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File Folder JAPAN - U.S.-JAPAN - TRADE POLICY (1)

FOIA F11-015 BENSON,M

Box Number 5

13

ID	Doc Type	Document Description	No of Pages	Doc Date	Restrictions
162526	REPORT	RE U.S. TRADE POLICY TOWARD JAPAN	5	12/9/1981	B1
162525	MEMO	FRANKLIN VARGO TO CLYDE PRESTOWITZ RE POSSIBLE ACTIONS VIS-A-VIS JAPAN	6	12/3/1981	B1
162527	MEMO	FRANK VARGO TO CLYDE PRESTOWITZ RE MEDIUM-RANGE JAPAN STRATEGY (DRAFT OF DOC #162528)	7	ND	B1
162528	MEMO	FRANK VARGO TO CLYDE PRESTOWITZ RE MEDIUM-RANGE JAPAN STRATEGY	7	11/25/1981	B1

The above documents were not referred for declassification review at time of processing

Freedom of Information Act - [5 U.S.C. 552(b)]

B-1 National security classified information [(b)(1) of the FOIA)
B-2 Release would disclose Internal personnel rules and practices of an agency [(b)(2) of the FOIA)
B-3 Release would violate a Federal statute [(b)(3) of the FOIA]
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B-7 Release would disclose Information compiled for law enforcement purposes [(b)(7) of the FOIA)
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Trade Issues

(6) 1

U.S.-Japan ~~Bilaterally~~

U.S.-Japan trade relations are currently characterized by increasing friction as a result of the expanding bilateral trade surplus in favor of the Japanese (expected to be some $24 billion in 1983) and the continued presence of barriers preventing access for foreign goods, services and investment to the Japanese economy. Despite the announcement by the Government of Japan of several packages of trade liberalization measures over the past year, only limited progress ~~has been made in opening the~~ Japanese market. But, while Japan's goods have come to occupy a powerful

receiving (~~have~~ nearly free access ~~to our market~~)

The bilateral trade imbalance per se is not the real problem, since the U.S. itself has a surplus with other trading partners. But it ~~amplifies~~ magnifies the irritations in our relationship of not

place in the U.S. marketplace, Japan's barriers to competitive U.S. exports create the strong belief among Americans that Japanese trade policies are unfair. Particularly in a time of economic difficulties, the Japanese appear to be attempting to take unfair advantage of the trading system by targeting exports & restricting imports.

The U.S. Government has concentrated on increasing U.S. market access in Japan through intensive bilateral negotiations. Over the past 18 months, these efforts have resulted in several trade liberalizing initiatives on the part of the Japanese Government. To address this increasingly sensitive issue. Unfortunately, these initiatives have

produced no major new opening of the Japanese market. Visible liberalizing actions on the part of Japan are essential if pressures here in the United States for the imposition of protectionist measures are to be defused.

(9)

Major Bilateral Trade Issues

PRES...

o Standards & Certification Problems

In Japan, domestic manufacturers use a simple procedure for obtaining certification that products are in conformity with specifications. Japanese manufacturers capable of demonstrating compliance with mandatory and voluntary requirements can have their factories 'registered' and avoid individual inspection of products.

Under the Japanese system, foreign manufacturers can not have their factories 'registered'. Instead, foreign products are routinely subjected to 'lot inspection' -- the dockside inspection of samples from each lot of imported products to determine conformity with specifications. Thus, foreign producers are not assured that exported products will be approved and must tolerate burdensome, time-consuming and expensive uncrating and testing of their products.

- Agricultural Quotas: Japan maintains GATT-illegal quotas on 19 categories of agricultural goods. The most important of these, from the viewpoint of U.S. export potential, are on beef and citrus products. The Japanese have been totally unwilling to discuss either the ultimate elimination of these quotas or any schedule to achieve that goal.

