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Collection: Executive Secretariat, NSC: Country
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Folder Title: Japan (09/24/1983-10/19/1983)
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WITHDRAWAL SHEET

Ronald Reagan Library

Collection: Executive Secretariat, NSC
Country File

Archivist: mjd

OA/Box:
File Folder: Japan (09/24/83 – 10/19/83)

FOIA ID: F00-037 (1539), Oberdorfer
Date: 02/02/2004

DOCUMENT NO. & TYPE	SUBJECT/TITLE	DATE	RESTRICTION
1. Memo	David Laux to William Clark re Your Meeting with Japanese Foreign Minister Shintaro Abe, 1p <i>R 7/24/06 F00-037/1 #524</i>	9/24/83	B1
2. Briefing Paper	Meeting with Abe, 2p	nd	B1
3. Briefing Paper	Meeting with Abe, 2p <i>R 7/24/06 F00-037/1 #528</i>	nd	B1
4. Talking Points	for Meeting with Abe, 1p <i>R " " #529</i>	nd	B1
5. Memo	Same as Item #1, 1p <i>R " " #530</i>	9/24/83	B1
6. Briefing Paper	Same as Item #2, 2p	nd	B1
7. Briefing Paper	Meeting with Abe (annotated), 2p <i>R 7/24/06 F00-037/1 #532</i>	nd	B1
8. Memo	Charles Tyson to William Clark re Meeting with Ambassador Okawara, 1p <i>R " " #533</i>	10/11/83	B1
9. Memo	Gaston Sigur to Clark re Meeting with Okawara, 1p <i>R " " #534</i>	10/7/83	B1
10. Talking Points	Meeting with Okawara, 1p <i>R " " #535</i>	nd	B1
11. Memo	Douglas McMinn to Robert McFarlane re Japanese Auto Restraints, 2p <i>R " " #536</i>	10/31/83	B1
12. Memo	McMinn to Clark re Japanese Automobile Restraints, 4p <i>R " " #537</i>	10/13/83	B1

RESTRICTIONS

- B-1 National security classified information [(b)(1) of the FOIA].
- B-2 Release could 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].
- B-4 Release would disclose trade secrets or confidential commercial or financial information [(b)(4) of the FOIA].
- B-6 Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA].
- B-7 Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA].
- B-7a Release could reasonably be expected to interfere with enforcement proceedings [(b)(7)(A) of the FOIA].
- B-7b Release would deprive an individual of the right to a fair trial or impartial adjudication [(b)(7)(B) of the FOIA].
- B-7c Release could reasonably be expected to cause unwarranted invasion or privacy [(b)(7)(C) of the FOIA].
- B-7d Release could reasonably be expected to disclose the identity of a confidential source [(b)(7)(D) of the FOIA].
- B-7e Release would disclose techniques or procedures for law enforcement investigations or prosecutions or would disclose guidelines which could reasonably be expected to risk circumvention of the law [(b)(7)(E) of the FOIA].
- B-7f Release could reasonably be expected to endanger the life or physical safety of any individual [(b)(7)(F) of the FOIA].
- B-8 Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA].
- B-9 Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA].

WITHDRAWAL SHEET

Ronald Reagan Library

Collection: Executive Secretariat, NSC
Country File

Archivist: mjd

OA/Box:

FOIA ID: F00-037 (1539), Oberdorfer

File Folder: Japan (09/24/83 – 10/19/83)

Date: 02/02/2004

DOCUMENT NO. & TYPE	SUBJECT/TITLE	DATE	RESTRICTION
13. Memo	re Japanese Automobile Restraints, 4p <i>R 7/24/06 F00-037/1 #538</i>	10/13/83	B1
14. Memo	Same as Item #13 (original), 4p <i>R " " #539</i>	10/13/83	B1
15. Memo	McMinn/Sigur to McFarlane re Bill Brock's Memo re the President's Trip to Japan, 2p <i>R " " #540</i>	10/19/83	B4
16. Memo	William Brock to McFarlane re Japanese Automobile Sales, 3p	10/18/83	B1

RESTRICTIONS

- B-1 National security classified information [(b)(1) of the FOIA].
- B-2 Release could 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-7f Release could reasonably be expected to endanger the life or physical safety of any individual [(b)(7)(F) of the FOIA].
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- B-9 Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA].

PENDING REVIEW IN ACCORDANCE WITH E.O. 13233

Ronald Reagan Library

Collection Name EXECUTIVE SECRETARIAT, NSC: COUNTRY FILE

Withdrawer

LOJ 7/20/2007

File Folder JAPAN (09/24/1983-10/19/1983)

FOIA

F00-037 (F1539)

Box Number

ID	Doc Type	Document Description	No of Pages	Doc Date	
12	MEMO	MCMINN TO CLARK RE JAPANESE AUTOMOBILE RESTRAINTS (F00- 037/1#537)	4	10/13/1983	MVH 5/21/08
13	MEMO	RE JAPANESE AUTOMOBILE RESTRAINTS (F00-037/1#538)	4	10/13/1983	MVH 5/21/08
14	MEMO	SAME AS #13 (ORIGINAL) (F00-037/1#539)	4	10/13/1983	MVH 5/21/08
15	MEMO	MCMINN/SIGUR TO MCFARLANE RE BILL BROCK'S MEMO RE THE PRESIDENT'S TRIP TO JAPAN (F00- 037/1#540)	2	10/19/1983	MVH 5/21/08

NSC/S PROFILE

~~SECRET~~

ID 8306770

UNCLASSIFIED UPON REMOVAL OF
CLASSIFIED ENCLOSURE(S)

RECEIVED 26 SEP 83 20

TO CLARK

FROM LAUX

DOCDATE 24 SEP 83

TYSON

24 SEP 83

KEYWORDS: JAPAN

AC

ABE, SHINTARO

AP

SUBJECT BACKGROUND PAPERS / TALKERS FOR CLARK & PRES MTG W/ FOMIN ABE 26 SEP

ACTION FWD TO PRES FOR INFO

DUE:

