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E.O. 12958 SEC. 1.5

CIA Rev 7/28/07

NR 07-87, #13, State Review 9/23/02

NODIS

E.O. 11652: XGDS-3
TAGS: PINT, JA, US
SUBJECT: LOCKHEED AFFAIR

BY dal NARA DATE 2/13/08

FOR ASSISTANT SECRETARY HABIB

1. ON THE EVENING OF FEBRUARY 18, LDP SECRETARY GENERAL NAKASONE [REDACTED] PASSED TO THE EMBASSY THE FOLLOWING MESSAGE WHICH HE WISHED CONVEYED TO THE USG. IN DOING SO, NAKASONE WAS CAREFUL TO STATE THAT HE WAS SPEAKING IN HIS CAPACITY AS LDP SECRETARY GENERAL, NOT PERSONALLY. NAKASONE DESCRIBED THE DECISION TAKEN FEBRUARY 18 BY PRIME MINISTER MIKI, AFTER CONSULTATION WITH LDP LEADERS AND CABINET MEMBERS, TO REQUEST FROM THE USG ALL MATERIALS ON THE LOCKHEED CASE RELATING TO JAPAN, INCLUDING THE NAMES OF GOVERNMENT OFFICIALS ALLEGEDLY INVOLVED, AS A "PAINFUL" (KURUSHII) POLICY. HE SAID THAT IF A LIST OF NAMES IS MADE PUBLIC AT THIS TIME, THE POLITICAL WORLD IN JAPAN WILL BE "THROWN INTO GREAT TURMOIL" AND THE LDP WILL BE UNABLE TO CONTROL THE SITUATION. IT WOULD BE BEST, NAKASONE SAID, FOR THE USG TO DELAY ANY REVELATIONS TO THE EXTENT POSSIBLE.

2. THE FOLLOWING MORNING (FEBRUARY 19), WHEN NAKASONE WAS INFORMED [REDACTED] THAT HIS MESSAGE HAD BEEN CONVEYED TO THE EMBASSY, NAKASONE PROVIDED FURTHER BACKGROUND. HE SAID THAT HE HAD BEEN RECENTLY INFORMED THROUGH THE HOME OFFICE OF NICHIMEN JITSUGYO THAT ONE OF ITS REPRESENTATIVES IN WASHINGTON HAD BEEN TOLD BY A MEMBER

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OF JACK ANDERSON'S STAFF THAT ANDERSON HAD OBTAINED SOME TEN DAYS PREVIOUSLY THE NAMES OF TWO JAPANESE OFFICIALS INVOLVED-- I.E., TANAKA AND OHIRA. NAKASONE SAID THAT WHEN HE DISCUSSED THIS INFORMATION WITH PRIME MINISTER MIKI IT WAS MIKI'S JUDGMENT THAT SHOULD THESE NAMES BE MADE PUBLIC BY ANDERSON, IT WOULD MEAN THE COLLAPSE OF HIS CABINET, THE "COMPLETE DEFEAT" OF THE LDP AT THE POLLS, AND A POLITICAL SITUATION WHICH THE LDP WOULD BE UNABLE TO MANAGE, POSSIBLY LEADING TO THE BREAKDOWN OF THE U.S.-JAPAN SECURITY TREATY STRUCTURE. NAKASONE SAID THAT HE HAS SOME REASON TO BELIEVE THAT THE JSP, DP DSP AND KOMIITO ALL HAVE KNOWLEDGE OF THIS INFORMATION (I.E., THAT JACK ANDERSON HAS THESE TWO NAMES). HE ALSO GUESSES THAT OHIRA MAY HAVE LEARNED OF IT. ON THIS OCCASION, NAKASONE ALTERED HIS MESSAGE TO THE USG AS FOLLOWS. "I HOPE (THE USG) WILL THINK ABOUT THIS CAREFULLY. I HOPE IT WILL HUSH UP (MOMIKESU) THE MATTER." ALTHOUGH IN THESE CONVERSATIONS NAKASONE INDICATED THAT HE WAS WORKING CLOSELY WITH THE PRIME MINISTER, HE DID NOT AT ANY POINT SUGGEST THAT HE WAS SPEAKING FOR MIKI.

3. NAKASONE'S ESTIMATE OF LIKELY CONSEQUENCES SEEMS TO US OVERDRAWN. IN ADDITION, HIS REPORT OF MIKI'S JUDGMENT OF THE CONSEQUENCES IS AT ODDS WITH OUR UNDERSTANDING OF MIKI'S POSITION. IT SHOULD ALSO BE NOTED THAT NAKASONE'S POSSIBLE PERSONAL INVOLVEMENT IN THE LOCKHEED AFFAIR IS UNCLEAR. NONETHELESS HIS APPROACH TO US IS CONSISTENT WITH THE IMPRESSION THAT THE EMBASSY HAS ON THE BASIS OF LESS DIRECT EVIDENCE THAT THE GOJ'S OFFICIAL REPRESENTATIONS TO THE USG NOTWITHSTANDING, A MAJORITY OF TOP LDP LEADERS, POSSIBLY INCLUDING THE PRIME MINISTER HIMSELF, HOPE THAT THE USG WILL NOT RELEASE FURTHER DAMAGING INFORMATION AND, MOST PARTICULARLY, WILL NOT DISCLOSE ANY NAMES OF GOVERNMENT OFFICIALS ALLEGEDLY INVOLVED. CERTAINLY THE PUBLIC CLIMATE HERE IS SUCH THAT MIKI AND GOJ COULD HARDLY DO OTHER THAN TAKE A STRONG PUBLIC POSTURE OF DEMANDING FULL DISCLOSURE FROM THE USG. THIS PUBLIC CLIMATE, PLUS THE LOCAL PENCHANT FOR SUBSTITUTING FORM FOR SUBSTANCE, COULD LEAD TO THE CONCLUSION THAT ONE SHOULD NOT TAKE THE GOJ'S OFFICIAL REQUESTS AT FACE VALUE. THIS IS NOT TO SAY THAT SOME INDIVIDUAL LDP DIET MEMBERS OR MINORITY GROUPS, SUCH AS THE SEIRANKAI, SHARE THIS INTEREST IN RESTRAINT. IT IS OUR IMPRESSION, HOWEVER, THAT MOST LDP LEADERS AND

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DIET MEMBERS FEEL THAT IN THE ABSENCE OF FURTHER DAMAGING REVELATIONS, THEY CAN RIDE OUT THE SITUATION WITHOUT SERIOUS DAMAGE TO THE GOVERNMENT OR PARTY. NOT KNOWING THE PRECISE NATURE OF INFORMATION AVAILABLE TO THE CHURCH SUBCOMMITTEE AND THE SEC, ETC., THEY CANNOT BE SURE HOW SERIOUS THE CONSEQUENCES OF FURTHER REVELATIONS WOULD BE. THERE IS A LARGE BODY OF OPINION, HOWEVER, WHICH EVIDENTLY FEELS THAT TANAKA AND HIS FACTION WOULD BE DEALT THE GREATEST BLOW. BUT IN OUR JUDGMENT, THE MAJORITY VIEW PROBABLY IS THAT THE CONSEQUENCES OF FURTHER DAMAGING REVELATIONS WILL BE SERIOUS FOR BOTH PARTY AND GOVERNMENT AND CANNOT BE LIMITED TO ANY GROUP OF INDIVIDUALS OR FACTION. THEREFORE, THE BROADLY PREVAILING HOPE IS THAT THE USG WILL FIND A WAY TO AVOID FURTHER REVELATIONS.