- Manufactured Tobacco Products: Japan is the world's fourth largest market for these products, including cigarettes, cigars, and pipe tobacco. ~~But she maintains high tariffs (35 percent on cigarettes and cigars, 60 percent on pipe tobacco). Moreover, a~~ state monopoly (JTS), with exclusive rights to production within Japan, ~~also~~ controls and restricts the marketing, advertising, and distribution of all imported tobacco products.

- Government Procurement: In 1980, after intensive negotiations, a bilateral agreement was signed between the United States and Japan opening procurement for Japan's Nippon Telegraph and Telephone Corporation (NTT) to foreign manufacturers. This agreement "equalized" the access that Japanese electronic companies have to the U.S. telephone market. In the year and a half since the agreement, however, U.S. sales of sophisticated telecommunications equipment to NTT have been $ minuscule compa with million, while ~~the Japanese have sold $ million~~ of equipment to the United States. ~~The U.S. equipment is competitive with the Japanese in third country markets and if the agreement is to be renewed, significant sales of U.S. equipment must be forthcoming.~~

 (10)

Type Approval Problems: A constant problem for U.S. manufacturers seeking to penetrate the second largest market in the world is that of prolonged delays of official approval of the product. A U.S. maker of headphones, for example, struggled for the better part of a decade to get approval from NTT for use of the headphones in combination with Japanese telephone system equipment. Sometimes that period of delay is used by Japanese firms to develop a competitive product which then rapidly dominates the market. The U.S. semiconductor industry is one group that particularly alleges that "buy-Japanese" attitudes and practices often result in the disappearance of Japanese markets for specific U.S. semiconductors once Japanese firms begin to produce similar devices.

Industry Targetting

The Japanese Government follows an industrial policy in which certain industries are selected as key to national economic development, and targetted for government assistance. The policy tools used to foster development of target industries may effectively limit U.S. access to the fastest growing segments of the Japanese market, as well as influence competition in the United States and other export markets, by affording the selected Japanese firms significant advantages in the form of cost and risk subsidization. This is particularly troublesome where Japan has targetted industries in which the United States presently enjoys a leading position, such as computers, telecommunications, aerospace, and others.

PRELIMINARY DRAFT
U.S. Trade Policy Toward Japan

I. ISSUE:

While Japan enjoys generally open access to the U.S. market, we have been unable to gain meaningful access to Japan's markets, especially in the area of manufactured goods. Traditional trade policy tools have not been successful in opening Japan's markets to imports.

II. RECOMMENDATION:

A new approach is needed to ensure that Japan undertakes the fundamental structural reforms necessary to open its markets to foreign goods. The USG should consider adopting a new policy aimed at obtaining Japanese agreement to assume a global import commitment to increase Japan's imports of manufactures.

III. BACKGROUND:

Despite Japanese MTN tariff and non-tariff measure liberalizations, the Japanese market is by no means as open as ours. Japan's foreign trading system does not operate on free market principles like other free world countries because of a deep-seated national consensus favoring Japanese products. Japan's longtime bias toward limiting imports is reflected in a complex and pervasive set of formal and informal barriers which severely limit foreign access. In addition to traditional tariff and non-tariff measures these barriers include fundamental structural factors such as the longstanding "Buy Japan" attitude of Japanese businessmen, government officials and household consumers, Government approved private or semi-private cartel arrangements, government measures designed to ensure Japan's international competitiveness in high technology industries (as the "MITI vision for the 1980s"), exclusive wholesaler-retailer relations within the Japanese distribution system, and the close ties existing between major manufacturers and their domestic components and parts suppliers.

Our growing bilateral trade deficit reflects the fundamental imbalance in access to the U.S. and Japanese markets. Political pressures to redress the growing trade imbalance have increased dramatically, as evidenced by the growing number of Congressional and other proposals calling for the adoption of trade restrictive measures.

