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WITHDRAWAL SHEET

Ronald Reagan Library

Collection: Executive Secretariat, NSC
Country File

Archivist: mjd

OA/Box:
File Folder: Japan (2/01/83)

FOIA ID: F00-037 (1539), Oberdorfer
Date: 02/02/2004

DOCUMENT NO. & TYPE	SUBJECT/TITLE	DATE	RESTRICTION
1. Cable	011024Z FEB 83, 4p <i>R 7/24/06 F00-037/1 #457</i>	2/1/83	B1
2. Cable	011427Z FEB 83, 5p <i>R " " #458</i>	2/1/83	B1
3. Cable	012341Z FEB 83, 2p <i>R " " #459</i>	2/1/83	B1
4. Paper	US-Japan Energy Working Group, 6p	nd	B1
5. Paper	Petroleum, 2p	nd	B1
6. Paper	DOE Analysis of Alaskan Oil Export Ban, 1p <i>R 7/24/06 F00-037/1 #462</i>	nd	B1
7. Paper	Prospective Outline of Analysis of Alaskan Oil Export Ban, 3p <i>R " " #463</i>	nd	B1
8. Paper	Natural Gas, 1p	nd	B1
9. Paper	Coal, 2p	nd	B1
10. Paper	Nuclear Energy, 1p	nd	B1
11. Paper	Non-Nuclear Energy RD&D Cooperation with Japan, 1p	nd	B1
12. Memo	Clark to Donald Regan re US-Japan Energy Working Group, 1p	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 FOIA].

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].

SENSITIVE

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SITUATION LISTING

DATE 08/10/83//222

SITUATION: PRES MSGS
SUBJECT CATEGORY: IN

MESSAGE / ANNOTATION:
MESSAGE:

EHA300
OO RUEADWW
DE RUEHKO #2008/01 0321028
ZNY SSSSS ZZH
O 011024Z FEB 83 ZFF4
FM USDEL SECRETARY IN TOKYO
TO RUEADWW/WHITE HOUSE WASHDC IMMEDIATE
RUEHC/SECSTATE WASHDC IMMEDIATE 7496
BT

~~SECRET~~ SECTION 01 OF 02 SECTO 01031
NODIS

THIS MESSAGE REPLACES SECTO 01026
FOR THE PRESIDENT FROM SECRETARY SHULTZ
WHITE HOUSE PASS VICE PRESIDENT
E.O. 12356: DECL:OADR
TAGS: OVIP (SHULTZ, GEORGE P.)
SUBJ: VISIT TO JAPAN - FIRST DAY

1. ~~SECRET~~ - ENTIRE TEXT.
2. I HAVE HAD EXTREMELY FULL AND USEFUL DISCUSSIONS DURING MY FIRST DAY. THE TIME AND ATTENTION THE JAPANESE HAVE DEVOTED TO THESE MEETINGS, AT A TIME WHEN ALL THE MINISTERS ARE TIED UP IN A VERY STORMY DIET DEBATE, IS TESTIMONY BOTH TO THE SERIOUSNESS WITH WHICH THEY REGARD THE UNITED STATES AND TO THE WARM RELATIONSHIP YOU ESTABLISHED DURING THE PRIME MINISTER'S RECENT VISIT TO WASHINGTON.
3. MY DAY STARTED WITH AN AUDIENCE WITH THE EMPEROR, AN UNUSUAL SIGN OF RESPECT FOR THE UNITED STATES. I THEN HAD A LONG MEETING WITH PRIME MINISTER NAKASONE, MARKED BY WARMTH AND SERIOUSNESS. I WAS IMPRESSED ONCE MORE BY NAKASONE'S VIGOR, FORCEFULNESS AND GRASP OF DETAIL. NAKASONE LED OFF OUR CONVERSATION BY SAYING THAT HE RETURNED FROM WASHINGTON DETERMINED TO FOLLOW THROUGH ON HIS COMMITMENTS, A THEME I WAS ABLE TO PLAY BACK IN DISCUSSIONS ON OUR CONTINUED EXPECTATIONS ON TRADE AND DEFENSE.
4. I ALSO HAD OVER FIVE HOURS WITH FOREIGN MINISTER ABE, AN HOUR WITH MINISTER OF INTERNATIONAL TRADE AND INDUSTRY YAMANAKA, AND A SHORTER MEETING WITH THE DIRECTOR GENERAL OF THE DEFENSE AGENCY TANIKAWA. THESE THREE EXHIBITED SIMILAR DRIVE AND DETERMINATION. THIS IS A DIFFERENT KIND OF JAPANESE GOVERNMENT -- ONE WHICH KNOWS WHAT IT WANTS AND INTENDS TO EXERCISE REAL LEADERSHIP.
5. KEY ISSUES COVERED TODAY:

SENSITIVE

DECLASSIFIED

NLS F00-037/1#457

BY LOJ, NARA, DATE 7/24/06

SENSITIVE

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SITUATION LISTING

DATE 08/10/83/1222

SITUATION: PRES MSGS
SUBJECT CATEGORY: IN

MESSAGE / ANNOTATION:

- --ARMS CONTROL NEGOTIATIONS. THIS WAS UPPERMOST IN THE JAPANESE MINDS. NAKASONE SUPPORTS YOUR POSITION OF NEGOTIATING FROM STRENGTH AND YOUR "ZERO OPTION" PROPOSAL. HE SAID THAT IF THE SOVIETS BELIEVE JAPAN WILL BOW TO THREATS THEY ARE MAKING A SERIOUS MISTAKE. BOTH HE AND THE FOREIGN MINISTER ARE CONCERNED LEST AN ARMS CONTROL AGREEMENT MERELY SHIFT SOVIET SS20'S FROM EUROPE TO ASIA. THEY EXPRESSED SATISFACTION AT MY ASSURANCE THAT YOU APPROACH NEGOTIATIONS FROM A GLOBAL STAND POINT AND THAT WE WOULD BE CONSULTING WITH THEM CLOSELY AS WE PROCEED. NAKASONE EXPRESSED HIS SUPPORT FOR THE VICE PRESIDENT'S EUROPEAN TRIP AND THE DEMONSTRATION IT AFFORDS OF UNITY AMONG THE WESTERN NATIONS. NAKASONE, ABE, AND TANIKAWA ALL ACKNOWLEDGED THE NEED FOR JAPAN TO BOLSTER ITS OWN DEFENSE. I POINTED TO YOUR BUDGET AS AN EXAMPLE OF WHAT WE WERE DOING, AND THEY SEEMED TO UNDERSTAND THE IMPORTANCE OF JAPAN'S DEFENSE EFFORT IN STRENGTHENING OUR ALLIANCE.

- --CHINA. NAKASONE AND ABE BOTH EMPHASIZED THE NEED FOR A PSYCHOLOGICALLY CAREFUL APPROACH TO THE CHINESE AND FOR THE IMPORTANCE OF THIS RELATIONSHIP. THEY FAVOR WORKING WITH THE STRENGTH OF THE OTHER PARTY RATHER THAN AGAINST IT; AS NAKASONE PUT IT, USE JUDO RATHER THAN BOXING. WHILE THE JAPANESE SUPPORT CHINESE MEMBERSHIP IN THE ASIAN DEVELOPMENT BANK, I BELIEVE THEY UNDERSTAND THE SERIOUS CONSEQUENCES FOR THE FUTURE OF THE BANK IF SOME SATISFACTORY TREATMENT OF TAIWAN IS NOT ACHIEVED. THEY RECOGNIZE THAT THIS PROBLEM WILL REQUIRE TIME AND CLOSE COORDINATION BETWEEN US.

- --ECONOMIC ISSUES. I STRESSED WITH EACH MINISTER THAT YOU HAVE PRESENTED THE CONGRESS WITH A REALISTIC BUDGET AND THERE ARE CLEAR INDICATIONS THAT EXPANSION IN OUR ECONOMY HAS RESUMED. NAKASONE AND HIS CABINET COLLEAGUES ACKNOWLEDGED JAPAN'S RESPONSIBILITY TO WORK CLOSELY WITH US IN RESTORING CONFIDENCE IN OUR OWN ECONOMIES AND ON THE LARGER WORLD STAGE. IN THIS REGARD WE TALKED ABOUT MANAGING THE BIG DEBTOR PROBLEMS, ESPECIALLY IF OIL PRICES DROP SHARPLY, AND ABE AND I AGREED TO HAVE A DETAILED EXCHANGE ON HOW WE MIGHT WORK TOGETHER IN OUR ECONOMIC ASSISTANCE PROGRAMS. I WAS PARTICULARLY IMPRESSED WITH THE MINISTER OF INTERNATIONAL TRADE AND INDUSTRY. HE IS A CLOSE PERSONAL ASSOCIATE OF NAKASONE'S AND HAS JUST BEEN CHARGED WITH THE DIFFICULT TASK OF IMPLEMENTING THE RECENTLY ANNOUNCED MARKET-OPENING MEASURES, A MOVE WHICH INSPIRES CONFIDENCE THAT PROGRESS IS POSSIBLE.

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SENSITIVE

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SITUATION LISTING

DATE 08/10/83//222

SITUATION: PRES MSGS
SUBJECT CATAGORY: IN

MESSAGE / ANNOTATION:

- --LAW OF THE SEA. IT IS CLEAR THAT JAPAN WILL
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PAGE 1 - 582

SITUATION LISTING

DATE 08/10/83//222

SITUATION: PRES MSGS
SUBJECT CATEGORY: IN

MESSAGE / ANNOTATION:
MESSAGE:

EHA301

OO RUEADWW

DE RUEHKO #2008/02 0321030

ZNY SSSSS ZZH

O 011024Z FEB 83 ZFF4

FM USDEL SECRETARY IN TOKYO

TO RUEADWW/WHITE HOUSE WASHDC IMMEDIATE

RUEHC/SECSTATE WASHDC IMMEDIATE 7497

BT

~~SECRET~~ SECTION 02 OF 02 SECTO 01031

NODIS

THIS MESSAGE REPLACES SECTO 01026

FOR THE PRESIDENT FROM SECRETARY SHULTZ

WHITE HOUSE PASS VICE PRESIDENT

E.O. 12356: DECL:OADR

TAGS: OVIP (SHULTZ, GEORGE P.)