4. TWO MAJOR U.S. INTERESTS ARE AT STAKE IN THIS SITUATION: (A) THE POLITICAL EFFECTIVENESS OF THE CONSERVATIVE PARTY AND GOVERNMENT WITH WHICH OVER THE YEARS WE HAVE BEEN ABLE TO WORK CLOSELY IN THE PURSUIT OF U.S. INTERESTS, AND (B) THE IMAGE OF THE U.S. HELD BY JAPANESE MEDIA AND OTHER NON-OFFICIAL LEADERSHIP GROUPS. WITH RESPECT TO (A), WE CANNOT ACCEPT AT FACE VALUE EITHER NAKASONE'S ASSESSMENT OR THAT WHICH HE ATTRIBUTED TO MIKI OF THE POLITICAL CONSEQUENCES IF NAMES OF GOVERNMENT OFFICIALS SHOULD BE RELEASED. THOSE CONSEQUENCES WILL DEPEND IN LARGE PART ON THE NATURE OF THE EVIDENCE SUPPORTING THE ALLEGATIONS AND THE EXTENT TO WHICH THE INDIVIDUALS NAMED CURRENTLY OCCUPY KEY POSITIONS IN THE MIKI GOVERNMENT AND LDP. IF INDEED ONLY A FEW SUCH KEY INDIVIDUALS ARE INVOLVED AND THE EVIDENCE OF THEIR INVOLVEMENT IS NOT CONCLUSIVE, IT IS POSSIBLE THAT THE MIKI GOVERNMENT COULD REMAIN IN PLACE AND THAT IN A SUBSEQUENT GENERAL ELECTION, THERE WOULD BE NO SIGNIFICANT LOSS OF LDP SEATS IN THE LOWER HOUSE. NONETHELESS, THE RISK REMAINS OF PRECIPITATING BY PUBLICIZING NAMES, AT LEAST A TEMPORARILY CONFUSED AND UNCERTAIN POLITICAL SITUATION. WITH RESPECT TO (B), ALTHOUGH FAILURE TO RELEASE ANY ADDITIONAL INFORMATION CERTAINLY WOULD MEET WITH OPPOSITION PARTY CHARGES OF COLLUSION, WHICH PROBABLY WOULD BE ECHOED IN THE MEDIA AND OTHER OPINION-LEADER GROUPS, WE FEEL THAT THIS EFFECT IS LIKELY TO BE SHORT-LIVED, PARTICULARLY IF HANDLED AS SUGGESTED BELOW.

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5. ON BALANCE, THEREFORE, WE BELIEVE THAT OUR INTERESTS WITH RESPECT TO JAPAN WOULD BE BEST SERVED BY AVOIDING, IF POSSIBLE, THE RELEASE OF FURTHER DAMAGING INFORMATION. WE RECOGNIZE THAT THIS DOES NOT PRECLUDE THE POSSIBILITY OF LEAKS. ALTHOUGH LEAKS WOULD BE EMBARRASSING TO BOTH THE GOJ AND THE USG, WE FEEL THAT THE DAMAGE THUS CAUSED WOULD BE LESS AND MUCH MORE MANAGEABLE THAN IF INFORMATION WERE OFFICIALLY RELEASED, ESPECIALLY IF SUCH INFORMATION WAS INCONCLUSIVE. SHOULD A DECISION BE TAKEN NOT TO RELEASE FURTHER INFORMATION, WE RECOMMEND THAT THIS DECISION BE MADE PUBLIC IN THE CONTEXT OF THE CONCERN WHICH THE USG MUST HAVE FOR THE INTERESTS OF AND OUR RELATIONS WITH OTHER GOVERNMENTS AFFECTED BY THE LOCKHEED AFFAIR. IN ADDITION, ANYTHING WHICH CAN BE SAID TO THE EFFECT THAT ALLEGATIONS IMPLICATING GOVERNMENT OFFICIALS HAVE NOT BEEN SUPPORTED BY CONCLUSIVE EVIDENCE WOULD BE HELPFUL IN MEETING CRITICISM OF A DECISION NOT TO RELEASE FURTHER INFORMATION.

6. IF, ON THE OTHER HAND, A DECISION IS TAKEN TO RELEASE FURTHER INFORMATION INCLUDING NAMES, THE FOLLOWING STEPS WOULD SEEM ADVISABLE: (A) TO MAKE CLEAR THAT SUCH RELEASE IS BEING MADE IN RESPONSE TO REPEATED GOJ REQUESTS FOR ALL INFORMATION INCLUDING NAMES; (B) TO MAKE CLEAR THAT ALL AUTHENTIC INFORMATION PERTAINING TO JAPAN IN CONNECTION WITH THE LOCKHEED MATTER HAS BEEN RELEASED SO THAT NO DOUBTS REMAIN THAT WE HAVE HELD SOMETHING BACK; (C) SUCH INFORMATION SHOULD BE RELEASED AS SOON AS POSSIBLE SO THAT THERE WILL BE A SUFFICIENT INTERVAL FOR THE LDP TO COPE WITH THE SITUATION BEFORE IT MUST FACE A GENERAL ELECTION; AND (D) THE GOJ SHOULD BE ALERTED IN ADVANCE OF ANY PUBLIC ANNOUNCEMENT OF A DECISION TO RELEASE AND THE ACTUAL PUBLICATION OF ANY INFORMATION PROVIDED SHOULD BE LEFT IN THE HANDS OF THE GOJ.

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DEPARTMENT DISTRIBUTE ONLY TO DEPUTY SECRETARY, SEIDMAN AT
WHITE HOUSE, AND WOLFF AT STR

E.O. 11652: GDS
TAGS: ETRD JA
SUBJ: DISCUSSION ON SPECIALTY STEEL

BEGIN SUMMARY. AMBASSADOR DENT PRESENTED PROVISIONS OF
PLANNED PRESIDENTIAL DECISION ON SPECIALTY STEEL TO JAPANESE
FONMIN AND MITI OFFICIALS ON MARCH 15. HE EMPHASIZED THAT A
JOINTLY NEGOTIATED OMA FOR THREE YEARS IS BEST WAY MEET
NEEDS OF U.S. INDUSTRY WHILE GIVING MOST FAVORABLE POSSIBLE
CONSIDERATION TO JAPANESE. YOSHINO IN FONMIN TOOK POSITIVE
ATTITUDE AND RECOGNIZED THAT OMA TALKS WOULD BE BEST ROUTE
FOR JAPAN BUT SAID THAT OBJECTIONS AT MITI WOULD BE HARD
TO OVERCOME. MITI OFFICIALS STATED THAT THEY FELT AN OMA
WOULD BE CONTRARY TO GATT, THAT THEY WERE CONCERNED THAT
ITC RECOMMENDATIONS DISCRIMINATED AGAINST JAPAN FOR WHICH
COMPENSATION WOULD BE DUE, AND THAT AN OMA WOULD SET A
BAD PRECEDENT FOR OTHER SECTORS OF TRADE. MITI OFFICIALS
RESPONDED THAT THEY WOULD DECIDE SOON ON WHETHER TO JOIN
OMA TALKS, BUT IN ANY EVENT THEY PREFER A NEGOTIATED
SOLUTION IN ACCORDANCE WITH GATT TO UNILATERAL U.S.
ACTION. END SUMMARY.



1. AMBASSADOR DENT, ACCOMPANIED BY DEP ASSISTANT
SECRETARY GLITMAN, EMIN AND ECON COUNS FROM EMBASSY,
DISCUSSED PENDING PRESIDENTIAL ANNOUNCEMENT ON SPECIALTY

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STEEL WITH DEPUTY VICE MINISTER YOSHINO AND OTHER FOREIGN MINISTRY REPS IN YOSHINO'S OFFICE ON MARCH 15.

2. DENT EXPLAINED THAT HE HAD COME TO JAPAN ON SHORT NOTICE AT THE PRESIDENT'S DIRECTION FOR PRELIMINARY TALKS ON SPECIALTY STEEL. HE CAUTIONED THAT HIS REMARKS WERE FOR YOSHINO ONLY AND THAT THE SUBJECT SHOULD NOT BE DISCUSSED WITH THE PRESS OR IN CABLES TO WASHINGTON BEFORE THE PRESIDENT'S ANNOUNCEMENT. HE ADDED THAT DEPUTY STR YEUTTER WAS UNDERTAKING SIMILAR CONSULTATIONS IN STOCKHOLM AND BRUSSELS.

