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Relations/Nakasone Visit]

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WITHDRAWAL SHEET

Ronald Reagan Library

Collection Name EXECUTIVE SECRETARIAT, NSC: MEETING FILE

Withdrawer

CAS 1/21/2011

File Folder NSC00111 12/19/1984

FOIA

M10-325/2

Box Number 6

RAKU

12

ID	Doc Type	Document Description	No of Pages	Doc Date	Restrictions
103386	SEATING CHART	FOR NSC MEETING	1	ND	B1 B3
103373	FORM	RE REQUEST FOR APPOINTMENTS	1	12/21/1984	B1 B3
103375	MEMO	CAROL CLEVELAND TO ROBERT KIMMITT RE NSC MEETING	1	12/21/1984	B1 B3
103390	SEATING CHART	SAME AS 103386	1	ND	B1 B3
103376	MEMO	DUPE OF 103375	1	12/21/1984	B1 B3
103392	MEMO	KIMMITT TO DONALD GREGG ET (ANNOTATED)	1	ND	B1 B3
103394	LIST	RE NSC MEETING	1	ND	B1 B3
103374	FORM	DUPE OF 103373	1	12/21/1984	B1 B3
103377	MEMO	DONALD REGAN TO THE PRESIDENT RE REPORT ON DELIBERATIONS OF THE SIG- IEP ON US-JAPAN TRADE POLICY PROBLEMS <i>R 9/26/2013 M325/2</i>	2	ND	B1

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

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ID	Doc Type	Document Description	No of Pages	Doc Date	Restrictions
103378	MEMO	ROBERT MCFARLANE TO THE PRESIDENT RE NSC MEETING <i>R 9/26/2013 M325/2</i>	4	12/20/1984	B1
103379	MEMO	GASTON SIGUR ET AL TO MCFARLANE RE NSC MEETING <i>R 9/26/2013 M325/2</i>	2	12/19/1984	B1
103381	TALKING POINTS	RE NSC MEETING (ATTACHMENT TO 103379) <i>R 9/26/2013 M325/2</i>	2	ND	B1

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NSC0111

9166

NATIONAL SECURITY COUNCIL MEETING
December 21, 1984
11:00 a.m. - 12:00 noon
Cabinet Room

SUBJECT: US-JAPAN RELATIONS

Introduction (2 minutes)	Robert C. McFarlane
Political Overview (10 minutes)	Secretary Shultz
Defense Issues (5 minutes)	Secretary Weinberger
Economic/Financial Overview (10 minutes)	Secretary Regan
Trade (10 minutes)	Secretary Baldrige Ambassador Smith
Energy (3 minutes)	Assistant Secretary Jan Mares
Agriculture (3 minutes)	Secretary Block
Discussion (15 minutes)	All Participants
Conclusion (2 minutes)	Robert C. McFarlane

~~SECRET~~

DECLASSIFIED
Sec. 34(b), E.O. 12958, as amended
White House Guidelines, Sept. 11, 2008
BY NARA CBS, DATE 1/4/10

NATIONAL SECURITY COUNCIL

UNCLASSIFIED WITH
SECRET ATTACHMENT

December 19, 1984

ACTION

MEMORANDUM FOR ROBERT M. KIMMITT

FROM: WILLIAM F. MARTIN *WFM*

SUBJECT: Agenda for NSC Meeting on December 21, 1984

Attached at Tab I please find a memo from you to pertinent agencies forwarding an agenda for the NSC meeting scheduled on Friday, December 21, at 11:00 a.m., in the Cabinet Room.

Gaston Sigur concurs.

RECOMMENDATION

That you sign the memorandum at Tab I.

Approve _____

Disapprove _____

Attachments:

Tab I Memo for Agencies
Tab A Agenda

UNCLASSIFIED WITH
SECRET ATTACHMENT

MEMORANDUM

NATIONAL SECURITY COUNCIL

CONFIDENTIAL

ACTION

DECLASSIFIED

Sec. 3.4(b), E.O. 12958, as amended
White House Guidelines, Sept. 11, 2006
BY NARA CU, DATE 1/21/11

December 20, 1984

MEMORANDUM FOR ROBERT M. KIMMITT

FROM:

Jennifer I. Fisher
JENNIFER I. FISHER

SUBJECT:

Attendance List for National Security
Council Meeting, December 21, 1984 (U)

The following officials plan to attend the National Security Council Meeting on US-Japan Relations which is scheduled for December 21, 1984 in the Cabinet Room from 11:00 a.m. to 12:00 p.m. (C)