STATUS X

FILES

FOR ACTION

FOR CONCURRENCE

FOR INFO

CLARK

TYSON

ROBINSON

COMMENTS

REF#

LOG 8306717

NSCIFID

(MR)

ACTION OFFICER (S)	ASSIGNED	ACTION REQUIRED	DUE	COPIES TO
<i>Pur</i>	<i>IP 9/26</i>	<i>for info</i>		<i>LX, CT</i>
	<i>C SEP 27 1983</i>	<i>Pur noted</i>		<i>CT, LX</i>
	<i>9/30</i>	<i>Originals returned to NSC/S</i>		

DISPATCH

W/ATTCH FILE *PA* (C)

MEMORANDUM

NATIONAL SECURITY COUNCIL

~~SECRET~~

September 24, 1983

ACTION

MEMORANDUM FOR WILLIAM P. CLARK

THROUGH: CHARLES P. TYSON

FROM: DAVID N. LAUX *DL*

SUBJECT: Your Meeting in New York with Japanese Foreign Minister Shintaro Abe, and Subsequent "Drop By" on the President

You are scheduled to meet with Japanese Foreign Minister Shintaro Abe at 9:15 a.m., Monday, September 26, for 15 minutes, and then "drop by" on the President for a few words and a photo opportunity. This arrangement should take care of our desire to give Abe some special attention and at the same time avoid the problems we might have with other Foreign Ministers if Abe had a formally scheduled meeting with the President.

Attached at Tab II are background and talking points for you to use in your meeting with Abe. At Tab I is a memo from you to the President, with background and talking points for his use attached.

Recommendation

That you sign the memorandum to the President at Tab I recommending he meet with Abe in New York.

Approve _____ Disapprove _____

Attachments

Tab I Memo to the President
Tab A Background and talking points for the President
Tab II Background and talking points for the Judge

cc: Charles Tyson
Roger Robinson

~~SECRET~~

Declassify on: OADR

DECLASSIFIED

NLS F00-037/14526BY LOT NARA, DATE 7/24/06

RONALD W. REAGAN LIBRARY

THIS FORM MARKS THE FILE LOCATION OF ITEM NUMBER 2
111 LISTED ON THE
WITHDRAWAL SHEET AT THE FRONT OF THIS FOLDER.

National Security Council
The White House

RECEIVED

83 SEP 26 11:06

System #

Package #

T
6770
CZ

	SEQUENCE TO	HAS SEEN	DISPOSITION
Executive Secretary	S	L	
John Poindexter			
Bud McFarlane			
Jacque Hill			
Judge Clark			
John Poindexter			
Executive Secretary			
NSC Secretariat			
Situation Room			

I-Information

A-Action

R-Retain

D-Dispatch

N-No further Action

DISTRIBUTION

cc: VP Meese Baker Deaver Other

COMMENTS

Should be seen by:

(Date/Time)

~~SECRET~~

6770

THE WHITE HOUSE

WASHINGTON

~~SECRET~~

MEETING WITH JAPANESE FOREIGN MINISTER ABE

DATE: Monday, September 26, 1983
LOCATION: New York City
TIME: 9:30 a.m.
FROM: William P. Clark *WPC*

*to visit
now - 1*

I. PURPOSE

Monday, September 26, I will meet with Japanese Foreign Minister Shintaro ABE from 9:15 to 9:30 a.m. and then "drop by" so that you can say a few words to him and have a photo opportunity. This should take care of our desire to give Abe some special attention and at the same time avoid the problems we might have with other Foreign Ministers if you were formally scheduled to meet with him.

The meeting will allow you to:

- Thank Abe for his personal role, and for the great cooperation of the entire Japanese government, in dealing with the Korean airline tragedy.
- Tell Abe how much you are looking forward to your trip to Asia, especially Japan.
- Express your hope that we can make progress on some of our economic problems before your visit.

II. BACKGROUND

Mr. Abe (pronounced "Ah-Beh") is a figure of rising importance in Japan. Formerly the Minister of International Trade and Industry, he is the son-in-law of former Prime Minister Kishi, and is heir-apparent to the Fukuda faction of the Liberal Democratic Party. He will almost certainly be Prime Minister at some future date. He has a large ego and is easily offended. The short "drop by" meeting with you, and photo opportunity, should take care of our desire to give Abe some special personal attention and at the same time avoid the problems we might have with other Foreign Ministers if Abe had a formally scheduled meeting with you.

~~SECRET~~

Declassify on: OADR

DECLASSIFIED

NLS FDO-037/1#528

BY LOT N. DATE 7/24/06

~~SECRET~~

~~SECRET~~

2

~~SECRET~~

III. PARTICIPANTS

U.S.: The President
 William P. Clark
 Charles Tyson

Japan: Foreign Minister Abe
 Ambassador Okawara
 Mr. Nakajima
 Mr. Kitamura
 Interpreter

IV. PRESS PLAN

White House photographer only.

V. SEQUENCE OF EVENTS

9:30 Brief meeting
9:35 Meeting concludes

Tab A Suggested talking points

Prepared by
David Laux

~~SECRET~~

~~SECRET~~

~~SECRET~~

Suggested Talking Points

-- Welcome Mr. Abe and inquire about the health of his father-in-law, former Prime Minister Kishi, who is almost 90. Kishi is remembered by Americans for his efforts to make our alliance a strong one.

-- Thank Abe for his personal role in dealing with the Korean airliner tragedy and express American gratitude for the outstanding cooperation of the entire Japanese government. The way our two nations have worked together in this complex and fast-moving incident has demonstrated the meaning of alliance and partnership between our two countries.

-- Say how much you look forward to your trip to Asia, especially Japan.

