRATES JAPANESE RESOLVE
TO INTERNATIONALIZE ITS ECONOMY, THEN JAPAN
WILL HAVE LESS TO FEAR. IF NOT, THEY ARE

LIKELY TO HEAR SOME DIFFICULT WORDS. OTHER
ISSUES OF MORE "POSITIVE" CONCERN TO THE GOJ
INCLUDE MACROECONOMICS AND THE REVITALIZATION
OF THE WORLD ECONOMY, NORTH/SOUTH ISSUES AND
ENERGY SECURITY. SPECIFIC COMMENTS ON MAIN
ISSUES FOLLOW.

4. A PRINCIPAL POSITIVE GOAL OF THE JAPANESE
IS REAFFIRMATION OF A COMMON APPROACH BY THE
WESTERN DEMOCRACIES (OF WHICH JAPAN CLEARLY
CONSIDERS ITSELF A MEMBER) TO SUCH CRITICAL
ISSUES AS AFGHANISTAN, POLAND AND, IF POSSIBLE,
THE MIDDLE EAST. UNTIL OTTAWA, THE JAPANESE
WERE ALMOST AS WARY AS THE FRENCH OF SEEING THE
SUMMIT CONVERTED INTO A "POLITICAL" ONE, BUT
JAPANESE MEDIA REACTION TO THE ONE DAY OF
POLITICAL DISCUSSION AT OTTAWA WAS SO
FAVORABLE THAT THE JAPANESE HAVE NOW DROPPED
THE ADJECTIVE "ECONOMIC" WHEN REFERRING TO
THE SEVEN-NATION GATHERING. THE GOJ CLEARLY
HOPES THAT ON INTERNATIONAL POLITICAL ISSUES
THE WATCHWORD WILL BE "UNITY OF THE WEST";
THIS WILL MAKE IT EASIER FOR IT TO CONTINUE
TO MAINTAIN SANCTIONS ON THE SOVIETS AS WELL
AS TO COOPERATE EVEN MORE ON THE EAST-WEST
ISSUE IN GENERAL. IF THE MIDDLE EAST IS
DISCUSSED AND A SERIOUS DIVISION OF OPINION
DEVELOPS BETWEEN OURSELVES AND THE WEST
EUROPEANS, THE JAPANESE WILL ALMOST CERTAINLY
LINE UP WITH THOSE CALLING FOR GREATER
UNDERSTANDING OF THE ARAB POSITION.

5. MACROECONOMIC ISSUES AND REVITALIZATION
OF THE WORLD ECONOMY. THE JAPANESE ATTACH
GREAT IMPORTANCE TO THIS ISSUE FOR A NUMBER
OF REASONS. FIRST, AS A COUNTRY THAT DEPENDS
ON EXPORTS (ABOUT 73 PERCENT OF THEIR GROWTH
IN 1981 WAS DUE TO EXPORTS) THE CURRENT
SLUGGISH WORLD ECONOMY MEANS THAT THE JAPANESE
ECONOMY SUFFERS. (REAL GROWTH DECLINED 0.9
PERCENT ON AN ANNUAL BASIS IN THE LAST QUARTER
OF 1981). IN ADDITION, THE JAPANESE STILL
BELIEVE THAT A LARGE PART OF THEIR CURRENT
TRADE PROBLEM WOULD DISAPPEAR IF THE EUROPEAN
BT

File
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11

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~~C O N F I D E N T I A L~~ SECTION 02 OF 03 TOKYO 06876

