The original documents are located in Box C8, folder "Japan, 1969-1973 - Documents 9-12" of the Melvin Laird Papers (1941) at the Gerald R. Ford Presidential Library.

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0 DEC 1971

The Honorable William P. Rogers Department of State Washington, D. C. 20520

THE

Dear Bill:

Despite various assurances from Foreign Minister Fukuda and other Japanese officials that Japan plans to increase its procurement/ coproduction of US designed equipment, there is still no evidence that this intent will be reflected in the J FY72 portion of the 4th DBP. Since the JDA FY72 budget is scheduled to be "put to bed" 31 December 1971, time is rapidly running out.

Children Street

I would plan to send the attached memorandum, unless you perceive some objection, to the new Defense Minister. Perhaps you may wish to pass a similar note to Minister Fukuda.

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Attachment a/s

> DECLASSIFIED E.O. 12958 SEC. 3.8 acute Un HITIOT MROB-09, #6; OSDIEL 4135/08

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GROUP 4 Downgraded at 3 year intervals; Declassified after 12 years. DOD Dir. 5200.10

THE SECRETARY OF DEFENSE

WASHINGTON, D.C. 20301

The Honorable Masumi Ezaki Director General Japan Defense Agency Tokyo, Japan

Dear Mr. Minister:

On the occasion of Foreign Minister Fukuda's meeting with me in Washington, on 10 September 1971, he mentioned that the Defense Agency was planning to purchase more military equipment from the US. In view of the large US deficit relative to defense activities in Japan, I, of course, welcomed Minister Fukuda's remarks and assured him that we want to sell more military equipment to Japan and we think the prices will be attractive to the Defense Agency.

Since September 1971, there have been various reports that JDA would seek to offset the budget cuts in the 4th Defense Buildup Plan by increasing procurement/coproduction programs of US designed equipment such as the F-5B Trainer aircraft, the E2C(J) Airborne Early Warning System, RF-4 reconnaissance aircraft, A-7E ground support aircraft, TOW anti-tank weapon, etc.

I understand you are in the process of finalizing the J FY72 portion of the 4th Defense Buildup Plan. In this connection, the Defense Department stands ready to assist you in arriving at procurement decisions which would be advantageous to both governments and I shall be happy to put my staff at your disposal to assist the Defense Agency in making cost effective judgements.

Seasons greetings and best wishes on your new assignment.

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BY dal MARA DATE 5/18/09



DEFENSE SECURITY ASSISTANCE AGENCY

WASHINGTON, D. C. 20301

E.O. 12958 SEC. 3.6

8 DEC 1971 Refer to: IT-15342/71

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MEMORANDUM FOR THE SECRETARY OF DEFENSE

SUBJECT: Japanese Procurement of US Military Hardware

050 Uti 4128/08

During the past six months, reports have been received from our Embassy in Tokyo and other sources that Japan is planning to increase procurement/ coproduction of US designed equipment for various reasons, including:

o Help offset budget cuts in the JDA 4th Defense Buildup Five Year Plan (reduced from \$16 billion to \$14.6 billion) by acquiring cheaper US equipment (eg., the F-5B Trainer is approximately 60% less than the XT-2 development aircraft).

• Help offset the US defense deficit in Japan (averaging \$500 million annually).

^O Expedite acquisition of military equipment required to support the reversion of Okinawa, eg., F4/RF-4 aircraft, E2J.

Despite the above reports and statements to this effect made by Foreign Minister Fukuda during his visit to Washington in September 1971, there is still no evidence that Japan is proceeding with plans to increase procurement/coproduction of US designed equipment. The J FY72 portion of the 4th Defense Buildup Plan is scheduled to be finalized by 31 December 1971, so time is running out on the JDA make or buy decision process.

It is apparent that the Secretary of the Treasury did not devote much, if any time on this subject during his recent visit to Tokyo. There are indications that JDA may need and may welcome a signal from the US with respect to increased procurement/coproduction of US designed hardware in order to overcome the opposition of the powerful Japanese industrial complex. It is therefore proposed that DOD and State join forces in a last minute attempt to have the Foreign Ministry, the Ministry of International Trade and Industry, and JDA focus attention on this subject.

In this connection, it should be noted that a decision by JDA to purchase F-5B Trainer aircraft would permit the Northrop production line and labor

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force to be maintained at the current level through 1972/3 and in turn enable the Military Assistance Program to gain valuable time in accomplishing its F5B/E objectives.

Recommend you sign Tab A.

This correspondence has been coordinated with Mr. Gibson, Principal Deputy (I & L) and Mr. Brazier, Principal Deputy (Comptroller).

Mr. Selden, Acting ASD/ISA, concurs.

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