-- Express your strong hope that we will be able to make progress on some of the outstanding economic problems between our two countries before your trip. Say that this is important to you personally and to the Congress and the American people. You hope Abe will convey the importance of this to Prime Minister Nakasone and the Japanese government.

-- Convey your personal regards to Prime Minister Nakasone.

DECLASSIFIED

NLS FOO-037/1#529

BY LOI, NARA, DATE 7/24/06

~~SECRET~~

MEMORANDUM

NATIONAL SECURITY COUNCIL

~~SECRET~~

September 24, 1983

ACTION

MEMORANDUM FOR WILLIAM P. CLARK

THROUGH: CHARLES P. TYSON

FROM: DAVID N. LAUX *DL*

SUBJECT: Your Meeting in New York with Japanese Foreign Minister Shintaro Abe, and Subsequent "Drop By" on the President

You are scheduled to meet with Japanese Foreign Minister Shintaro Abe at 9:30 a.m., Monday, September 26, for 15 minutes, and then "drop by" on the President for a few words and a photo opportunity. This arrangement should take care of our desire to give Abe some special attention and at the same time avoid the problems we might have with other Foreign Ministers if Abe had a formally scheduled meeting with the President.

Attached at Tab II are background and talking points for you to use in your meeting with Abe. At Tab I is a memo from you to the President, with background and talking points for his use attached.

Recommendation

That you sign the memorandum to the President at Tab I recommending he meet with Abe in New York.

Approve _____ Disapprove _____

Attachments

Tab I Memo to the President
 Tab A Background and talking points for the President
 Tab II Background and talking points for the Judge

cc: Charles Tyson
 Roger Robinson

~~SECRET~~

Declassify on: OADR

DECLASSIFIED

NLS FOO-037/1#530BY LOT NARA, DATE 7/24/86

~~SECRET~~

For Judge ~~Clark~~

Your Meeting with Shintaro Abe, Foreign Minister
of Japan, on Monday, September 26, 1983

WPC HAS SEEN

Background

Mr. Abe (pronounced "Ah-Beh") is a figure of rising importance in Japan. Formerly the Minister of International Trade and Industry, he is the son-in-law of former Prime Minister Kishi, and heir-apparent to the Fukuda faction of the Liberal Democratic Party. He will almost certainly be Prime Minister at some future date. He has a large ego and is easily offended.

Suggested Talking Points

Korean Airliner

-- Thank you for the very personal role you played in the whole Korean airliner tragedy. The outstanding cooperation between your Foreign Ministry and our Embassy in Tokyo, and between your Embassy here and our State Department, has really been remarkable, throughout the complex and fast-moving developments.

-- Specifically, we are grateful for Japanese cooperation in determining the fate of the airplane, in proving that the Soviets did shoot it down, and--at some risk to your own intelligence sources--making this information available for use in explaining the incident to the world.

-- Further, we appreciate your cooperation in search-and-recovery operations which are still continuing, in working with us in the U.N. and International Civil Aviation Organization to bring the Soviets to account for their crime, and for imposing sanctions on Aeroflot.

-- This cooperation has truly demonstrated the meaning of the close alliance and partnership between our two countries.

DECLASSIFIED

~~SECRET~~

NLS F00-037/1 #532

BY LOT NARA, DATE 7/24/06

President's Trip and Economic Issues

-- Say how much the President looks forward to his trip to Asia, especially Japan, which will be the centerpiece of his trip. (The President's ~~last~~ ^{last} visit was in 1971 or '72, as Governor, when he went as a special envoy for President Nixon. ^{LAST VISIT IN 1979 WITH THE TRSON'S, ALLEN'S AND HANNOFORDS})

-- It is crucial that we achieve concrete results on our major trade issues. Your efforts to advance understanding in Japan of the urgency of taking tough decisions on resolving these trade issues will be fundamental, because many still believe our problem can still be finessed or postponed. We are convinced this is no longer acceptable to our Congress or to the American people. It is a time for decision.

-- In turn, we hope to make this visit of substantial political benefit to Prime Minister Nakasone.

-- We will be communicating to you and your associates some specific suggestions on our outstanding trade issues (e.g., beef and citrus, possibly automobiles).

Other

-- I understand Japan recently held ministerial-level meetings with South Korea, and I want you to know that the U.S. feels strongly that good relations between Japan and South Korea are in the interest of us all.

-- What are your views on the Philippines situation?

RONALD W. REAGAN LIBRARY

THIS FORM MARKS THE FILE LOCATION OF ITEM NUMBER 6
1111 LISTED ON THE
WITHDRAWAL SHEET AT THE FRONT OF THIS FOLDER.

RECEIVED 08 OCT 83 12

TO CLARK FROM SIGUR
TYSON

DOCDATE 07 OCT 83
11 OCT 83

KEYWORDS: JAPAN

AC

OKAWARA, YOSHIO

SUBJECT MTG W/ AMB OKAWARA OCT 12

ACTION: FOR INFORMATION

DUE:

STATUS IX FILES

FOR ACTION

FOR CONCURRENCE

FOR INFO

CLARK

COMMENTS

REF# LOG NSCIFID (VL)

ACTION OFFICER (S) ASSIGNED ACTION REQUIRED DUE COPIES TO

OCT 1 2 1983

Clark noted

C10/12 Clark noted a/p memo 8u, CT

DISPATCH

W/ATTCH FILE (C)

832

National Security Council
The White House

RECEIVED

83 OCT 11 P 6: 56

System #

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Package#

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	SEQUENCE TO	HAS SEEN	DISPOSITION
Executive Secretary	1	K	
John Poindexter	2	J	
Bud McFarlane			
Jacque Hill	3		
Judge Clark	4		I
John Poindexter			
Executive Secretary			
NSC Secretariat			
Situation Room			

I-Information

A-Action

R-Retain

D-Dispatch

N-No further Action

DISTRIBUTION

cc: VP Meese Baker Deaver Other

COMMENTS

Should be seen by:

1400 10/12
(Date/Time)

Send cc to McMinn / Fortner Don

Don: Do we need PM points?