AND US ECONOMIES BEGAN TO IMPROVE. THE GOJ WILL WANT TO HEAR THAT OUR ECONOMIC PROGRAM IS WORKING, AND THAT INTEREST RATES ARE EXPECTED TO COME DOWN SIGNIFICANTLY IN THE NEAR FUTURE. OBVIOUSLY, IF THIS WERE OCCURRING BY JUNE IT WOULD BE SO MUCH THE BETTER FROM THE JAPANESE VIEW. JAPAN BELIEVES THAT A LARGE PORTION OF THEIR TRADE SURPLUS WITH THE US (AND THUS, IN THEIR VIEW, A LARGE PORTION OF THE CURRENT TRADE PROBLEM) IS CAUSED BY THE STRONG DOLLAR RESULTING FROM HIGH US INTEREST RATES. HOWEVER, GIVEN THE JAPANESE SITUATION ON TRADE AND THE VULNERABILITY OF JAPAN'S MACROECONOMIC POLICIES TO CRITICISM THEY ARE LIKELY TO BE RESTRAINED IN THEIR CRITICISM OF U.S. INTEREST RATES. ALL OF THESE THEMES ARE EXPRESSED IN THE TRADE PAPER WHICH THE JAPANESE PREPARED. LOOKING TO THE FUTURE, THE JAPANESE ARE LIKELY TO STRESS THE ROLE HIGH TECHNOLOGY INDUSTRIES WILL PLAY IN STIMULATING FUTURE ECONOMIC GROWTH AND WILL URGE CLOSER COOPERATION IN THIS AREA.

6. NORTH/SOUTH ISSUES. AS THE MOST RECENTLY DEVELOPED OF THE SUMMIT SEVEN AND AS THE ONLY NON-CAUCASIAN COUNTRY, THE JAPANESE HAVE ALWAYS HAD A SPECIAL INTEREST IN NORTH/SOUTH ISSUES. THIS THEME CAN ALSO BE SEEN IN THEIR TRADE PAPER, WHERE THE JAPANESE ARGUE THAT RESISTING PROTECTIONISM IS NOT ONLY IMPORTANT FOR THE DEVELOPED COUNTRIES, BUT IS PARTICULARLY IMPORTANT FOR THE LDCS. THE JAPANESE WOULD CLEARLY LIKE TO SEE SOMETHING POSITIVE COME OUT OF THE SUMMIT FOR THE LDCS, BUT PROBABLY REALIZE THAT THE BEST THEY CAN HOPE FOR IS A STATEMENT THAT THE DEVELOPED COUNTRIES WILL TRY TO FURTHER OPEN THEIR MARKETS TO LDC PRODUCTS, COUPLED WITH A CALL FOR CLOSER INTEGRATION OF THE LDC ECONOMIES INTO THE WORLD TRADING SYSTEM.

7. ENERGY: THE GOJ BELIEVES THAT THE CURRENT WORLD OIL GLUT IS ONLY TEMPORARY, AND IS SERIOUSLY CONCERNED THAT JAPANESE INDUSTRY SEEMS TO BE SLOWING DOWN ITS EFFORTS TO SWITCH AWAY FROM OIL. SIMILARLY, THEY BELIEVE THAT THE GLUT IS HAVING AN ADVERSE EFFECT ON ENERGY CONSERVATION. THUS, GOJ WOULD HOPE TO SEE A STRONG STATEMENT FROM THE SUMMIT ON THESE TWO ISSUES THAT THEY COULD USE AS A PROD TO KEEP THE JAPANESE INDUSTRY AND PEOPLE ON THE STRAIGHT AND NARROW. SINCE JAPAN IS ALSO INCREASING ITS GOVERNMENT-HELD STOCKS (ALBEIT SLOWLY) THEY WOULD CLEARLY NOT BE ADVERSE TO SOME STATEMENT SEEKING LARGER GOVERNMENTAL STOCKS.

8. TECHNOLOGY: ONE REASON FOR THE JAPANESE ECONOMIC MIRACLE HAS OF COURSE BEEN THEIR RAPID ADAPTATION AND USE OF NEW TECHNOLOGIES. THE JAPANESE VIEW TECHNOLOGY AS ONE OF THE PRINCIPAL TOOLS FOR REVITALIZING THE WORLD ECONOMY, AND HAVE LONG BELIEVED THAT THIS WAS AN AREA WHERE THEY COULD MAKE A SPECIAL CONTRIBUTION. GIVEN THAT THE FRENCH, AS HOSTS, ARE ALSO VERY INTERESTED IN THE TECHNOLOGY ISSUE, THE JAPANESE DESIRE TO HAVE SOMETHING POSITIVE ON THIS ISSUE COME OUT OF THE SUMMIT IS INCREASED. WE WOULD ANTICIPATE GOJ ENDORSEMENT OF THE USE OF TECHNOLOGY TO REVITALIZE THE WORLD ECONOMY AND SUPPORT FOR THE SUMMIT COUNTRIES WORKING TOGETHER TO THAT END, INCLUDING THE POSSIBLE FORMATION OF A SPECIAL TECHNOLOGY GROUP TO FOSTER COOPERATION.

