

~~SECRET~~

DEPARTMENT OF STATE

751S293

Memorandum of Conversation

DATE: August 6, 1975
10:00 a.m.
The White House

SUBJECT: President's Second Meeting with
Prime Minister Miki

PARTICIPANTS: Prime Minister Takeo Miki
Foreign Minister Kiichi Miyazawa
Ambassador Takeshi Yasukawa
Toshiki Kaifu, House of Representatives and
Deputy Cabinet Secretary
Bunroku Yoshino, Deputy Vice Minister of
Foreign Affairs
Sadaaki Numata, Ministry of Foreign Affairs
(Interpreter)

The President
The Secretary
Ambassador James D. Hodgson
General Brent Scowcroft, NSC
Assistant Secretary Philip C. Habib
James J. Wickel, Department of State
(Interpreter)

KUALA LUMPUR TERRORISTS

Miki: I wish to thank Secretary Kissinger for cabling Somalia last night regarding the terrorists in Kuala Lumpur.

Isn't there some way we could have an international treaty by which all nations would refuse to accept hijackers and terrorists?

Secretary: Mr. President, we learned in the middle of the night that the terrorists were ready to leave Kuala Lumpur, but no nation would agree to allow their plane to land. The GOJ had been in touch with Syria, Libya and other countries but they all refused. We took the position that we would not communicate with any government, in line with your policy, but at 3:00 a.m. we sent a cable to Somalia, with whom Japan does not have diplomatic relations, and where we represent Japan's interests. But Somalia refused to allow the terrorists' plane to land.

(Drafted by Office and Officer)
EA/P: J.Wickel:rd
FORM DS-1254
2 - 65

~~SECRET~~

GDS

~~TOP SECRET~~ XGDS (3)
CLASSIFIED BY: HENRY A. KISSINGER

DECLASSIFIED
E.O. 12958, Sec. 3.5
State Directive 3/10/04
State Dept. Guidelines 5/24/04
By [initials] NARA Date 5/24/04

Miki: There should be an international treaty to deal with this sort of problem, under which all nations would agree not to accept terrorists.

President: That is our firm policy.

Secretary: I have asked the Department of State to draft such a treaty, and we might introduce it into the UN this fall. The Arab nations would probably cooperate, insofar as it would not affect Arab objectives, but if there were incidents involving Arabs, or Palestinians, they would react differently.

President: What about our Consul?

Secretary: The Japanese terrorists are holding 15 hostages in the plane on the runway, including Consul Stebbins; the others have all been released. At present two disputes are delaying their departure, (1) whether there should be an eight-man crew as the airline wishes, or a three-man crew as the terrorists demand; and (2) no country has agreed to allow them to land.

Yasukawa: Algeria remains a possibility, or Libya.

Secretary: You could appeal to Cuba.

Habib: The Government of Malaysia already did.

Miki: I believe we should seriously study a treaty to prevent this sort of thing on an urgent basis.

President: Would it be appropriate to say that as a result of this meeting we urge that something be done in the UN?

Secretary: Mr. President, I would recommend that we not make such a statement because the terrorists on board the plane may interpret it as a warning to other nations not to allow them to land, and shoot the hostages.

FIVE POWER ECONOMIC SUMMIT

Miki: If I may move on to another subject, may we announce that we agreed to move on to hold a Five-Power Economic Summit, provided the informal preliminary meeting achieves a consensus? Or that we have opened up such a possibility?

President: There are some problems, which I explained to you last evening. If preliminary talks are to be held, I would hope to send George Shultz. But I haven't had an opportunity

yet to focus on this matter with all of my top advisors. Therefore I hesitate to make a final commitment, although I am leaning that way.

However, a lot of it depends on how well we could prepare. I recognize the problem that we need to integrate our policies because of the high degree of interdependence of our economies, but in deference to the rest of those in the government who have an interest and a stake in these matters we ought not to say categorically that we will do it.

Secretary: There are two problems, relating in part to Japan and Canada, Mr. President, which may be avoided, but if we announce a Five-Power Economic Summit...

