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(Economic Summit, Canada, [Toronto], 06/19/1988-
06/20/1988)

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THE WHITE HOUSE
WASHINGTON

June 10, 1988

592936

SPEECH BEFORE THE ATLANTIC COUNCIL

DATE: June 13, 1988
LOCATION: Department of State
Loy Henderson Conference Room
TIME: 2:00 P.M.
FROM: COLIN L. POWELL *jan bar*

F0006-13

FG006-12

PY

I. PURPOSE

To publicly define our objectives for the Toronto Economic Summit.

II. BACKGROUND

You have made similar speeches prior to all previous Economic Summits. You will be speaking before the Atlantic Council of the United States, which is holding its annual meeting in Washington. Founded in 1961, the Atlantic Council is a national center for education and for the formulation of policy recommendations on the problems and opportunities shared by the developed democracies. The Council is national in scope and bi-partisan. Joining the Atlantic Council for your address will be the Executive Board of the International Management and Development Institute (IMDI). IMDI, founded in 1970, is a non-profit educational institute dedicated to improving government-business understanding and international cooperation. It is holding a Global Economic Conference June 14-15, before which your Atlantic Council remarks will be shown.

III. PARTICIPANTS

Board of Directors of the Atlantic Council, its Academic Associates and Councillors; Executive Board of IMDI, OECD and NATO Ambassadors, Congressional staff and media.

IV. PRESS PLAN

Open photo, writing pool.

V. SEQUENCE OF EVENTS

You will be met at the State Department by Secretary Shultz, General Goodpastor, Chairman of the Atlantic Council and Lt. Gen. George Seignious, President of the Atlantic Council. Gen. Goodpastor will introduce you to the Atlantic Council annual meeting. There will be no questions after your speech.

cc: Vice President
Chief of Staff

Prepared by:
Stephen P. Farrar

NSC # 8804309

National Security Council
The White House

20

88 JUN 10 P 4: 39

System # _____
Package # 4309
DOCLOG JP AIO

	SEQUENCE TO	HAS SEEN	DISPOSITION
Bob Perito	<u>2</u>	<u>JP</u>	<u>A</u>
Marybel Batjer	<u>1</u>	<u>MIB</u>	<u>CONCERN</u>
Paul Stevens	<u>3</u>	<u>✓</u>	_____
John Negroponte	<u>4</u>	<u>JBN</u>	_____
Colin Powell	<u>5</u>	<u>JBN/VP</u>	_____
Paul Stevens	_____	_____	_____
Situation Room	_____	_____	_____
West Wing Desk	<u>6</u>	<u>CM/10</u>	<u>D</u>
NSC Secretariat	<u>7</u>	_____	<u>N</u>

I = Information **A = Action** R = Retain D = Dispatch N = No further Action

cc: VP Baker Other _____

COMMENTS Should be seen by: _____
(Date/Time)

PHOTO OPPORTUNITY

The President has seen 00113/88

AMBASSADOR THOMAS C. FERGUSON (BRUNEI)

PARTICIPANTS: FAMILY - WIFE: LINDA
 DAUGHTER: JESSICA (15)
 WH - COLIN L. POWELL
 NSC - RICHARD CHILDRESS

- UNDERSTAND WE MISSED EACH OTHER BEFORE YOU DEPARTED TO BRUNEI.
- APPRECIATED YOUR FINE SERVICE IN GRENADA (CARIBBEAN PEACE CORPS DIRECTOR).
- BRUNEI MUST BE A FASCINATING PLACE AND THE SULTAN HAS BEEN A GOOD FRIEND.

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

ACTION

June 10, 1988

MEMORANDUM FOR COLIN L. POWELL

FROM: STEPHEN I. DANZANSKY

SUBJECT: Pre-Toronto Atlantic Council Speech

Attached at Tab I is a brief meeting memorandum for the President's speech before the Atlantic Council and IMDI, scheduled for 2:00 P.M. on Monday, June 13, 1988.

Marybeth ^{MS} Patjjer and Ty Cobb concur. *JM f R*

RECOMMENDATION

That you sign the memorandum to the President at Tab I.

Approve _____

Disapprove _____

Prepared by: *SFK*
Stephen P. Farrar

Attachment
Tab I Memo to the President

UNCLASSIFIED
NSC/S PROFILE

RECORD ID: 8804309
RECEIVED: 10 JUN 88 16

TO: PRESIDENT

FROM: POWELL

DOC DATE: 10 JUL 88
SOURCE REF:

KEYWORDS: TORONTO SUMMIT
ECONOMICS

CANADA
SPEECHES

PERSONS:

SUBJECT: PRE TORONTO ATLANTIC COUN SPEECH

ACTION: NOTED BY PRES DUE DATE: 14 JUN 88 STATUS: C

STAFF OFFICER: DANZANSKY

LOGREF:

FILES: WH

NSCIF:

CODES:

DOCUMENT DISTRIBUTION

FOR ACTION

FOR CONCURRENCE

FOR INFO
DANZANSKY
FARRAR

COMMENTS:

DISPATCHED BY _____ DATE _____ W/ATTCH: YES NO

OPENED BY: NSCLG

CLOSED BY: NSCTF

DOC 2 OF 2

UNCLASSIFIED

UNCLASSIFIED
ACTION DATA SUMMARY REPORT

RECORD ID: 8804309

DOC ACTION OFFICER

CAO ASSIGNED ACTION REQUIRED

001 POWELL	Z 88061018 FWD TO PRES FOR INFORMATION
002 PRESIDENT	Z 88081613 FOR INFORMATION
002	X 88081613 NOTED BY PRES

UNCLASSIFIED

WHITE HOUSE
CORRESPONDENCE TRACKING WORKSHEET

F0006-13

- O - OUTGOING
- H - INTERNAL
- I - INCOMING

Date Correspondence Received (YY/MM/DD) 88, 06, 15

Name of Correspondent: Senator Pete Domenici

MI Mail Report

User Codes: (A) _____ (B) _____ (C) _____

Subject: Urges a course of action for the President in dealing w/ Pres. Minister Takeshita. At the Economic Summit concerning compliance of the Semiconductor Agreement.

ROUTE TO: Office/Agency (Staff Name)	ACTION		DISPOSITION	
	Action Code	Tracking Date YY/MM/DD	Type of Response	Completion Date YY/MM/DD
<u>DC/DUBE</u>	ORIGINATOR	<u>88, 06, 15</u>		<u>C 88, 06, 16</u>
<u>NSPOWE</u>	Referral Note: <u>A</u>	<u>88, 06, 18</u>		<u>C 88, 06, 20</u>
	Referral Note:			
	Referral Note:			
	Referral Note:			
	Referral Note:			

ACTION CODES:

- A - Appropriate Action
- C - Comment/Recommendation
- D - Draft Response
- F - Furnish Fact Sheet to be used as Enclosure
- I - Info Copy Only/No Action Necessary
- R - Direct Reply w/Copy
- S - For Signature
- X - Interim Reply

DISPOSITION CODES:

- A - Answered
- B - Non-Special Referral
- C - Completed
- S - Suspended

FOR OUTGOING CORRESPONDENCE:

- Type of Response = Initials of Signer
- Code = "A"
- Completion Date = Date of Outgoing

NSC 8804500

Comments: _____


Keep this worksheet attached to the original incoming letter.
 Send all routing updates to Central Reference (Room 75, OEOB).
 Always return completed correspondence record to Central Files.
 Refer questions about the correspondence tracking system to Central Reference, ext. 2590.