The President

The Vice President's Office

Vice President

Admiral Daniel J. Murphy

State:

Secretary George P. Shultz

Treasury

Secretary Donald T. Regan

Defense:

Secretary Caspar W. Weinberger

Asst. Sec. Richard Armitage

Agriculture

Secretary John Block

Commerce

Secretary Malcolm Baldrige

Deputy Under Secretary Olin Wethington

OMB:

Joseph Wright

Dr. Alton Keel

CIA:

Mr. William J. Casey

USTR

Amb Michael Smith (Deputy Trade Representative)

CONFIDENTIAL

JCS:

General John W. Vessey
Admiral Arthur Moreau

OEA

William Niskanen

USIA

Charles Wick
Robert Nevitt (Director East Asia/Pacific Affairs)

White House:

Mr. Edwin Meese, III
Mr. Michael Deaver
Mr. Richard Darman
Mr. Robert C. McFarlane

OPD

Mr. John Svahn

NSC:

Robert M. Kimmitt
Gaston Sigur
William Martin

Approved _____ As Amended _____

A seating plan for this meeting will be provided in the morning.

CONFIDENTIAL

Declassify: OADR

~~CONFIDENTIAL~~

JCS:

General John W. Vessey
Admiral Arthur Moreau

OEA

William Niskanen

USIA

Charles Wick
Robert Nevitt (Director East Asia/Pacific Affairs)

White House:

Mr. Edwin Meese, III
Mr. Michael Deaver
Mr. Richard Darman
Mr. Robert C. McFarlane

OPD

Mr. John Svahn

NSC:

Robert M. Kimmitt
Gaston Sigur
William Martin

Fullen?



see notes

Approved K As Amended _____

A seating plan for this meeting will be provided in the morning.

Please get it over ASAP.

~~CONFIDENTIAL~~

Declassify: OADR

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Sec. 3.4(b), E.O. 12958, as amended
White House Guidelines, Sept. 11, 2006
BY NARA CL, DATE 1/2/11

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103386	SEATING CHART FOR NSC MEETING	1	ND	B1 B3

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

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103373	FORM RE REQUEST FOR APPOINTMENTS	1	12/21/1984	B1 B3

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103375	MEMO CAROL CLEVELAND TO ROBERT KIMMITT RE NSC MEETING	1	12/21/1984	B1 B3

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

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9166

NATIONAL SECURITY COUNCIL MEETING

December 21, 1984

11:00 a.m. - 12:00 noon

Cabinet Room

SUBJECT: US-JAPAN RELATIONS

Introduction (2 minutes)	Robert C. McFarlane
Political Overview (10 minutes)	Secretary Shultz
Defense Issues (5 minutes)	Secretary Weinberger
Economic/Financial Overview (10 minutes)	Secretary Regan
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Agriculture (3 minutes)	Secretary Brock
Discussion (15 minutes)	All Participants
Conclusion (2 minutes)	Robert C. McFarlane

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Sec. 3.4(b), E.O. 12958, as amended
White House Guidelines, Sept. 11, 2008
BY NARA 64, DATE 1/7/11

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103390	SEATING CHART	1	ND	B1
	SAME AS 103386			B3

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	<i>Document Description</i>	<i>pages</i>		<i>tions</i>

103376 MEMO

1 12/21/1984 B1

DUPE OF 103375

B3

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103392	MEMO KIMMITT TO DONALD GREGG ET (ANNOTATED)	1	ND	B1 B3

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NATIONAL SECURITY COUNCIL

WASHINGTON, D.C. 20506
1/2 MSG FROM: NSCEC --CPUA TO: NSPBT --CPUA
To: NSPBT --CPUA

12/18/84 14:22:32

-- ~~SECRET~~ --

NOTE FROM: CAROL E. CLEVELAND
SUBJECT: NSC Meeting on Japan

DECLASSIFIED
Sec. 3.4(b), E.O. 12958, as amended
White House Guidelines, Sept. 11, 2006
BY NARA CRS, DATE 1/21/11

I know about the NSC Meeting on the 21st of December but have not informed anyone about the meeting. I have gathered from several telephone calls I have received that a memo was sent out to the various agencies. Any suggestions on how I should handle?