3. AMBASSADOR DENT EXPLAINED THAT, ALTHOUGH SPECIALTY STEEL MAKES UP A VERY SMALL PART OF OUR TOTAL IMPORTS OF ALL KINDS OF STEEL, AS WELL AS OF OUR IMPORTS FROM JAPAN, IT IS IMPORTANT BECAUSE OF ITS RELATIONSHIP TO NATIONAL SECURITY AND ENERGY PROGRAMS. HE SAID THAT U.S. PRODUCTION OF SPECIALTY STEEL IS NOW ONLY ABOUT 50-55 PERCENT OF TOTAL CAPACITY, WHEREAS THE CARBON STEEL INDUSTRY HAS BEEN MUCH LESS HARD HIT BY THE RECESSION AND HAS ALREADY BEGUN TO RECOVER. HE EMPHASIZED THAT WE FEEL THAT A STRONG CASE FOR INJURY EXISTS AND THE MOST RECENT DATA AVAILABLE INDICATES THAT IMPROVEMENTS IN THE U.S. ECONOMY HAVE NOT BEEN FELT BY THE SPECIALTY STEEL INDUSTRY.

4. DENT REITERATED THE POSITION TAKEN BY THE PRESIDENT AT RAMBOUILLET IN SUPPORT OF FREER TRADE, BUT WITH THE PROVISIO THAT CERTAIN SECTORS WOULD SOMETIMES REQUIRE ASSISTANCE. IN RECOGNITION OF THIS POSITION WE WERE WORKING TO FIND A SOLUTION TO THE SPECIALTY STEEL PROBLEM. DENT NOTED THAT THE ACTION RECOMMENDED BY THE INTERNATIONAL TRADE COMMISSION WOULD CALL FOR QUOTAS FOR A PERIOD OF FIVE YEARS, AND THESE MIGHT BE EXTENDED FOR THREE MORE YEARS. THE ORDERLY MARKETING ARRANGEMENTS (OMA), WHICH THE PRESIDENT INTENDED TO PROPOSE, WOULD BE PUT INTO EFFECT INITIALLY FOR THREE YEARS AND, IF THE U.S. ECONOMY AND INDUSTRY RECOVERED SATISFACTORILY, THESE SPECIAL MEASURES MIGHT BE CURTAILED.

5. DENT EXPLAINED THAT THE U.S. INDUSTRY RESPONDED TO

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THE RECESSION BY REDUCING PRODUCTION AND LAYING OFF WORKERS. OTHER COUNTRIES PURSUED CONTINUOUS LIFETIME EMPLOYMENT POLICY AND THEIR INDUSTRIES BUILD UP LARGE INVENTORIES. WE COULD NOT ALLOW IMPORTS FROM THESE STOCKS TO SKYROCKET AS THE U.S. ECONOMY RECOVERS AND CONSUMPTION INCREASES BECAUSE THIS WOULD CONTINUE THE DAMAGE TO THE U.S. INDUSTRY. THEREFORE, THE BEST WAY TO WORK OUT ARRANGEMENTS IN THE BEST INTERESTS OF BOTH SIDES WOULD BE TO NEGOTIATE OMAS. WE THEREFORE HOPE THE GOJ CAN SOON ACCEPT OUR INVITATION TO JOIN OMA TALKS AND, AS A MINIMUM, CAN AVOID A NEGATIVE REACTION TO THE PRESIDENT'S ANNOUNCEMENT ON SPECIALTY STEEL. SUCH A REACTION WOULD LIKELY PROVOKE THE CONGRESS TO USE ITS AUTHORITY TO OVERRIDE THE PRESIDENT'S DECISION AND PUT THE ITC RECOMMENDATION INTO EFFECT IMMEDIATELY. WE WOULD MUCH PREFER TO OPEN TALKS ON AN OMA WITH THE INTENTION OF COMPLETING THEM BY MAY 20, ALLOWING TIME FOR IMPLEMENTATION BY JUNE 16. IF THE U.S. ECONOMIC RECOVERY CONTINUES AS WE EXPECT, IT IS PROBABLE THAT THE U.S. CONGRESS WOULD BE SATISFIED AND THE DANGER OF AN OVERRIDE WOULD PASS. A NEGOTIATED OMA WOULD HAVE TO MEET THE MINIMUM NEEDS OF THE U.S. SPECIALTY STEEL INDUSTRY, BUT COULD ALSO BE BETTER FOR JAPAN THAN THE ITC RECOMMENDATION.

6. YOSHINO, SPEAKING PERSONALLY AND WITHOUT STATING AN OFFICIAL POSITION, OBSERVED THAT IT WAS UNFORTUNATE THAT THIS CASE SHOULD ARISE NOW WHEN THE GLOBAL ECONOMY IS IMPROVING AND WHEN WE MIGHT SOON SEE AN AUTOMATIC CORRECTION IN SPECIALTY STEEL TRADE. HE SAID THE GOJ IS CONCERNED THAT SPECIALTY STEEL OMAS MIGHT SPREAD TO OTHER SECTORS IN WORLD TRADE. ALSO, A FIVE-YEAR PERIOD FOR QUOTAS PER THE ITC RECOMMENDATION IS MUCH TOO LONG.

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7. B DENT SAID THAT HE FELT THE OMA CONCEPT WOULD NOT SPREAD TO CARBON STEEL OR OTHER SECTORS. THE U.S. SPECIALTY STEEL INDUSTRY IS BASICALLY COMPETITIVE; ITS PRESENT PROBLEM IS CAUSED BY DIFFERENT NATIONAL EMPLOYMENT POLICIES AND WE HOPE THIS CAN BE CORRECTED IN THREE YEARS OR LESS.

8. YOSHINO ASKED IF SWEDEN AND THE EC WOULD AGREE TO OMA NEGOTIATIONS. DENT ANSWERED THAT DEPUTY STR YEUTTER WAS EVEN THEN TALKING TO OFFICIALS IN STOCKHOLM AND BRUSSELS AND, IF THEY CONSIDER CAREFULLY, THEY WILL UNDERSTAND THAT IT IS IN THEIR INTEREST TO AGREE. YOSHINO ASKED IF THE OMA TALKS MIGHT INTERFERE WITH THE MTNS AND WERE IN ACCORDANCE WITH GATT PRINCIPLES. YOSHINO INQUIRED WHAT WOULD HAPPEN IF OMAS WERE NOT NEGOTIATED AND WHETHER COMPENSATION WOULD BE GRANTED TO JAPAN. DENT SAID THAT IF WE DID NOT CONCLUDE OMAS COVERING A SIGNIFICANT PART OF IMPORTS THE PRESIDENT WOULD HAVE TO ACT UNILATERALLY TO IMPOSE QUOTAS. IF DUE TO JAPAN, DENT SAID, THEN COMPENSATION WOULD BE IN ORDER BUT THE IMPACT ON TOTAL SPECIALTY STEEL WOULD PROBABLY BE SMALL; THEREFORE, COMPENSATION WOULD BE SMALL.

9. SAITO, DIR. OF 2ND NO AM DIVISION, ASKED IF THE PRESIDENT WOULD ACT UNILATERALLY ONLY IF THE EFFORT TO CONCLUDE OMAS FAILED, AND WHETHER AN OMA WERE A

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WAY FOR JAPAN TO IMPROVE ITS SITUATION COMPARED TO THE ITC RECOMMENDATIONS. DENT ANSWERED AFFIRMATIVELY TO BOTH POINTS. GATTDIV DIR HAYASHI ASKED HOW WE COULD ALLOW JAPAN A LARGER QUOTA SINCE OTHER SUPPLIERS WOULD ALSO SEEK MAXIMUM ALLOTMENTS. DENT EXPLAINED THAT SOME SUPPLIERS HAD LIMITED EXPORT CAPACITY AND THAT PART OF THEIR SHARES MIGHT BE REALLOCATED. SIATO ASKED IF TOTAL QUOTAS WOULD RISE UNDER A STRUCTURE OF OMAS. DENT SAID THAT THEY COULD NOT GO UP MORE THAN A BIT, AND GLITMAN AFFIRMED THAT ANY SUCH CHANGE WOULD BE SMALL IN ANY EVENT.