THE WHITE HOUSE
WASHINGTON

4500

June 29, 1988

MEMORANDUM FOR KENNETH M. DUBERSTEIN

FROM: COLIN L. POWELL 
SUBJECT: Draft Letter for Senator Domenici

NSC staff has prepared a draft response to Senator Pete Domenici for your use. In his letter to you, Senator Domenici urged that the President insist on Japanese compliance with the U.S.-Japan Semiconductor Agreement during his bilateral discussion with Prime Minister Takeshita in Toronto. You report that there was not time to raise the issue, but that the Administration has recently made clear to Japanese officials its position on semiconductors. The letter thanks Domenici for his thoughtful advice.

Attachment
Tab A Draft Response to Domenici

DRAFT

Dear Senator Domenici:

Thank you for your recent letter concerning Japanese compliance with the September 1986 U.S.-Japan Semiconductor Agreement. As you may know, the President and Prime Minister Takeshita met only briefly in Toronto following a signing ceremony for the new Science and Technology Agreement. Their session focused on the Japanese market access arrangement worked out that day between the two countries on the long-standing beef and citrus dispute. There was literally no time for additional subjects. However, I have been assured that Secretary Shultz and Ambassador Yeutter have made clear the Administration's position in recent meetings with Japanese officials. We intend to monitor Japan's performance under the Agreement and to examine the short-supply situation as well.

Again, thank you for your thoughtful advice.

Sincerely,

The Honorable Pete V. Domenici
United States Senate
Washington, D.C. 20510

DRAFT

United States Senate

WASHINGTON, DC 20510

June 15, 1988

The Honorable Kenneth M. Duberstein
Deputy Chief of Staff to the President
The White House
Washington, D. C. 20500

Dear Ken:

During the upcoming economic summit, I urge President Reagan to insist upon Japanese compliance with the U.S. Japan Semiconductor Agreement, and to warn Prime Minister Takeshita that if compliance is not forthcoming, additional retaliatory measures would be considered and implemented to off-set the lost U.S. sales in Japan. Lost sales are the direct result of Japanese non-compliance with the market access provisions of the Agreement. These lost sales now total more than \$250 million.

Prime Minister Takeshita is likely to ask the President to remove the sanctions the United States maintains against Japan for violation of the market access portions of the U.S. Japan Semiconductor Agreement. The issue should not be the sanctions, but rather the continued Japanese non-compliance with the solemn two year old agreement between our nations.

No matter what the Japanese tell the President to the contrary, the Semiconductor Agreement was premised on the U.S. obtaining increased market share in the Japanese market in verifiable and quantifiable terms. The terms of the Agreement call for foreign sales to grow in a "gradual and steady" manner. The side letter is more specific and calls for the U.S. to obtain a 20 percent Japanese market share. Neither standard has been reached.

The twenty percent market share, result-oriented approach is the overwhelming Congressional understanding of what the Agreement was all about. Both the House and the Senate have passed Resolutions calling for the enforcement of the Agreement. The vote in the Senate was 93-0.

We are now two years into a five year agreement and no progress has been made on the market access issue. U.S. penetration of the Japanese market has remained flat for twenty-five years. "Gradual and steady" or "20 percent" was expected under the Agreement in five years, not fifty!

As the enclosed chronology indicates, for nearly twenty years the Japanese government has made repeated promises to the United

Kenneth M. Duberstein
June 15, 1988
Page 2

States without ever actually increasing foreign access to the Japanese semiconductor market. Unfortunately, this pattern is continuing. The United States semiconductor industry actually lost market share in Japan in the first quarter of this year.

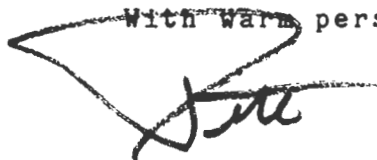
My impression of the mood on Capital Hill is that the Japanese noncompliance is a major issue on both sides of the aisle. I believe it would be a grave mistake for the President to remove the remaining sanctions. This is a trade issue that he has staked out to be tough on, and he should remain insistent upon compliance.

Lifting the sanctions without insisting that the Japanese comply with the intent of the Agreement would be bad policy with dire political, economic and national security implications. Without access to the Japanese semiconductor market (which is now the largest in the world), the entire electronics, telecommunications and computer sectors of our economy would be jeopardized. Ken, it is just too important.

The President should tell Prime Minister Takeshita that the burden is on Japan. When United States companies are gaining access to the Japanese market as expected under the Semiconductor Agreement, then it will be appropriate for the United States to remove the remaining sanctions. When Japan came into compliance with the antidumping provisions of the Agreement, those sanctions were removed immediately, and their removal had the support of the Congress and the U.S. semiconductor industry.

I just returned from Tokyo. I observed first hand the great lengths the U.S. industry has been making to increase their sales. I also observed the obstinance on the part of the Japanese. They clearly feel that they can outlast the President on this one. I urge that the President convey his commitment.

