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WITHDRAWAL SHEET Ronald Reagan Library

Collection: Executive Secretariat, NSC

Country File

OA/Box:

File Folder: Japan (10/21/83 - 11/07/83)

Archivist: mjd

FOIA ID: F00-037 (1539), Oberdorfer

Date: 02/02/2004

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DOCUMENT NO. & TYPE			
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l. Memo	David Laux to Robert McFarlane re Request from Japanese Ambassador, 1p	10/2//83	D
	R 7/24/06 Foo -037/1 + 542 Laux to McFarlane re Telephone conversation with Gaston Sigur, 1p	10/00/00	7.1
2. Note	A	10/29/83	Bi
3. Memo	Same as Item #1, 1p	10/27/83	RI
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. Draft Cable	re Brock/McFarlane Telecon of October 31, 2p	nd	Bl
3. Memo	McFarlane to Secretary of State re Summary of Call on me by Japanese	11/4/83	B1`
	Ambassador, 1p		
). Memo	Laux to McFarlane re Summary of Japanese Ambassador Okawara's Call	11/1/83	BI
	on you. 2p		
0. Memcon	R 7/24/66 F00-037/1 #550 McFarlane - Okawara Meeting, 3p	10/29/83	R 1
o. Memcon	R II 4551	10/29/63	
1. Memo	Oliver North to McFarlane re Conversations in Japan, 1p	11/7/83	B)
2. Note	R 11 #552 McFarlane to North re Conversations in Japan, 1p	11/5/83	B1
13. Memo	Same as Item #11, 1p	11/7/83	BL
	R 7/24/06 FOO-037/1+554		
14. Note	Same as Item #12, 1p	11/5/83	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].

DISPATCH

TO

POINDEXTER

FROM MCMINN

DOCDATE 21 OCT 83

RECEIVED 22 OCT 83 11

ECONOMICS KEYWORDS JAPAN NAKASONE, YASUHIRO SUBJECT: PM NAKASONE 21 OCT STATEMENT CONCERNING JAPANESE ECONOMIC MEASURES ACTION: FOR INFORMATION DUE: STATUS IX FILES FOR ACTION FOR CONCURRENCE FOR INFO POINDEXTER TYSON SIGUR BAILEY ROBINSON MARTIN COMMENTS REF# LOG NSCIFID (VL) ACTION OFFICER (S) ASSIGNED DUE COPIES TO

National Security Council The White House

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	SEQUENCE TO	HAS SEEN	DISPOSITION
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Jacque Hill		***************************************	
Judge Clark			
John Poindexter			
Executive Secretary			
NSC Secretariat			
Situation Room			
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cc: VP Meese	DISTRIBU Baker Deaver	_	
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COMMENTS	Should	d be seen by:	

NATIONAL SECURITY COUNCIL

October 21, 1983

MEMORANDUM FOR JOHN M. POINDEXTER

FROM: DOUGLAS W. McMINN

SUBJECT: Prime Minister Nakasone's October 21 Statement

Concerning Japanese Economic Measures

Prime Minister Nakasone will make the attached announcement today in Japan. The announcement contains a number of market liberalizing measures and is intended to help set the stage for President Reagan's upcoming visit. The key measures are:

- o Steps to stimulate domestic demand in Japan (expanded public investment, reduction of income tax, increased promotional policies, etc.).
- o Tariff reductions on certain, as yet unspecified items, and consideration of accelerated tariff reductions on industrial items agreed to during the Tokyo Round of Multilateral Trade Negotiations.
- o Steps to actively promote imports, e.g., strengthened import financing.
- o Actions to promote increased capital inflow in order to help improve the yen/dollar relationship.
- O Statement of intent to play a greater role in international economic organizations.

We will be analyzing the specific elements of the Prime Minister's "package" thoroughly, but at this reading there is nothing new or suprisingly forward looking in it.

Attachment
Prime Minister Nakasone's Statement

cc: Chuck Tyson
Gaston Sigur
Norm Bailey
Roger Robinson
Bill Martin

Statement of the Prime Minister on the Comprehensive Economic Measures

October 21, 1983

While the Japanese economy is beginning to look brighter, domestic demand still lacks vigor and the balance of payments on current account continues to register a substantial surplus.

Turning our eyes to the world economy, although a move towards recovery, particularly in the industrialized countries,—is detected, high interest rates worldwide have yet to be rectified, the level of unemployment in major industrialized countries remains high and protectionist moves are still highly visible.

Under these circumstances, Japan, as an important actor in the world economy, must strive to ensure economic growth led by expansion of domestic demand while paying full attention to the need for consistency with administrative and fiscal reform now under way. Japan is also determined to take the lead and make efforts to contribute towards the maintenance and strengthening of the free trade system, the formation of harmonious external economic relations and the revitalization of the world economy, all in line with the agreement reached at the Williamsburg Summit Meeting.