10. DENT DISCUSSED WITH YOSHINO OUTLINES OF DRAFT PRESIDENTIAL ANNOUNCEMENT ON SPECIALTY STEEL AND, AFTER SOME DISCUSSION, THE JAPANESE SIDE INDICATED THAT IT PRESENTED NO PROBLEMS. IT WAS AGREED THAT THE PRESS WOULD BE INFORMED THAT AMBASSADOR DENT HAD COME TO JAPAN FOR A DISCUSSION OF TRADE MATTERS, BUT THAT FURTHER DETAILS WOULD NOT BE RELEASED. THE MEETING CONCLUDED AFTER AN HOUR AND TEN MINUTES.

11. AT 1400 DENT AND AMBASSADOR HODGSON CALLED ON ITI MINISTER KOMOTO. OTHER U.S. PARTICIPANTS WERE THE SAME AS IN THE MEETING WITH YOSHINO. IN ADDITION TO KOMOTO THERE WERE, ON THE JAPANESE SIDE, VICE MIN KOMATSU, TRADE POL DIV GENERAL HASHIMOTO, TRADE ADMIN DIR GENERAL KISHIDA, BASIC INDUSTRY DIR GENERAL YANO, TRADE POLICY DEP DIR GENERAL YOSHIKAWA, AND A DOZEN OR SO OTHERS. HODGSON OPENED THE MEETING FOR THE U.S. SIDE.

12. DENT'S PRESENTATION WAS THE SAME IN ITS ESSENTIALS AS THE ONE GIVEN YOSHINO. DENT EMPHASIZED THE EVIDENCE OF INJURY TO THE U.S. INDUSTRY, NOTING ESPECIALLY THAT SPECIALTY STEEL PRODUCTION IN THE NOVEMBER 75-JANUARY 76 QUARTER IS STILL 45 PERCENT BELOW FULL CAPACITY, ALTHOUGH CARBON STEEL PRODUCTION IS RECOVERING. SPECIALTY STEEL IMPORTS ROSE IN 1975 OVER 74 PERCENT AND WERE UP A BIT IN THE NOVEMBER-JANUARY QUARTER. DENT AFFIRMED THAT THE PRESIDENT HAD SUPPORTED LIBERAL TRADE POLICIES AT RAMBOUILLET. WITH THAT IN MIND DENT

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SAID THAT WE WANT TO WORK OUT WITH JAPAN AND OTHER SUPPLIERS THE BEST POSSIBLE ORDERLY MARKETING ARRANGEMENT FOR SPECIALTY STEEL.

13. KOMOTO, SPEAKING THROUGH AN INTERPRETER, EXPRESSED APPRECIATION FOR OUR SUPPORT OF RAMBOUILLET AND NOTED THAT, ALTHOUGH 1975 HAD BEEN A BAD YEAR FOR THE WORLD ECONOMY, 1976 SHOULD BE BETTER. HE SAID THAT THERE WERE QUESTIONS ON THE DATA IN THE ITC DECISION ON SPECIALTY STEEL WHICH OTHERS WOULD RAISE LATER. AS TO THE INVITATION FOR OMA TALKS, KOMOTO SAID THAT THERE WAS "LITTLE CHANCE" OF JAPAN AGREEING. HE FELT IT WOULD BE PREFERABLE TO WORK SOMETHING OUT UNDER THE GATT, BUT DENT'S PROPOSAL WOULD BE CAREFULLY CONSIDERED WITH OTHER IMINISTRIES BEFORE A DECISION IS MADE. KOMOTO THEN LEFT THE MEETING, TURNING OVER HIS PLACE TO KOMATSU.

14. DENT CLARIFIED THAT HE DID NOT EXPECT AN ANSWER FROM THE GOJ IMMEDIATELY. A REASONABLE ANSWER WAS MORE IMPORTANT AND, GIVEN THE FLEXIBILITY OF OMAS, OFFERED THE BEST MEANS OF PRECLUDING AN OVERRIDING DECISION BY CONGRESS TO IMPLEMENT THE ITC RECOMMENDATION. KOMATSU, ON BEHALF OF THE MINISTER, SAID THAT UNILATERAL U.S. ACTION IS NOT DESIRABLE AND, ALTHOUGH THE GOJ DOUBTS THAT INJURY IS NOW PROVABLE, IF THERE IS INJURY A REMEDY CAN BE DISCUSSED UNDER THE GATT. GATT PRINCIPLES OF NON-DISCRIMINATION MUST BE UPHELD. JAPAN IS ALSO CONCERNED ABOUT STIMULATING OTHER PROTECTIONIST MOVES, AND REGARDS SPECIALTY STEEL AS A SPECIAL CASE WHICH SHOULD NOT BE ALLOWED TO SET A BAD PRECEDENT.

15. DENT ANSWERED THAT UNEMPLOYMENT STILL AMOUNTED TO 40 PERCENT IN THE SPECIALTY STEEL INDUSTRY, AND THOSE WORKERS ARE BEING INJURED. WE AGREE, DENT SAID, TO THE SANCTITY OF GATT PRINCIPLES AND THEREFORE WE WANT TO SIT DOWN AND WORK OUT AN OMA ON SPECIALTY STEEL. THE PRESIDENT'S BASIC ATTITUDE IS CLEAR FROM THE FACT THAT HE WANTS TO ANNOUNCE A THREE-YEAR PROGRAM WHICH WILL BE SHORTENED IF POSSIBLE, AND NOT THE FIVE-YEAR

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PROGRAM FAVORED BY THE ITC.

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16. KOMATSU SAID HE APPRECIATED THE PRESIDENT'S

ATTITUDE FAVORING LIBERAL TRADE AND THAT JAPAN WOULD LIKE TO COOPERATE. HE ADDED IN JEST THAT JAPAN HAD TAKEN THREE YEARS TO AGREE TO TEXTILE QUOTAS, BUT THIS TIME JAPAN WOULD MOVE MORE QUICKLY. THERE FOLLOWED A DISCUSSION OF WHAT TO TELL THE PRESS, AND IT WAS AGREED THAT WE WOULD LIST SPECIALTY STEEL AS ONE OF THREE OR FOUR TOPICS RAISED. KOMATSU THEN LEFT FOR A PREVIOUSLY SCHEDULED PRESS BRIEFING.

17. HASHIMOTO THEN SAID THAT GOJ POSITION IS THAT ANY
OMA WOULD BE CONTRARY TO GATT. HE DID NOT THINK
EITHER SIDE SHOULD BYPASS THE ATT. THE GOJ ALSO
OPPOSES ALL DISCRIMINATION IN TRADE AND WILL SEEK
COMPENSATION OR TAKE COUNTERMEASURES FOR ANY IMPAIRMENT
OF TRADE INTERESTS. FINALLY, HE SAID, JAPAN IS CON-
CERNED ABOUT ANY SPILLOVER INTO OTHER TRADE CATEGORIES.
HE THEN CITED THE ITC RECOMMENDATIONS WHICH, HE SAID,
WORKED VERY UNFAVORABLY FOR JAPAN. ALSO THE ITC HAD
STATED THAT IMPORTS WERE THE CAUSE OF INJURY BUT HAD
NOT PROVEN IT.

18. GLITMAN ANSWERED BY SAYING THAT THE GATT DOES NOT PROHIBIT OMAS AGREED TO FREELY BY TWO OR MORE GATT MEMBERS. THEY ARE ONE WAY TO ESTABLISH IMPORT QUOTAS WHICH MAY BE APPROPRIATE AND ARE MENTIONED AS POSSIBLE IN GATT ARTICLE XII. GLITMAN STATED THAT WE

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ALSO OPPOSE ANY KIND OF DISCRIMINATION AND THAT AVOIDING IT IS ONE REASON FOR CONCLUDING AN OMA. COMPENSATION, IF DUE, IS ALSO A SUBJECT WHICH CAN BE COVERED IN ANY OMA.