President: I understand.

Mr. Prime Minister, we will be in touch when we resolve the matter here.

Miki: I understand. I will not make any public statement.

President: I haven't talked to George Shultz yet.

Secretary: He's a private citizen, he'll do what you want.

KOREA

Miki: If I may return to Korea, I think the most crucial topic is how to prevent an armed clash there. It is most important that North Korea not miscalculate. The North Koreans seem to have great hopes that a popular movement against the dictatorial Park regime will arise in South Korea, throwing that country into a state of instability.

President: Such as Vietnam.

Miki: On the other hand, the ROK seems excessively fearful of an attack by North Korea, and therefore takes excessively strong political positions, resulting in a hyper-sensitivity to whatever the United States or Japan says. Therefore, what is needed is something to relieve these excess hopes in North Korea as well as the excess fears in South Korea.

With this in mind, I sent Miyazawa to Seoul to normalize Japan's relations with the ROK before my visit to Washington, to show by this normalization that North Korea's expectations of instability in South Korea are excessive. Park does entertain genuine fears, which we must make an effort to relieve by strengthening the economic and social base of the ROK, through economic assistance projects.

At the same time I believe Park is too rigid. I understand the United States can give him advice, but not publicly. Japan cannot do so because for 36 years we ruled Korea as a colony, and the Koreans resent whatever Japan might say. Our position is therefore different, but any advice the United States could give is more likely to be listened to by South Korea.

I don't believe it likely that North Korea will invade South Korea by force, especially with American forces present there. My greatest concern is that North Korea not be able to take advantage of any abrupt change in South Korea. Therefore I feel that a continued United States presence there is absolutely essential to maintain stability.

Even though the UNC might be dissolved, you have stated that United States forces will remain in South Korea under your bilateral defense treaty. I believe the worst thing that could happen would be an abrupt change, therefore, I urge the United States to keep its presence in Korea as the best means of maintaining stability there. In my speech at the National Press Club this noon I intend to emphasize the necessity for a continued American presence.

President: We believe it is most important for Japan and the ROK to continue to maintain and improve their relations. When I visited Japan last fall, I heard about a number of unfortunate incidents that had taken place earlier, but I get the impression from what you say this morning, Mr. Prime Minister, that Japan's relations with the ROK have improved, and hopefully will get better as we move ahead.

This is important because we see a tie-in between the security of South Korea and the security of Japan. Our feeling in this regard is that this tie-in is crucial. If the security of the ROK should deteriorate, there would be an adverse impact on the security of Japan itself.

When I was in Korea last fall, the question of alleged domestic repression was raised. Some elements in Congress continue to raise it much as they did at the time of the problems in Vietnam and Cambodia. It is not now as big a problem as it was at the time of Vietnam and Cambodia, but still it is enough of a problem. I hope that President Park is cognizant of the difficulties that could develop unless there is some lessening of his present hard line.

We intend to keep our troops there. They are excellent combat forces. I visited them last fall, and saw they are well led,

well equipped, and ready. There isn't a demand to get them out this year in the Congress as there was last year.

As I said, the American troop presence in South Korea is related to the overall security of Japan. We cannot look at each in isolation, we should look at them in combination. We believe it is vital that your relations with the ROK continue to improve, the more the better.

Miki: I face the same sort of problems with parliament and public opinion as you do, Mr. President. The Japanese are aware of President Park's repression, so much so that when the ROK Prime Minister Kim Chong Pil came to Japan the opposition insisted that I not even see him. We also had the unfortunate incident of the kidnapping of Kim Tae-Chung from Tokyo in broad daylight. In saying this, however, I don't wish to imply that I am not concerned with the security of the ROK. Pusan is a scant 30 kilometers from the island Tsushima...

Secretary: The Japanese sank the Russian fleet there in 1905.

Miki: ...and we all feel how closely the security of the ROK is related to our own. I had the personal experience as Foreign Minister during the Pueblo crisis of having many Japanese telephone urgently to ask me what would happen to Japan.