Cy on folder

832

National Security Council
The White House

RECEIVED

System # I

Package# 7207

83 OCT 7 P 6: 03

ra

	SEQUENCE TO	HAS SEEN	DISPOSITION
Executive Secretary	<u>1</u>	<u>K</u>	
John Poindexter	<u>2</u>		
Bud McFarlane			
Jacque Hill		<u>✓</u>	
Judge Clark		<u>✓</u>	
John Poindexter			
Executive Secretary			
NSC Secretariat			
Situation Room			

I-Information

A-Action R-Retain D-Dispatch N-No further Action

DISTRIBUTION

cc: VP Meese Baker Deaver Other

COMMENTS

Should be seen by: 1400 10-12
(Date/Time)

Recommend that Fortier and Bailey/Robinson
also attend

Darton ~~unlike~~
to include Tyson
jst

OK

All have been
informed

NSC/S: Send cc to Fortier and Bailey done jst

THE WHITE HOUSE

WASHINGTON

~~CONFIDENTIAL~~

October 11, 1983

INFORMATION

MEMORANDUM FOR WILLIAM P. CLARK

FROM:

CHARLES P. TYSON *CT*

WPC HAS SEEN

SUBJECT:

Your Meeting with Japanese Ambassador Okawara
Wednesday, October 12 -- 2:00 p.m.

Ambassador Okawara will be flying back to Tokyo this week to brief Prime Minister Nakasone on the President's visit to Japan. Your meeting offers a key opportunity to stress the (1) political downsides for the President of this visit, and (2) areas where progress must be made (trade, finance, defense, energy, economic assistance) and the dire consequences to long-term US-Japan relations if certain benchmarks are not reached.

There is presently a wait-and-see attitude on the Hill regarding US-Japan relations. An uneasy calm exists towards protectionist and local content legislation. The Congress is ready to spring, but they are waiting for the right opportunity. If we are not successful, the potential scenario we face is a superficially successful visit in November, followed by the announcement in January/February of a \$25-30 billion trade deficit with expectations for an even larger imbalance in 1984. The Democrats will seize upon this to force protectionist and local content legislation and unacceptable trade riders to bills. They might also try to embarrass the President. All of this is also political dynamite for Democratic Presidential hopefuls, who will tie the President's "failure" to jobs. The result of this will be potentially a destruction of US-Japan strategic, economic, and security relations. Our bilateral conditions could also pose serious problems for the world economy.

You should underscore the political reality of the situation and say that through a partnership we can and must achieve more equitable results. Attached at Tab A are draft talking points. You only need to stay for 10 minutes to make the fundamental points, after which Gaston and I will carry on.

Gaston Sigur concurs.

Attachment
Tab A: Talking Points

DECLASSIFIED

NLS F00-037/1 #533BY LOT, NARA, DATE 7/24/06

~~CONFIDENTIAL~~
Declassify: OADR

MEMORANDUM

NATIONAL SECURITY COUNCIL

~~CONFIDENTIAL~~

October 7. 1983

INFORMATION

WPC HAS SEEN

MEMORANDUM FOR WILLIAM P. CLARK

FROM: GASTON J. SIGUR *Gast*

SUBJECT: Meeting with Ambassador Yoshio Okawara of Japan;
October 12, 2:00 pm

You agreed to a brief meeting with Japanese Ambassador Yoshio Okawara at 2:00 pm on October 12. Okawara requested a meeting with you to discuss the President's Japan visit. He will be returning to Tokyo to see Prime Minister Nakasone a couple of days after he sees you. Chuck Tyson and I will be with you and will carry on the discussion with Okawara after you leave.

I think you should regard this session as a listening one, but you should be prepared to make a few points. I suggest the following:

- 1) The President is very much looking forward to his visit and to reinforcing the close ties between our two countries.
- 2) We appreciate the efforts the Prime Minister is making to resolve as many of the differences between us in the trade and defense areas as possible prior to the President's visit.
- 3) We know that the Prime Minister has an election coming up, probably in December, and that he has to protect his political flanks.
- 4) However, we are moving into a political season ourselves and the huge growing trade deficit with Japan and inadequate Japanese spending in the self-defense area cannot be ignored.
- 5) We must work out together a more reciprocal relationship between our two countries in the economic, defense and political areas. The Prime Minister and the President share a vision of a more secure and economically prosperous Pacific region. In order to see this vision realized, we must tighten up U.S.-Japanese economic and security cooperation.

~~CONFIDENTIAL~~
Declassify: OADR

DECLASSIFIED
NLS FDO-037/1 #534
BY LOT NARA, DATE 7/24/06

~~CONFIDENTIAL~~

TALKING POINTS

- This year critical to US-Japan relations. Fortunate to have two men of vision leading our countries, but we must not underestimate seriousness of bilateral problems.
- Cannot give the impression of superficial successes in November when they will be countered by a political typhoon early next year. Understand the particular situation of Nakasone's re-election bid -- we ask that you also consider the political realities in this country as well.
- Must achieve more equity in the relationship in the areas of trade, defense, finance, foreign aid, and energy. Alternative is onslaught of protectionist and local content legislation in early to mid-1984. Congress will lead charge so strong that it could tear apart bilateral relationship.
- Our nations, let alone the world economy, cannot afford this type of future.
- We will be working over the course of the next two weeks to develop guidelines for developing a more equitable relationship to put us on the right path, so critical to the long-term interests of the United States and Japan.
- At an appropriate junction prior to the visit, we will relay the President's views.
- Visit occurs in the aftermath of KAL, assassination of Korean leaders, and a year of increasing threats from the Soviet Union leveled at your country. We need to look for visible ways of demonstrating that these events only serve to accelerate our security cooperation. I wonder if it isn't timely for Japan to consider new, quiet forms of cooperation with Korea.
- To build on our joint desire to demonstrate continued progress in arms control, we invite you to consider whether some public statement of support could be made for our President's non-proliferation initiative during the visit.