In the past U.S. trade policy toward Japan has focused, with limited success, on seeking elimination of formal barriers such as high tariffs, import quotas and impediments to imports resulting from customs procedures and standards requirements. However, even if Japan were to make major trade concessions in these areas, access to the Japanese market would continue to be limited by those government and officially-sanctioned practices which ensure that Japanese goods are favored over competitive foreign goods. Indeed, current estimates indicate that elimination of Japan's major formal barriers would reduce the 1981 bilateral deficit by only about 20 percent, from $15-16 billion to approximately $12-13 billion.

A new bilateral trade policy strategy is required in order to force the Japanese to undertake fundamental structural reforms which will open access to the Japanese market. Without such measures by the Japanese to encourage imports, the Japanese market will remain closed, our large bilateral trade deficit will continue to grow, and attendant political pressures for major action to redress the trade imbalance will increase.

Obtaining a Japanese commitment to increase significantly its global imports of manufactured goods could result in the fundamental institutional reforms which are necessary to reach a long-term solution to the problem of unequal access. Such a commitment would place the burden for structural reform squarely on the Japanese. It would underscore the fact that our bilateral trade imbalance is not due to low U.S. productivity, poor sales efforts by U.S. firms, or a strong dollar.

A global import commitment is consistent with GATT principles. We could likely count on support for a global solution from other key nations. This would increase the pressure on Japan and not allow Japan to play one of its trading partners against another. It would also allay any fears in Europe or elsewhere that the U.S. might resort to "bilateralism" and resolve our trade problem with Japan at other nations' expense.

In developing a global import commitment proposal for presentation to the Japanese, special effort must be made to ensure such a commitment is specific enough to be monitorable. The commitment also should include language to avoid the situation where Japan could meet its target by merely increasing imports of low-level manufactures of little interest to U.S. exporters. It therefore should entail increased imports in a number of sectors which is representative of the full range of manufactures, from low-level to highly processed. Such a commitment consequently would require careful definition for monitoring purposes. The commitment should also include the agricultural sector.

IV. TACTICS

Since a global import commitment will involve difficult and pervasive changes in Japanese institutions and attitudes, the U.S. must be willing to use a set of positive and negative measures to gain Japanese adherence to a meaningful global import commitment and to ensure that import targets are met. Below is an illustrative list of measures which could be used for this purpose. These measures cover a wide range of options, some of which would involve significant departures from traditional U.S. trade policy. Under this proposal, each of these measures would have to be thoroughly examined to determine its appropriateness and effectiveness.

Positive Measures:

-- Cab chassis tariff reductions.

-- Section 124 tariff reductions.

-- Include state-level procurement in the Government Procurement Code.

-- Ease FCC regulations so that AT & T and GTE would be required to procure competitively.

-- Open up standard setting on the state level to foreign participation.

-- Open access to non-sensitive DOD R&D programs for foreign firms.

-- Loosen domestic antitrust regulations concerning extra-territoriality.

Negative Measures:

-- Pursue GATT cases on illegal quotas on leather and some 22 agricultural items (including beef, citrus, tomato sauce, ketchup, fruit preserves, beans and nuts).

-- Limit Japanese access to the U.S. auto market when the U.S. market rebounds.

-- Remain neutral or support Congressional bills calling for local content requirements (e.g. the Ottinger Bill on Autos).

-- Examine the existing authority under the Export Control Act to limit exports to Japan of scarce materials. If existing authority is not adequate consider seeking new authority.

-- Remain neutral or support Presidential Commission recommendations or Congressional bills calling for export controls (e.g. the Presidential Commission on Housing is expected to recommend this month an embargo on all log and wood product exports).

-- Remain neutral or support Congressional bills calling for sectoral reciprocity (e.g. S898 calling for reciprocity in the telecommunications sector)

-- Apply increased USG pressure on Japan to increase its defense spending.

-- Customs harassment, e.g. inspection of every Japanese auto that enters the United States like the Japanese do to autos entering Japan.

-- Encourage the Justice Department to review possible anti-trust violations.

-- Consider initiating section 301 cases against unfair Japanese practices, e.g. failure of Japanese automakers to certify U.S.-made parts for use by U.S. Japanese auto dealers as replacement parts.