With warm personal regards,



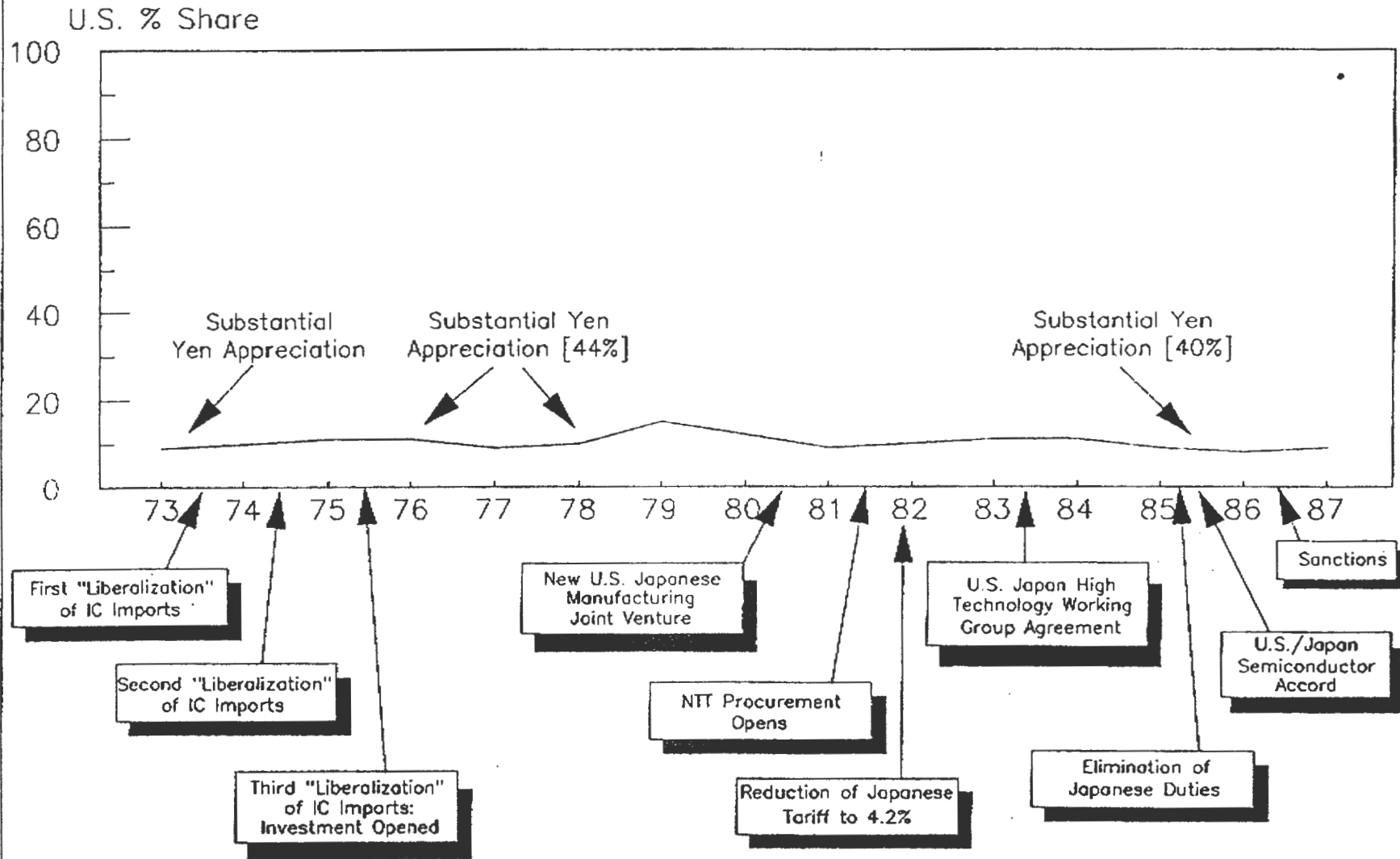
Pete V. Domenici

P.S. Good luck in your
new role - you'll do
great - JVD

CHRONOLOGY OF UNITED STATES EFFORTS TO OBTAIN
ACCESS TO THE JAPANESE SEMICONDUCTOR MARKET

- 1960s-1970 Japan maintains semiconductor import quotas, high tariffs and investment restrictions
- July 1971 Japanese Premier Sato pledges to "liberalize" Japanese semiconductor market in face of Nixon Administration threat of a GATT complaint
- 1971-1975 Quotas & investment restrictions phased out, tariffs reduced; MITI implements "liberalization counter-measures"
- 1975-1982 No improvement in foreign share of the Japanese market despite intensive U.S. sales efforts
- 1982 U.S.-Japan High Technology Working Group (HTWG) begins study of semiconductor market access
- November 1983 U.S. and Japanese governments adopt HTWG Semiconductor Recommendations "For the purpose of increasing U.S. participation in the Japanese [semiconductor] market"
- 1985 Foreign market share in Japan initially rises, then falls during semiconductor industry downturn
- June 11, 1985 SIA files Sec. 301 trade case against Japan seeking market access
- Sept. 2, 1986 U.S.-Japan Semiconductor Agreement signed calling for "gradual and steady" increase in foreign access to the Japanese semiconductor market; Sec. 301 case is suspended; foreign market share does not increase
- January 1987 Deputy United States Trade Representative Smith and Under Secretary of Commerce Smart tell MITI officials sanctions will be imposed if there is no compliance with market access portions of the Agreement; foreign market share rises briefly
- April 17, 1987 President Reagan imposes new tariffs on \$165 million of imports from Japan as sanctions for violation of the market access portions of the Agreement
- 1st Qtr, 1988 U.S. share of Japanese market declines
- June 3, 1988 Market access talks between SIA and EIAJ break off when EIAJ will not acknowledge that extensive efforts by both industries will lead to increased foreign market share in Japan

"LIBERALIZATION" MEASURES, U.S. INVESTMENT ATTEMPTS, AND YEN APPRECIATION HAVE HAD LITTLE EFFECT ON U.S. MERCHANT FIRMS' PENETRATION OF THE JAPANESE MARKET



NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

Natl Sec Advisor
has seen

ACTION

June 27, 1988

MEMORANDUM FOR COLIN L. POWELL

FROM: STEPHEN I. DANZANSKY

SUBJECT: Letter from Senator Domenici on Semiconductors

Senator Pete Domenici wrote to Ken Duberstein urging that President Reagan insist on Japanese compliance with the U.S.-Japan Semiconductor Agreement during his bilateral discussion with Prime Minister Takeshita in Toronto. Domenici warned that, in his view, Japanese noncompliance is a major bipartisan issue on Capitol Hill, and it would be a "grave mistake" for the President to remove sanctions.

The suggested draft letter (Tab A) for Duberstein thanks Domenici for his advice, reports that there was no time to raise the issue at the Summit, but assures him that the Administration has recently made clear its position on the semiconductor issue with Japanese officials.

JK Jim Kelly and Alison Fortier concur. *ABF*

RECOMMENDATION

That you sign the transmittal memorandum to Duberstein.

Approve ✓ W Disapprove _____

Attachments

Tab I Memo to Duberstein
Tab A Draft Response to Domenici
Tab II Incoming from Domenici

Prepared by:
Marilyn J. Seiber

National Security Council
The White House

88 JUN 28 P 1: 16

System # _____
Package # 4500
DOCLOG C7 AIO

C7

	SEQUENCE TO	HAS SEEN	DISPOSITION
Bob Perito	<u>1</u>	<u>IMP</u>	<u>A</u>
Marybel Batjer	_____	_____	_____
Paul Stevens	<u>2</u>	<u>✓</u>	_____
John Negroponte	<u>3</u>	<u>1.2</u>	_____
Colin Powell	<u>4</u>	<u>CD</u>	_____
Paul Stevens	_____	_____	_____
Situation Room	_____	_____	_____
West Wing Desk	<u>5</u>	<u>Debra</u>	<u>D</u>
NSC Secretariat	<u>6</u>	_____	<u>N</u>

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

cc: VP Baker Other

COMMENTS Should be seen



6/15

1. CLP CLP
2. Staff

This is advance copy from Duberstein's office. They are putting original in WH system. He would appreciate NSC input.