SUBJ: VISIT TO JAPAN - FIRST DAY

SOON SIGN THE LAW OF THE SEA TREATY (A CABINET DECISION

WILL BE TAKEN FEBRUARY 4). I SOUGHT TO PERSUADE THEM

TO DELAY SIGNING, SAYING WE WOULD WORK FOR EQUAL AND

FAIR TREATMENT FOR JAPAN UNDER AN ALTERNATIVE REGIME.

I MUST CONCLUDE, HOWEVER, THAT THEY ARE IRREVOCABLY

SET ON THEIR COURSE. THE FOREIGN MINISTER, HOWEVER,

POINTED OUT THAT RATIFICATION MIGHT BE A LONG TIME

AFTER SIGNATURE AND THEY WOULD CONTINUE TO EXPLORE

ARRANGEMENTS FOR SEABED MINING WITH US AND THE CONCERNED

EUROPEAN COUNTRIES.

- --IMPROVED CONSULTATIONS. WE HAD FURTHER

DISCUSSIONS ON ESTABLISHING AN ADVISORY GROUP ON WAYS

TO STRENGTHEN OUR LONG-TERM BILATERAL RELATIONSHIP.

WE ARE IN CLOSE ACCORD ON THIS AND I HAVE THEIR AGREE-

MENT TO WORK TOWARD A JOINT ANNOUNCEMENT BY YOU AND THE

PRIME MINISTER SHORTLY AFTER MY RETURN TO WASHINGTON.

6. ALL IN ALL, I AM VERY ENCOURAGED BY THE NEW SPIRIT

WHICH SEEMS TO HAVE BEEN INJECTED INTO THIS VITALLY

IMPORTANT RELATIONSHIP. SHULTZ

BT

#2008

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SENSITIVE

SENSITIVE

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SITUATION LISTING

DATE 02/04/83//035

SITUATION: CHECKLIST
SUBJECT CATAGORY: SAVE

MESSAGE / ANNOTATION:

MESSAGE:

HCE255
STU0596
OO RUEHC
DE RUEHKO #2013/01 0321431
ZNY SSSSS ZZH
O 011427Z FEB 83
FM AMEMBASSY TOKYO
TO RUEHC/SECSTATE WASHDC IMMEDIATE 9298
INFO RUMJPG/AMEMBASSY BEIJING 8392
RUEHMO/AMEMBASSY MOSCOW 7009
RUFHGV/USMISSION GENEVA 5731
RUFHNA/USMISSION USNATO 1205
RUEHLD/AMEMBASSY LONDON 9655
RUFHOL/AMEMBASSY BONN 7608
RUFHFR/AMEMBASSY PARIS 2390
RUEHRO/AMEMBASSY ROME 6229
BT

~~SECRET~~ SECTION 01 OF 02 TOKYO 02013

EXDIS

DEPT PLS PASS CINCPAC HONOLULU HI
GENEVA FOR US INF DEL; MILADDEE HANDLE AS SPECAT EXCLUSIVE
E.O. 12356: DECL: OADR

TAGS: PARM, PREL, JA

SUBJECT: SEPARATE MEETINGS WITH JAPANESE FOREIGN
MINISTRY ON INF

1. ~~S~~ - ENTIRE TEXT

2. SUMMARY. ON FEBRUARY 1, EA ASSISTANT SECRETARY WOLFOWITZ AND PM DIRECTOR HOWE MET WITH A GROUP OF MOFA OFFICIALS TO DISCUSS INF AND OTHER ARMS CONTROL ISSUES. PRESENT FROM MOFA WERE DIRECTOR GENERAL OF EUROPEAN BUREAU KATO, UN BUREAU DEPUTY DIRECTOR GENERAL ENDO, TREATIES BUREAU DEPUTY DIRECTOR GENERAL TOGO, WORKING-LEVEL MEMBERS OF THEIR RESPECTIVE BUREAUS, AND TWO DIVISION DIRECTORS FROM THE NORTH AMERICAN BUREAU. THE ISSUE OF SOVIET SS-20 DEPLOYMENTS AND HOW ASIAN DEPLOYMENTS WILL BE HANDLED WITHIN THE INF NEGOTIATIONS HAD BEEN FEATURED PROMINENTLY IN THE PRESS IN CONNECTION WITH THE SECRETARY'S VISIT, AND A SIMILAR SENSE OF CONCERN AND URGENCY WAS REFLECTED IN THE MEETING AT MOFA. IN ADDITION TO RAISING A NUMBER OF QUESTIONS AND PROJECTING FUTURE DILEMMAS IN HANDLING THE ASIAN PART OF THE SS-20 EQUATION, THE MOFA OFFICIALS EXPRESSED SERIOUS INTEREST IN CONSOLIDATING FUTURE MEANS OF CONSULTING ON THIS AND SIMILAR MATTERS. END SUMMARY.