~~CONFIDENTIAL~~

DECLASSIFIED

NLS F00-037/1#535

BY LOT NARA, DATE 7/24/86

YRR

LATE ITEM

Election Weakens Japan's Ruling Party

The Liberal Democratic Party's failure to win an absolute majority--256 seats--in the lower house yesterday is a severe blow to Prime Minister Nakasone.

- The party won only 250 seats, a drop of 34, while the Japan Socialist Party, the Clean Government Party, and the Democratic Socialist Party were major gainers.

Analysis of returns suggests that several factors explain the size of the LDP defeat.

- A combination of cold weather and optimistic preelection polls late last week may have accounted for the voter turnout of 68 percent--a postwar low.
- The "Tanaka factor" may have increased voter disenchantment with politics, although Tanaka himself won the most votes in his career and emerged with the strongest factional strength in the LDP.
- Severe intraparty battles in several districts split the conservative vote.
- Unprecedented opposition cooperation helped the opposition parties wrest seats from the ruling party.

Nine independents have already announced they will join the LDP, which will assure its hold on power, but Nakasone will face a difficult task in forming a new cabinet and managing the Diet. Rival faction leaders will demand a larger role in his government, and he will need broad party support to meet stronger opposition challenges in the Diet.

Nakasone has told the press he will remain in office to maintain continuity in international and economic policy, but his ability to affect events personally will be reduced.

- The cabinet should approve the FY84 budget by early January, and he will have difficulty convincing the Finance Ministry to present defense spending increases requested by the Defense Agency.

- Unusually weak showings in the rural districts may cause the LDP to move even more cautiously on agricultural concessions to the US.
- Nakasone may revise his heavy international schedule--which includes a probable trip to China in March--to allow more time to manage domestic issues and rebuild his position in the party. He and other faction leaders will be looking to elections for party president in November.
- The possibility also remains that LDP leaders will force him to step down before November in favor of a caretaker prime minister.

SYSTEM II PROFILE

~~SECRET~~

ID 8391188

UNCLASSIFIED UPON REMOVAL OF
CLASSIFIED ENCLOSURES

*mjr
2/24/04*

RECEIVED 17 OCT 83 16

TO

McFARLANE

FROM MCMINN

DOCDATE 13 OCT 83

KEYWORDS JAPAN

INTL TRADE

SUBJECT JAPANESE AUTOMOBILE RESTRAINTS

ACTION: FWD TO PRES FOR INFO

DUE:

STATUS IP FILES SII

FOR ACTION

FOR CONCURRENCE

FOR INFO

McFARLANE

COMMENTS

REF#

LOG

NSCIFID

(B / *B*)

ACTION OFFICER (S) ASSIGNED ACTION REQUIRED DUE COPIES TO

<i>Pres</i>	<i>1 OCT 1 7 1983</i>	<i>for information</i>		<i>WB</i>
	<i>OCT 1 8 1983</i>	<i>Pres noted</i>		<i>MC</i>
<i>McFarlane</i>	<i>1X 10/31</i>	<i>a/o for information</i>		
	<i>C 10/31</i>	<i>McFarlane noted</i>		<i>me</i>

DISPATCH

W/ATTCH FILE (C)

THE WHITE HOUSE
WASHINGTON

Secy Shultz
Secy Regan
Secy Baldrige
Amb Robert Lighthouser (STR)
Ed Meese
Gaston Sigur
Doug McMinn

Take 1.85
Apply same market
% increase.
Get Japanese to
propose

~~SECRET~~

SYSTEM II
91188 add-on

RCM HAS SEEN

MEMORANDUM

NATIONAL SECURITY COUNCIL

~~SECRET~~

October 31, 1983

MEMORANDUM FOR ROBERT C. McFARLANE

FROM: DOUGLAS W. McMINN *DM*

SUBJECT: Japanese Auto Restraints--Your Meeting Today at 11:30 a.m.

Issue

The current Japanese auto restraint level is 1.68 million units (cars) per year. We have indicated to the Japanese that another year of restraint is warranted and that we believe that 1.8 million units would be a "reasonable" level for 1984. In turn, the Japanese have indicated to us that they are prepared to announce another year of restraint, but at 1.9 million units. The issue before the Administration is:

- o Do we tell the Japanese that we are prepared to go above 1.8 million units?
- o If we are prepared to go above 1.8 million units, how far above, i.e., what aggregate level?

Background

Attached at Tab A, is an October 13 memorandum outlining the economic and political arguments vis-a-vis a fourth year of Japanese automobile restraints.

Talking Points

- o As all of you know, the current Japanese auto restraint level is 1.68 million units (cars) per year.
- o The Japanese have been told by Bill Brock that another year of restraint, in our view, is warranted.
- o Ambassador Brock has also indicated that we believe 1.8 million units would be a "reasonable" level for 1984.
- o In turn, Minister Uno of MITI has stated that his government is not prepared to go below 1.9 million cars for 1984.
- o Ambassador Brock is in Tokyo and needs guidance on how to proceed on the auto issue.

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NLS F00-037/1 #536

BY LDT NARA, DATE 7/24/06

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- o The issue before us is:
 - Do we tell the Japanese that we are prepared to accept a restraint level above the 1.8 figure?
 - If we are prepared to go above 1.8 million units, how far above?
- o The President would like our recommendations so that guidance may be given to the Japanese as soon as possible.