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EXECUTIVE SECRETARIAT, NSC: MEETING FILE

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103394	LIST	1	ND	B1
	RE NSC MEETING			B3

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103374 FORM		1	12/21/1984	B1
	DUPE OF 103373			B3

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TO PRESIDENT FROM REGAN, D

DOCDATE 20 DEC 84

20 DEC 84

UNCLASSIFIED UPON REMOVAL
OF CLASSIFIED ENCLOSURES

CH 1/21/11

KEYWORDS: JAPAN

INTL TRADE

SIG

SUBJECT: REGAN RPT TO PRES ON SIG-IEP REGARDING US JAPAN TRADE POLICY FOR
NSC MTG ON 21 DEC 1984

ACTION: APPROPRIATE ACTION

DUE: 21 DEC 84 STATUS C FILES IFM O

FOR ACTION

FOR CONCURRENCE

FOR INFO

SIGUR

ROBINSON

MCMINN

MARTIN

COMMENTS **** URGENT *****

REF#

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TO

PRESIDENT

FROM REGAN, D

DOCDATE 20 DEC 84

HICKS, C

20 DEC 84

UNCLASSIFIED UPON REMOVAL
OF CLASSIFIED ENCLOSURES

at 1/21/11

KEYWORDS: JAPAN

TRADE

SUBJECT: REGAN RPT TO PRES ON SIG-IEP REGARDING US JAPAN TRADE POLICY FOR
NSC MTG ON 21 DEC 1984

ACTION: APPROPRIATE ACTION

DUE: 21 DEC 84 STATUS S FILES IF

FOR ACTION

FOR CONCURRENCE

FOR INFO

SIGUR

ROBINSON

MCMINN

MARTIN

No action necessary. I include in Dec 21 package to the President.

URGENT

COMMENTS ****

URGENT

REF#

LOG

NSC IFID NSC00111 (V)

ACTION OFFICER (S,	ASSIGNED	ACTION REQUIRED	- DUE	COPIES TO
RWR	- 12/21 C12/27	Transferred to Robinson No ACTION NECESSARY - ALREADY SENT TO PRESIDENT		



OFFICE OF THE SECRETARY OF THE TREASURY
WASHINGTON, D.C. 20220

December 20, 1984

MEMORANDUM FOR ROBERT M. KIMMITT
DEPUTY ASSISTANT TO THE PRESIDENT
FOR NATIONAL SECURITY AFFAIRS
THE WHITE HOUSE

FROM: CHRISTOPHER HICKS *CH*
EXECUTIVE SECRETARY AND
EXECUTIVE ASSISTANT TO THE SECRETARY

Attached is Secretary Regan's Report to the President on
Deliberations of the SIG-IEP on U.S.-Japan Trade Policy Problems
for use at tomorrow's NSC meeting.

Classified Attachment

cc: Roger Robinson



103377

THE SECRETARY OF THE TREASURY
WASHINGTON

~~SECRET~~

MEMORANDUM FOR THE PRESIDENT

FROM: Donald T. Regan *WGR*

SUBJECT: Report on Deliberations of the SIG-IEP on
U.S.-Japan Trade Policy Problems

The SIG-IEP has met on three occasions in the past two weeks (after a series of other high level interagency meetings) to discuss our recommended position for you to take with Prime Minister Nakasone on U.S.-Japan trade issues. The SIG-IEP has reached a consensus on the following points:

- The Prime Minister needs to be informed in strong terms that a severe problem exists and that it can be solved only through active and substantial changes in Japanese policy. Changes are needed which radically increase Japan's receptivity to imports of manufactured goods.
- At the conclusion of this meeting Prime Minister Nakasone should understand that if no movement in these directions has occurred within a relatively short time, then you will find yourself faced with severe domestic pressures for retaliatory and discriminatory measures against Japan, which you would prefer to avoid but may not be able to.
- The follow-up to your meeting in Los Angeles should involve intensive U.S.-Japan negotiations on opening the Japanese market to more imports of manufactured goods in a number of sectors in which U.S. exporters are competitive. These negotiations would be more comprehensive, more intensive, and conducted at a higher level than any such negotiations in the past.
- We recommend that you seek Prime Minister Nakasone's firm agreement to conduct market-opening negotiations on at least four sectors in particular: telecommunications, electronics, forest products, and medical equipment and pharmaceuticals. We suggest that he be

~~SECRET~~

DECLASSIFIED

NLRR M325/2 # 103377

BY KML NARA DATE 9/26/13

~~SECRET~~

2

given to understand that this list is not exclusive and would expand at a later date.