DECLASSIFIED

NLS F00-037/1 #458

BY ADJ NARA, DATE 7/24/06

SENSITIVE

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SITUATION LISTING

DATE 02/04/83//035

SITUATION: CHECKLIST
SUBJECT CATEGORY: SAVE

MESSAGE / ANNOTATION:

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3. WOLFOWITZ AND HOWE LED OFF WITH A DISCUSSION OF THE CURRENT STATUS OF THE INF NEGOTIATION (INCLUDING REAGAN LETTER), STATUS OF US INF SYSTEMS AND PLANS FOR DEPLOYMENT, AND THE POLITICAL SITUATION IN EUROPE. JAPANESE SIDE RESPONDED BY REEMPHASIZING THAT 1) THE TRANSFER OF MISSILES FROM EUROPE TO FAR EAST IS NOT ACCEPTABLE AND 2) A SIMPLE FREEZE ON SS-20 DEPLOYMENTS IN THE FAR EAST IS ALSO NOT ACCEPTABLE. THEY STRESSED THAT THERE IS A RELATED PUBLIC OPINION PROBLEM THAT A SIMPLE FREEZE IN THE FAR EAST WOULD DO NOTHING TO ADDRESS THE SOVIET THREAT TO JAPAN, POSED BY THE CURRENT SS-20 DEPLOYMENTS IN THE REGION. SOVIET DIVISION DIRECTOR TAMBA THEN SUGGESTED THAT THE SOVIET STRATEGY ON INF IS AIMED PRIMARILY AT AFFECTING PUBLIC PERCEPTIONS, AND THEY ARE NOW WINNING THIS BATTLE. HE SAID THAT IF SS-20 DEPLOYMENTS IN THE FAR EAST ARE NOT TREATED EQUALLY WITH THOSE IN EUROPE, IT WILL IMPACT NEGATIVELY ON US CREDIBILITY IN JAPAN IN THE SENSE THAT IT WILL REINFORCE JAPANESE SUSPICIONS THAT THE US CARES MORE ABOUT ITS EUROPEAN ALLIES THAN ITS ASIAN ALLIES. FINALLY, HE POSED FIVE POSSIBLE EXPLANATIONS FOR WHY THE SOVIETS HAVE SUDDENLY RAISED THE JAPAN FACTOR IN THEIR TALKS WITH WESTERN EUROPEAN LEADERS. 1) IT COULD BE A PRETEXT FOR NOT DISMANTLING SS-20 REMOVED FROM EUROPE; 2) IT COULD BE AN ATTEMPT TO PLAY THE EUROPEANS AGAINST JAPAN, AND VICE VERSA; 3) IT COULD BE AN EFFORT TO GIVE POLITICAL SUPPORT TO PEACE FORCES IN JAPAN; 4) IT COULD BE AIMED AT MAKING THE JAPANESE AND CHINESE TAKE EXISTING FAR EASTERN DEPLOYMENTS FOR GRANTED, AND FOCUSING MORE ON FUTURE DEPLOYMENTS; AND 5) IT COULD BE AN EFFORT TO DOWNPLAY THE CHINESE THREAT, NOW THAT MOSCOW IS TRYING TO IMPROVE RELATIONS WITH CHINA.

-
4. AMONG THE QUESTIONS RAISED BY THE JAPANESE SIDE WERE:

- WITH WHAT KIND OF BARGAINING CHIP WOULD THE US ACHIEVE A FREEZE OR REDUCTION IN FAR EASTERN DEPLOYMENTS OF SS-20S?
- WHAT IF US DEPLOYMENTS IN AND AROUND JAPAN ARE THE PRICE POSED BY THE SOVIETS FOR SS-20 REDUCTIONS IN THE FAR EAST?
- WHERE WILL THE US COMPROMISE, IF IT BEGINS TO BACK

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SITUATION LISTING

DATE 02/04/83/035

SITUATION: CHECKLIST
SUBJECT CATEGORY: SAVE

MESSAGE / ANNOTATION:

AWAY FROM THE ZERO-ZERO OPTION IN ORDER TO GET AN
AGREEMENT WITH THE SOVIETS?