Attachment

TAB A October 13 memorandum

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*Chron
Japan Autos*

MEMORANDUM

SYSTEM II 91188

NATIONAL SECURITY COUNCIL

October 13, 1983

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ACTION

MEMORANDUM FOR WILLIAM P. CLARK

FROM: DOUGLAS W. McMINN 

SUBJECT: Japanese Automobile Restraints

Issue

The current Japanese automobile restraint program limiting Japan's exports of cars to the United States expires next spring. The Japanese have given us every indication that they are prepared to announce another year of auto restraint before the President's visit in mid-November. What the Japanese are looking for is guidance on the aggregate level of auto exports that they should announce. The restraint level for the past three years has been 1.68 million units (cars).

Background

There is general agreement within the Administration that the economics are against another year of auto restraints by the Japanese. This consensus has emerged in the face of our domestic auto producers' contentions that the imbalance in the yen/dollar exchange rate and domestic Japanese tax benefits give Japan's automobile industry an unfair advantage over U.S. competitors. The economic arguments against a fourth year of restraint are as follows:

- o The U.S. auto market is expected to be stronger in 1984. Commerce forecasts sales of 10.2 million units. This is up from 8.0 million units in 1982 and from an estimated 9.4 million in 1983.
- o Industry profits are strong. (1983 profits are expected to be \$5 - \$5.5 billion, compared to total losses of \$5.2 billion in 1980 through 1982.)
- o Consumer costs would be high. (\$2.7 billion for freezing Japan at the current restraint level, \$1.6 billion even if the quota is increased by 240,000 units.)

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BY LOI NARA, DATE 7/24/06

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- o Cost per job saved is high. (\$212,000 for current level; \$224,000 for increased quota.)
- o The industry is divided. (GM wants a bigger quota to give room for an additional 300,000 cars GM wants to buy from Isuzu and Suzuki. Chrysler and AMC charge GM with ceding the small car market--the segment in which Chrysler excels--to Japan.)

(The forecasts above are based on a 10.2 million unit market, assuming unrestrained Japanese imports of 2.3 million, or 22.5 percent of the market.)

From the standpoint of domestic politics, however, there is a very strong case to be made for a fourth year of Japanese auto restraints. The political arguments follow pretty much the pattern outlined below:

- o There is a perception widely held in America that the U.S.-Japanese trading relationship is inequitable.
 - While our market is wide open to Japan's exports, the Japanese restrict access to their own market for our own products.
- o In this context, Japanese autos have become a highly visible symbol of this inequity.
- o If the President were not to decide on a fourth year of restraints, he would be perceived as "selling-out" to the Japanese.
- o The President would be accused of taking jobs away from Americans without getting anything tangible and balanced in return.
- o The Congress would use this emotional issue to revive protectionist legislation such as the local content bill.
- o Moreover, some would make as much capital as possible out of it in connection with the 1984 Presidential election.
 - They would point to the record trade deficit this year and an even larger one next year, and to the President's disregard for Americans' jobs.
- o On a more micro level, the President would lose large chunks of votes in states that are key to winning Presidential elections (e.g., midwestern states such as Michigan, Ohio, Missouri and Illinois).

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Options

We see three possible options concerning a fourth year of Japanese auto restraints:

- (1) Seek a fourth year of restraint at current levels (1.68 million cars)
 - o Economic costs to the United States would be fairly high (as outlined above).
 - o Political benefits, however, would be substantial.
 - o Would serve as a catalyst to Chrysler, Ford and American Motors to continue their efforts to compete with the Japanese in the small car market.
 - o Would force GM to reconsider its current planning to avoid competing with the Japanese in the U.S. small car market--GM is set to buy small cars from Suzuki and Isuzu and import them.
- (2) Seek a fourth year of restraint at a level higher than the current 1.68 million units (somewhere between 1.68 and 2 million units).
 - o Reduces cost to the U.S. economy.
 - o Would begin to roll back protectionist measures in line with the Williamsburg Declaration.
 - o Would be more palatable to the Japanese.
 - o Would help prevent major Japanese inroads into the U.S. small car market.
 - o Could be perceived by American public and the Congress as an "optical" solution rather than real and equitable relief vis-a-vis the Japanese--this is more of a problem the closer you get to the 2 million unit figure.
 - o Could allow GM to move, by buying Japanese, out of the small car market taking jobs and productive capacity away from the United States.
- (3) Do not seek a fourth year of quotas, but get some "understanding" or "assurances" from Japan to act responsibly in exporting autos to our market, i.e., no surges of imports.
 - o Would be seen as following-up on commitments made at Williamsburg.

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- o Could be used as leverage to get major concessions from Japan on other issues, such as beef and citrus.
- o Would have less economic cost for U.S. economy.
- o However, could have major political costs.
- o Would allow GM to move offshore in procuring small cars.

RECOMMENDATION

We would argue that the political risks and costs are too high for the President and the Administration without a fourth year of Japanese auto restraints at a specific quantitative level. Further, if the decision to seek a fourth year is based on political considerations, which it would be, it makes sense to reap as much political capital as possible. Therefore, we would recommend that a fourth year of Japanese auto restraints be sought at the current level (1.68 million units). We believe that this would:

- o Signal the President's commitment to deal firmly with the inequities in U.S.-Japanese trade relations.
- o Avoid adding fuel to the protectionist fires on the Hill.
- o Take away a potential political issue from the Democrats.
- o Provide a safety net for the U.S. industry, preventing major unexpected inroads in the U.S. market.
- o Cause GM to reconsider moving out of small car production in the United States by buying Japanese.

The Japanese may not be in a position, because of their own domestic political situation, to accept the 1.68 million figure. Therefore, as a negotiating fall-back, we should be prepared to agree to a figure of 1.8 million units; a slight increase of 120,000 units over previous restraint levels. This 1.8 million level should still provide all of the advantages listed above--only with a little less certainty.

This 1.8 million figure, while an increase in absolute terms over the previous restraint level, would represent a decrease in the percentage of the U.S. auto market captured by Japanese producers. Because of our economic recovery, the overall sales of autos in the United States are expected to increase to around 10.2 million units. This means, in percentage terms, the Japanese share of our market would decrease from about 22.5 percent this year to 17 percent in 1984.