-- Encourage Congressional delegations to conduct fact-finding missions in Japan. (The Japanese are aware that such missions usually come back with a more unfavorable view of Japanese trade practices)

-- Restrict imports from Japan for 150 days under Section 122(d)(2) of the 1974 Trade Act. (This gives the President the authority, when "fundamental" international balance of payments problems require, to limit imports from a single country, if that country has large or persistent balance of payments surpluses. Imports may be limited by applying an import surcharge and/or by the use of quotas. The measure may be extended with congressional approval.)

As we proceed we will have to answer these questions:

Should we deal quietly with the Japanese or should we have a public campaign to prepare both our public opinion and theirs for the tough approach we have taken?

If we make this a public issue, how do we keep the Japanese from losing face and becoming intransigent?

V. TIMETABLE

There are several factors which must be considered in formulating a timetable and tactics presenting this proposal:

-- Sufficient time must be allowed for internal Commerce and for interagency approval of this new approach.

-- A new Japanese Cabinet was just announced. It will take time for the new ministers to get situated.

-- Congress is preoccupied with budget matters. The real political heat over Japan and the trade deficit will most likely occur in February or March.

-- The President meets with the Japanese Prime Minister next June. There will, as usual, be intense pressure to have trade problems resolved beforehand so as to avoid acrimony during the meeting.

These factors argue for an early 1982 presentational timetable. The following is proposed:

December 24 - complete staff work on the proposal and obtain final internal Commerce clearance

January 31 - complete interagency staff work.

Early February - Cabinet and Presidential approval.

February - March - initiate discussions with Japan through a joint Baldrige - Brock - Block delegation to Tokyo

June - Final resolution at meeting between President and Prime Minister.

The timetable permits us time to consider the results of the December Trade Subgroup meeting and to consider the new Japanese Cabinet's reactions to U.S. proposals for unilateral Japanese tariff & NTM liberalizations. It is also likely to permit surfacing of our proposal at a time when Congressional concern will be focused, thereby increasing our leverage. Finally, it permits consultations with the private sector and other nations, if judged appropriate.

U.S. DEPARTMENT OF COMMERCE

12/14/81

cc / File a copy in my personal file — Thanks

To : Doug

From: Dan

Here's the Japan piece Vargo sent up Fri. PM. He added global import commitment to the recommendation, but it slightly misses the mark.

-- Waldmann is back in the office as is Clyde (Clyde was supposed to stay in Japan another week but Waldmann + Olmer asked him to come back early.) It would be helpful to know what they're planning (in terms of general

follow-up and the CCCT) as
soon as possible.

U.S. DEPARTMENT OF COMMERCE

December 11, 1981

To : Lionel Olmer

From: Raymond J. Waldmann
Assistant Secretary
International Economic Policy

Attached is the draft CCCT paper on Japanese market access. It includes input from both Ann Hughes' and Frank Vargo's staffs. It does not yet include any specifics related to the Dec. 9-10 Trade Subgroup meetings.

You had also asked for information on what the government procurement code requires the U.S. to do, and how this relates to DOD purchases of Japanese trucks. A separate memo is being sent to you on this.

TRANSMITTAL FORM CD-82A (10-87)
PRESCRIBED BY DAO 214-2

USCOMM-DC 1838-P67
GPO : 1978 O - 218-459

FORM CD-183
(REV 2-80)

U.S. DEPARTMENT OF COMMERCE

ABSTRACT OF SECRETARIAL CORRESPONDENCE

TO:	X	The Secretary		The Deputy Secretary

Date:

INFORMATION MEMORANDUM

From: Under Secretary for International Trade

Prepared by: Clyde V. Prestowitz, Deputy Assistant Secretary for International Economic Policy, ITA, 377-2993

Subject: Japan Strategy

As a result of your trip to Japan and the preparations for the meetings in Tokyo next week, we have given thought to a short and medium term strategy toward Japan.