Bearing in mind the above-mentioned, together with various requests made by other countries, the Japanese

Government

Government has reached decision on the following set of comprehensive economic measures:

First of all, with the aim of stimulating domestic demand, the Government will endeavor to expand the scale of public investment, and take such other steps as the implementation of reduction in income tax and residents tax, introduction of private initiative and vitality into public works, facilitation of private investment, promotional policies for small- and medium-scale enterprises and the inducement of lower interest rates through flexible management of monetary policy.

Secondly, for the purpose of further opening our domestic market, the Government will reduce tariff rates for certain items, consider possible advance reduction of MTN tariff rates with respect to industrial products, increase the quota ceiling of the Generalized System of Preferences for industrial products, steadily implement the improved standards and certification systems, and further activate and strengthen the activities of the Office of the Trade Ombudsman.

Thirdly, by taking various steps including specific measures for import finance and strengthening the import promotion function of the Japan External Trade Organization, the Government intends to move beyond mere market opening into the realm of active import promotion.

Fourthly, with a view to maintaining an appropriate par value of the Yen, and expecting a correction of high interest rates worldwide, the Government will actively promote increased capital inflow. Toward this end, it will issue Government guaranteed overseas bonds, take steps to revise relevant laws so as to make possible the overseas issuance of Government bonds and improve the environment surrounding the financial and capital markets.

Finally, in an attempt to actively promote international cooperation, the Government will enhance industrial cooperation, economic cooperation and financial contribution to international organizations. At the same time, it will make efforts for orderly export with a view to establishing harmonious external economic relations.

The measures outlined above represent a maximum that can be taken under the severe fiscal constraints we face at present, and I am confident they will ensure economic growth led by expanded domestic demand and thereby promote imports as well.

Needless to say, efforts by both the Government and the private sector are essential in order to make these measures truly effective. In particular, promotion of imports calls for the general public to uphold the attitude of welcoming foreign products. These measures have been decided from the viewpoint that 'positive contribution towards the international society is the very

road Japan should follow '' and I call upon the people of Japan to show understanding and offer cooperation in this respect.

I strongly hope that governments of other countries, on their part, will fully appreciate these positive efforts and will endeavor towards the roll-back of protectionism, and that they will join forces with Japan in the quest for a balanced development of the world economy and the maintenance and strengthening of the free trade system through balanced and expanded trade.

Never has international cooperation been so badly needed. I am confident that it is possible to maintain the vitality of the free society and to take a fresh step forward on our path to further prosperity, if countries of the free world join forces for the achievement of such a goal. Japan, for its part, is determined to make positive contributions in this respect, befitting its international position.

ID 8307739

FROM LAUX

RECEIVED 28 OCT 83 09

TO

MCFARLANE

DISPATCH ____

FROM LAUX

DOCDATE 27 OCT 83

W/ATTCH FILE

KEYWORDS	JAPAN	АМ	W	ATANABE, OK	AWARA
SUBJECT·	URGENT REQUEST FR	OM JAPANESE AMB W	ATANABE TO MEET W	/ MCFARLANE	
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MEMORANDUM

CONFIDENTIA	1L

NATIONAL SECURITY COUNCIL

ACTION

October 27, 1983

MEMORANDUM FOR ROBERT C. McFARLANE

ROM H

FROM:

DAVID N. LAUX 1

SUBJECT:

Urgent Request from Japanese Ambassador to Meet with You to Convey Message from PM Nakasone to the President

I have just received a telephone call from Mr. Okawara Watanabe, the DCM of the Japanese Embassy here, requesting a meeting of the Ambassador with you as soon as possible. Watanabe says that the Ambassador is just back from Tokyo with a personal message from Prime Minister Nakasone to the President concerning the President's trip to Japan.

Watanabe tells me he related this request to Gaston yesterday but that Gaston did not get back to him before his departure this morning. Gaston did not mention this matter to me, and I do not know whether he has already talked to you or John Poindexter about it.

My own recommendation is that if you could squeeze ten minutes out of your busy schedule to see him, or have John Poindexter see him, it would be a good idea. I think that if possible, it would be good to do this within the next two days while Gaston is still in Tokyo so that if the message requires follow-up action there, we could get word out to Gaston in time for him to do it.

The Japanese Ambassador is now in Philadelphia but will be back in Washington tomorrow (Friday) afternoon. He could see you or John between 4:30 and 6:00 p.m. tomorrow, or anytime Saturday morning until 12 noon. Please let me know what to advise Watanabe.

Recommendation

That you or John Poindexter agree to see the Japanese Ambassador late Friday afternoon or Saturday morning.