19. THE MEETING ENDED AT 1600. AS THE GROUP BROKE UP SOME OF THE JAPANESE AGAIN ASSERTED THE IMPORTANCE TO THEM OF MAKING ANY ARRANGEMENT ON SPECIALTY STEEL UNDER GATT, BUT THEY SEEMED TO HAVE SOME FLEXIBILITY ABOUT HOW THAT COULD BE DONE PROCEDURELY.

20. EMBASSY COMMENT: THE DISCUSSIONS WITH YOSHINO WENT VERY SMOOTHLY AND IT WAS CLEAR THAT HE RECOGNIZES THE IMPORTANCE TO US OF SOLVING THE SPECIALTY STEEL PROBLEM. HE SEEMED TO ACCEPT OUR APPROACH AND DID ALL HE COULD TO PREPARE OUR REPRESENTATIVES FOR THE OBJECTIONS WHICH MITI WOULD RAISE.

21. THE TALKS WITH MITI WERE COOL, THOUGH PERHAPS NOT SO COOL AS THE FOREGOING SUMMARY SUGGESTS. KOMOTO SPOKE FROM BRIEFING PAPERS AND SEEMED TO BE LIMITING HIS INVOLVEMENT. KOMATSU FULLY GRASPED THE SITUATION AND DID NOT WANT TO RULE OUT AN OMA, BUT MAY HAVE WANTED US TO ACCEPT THEIR WILLINGNESS TO CONSIDER ONE AS A SIGNIFICANT CONCESSION. HASHIMOTO ADHERED STRICTLY TO MITI'S ESTABLISHED POSITION.

22. EMBASSY BELIEVES THAT JAPANESE WILL URGE THAT OMAS ON SPECIALTY STEEL, IF NEGOTIATED, BE SUBMITTED FOR SOME SORT OF GATT REVIEW. IF THAT CAN BE DONE PROCEDURAL NEEDS IMPORTANT TO THEM WILL BE MET. AS TO SUBSTANCE, WE BELIEVE THAT THEY UNDERSTAND THAT AN OMA WOULD BE LESS ONEROUS FOR THEM THAN UNILATERAL U.S. ACTION, AND KOMATSU, WHO PROBABLY IS THE KEY DECISIONMAKER ON THIS ISSUE, CLEARLY PREFERS TALKS AND A JOINT SOLUTION. HOWEVER, OTHER MITI OFFICIALS SEEM TO PREFER TO HAVE US "VIOLATE GATT" AND EVER AFTER HAVE TO ANSWER FOR IT.

23. THIS MESSAGE NOT CLEARED BY DENT OR GLITMAN.
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ACTION EA-09

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FM AMEMBASSY TOKYO
TO SECSTATE WASHDC 8961

~~CONFIDENTIAL~~ SECTION 1 OF 2 TOKYO 6612

FOR ASST. SECRETARY HABIB FROM AMBASSADOR

F.O. 11652: GDS

TAGS: PINT, JA

SUBJECT: LOCKHEED: PRIME MINISTER'S COMMENTS ON SPECIAL ENVOY
AND DIET DELEGATION

REF: TOKYO 6530

SUMMARY: PRIME MINISTER MIKI HAS PROVIDED IN SOME DETAIL HIS VIEWSHON THE CONTINUING CRITICAL NATURE OF THE LOCKHEED AFFAIR, ON THE POLITICAL NECESSITY OF HIS SENDING A SPECIAL ENVOY AND DIET DELEGATION TO THE UNITED STATES, ON THE LIMITED YET CONSTRUCTIVE PURPOSE OF THESE VISITSHAND THE NEED FOR USG COOPERATION IN INSURING THEIR SUCCESS.

1. I HAD A 70-MINUTE MEETING WITH PRIME MINISTER MIKI THIS MORNING. THE PRIME MINISTER HAD REQUESTED THE MEETING FOR THE PURPOSE OF ACQUAINTING US WITH THE BACKGROUND AND PURPOSE OF THE UPCOMING VISITATIONS TO THE UNITED STATES BY SPECIAL ENVOY SAITO AND A SUPRA-PARTISAN DIET DELEGATION.

2. AT THE OUTSET THE PRIME MINISTER LAUNCHED INTO A DISCOURSE DESCRIBING WHY IN HIS OPINION THE LOCKHEED MATTER HAD BECOME AN ISSUE OF SUCH MONUMENTAL PROPOR-

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TIONS IN JAPAN. FIRST HE EXPLAINED IT SHOULD BE UNDERSTOOD THAT THE JAPANESE PUBLIC TAKES GREAT PRIDE IN THE INTEGRITY OF THIS SOCIETY, HAVE AN ABHORRENCE OF CORRUPTION, BELIEVE THEMSELVES TO BE PEOPLE OF PRINCIPLE AND CARRY THE CONVICTION THAT THEY ARE LED BY HONORABLE LEADERS. THUS THE REVELATION BY LOCKHEED'S KOTCHIAN THAT PAYMENTS HAD BEEN MADE TO JAPANESE GOVERNMENT OFFICIALS COULD NOT HELP BUT CREATE A PUBLIC FUROR. NEXT THE PRIME MINISTER POINTED OUT THAT THIS REVELATION OCCURRED AT A TIME WHEN THERE ALREADY EXISTED SOME SUSPICION HERE WITH RESPECT TO JAPANESE LEADERSHIP, A SUSPICION THAT HAD BEEN PROMPTED BY THE STILL UNANSWERED ALLEGATIONS CONCERNING FORMER PRIME MINISTER TANAKA'S MONIED OPERATIONS. MIKI NOTED THAT THE WHOLE SUBJECT OF MONEY AND POLITICS HAD COME TO THE FORE IN THE LAST TWO YEARS AS A SUBJECT OF INCREASING JAPANESE PUBLIC CONCERN. WITH THE LOCKHEED STORY BREAKING IN AN ATMOSPHERE OF SUCH SUSPICION, IT TOUCHED A MATCH TO AN ALREADY SMOLDERING PUBLIC SENTIMENT AND CREATED A BONFIRE CRISIS. THE PRIME MINISTER ADDED THAT ONE FURTHER ASPECT OF THE CASE REINFORCED PUBLIC CONCERN AND THAT WAS ITS "RIGHTIST" FOCUS. THE REVELATION SERVED TO CONFIRM PRE-EXISTING PUBLIC SUSPICION CONCERNING RIGHTIST METHODS AND INFLUENCE.

3. AS THE ISSUE TOOK ON THE DIMENSIONS OF A MAJOR PUBLIC CONTROVERSY, THE PM CONTINUED, THE OPPOSITION PARTIES QUICKLY REALIZED THEY HAD BEEN HANDED A BONANZA OF AN ISSUE FOR EXPLOITATION IN AN ELECTION YEAR. TOGETHER AND SEPARATELY THESE PARTIES PULLED OUT EVERY STOP TO INFLAME AND MAGNIFY THE ISSUE AND PARTICULARLY ITS IMPLICATIONS FOR THE LDP. OPPOSITION PARTIES KNEW THAT THE SINGLE MOST IMPORTANT ANNUAL PIECE OF LEGISLATION -- THE BUDGET -- WAS UP FOR CONSIDERATION IN THE DIET AND THEY FOCUSED THEIR ATTENTION ON STALLING THIS LEGISLATION IN AN EFFORT TO BRING DOWN THE MIKI GOVERNMENT.

4. ASSENT THE NEED TO GET THE BUDGET THROUGH THE DIET IN TIMELY FASHION, THE PRIME MINISTER STATED, HE WOULD

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HAVE STONEWALLED THE ENTIRE ISSUE AND CONCEDED NOTHING. THE GOVERNMENT COULD NOT AFFORD SUCH ACTION, HOWEVER, AND IN CONSEQUENCE IN ORDER TO ASSURE RESUMPTION OF DIET ACTIVITIES, PASSAGE OF THE BUDGET AND OTHER NECESSARY LEGISLATION, HE HAD TO MAKE SOME COM- PROMISES. A MINIMUM CONCESSION WAS AGREEMENT BY HIM TO SEND A SPECIAL ENVOY AND DIET DEPUTATION TO THE UNITED STATES. THE PRIME MINISTER STATED HE DID GET THE OPPOSITION PARTIES TO AGREE THAT SPECIAL ENVOY SAITO WOULD BE GOING TO THE UNITED STATES FOR "EXPLANATORY" PURPOSES RATHER THAN FOR RENEGOTIATION OR INVESTIGATION PURPOSES. HE ASSURED ME THAT THE WORD "RENEGOTIATION" WOULD NOT BE IN MR. SAITO'S VOCABULARY IN THE UNITED STATES.