As you know, there are a number of specific requests we will be making of the Japanese next week in the tariff and NTB area. Yesterday, Prime Minister Suzuki took some concrete steps by ordering a speed up in Tokyo round tariff cut implementation and setting up a group to devise legislation for relaxation and removal of NTB's.

Suzaki's moves are welcome and useful and we should and will press all the requests on our list. But as you stressed to Ambassador Macdonald yesterday, these things are not the crux of the matter.

The attached analysis by Frank Vargo is an excellent review of the problem and the five preconditions for its solution.

The following outlines our perspective on the problem and suggests, for your consideration, a method of developing a comprehensive strategy and a timetable for its implementation.

CVPrestowitz/lit 12/2/81
cc: Olmer Waldmann
subject chron
Vargo Exec Sec

Attachment

Control No. _____

	PREPARED BY	CLEARED BY	CLEARED BY	CLEARED BY	CLEARED BY	CLEARED BY
SURNAME AND ORGANIZATION (Typed)	RJWaldmann AS, IEP	Exec Sec.				
INITIALS AND DATE						

USCOMM-DC 1030-P80

Japan Strategy

Perspective

Japan's whole industrial tradition, as with much else in Japan, is about 180 degrees from our own. Whereas U.S. industry has grown up largely in an atmosphere of laissez-faire individualism, Japan's industry has been a fondly cared-for child of the government from its inception in the Meiji era.

Both in the Meiji era and after World War II, Japanese industrial development had a strong flavor of nationalism and xenophobia. Its goal was, and is, to catch up with and surpass the foreigners, and this goal informed a large part of overall national policy. It created an attitude, which has become widespread that one only buys from abroad that which it is impossible to make at home. Under the influence of this attitude it is the most natural thing in the world for business and government to work together both formally and informally to protect local producers and ward off foreigners. It is so natural that it becomes unconscious and after a while is not even recognized as restrictive behavior.

It is this national mindset and policy direction which must be changed. Without such a change there will be no more than cosmetic improvements in Japan's import performance. We should recognize that such a change, however, will represent a historic turning point in Japan. It will require reversals of an almost revolutionary nature and will surely go down in Japanese history along with the "oil shock", and the "Nixon shock", as one of the great "shocks".

Strategy Objective

The main objective over the next 6 months to a year must be to obtain first a recognition at the highest levels of government and industry in Japan of the nature of the problem. Secondly, we must obtain a broad, sustained commitment in these same circles to solving the problem by restructuring the Japanese economy to become a significant importer of manufactured goods.

Secondarily we should seek elimination of the tariffs, quotas, standards, and other identified NTBs that continue to be a problem. However, discussions on these issues should not obscure the fundamental issue above.

Strategy Development

The key to achieving our objectives with Japan lies in developing a comprehensive strategy that will enable us to take an integrated, overall approach. We have a broad and complex economic relationship with Japan, and right now too many of the elements of that relationship are approached in isolation. For example:

- State and Defense are promoting Japanese manufacture and coproduction of some of the latest U.S. jet fighters. This contributes toward the development of a Japanese aircraft industry which ultimately will compete with ours. While the U.S. government has not decided that a competitive Japanese aircraft industry is in our best overall national interest, we are nevertheless providing the Japanese with the technology to build such an industry.

- The Japanese defense budget, at less than one percent of GNP, frees the Japanese economy of a great burden and allows it to concentrate on the development of commercial products. Yet our approach to the Japanese defense budget has been solely based on U.S. military cost considerations.

- While we monitor NTT's performance under the procurement agreement we reached with Japan, Japanese penetration of the most sophisticated aspects of U.S. telecommunications caught us by surprise. It had to be approached on an ad-hoc basis.

- Japanese firms are buying high-technology U.S. firms to obtain technological know-how, market channels, and skilled personnel. Even under the liberalized investment laws in Japan, U.S. firms have not been able to buy sophisticated firms in Japan to achieve the objectives easily achieved by Japanese firms in the United States. Yet this has not been a prominent feature of our discussions with Japan.