A key question on which the SIG-IEP could not reach consensus was whether we should give the Japanese an overall numerical goal or target for imports of manufactured goods, and attempt to seek Prime Minister Nakasone's agreement to it during your meetings. Agencies in favor of this approach were the Department of Agriculture, the Treasury, the USTR, and the Department of Commerce. Opposed were State, OMB, OPD, CEA, and the Department of Defense. Those in favor of such a target believe that it is essential for tactical reasons to extract a firm commitment from the Japanese and that it is the only way to produce quick and meaningful results. Those opposed believe it economically unsound and fear that it could be politically unhelpful, perhaps counter-productive for the Prime Minister.

In connection with the sector-specific negotiations on which the SIG-IEP agreed, some agencies which opposed an overall target would accept asking the Japanese to set their own import goals for the specific sectors, subject to an agreed monitoring mechanism.

If we were to decide to seek Prime Minister Nakasone's agreement on an overall target, we will need to decide what it should be. Views on this issue ranged upward in severity from a Treasury proposal to seek a Japanese commitment to increase the share of manufactured goods imports in Japan's GNP by one-third over three years. Based on conservative projections, this would produce a 50 percent increase in the nominal dollar level of such imports by 1986, compared to that of 1983. This proposal was meant to be relatively modest but still significant and, most importantly, achievable. USTR favored a goal patterned on GNP shares like the Treasury goal but tougher -- so that Japanese manufactured imports would rise from 2.8 percent of GNP (1983) to the U.S. level (5.2 percent in 1983); this would produce roughly a doubling of such imports in absolute terms. Commerce preferred an outright doubling of the dollar volume (from \$32 billion in 1983 to \$64 billion in 1986) without reference to GNP shares.

~~SECRET~~

NSC/S PROFILE

UNCLASSIFIED

ID 8408792

RECEIVED 05 DEC 84 09

TO KIMMITT FROM MARTIN

DOCDATE 04 DEC 84

SIGUR

04 DEC 84

KIMMITT

05 DEC 84

KEYWORDS: JAPAN

INTL TRADE

NAKASONE, YASUHIRO

INTL FINANCE

ENERGY

SECURITY ASSISTANCE

NSC

SUBJECT: SP FOR NSC MTG DEC 21 IN PREPARATION FOR NAKASONE VISIT

ACTION: FOR SIGNATURE

DUE: 07 DEC 84 STATUS C FILES IFM O

FOR ACTION

FOR CONCURRENCE

FOR INFO

KIMMITT

COMMENTS

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KEYWORDS: JAPAN

INTL TRADE

NAKASONE, YASUHIRO

INTL FINANCE

ENERGY

SECURITY ASSISTANCE

NSC

SUBJECT: SP FOR NSC MTG DEC 21 IN PREPARATION FOR NAKASONE VISIT

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THE WHITE HOUSE

WASHINGTON

12/06/84

MEMORANDUM

TO: ROBERT MCFARLANE

FROM: FREDERICK J. RYAN, JR. *FR*

SUBJ: APPROVED PRESIDENTIAL ACTIVITY

MEETING: NSC Meeting

DATE: December 21, 1984

TIME: 11:00 am

DURATION: 60 minutes

LOCATION: Cabinet Room

REMARKS REQUIRED: No

MEDIA COVERAGE: No

FIRST LADY
PARTICIPATION: No

NOTE: PROJECT OFFICER, SEE ATTACHED CHECKLIST

cc: R. Darman	J. Rosebush	R. Kimmitt
R. Deprospero	R. Scouten	
B. Elliott	B. Shaddix	
D. Fischer	W. Sittmann	
C. Fuller	L. Speakes	
W. Henkel	WHCA Audio/Visual	
E. Hickey	WHCA Operations	
G. Hodges	A. Wroblewski	
C. McCain	Nell Yates	

December 5, 1984

SCHEDULE PROPOSAL

TO: FREDERICK J. RYAN, Director
Presidential Appointments and Scheduling

FROM: ROBERT M. KIMMITT *Buh*

PURPOSE: NSC meeting in preparation for the President's meeting with Prime Minister Nakasone of Japan on January 2

BACKGROUND: In the past it has been useful to have relevant Cabinet members and Government officials meet and review subjects of interest prior to the President's meetings with key Heads of State. In preparation for the meeting with Prime Minister Nakasone, it would be useful to review trade, finance, energy, defense, security assistance, and global issues of mutual concern.

