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# WITHDRAWAL SHEET Ronald Reagan Library

Collection: Executive Secretariat, NSC

Archivist: mjd

Country File

FOIA ID: F00-037 (1539), Oberdorfer

OA/Box:

Date: 01/12/2004

File Folder: Japan (1/17/83) (2)

	SUBJECTATILE	DATE	RESTRICTION
DOCUMENT NO & TYPE	And the second s		(12) (12) (4) (4)
1. Memo Ge	eorge Shultz to the President re Your Meeting with PM Nakasone, 1p	1/19/83	B1
	esident – Nakosone Meeting, 3p	Nd	BL
Points 3. Briefing Memo	esident – Nakosone Meeting, 5p	1/18/83	RI
	ivate President - Nakosone Meeting, 3p	Nd	81
5. Talking Ple	enary Meeting, 3p	Nd	BI
6. Memo Sh	aultz to the President re Your Meeting with Nakasone, 2p	1/13/83	B1
7. PAPER 2p		11/26/82	B1 ,83
8. PAPER 2p	al alad	12/1/82	B1,63
9. Briefing East	ast-West Economic Relations, 1p	Nd	B1
10.Briefing US Paper	S-Japanese Agricultural Trade Issues, 1p	Nd	B1
11. Briefing Jap Paper	pan-China Relations, 1p	Nd	B1
12. Briefing Jap Paper	pan-Soviet Relations, 2p	Nd	B1

#### RESTRICTIONS

- B-1 National security classified information [(b)(1) of the FOIA].
- B-2 Release could 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 commercial or financial information [(b)(4) of the FOIA].
- B-6 Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOLA].
- B-7 Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA].
- B-7a Release could reasonably be expected to interfere with enforcement proceedings [(b)(7)(A) of the FOIA].
- B-7b Release would deprive an individual of the right to a fair trial or impartial adjudication [(b)(7)(B) of the FOIA]
- B-7c Release could reasonably be expected to cause unwarranted invasion or privacy [(b)(7)(C) of the FOIA].
- B-7d Release could reasonably be expected to disclose the identity of a confidential source [(b)(7)(D) of the FOIA].
- B-7e Release would disclose techniques or procedures for law enforcement investigations or prosecutions or would disclose guidelines which could reasonably be expected to risk circumvention of the law [(b)(7)(E) of the FOIA].
- B-7f Release could reasonably be expected to endanger the life or physical safety of any individual ((b)(7)(F) of the FOIA).
- B-8 Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA].
- B-9 Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA].

## WITHDRAWAL SHEET Ronald Reagan Library

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Date: 01/12/2004

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		DATE	RESTRICTION		
NO. & TYPE					
13. Briefing Paper	Japanese Foreign Aid, 1p	Nd	B1		
14. Briefing Paper	Japanese Domestic Political Scene, 2p	Nd	B1		
15. Briefing Paper	US-Japan Security Relations, 2p	·Nd	B1		
16. Briefing Paper	US-Japan Nuclear Energy Issues, 1p	Nd	B1		
17. Briefing Paper	Japan and Southeast Asia, 1p	Nd	B1		
18. Briefing Paper	Japan and the Middle East, 1p	Nd	B1		
19. Briefing Paper	Japan- Korea Relations, 1p	Nd .	B1		
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#### THE WHITE HOUSE

WASHINGTON

January 18, 1983

MEMORANDUM FOR THE PRESIDENT

FROM:

WILLIAM P. CLARK

SUBJECT:

Your Breakfast Meeting with

Prime Minister Nakasone of Japan Wednesday, January 19 -- 9:00 a.m.

Residence

Attached at Tab A are talking points and 3x5 cards for your breakfast meeting with Prime Minister Nakasone.

Attached at Tab A is your departure statement.

cc Vice President
Ed Meese
Jim Baker
Mike Deaver

#### SHUTTLE PAYLOAD SPECIALIST

- -- THE UNITED STATES AND JAPAN HAVE A STRONG MUTUAL INTEREST IN SPACE COOPERATION. I AM PLEASED THAT JAPAN IS ACTIVELY PLANNING TO USE THE U.S. SPACE SHUTTLE FOR CARRYING OUT A SERIES OF EXPERIMENTS IN SPACE IN COMING YEARS.
- -- THE UNITED STATES ENCOURAGES SHUTTLE USERS TO SEND THEIR OWN
  PAYLOAD SPECIALISTS TO FLY WITH ITS UPCOMING SPACELAB MISSION IN
  1988. IN ADDITION, I HAVE SOMETHING FOR YOU FROM THE AMERICAN
  PEOPLE.