-- WON'T THERE BE PRESSURE FROM THE EUROPEANS TO

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SITUATION LISTING

DATE 02/04/83//035

SITUATION: CHECKLIST
SUBJECT CATEGORY: SAVE

MESSAGE / ANNOTATION:

MESSAGE:

HCE256
UTS1944
OO RUEHC
DE RUEHKO #2013/02 0321433
ZNY SSSSS ZZH
O 011427Z FEB 83
FM AMEMBASSY TOKYO
TO RUEHC/SECSTATE WASHDC IMMEDIATE 9299
INFO RUMJPG/AMEMBASSY BEIJING 8393
RUEHMO/AMEMBASSY MOSCOW 7010
RUFHGV/USMISSION GENEVA 5732
RUFHNA/USMISSION USNATO 1206
RUEHLD/AMEMBASSY LONDON 9656
RUFHOL/AMEMBASSY BONN 7609
RUFHFR/AMEMBASSY PARIS 2391
RUEHRO/AMEMBASSY ROME 6230

BT

~~SECRET~~ SECTION 02 OF 02 TOKYO 02013

EXDIS

DEPT PLS PASS CINCPAC HONOLULU HI
GENEVA FOR US INF DEL; MILADDEE HANDLE AS SPECAT EXCLUSIVE
E.O. 12356: DECL: OADR

TAGS: PARM, PREL, JA

SUBJECT: SEPARATE MEETINGS WITH JAPANESE FOREIGN
DISREGARD ASIAN SECURITY IN ORDER TO GET AN
AGREEMENT FOR THEMSELVES?

-- WILL THE CHINESE RAISE THIS ISSUE DURING THE
SECRETARY'S TRIP AND DO THEY SEEM CONCERNED?
-- DO THE SOVIETS TAKE THE THREAT OF CHINESE NUCLEAR
FORCE SERIOUSLY, OR DO THEY USE THIS SIMPLY AS
PROPAGANDA? IF THEY DO TAKE IT SERIOUSLY, HOW
DOES IT AFFECT THEIR ATTITUDE TOWARD THE FAR EAST
SS-20 DEPLOYMENTS?

-- WHAT VERIFICATIONS MEASURES ARE WE DISCUSSING
WITH THE SOVIETS?

-- ARE THE INF TALKS SIMPLY A EUROPE/NATO-ORIENTED
FORUM OR CAN THEY SERIOUSLY ADDRESS THE GLOBAL THREAT?

-- IF THERE SEEMS TO BE SOME PROGRESS BETWEEN NOW AND
THE INITIAL 12/83 DATE FOR EUROPEAN DEPLOYMENT OF US
SYSTEMS, MIGHT THE US POSTPONE THE DEPLOYMENTS?

-- CAN THE INF TALKS GO BEYOND DECEMBER 83 DEPLOYMENT
DATE?

-- ARE ANY US ARMS CONTROL NEGOTIATIONS WITH THE SOVIETS
LIKELY TO BE EXPANDED TO INCLUDE STRATEGIC SYSTEMS NOT

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SITUATION LISTING

DATE 02/04/83//035

SITUATION: CHECKLIST
SUBJECT CATEGORY: SAVE

MESSAGE / ANNOTATION:

NOW UNDER DISCUSSION, PARTICULARLY SEA-BASED SYSTEMS THAT MIGHT BE DEPLOYED IN THE PACIFIC SUCH AS SLCMS, I.E., TOMAHAWK?

-- HOW DO YOU SEE THE OUTCOME OF THE INF TALKS; WHAT KIND OF COMPROMISE ON THE CURRENT US POSITION IS POSSIBLE?

5. FINAL PORTION OF THE MEETING WAS DEVOTED TO DISCUSSION OF JAPANESE REQUESTS FOR A MORE FORMALIZED CONSULTATIVE MECHANISM ON INF. WHILE POSSIBLE USE OF THE SAME OR SIMILAR MECHANISM AGREED ON DURING THE VISIT FOR ECONOMIC ISSUES, NAMELY, THE TRIO MECHANISM IN BRUSSELS AND UNDER SECRETARY WALLIS IN WASHINGTON, WAS RAISED, IT WAS AGREED THAT BOTH SIDES WOULD GIVE THIS IMPORTANT PRIORITY FURTHER CONSIDERATION, AND GET BACK TO EACH OTHER THROUGH EMBASSIES.

6. COMMENT: JAPANESE CONCERN ABOUT SS-20S IS OBVIOUSLY VERY DEEP AND THE MOFA OFFICIALS CAME TO THE MEETING WELL PREPARED. THERE SEEMED TO BE A GENUINE APPRECIATION AND UNDERSTANDING OF THE POSITION THE US HAS BEEN TAKING IN THE INF NEGOTIATIONS. AT THE SAME TIME, THERE APPEARED TO BE CONSIDERABLE APPREHENSION THAT EUROPEAN PRESSURES WOULD CAUSE US TO COMPROMISE IN A WAY THAT WOULD BE DETRIMENTAL TO JAPAN'S SECURITY. THEY EXPRESSED CONCERN ABOUT KEEPING JAPANESE PUBLIC OPINION ON THIS ISSUE WITHIN MANAGEABLE PROPORTIONS, NOW THAT IT HAS BEEN AROUSED BY THE SOVIET THREATS. THEY INDICATED THAT IN ORDER TO DO THIS, THEY WOULD NEED TO BE KEPT WELL INFORMED BY THE US ON INF AND OTHER ARMS CONTROL NEGOTIATIONS.
END COMMENT.