9. TRADE: THE JAPANESE, WROTE THE TRADE PAPER AND THEIR VIEWS ON TRADE ARE CLEAR. THE FOLLOWING THEMES ARE ALL PRESENT: THE IMPORTANCE OF RESISTING PROTECTIONISM, THE NECESSITY OF REVITALIZING THE WORLD ECONOMIES, THE NEED TO BRING LDCS INTO THE WORLD ECONOMY, THE ROLE OF TECHNOLOGY, AND THE EFFECT THAT ENERGY HAS ON WORLD TRADE. THESE ARE ALL SINCERELY HELD JAPANESE BELIEFS, BUT IN A SENSE THEY ALSO SERVE TO NEUTRALIZE CRITICISM OF JAPAN'S TRADE POLICIES.

10. EAST-WEST ECONOMIC RELATIONS. EXCEPT FOR TRADE, THIS WILL BE THE MOST DIFFICULT ISSUE
BT

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WILL HELP MAKE ACTION MORE LIKELY IN THE FUTURE.
CLARK
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FOR THE GOJ AT THE SUMMIT. THEY HAVE BEEN MOST HELPFUL IN THE PAST IN SUPPORTING SANCTIONS VIS-A-VIS AFGHANISTAN AND IRAN, BUT BELIEVED THAT THEY GOT OUT IN FRONT OF THE EUROPEANS AND AS A RESULT EUROPEAN FIRMS OBTAINED PROJECTS THAT THE JAPANESE HAD GIVEN UP. THUS ON SOVIET/ POLISH SANCTIONS, THEY HAVE BEEN VERY CAREFUL NOT TO GET IN FRONT OF THE EUROPEANS. THE GOJ IS ALSO UNDER SOME PRESSURE FROM EXPORTERS NOT TO AGREE TO MORE EXTENSIVE SANCTIONS GIVEN THE CURRENT ECONOMIC SITUATION IN THE WORLD. IN GENERAL, I WOULD EXPECT THE JAPANESE TO GO ALONG WITH WHATEVER THE EUROPEANS AGREE TO ON THIS ISSUE, BUT WE SHOULD NOT EXPECT ANY HELP FROM THEM WITH THE EUROPEANS. REGARDING EXPORT CREDITS TO THE SOVIET UNION (THE BUCKLEY MISSION), THE GOJ IS CONCERNED THAT RESTRICTIONS ON THE FLOW OF OFFICIALLY SUPPORTED CREDITS COULD AFFECT PRIVATE CAPITAL MARKETS AND ADVERSELY AFFECT LDGS. IF THE GOAL IS HIGHER INTEREST RATES, THE GOJ BELIEVES THAT THIS SHOULD BE ACCOMPLISHED DIRECTLY BY PROVIDING GUIDANCE ON THE APPROPRIATE RATES.

11. IN CONCLUSION, MY OVERALL VIEW IS THAT THE JAPANESE HOPE TO AVOID PUBLIC CONFRONTATION AT THE SUMMIT ON ALL SUBJECTS, BUT PARTICULARLY ON TRADE WHERE CONFRONTATION WOULD LEAVE JAPAN ISOLATED. THE JAPANESE MORE THAN MOST HAVE A HORROR OF BEING ISOLATED, AND THIS IS PERHAPS EVEN MORE TRUE AT THIS SUMMIT GIVEN THEIR DESIRE TO PORTRAY THE PRIME MINISTER AS A WORLD LEADER. THUS OUR BEST TACTICS WOULD BE TO ATTEMPT TO GET THE EUROPEANS TO AGREE TO AS MUCH AS POSSIBLE ON SUCH ISSUES AS EAST WEST ECONOMIC RELATIONS, WITH A GOOD DEAL OF CONFIDENCE THAT THE JAPANESE WILL COME ALONG. ON TRADE, THE FATE OF THE JAPANESE IS CLEARLY IN THEIR OWN HANDS, BUT IF THE PROGRAM THEY ANNOUNCE IS NOT ACCEPTABLE, I BELIEVE THAT SOME FRANK AND PRIVATE TALK TO THE PRIME MINISTER