Having said all this, Mr. President, I can assure you that Japan wishes to have good relations with the ROK.

Secretary: As the Prime Minister suggested, we can appeal to President Park to be more lenient, but on the other hand we must understand the problems of a nation with a border not recognized by a neighbor with large forces. We could press, but if we press too hard, they could be demoralized and we would have another Vietnam situation. Therefore we have to keep our pressure below a certain threshold.

President: If a Vietnam situation were to develop in the ROK, it would invite North Korea to undertake military operations. Thus, we are on the horns of a dilemma. Maybe I'm wrong, but I have the impression that there is not the same kind of public opinion in the ROK as a year ago.

Secretary: That's because they suppress it better.

Hodgson: There does seem to be a greater degree of realism about possible adventurism on the other side.

-6-

Secretary: From the historical point of view democracy does not seem to be the normal course of governments in South Korea...

President: Or North Korea.

Secretary: South Korea has had only two years of democratic government in the post-war period, and they were chaotic. We should keep this in mind in assessing the possibilities.

Miki: Having described the fears in the ROK, Mr. President, I wish to note that your visit there showed the United States' determination and was a great help in allaying South Korean fears.

President: I wish to reassure you, Mr. President, that we will live up to our commitment.

NORTH KOREA

Miki: Turning to North Korea, I wish to say that I did not send Utsunomiya, a Diet Member, to North Korea as my Special Envoy as reported in the press. He was going to Pyongyang to discuss trade matters with North Korea, and I asked him to sound out Kim Il-Sung's views, if he should meet him.

President: Is Utsunomiya a member of the LDP?

Miki: Yes.

He did meet Kim Il-Sung for several hours. He said that Kim Il-Sung stressed that he has no intention of invading South Korea, and North Korea wants direct talks with the United States. According to Utsunomiya, Kim Il-Sung feels the continuation of the military armistice after all these years is unnatural, and he wants a peace agreement with the United States to replace the Armistice Agreement.

President: With the dividing line?

Miki: Yes.

He wants both sides to reduce their armed forces to the level of 100,000 men, to reduce the economic burden on North Korea, and also wants the United States to withdraw its forces.

There was nothing new in what he said. He repeated what he said last March, as you know, Mr. President. Kim Il-Sung

repeatedly told Utsunomiya (which I don't mean to accept at face value) that he did not want war, and wanted to reduce military expenditures to concentrate on nation-building.

However, I would like to ask you, Mr. President, about the feasibility of a four-power conference of the parties, North and South Korea, the United States and the PRC, to discuss the real problem of how to continue the truce after the UNC is dissolved.

President: My instinctive reaction, as you may notice, is negative. The impact would be adverse, not only in the area but in the Pacific generally. My negative reaction is intuitive, but even after study I am sure we would come to the same conclusion.

Secretary: Mr. President, we couldn't confine participation to the People's Republic but would have to include the Soviet Union because it has a common border and a great historical interest in Korea.

Second, this would amount to a four-power guarantee, and the withdrawal of the United States forces. The ROK would interpret this as abandonment because their confidence in Soviet and Chinese guarantees is not unlimited. They would construe it as a device by which the United States would disengage and discharge its responsibility, and would lead to their collapse.

President: If I may, I would recall the problem of 1950, when a line was drawn. I thought then, and I think today, that this invited aggression by North Korea. To be pragmatic, the Chinese and Russians are closer than we are, and once we withdraw it would be almost impossible for the United States to re-enter the situation in South Korea. We have forces there now that contribute to stability, involving the security of Japan. To pull out and then try to go back would be impossible.

Secretary: If we wish to abandon Korea, this would be an elegant way.

President: It would be a disastrous way. The security of Korea is important to Japan, as well as the United States. We should keep in touch.

If I should imagine a scenario for an American withdrawal, I suppose there would be great joy among some in the United

States who do not understand the broad implications, or the basic aggressiveness of North Korea, or how this would weaken South Korea. The American public would never stand for the United States going back in.

ENERGY - MIDDLE EAST

Miki: Can we discuss energy?