MANSFIELD

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#2013

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SITUATION LISTING

DATE 08/10/83//222

SITUATION: PRES MSGS
SUBJECT CATEGORY: IN

MESSAGE / ANNOTATION:
MESSAGE:

EHA425
OO RUEADWW
DE RUEHKO #2018 0322345
ZNY SSSSS ZZH
O 012341Z FEB 83 ZFF4
FM USDEL SECRETARY IN TOKYO
TO RUEADWW/WHITE HOUSE WASHDC IMMEDIATE
RUEHC/SECSTATE WASHDC IMMEDIATE 7514
INFO RUEHLC/AMEMBASSY BEIJING IMMEDIATE
BT

~~SECRET~~ SECTO 01037

NODIS

FOR THE PRESIDENT FROM SECRETARY SHULTZ
WHITE HOUSE PASS VICE PRESIDENT

E.O. 12356: DECL:OADR

TAGS: OVIP (SHULTZ, GEORGE P.)

SUBJECT: VISIT TO JAPAN - SECOND DAY

1. (X-ENTIRE TEXT)

2. MY SECOND DAY HERE IN JAPAN OPENED WITH A BREAKFAST MEETING WITH FINANCE MINISTER TAKESHITA. AFTER A BRIEF DISCUSSION ON THE POLITICAL AND FISCAL ASPECTS OF THE JFY-83 BUDGET, JUST PRESENTED TO THE DIET, WE HAD A USEFUL EXCHANGE ON CURRENCY ISSUES. I FOUND OUR THINKING ON THESE MATTERS IN GENERAL AGREEMENT, AND TAKESHITA EXPRESSED FULL RECOGNITION OF THE PROBLEMS CAUSED BY WIDE SWINGS IN THE YEN-DOLLAR VALUES. WE ALSO TOUCHED ON THE PROBLEMS WHICH A SHARP DECLINE IN OIL PRICES COULD HAVE FOR PRODUCER COUNTRIES. GIVEN HIS KEY ROLE IN BUDGET FORMULATION, I EMPHASIZED TO TAKESHITA THE IMPORTANCE YOU ATTACH TO MAINTAINING A STRONG DEFENSE AND TO THE RESPONSIBILITY JAPAN SHARES WITH US IN RESISTING PROTECTIONIST PRESSURES. SERVING FOR THE SECOND TIME AS FINANCE MINISTER, TAKESHITA OCCUPIES A KEY POSITION ON NAKASONE'S TEAM. ON THE BASIS OF MY CONVERSATION WITH HIM, I THINK WE CAN HAVE A CONSTRUCTIVE RELATIONSHIP IN WORKING OUT OUR PROBLEMS.

3. AT A LUNCHEON MEETING WITH SOME FORTY MEMBERS OF JAPAN'S INFLUENTIAL FEDERATION OF ECONOMIC ORGANIZATIONS (KEIDANREN), I REITERATED SEVERAL THEMES I HAVE STRUCK IN MEETINGS WITH THE PRIME MINISTER AND MEMBERS OF HIS CABINET. I EMPHASIZED IN PARTICULAR THE NEED FOR REALISM AND STRENGTH IN MEETING OUR FOREIGN POLICY CHALLENGES, THE ENCOURAGING SIGNS THAT OUR ECONOMY IS ON THE MOVE AGAIN, AND OUR JOINT RESPONSIBILITY FOR

SENSITIVE

DECLASSIFIED

NLS FOO-037/1#459

BY LST, NARA, DATE 7/24/06

SENSITIVE

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SITUATION LISTING

DATE 08/10/83//222

SITUATION: PRES MSGS
SUBJECT CATEGORY: IN

MESSAGE / ANNOTATION:

MAINTAINING AND STRENGTHENING THE OPEN INTERNATIONAL ECONOMIC SYSTEM. I FELT THAT THESE MEN, WHO ARE THE MOST IMPORTANT BUSINESS LEADERS IN JAPAN, ARE BASICALLY SYMPATHETIC TO OUR BROAD OBJECTIVES AND WILL LEND THEIR CONSIDERABLE INFLUENCE TO EFFECTIVE U.S.- JAPAN COOPERATION IN THEIR ACHIEVEMENT.