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TO CLARK

FROM REGAN, D

DOCDATE 23 APR 82

BAILEY

26 APR 82

NAU

28 APR 82

KEYWORDS: JAPAN

INTL TRADE

SUZUKI, ZENKO

CM

SUBJECT: COMMENTS ON SUZUKI LTR RE EXCHANGE MARKETS

ACTION: PREPARE MEMO FOR CLARK

DUE: 21 MAY 82 STATUS S FILES PA

FOR ACTION

FOR CONCURRENCE

FOR INFO

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CHILDRESS

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a reply?

John

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MEMORANDUM

#2864 Add-on

NATIONAL SECURITY COUNCIL

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April 28, 1982

5/202

INFORMATION

MEMORANDUM FOR WILLIAM P. CLARK

FROM: HENRY R. NAU *HRN*

SUBJECT: Suzuki Letter on Exchange Markets

I was with Sprinkel over the weekend when he learned of the Suzuki letter to the President concerning exchange rate intervention. He notified Regan immediately and hence the note to you from Regan.

Several aspects are important:

- Suzuki's letter is clearly his initiative, not necessarily having the full support of all agencies. The Japanese delegation at the Paris Summit meeting this weekend opposed the idea of exchange market intervention.
- The Japanese yen is undervalued in part because Japanese capital markets are not fully open. The Japanese have capital controls on the outflow of yen, which keeps the yen up (as U.S. capital controls sustained an undervalued dollar in the late 1960s), but also ration access to their credit markets by foreign companies, which holds the yen down. The net effect of these policies is uncertain, but we would probably be right to ask the Japanese to liberalize fully their capital markets before we agree to intervene to raise the yen rate.
- As I reported to you separately, the intervention issue is now a key one for the Summit. It has real risks and opportunities for us. If we agree too easily on intervention to please the allies, we risk absorbing the costs of inflation in weak currency countries, thereby encouraging further inflationary policies abroad. If we can extract meaningful commitments from weak currency countries to reduce inflation (e.g. in France) or to open capital markets (e.g. in Japan), we can consummate a Summit agreement that will have historic import.

cc: N.Bailey
D.Gregg
D.Childress

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(Review 4/28/88)

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25⁴⁴

MEMORANDUM

2864

51207

NATIONAL SECURITY COUNCIL

April 26, 1982

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INFORMATION

MEMORANDUM FOR WILLIAM P. CLARK

FROM: NORMAN A. BAILEY *NB*

SUBJECT: Suzuki Letter on Exchange Markets

In accordance with the attached memorandum to you (Tab I) from Secretary of the Treasury Regan, Prime Minister Suzuki will apparently be giving the Vice President a letter suggesting increased intervention in the financial markets in order to smooth fluctuations. This is contrary to current Administration policy and as he puts it is probably an attempt by the Japanese to turn attention away from their closed capital markets. He suggests that no action is required at this time, but I will closely monitor the situation when the Vice President returns.

OK -
NB

Attachment

Tab I Memo from Secretary Regan

cc: Don Gregg
Henry Nau

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ORIGINATOR: T. LEDDY 516-5232 5221

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<u>B</u>	<u>R. HORMATS</u>	<u>632-0396</u>	<u>6828</u>
<u>C</u>	<u>H. NAY</u>	<u>395-6961</u>	<u>OLD EOB 392</u>

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PLEASE LDX THE ATTACHED TO: Mr. Robert Hormats
Room 6828 New State
Phone: 632-0396

Mr. Henry Nau
Room 392 Old EOB
Phone: 395-6961

FROM: Thomas Leddy
Room 3221 Main Treasury
Phone: 566-5232



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OK [Signature]

The Under Secretary of the Treasury
for Monetary Affairs

May 19, 1982

Messrs. Hormats and Nau

Attached is a draft message to Prime Minister Suzuki, responding to his letter to President Reagan. Please let me have your comments and clearance by early tomorrow. We should try to get a response out this week.