#### PLAQUE PRESENTATION

- -- I AM PLEASED AND HONORED TO PRESENT TO YOU, MR. PRIME MINISTER, THIS PLAQUE.
- -- ON IT ARE THE FLAGS OF OUR TWO NATIONS. THESE FLAGS WERE FLOWN TOGETHER ON THE FIRST FLIGHT OF THE UNITED STATES SPACE SHUTTLE COLUMBIA.
- -- THIS PLAQUE IS SYMBOLIC OF THE FACT THAT, AS SPACE-FARING NATIONS,
  WE HAVE WORKED CLOSELY TOGETHER IN THE PAST AND ARE COMMITTED TO
  EVEN CLOSER TIES IN THE FUTURE.
- -- I PRESENT THIS PLAQUE AND THESE FLAGS TO YOU IN RECOGNITION OF
  OUR COOPERATION IN THE PEACEFUL USE OF THE VAST EXPANSES OF SPACE
  AND FOR THE BENEFIT OF MANKIND.

#### PEACE

- -- I AM ENCOURAGED AFTER OUR MEETINGS, ALSO BY YOUR RECENT POSITIVE INITIATIVES, THAT YOUR GOVERNMENT IS WILLING TO DO MORE TO SHARE THE BURDEN OF PEACE AND STABILITY.
  - THIS IS A RESPONSIBILITY THAT HANGS HEAVY ON THE SHOULDERS OF ALL PEACE-LOVING PEOPLE. AS YOU KNOW, I AM DEDICATED TO THE TIRELESS EFFORTS NECESSARY TO PURSUE THIS PRECIOUS GOAL.

NLS FOO-037/1#428

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-- I PRESENT THIS PLAQUE & THESE FLAGS TO YOU I RECOGNITION OF OUR COOPERATION IN THE PEACE-FUL USE OF THE VAST EXPANSES OF SPACE & FOR THE BENEFIT OF MANKIND.

#### PEACE

- -- I AM PLEASED YOUR GOVT IS WILLING TO DO MORE TO SHARE THE BURDEN OF PEACE & STABILITY.
- -- THIS IS A RESPONSIBILITY THAT HANGS HEAVY ON THE SHOULDERS OF ALL PEACE-LOVING PEOPLE. AS YOU KNOW, I AM DEDICATED TO THE TIRELESS EFFORTS NECESSARY TO PURSUE THIS PRECIOUS GOAL.

227

## BREAKFAST MEETING WITH INTILE ..... SHUTTLE PAYLOAD SPECIALIST

- -- US & JAPAN MUTUAL INTEREST IN SPACE COOPERATION -- PLEASED JAPAN PLANNING TO USE SHUTTLE.
- -- PLEASED TO INVITE A JAPANESE PAYLOAD SPECIALIST TO FLY WITH SPACELAB MISSION IN 1988. IN ADDITION, I HAVE SOMETHING FOR YO FROM THE AMERICAN PEOPLE.

#### PLAQUE PRESENTATION

-- ON IT ARE THE FLAGS OF OUR 2 NATIONS. FLAG WERE FLOWN TOGETHER ON THE FIRST FLIGHT OF THE US SPACE SHUTTLE COLUMBIA.

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PRESIDENTIAL STATEMENT FOLLOWING MEETING ON JANUARY 18, 1983

Nancy and I have been very pleased to have as our guests

Prime Minister Nakasone, his wife and daughter. These last

2 days have given us the opportunity to get to know the Prime

Minister and his family and to establish the kind of warm,

personal relationship that is so vital to nations as close as the

\*United States and Japan. The Prime Minister's visit, so soon

after he assumed office, underscores the significance we both

place on United States-Japan relations and our role as leaders of

two of the industrialized giants of the free world.