President: I would be happy to.

Miki: Let me first review what I said at dinner last night, that Japan imports 73 percent of its oil from the Middle East.

Secretary: Does that include Iran?

Miki: Yes.

If there should be a fifth war in the Middle East, Japan's industry would likely be faced with a situation in which it would no longer be viable. For that reason, a Middle East peace settlement is absolutely vital to Japan. Any renewal of hostilities in that area would have an immediate impact on Japan's access to oil.

In this connection I wish to express my deep appreciation to the President and the Secretary of State for their continuing efforts on behalf of a peaceful settlement in the Middle East. You, Mr. President, and Mr. Secretary are the only two leaders who could possibly persuade Israel to accept a peaceful settlement. Viewed in realistic terms I feel that the step-by-step approach is the only one that offers any prospect for success. I sincerely hope you continue your efforts for which I offer my fullest support.

President: Thank you, Mr. Prime Minister. For many months now we have been spending a major share of our time on this problem. We feel that another step forward on the road to a peaceful settlement is essential. We do not preclude a settlement by the step we are now working, which is an integral part of an overall settlement. We do not draw any conclusion from the fact the parties have not yet reached a final answer between themselves.

This step relates to energy, because if there is no settlement, the possibility of war would be magnified. And if there is another war in the Middle East, oil would be embargoed, with the effects on Japan you have described, and on our own nation.

Hand-in-glove with our efforts to bring Egypt and Israel together, the United States, Japan and the other consuming nations should work closely together to try to develop a firm position among the consumers, as we have to meet further with the producers. It is essential that we achieve a high degree of unanimity to work out the problems of supply and price. If we go off in five different directions, we can't help but be victimized in both supply and price.

It is essential that the consumers work out definite financial arrangements, such as the proposed safety net, and exchange areas to share research.

We must prepare to meet any contingency that may arise from ill-advised actions by the producers. Your cooperation is highly essential, including the minimum or floor price. I know questions have been raised, but as a package this is essential.

Miki: To illustrate Japan's position let me explain that the price we pay for oil has increased four times this year over last, and we expect our oil bill this year to total 23 billion dollars. Because of the vital impact on Japan of another possible price rise, we wish to continue to discuss the MSP in an international forum.

In connection with the IEA decision that all members achieve a 60-day oil stockpile by the end of 1976, let me say that Japan now has a 68-day supply on hand. We wish to achieve further increase our capacity to achieve a 90-day supply within the period decided by the IEA.

President: How does this reserve compare with September, 1973?

Miyazawa: We had 58-day supply then.

President: You're better off now by ten days.

Speaking about the Middle East, oil and energy, we are asking Egypt to do a great deal. It is essential that Egypt cooperate in the final step of our step-by-step approach. If we succeed, it means that Egypt will have made a considerable sacrifice, for they are under great pressure from the Soviets to refinance their obligations.

It is absolutely essential that Japan participate in the 100 million dollar arrangement as part of the whole picture. We are counting on you, Mr. Prime Minister. This involves Egypt, Israel, the Middle East and oil.

Secretary: It also strengthens the moderate forces.

Miki: In regard to this matter of 100 million dollars, I think we can provide 50 million dollars in commodity aid and 50 million dollars in project aid, which we have already pledged but not yet disbursed. Egypt is eager to have the latter 50 million dollars for projects such as water supply development. We would be prepared to participate by providing 100 million dollars on the above conditions.

Secretary: I'm not sure that breakdown is precisely what Egypt needs. Originally, the 100 million dollars we discussed (before the Ministry of Finance became active) could be used to trigger 250 million dollars from Europe, but if you give only 100 million dollars that you were going to give anyway, it will only be a bookkeeping transaction. I hope we can get back to the idea the Foreign Minister and I discussed in Paris.

Miki: Japan is in severe financial straits this year, facing a deficit equivalent to 10 billion dollars. If we were to give this aid, the Overseas Economic Cooperation Fund would have to do it out of its own pocket. I would like to be able to say "yes" but we are under some constraints. As a matter of fact, the government is thinking of floating a one hundred million dollar bond issue. With the OECF out of funds we have to attach conditions, however much we might wish to say "yes."