Approve	 Disapprove	

CONFIDENTIAL Declassify on: OADR

NLS <u>F00-037/14542</u>
BY <u>LOT</u> NARA, DATE <u>7/24/06</u>

11:00

NATIONAL SECURITY COUNCIL

Wilma w -- for BUD

From: Dave Laux .

Subj: Japanese Amb. Request to see Bud

On the telephone with Gaston Sigur in Tokyo late this morning, Gaston said:

- 1) It is important that Bud, not Tyson or Poindexter, see the Japanese Ambassador.
- a) it is, in effect, reciprocal treatment. Bud should see the Ambassador in return for Prime Minister Nakasone seeing Gaston.
- b) the Japanese Ambassador says he has a message for the President from Nakasone.
- c) By seeing him, Bud confirms the importance we attach to the President's trip to Japan.
- d) The Ambassador is seeing Ken Dam at 3:00 thks afternoon. However, that's to pass a message to Shultz. Gaston says let him pass the President's message through Bud.
- 2) Hope Bud can squeeze out 5 minutes between 4:30 and 6:00 tonight or sometime Sat. morning before noon. Please let me know and I'll call the Ambassador's Asst. (Ito) or DCM (Watanabe).

Thanks,

Dave Laux

NLS F00-037/14543

BY LOT NARA, DATE 7/24/06

National Security Council
The White House

RECEIVED System#
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SEQUENCE TO HAS SEEN DISPOSITION

Executive Secretary
John Poindexter
Bud McFarlane

Jacque Hill
Judge Clark
John Poindexter

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				DISTRIBU	TION		
cc:	VP	Meese	Baker	Deaver	Other		

COMMENTS

Executive Secretary

NSC Secretariat

Situation Room

Should be seen by:

(Date/Time)

Bud,
I told David to ask and
to see Chuck unless he wanted
to go to State.

NATIONAL SECURITY COUNCIL

ACTION

October 27, 1983

MEMORANDUM FOR ROBERT C. McFARLANE

FROM:

DAVID N. LAUX

SUBJECT:

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President

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My own recommendation is that if you could squeeze ten minutes out of your busy schedule to see him, or have John Poindexter see him, it would be a good idea. I think that if possible, it would be good to do this within the next two days while Gaston is still in Tokyo so that if the message requires follow-up action there, we could get word out to Gaston in time for him to do it.

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Approve Disapprove

CONFIDENTIAL Declassify on:	OADR	DECLASSIFIED NLS FOO -037/1 # 544 BY FOT NARA, DATE 7/24/06
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SEGRET WHITE HOUSE SITUATION ROOM

PAGE 01 OF 02 TOKYO 0860

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TO WHITE HOUSE

S E CR E T EYES ONLY 290334Z OCT 83 VIA PRIVACY CHANNELS

TO: IMMEDIATE THE WHITE HOUSE.

FROM: AMBASSADOR TOKYO 860

FOR: ROBERT C. MCFARLANE

FROM: GASTON SIGUR

SUBJECT: PRIVATE MEETING WITH PRIME MINISTER 11.00 - 11.25 THE PRIME MINISTER AND I SPENT TWENTY-FIVE MINUTES IN PRIVATE CONVERSATION WITH HIS INTERPRETER AND PRIVATE SECRETARY PRESENT.

I LAID IT ON THE LINE ABOUT OUR POLITICAL SITUATION. | TOLD HIM THAT THE PRESIDENT WAS WELL AWARE OF HIS PROBLEMS AND WANTED TO DO NOTHING THAT WOULD -MAKE-THEM ANY MORE COMPLEX OR DIFFICULT THAN THEY ALREADY ARE. BUT, I SAID, YOU (NAKASONE) HAVE STATED THAT THE PRESIDENT HAS TURNED AMERICA AROUND AND ONCE AGAIN THE U.S. HAS ASSUMED THE LEADERSHIP ROLE IN THE WORLD SO ESSENTIAL TO WORLD PEACE AND STABILITY. IF THIS IS GOING TO CONTINUE, I SAID, THE PRESIDENT'S POLICIES MUST BE CONTINUED FOR ANOTHER TERM. IF THE DEMOCRATS COME IN, THEY WILL SIMPLY BE UNABLE OR UNWILLING TO FOLLOW THROUGH. I SAID THAT THE U.S.-JAPAN TRADE ISSUES HAVE GOT TO BE RESOLVED IF WE ARE TO KEEP U.S.-JAPAN RELATIONS FROM BEING A POLITICAL FOOTBALL DURING OUR ELECTIONS. NAKASONE SAID HE UNDERSTOOD ALL OF THIS AND THAT HE BELIEVES THE PRESIDENT'S REELECTION IS CRITICAL FOR AMERICA, FOR

> DECLASSIFIED NLS F00-037/14545

BY __ LOJ NARA. DATE 7/24/06 CENDET

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WHITE HOUSE SITUATION ROOM

PAGE 02 OF 02 TOKYO 0869

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U.S.-JAPAN RELATIONS AND FOR WORLD PEACE. HE WILL DO EVERYTHING HE POSSIBLY CAN TO ASSIST WITH THIS AND THAT IS THE MEANING OF WHAT HE SAID TO BILL BROCK. THE PRIME MINISTER IS CLEARLY CONCERNED ABOUT THE TANAKA AFFAIR--HE HAD NOTHING SPECIAL TO SAY ABOUT IT TO ME. ON THE MATTER OF TIMING FOR AN ELECTION, HE SEEMS TO BE SAYING THAT DECEMBER WILL BE IT.