5. WITH RESPECT TO THE VISITING DIET DELEGATION, THE PM SAID IT WOULD ALSO BE CAREFULLY INSTRUCTED BUT SINCE IT IS MULTIPARTYHIN NATURE, HE COULDN'T BE 100 PCT. CERTAIN OF ITS BEHAVIOR. HE ADDED THAT THE DELEGATION WOULD BE CAPTAINED BY AN EXPERIENCED AND RELIABLE LDP MEMBER, THUS MINIMIZING THE RISK. I URGED THE PM TO INSTRUCT BOTH MISSIONS TO NEITHER DO OR SAY ANYTHING IN THE US THAT MIGHT MAKE OUR HANDLING OF THIS MATTER A POLITICAL ISSUE IN THE UNITED STATES. THE PM AGREED.

6. THE PRIME MINISTER OBSERVED THAT HE HAS TWO PRINCIPAL OBJECTIVES IN THE HANDLING OF THE LOCKHEED ISSUE. FIRST, THAT IT NOT BE ALLOWED TO DISRUPT THE PROCESS OF DEMOCRATIC GOVERNMENT IN JAPAN AND, SECOND, THAT IT NOT ADVERSELY AFFECT US-JAPAN RELATIONS. I AGREED THAT THESE WERE WORTHY OBJECTIVES SHARED BY OUR GOVERNMENT. I NOTED THAT THE COMBINATION OF RESTRAINT AS DEMONSTRATED BY THE JAPANESE GOVERNMENT AND COOPERATION AS DEMONSTRATED BY THE AMERICAN GOVERNMENT HAD THUS FAR BEEN ABLE TO INSURE REALIZATION OF BOTH OF HIS OBJECTIVES. THE PRIME MINISTER AGREED.

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ACTION EA-09

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FUR ASST. SECRETARY HABIB FROM AMBASSADOR

7. THE PRIME MINISTER THEN ASKED MY COOPERATION IN ARRANGING A MEETING WITH SECRETARY KISSINGER AND OTHERS FOR SPECIAL ENVOY SAITO. I STATED THAT IN MY JUDGMENT WHETHER THE SECRETARY WOULD BE ABLE TO SEE THE SPECIAL ENVOY WOULD DEPEND ON WHAT COMPETING DEMANDS MIGHT EXIST FOR THE SECRETARY'S TIME. I STATED THAT WE WERE ENDEAVORING TO SECURE SUCH AN APPOINTMENT FOR THE SPECIAL ENVOY BUT DID NOT EXPECT AN ANSWER UNTIL SOMETIME WELL AFTER THE SECRETARY'S RETURN FROM HIS AFRICAN TRIP. WITH RESPECT TO OTHER APPOINTMENTS, I SUGGESTED THOSE BE ARRANGED FROM WASHINGTON AND THAT I HAD SO ADVISED MR. SAITO.

8. I ADVISED THE PRIME MINISTER THAT WE BELIEVED THERE WERE TWO SUBJECTS THAT BOTH THE SPECIAL ENVOY AND THE DIET DELEGATION SHOULD AVOID DURING THE WASHINGTON VISITS. THE FIRST WAS THE SUBJECT OF RENEGOTIATION. I EXPRESSED SATISFACTION THAT THE PRIME MINISTER HIMSELF REALIZED THIS WOULD BE INAPPROPRIATE. THE SECOND SUBJECT TO BE AVOIDED WAS THE CIA. I ADVISED THE PRIME MINISTER THAT ON THIS SUBJECT WE SIMPLY WOULD NOT BE ABLE TO GIVE HIS GOVERNMENT ANSWERS THAT WOULD BE HELPFUL. I ADVISED HIM THAT WE SAW A GREAT DIFFERENCE WITH RESPECT TO AN

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ISSUE INVOLVING THE CONDUCT OF PRIVATE CORPORATIONS AS COMPARED WITH ONE INVOLVING GOVERNMENT AGENCIES. I COMPLIMENTED HIS GOVERNMENT FOR THE EFFECTIVE MANNER FOREIGN MINISTER MIYAZAWA HAD STONEWALLED THIS ISSUE IN EARLIER DIET QUESTIONING AND STATED WE HOPED THIS SAME APPROACH COULD BE CONTINUED. THE PRIME MINISTER PURSUED THE SUBJECT FURTHER SAYING THAT STORIES LIKE THOSE OF MR. HILSMAN IN "THE NEW YORK TIMES" THAT REFERRED TO CIA FINANCING OF JAPANESE POLITICAL PARTIES COULD NOT HELP BUT BECOME THE SUBJECT OF FURTHER QUESTIONS. I SAID THAT GOJ SHOULD NOT MISTAKE RANDOM AND IRRESPONSIBLE ALLEGATIONS FOR FACT. THE PRIME MINISTER THEN REPEATED AN ASSERTION THAT "NO-COMMENT" ANSWERS ARE VIEWED IN JAPAN AS AT LEAST FAINT ADMISSIONS AND AS SUCH SHOULD BE AVOIDED. HE AGAIN NOTED THAT GOJ WOULD RATHER HAVE NO ANSWER TO THE EARLIER QUESTION ON THE CIA PUT TO THE DEPARTMENT BY THE WASHINGTON JAPANESE EMBASSY THEN A "NO COMMENT" ANSWER, AT LEAST UNTIL AFTER DIET DISSOLUTION THIS SUMMER. I SAID I WOULD CONVEY HIS SUGGESTION THAT WE WITHHOLD ANY ANSWER DURING THIS PERIOD.

8. I THEN DISCUSSED SECRETARY RICHARDSON'S VISIT HERE LATER THIS MONTH. THE PRIME MINISTER EXPRESSED PLEASURE AT THE PROSPECT OF THIS VISIT AND AGREED TO MEET WITH SECRETARY RICHARDSON.
COMMENT: THE PRIME MINISTER CLEARLY WANTS IT UNDERSTOOD THAT HE HAD NO ALTERNATIVE BUT TO AGREE TO SEND THESE MISSIONS TO WASHINGTON. HE BELIEVES THE ANSWER TO HIS LETTER BY PRESIDENT FORD IN MARCH WAS USEFUL IN DEFUSING OPPOSITION HERE AND OBVIOUSLY HOPES OUR COOPERATION WITH THE SAITO MISSION WILL SERVE A SIMILAR PURPOSE. I BELIEVE THAT WE MUST EXTEND OURSELVES TO INSURE THAT SAITO CAN RETURN WITH A FAVORABLE REPORT OF OUR COOPERATION. NOTHING WILL SERVE TO LEND CREDIBILITY TO SUCH A REPORT MORE THAN A MEETING WITH THE SECRETARY. I URGE THAT SUCH A MEETING BE PURSUED TO SUCCESSFUL CONCLUSION.
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E.O. 11652: XGOS-2
TAGS: PINT, JA
SUBJECT: ARREST OF AMBASSADOR TOGO'S SON

1. A USUALLY RELIABLE REPORTER INFORMED EMBOFF MAY 21 THAT AMBASSADOR TOGO'S SON--AN ASAHI NEWSPAPER REPORTER-- WAS ARRESTED FOR RAPE ON MAY 19. INCIDENT OCCURRED INSIDE THE DIET AND WAS HANDLED BY DIET POLICE, ALTHOUGH METROPOLITAN POLICE WERE APPARENTLY UNOFFICIALLY INFORMED. SOURCE CLAIMS THAT YOUNG TOGO RESIGNED FROM THE ASAHI YESTERDAY AND THAT THE PRESS DOES NOT PLAN TO RUN THE STORY UNLESS THERE IS SOME FURTHER DEVELOPMENT. HE CAUTIONED, HOWEVER, THAT THERE IS A STRONG POSSIBILITY OF THE WEEKLY MAGAZINES PUBLISHING THE STORY IN THE NEXT SEVERAL WEEKS.