~~SECRET~~
Authority: *Hr. Straw to Leonard, str/br*
BY: *[Signature]* NASA, Date: *2/26/08*

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Draft Message to Prime Minister Suzuki

5/214

DECLASSIFIED
NLRR M07-091 5/214
BY CN NARA DATE 4/20/18

Dear Mr. Prime Minister

I very much appreciate receiving your letter suggesting that our monetary experts meet to consider ways to cope with exchange market problems.

I should say at the outset that the United States is prepared to accept the consequences of exchange rates based on the interaction of fundamental market forces. In our discussions with Japan, we have focused not on statistical balances in U.S.-Japan trade, but on the elimination of barriers to trade and capital markets so that market forces can operate freely and efficiently. I have every confidence in America's ability to compete effectively in trade with other nations, if given the chance under even-handed trading rules. It is, moreover, of crucial importance to maintenance of the open trading and financial system that all nations' rules be, and be perceived as, fair and open. This is why it is so important that Japan move boldly and promptly to open its import and capital markets. I look forward to hearing the details of the program you are developing.

develop a long-term market

Nonetheless, we too are troubled by exchange market disorder and volatility and have been considering ways in which the major countries could help stabilize exchange market conditions in a meaningful and lasting way. We feel deeply that exchange market instability and wide exchange rate movements are not only undesirable but are attributable to the pursuit of divergent ^{long-term} economic objectives

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and policies by the major countries. In important respects, Japan's success in dealing with inflation through controlled monetary growth and strengthened fiscal discipline provides a worthy lesson for others. As you know, my own efforts are directed to similar objectives. Success in the United States and pursuit of these objectives by other nations would, I am confident, provide a sound underlying basis for the greater exchange market stability we all wish to see.

For this reason, the United States has proposed, in the Summit preparatory context, consideration of ways in which the major nations might better cooperate in the establishment of longer range objectives and policies to reduce domestic inflation and permit sustainable economic growth through increased opportunities for productive investment. As discussed by our ^{finance} monetary experts recently in Europe, this effort could be accompanied by a review of the effects of exchange market intervention in the past.

I hope you and your colleagues will consider this proposal for long range economic policy cooperation carefully and positively. I believe it offers hope for genuine improvements in the economic performance of the key industrial countries, and thus for greater international financial and monetary stability. If such an approach can be agreed, the Versailles summit will indeed have made a valuable contribution to world economic health and stability.

Ronald Regan

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E.O. 12868: XGDS-3, 4/24/82 (CLARK, WILLIAM JR.) OR-M
TAGS: EPIN, JA, US, OVIP (USH, GEORGE)
SUBJECT: LETTER FROM PRIME MINISTER SUZUKI TO
THE PRESIDENT

1. (S-ENTIRE TEXT.)

2. DURING BRIEF TETE-A-TETE MEETING WITH THE VICE
PRESIDENT AFTER THE ARRIVAL CEREMONY ON THE MORNING
OF APRIL 24, PRIME MINISTER SUZUKI HANDED THE VICE
PRESIDENT THE FOLLOWING UNSIGNED LETTER TO THE
PRESIDENT:

QUOTE. 1. AS YOU ARE NO DOUBT AWARE, JAPAN IS
CONTINUING ITS EFFORTS TO OPEN ITS MARKET FURTHER.
WE ARE WORKING HARD TO PUT TOGETHER THE SECOND
STAGE OF THESE MEASURES PRIOR TO THE VERSAILLES
SUMMIT, AND ARE PLANNING TO ANNOUNCE THEM BEFORE
LONG.