HE WANTED TO TALK WITH ME ABOUT THE VISIT OF HU YAOBANG
TO TOKYO AND ASKED IF I THOUGHT IT WAS A GOOD IDEA TO HAVE HE
AND HU ISSUE A JOINT STATEMENT SAYING THAT JAPAN AND CHINA WOULD
NEVER AGAIN ENGAGE IN WAR TO SETTLE ANY DIFFERENCES BETWEEN THEM.
HE ASKED THAT I MENTION THIS TO THE PRESIDENT--I SAID IT SOUNDED
GOOD TO ME AND I THOUGHT THE PRESIDENT WOULD THINK SO AS WELL.

THE ATMOSPHERE IN THE MEETING WAS GOOD. HE REFERRED TO ME AS HIS "INTIMATE, OLD FRIEND" IN WHOM HE HAS CONFIDENCE AND TRUST AND WHOSE COUNSEL AND ADVICE HE WOULD LIKE TO CONTINUE TO HAVE. HE SAID TO TELL THE PRESIDENT "I HAVE HIS MESSAGE--I UNDERSTAND. HE AND I CAN WORK OUT ANY DIFFICULTY. WE WILL AND WE MUST." DECL OADR.

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WHITE HOUSE SITUATION ROOM

PAGE 01 OF 03 TOKYO 1314

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TO SECSTATE WASHDC IMMEDIATE 9047

S E CR E T SECTION Ø1 OF Ø2 TOKYO 21314

EXDIS FOR SECRETARY SHULTZ TREASURY FOR SECRETARY REGAN NSC FOR MCFARLANE COMMERCE FOR BALDRIGE FROM AMBASSADOR BROCK E.O. 12356: DECL 10/29/95 TAGS: ETRD JA US ~SUBJ: MEETING BETWEEN NAKASONE AND BROCK

1. (3. - ENTIRE TEXT)

AMBASSADORS BROCK AND MANSFIELD AND GASTON SIGUR MET WITH PRIME MINISTER NAKASONE THIS MORNING. MEETING BEGAN WITH PRESENTATION OF PRESIDENT'S LETTER WHICH PRIME MINISTER READ WITH GREAT CARE. AFTER STATEMENT OF IMPORTANCE OF RELATIONSHIP AND CONCERN OF THE U.S. FOR PRIME MINISTER'S ACTIONS AND LEADERSHIP BY SIGUR, BROCK PRESENTED TRADE ISSUES OF PARAMOUNT CONCERN TO

NIS FOO-037/1#54

, NARA, DATE 7/24/06

CELRET

PAGE 02 OF 03 TOKYO 1314

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U.S. GOVERNMENT.

- 3. DESCRIBING POLITICAL AND ECONOMIC DIFFICULTIES FACING U.S., BROCK EXPRESSED CONSIDERABLE CONCERN THAT FAILURE TO RESOLVE PARAMOUNT TRADE ISSUES COULD LEAD TO SITUATION IN WHICH JAPAN ITSELF AND THE JAPAN-US RELATIONSHIP MIGHT BECOME DOMINANT NEGATIVE ISSUES IN 1984 ADDING THAT SUCH PROSPECT WAS OBVIOUSLY TOTALLY UNACCEPTABLE AND DANGEROUS FOR BOTH PARTIES. BROCK STATED THAT WE WERE AWARE OF JAPANESE ELECTION SITUATION AND PARTICULARLY DESIROUS THAT ANY ACTIONS IN THE SHORT TERM DEMONSTRATE OUR SUPPORT FOR NAKASONE AND LDP. HOWEVER WHILE TIMING MIGHT BE DISCUSSED, ACTION WAS IMPERATIVE PRIOR TO SPRING.
- 4. ISSUES MENTIONED WERE THE YEN-DOLLAR RELATIONSHIP, THE IMPERATIVE OF AN ADDITIONAL YEAR AT 1.8 ON AUTOS AND THE ABSOLUTE ABSENCE OF ANY ADDITIONAL FLEXIBILITY ON THIS ISSUE, THE URGENCY FOR FREE FLOW OF CAPITAL, THE NEED FOR GREATLY EXPANDING TWO-WAY INVESTMENT, THE NEED OF DEEP TARIFF CUTS FOCUSED IN A FEW CRUCIAL AREAS SPECIFICALLY WOOD, PAPER, ALCOHOL, PHOTOGRAPHIC PAPER, ETC., THE HIGHLY SYMBOLIC ISSUES WITH GREAT POLITICAL CONSEQUENCES FOR BOTH SIDES, SATELLITE AND BEEF AND CITRUS, AND FINALLY ENERGY, WITH SPECIFIC REFERENCE TO COAL AND GAS.
- 5. NAKASONE RESPONDED EXPRESSING GRATITUDE FOR THE OBVIOUS INTEREST IN HIMSELF AND THE GOVERNING PARTY. HE TALKED AT SOME LENGTH ABOUT THE STRONG PERSONAL RELATIONSHIP HE FELT FOR THE PRESIDENT AND ASKED SPECIFICALLY THAT HIS FEELINGS BE CONVEYED. HE WENT ON TO STATE THAT RELATIONSHIP WAS THE REASON