We have taken a piecemeal, "lets-see-what-we-have-in-the-shopping-bag-this-week", approach to solving our problems with Japan. We will not be able to accomplish our objective of a changed economic relationship with Japan without first obtaining agreement within the Administration on our goals and then developing a comprehensive strategy that encompasses all elements of our economic relationship with Japan.

The appropriate means for developing the comprehensive approach we need would be an interagency study conducted within the framework of the CCCT just as the current High Tech study is being done.. This study would review the development of the U.S.-Japan economic relationship, examine the totality of the present relationship, and lay out an integrated set of objectives and strategies that would ensure that all parts of the U.S. government were working together for the achievement of predetermined objectives vis-a-vis Japan.

Such a CCCT study would include the joint Commerce-USTR study of reciprocity in the U.S. and Japan agreed on yesterday, subsuming it as part of the complete study. If it were started in December, the CCCT study could be completed by March and would provide the underpinning of the entire U.S. effort with Japan.

Suggested Schedule

If you agree with this approach, I suggest a timetable of events designed to maximize pressure on the Japanese government and to allow the U.S. government to crystalize its strategies in time to obtain major changes in Japanese economic policies by mid-year 1982. All events would lead up to a discussion of Japan's changed policies by President Reagan and Prime Minister Suzuki in May 1982. A suggested schedule is:

- December 8. At the TFC Senior Review Committee meeting we press the Japanese for quick resolution of all cases, inform the Japanese of the rapid flow of cases we are developing, and stress the importance these cases are now assuming at a cabinet level. We ask for a concrete workplan to resolve the issues by the next TFC meeting in March-April.

- December 9-10. At the Trade Sub-Group meeting, Ambassador MacDonald lays out U.S. goals for reduced Japanese tariffs, and NTB's. He lays out other improvements sought in factors affecting imports into Japan, but his main objective is to obtain agreement that the Japanese cabinet level group concerned with imports make a public commitment to a fundamental restructuring of Japan's imports.

- Late December. TPC and/or CCCT review results of meetings and establishes timetable for monitoring significant Japanese actions such as introduction of tariff and NTB cutting legislation, active sectoral study participation, stimulation of signing of substantial coal contracts, etc.

- January 1982. Under Secretary Olmer travels to Japan to meet on the findings of the Commerce-MITI sectoral studies on soda ash and pulp/paper.

- February 1982. Senate hearings are scheduled to allow Commerce and USTR officials to explain the growing problems in our trade with Japan and to discuss progress on the CCCT study.

- March. CCCT study completed, and results discussed at cabinet level — including unilateral actions which might be taken by U.S.

- March. MITI Minister Abe invited to Washington to meet with Secretary Baldrige and USTR Brock to consider the findings of the CCCT study.

- March. You convene a meeting of the TFC/SRC to review the presumed successful conclusion of all/most of the TFC cases presented in October 1981 and to review progress of the later cases.

- April. TFC Executive Council and U.S.-Japan Economic Sub-Cabinet meetings held in Tokyo, during which the final U.S. position on dramatic action is discussed.

- May. Prime Minister Suzuki visits President Reagan to discuss Japanese plans to create a durable solution to the trade problem.

Japan Strategy

Perspective

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Secondarily we should seek elimination of the tariffs, quotas, standards, and other identified NTBs that continue to be a problem. However, discussions on these issues should not obscure the fundamental issue above.

Strategy Development

The key to achieving our objectives with Japan lies in developing a comprehensive strategy that will enable us to take an integrated, overall approach. We have a broad and complex economic relationship with Japan, and right now too many of the elements of that relationship are approached in isolation. For example:

- State and Defense are promoting Japanese manufacture and coproduction of some of the latest U.S. jet fighters. This contributes toward the development of a Japanese aircraft industry which ultimately will compete with ours. While the U.S. government has not decided that a competitive Japanese aircraft industry is in our best overall national interest, we are nevertheless providing the Japanese with the technology to build such an industry.