Dona

UNCLASSIFIED
NSC/S PROFILE

RECORD 1D: 8804500
RECEIVED: 17 JUN 88 09

TO: POWELL

FROM: DUBERSTEIN, D
DOMENICI, PETE

DOC DATE: 15 JUN 88
SOURCE REF:

KEYWORDS: ECONOMICS JAPAN
NCO

PERSONS:

SUBJECT: LTR RE ECONOMIC SUMMIT CONCERNING COMPLIANCE W/ SEMICONDUCTOR
AGREEMENT

ACTION: PREPARE MEMO FOR POWELL DUE DATE: 21 JUN 88 STATUS: S

STAFF OFFICER: DANZANSKY LOGREF:

FILES: WH NSCIF: CODES:

D O C U M E N T D I S T R I B U T I O N

FOR ACTION
DANZANSKY

FOR CONCURRENCE
FORTIER
KELLY, J

FOR INFO
CHILDRESS
LEACH
PAAL

COMMENTS:

DISPATCHED BY _____ DATE _____ W/ATTCH: YES NO

OPENED BY: NSRCB CLOSED BY: DOC 1 OF 1

UNCLASSIFIED

UNCLASSIFIED
ACTION DATA SUMMARY REPORT

RECORD ID: 8804500

DOC ACTION OFFICER

CAO ASSIGNED ACTION REQUIRED

001 DANZANSKY
002 POWELL
003

Z 88061710 PREPARE MEMO FOR POWELL
Z 88062811 FOR SIGNATURE
X 88070109 POWELL SGD MEMO

UNCLASSIFIED
NSC/S PROFILE

RECORD ID: 8804500
RECEIVED: 17 JUN 88 09

TO: DUBERSTEIN, K

FROM: POWELL

DOC DATE: 29 JUN 88
SOURCE REF:

KEYWORDS: ECONOMICS
NCO

JAPAN

PERSONS: DOMENICI, P

SUBJECT: LTR RE ECONOMIC SUMMIT CONCERNING COMPLIANCE W/ SEMICONDUCTOR
AGREEMENT

ACTION: POWELL SGD MEMO

DUE DATE: 21 JUN 88

STATUS: C

STAFF OFFICER: DANZANSKY

LOGREF:

FILES: WH

NSCIF:

CODES:

D O C U M E N T D I S T R I B U T I O N

FOR ACTION

FOR CONCURRENCE

FOR INFO
DANZANSKY
FORTIER
KELLY, J
SEIBER

COMMENTS:

DISPATCHED BY _____ DATE _____ W/ATTCH: YES NO

OPENED BY: NSRCB

CLOSED BY: NSRCB

DOC 3 OF 3

UNCLASSIFIED

TG
Per our conversation
Is this O.K. w/ you?
GT

THE WHITE HOUSE
WASHINGTON

DRAFT

593946
FDD0613
C0028
FG00601
FG00612
FG011
FG012
delete
PRD

OFFICIAL PARTY FOR THE 1988 TORONTO ECONOMIC SUMMIT

JUNE 19-21, 1988

PY

- President Ronald W. Reagan
- The Honorable George P. Shultz, Secretary of State
- The Honorable James A. Baker, Secretary of the Treasury
- The Honorable Howard H. Baker, Jr., Chief of Staff to the President
- The Honorable Kenneth M. Duberstein, Deputy Chief of Staff to the President
- The Honorable Colin L. Powell, Assistant to the President for National Security Affairs
- The Honorable Rhett B. Dawson, Assistant to the President for Operations
- The Honorable Marlin Fitzwater, Assistant to the President for Press Relations
- The Honorable W. Allen Wallis, Under Secretary of State for Economic Affairs
- The Honorable Rozanne L. Ridgway, Assistant Secretary of State for European and Canadian Affairs
- The Honorable David C. Mulford, Assistant Secretary of Treasury for International Affairs
- The Honorable Stephen Danzansky, Special Assistant to the President and Senior Director of International Economic Affairs, National Security Council
- Mr. Tyrus Cobb, Director, European and Soviet Affairs, National Security Council

**WHITE HOUSE
CORRESPONDENCE TRACKING WORKSHEET**

FD 006-13

- O - OUTGOING
- H - INTERNAL
- I - INCOMING

Date Correspondence Received (YY/MM/DD) 88, 06, 16

Name of Correspondent: Frank Murkowski

MI Mail Report User Codes: (A) _____ (B) _____ (C) _____

Subject: Urges President to raise the issue of exporting Alaska North Slope gas to Japan when he sees Prime Minister Takeshita in Toronto.

ROUTE TO:	ACTION	DISPOSITION			
Office/Agency (Staff Name)	Action Code	Tracking Date YY/MM/DD	Type of Response	Code	Completion Date YY/MM/DD
<u>LAKRAN</u>	<u>CJ</u> ORIGINATOR	<u>88 06 16</u>	<u>OK</u>	<u>A</u>	<u>88 06 16</u>
<u>99 DOS: Ed Fox</u>	<u>R</u> Referral Note:	<u>21</u> <u>88 06 16</u>		<u>A</u>	<u>88 07 08</u> TR
<u>Lakran</u>	<u>A</u> Referral Note:	<u>88 07 12</u> TR		<u>C</u>	<u>88 07 12</u> TR
	Referral Note:	<u>FYI</u>			
		<u>1 1</u>			<u>1 1</u>
	Referral Note:				
		<u>1 1</u>			<u>1 1</u>
	Referral Note:				

- ACTION CODES:**
- A - Appropriate Action
 - C - Comment/Recommendation
 - D - Draft Response
 - F - Furnish Fact Sheet to be used as Enclosure
 - I - Info Copy Only/No Action Necessary
 - R - Direct Reply w/Copy
 - S - For Signature
 - X - Interim Reply
- DISPOSITION CODES:**
- A - Answered
 - B - Non-Special Referral
 - C - Completed
 - S - Suspended
- FOR OUTGOING CORRESPONDENCE:**
- Type of Response = Initials of Signer
 - Code = "A"
 - Completion Date = Date of Outgoing

Comments: _____

Keep this worksheet attached to the original incoming letter.
 Send all routing updates to Central Reference (Room 75, OEOB).
 Always return completed correspondence record to Central Files.
 Refer questions about the correspondence tracking system to Central Reference, ext. 2590.

~~UNCLASSIFIED~~

DEPARTMENT OF STATE
EXECUTIVE SECRETARIAT

TRANSMITTAL FORM

S/S 8819534

Date July 8, 1988

FOR: Mr. Paul Schott Stevens .
Executive Secretary
National Security Council
The White House

REFERENCE:

To: President Reagan

From: Senator Murkowski

Date: June 15, 1988

Subject: Urges President to raise the issue of exporting

Alaskan gas to Japan in meeting with Prime Minister Takeshit

WH Referral Dated: June 21, 1988

NSC ID# (if any): 594036

 The attached item was sent directly to the
Department of State.

ACTION TAKEN:

 A draft reply is attached.

 A draft reply will be forwarded.

 A translation is attached.

 X An information copy of a direct reply is attached.

 We believe no response is necessary for the reason
cited below.

 The Department of State has no objection to the
proposed travel.

 Other (see remarks).