Our consultations were friendly and covered a wide agenda of serious issues. I am pleased that we have made some important first steps: In the area of trade, something of utmost significance to the economic well being of both our peoples and to the economic health of the western world, we are encouraged by the recent commitments to further open Japan's markets. aware of political sensitivity in Japan to the tariff reductions on a number of products as well as to the Prime Minister's decision to conduct a comprehensive review of their standards and certification systems. Yet nothing would better prove to the American people the good intentions of our Japanese trading partners than tangible progress in revising relevant Japanese certification laws and regulations to remove the obstacles which currently impair 60 percent of our manufactured exports to Japan. In the area of energy trade between our two nations, we have agreed to establish a US-Japan working group on energy to

actively explore how the abundant opportunities for energy cooperation can be transformed into realities for the benefit of both our countries.

During our wide ranging consultations we discussed our intention for extensive and fruitful cooperation in space. I presented the Prime Minister a plaque containing the flags of our two nations flown together on the first flight of the Space Shuttle Colombia. I am pleased to announce today that I have offered Prime Minister Nakasone — and he has accepted — the opportunity for Japanese participation in our shuttle program — including an invitation for a Japanese specialist to be part of a space lab mission in 1988. Both the Prime Minister and I look forward to continuing our efforts together in the peaceful use of the vast expanses of space.

Further, I am encouraged after our meetings, and also by recent positive initiatives taken by the Prime Minister, that the Japanese government is now willing to do more to share the burden of peace and stability. This is a responsibility that hangs heavy on the shoulders of all peace loving people and Prime Minister Nakasone has assured me that Japan is committed to increasingly play their part in this crucial undertaking.

My meetings with the Prime Minister have been excellent both on a personal and professional level. I'm gratified at the rapport we've developed in this short time and I am confident that it will be put to good use in the future. We've taken the first significant steps toward resolving the urgent challenges which face our two countries. We can now move forward with our

1983 agenda which seeks mutually acceptable answers to questions -- especially in trade -- that continue to weigh heavily on our relationship.

We stand as equal partners in the world, and I am convinced that no two nations are more mutually dependent than the United States and Japan. I know that the Prime Minister shares my view. Our partnership is so essential, we have a strong obligation to our own peoples and to each other to ensure its continued vitality.

Again I enjoyed and appreciated this visit by Prime Minister Nakasone and look forward to welcoming him to our country again for the Williamsburg Summit.

### National Security Council The White House

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Kathy, 1/18

#### THE WHITE HOUSE

#### WASHINGTON

January 18, 1982



#### ACTION

MEMORANDUM FOR WILLIAM P. CLARK

CHARLES P. TYSON ROGER ROBINS FROM:

SUBJECT: Talking Points for President's Breakfast

with Prime Minister Nakasone

Wednesday, January 19 -- 9:00 a.m.

Residence

Attached at Tab I is a memorandum for the President forwarding talking points for his breakfast meeting with Prime Minister Nakasone on Wednesday, January 19, at 9:00 a.m. (Tab A). Also attached at Tab B is the departure statement.

The talking points have been cleared by Gaston Sigur, Doug McMinn, Gil Rye, and Bill Martin. The departure statement has been cleared by the speechwriters.

#### RECOMMENDATION

That you sign the memorandum at Tab I.

Disapprove \_\_\_\_

#### Attachments

Tab I: Memo for President

A: Talking Points

B: Departure Statement



January 18, 1982

#### ACTION

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FROM:

CHARLES P. TYSONLA

ROGER ROBINSON

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That you sign the memorandum at Tab I.

Approve	Disapprove	

#### Attachments

Tab I: Memo for President

A: Talking Points

B: Departure Statement

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THE WHITE HOUSE

WASHINGTON

#### MEETING WITH JAPANESE PRIME MINISTER NAKASONE

DATE:

January 18, 1983

LOCATION:

Oval Office, Cabinet Room,

State Dining Room

TIME:

11:15 a.m. - 1:30 p.m.

FROM:

William P. Clark

#### I. PURPOSE

To establish a personal relationship with the new Japanese Prime Minister; to strengthen the US-Japan alliance; to plan a 1983 agenda to move toward solutions of unresolved problems, especially in trade and defense, that continue to plague this alliance.

#### II. BACKGROUND

The US-Japan alliance is central to peace and prosperity in the Asian-Pacific region. Because of Japan's great economic power, this increasingly pertains to the global scene as well.