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FOR COOPERATION ON ISSUES SUCH AS KAL AND GRENADA SAYING "WHEN A FRIEND IS IN TROUBLE YOU HAVE TO STAND CLOSE BY AND HELP AND YOU KNOW THAT YOUR FRIEND WILL DO THE SAME FOR YOU."

- 6. NAKASONE LISTED KEY PROBLEMS AS THE YEN-DOLLAR RELATIONSHIP, AUTOMOBILES, BEEF AND CITRUS, AND SATELLITES. HE DREW THE ANALOGY OF ONE PARTY HAVING A BABY IN THE NEXT TWO MONTHS AND ONE JUST BEGINNING GESTATION WITH THE BABY DUE IN 12 MONTHS. HE SAID THAT THE FIRST BABY NEEDED OUR PRIORITY ATTENTION NOW. BROCK RESPONDED THAT ONE BABY AT A TIME WAS PROBABLY ALL WE COULD HANDLE AND MOST APPROPRIATE WAY TO APPROACH THE SITUATION.
- 7. NAKASONE STATED ON AUTOMOBILES THAT HE HAD INSTRUCTED HIS MINISTRIES TO FIND A WAY TO WORK IT OUT IN SUCH A WAY THAT WE SAVED FACE ON BOTH SIDES.
- 8. IN A SIMILAR VEIN HE STATED THAT HE HAD INSTRUCTED THE MINISTRY OF FINANCE TO LAY OUT STEPS TO ACHIEVE THE FREE FLOW OF CAPITAL IN JAPAN. NAKASONE SPECIFICALLY ASKED THAT WE AGREE TO SET UP A JOINT COMMITTEE TO STUDY THIS ISSUE.
- 9. ON THE YEN-DOLLAR PROBLEM HE CITED OUR INTEREST RATES AS THE PRINCIPAL CULPRIT AND GAVE US A CHART OF THE PARALLELISM BETWEEN U.S. INTEREST RATES AND A STRONG DOLLAR. HE ADDED THAT JAPAN DOES WANT A STRONG YEN BUT IT SEEMS THAT EVERY TIME THEY BEGIN TO GET CLOSE ANOTHER CRISIS OCCURS IN BURMA OR KAL AND THE DOLLAR STRENGTHENS BECAUSE IT IS THE WORLD CRISIS BT

WHITE HOUSE SITUATION ROOM

PAGE 01 OF 03 TOKYO 1314

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TO SECSTATE WASHDC IMMEDIATE 9048

S E C R E T SECTION 02 OF 02 TOKYO 21314

EXDIS FOR SECRETARY SHULTZ TREASURY FOR SECRETARY REGAN NSC FOR MCFARLANE COMMERCE FOR BALDRIGE FROM AMBASSADOR BROCK E.O. 12356: DECL 10/29/95

TAGS: ETRD JA US

SUBJ: MEETING BETWEEN NAKASONE AND BROCK CURRENCY. HE STATED THEY HAVE TRIED TO STRENGTHEN THE YEN, LISTING NAKASONE BONDS AND OTHER STEPS, AND WOULD CONTINUE TO DO SO. HE EXPRESSED VERY STRONG FEELING THAT THE YEN WOULD BE MUCH STRONGER NEXT YEAR AND THAT HE WOULD KEEP A CLOSE EYE ON THIS. THE PRIME MINISTER ADDED THAT HE WOULD INSTRUCT THE FINANCE MINISTER TO CONSULT WITH OUR TREASURY AND SUGGESTED THE SAME JOINT COMMITTEE STUDY THIS ISSUE AS WELL.

10. ON BEEF AND CITRUS, HE SAID FLATLY THEY NEED 3-4 MONTHS AND ASKED US TO BE WILLING TO "CONSULT" UNTIL

PAGE 02 OF 03 TOKYO 1314

DTG: 290458Z OCT 83 PSN: 002253

THEN.