REMARKS:

Richard H. Engle

Director
Secretariat Staff

~~UNCLASSIFIED~~



United States Department of State

Washington, D.C. 20520

JUL 8 1988

Dear Senator Murkowski:

I have been asked to respond to your June 15 letter to the President regarding U.S. energy exports to Japan.

During the President's brief meeting in Toronto with Prime Minister Takeshita for the signing of the U.S.-Japan Science and Technology Agreement, there was no opportunity to discuss energy exports to Japan. However, the Government of Japan is fully aware of the U.S. interest in the private sector development of Alaskan gas reserves. The U.S. Government has always encouraged Japan to give full consideration to competitive supplies of U.S. natural gas in meeting future Japanese gas needs. We will continue to make this point on every appropriate occasion in discussions with Japan.

Sincerely,

EF/7

J. Edward Fox
Assistant Secretary
Legislative Affairs

The Honorable
Frank Murkowski,
United States Senate.

8819534

T H E W H I T E H O U S E O F F I C E

REFERRAL

JUNE 21, 1988

TO: DEPARTMENT OF STATE
ATTN: ED FOX

ACTION REQUESTED:
DIRECT REPLY, FURNISH INFO COPY

DESCRIPTION OF INCOMING:

ID: 594036

MEDIA: LETTER, DATED JUNE 15, 1988

TO: PRESIDENT REAGAN

FROM: THE HONORABLE FRANK H. MURKOWSKI
UNITED STATES SENATE

WASHINGTON DC 20510

SUBJECT: URGES PRESIDENT TO RAISE THE ISSUE OF
EXPORTING ALASKA NORTH SLOPE GAS TO JAPAN
WHEN HE SEES PRIME MINISTER TAKESHITA IN
TORNOTO

PROMPT ACTION IS ESSENTIAL -- IF REQUIRED ACTION HAS NOT BEEN
TAKEN WITHIN 9 WORKING DAYS OF RECEIPT, PLEASE TELEPHONE THE
UNDERSIGNED AT 456-7486.

RETURN CORRESPONDENCE, WORKSHEET AND COPY OF RESPONSE
(OR DRAFT) TO:
AGENCY LIAISON, ROOM 91, THE WHITE HOUSE, 20500

SALLY KELLEY
DIRECTOR OF AGENCY LIAISON
PRESIDENTIAL CORRESPONDENCE

June 16, 1988

Dear Senator Murkowski:

Thank you for your June 15 letter to the President suggesting that the issue of the exportation of Alaska North Slope gas to Japan be raised at the Economic Summit in Toronto.

We appreciate being advised of your interest in this matter. In an effort to be of assistance, your letter has been shared with the appropriate Administration officials for their prompt attention. You will receive a more detailed response following the President's trip to Canada.

With best wishes,

Cordially,

Alan M. Kranowitz
Assistant to the President

The Honorable Frank H. Murkowski
United States Senate
Washington, D.C. 20510

AMK:KRJ:

cc: w/copy of inc to Ed Fox, cong affrs, State - for DIRECT
response

FRANK H. MURKOWSKI
ALASKA

COMMITTEES:
VETERANS' AFFAIRS (RANKING MEMBER)
ENERGY AND NATURAL RESOURCES
FOREIGN RELATIONS
INDIAN AFFAIRS
INTELLIGENCE

United States Senate

WASHINGTON, DC 20510
(202) 224-6665

June 15, 1988

ANCHORAGE
U.S. FEDERAL BUILDING
701 C STREET, BOX 1, 99513
(907) 271-3735
FAIRBANKS
U.S. FEDERAL BUILDING
101 12TH AVENUE, BOX 7, 99701
(907) 456-0233
JUNEAU
U.S. FEDERAL BUILDING
BOX 1647, 99802
(907) 586-7400

The Honorable Ronald W. Reagan
The White House
1600 Pennsylvania Ave. N.W.
Washington, D.C. 20500

Dear Mr. President:

I was pleased to note in Secretary Herrington's recent speech before the National Petroleum Council that you plan to raise the issue of exporting Alaska North Slope gas to Japan during your upcoming meeting with Prime Minister Takeshita in Toronto.

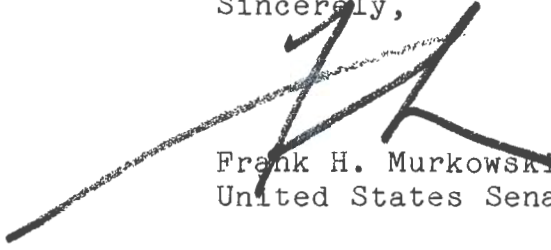
Since 1983, when you and Prime Minister Nakasone signed the agreement committing our countries to study the feasibility of joint development of Alaska natural gas, the trans-Alaska gas pipeline has had the potential to become a major accomplishment of the U.S.-Japan energy working group. In addition to your finding permitting the export of Alaskan LNG in January of this year, we have made significant progress toward realizing that potential.

The federal government stands ready to grant the right-of-way for the pipeline which will carry the gas to a tidewater port. In the near future, the Bureau of Land Management is expected to serve the required 60-day notice to Congress for this right-of-way.

There is ample gas supply available to the project. Following your finding, Exxon has advised the Economic Regulatory Administration that its gas is not precommitted to any other project and therefore available for export. I understand that BP America has reiterated that its gas is also available for sale.

If Japan reserved 4 million tons of its LNG demand by 1996, as shown possible by the joint study, the trans-Alaska gas project would have sufficient commitments to acquire start-up financing. In light of the positive impact the project would have on our mutual concerns regarding energy security and the trade imbalance between our two countries, I hope that your meeting with the Prime Minister will result in meaningful actions by Japan to move forward on this project.

Sincerely,



Frank H. Murkowski
United States Senator

WHITE HOUSE
CORRESPONDENCE TRACKING WORKSHEET

O - OUTGOING

H - INTERNAL

I - INCOMING

Date Correspondence Received (YY/MM/DD) 88106117

Name of Correspondent: MON JOHN MILLETZ

MI Mail Report

User Codes: (A) _____ (B) _____ (C) _____

Subject: URGENT PRESIDENT TO RAISE THE ISSUE OF JAPANESE COMPLIANCE WITH THE SEMICONDUCTOR AGREEMENT WITH PRIME MINISTER TAKESHITA AT THE UPCOMING ECONOMIC SUMMIT IN TORONTO.

ROUTE TO:

ACTION

DISPOSITION

Office/Agency (Staff Name)	Action Code	Tracking Date YY/MM/DD	Type of Response	Completion Date YY/MM/DD
<u>LAKRAN</u>	ORIGINATOR	<u>88106120</u>	<u>OK</u>	<u>A 88106124</u> TR
<u>9945TR: Sol Masher</u>	R	<u>88106128</u>		<u>A 88107122</u> TR
<u>LAKRAN</u>	A	<u>88107125</u>	<u>FYI</u>	<u>C 88107125</u> CJ

ACTION CODES:

- A - Appropriate Action
- C - Comment/Recommendation
- D - Draft Response
- F - Furnish Fact Sheet to be used as Enclosure

- I - Info Copy Only/No Action Necessary
- R - Direct Reply w/Copy
- S - For Signature
- X - Interim Reply

DISPOSITION CODES:

- A - Answered
- B - Non-Special Referral
- C - Completed
- S - Suspended

FOR OUTGOING CORRESPONDENCE:

- Type of Response = Initials of Signer
- Code = "A"
- Completion Date = Date of Outgoing

Comments: _____

Keep this worksheet attached to the original incoming letter.
Send all routing updates to Central Reference (Room 75, OEOB).
Always return completed correspondence record to Central Files.
Refer questions about the correspondence tracking system to Central Reference, ext. 2590.