The Japanese relationship is of special importance at this point in time because:

- -- the economic tensions between the two countries have never been greater;
- -- protectionist reactions threaten to close U.S. markets to Japanese goods and begin the unraveling of the multilateral trading system;
- -- the U.S. and Japan represent the two largest economies of the free world with special responsibilities for world economic recovery and success at the Williamsburg Summit;
- -- Japanese commitments to defense affect Congressional willingness to sustain the U.S. military program.

The new Japanese Prime Minister, Yasuhiro Nakasone, is placing great emphasis upon US-Japanese relations. He has publicly pledged that he will make every effort to improve these relations and to ameliorate the present strains within them. If he does not succeed in this, then his own political future is very much in doubt.

Charismatic, given to bold moves, Nakasone nevertheless lacks a secure base in Japanese politics. His LDP faction is one of the smallest. The his selection of Cabinet members confirms, he is heavily dependent or former Prime Ministers Tanaka and Suzuki for support. (Tanaka's political fortunes are likely to be tarnished somewhat when the final

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portion of the prosecution's case charging Tanaka with accepting bribes from Lockheed is made public on 26 January.) Nakasone could experience difficulty in strengthening his political base because he has a reputation for opportunism among the powerful Japanese media and in some LDP circles. He has already come under public criticism from Foreign Minister Abe for "jumping the gun."

On the U.S. side, the current protectionist sentiment domestically is fueled by unfair trade practices and a lack of market access abroad, as well as by unemployment and falling profits in key industries at home. In this context, Japan has become the most prominent symbol for American and Congressional frustrations over domestic economic problems and perceived inequities in the international trading system. This frustration will grow further next year. With a moderate economic recovery, the U.S. trade deficit is likely to reach a record level. This, coupled with high unemployment rates, will strengthen protections to forces. Moreover, trade, specifically trade with Japan, has emerged as a central issue in the early stages of the 1984 Presidential campaign.

#### III. PARTICIPANTS

10:45-11:15 Pre-brief - Oval Office

President

Vice President

Secretary of State George Shultz

Assistant to the President for National Security

Affairs William P. Clark

Deputy Assistant to the President for National Security Affairs Robert C. McFarlane U.S. Ambassador to Japan Michael Mansfield Assistant Secretary of State Paul Wolfowitz National Security Council staff member Gaston Sigur

(Messrs. Meese, Baker, Deaver will attend at their

discretion)

11:15-11:30 Private Meeting - Oval Office

U.S. Participants
President

Japanese Participants Prime Minister Nakasone

Prior to pool photo opportunity, Prime Minister Nakason will introduce the following members of the Diet to the President. The Diet members will depart immediately following introduction and White House photo.

The Honorable Takashi Sato
Member of the House of Representatives

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The Honorable Taku Yamazaki Member of the House of Representatives

The Honorable Kaoru Yosano Member of the House of Representatives

The Honorable Mikio Okuda Member of the House of Representatives

The Honorable Takushi Hirai Member of the House of Councillors

Following White House photo and prior to pool photo opportunity, members of the Diet will depart.

11:30-12:15 Plenary Session - Cabinet Room

### U.S. Participants

President Vice President Secretary of State George Shultz Secretary of Agriculture John Block Secretary of Commerce Malcolm Baldrige U.S. Trade Representative William Brock William P. Clark Deputy Secretary of the Treasury McNamar Robert C. McFarlane Ambassador Michael Mansfield

Assistant Secretary Wolfowitz Donald Gregg Gaston Sigur

(Messrs. Meese, Baker, and Deaver will attend at their discretion)

#### Japanese Participants

Prime Minister Yasuhiro Nakasone Shintaro Abe, Minister for Foreign Affairs Takao Fujinami, Deputy Chief Cabinet Secretary Yoshio Okawara, Ambassador to the United States Toshijiro Nakajima, Deputy Minister for Foreign Affairs

Ryohei Murata, Director General, Economic Affairs Bureau, Ministry of Foreign Affairs

Hiroshi Kitamura, Director General, North American Affairs Bureau, Ministry of Foreign Affairs

Kazutoshi Hasegawa, Private Secretary to the Prime Minister

Yoshio Karita, Director, First North American Division, Ministry of Foreign Affairs Interpreter



#### 12:15-1:15 Working Lunch - State Dining Room

U.S. Participants President Vice President Secretary Shultz Secretary Weinberger Secretary Block Secretary Baldrige U.S. Trade Representative Brock Edwin Meese, III James A. Baker, III Michael K. Deaver William P. Clark Robert C. McFarlane Ambassador Michael Mansfield Deputy Secretary of State Dam Assistant Secretary of State Wolfowitz Gaston Sigur