President: I know you understand our problems in this area. By way of thumbnail sketch we face a 60 billion dollar deficit this year at minimum, but with the actions of the Congress it may be closer to 70 billion. We have our problems too.

We must look at this from the Egyptian point of view, and you should too. They wish to free themselves from their relations with the Soviets, which would be in your benefit as well as ours. But they have a practical problem. They wish to cooperate with the United States in the situation that involves Israel, but to be very practical they need money. We and the Europeans will help Egypt, and Japan should too.

I recall talking to Prime Minister Tanaka last year about an aid commitment to South Vietnam. You don't have quite that commitment now, do you.

-11-

Miyazawa: (To Miki) We could disburse 50 million dollars in September.

President: It would be better for you to invest in Egypt than South Vietnam.

Miki: We could try to begin disbursing 50 million dollars in commodity aid in September. Depending on economic conditions as they develop later we might be able to provide the other 50 million dollars, but let us think it over.

Miyazawa: It may be less concessional.

President: On interest and payments.

Miki: Let us give it further thought.

Secretary: If you could help Egypt on an emergency basis, it would have an impact on the other Arab countries. Fifty million dollars is relatively small because if the radicals gain the upper hand in the Middle East, you will pay a lot more for oil and in other respects.

Miki: We will give this serious thought, because we recognize the need.

President: This is a very serious matter.

MUTUAL DEFENSE

Miki: I believe the Secretary of Defense plans to visit Japan toward the end of August. Perhaps we could discuss our mutual security arrangements with him then. As I said in the Diet, I believe Japan and the United States should consult on the possibility of establishing greater cooperation in defense. I believe the Secretary of Defense should discuss this matter with Defense Minister Sakata. I wish to see more consultation between our defense officials. There has been too little in the past, and I wish to see our consultations expanded within the framework of our present mutual security arrangements.

President: I share your views. I know you have certain problems domestic problems in this area. I will talk to the Secretary of Defense before he goes to Japan so he will, when he comes, reflect your desires as well as our interests. The

opportunity he will have to consult on these matters will be of great importance to our participation and involvement in your security.

FOOD

Miki: We will be sending Minister of Agriculture and Forestry Shintaro Abe to Washington to discuss food matters. He will arrive August 11, and will wish to discuss food supply matters in the context of long-term contracts.

President: I would like to talk about one problem in agriculture. There is great pressure on me about your government's action to exclude American lemons (because of the fungicide we use).

Miki: This decision is under review, I understand, by the Food Hygiene Commission.

President: I would appreciate your cooperation in this matter. Our lemon growers are putting on a lot of pressure through the Congress, and whatever you do would have an impact there.

CONCLUDING REMARKS - PRESS

Miki: Within the time available I believe I have been able to raise the points of major interest to me, Mr. President...

Secretary: What should we say to the press?

Miki: (To Yasukawa and Yoshino) What do you think?

I would wish to say this has been an epoch-making Japan-US summit, which has further advanced Japan-US relations.

Yasukawa: Speaking in terms of a negative list I don't think we should mention discussing economic assistance to Egypt.

Secretary: I don't think we should mention the Four-Power Conference on Korea.

Yasukawa: We told the press yesterday that we discussed Korea. There's no need to say we discussed it again today.

President: You and I have developed a good personal rapport, Mr. Prime Minister, and we could say this will extend to the relations between the Foreign Minister and Secretary of State, and the Defense Minister and Secretary of Defense. We will remain in close contact, and will be constructive in our talks

and actions. I think we should put out that kind of affirmative impression.

Miki: Put in a couple of sentences, I could say the President and I established a close personal rapport, based on mutual trust and understanding. In that sense this was an epoch-making Japan-US summit.

President: Mr. Prime Minister, I enjoyed these constructive talks, and look forward to future meetings, confident that our relations are in good shape.

Miki: I, too, have found these talks about our future relations constructive. Thank you, Mr. President.