2. COMMENT. WE HAVE NOT ATTEMPTED TO CONFIRM STORY WITH SOURCES OUTSIDE OF EMBASSY. IF THE STORY IS TRUE, WE BELIEVE IT WOULD BE ENTIRELY POSSIBLE THAT AMBASSADOR TOGO WOULD RETURN TO TOKYO FOR CONSULTATION IN THE NEXT FEW DAYS.
HODGSON

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DECLASSIFIED *State Dept Review*

E.O. 12958, SEC. 3.5 TD 9/23/02

STATE DEPT. GUIDELINES

BY *HR*, NARA, DATE *1/28/03*



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F.O. 11652: XGDS-2
TAGS: PDIP, PORS, JA, US
SUBJECT: INCIDENT INVOLVING AMBASSADOR TOGO'S SON

REF: TOKYO 75961 B, TOKYO 7679

AS INDICATED REF B, PRESS REPORTS REGARDING INCIDENT INVOLVING AMBASSADOR TOGO'S SON DO NOT RPT NOT ALLEGE THE YOUNGER TOGO ATTEMPTED RAPE IN THE DIET. FOR THIS REASON, APPARENTLY, NO CRIMINAL CHARGES ARE BEING BROUGHT BY THE METROPOLITAN POLICE. WE ARE UNSURE WHERE THE EXACT TRUTH LIES, BUT THIS MILDER ALLEGATION, AS OPPOSED TO THE EARLIER SENSATIONAL RAPE CHARGE, APPEARS TO POSE A LESS SEVERE PROBLEM FOR AMBASSADOR TOGO AS WELL AS FOR HIS SON. FONOFF REMAINS CLOSED MOUTHED SO FAR EXCEPT TO SAY THAT MATTER IS PERSONAL. ALTHOUGH TOGO HAS REPORTEDLY OFFERED RESIGNATION, ONE WORKING LEVEL OFFICER GUESSED PRIVATELY THAT INCIDENT WOULD PROBABLY NOT AFFECT AMBASSADOR'S CAREER.
HODGSON

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E.O. 12958, SEC. 3.5 *State Dept Review*
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BY *HR*, NARA, DATE *1/28/03*

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EA/J FOR MR. SHERMAN

E. O. 11652: XGDS-3

TAGS: PINT, JA

SUBJ: LOCKHEED SCANDAL: TESTIMONY OF CLUTTER AND ELLIOT

1. VICE-FOREIGN MINISTER SATO HAS SOUGHT AMBASSADOR'S ADVICE ON HOW GOJ MIGHT BEST APPROACH USG FOR ASSISTANCE IN OBTAINING TESTIMONY OF CLUTTER AND ELLIOT IN DEPOSITION PROCEEDINGS PENDING BEFORE PANEL APPOINTED BY FEDERAL DISTRICT COURT JUDGE FERGUSON.

2. IT IS THEIR UNDERSTANDING OF THE GOJ THAT BOTH CLUTTER AND ELLIOT HAVE DECLINED TO TESTIFY ON THE GROUNDS THAT THEIR TESTIMONY MIGHT TEND TO INCRIMINATE THEM UNDER U.S. LAW. (AS GOJ AUTHORITIES UNDERSTAND IT, KOTCHIAN DID NOT TAKE THIS POSITION.) GOJ IS AWARE THAT PARA 8 OF THE "PROCEDURES FOR MUTUAL ASSISTANCE IN THE ADMINISTRATION OF JUSTICE IN CONNECTION WITH THE LOCKHEED AIRCRAFT CORPORATION MATTER" PROVIDES THAT THE ASSISTANCE RENDERED TO A REQUESTING STATE SHALL NOT BE REQUIRED TO EXTEND TO SUCH ACTS BY THE AUTHORITIES OF THE REQUESTED STATE AS MIGHT RESULT IN THE IMMUNIZATION OF ANY PERSON FROM PROSECUTION IN THE REQUESTED STATE. HOWEVER, IN THE VIEW OF THE JAPANESE AUTHORITIES HANDLING THIS MATTER, THE TESTIMONY OF CLUTTER AND ELLIOT IS OF SUCH POTENTIAL IMPORTANCE TO THEIR PROSECUTION OF THIS CASE THAT THEY HOPE STRONGLY A WAY CAN BE FOUND BY THE U.S. AUTHORITIES TO OVERCOME THIS OBSTACLE BY GRANTING IMMUNITY TO CLUTTER AND ELLIOT FROM PROSECUTION UNDER U.S. LAW.

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3. VICE-MINISTER SATO ACKNOWLEDGED THAT GOJ AUTHORITIES HAVE NOT YET FOUND A WAY TO MEET FULLY JUDGE FERGUSON'S CONDITION OF THE RELEASE OF THE TESTIMONY OF KOTCHIAN ET ALL -- I.E., THAT THE JAPANESE SUPREME COURT PROVIDE A GRANT OF IMMUNITY TO PROSECUTION UNDER JAPANESE LAW -- ALTHOUGH THE JAPANESE PROSECUTOR HAS OFFERED ASSURANCES THAT THESE PERSONS WOULD NOT BE PROSECUTED IN JAPAN. THE VICE-MINISTER SAID THAT IT WAS HOPED THAT THIS PROBLEM COULD BE WORKED OUT BETWEEN THE TWO JAPANESE SUPREME COURT JUDGES NOW IN LOS ANGELES THROUGH DIRECT DISCUSSIONS WITH JUDGE FERGUSON.

4. THE VICE-MINISTER EMPHASIZED THAT PRIME MINISTER MIKI ATTACHES GREAT IMPORTANCE TO OBTAINING THIS TESTIMONY AND TO OBTAINING THE COOPERATION OF THE U.S. AUTHORITIES IN THIS MATTER. HE EVEN NOTED THAT THE PRIME MINISTER ONCE EXPRESSED THE HOPE THAT THE PRESIDENT AND THE SECRETARY OF STATE MIGHT BE MADE AWARE OF THIS REQUEST FOR FURTHER COOPERATION. HOWEVER, THE VICE-MINISTER EMPHASIZED, THE PRIME MINISTER WISHES TO AVOID ANY PUBLIC KNOWLEDGE OF THIS FURTHER REQUEST AND HAS INSTRUCTED THAT IT BE HANDLED WITH UTMOST DISCRETION SO AS NOT TO RISK ANY ADVERSE EFFECT ON U.S.-JAPAN RELATIONS. UNDER PROBING FROM THE AMBASSADOR, THE VICE-MINISTER INSISTED THAT THE PRIME MINISTER IS NOT INTERESTED IN MAKING ANY POLITICAL GESTURE, BUT ONLY IN OBTAINING THIS TESTIMONY, IF AT ALL POSSIBLE.

5. THE AMBASSADOR SUGGESTED TO THE VICE-MINISTER THAT SINCE THIS IS ENTIRELY A LEGAL MATTER IT SHOULD BE HANDLED THROUGH THOSE CHANNELS. HE ASKED WHETHER THERE WAS NOT SOME WAY THAT MINISTER OF JUSTICE INABA COULD CONVEY HIS CONCERN DIRECTLY TO ATTORNEY GENERAL LEVI. THE VICE-MINISTER REPLIED THAT HE DID NOT KNOW OF ANY CHANNEL FOR SUCH DIRECT COMMUNICATION AND IN RESPONSE TO A FURTHER QUESTION SAID THAT, SO FAR AS HE WAS AWARE, MINISTER OF JUSTICE REPRESENTATIVE HOTTA WHO HAS BEEN IN LOS ANGELES HAS NOT DISCUSSED THIS MATTER WITH USG ATTORNEYS.