Japanese Participants
Prime Minister Yasuhiro Nakasone
Shintaro Abe, Minister for Foreign Affairs
Takao Fujinami, Deputy Chief of Cabinet Secretary
Yoshio Okawara, Ambassador to the United States
Toshijiro Nakajima, Depyty Minister for Foreign Affairs
Ryohei Murata, Director General, Economic Affairs Bureau,
Ministry of Foreign Affairs
Hiroshi Kitamura, Director General, North American
Affairs Bureau, Ministry of Foreign Affairs
Kazutoshi Hasegawa, Private Secretary to the Prime
Minister

1:30 p.m. Departure Remarks - Diplomatic Entrance

#### IV. PRESS PLAN

Pool photo opportunity - Oval Office. Photo coverage departure statement

#### V. SEQUENCE OF EVENTS

10:45 a.m. Briefing in Oval Office
11:15 a.m. Private meeting in Oval Office
11:30 a.m. Plenary Session in Cabinet Room
12:15 p.m. Working Luncheon in State Dining Room
1:30 p.m. Departure Statements at Diplomatic Entrance

#### Attachments:

Tab A Secretary Shultz's memo and bios

Tab B Background papers

- 1. East-West Economic Relations
- 2. US-Japanese Agricultural Trade Issues
- Japan-China Relations
- 4. Japan-Soviet Relations
- 5. Japanese Foreign Aid



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The following papers have been prepared by State and are available upon request at NSC.

- 6. Japanese Domestic Political Scene
- 7. Japanese Economic Performance
- 8. US-Japan Security Relations
- 9. US-Japan Nuclear Energy Issues
- 10. Japan and Southeast Asia
- 11. Japan and the Middle East
- 12. Japan-Korea Relations

Tab C Departure Remarks

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SECRET

# PRIVATE MEETING WITH PRIME MINISTER NAKASONE OF JAPAN -- OVAL OFFICE TALKING POINTS

- -- MR. PRIME MINISTER, I AM DELIGHTED TO SEE YOU AGAIN AND TO WELCOME YOU TO THE WHITE HOUSE -- THIS MEETING IS OF GREAT IMPORTANCE TO BOTH OUR COUNTRIES AND I AM SURE THAT YOU SHARE MY VIEW THAT WE MUST SUCCEED.
- -- I AM IMPRESSED BY YOUR ACCOMPLISHMENTS IN THE BRIEF TIME YOU HAVE BEEN PRIME MINISTER -- YOU HAVE TAKEN COMMAND OF FOREIGN POLICY AND HAVE CONDUCTED SUCCESSFUL DIPLOMACY, PARTICULARLY WITH KOREA.
- -- OUR STRATEGIC ALLIANCE IS VITAL FOR PEACE AND WORLD ECONOMIC RECOVERY -- WE ARE BOTH UNDER DOMESTIC POLITICAL PRESSURE TO EMERGE FROM YOUR VISIT WITH CONCRETE ACCOMPLISHMENTS.
- -- ON MY SIDE, I FACE MOUNTING POLITICAL PROBLEMS, PARTICULARLY

  THOSE STEMMING FROM YOUR TRADE PRACTICES: HIGH UNEMPLOYMENT

  AND FALLING PROFITS IN KEY INDUSTRIES ARE GENERATING PROTECTIONIST

  SENTIMENT IN THE CONGRESS WHICH WE MAY NOT BE ABLE TO CONTINUE

  TO CONTROL.
- -- WE MUST CREATE MOMENTUM IN OUR MEETINGS TOWARD THE RESOLUTION

  OF OUR OUTSTANDING DISPUTES AND CHALLENGES -- AT THE FOREFRONT OF

  THIS IS SIGNIFICANTLY IMPROVED MARKET ACCESS FOR US GOODS.