- 11. ON SATELLITE ISSUE, HE STATED THAT WE HAD A MISUNDERSTANDING, THAT WHILE SOME WOULD ADVOCATE DOMESTIC DEVELOPMENT ONLY, THAT WAS NOT HIS POLICY, AND HE HAD CALLED THE MINISTER OF SCIENCE AND TECHNOLOGY PERSONALLY ON THIS ISSUE. JAPAN WILL PROCEED WITH DEVELOPMENT OF R&D ON SATELLITES, BUT WILL MAKE IT CLEAR THAT IN THE FUTURE PRIVATE FIRMS CAN BUY. INTERESTINGLY AT THAT POINT HE BEGAN TO TALK ABOUT THE PRIVATIZATION OF NTT. NTT WILL BE TRANSFORMED INTO SPECIALIZED COMPANIES LIKE JAPAN AIR LINES IN ORDER TO DECREASE GOVERNMENT INFLUENCE. ESPECIALLY ON BUDGET ISSUES, AND TO LIBERALIZE IT. HE STATED THAT GOVERNMENT WOULD STILL OWN THE STOCK, BUT IN THE FUTURE IT WOULD BE DIVIDED UP INTO SPECIALIZED COMPANIES TO ACT AS IF IT WERE PRIVATE. THIS BILL WILL BE INTRODUCED INTO THE NEXT REGULAR SESSION OF THE DIET.
- 12. FINALLY, HE STATED HIS DESIRE TO SOLVE THE TOBACCO PROBLEM ONCE AND FOR ALL. HE HAS DECIDED TO TRANSFORM THE TOBACCO AND SALT MONOPOLY INTO SPECIALIZED CORPORATIONS. THE OBJECTIVE IS TO LIBERALIZE THE IMPORTATION OF TOBACCO. UNDER CERTAIN CONDITIONS IMPORTS CAN FREELY ENTER, AND IMPORTING FIRMS FROM THE U.S. MAY ENGAGE IN WHOLE-SALE DISTRIBUTION AND SALES ACTIVITIES. SOON ALL SHOPS IN JAPAN WILL BE ALLOWED TO CARRY IMPORTED TOBACCO. IMPORTED TOBACCO PRODUCTS WILL BE TREATED THE SAME AS JAPANESE, AND THE PRESENT TAXATION SYSTEM WILL BE REPLACED WITH A CONSUMER TAX. THIS APPEARS TO BE A SUBSTANTIAL CHANGE WITH REAL POTENTIAL.

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WHITE HOUSE SITUATION ROOM

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13. NAKASONE CONCLUDED BY STATING AGAIN HIS COMMITMENT TO DEAL AGGRESSIVELY WITH THESE ISSUES AND TO COMPLETE THE PROCESS PRIOR TO THE PRESIDENT'S VISIT. HE EXPRESSED APPRECIATION FOR AMBASSADOR BROCK'S PRESENCE FOR THE NEXT FOUR DAYS AND SAID THAT HE HAD INSTRUCTED HIS MINISTRIES TO FIND SOLUTIONS IF POSSIBLE.

MANSFIELD BT

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EXDIS

E |

UNCLASSIFIED UPON REMO CLASSIFIED ENCLOSURE(S)

RECEIVED 31 OCT 83 16

DOCDATE 31 OCT 83

MCFARLANE

TO

FROM MCMINN

KEYWORDS JAPAN

INTL TRADE

BROCK, W

SUBJECT CABLE TO AMB BROCK RE FOURTH YEAR OF JAPANESE AUTOMOBILE RESTRAINTS

ACTION FOR DECISION

DUE

STATUS X

FOR ACTION

FOR CONCURRENCE

FOR INFO

MCFARLANE

COMMENTS

REF#

LOG 8391188

NSCIFID

ACTION OFFICER (S) ASSIGNED

ACTION REQUIRED

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NATIONAL SECURITY COUNCIL

SECRET

ACTION

MEMORANDUM FOR ROBERT C. McFARLANE

FROM:

DOUGLAS W. McMINN

SUBJECT:

Cable to Ambassador Brock Concerning a Fourth

Year of Japanese Automobile Restraints

Attached is the draft cable to Bill Brock you requested concerning the U.S. position on a fourth year of Japanese automobile restraints.

Gaston Sigur concurs.

RECOMMENDATION

That you approve the draft cable at Tab I.