2. AT THE SAME TIME, I CONSIDER IT ESSENTIAL FOR
THE SUBSTANTIAL IMPROVEMENT OF THE TRADE IMBALANCES
BETWEEN JAPAN AND THE UNITED STATES AND BETWEEN
JAPAN AND THE EUROPEAN COUNTRIES THAT, IN ADDITION TO
OUR EFFORTS TO OPEN OUR MARKET FURTHER, THE EXCHANGE
RATE OF THE YEN AGAINST THE DOLLAR BE MAINTAINED
IN SUCH A MANNER AS TO MINIMIZE DISRUPTIVE
TRANSACTIONS IN THE MARKET.

3. THE LOPSIDED TRADE IMBALANCE BETWEEN OUR
TWO COUNTRIES IN 1977 AND 1978 WAS REDRESSED
WHEN THE YEN ROSE. THIS TIME AROUND THE YEN
HAS BEEN FALLING ALL THE WAY INSTEAD OF RISING,
AND, AS A RESULT, JAPAN'S EXPORTS CONTINUED
TO INCREASE WHILE ITS IMPORTS HAVE CONTRACTED
TO FURTHER WIDEN THE TRADE IMBALANCE.

4. THE CONTINUED FALL OF THE YEN IS THE RESULT
OF THE OUTFLOW OF THE LONG-TERM CAPITAL FROM
JAPAN (\$9.7 BILLION NET IN 1981) DUE TO THE
SUBSTANTIAL DIFFERENCE IN INTEREST RATES BETWEEN
THE UNITED STATES AND JAPAN. AND SINCE A SUB-
STANTIAL REDUCTION IN THE INTEREST RATES OF
THE UNITED STATES IS BELIEVED UNLIKELY FOR
SOME TIME, THE MOOD IN THE EXCHANGE MARKET TODAY
IS STILL BEARISH ABOUT THE YEN.

5. MY GOVERNMENT HAS BEEN TRYING TO BOLSTER THE

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NLRR 007-081-751215

BY AV NARA DATE 4/20/10

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PAGE 02 OF 02 TOKYO 0879

DTG: 241949Z APR 82 PSN: 054598

VALUE OF THE YEN THROUGH BUYING IT UP IN THE EXCHANGE MARKET. I AM NOW CONVINCED, HOWEVER, THAT JAPAN CANNOT CONTINUE THIS OPERATION SINGLE-HANDED FOR LONG AND THAT TO EFFECTIVELY PROTECT THE EXCHANGE MARKET FROM DISRUPTIVE TRANSACTIONS, WE NEED THE UNDERSTANDING AND COOPERATION OF YOUR GOVERNMENT AND MONETARY AUTHORITIES. AS AN EXAMPLE OF THE SUCCESS OF SUCH AN INTERNATIONAL COOPERATION, WE CAN RECALL THE JOINT INTERVENTION BY THE MONETARY AUTHORITIES OF THE UNITED STATES, JAPAN, WEST GERMANY AND SWITZERLAND IN NOVEMBER 1978.

6. I THEREFORE PROPOSE THAT WE INSTRUCT THE EXPERTS OF THE MONETARY AUTHORITIES OF OUR TWO COUNTRIES TO MEET PROMPTLY TOGETHER TO FIND OUT HOW TO EFFECTIVELY COPE WITH THE PRESENT TREND IN THE EXCHANGE MARKET. I SHOULD APPRECIATE IF YOU WOULD LET ME KNOW YOUR REACTION.

7. FURTHER, AS THERE ARE REASONS TO BELIEVE THAT THE EUROPEAN COUNTRIES ARE ALSO INTERESTED IN SUCH A SCHEME, I AM THINKING OF CALLING UPON OUR EUROPEAN FRIENDS AS WELL. IF WE CAN SUCCEED IN FINDING A NEW ARRANGEMENT AMONG THE UNITED STATES, JAPAN AND EUROPE FOR STABILIZING OUR CURRENCIES, IT WILL BE MOST SIGNIFICANT FOR THE REVITALIZATION OF THE WORLD ECONOMY AND WILL CONSTITUTE A MOMENTOUS ACHIEVEMENT IN THE FORTHCOMING VERSAILLES SUMMIT.
MANFIELD
BT

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