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BY FOX TO A TOTAL T/24/06

## TALKING POINTS (continued)

- -- STEPS TAKEN BY YOUR GOVERNMENT SO FAR, WHILE WELCOME, ARE NOT ADEOUATE -- STILL A LONG WAY TO GO.
- -- APPRECIATE GREATER DEFENSE EXPENDITURES AND YOUR DECISIONS ON

  DEFENSE TECHNOLOGY TRANSFERS -- INCREASES IN DEFENSE BUDGET MUST

  CONTINUE.
- -- I WANT TO ESTABLISH A PERSONAL RELATIONSHIP WITH YOU TO ADVANCE OUR
  MOST VITAL MUTUAL OBJECTIVES -- AS THE TWO MOST POWERFUL ECONOMIES
  IN THE FREE WORLD, IT IS UP TO US TO PRESERVE THE INTERNATIONAL
  TRADING SYSTEM AND ADVANCE WORLD ECONOMIC RECOVERY.
- -- OUR STRATEGIC ALLIANCE MUST BE STRENGTHENED TO ENHANCE WORLD SECURITY.
- -- WE HAVE SO MUCH TO DISCUSS -- PERHAPS WE SHOULD MEET FOR BREAKFAST TOMORROW.

#### PRIVATE MEETING WITH PRIME MINISTER NAKASONE

- --WELCOME -- THE NEED TO SUCCEED
- -- YOUR ACCOMPLISHMENTS IN FOREIGN POLICY -- KOREA
- --STRATEGIC ALLIANCE IS VITAL FOR PEACE & WORLD ECONOMIC RECOVERY -- NEED FOR CONCRETE ACCOMPLISHMENTS
- --MOUNTING POLITICAL PRESSURES DUE TO JAPANESE TRADE PRACTICES RESULTING IN GROWING PROTECTIONIST SENTIMENT IN CONGRESS -- MAY NOT BE ABLE TO CONTINUE TO CONTROL
- --MOMENTUM TOWARD RESOLUTION OF DISPUTES --SIGNIFICANT IMPROVEMENT OF MARKET ACCESS
- --STEPS TAKEN BY YOUR GOVERNMENT ARE WELCOME --BUT STILL LONG WAY TO GO

#### PRIVATE MEETING WITH PRIME MINISTER NAKASONE (2)

- --APPRECIATE INCREASE IN DEFENSE EXPENDITURE & TECHNOLOGY TRANSFER -- MUST CONTINUE
- --ESTABLISH PERSONAL RELATIONSHIP -- TWO MOST
  POWERFUL ECONOMIES MUST PRESERVE INTERNATIONAL
  TRADING SYSTEM -- ADVANCE WORLD ECONOMIC
  RECOVERY
- --STRENGTHEN STRATEGIC ALLIANCE TO ENHANCE WORLD SECURITY
- --WE HAVE SO MUCH TO DISCUSS -- PERHAPS WE SHOULD MEET FOR BREAKFAST TOMORROW

#### TALKING POINTS

- -- MR. PRIME MINISTER, LET'S CONTINUE OUR DISCUSSIONS NOW WITH OUR
  CHIEF ADVISORS PRESENT. WE HAVE JUST CONCLUDED A FRUITFUL MEETING
  WHERE WE DISCUSSED THE NEED TO CONTINUE POSITIVE MOMENTUM TOWARD
  RESOLVING OUR OUTSTANDING DISPUTES AND CHALLENGES, PARTICULARLY
  IN THE TRADE AND DEFENSE AREAS.
- -- OUR TWO COUNTRIES HAVE A STRONG AND ESSENTIAL ALLIANCE RELATIONSHIP. AS THE FREE WORLD'S LEADING ECONOMIES, WE MUST SHARE THE
  SAME GOALS OF PRESERVING THE INTERNATIONAL TRADING SYSTEM AND
  ADVANCING WORLD ECONOMIC RECOVERY. MR. PRIME MINISTER, YOUR
  PERSONAL EFFORTS TOWARD ACHIEVING THESE GOALS HAVE BEEN VERY
  WELL RECEIVED.
- -- SECRETARY SHULTZ, WOULD YOU PLEASE SUMMARIZE THE KEY ELEMENTS