THE UNITED STATES TRADE REPRESENTATIVE
Executive Office of the President
Washington, D.C. 20506

JULY 22 1988

The Honorable John Miller
U.S. House of Representatives
Washington, D.C. 20515

Dear Congressman Miller:

The President has asked me to respond to your letter of June 17, concerning compliance with the market access provisions of the United States-Japan Semiconductor Agreement.

I fully share your concern about the implementation of the market access provisions of this Agreement. The U.S. share of the market has not increased in line with the expectations we had in signing the Agreement. It was because of this failure to live up to the market access provisions of the Agreement that sanctions were imposed on \$165 million of Japanese imports.

Achievement of improved access to the Japanese semiconductor market remains a high priority for this Administration. We are now carefully reviewing the situation and considering what else should be done to improve the implementation of the market access provisions of the Agreement. I can assure you that we will continue to press the Japanese to fulfill their commitments under the Agreement at every available opportunity.

Sincerely,



Clayton Yeutter

CY:dp

JULY 22 1988

The Honorable John Miller
U.S. House of Representatives
Washington, D.C. 20515

Dear Congressman Miller:

The President has asked me to respond to your letter of June 17, concerning compliance with the market access provisions of the United States-Japan Semiconductor Agreement.

I fully share your concern about the implementation of the market access provisions of this Agreement. The U.S. share of the market has not increased in line with the expectations we had in signing the Agreement. It was because of this failure to live up to the market access provisions of the Agreement that sanctions were imposed on \$165 million of Japanese imports.

Achievement of improved access to the Japanese semiconductor market remains a high priority for this Administration. We are now carefully reviewing the situation and considering what else should be done to improve the implementation of the market access provisions of the Agreement. I can assure you that we will continue to press the Japanese to fulfill their commitments under the Agreement at every available opportunity.

Sincerely,

Clayton Yeutter

CY:dp:8181003:7/20/88:x5656

IDENTICAL LETTERS SENT TO:

Mel Levine
Dan Mica
Don Sundquist
Jan Meyers
Ben Erdreich
Martin Lancaster
Nancy Johnson
Don Edwards
Nancy Pelosi
Robert Matsui
Vic Fazio
Newt Gingrich
Don Ritter
Norm Mineta
Les Aucoin
Frank Guarini
Mike Lowry
Jim Florio
Albert Bustamante
Richard Stallings
J. J. Pickle
Ernie Konnyu
Matt Rinaldo

8181003

T H E W H I T E H O U S E O F F I C E

REFERRAL

JUNE 28, 1988

Of
cc
MS

TO: U.S. TRADE REPRESENTATIVE, OFFICE OF
ATTN: SOL MOSHER

ACTION REQUESTED:
DIRECT REPLY, FURNISH INFO COPY

DESCRIPTION OF INCOMING:

ID: 594119
MEDIA: LETTER, DATED JUNE 17, 1988
TO: PRESIDENT REAGAN
FROM: THE HONORABLE JOHN MILLER
U.S. HOUSE OF REPRESENTATIVES
WASHINGTON DC 20515

SUBJECT: URGE PRESIDENT TO RAISE THE ISSUE OF
JAPANESE COMPLIANCE WITH THE SEMICONDUCTOR
AGREEMENT WITH PRIME MINISTER TAKESHITA AT
THE UPCOMING ECONOMIC SUMMIT IN TORONTO

PROMPT ACTION IS ESSENTIAL -- IF REQUIRED ACTION HAS NOT BEEN
TAKEN WITHIN 9 WORKING DAYS OF RECEIPT, PLEASE TELEPHONE THE
UNDERSIGNED AT 456-7486.

RETURN CORRESPONDENCE, WORKSHEET AND COPY OF RESPONSE
(OR DRAFT) TO:
AGENCY LIAISON, ROOM 91, THE WHITE HOUSE, 20500

SALLY KELLEY
DIRECTOR OF AGENCY LIAISON
PRESIDENTIAL CORRESPONDENCE

June 24, 1988

Dear John:

Thank you for your letter of June 17 to the President, cosigned by twenty-three of your colleagues, regarding the U.S.-Japanese Semiconductor Agreement, particularly with respect to the issue of U.S. access to the Japanese semiconductor market.

We appreciate being advised of your interest in this matter, and will share your letter with those Administration officials who can give you detailed information on trade matters discussed at the Economic Summit in Toronto. I am certain you will receive a further response in the near future.

Again, thank you for taking the time to write.

With best wishes,

Cordially,

Alan M. Kranowitz
Assistant to the President

The Honorable John Miller
House of Representatives
Washington, D.C. 20515

cc: w/copy of inc to Sol Mosher, Congressional Affairs,
USTR -- for DIRECT

AMK:KRJ:JWR:jfc (6AMKGA)
Semiconductor/H

THE WHITE HOUSE

WASHINGTON

June 22, 1988

MEMORANDUM FOR:

ALAN M. KRANOWITZ

FROM:

KATHY RATTE JAFFKE

KRJ

SUBJECT:

Draft Approval

Attached for your approval is a proposed interim response for the 24 House Members who wrote regarding the U.S.-Japan semiconductor Agreement.

*OK
AMK*

Congress of the United States
House of Representatives
Washington, DC 20515

Send to USTR

June 17, 1988

The Honorable Ronald Reagan
The White House
1600 Pennsylvania Ave., N.W.
Washington, D.C. 20500

Dear Mr. President:

One of the most important economic issues facing our nation today is our continuing trade imbalance. A large part of this is with Japan -- reaching over \$60 billion in 1987. A central part of the solution must be increased U.S. penetration of the Japanese market for manufactured goods. The United States-Japan Semiconductor Agreement, which is now nearly two years old, offers the promise for achieving a significant increase in U.S. semiconductor exports to Japan. Thus far, however, Japan has not complied with the market access portions of the Semiconductor Agreement. To enforce a solemn international agreement, to reduce the competitive disadvantages of American industry, and to reduce our bilateral trade deficit with Japan, the United States must remain firm in its resolve to achieve access to the Japanese semiconductor market.


At the upcoming economic summit, it is probable that Prime Minister Takeshita will ask you to remove the sanctions against Japan for violation of the market access portions of the Semiconductor Agreement. This will create an opportunity for you to turn the discussions to the real issue, which is Japanese non-compliance with the Agreement. Although the Semiconductor Agreement calls for a "gradual and steady" increase in foreign access to the Japanese semiconductor market, foreign share in Japan has remained at the same level to which it has historically been limited -- about 10%. To make matters worse, the U.S. share of the Japanese semiconductor market has actually been declining. In the first quarter of 1988, it was only 9.7%, as compared with a 10.04% market share in the fourth quarter of 1987.