Approve A

Disapprove ____

Attachment

TAB I Cable to Brock

M3D MARA DATE 2/2/04

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DOCDATE 01 NOV 83

MCFARLANE

TO

FROM LAUX

KEYWORDS JAPAN

ΑM

OKAWARA, YOSHIO

SUBJECT SUMMARY OF AMB OKAWARA MTG W/ MCFARLANE

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MCFARLANE

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MEMORANDUM

NATIONAL SECURITY COUNCIL

ACTION

November 1, 1983

MEMORANDUM FOR ROBERT C. MCFARLANE

FROM:

DAVID LAUX

SUBJECT:

Summary of Japanese Ambassador Okawara's

Call on You

The Japanese Ambassador, Yoshio Okawara, met with you Saturday, October 29, 1983 from 11:10 to 11:40 a.m. He was accompanied by Counselor Makoto Watanabe.

Just back from Tokyo, he had been trying to get the appointment for two days, saying he had a personal message for the President from Prime Minister Nakasone that he wanted to convey through you. He made a similar call on Deputy Secretary of State, Ken Dam, Friday afternoon, with a message for Secretary Shultz.

In essence, his message was that Nakasone has a high regard for the President, that he believes that between them they can solve any problems, but that given his current political difficulties—with the Tanaka problem and the upcoming elections—he cannot give us everything we would like on outstanding economic issues, before the President's trip. He says that some things can be settled now; others will have to be settled later (e.g. agriculture—beef and citrus).

You responded in the same spirit and with an expression of our understanding of Japanese political problems, but emphasized very strongly that we must reach agreement before the trip on these economic issues. You emphasized that even where no implementation could be made now, it was important to agree specifically on the measures which would be taken, even though the action would be taken at a later date. You were very clear and forceful on that point, and there is no question but that he got the message. On autos, you were quite specific, saying you had discussed the matter twice with the President, and he could not agree to more than 1.8 million units.

In closing, the Ambassador mentioned that his wife was ready to brief Mrs. Reagan on her agenda and something of the cultural life of Japan, if she wished. You said you would convey this offer to the First Lady.

An approximate verbatim account of the conversation is attached at Tab A.

Gasto Sigur concurs.

CONFIDENTIAL Declassify on: OADR

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CONFIDENTIAL

RECOMMENDATION:

1. That you sign the memorandum to State at Tab I, forwarding them a summary of the meeting (but not the full text) which they can cable to Ambassador Mansfield.

Approve Disapprove

2. That you mention to the First Lady, the Ambassador's offer on behalf of his wife.

Approve Disapprove ____

Attachment

Tab A Memcon

Tab I Memorandum to State

WASHINGTON

CONFIDENTIAL

MEMORANDUM OF CONVERSATION

SUBJECT: Robert C. McFarlane's Meeting with

Ambassador Okawara of Japan

PARTICIPANTS: Robert C. McFarlane

David N. Laux

Ambassador Yoshio Okawara Counselor Makoto Watanabe

DATE, TIME Saturday, October 29, 1983

AND PLACE: 11:10 to 11:40 a.m., in Judge Clark's office

Ambassador Okawara: I arrived back in Washington three days ago from a trip to Tokyo, and I am carrying a message from Prime Minister Nakasone for President Reagan. While I was in Tokyo I was impressed by the personal involvement of the Prime Minister in the preparations for the President's visit. He wants to insure that it is a great success because he attaches great importance to it. He has a high regard for and respects the President, and he trusts him. He admires his leadership and his principles which he believes are the basis of Western unity. Prime Minister Nakasone believes that Chancellor Kohl and the other Western leaders also trust the President and that this trust is the fundamental basis for Western unity. The Prime Minister believes that the President's November visit to Japan is an opportunity to demonstrate to the whole world that Japan and the United States can work together for peace in Asia and the whole world. This is the great significance of his visit.

At the same time the Prime Minister appreciates the difficulties the President faces domestically and internationally, and with his elections next year. The Prime Minister is also facing difficult elections in the near future. He is working hard to settle the economic problems between the United States and Japan before the President's visit. But, because of the political situation in Japan some of these problems cannot be settled before the President's visit. Timing is an element which should be taken into account. Some things can be done before the President's trip. Some things will have to be done afterwards.

This is the main message the Prime Minister asked me to convey to the President.

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CONFIDENTIAL



Mr. McFarlane: First, please convey thanks on behalf of the President to the Prime Minister for communicating his concerns to the President in this way. It is an expression of the closeness of our two leaders and their sensitivity to the importance of building the relationship between us and insuring success in building that relationship. The President fully reciprocates the feelings of the Prime Minister. The President has a high regard for the effectiveness of the Prime Minister's leadership. The President believes the opportunity for expanding the relationship between the United States and Japan in all areas is virtually unlimited. For that reason he is anxious to help in whatever way he can to insure the continuity of that leadership.

I agree with you that to do this the economic problems between us must be resolved. Better access to Japan's markets and to Japan's capital markets for the United States is clearly of the highest priority. The other issues are well-known to you, and the specific products involved are well-known.

- -- The need for a better yen/dollar relationship.
- -- Access for certain agricultural products, for example, beef.
- -- These are all well-known to you.