  OF OUR BILATERAL RELATIONSHIP? IT IS IMPORTANT THAT OUR

  DISCUSSIONS REFLECT THE URGENT NEED TO OVERCOME THE CHALLENGES

  THAT WE FACE.
- -- I WOULD LIKE TO CALL ON SECRETARY BLOCK TO DISCUSS THE AGRICULTURAL ISSUES BEFORE US.
- -- IN THE DEFENSE AREA, SOVIET MILITARY EXPANSIONISM IS THE GREATES:
  THREAT TO THE WELL-BEING OF US ALL AND MUST BE CENTRAL TO OUR
  DEFENSE RELATIONSHIP.
- -- SECRETARY WEINBERGER, WOULD YOU GIVE A BRIEF PRESENTATION ON OUR DEFENSE RELATIONSHIP? MR. PRIME MINISTER, I WOULD ALSO APPRECIAL E YOUR THOUGHTS ON THE SOVIET THREAT AND OUR JOINT EFFORTS TO MEET IT. IT IS IMPORTANT THAT WE WORK TOGETHER TO IMPLEMENT THE AGREED "DIVISION OF LABOR" BETWEEN OUR TWO COUNTRIES.

## TALKING POINTS (continued)

- -- TRADE PRESENTS DIFFICULT DOMESTIC PROBLEMS FOR US BOTH. I

  UNDERSTAND YOUR POLITICAL PROBLEM, AND I HOPE YOU WILL UNDER
  STAND OURS -- WHICH IS A VERY SERIOUS ONE. WHAT TROUBLES MANY

  AMERICANS IS THE FACT THAT JAPAN HAS GREATER ACCESS TO OUR

  ECONOMY THAN WE HAVE TO YOURS.
- -- THIS INEQUITY HAS FUELED PROTECTIONIST SENTIMENT ON CAPITOL
  HILL. CONGRESSIONAL ACTIONS ARE PARTICULARLY WORRISOME AS THE
  POLITICAL CLIMATE INTENSIFIES. AMBASSADOR BROCK, WOULD YOU
  PLEASE OUTLINE THE TRADE ISSUES THAT REQUIRE ACTION, AND LET
  US DISCUSS ESTABLISHING A PROCESS AND FRAMEWORK TO COORDINATE
  THE OPENING OF JAPAN'S MARKET.

#### PLENARY SESSION/LUNCHEON WITH NAKASONE

- -- WILL NOW CONTINUE DISCUSSIONS WITH CHIEF ADVISORS PRESENT -- EARLIER CONCLUDED FRUITFUL MEETING -- NEED TO CONTINUE POSITIVE MOMENTUM.
- -- STRESS STRONG & ESSENTIAL ALLIANCE RELATION-SHIP -- MUST SHARE SOME GOALS OF PRESERVING INTERNATL TRADING SYSTEM & ADVANCING WORLD ECONOMIC RECOVERY -- YOUR PERSONAL EFFORTS WELL RECEIVED.
- -- CALL ON SEC SHULTZ TO SUMMARIZE KEY ELEMENTS OF BILATERAL RELATIONSHIP -- URGENT NEED TO OVERCOME CHALLENGES.

#### PLENARY SESSION/LUNCHEON WITH NAKASONE

(2)

- -- TRADE PROBLEMS HAVE CREATED POLITICAL DIFFICULTIES FOR US BOTH -- JAPAN HAS GREATER ACCESS TO OUR ECONOMY THAN WE TO THEIRS.
- -- INEQUITY HAS FUELED PROTECTIONIST SENTIMENT ON HILL -- PARTICULARLY WORRISOME AS POLITICAL CLIMATE INTENSIFIES. AMBASSADOR BROCK, OUTLINE TRADE ISSUES REQUIRING ACTION AND DISCUSS ESTABLISHING PROCESS AND FRAMEWORK TO OPEN JAPAN'S MARKET.
- -- CALL ON SECRETARY BLOCK TO DISCUSS AGRICULTURAL ISSUES.

#### PLENARY SESSION/LUNCHEON WITH NAKASONE

(3)

- -- IN DEFENSE AREA, SOVIET MILITARY EXPANSION GREATEST THREAT & CENTRAL TO OUR DEFENSE RELATIONSHIP.
- CALL ON SECRETARY WEINBERGER TO DISCUSS DEFENSE RELATIONSHIP. INVITE PRIME MINISTER'S THOUGHTS ON SOVIET THREAT & JOINT EFFORTS TO MEET IT. MUST IMPLEMENT AGREED "DIVISION OF LABOR".