Through the Semiconductor Agreement, your Administration moved beyond generalities and addressed the issue of access to the Japanese market in a very positive way. You recognized that it is vitally important for the United States semiconductor industry, and therefore, vitally important for the United States economy as a whole and United States security, that U.S. companies obtain full access to the Japanese semiconductor market. Without access to the world's largest semiconductor market, U.S. companies will be denied the production volumes necessary to remain competitive in semiconductor manufacturing, and one of the most important opportunities for dealing with one of the causes of our bilateral trade deficit with Japan will be lost.

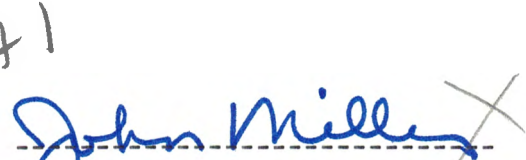
The Honorable Ronald Reagan
June 17, 1988
Page 2

We urge you to ask Prime Minister Takeshita why Japan has not complied with the Semiconductor Agreement and what foreign companies actually achieve access to the Japanese market. As you said on April 17, 1987, when the sanctions were imposed, we should "eliminate [the sanctions] as soon as we have firm and continuing evidence that the dumping in third country markets has stopped and that access to the Japanese market has improved." When "firm and continuing evidence" of compliance is available, the Congress and the U.S. industry will support removal of the market access sanctions, just as when the antidumping sanctions against Japan were removed. In the meantime, the burden of removing the sanctions should, rightly, rest solely on Japan.

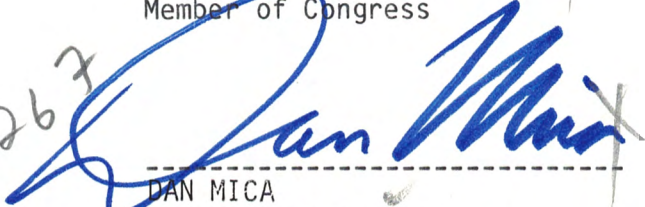
Sincerely,

227  X

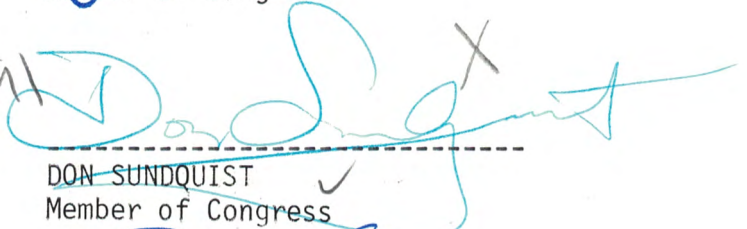
MEL LEVINE ✓
Member of Congress

271  X


JOHN MILLER ✓
Member of Congress

267  X

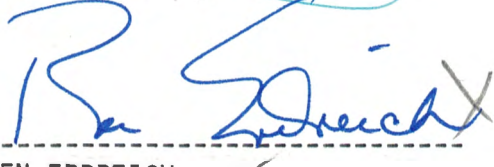
DAN MICA ✓
Member of Congress

391  X

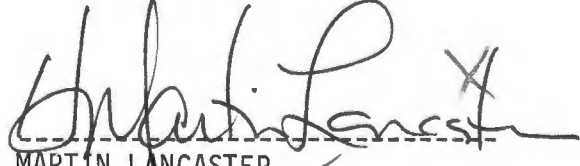
DON SUNDQUIST ✓
Member of Congress

265  X

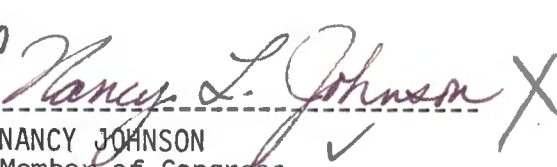
JAN MEYERS ✓
Member of Congress

118  X


BEN ERDREICH ✓
Member of Congress

217  X

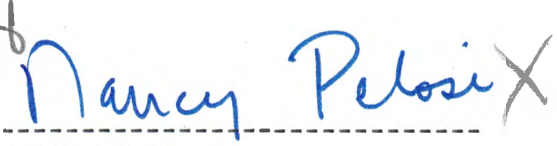
MARTIN LANCASTER ✓
Member of Congress

196  X

NANCY JOHNSON ✓
Member of Congress

114  X

DON EDWARDS ✓
Member of Congress

308  X

NANCY PELOSI ✓
Member of Congress

25 ✓ *Robert J. Matsui*
ROBERT MATSUI
Member of Congress

124 ✓ *Vic Fazio*
VIC FAZIO
Member of Congress

148 ✓ *Newt Gingrich*
NEWT GINGRICH
Member of Congress

328 ✓ *Don Ritter*
DON RITTER
Member of Congress

272 ✓ *Norm Mineta*
NORM MINETA
Member of Congress

13 ✓ *Les AuCoin*
LES AUCOIN
Member of Congress

160 ✓ *Frank Guarini*
FRANK GUARINI
Member of Congress

237 ✓ *Mike Lowry*
MIKE LOWRY
Member of Congress

130 ✓ *Jim Florio*
JIM FLORIO
Member of Congress

53 ✓ *Albert B. Bustamante*
ALBERT BUSTAMANTE
Member of Congress

383 ✓ *Richard H. Stallings*
RICHARD STALLINGS
Member of Congress

314 ✓ *J.J. Pickle*
J.J. PICKLE
Member of Congress

212 ✓ *Ernie Konnyu*
ERNIE KONNYU
Member of Congress

327 ✓ *Matt Rinaldo*
MATT RINALDO
Member of Congress

WHITE HOUSE CORRESPONDENCE TRACKING WORKSHEET

F000673

- O - OUTGOING
- H - INTERNAL
- I - INCOMING

Date Correspondence Received (YY/MM/DD) 88106120

Name of Correspondent: David Karnes

MI Mail Report User Codes: (A) _____ (B) _____ (C) _____

Subject: Recommends that the President use the opportunity of the economic summit in Toronto to stress the importance of significant progress on issues related to agriculture at the GATT negotiations.