4. AT MY PRESS CONFERENCE THIS AFTERNOON, I EMPHASIZED THE EXCELLENT IMPRESSION NAKASONE AND ABE HAD MADE IN WASHINGTON, OUR DETERMINATION TO PURSUE PEACE THROUGH STRENGTH IN THE HOPE THAT WE CAN PERSUADE THE SOVIETS TO REDUCE THE LEVEL OF THEIR ARMAMENTS, AND OUR VIEW THAT MORE NEEDS TO BE DONE BY OUR JAPANESE FRIENDS TO DEFEND THEIR ISLANDS AND SEAS AROUND THEM. GIVEN THE HIGH LEVEL OF PRESS CONCERN HERE ABOUT THE IMPLICATIONS OF INF NEGOTIATIONS FOR JAPAN AND ASIA, I STRESSED THAT YOUR PROPOSAL TO ELIMINATE ALL INTERMEDIATE MISSILES "FROM THE FACE OF THE EARTH" CLEARLY INCLUDES NOT ONLY THOSE WITHIN THE RANGE OF EUROPE BUT ALSO THOSE ALREADY IN PLACE AND WITHIN THE RANGE OF JAPAN AND CHINA. I ALSO HAD AN OPPORTUNITY TO STRESS THE NEED FOR JAPAN TO GIVE PROMPT AND EFFECTIVE IMPLEMENTATION TO THE PRIME MINISTER'S MARKET-OPENING MEASURES IF WE ARE TO SUCCEED IN RESISTING PROTECTIONISM. FINALLY, I WAS ABLE TO TAKE THIS OCCASION TO EXPRESS PUBLICLY MY APPRECIATION FOR THE WARMTH OF THE HOSPITALITY EXTENDED TO US BY OUR HOSTS IN JAPAN AND FOR THE HIGH REGARD SHOWN FOR OUR COUNTRY BY THE AUDIENCE WE WERE GIVEN WITH THE EMPEROR.

5. THIS HAS BEEN A VERY USEFUL VISIT WHICH I BELIEVE HAS CARRIED US A FURTHER STEP FORWARD, FOLLOWING YOUR OWN MEETINGS WITH THE PRIME MINISTER, IN ESTABLISHING A FRAMEWORK FOR A CLOSER AND MORE EFFECTIVE COLLABORATION WITH JAPAN.

6. WE LEAVE TOMORROW MORNING FOR CHINA. SHULTZ

BT

#2018

NNNN

SENSITIVE

NSC/S PROFILE

~~CONFIDENTIAL~~

ID 8300777

UNCLASSIFIED UP
CLASSIFIED ENCL

RECEIVED 01 FEB 83 19

TO CLARK

FROM MARTIN

*MSP
2/2/84*

DOCDATE 01 FEB 83

ROBINSON

01 FEB 83

KEYWORDS: ENERGY

INTL TRADE

JAPAN

SUBJECT: PROPOSED TOR FOR US - JAPAN ENERGY WORKING GROUP

ACTION: FOR INFORMATION

DUE:

STATUS IX FILES

FOR ACTION

FOR CONCURRENCE

FOR INFO

CLARK

COMMENTS

REF#

LOG *8301004*

NSCIFID

(M / *S*)

ACTION OFFICER (S)

ASSIGNED

ACTION REQUIRED

DUE

COPIES TO

FEB 14 1983 Clark noted

WM, RO

DISPATCH

W/ATTCH FILE

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MEMORANDUM

NATIONAL SECURITY COUNCIL

February 1, 1983

INFORMATION

MEMORANDUM FOR WILLIAM P. CLARK

WPG HAS SEEN

FROM: William F. Martin^{WFM}/Roger Robinson^{RR}

SUBJECT: Proposed TOR for US/Japan Energy Working Group

Attached (Tab I) is the TOR and work program distributed today for discussion and approval by the SIG-IEP on Thursday. Although the conceptual framework and management of the development of the TOR was done here, State was cooperative and contributed a good deal of work in the completion of the paper. The relevant individuals at State, including Allen Wallis, cleared on our proposal prior to its distribution.

We feel confident that this package represents a comprehensive action-focused treatment of the issues that will be involved in the establishment and operation of the working group and goes substantially further than any efforts to date. It has also been prepared and distributed for SIG-IEP review within one week of it being assigned by Don Regan to the NSC under Norman's supervision. Your memorandum to Don Regan of January 31, 1983 (Tab II) has been instrumental in highlighting the importance of this Presidential initiative in the context of overall US-Japan relations and in securing our "action-oriented" role in the working group. As per your suggestion to Don Regan, we intend to actively pursue the follow-on work to ensure a successful outcome for both leaders.

Attachments

- Tab I TOR/Work program paper
- II Clark memo dtd 1/31/83

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WITHDRAWAL SHEET AT THE FRONT OF THIS FOLDER.

DOE Analysis of the Alaskan Oil Export Ban

As a special condition for allowing construction of the Trans-Alaska Pipeline System (TAPS), Congress prohibited exports of crude oils shipped through the pipeline. In a market unconstrained by the oil export ban, substantial quantities of Alaskan crude oil would be shipped to Japan and other Far East refining centers rather than to the U.S. Gulf or East Coasts. Significant real resource savings could be achieved on a worldwide basis if the ban were removed, due both to reduced transportation costs and to elimination of distorted incentives to investors, oil producers, and consumers that result from the ban.