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## DEPARTMENT OF STATE BRIEFING PAPER

#### JAPANESE ECONOMIC PERFORMANCE

Current Japanese economic performance compares favorably with that of the other industrialized countries, but is weak relative to post-war trends. Unemployment is only 2.5 percent, but is at a 26-year high. Consumer price inflation is about 3 percent, and real growth in 1982 is estimated also to have been about 3 percent. We project GNP growth will remain around 3 percent in 1983, reflecting somewhat stronger external performance and weaker private consumption.

This performance is less favorable than the Japanese have come to expect, and is worrisome to them because of considerable excess capacity and signs of deterioration in several important sectors. Growth in 1981 was largely dependent on the growth of real net exports, but exports declined in late 1981 and have remained weak since. The volume of exports fell substantially in the first half of 1982, and will probably be down for the year as a whole. In real terms, both total business fixed investment and residential construction will probably show a decline for the year. Real private consumption was boosted in 1982 by declining inflation, but should weaken in 1983 due to little change in inflation and lower nominal wage growth.

Because of concern that this trend could lead to a real slide if businessmen and consumers lose confidence, there has been debate about the need for government action to stimulate the economy. However, the GOJ believes its freedom to take major stimulative fiscal action is severely constrained by the need to eliminate large budget deficits—which recently have been around 5 percent of GNP. (Although the deficits are large relative to GNP, relative to Japan's high private saving they are not high in comparison to other OECD countries, however.) A limited stimulative fiscal package was presented as part of a supplemental budget for JFY 1982, but the JFY 1983 budget will keep the lid on expenditure growth and include little in the way of stimulative measures. The GOJ was constrained in relaxing monetary policy in 1982 by the need to prevent the yen from weakening.

Authorities gradually relaxed monetary policy in 1981, however. Money supply growth thus decelerated over the course of 1982, and interest rates were raised and then held at levels higher than desired, in view of domestic economic conditions, in an effort to counter yen weakness. With the recent sharp strengthening of the yen and continued domestic economic weakness, a cut in the Japanese discount rate (currently 5.5 percent) appears imminent. Large quantities of government bonds being floated to cover the deficit have put upward pressure on long-term interest rates.

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#### PRESIDENTIAL STATEMENT FOLLOWING MEETING ON JANUARY 18, 1983

It has been my pleasure to welcome Prime Minister Nakasone to Washington. Our consultations here, so soon after he assumed office, underscore the significance we both place on United States-Japan relations and our role as leaders of two of the industrialized giants of the free world.

While the subjects we discussed were serious, our talks were warm and friendly. The agenda was full, and we covered substantial ground. Needless to say, bilateral issues, particularly trade and defense, figured prominently among the issues we examined. At the same time, we devoted much attention to international and regional matters, with emphasis on expanding. United States-Japan cooperation in the arena of international peace and the preservation of our mutually-shared values.

Our discussions were reinforced by durable and resilient ties forged over more than 30 years by our respective national leaders. We stand as equal partners in the world, and I am convinced that no two nations are more mutually dependent than the United States and Japan. I know that the Prime Minister shares my view. Our partnership is so essential, we have a strong obligation to our own peoples and to each other to ensure its continued vitality.

The Prime Minister has publicly pledged an all-out effort to come to grips with those issues which still trouble us. For my part, I offer my whole-hearted and active cooperation in that enterprise.

It is of utmost importance that we capitalize on the progress we have made during these meetings. We will move ahead with plans for a 1983 agenda which will seek solutions to the unresolved questions, especially in trade, that continue to concern us both. World economic recovery and the commercial and industrial health of our two nations is dependent on our cooperation in this endeavor.

Our first meeting has been a good one. It gave Prime
Minister Nakasone and me a chance to establish the kind of warm,
personal relationship that is so vital to nations that are as
close as the United States and Japan. I look forward to
welcoming the Prime Minister to our country again for the
Williamsburg Summit.

(NSC/Rohrabacher/AB) January 17, 1983 3:00 p.m.

PRESIDENTIAL STATEMENT FOLLOWING MEETING ON JANUARY 18, 1983, IF THERE IS TO BE A SECOND MEETING ON JANUARY 19

It's been my pleasure to have had this opportunity to welcome Prime Minister Nakasone to the White House and to personally meet with him to discuss the wide range of global and bilateral issues relevant to our alliance. Our ties are of such importance and our discussion today has been so extensive that I have asked the Prime Minister to meet with me again tomorrow morning for breakfast.

I will have another statement for you at that time.