- The Japanese defense budget, at less than one percent of GNP, frees the Japanese economy of a great burden and allows it to concentrate on the development of commercial products. Yet our approach to the Japanese defense budget has been solely based on U.S. military cost considerations.

- While we monitor NTT's performance under the procurement agreement we reached with Japan, Japanese penetration of the most sophisticated aspects of U.S. telecommunications caught us by surprise. It had to be approached on an ad-hoc basis.

- Japanese firms are buying high-technology U.S. firms to obtain technological know-how, market channels, and skilled personnel. Even under the liberalized investment laws in Japan, U.S. firms have not been able to buy sophisticated firms in Japan to achieve the objectives easily achieved by Japanese firms in the United States. Yet this has not been a prominent feature of our discussions with Japan.

We have taken a piecemeal, "lets-see-what-we-have-in-the-shopping-bag-this-week", approach to solving our problems with Japan. We will not be able to accomplish our objective of a changed economic relationship with Japan without first obtaining agreement within the Administration on our goals and then developing a comprehensive strategy that encompasses all elements of our economic relationship with Japan.

The appropriate means for developing the comprehensive approach we need would be an interagency study conducted within the framework of the CCCT just as the current High Tech study is being done.. This study would review the development of the U.S.-Japan economic relationship, examine the totality of the present relationship, and lay out an integrated set of objectives and strategies that would ensure that all parts of the U.S. government were working together for the achievement of predetermined objectives vis-a-vis Japan.

Such a CCCT study would include the joint Commerce-USTR study of reciprocity in the U.S. and Japan agreed on yesterday, subsuming it as part of the complete study. If it were started in December, the CCCT study could be completed by March and would provide the underpinning of the entire U.S. effort with Japan.

Suggested Schedule

If you agree with this approach, I suggest a timetable of events designed to maximize pressure on the Japanese government and to allow the U.S. government to crystalize its strategies in time to obtain major changes in Japanese economic policies by mid-year 1982. All events would lead up to a discussion of Japan's changed policies by President Reagan and Prime Minister Suzuki in May 1982. A suggested schedule is:

- December 8. At the TFC Senior Review Committee meeting we press the Japanese for quick resolution of all cases, inform the Japanese of the rapid flow of cases we are developing, and stress the importance these cases are now assuming at a cabinet level. We ask for a concrete workplan to resolve the issues by the next TFC meeting in March-April.

- December 9-10. At the Trade Sub-Group meeting, Ambassador MacDonald lays out U.S. goals for reduced Japanese tariffs, and NTB's. He lays out other improvements sought in factors affecting imports into Japan, but his main objective is to obtain agreement that the Japanese cabinet level group concerned with imports make a public commitment to a fundamental restructuring of Japan's imports.

- Late December. TPC and/or CCCT review results of meetings and establishes timetable for monitoring significant Japanese actions such as introduction of tariff and NTB cutting legislation, active sectoral study participation, stimulation of signing of substantial coal contracts, etc.

- January 1982. Under Secretary Olmer travels to Japan to meet on the findings of the Commerce-MITI sectoral studies on soda ash and pulp/paper.

- February 1982. Senate hearings are scheduled to allow Commerce and USTR officials to explain the growing problems in our trade with Japan and to discuss progress on the CCCT study.

- March. CCCT study completed, and results discussed at cabinet level -- including unilateral actions which might be taken by U.S.

- March. MITI Minister Abe invited to Washington to meet with Secretary Baldrige and USTR Brock to consider the findings of the CCCT study.

- March. You convene a meeting of the TFC/SRC to review the presumed successful conclusion of all/most of the TFC cases presented in October 1981 and to review progress of the later cases.

- April. TFC Executive Council and U.S.-Japan Economic Sub-Cabinet meetings held in Tokyo, during which the final U.S. position on dramatic action is discussed.

- May. Prime Minister Suzuki visits President Reagan to discuss Japanese plans to create a durable solution to the trade problem.