6. THE AMBASSADOR THEN SUGGESTED THAT UNDER THE CIRCUMSTANCES IT WOULD SEEM BEST FOR MINISTER OF JUSTICE INABA TO CONVEY THIS REQUEST IN THE FORM OF A LETTER TO ATTORNEY GENERAL LEVI THROUGH THE JAPANESE EMBASSY IN WASHINGTON. SINCE THE GOJ WISHED TO AVOID CALLING PUBLIC ATTENTION TO THIS APPROACH, THE AMBASSADOR SUGGESTED THAT SOMEONE IN THE JAPANESE EMBASSY ARRANGE TO CALL ON LEGAL COUNSELOR LEIGH AND TO SEEK HIS ADVICE AND THE ASSISTANCE OF THE DEPARTMENT IN GETTING THE LETTER TO THE ATTORNEY GENERAL. THE AMBASSADOR ALSO

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URGED THAT THE REPRESENTATIVE OF THE JAPANESE EMBASSY DISCUSS THIS MATTER INFORMALLY WITH LEIGH FOR ANY ADVICE WHICH HE MIGHT WISH TO GIVE ON THE ADVISABILITY AND MANNER OF MAKING THE CONCERN OF THE JAPANESE AUTHORITIES KNOWN TO THE APPROPRIATE AUTHORITIES ON THE U.S. SIDE. THE VICE-MINISTER INDICATED THAT HE WOULD PROCEED ALONG THESE LINES.

7. THE JAPANESE AUTHORITIES HOPE FOR A FAVORABLE RESPONSE TO THEIR REQUEST PRIOR TO JULY 26 WHEN CLUTTER IS NEXT SCHEDULED TO APPEAR BEFORE THE DEPOSITION PROCEEDINGS AND BEFORE JUDGE FERGUSON LEAVES THE LOS ANGELES AREA. WE WOULD EXPECT THE JAPANESE EMBASSY, THEREFORE, TO APPROACH THE DEPARTMENT WITHIN THE NEXT DAY OR TWO.

8. EMBASSY ENTIRELY AGREES WITH REQUEST OF GOJ THAT THIS MATTER BE HANDLED WHOLLY WITHOUT ANY PUBLICITY.
HODGSON

EOT

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INFO OCT-01 ISO-20 /001 W

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DEPT PLEASE PASS AMEMBASSY SEOUL; CINCPAC; CINCUNK; COMUSJAPAN

E.O. 11652: GDS
TAGS: PFOR, POPS
SUBJECT: KOREAN AUGMENTATION MOVES

REF: STATE 206085

1. REFTEL CONTENTS CONVEYED TO AMERICAN AFFAIRS DIRECTOR GENERAL YAMAZAKI WHO EXPRESSED APPRECIATION FOR TIMELY NOTIFICATION.
2. SECURITY DIVISION CHIEF SATO NOTED THAT ALTHOUGH USG DOES NOT INTEND TO MAKE ANNOUNCEMENT, ITS INTENT IS TO DEMONSTRATE RESOLVE TO PYONGYANG. ACCORDINGLY, HE SAID, FONOFF WILL PREPARE PUBLIC AFFAIRS AND DIET COMMITTEE GUIDANCE ON ASSUMPTION THAT DEPLOYMENT WILL COME TO PUBLIC NOTICE.
3. YAMAZAKI ASKED WHETHER GOJ COULD CONFIRM PUBLICLY THAT IT HAD BEEN INFORMED OF F-4 DEPLOYMENT IN ADVANCE. EMBOFF SAID THAT IF MATTER CAME TO PUBLIC ATTENTION AND QUESTION WAS ASKED, GOJ COULD CONFIRM THIS, BUT HE NOTED THAT USG DID NOT INTEND TO ANNOUNCE MILITARY DETAILS. SATO SUBSEQUENTLY AGREED THAT GOJ WOULD LIMIT RESPONSE TO CONFIRMING ADVANCE NOTIFICATION OF F-4 DEPLOYMENT BUT WOULD NOT REFER TO USG EXPLANATION CONVEYED FIRST SENTENCE OF PARA 2 REFTEL.

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DECLASSIFIED
E.O. 12958, SEC. 3.5 */State Dept Review*
STATE DEPT, GUIDELINES TD 9/23/02

BY HR, NARA, DATE 1/28/03

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4. YAMAZAKI SAID THAT IF ASKED GOJ WOULD TAKE POSITION THAT A DEPLOYMENT OF THIS NATURE NOT SUBJECT TO PRIOR CONSULTATION PROVISION OF MST ARRANGEMENTS. YAMAZAKI ASKED THAT WE KEEP GOJ INFORMED OF DEVELOPMENTS BUT OFFERED NO FURTHER REACTION.
SHOESMITH

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E.O. 11652: GDS

TAGS: US, JA, MNUC, PARM

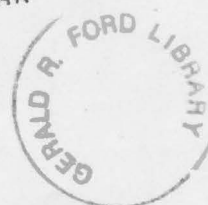
SUBJECT: PRESIDENT'S PROPOSAL ON CURBING PROLIFERATION

1. SINCE TRANSMITTAL OF BRIEF ACCEPTANCE LETTER FROM FONMIN KOSAKA TO SECRETARY THROUGH JAPANESE EMBASSY IN WASHINGTON LAST WEEK, FONOFF HAS INFORMALLY INDICATED TO EMBASSY THAT GOJ WILL REFRAIN FROM MAKING MORE SPECIFIC OFFICIAL COMMENTS ON PRESIDENT'S PROPOSED PROLIFERATION PACKAGE UNTIL IT IS OFFICIALLY ANNOUNCED IN US. FONOFF AND OTHER INTERESTED JAPANESE AGENCIES ARE STILL IN PROCESS OF STUDYING US PROPOSAL. WORKING LEVEL AT FONOFF HAS PRIVATELY COMMENTED TO US THAT GOJ FULLY AGREES WITH POLITICAL PURPOSES OF PROPOSAL, BUT THAT ITS IMPLICATIONS FOR JAPAN'S NUCLEAR INDUSTRY ARE NOT YET CLEAR. FOR THAT REASON, THEY HOPE US EXPERTS CAN VISIT JAPAN AS SOON AS POSSIBLE AFTER FORMAL ANNOUNCEMENT. JAPANESE HAD EXPECTED PRESIDENTIAL STATEMENT BY NOW AND ARE SOMEWHAT PUZZLED BY APPARENT DELAY, PARTICULARLY IN LIGHT OF CONTINUED PRESS REPORTING ON IMPENDING PRESIDENTIAL ANNOUNCEMENT.

2. IN MEANTIME, FONOFF HAS PASSED PROPOSAL TO JAPAN ATOMIC ENERGY BUREAU. AEB DIRECTOR OF RESEARCH AND INTERNATIONAL COOPERATION KAWASAKI AND DEPUTY YOSHIMURA SUBSEQUENTLY CALLED ON ERDA REP TO EXPRESS UNCERTAINTY OVER POSSIBLE EFFECT OF US INITIATIVE ON US-JAPAN NUCLEAR BILATERAL, SPECIFICALLY SECTION VIII C RELATING TO

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NECESSITY OF US AGREEMENT TO REPROCESS LWR FUEL IN TOKAI-MURA PLANT, WHICH HAS BEEN IN COLD TEST OPERATION SINCE OCTOBER 1975 AND IS EXPECTED TO BE THROUGH HOT TEST AND READY FOR COMMERCIAL OPERATION IN EARLY 1978. AEB REPS INDICATED ENTHUSIASTIC SUPPORT OF PRINCIPLE OF US INITIATIVE, RECOGNITION OF NEED FOR INTERNATIONAL SAFEGUARDS AND WILLINGNESS TO COOPERATE. THEY SECONDED FONOFF DESIRE FOR EARLY INFORMAL DISCUSSIONS ON REPROCESSING QUESTIONS BY EXPERTS, TO BE FOLLOWED BY OFFICIAL DISCUSSIONS AT HIGHER LEVEL.
HODGSON

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