Chuck Tyson and Gaston TM Sigur concur.

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The President has seen _____

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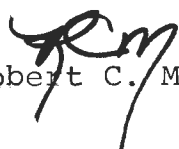
Receiver SS

1983 OCT 17 PM 4:07 WHITE HOUSE
WASHINGTON

October 17, 1983

Mr. President:

Attached is a staff paper on the Japanese automobile issue. Since this is basically a political issue, I propose that Bill Brock and I discuss this with you on Tuesday at 0930 rather than discuss it at the NSC meeting we are scheduling on the broader US-Japan trade questions.


Robert C. McFarlane

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MAN 2/19/84
cc: Bill Brock

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MEMORANDUM

SYSTEM II 91188

NATIONAL SECURITY COUNCIL

October 13, 1983

~~SECRET~~Issue

The current Japanese automobile restraint program limiting Japan's exports of cars to the United States expires next spring. The Japanese have given us every indication that they are prepared to announce another year of auto restraint before the President's visit in mid-November. What the Japanese are looking for is guidance on the aggregate level of auto exports that they should announce. The restraint level for the past three years has been 1.68 million units (cars).

Background

There is general agreement within the Administration that the economics are against another year of auto restraints by the Japanese. This consensus has emerged in the face of our domestic auto producers' contentions that the imbalance in the yen/dollar exchange rate and domestic Japanese tax benefits give Japan's automobile industry an unfair advantage over U.S. competitors. The economic arguments against a fourth year of restraint are as follows:

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National Security Council
The White House

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Jacque Hill

Judge Clark

John Poindexter

Executive Secretary

NSC Secretariat

Situation Room

I-Information

A-Action

R-Retain

D-Dispatch

N-No further Action

DISTRIBUTION

cc: VP

Meese

Baker

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Other

COMMENTS

Should be seen by:

{Date/Time}

Bud,

This is a specialized trade issue for the trip. It is recommended we discuss it with President at 0930 on Tuesday. Bill Brocks leaves for Japan next week and we need a decision on this before he goes. Bill is available to go over

in with you tomorrow. I
propose you take Bill and Doug
McMinn. Providing the paper
to President today will give him
a chance to think about it.

The paper was provided to Dick
Darman last week so Inese and
Baker are aware. John

THE WHITE HOUSE
WASHINGTON

October 17, 1983

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That Bill Brock and I
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SECRET ATTACHMENT

cc: Bill Brock

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NATIONAL SECURITY COUNCIL

October 13, 1983

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NLS 100-03714539

BY LOS, NARA, DATE 7/24/06

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REL. NATIONAL SECURITY COUNCIL

October 18, 1983

83 OCT 18 P 2: 50

TO: ROBERT C. McFARLANE

FROM: GASTON J. SIGUR

The attached copy of a lead editorial from this week's London Economist is well worth your reading. It is short, succinct and basically accurate. I recommend that you pass it on to the President for him to look at.

cc: Tyson
McMinn
Robinson
Martin



A new Japan

The picture the world has of Japan limps behind reality, fooled by the Japanese gift for absorbing new things and adapting them smoothly to old forms. The Japan President Reagan visits next month is a very different nation from the one that westerners think they know. One startling sign of novelty is that a powerful former prime minister, Mr Kakuei Tanaka, has this week been convicted of receiving bribes and sentenced to prison (see page 32). There are deeper movements too. Of the three main themes of post-1945 Japan, one, a reticent foreign policy, has already begun to change. Another, government by bureaucratic consensus, is about to be forced to change. And the third, Japan's hyper-efficient export machine, is producing desirable effects that most westerners have not yet grasped.

"A member of the west"

Japan's prime minister, Mr Yasuhiro Nakasone, says "a quiet revolution" is taking place in Japan's relations with other countries. Credit for this goes to Mr Nakasone himself, who slipped into office less than a year ago as a result of the usual inter-factional deal within his Liberal Democratic party. To everybody's astonishment, he began almost immediately to call on Japan to take a bigger hand in the west's foreign policy.

This call was mistaken at first as a simple summons to arms, both by the Japanese (who therefore sent Mr Nakasone down in the opinion polls), and by foreigners. The military element is important: Japan's defence spending, at 1.6% of gnp (as Nato counts it), needs to go up; but it is not as important as the political element. It suited Japan for some time after 1945 to retire from the world and look to itself. It no longer does. Japan's economic weight and the close identification of its political interests with the west's fit it for more than a cameo part on the international stage.

Mr Nakasone is the first Japanese prime minister to say this clearly. But he is not dragging Japan kicking and screaming into the world. The Japanese responded well to his assertive performance at the Williamsburg summit in May, and the cabinet has just endorsed the view that Japan is "a member of the west". Japan is diligently tending its relations with other Asian states, especially in south-east Asia. There are still jitters over defence; but Japan now seems prepared, even eager, to act and be thought of as something more than an

economic animal.

Japan's steps towards politics in the world outside are being shadowed by a similar movement inside. Japan has been a democracy since 1945, but until now it has not had much of what westerners think of as politics. There was no real dispute about the aim of government policy (economic growth); and little about how to achieve it. Bureaucrats made policy by negotiating a consensus among themselves. The almost indistinguishable blur of post-1945 prime ministerial faces is accounted for by the fact that politics in Japan has consisted of little more than baroque deals among the factions of the only party that counts, the Liberal Democrats. The country was run by non-politicians.

Factional dealing is still the heart of Japanese politics. That is why Mr Tanaka's conviction was the year's biggest political news in Japan. Mr Nakasone, who leads an unimportant faction of the ruling party, owes his job to Mr Tanaka, who leads an important one. The guilty verdict is the opening shot in a factional battle that probably will not, but possibly could, cost Mr Nakasone the premiership. It was once of only passing interest that a Japanese prime minister had a chance of falling because of a factional fight, and little chance of doing so because of his policies. Not now. The Liberal Democratic party has to shape up because tough political choices now have to be made.