The President understands the difficulties, in political terms, of the relationship between the decisions on these matters and the outcome of the elections. I appreciate your Prime Minister's understanding of their impact on our elections next year. It is a measure of the candor of the relationship that we can discuss these problems so frankly. We hope we can find a way to discuss the entire spectrum of problems to determine what is feasible so that we can reach agreement as soon as possible. Even though we know the implementation in some cases would be at a later time, it would be constructive to reach specific understandings on these issues now.

For our part, we understand the limits imposed by the political realities in Japan. At the same time, you must understand the enormous pressures building in this country to pass restrictive trade legislation.

I take your call in this spirit. It is a matter of significance to me. I, personally, am quite happy about the heart of our relationship. I will convey your message to the President, and I hope we can reach agreement now on specifics, even if some implementation is to be made later. If we can do this, then I think the President's visit can be extremely useful in advancing our relationship.

Ambassador Okawara: I am sure the Prime Minister will be happy when I report to him on my meeting with you, because he believes that he and the President can work out our problems and reach satisfactory conclusions. He thinks that the overall nature of









the relationship is so important and is so good that it cannot be disrupted by small problems. Those specific problems which cannot be settled now can be settled in the near future. Mr. Brock in Tokyo will talk to our people about satellites and other specific problems. There is no possibility of progress in agriculture right now, but in other areas there is a possibility of settling them.

Mr. McFarlane: Access to capital markets and access to regular trade markets—these are matters of some difficulty here. The President has reached the limit of his latitude on automobiles. I have talked to him twice on this and the President feels he simply cannot go beyond 1.8 million units. He would be extremely pleased if that could be agreed to and announced before his visit. I am sure we are working on this. I must stress, Mr. Ambassador, that we cannot leave these issues—even those where we cannot agree before the President's visit—without some resolution before the trip. We must have a clear understanding as to how they will be resolved.

Ambassador Okawara: Well, for example, our agricultural agreement expires in March. We should be able to settle the agricultural issues by then. On the financial side our experts are working on it. On the trade and telecommunications problems our experts are discussing these too. Mr. Brock will be discussing all of these matters with our people in Tokyo.

I am leaving next Saturday to return to Tokyo to help prepare for President's Reagan's arrival. If there are any messages you want me to carry with me, please let me know.

Also, my wife is ready to brief Mrs. Reagan, if she would like, on what she can expect in Japan. My wife could tell her something about her agenda and something about life in Japan.

Mr. McFarlane: Thank you very much. That is very kind of you, and I will pass this on to the First Lady.





CLASSIFIED ENCLOSURE(S)

RECEIVED 08 NOV 83 10

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TO MCFARLANE

FROM NORTH

KEYWORDS: JAPAN

EAST ASIA TRIP

SUBJECT: CORRIDOR CONVERSATION IN JAPAN RE OKINAWA

ACTION: FOR DECISION DUE: STATUS C FILES SIL

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MCFARLANE

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MEMORANDUM





NATIONAL SECURITY COUNCIL

SECRET

November 7, 1983

ACTION

MEMORANDUM FOR ROBERT C. MCFARLANE

FROM:

OLIVER L. NORTH

SUBJECT:

Corridor Conversations in Japan

In your memo at Tab A, you ask if the NTA and CTA issues were still problems for the Marines in Okinawa. They are.

Both issues have been the subject of protracted negotiation since you and I were last in Okinawa. HQMC indicates that it would be best to approach the issues low-key. There is considerable value in having you address the matters informally with your counterparts to let the Japanese know that these are not just USMC but rather USG concerns.

Most of the negotiations on these issues have been handled by Camp Butler and while no one wants to admit it, none too effectively. Butler's voice is often lost in the noise by the time the issue gets to Tokyo. The Japanese for their part do not seem to be too willing to take on the Prefecture Government in Naha. Thus, little is resolved despite the length of time spent on the matter.

It was suggested that the best approach would be a rhetorical "how are we doing on these issues" with the Japanese.

RECOMMENDATION

That you informally address these ssues with your counterparts while in Japan.

.. oupun.

Approve

Disapprove

Attachment

Tab A - McFarlane Memo to North dtd November 5, 1983

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TO

MCFARLANE

FROM NORTH

DOCDATE 07 NOV 83

KEYWORDS JAPAN

EAST ASIA TRIP

SUBJECT CORRIDOR CONVERSATION IN JAPAN RE OKINAWA

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MCFARLANE

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NATIONAL SECURITY COUNCIL



83 NOV 8 A10: 18

November 7, 1983

ACTION

MEMORANDUM FOR ROBERT C. MCFARLANE

FROM:

OLIVER L. NORTH

SUBJECT:

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RECOMMENDATION

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Approve	Disapprove	
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Attachment

Tab A - McFarlane Memo to North dtd November 5, 1983

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