DOE's analytical efforts on this issue have focused on determination of just how much the ban on exports of crude oil costs the U.S. economy and on how the ban effects U.S. oil production. Secondly, DOE has attempted to estimate how much of those costs would be recouped in the event that one of several export options were adopted. In order to make these determinations it is necessary to establish:

How much Alaskan crude would be exported under full decontrol and under intermediate export options.

What prices would be paid for Alaskan oil in its alternative markets and, hence, what the wellhead price of Alaskan oil would be under each of the options.

What changes in revenue to producers, the Federal Government, and to the State of Alaska would occur under each of the options.

How incentives to invest in, produce, and consume oil would be altered by each of the options.

DOE has provided a preliminary analysis of the potential short-term revenue effects of various rates of export. This analysis is crude, however, and could be improved by using an approach that is more rigorous in terms of how it depicts the structure of the world oil market and the dynamic nature of adjustments in underlying demand and supply patterns.

DOE is currently working to develop more estimates of oil export flows and wellhead price changes that would result from the various export options through application of the Contingency Planning Model (CPM). The CPM is a non-linear programming model that tracks crude oil flows from producing regions to refineries and product flows from refineries to consumers, and that estimates the effect of changes in major components of the world oil market--such as transportation links--on crude oil flows, wellhead prices, and regional product prices. The CPM is particularly appropriate for estimating the effects of the various export policies under consideration.

DOE is currently engaged in debugging and updating the CPM.

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NLS F00-037/1 #46Z

BY LOJ, NARA, DATE 7/24/06

A. Executive Summary -- conclusions of final analysis.

1. Introduction

- o Background on the export ban
 - legislative history
 - Alaskan oil development and flows to date
 - overview of problems created by the ban
 - overview of justifications for the ban
- o prospective policy options

2. The Economic and Energy Implications of the Ban

- o Effects of the Ban on Distributions of Domestic Crude Oil
 - only Alaskan oil will be likely to be affected
 - the most likely export will be crude currently shipped to the U.S. Gulf Coast (USGC)
 - expected export flows under the various options (for 1983, 1985, 1990)
- o Effects of the Ban on Prices of Alaskan and California Crudes
 - pricing in the world oil market
 - import v. domestic oil price differential
 - netbacks to producers
 - effects of the ban on Alaskan oil currently shipped to USGC
 - increased transport distances
 - expensive protected "Jones Act" tankers required
 - effects of the ban on Alaskan oil currently shipped to USWC
 - the "West Coast discount"
 - estimated size of discount
 - effect on crude produced in California (CA)
 - West Coast discount lowers CA crude price

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BY HJ, NARA, DATE 7/24/06

- o Estimated "Shadow Price" of the Direct Costs of the Ban to the U.S. Economy
 - Shadow price based on the incremental value per barrel of oil sent abroad as opposed to being consumed domestically within the U.S. will give an upper bound on the direct economic cost of ban
- o Effects on Incentives to Invest in, Produce, and Consume Oil
 - reduction in incentives to invest in oil production reduces domestic supply; increases net imports of oil
 - increases cost of USWC refining
 - West Coast discount subsidizes oil consumption on USWC
- o Gross Revenue and Net Federal Reserve Effects
 - Gross revenues expected from each policy
 - Expected Federal reserve effects (WPT and Federal Income Tax); offsetting revenue losses; net effect
- 3. The Effects of Lifting the Ban on the U.S. Tanker Industry
 - o Background on U.S. flag tanker trade
 - o Estimates of tanker displacement for each option
 - o West-to-East pipelines; construction made more likely if ban is retained
 - effect of pipelines on U.S. tanker trade
 - o National Defense Implications of Tanker Loss
 - Militarily useful tankers in Alaskan oil trade
 - Expected losses under each option
 - Cost of purchase and layup

4. Energy Security Implications

- o The ban does not improve U.S. energy security
 - World oil market makes targeted oil embargo impossible
 - Oil available at world price in a disruption

5. Foreign Policy Implications

- o U.S.-Japan relations
- o The ban damages U.S. international trade posture
- o Cargo preferences for U.S. flag tankers; U.S. friendship, navigation and commerce treaties

6. Environmental Effects

- o Ban increases exposure of U.S. coastlines to oil spillage and accident
 - Ban encourages constriction of pipelines that would create environmental risks
- o Effect of various options on environmental risks

7. Legal Action Required for Each of the Proposed Options

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National Security Council
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Package # 777

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	SEQUENCE TO	HAS SEEN	ACTION
John Poindexter	<u>1</u>	<u>[initials]</u>	<u>I</u>
Bud McFarlane	<u>2</u>	<u>[initials]</u>	
Jacque Hill	<u>3</u>	<u>[initials]</u>	
Judge Clark	<u>4</u>	<u>[initials]</u>	<u>I</u>
John Poindexter			
Staff Secretary			
Sit Room			

I-Information A-Action R-Retain D-Dispatch N-No further Action

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cc: VP Meese Baker Deaver Other _____

COMMENTS

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