Japan cannot expect another 20 years of economic growth like that of the past 30. The government's archaic system for financing its spending requires an overhaul. The country's rapidly ageing population poses a huge new problem. Instead of a fast-growing and smoothly running economy, which provided the basis for Japan's government by bureaucrats, Japan will have a slow-growing and cranky one. Politicians will have to make the choices about tax and distribution policy whether they like it or not.

It is not politics that leaps to most western minds when Japan is mentioned. It is exports. Westerners still see Japan as "supercompetitive", its exports destroying whole chunks of their industry. This year, with Japan set to run a surplus of around \$20 billion on the current account of its balance of payments, western protectionists are in full cry. They are wrong on every count, and on three in particular.

First, Japan's export growth this year is part of a

cycle that owes more to the failings of currency markets than to inherent Japanese success. Partly because Japan's financial system is less flexible than most in the west, the yen is more volatile. Last year it was heavily undervalued, so Japanese goods could undercut western competition. Over the past 12 months, the yen has risen by 18% in trade-weighted terms, which will help to make Japanese goods less competitive in 1984 and 1985. The currency markets will do what import-controllors want, with none of the hard-to-reverse arbitrariness that is protection's real blight.

Even when the yen is rising, too many westerners still make a second mistake: they see their bilateral deficits with Japan as proof that the Japanese are "unfair" competitors. In a world where countries trade widely and currencies are convertible, bilateral balances are irrelevant. Any country which has to import all its raw materials has to export manufactures. Japan is bound to run a trade surplus with other manufacturing countries, because what it needs to buy comes from the oilfields of the Gulf and the plantations of Malaysia. If Japan were towed down the Pacific and clamped on to Australia, the Japanese economy would soon be producing and selling a mixture of commodities and manufactures, and would probably run a trade deficit with Britain and West Germany. Stuck with its mountains, Japan's prosperity depends on its having a surplus in manufacturing trade.

The third western muddle over Japan's current-account surplus is the most serious. It forgets that this current surplus is mirrored in a deficit on the capital

account, which means that more Japanese savings are being invested abroad than foreigners are investing in Japan. Excellent. The second biggest capitalist economy ought to be a capital exporter. Since countries first learnt how to help each other grow, the rich have been lending to the poor. Nineteenth-century Britain ran a huge current surplus every year, had nil inflation (indeed, a 10% fall in retail prices over the period 1860-1913), and thus invested at cheap interest rates in backward places like California and Canada.

Filling Victorian Britain's economic place

Japan should prove the best lender that the world has had since then. It has had nil inflation in the year to August, its savings are high (unlike America's) and its interest rates are low. Its companies will build and run factories in India and Indiana; its insurance companies will buy more World Bank bonds; its government should expand its aid programme. None of this will be possible unless Japan has a current-account surplus. Western politicians who want to cut that surplus by trade barriers do double damage, hurting their own consumers and then restricting the flow of Japanese capital and knowhow to their own countries.

The Japan taking shape for the rest of this century is one that sensible westerners should be delighted with. It is a Japan that shows every promise of taking its part in a free-world foreign policy, and of enriching the west with its trade and technology. It would be not only ungenerous, but an act of folly, for westerners not to welcome this new Japan.

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SUBJECT USTR MEMO RE PRES TRIP TO JAPAN

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MEMORANDUM

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NATIONAL SECURITY COUNCIL

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October 19, 1983

ACTION

MEMORANDUM FOR ROBERT C. McFARLANE

FROM: DOUGLAS W. McMINN ~~70M~~
GASTON SIGUR ~~GA~~

SUBJECT: Bill Brock's Memorandum Concerning the
President's Trip to Japan

RCM HAS SEEN

Bill Brock has written to you (Tab A) raising very important questions about the implications of a "get tough" policy approach with the Japanese. Brock's concerns stem from what he understands are preparations being developed for the President to adopt a very tough and comprehensive stance with Prime Minister Nakasone regarding Japanese trade, financial, aid and security policies.

Bill Brock's overall concern with this possible policy approach or game plan is that it carries with it considerable risk to the President and to our critical bilateral relationship with Japan. He cautions that, if we adopt such a policy program with difficult demands, there must be uniformity of Administration support and White House "will" to carry it out. What Brock is saying here is that it may very well require a major U.S. action(s) against Japan to get them to agree to resolve outstanding problems to our satisfaction. Therefore, before pursuing a "tough" integrated policy approach, you must ensure that you are prepared to back-up your demands. Nothing could be worse for the President and our relationship with Japan than idle threats.

Brock goes on to lay out the pros and cons, as he sees them, to a comprehensive approach. His views are strong and insightful--we urge you to read them carefully.

On balance we agree with Bill Brock's assessment and analysis. The automobile issue should stand on its own two wobbly legs, outside of any broader package of demands or game plan for action. The auto question is fundamentally one of election-year domestic politics, both here and in Japan. It should be understood as such, and resolved quickly and independently.

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The issue of whether to have a tough, integrated and comprehensive game plan and timetable for Japanese action to resolve bilateral trade, finance, aid, and security problems is much more difficult. This question requires Cabinet-level review and recommendations to the President.

We do need to have visible progress with the Japanese on our outstanding bilateral problems. This is essential to the strength and health of our relationship with Japan, so critical to the safety of the Free World and to peace both regionally and globally. We do need to be firm and businesslike with Japan in seeking solutions to our problems. What we cannot have is a bilateral confrontation with Japan that undermines the President's leadership role here and abroad and jeopardizes the strength of our economic and security relationship with the Japanese.

Attachment

TAB A Memorandum from Bill Brock

cc: Chuck Tyson

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A

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