ROUTE TO:	ACTION	DISPOSITION			
Office/Agency (Staff Name)	Action Code	Tracking Date YY/MM/DD	Type of Response	Code	Completion Date YY/MM/DD
<u>LAKRAN</u>	<u>OJ</u> ORIGINATOR	<u>88106121</u>	<u>A</u>	<u>A</u>	<u>88106124</u>
<u>99 USTR: SOL Mosher</u>	<u>A</u>	<u>8810628</u>	<u>TR</u>	<u>A</u>	<u>880706</u>
<u>LAKRAN</u>	<u>A</u>	<u>8810707</u>	<u>TR</u>	<u>C</u>	<u>88107107</u>
		<u>FYE</u>			
		<u>1 1</u>			<u>1 1</u>
		<u>1 1</u>			<u>1 1</u>

ACTION CODES:

- A - Appropriate Action
- C - Comment/Recommendation
- D - Draft Response
- F - Furnish Fact Sheet to be used as Enclosure
- I - Info Copy Only/No Action Necessary
- R - Direct Reply w/Copy
- S - For Signature
- X - Interim Reply

DISPOSITION CODES:

- A - Answered
- B - Non-Special Referral
- C - Completed
- S - Suspended

FOR OUTGOING CORRESPONDENCE:

- Type of Response = Initials of Signer
- Code = "A"
- Completion Date = Date of Outgoing

Comments: _____

Keep this worksheet attached to the original incoming letter.
 Send all routing updates to Central Reference (Room 75, OEOB).
 Always return completed correspondence record to Central Files.
 Refer questions about the correspondence tracking system to Central Reference, ext. 2590.

THE UNITED STATES TRADE REPRESENTATIVE
Executive Office of the President
Washington, D.C. 20506

JULY 0 0 1988

The Honorable David K. Karnes
United States Senate
Washington, D.C. 20510

Dear Dave:

The White House has shared with me a copy of your letter to President Reagan regarding the expansion of world agricultural markets and the Toronto economic summit.

As you know, the President raised this issue with his six counterparts at the economic summit. He once again reiterated the need to eliminate all trade distorting subsidies by the year 2000. The tremendous burden that such subsidies place on taxpayers and consumers as well as the benefits that liberalization can offer to farmers were stressed.

There were at least two important outcomes of the economic summit on the agricultural trade issue. First, the issue itself was kept at the forefront of the international agenda. Despite the reticence of some, the need for agricultural trade reform was discussed and reflected as an important part of the summit's communique. Second, the commitment to develop a framework that will chart the course to agricultural trade reform was endorsed and strengthened. Such a framework is to be put in place at the Uruguay Round mid-term review which is scheduled for Montreal in December of this year.

The reform of agricultural trade policy, including the development of international trade rules that work, is a major undertaking. The outcome of the Toronto economic summit keeps us on track in our endeavors to complete this task.

Your continued interest and support of our efforts is greatly appreciated.

Sincerely,

SIGNED

Clayton Yeutter

CY:cmab

8181004

T H E W H I T E H O U S E O F F I C E

REFERRAL

JUNE 28, 1988

TO: U.S. TRADE REPRESENTATIVE, OFFICE OF

ACTION REQUESTED:
APPROPRIATE ACTION

SE
cc SH
NK

DESCRIPTION OF INCOMING:

ID: 594122
MEDIA: LETTER, DATED JUNE 17, 1988
TO: PRESIDENT REAGAN
FROM: THE HONORABLE DAVID K. KARNES
UNITED STATES SENATE
WASHINGTON DC 20510

SUBJECT: RECOMMENDS THAT THE PRESIDENT USE THE
OPPORTUNITY OF THE ECONOMIC SUMMIT IN
TORONTO TO STRESS THE IMPORTANCE OF
SIGNIFICANT PROGRESS ON ISSUES RELATED TO
AGRICULTURE AT THE GATT NEGOTIATIONS

PROMPT ACTION IS ESSENTIAL -- IF REQUIRED ACTION HAS NOT BEEN
TAKEN WITHIN 9 WORKING DAYS OF RECEIPT, PLEASE TELEPHONE THE
UNDERSIGNED AT 456-7486.

RETURN CORRESPONDENCE, WORKSHEET AND COPY OF RESPONSE
(OR DRAFT) TO:
AGENCY LIAISON, ROOM 91, THE WHITE HOUSE, 20500

SALLY KELLEY
DIRECTOR OF AGENCY LIAISON
PRESIDENTIAL CORRESPONDENCE

June 24, 1988

Dear Senator:

On behalf of the President, I would like to thank you for your June 17 letter regarding the need to expand world agricultural markets.

The issue was indeed raised by President Reagan at the Economic Summit in Toronto, and I am enclosing a copy of the joint statement that was released at the conclusion of the summit. I hope you find this information useful, particularly the portion on agriculture on page four of the release.

Additionally, I have shared a copy of your remarks with the President's trade advisers to afford them the opportunity to comment further on your letter.

With best wishes,

Cordially,

Alan M. Kranowitz
Assistant to the President

The Honorable David K. Karnes
United States Senate
Washington, D.C. 20510

Enclosure

AMK:KRJ:

cc: w/copy of inc to Sol Mosher, cong affrs, USTR - for
appropriate action

DAVID K. KARNES

NEBRASKA

SD 104 DIRKSEN SENATE OFFICE BUILDING
(202) 224-6551

COMMITTEES:

AGRICULTURE, NUTRITION,
AND FORESTRY

BANKING, HOUSING, AND
URBAN AFFAIRS

SMALL BUSINESS

United States Senate

WASHINGTON, DC 20510

DISTRICT OFFICES:

6846 PACIFIC STREET
OMAHA, NE 68106
(402) 221-4902

294 FEDERAL BUILDING
100 CENTENNIAL MALL N.
LINCOLN, NE 68508
(402) 437-5246

101 W. 24TH STREET
KEARNEY, NE 68847
(308) 236-9717

1108 AVENUE I
SCOTTSBLUFF, NE 69381
(308) 635-1218

TOLL FREE NUMBER: 800-642-0032

June 17, 1988

The President
The White House
Washington, D.C. 20500

Dear Mr. President:

First, I want to wish you well on your upcoming trip to Toronto, Canada for the economic summit. As you prepare to leave for the economic summit, I want to urge you to continue working to expand world agricultural markets. As you know, U.S. negotiators at the new GATT round are working to eliminate all market-distorting subsidies employed by countries that trade in agricultural commodities by the year 2000. Also, our negotiators are working to free up markets in agriculture by reducing or eliminating barriers to trade. I know that Secretary Lyng and Ambassador Yeutter have dedicated a considerable amount of their time and energy to achieving a far-reaching agreement for agriculture under GATT.

The Toronto summit will give you the opportunity to meet with the leaders of the countries of Europe and Japan. I hope that you will use this opportunity to reiterate to them how important it is to the United States that significant progress be made on issues related to agriculture at the GATT negotiations. It has been reported that the Europeans in particular have been reluctant to discuss questions related to eliminating market-distorting agricultural subsidies. The Toronto summit would be an ideal time to point out to the Europeans that continuing such subsidies are expensive, cause tremendous waste and inefficiency, and ultimately work to the detriment of all. Thus, I hope that the Toronto economic summit will be an event that we can look back on and say that it provided the foundation for an historic agreement to free up the world's agricultural markets.

Sincerely,



David K. Karnes

DKK/hbs

INSPECTED BY:	BURNS
POST:	B4A
DATE/TIME:	1800 6/17/88
DESCRIPTION OF ITEM:	Letter 2.00

1
J