PREVIOUS PARTICIPATION: Numerous occasions

DATE & TIME: December 21 11⁰⁰am
DURATION: 60 minutes

LOCATION: Cabinet Room

PARTICIPANTS: Relevant Cabinet Members and Government Officials

OUTLINE OF EVENT: Review of issues

REMARKS REQUIRED: None

MEDIA COVERAGE: White House photographer only

PROPOSED "PHOTO": At random

RECOMMENDED BY: Robert C. McFarlane

OPPOSED BY: None

MEMORANDUM

NATIONAL SECURITY COUNCIL

8792

December 4, 1984

ACTION

MEMORANDUM FOR ROBERT M. KIMMITT

FROM: WILLIAM F. MARTIN *WFM*
GASTON J. SIGUR *GJS*

SUBJECT: Schedule Proposal

Attached at Tab I for your signature is a Schedule Proposal recommending that an NSC meeting be scheduled on December 21 to discuss trade, finance, energy, defense, security assistance, and relevant global issues in preparation for the President's meeting with Prime Minister Nakasone on January 2, 1985.

RECOMMENDATION

That you sign the Schedule Proposal at Tab I.

Approve K Disapprove

Attachment

Tab I: Schedule Proposal

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TO KIMMITT

FROM MARTIN

DOCDATE 19 DEC 84

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KEYWORDS: JAPAN

AGENDA

NAKASONE, YASUHIRO

NSC

SUBJECT: AGENDA FOR NSC MTG ON 21 DEC RE NAKASONE VISIT

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ACENDA

NAKASONE, YASUHIRO

NSC

SUBJECT: ACENDA FOR NSC MTG ON 21 DEC RE NAKASONE VISIT

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NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

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December 20, 1984

MEMORANDUM FOR:

MR. DONALD P. GREGG
Assistant to the Vice President
for National Security Affairs

MR. CHARLES HILL
Executive Secretary
Department of State

MR. CHRISTOPHER HICKS
Executive Secretary
Department of the Treasury

COLONEL R. J. AFFOURTIT
Executive Secretary
Department of Defense

MR. RAYMOND LETT
Executive Assistant to the
Secretary
Department of Agriculture

MRS. HELEN ROBBINS
Executive Assistant to the
Secretary
Department of Commerce
Executive Secretariat

MR. ALTON KEEL
Associate Director for National
Security and International
Affairs
Office of Management and Budget

MR. JOHN H. RIXSE
Executive Secretary
Central Intelligence Agency

MR. DENNIS WHITFIELD
Executive Assistant
U.S. Trade Representative

MR. JOHN A. SVAHN
Assistant to the President
for Policy Development

BRIG. GEN. GEORGE JOULWAN
Executive Assistant to the
Chairman
Joint Chiefs of Staff

MR. WILLIAM NISKANEN
Member
President's Council of
Economic Advisors

MR. WILLIAM LaSALLE
Chief, Executive Secretariat
U.S. Information Agency

SUBJECT: National Security Council Meeting
Friday, December 21, 1984 (U)

A National Security Council Meeting on US-Japan relations is
scheduled for Friday, December 21, 1984, from 11:00 a.m. to 12:00
noon in the Cabinet Room. Participation is principal plus one. (S)

Attached at Tab A please find an agenda for the meeting. (U)

Robert M. Kimmitt
Robert M. Kimmitt
Executive Secretary

Attachment
Tab A Agenda

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Sec. 3.4(b), E.O. 12958, as amended
White House Guidelines, Sept. 11, 2006
BY NARA *61* DATE *1/7/11*

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NATIONAL SECURITY COUNCIL MEETING

December 21, 1984

11:00 a.m. - 12:00 noon

Cabinet Room

SUBJECT: US-JAPAN RELATIONS

Introduction (2 minutes)	Robert C. McFarlane
Political Overview (10 minutes)	Secretary Shultz
Defense Issues (5 minutes)	Secretary Weinberger
Economic/Financial Overview (10 minutes)	Secretary Regan
Trade (10 minutes)	Secretary Baldrige Ambassador Brock
Energy (3 minutes)	Secretary Hodel
Agriculture (3 minutes)	Secretary Acland
Discussion (15 minutes)	All Participants
Conclusion (2 minutes)	Robert C. McFarlane

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Sec. 3.4(b), E.O. 12958, as amended
White House Guidelines, Sept. 11/2006
BY NARA US, DATE 11/21/11

NATIONAL SECURITY COUNCIL

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December 19, 1984

ACTION

MEMORANDUM FOR ROBERT M. KIMMITT

SIGNED

FROM: WILLIAM F. MARTIN *WFM*

SUBJECT: Agenda for NSC Meeting on December 21, 1984

Attached at Tab I please find a memo from you to pertinent agencies forwarding an agenda for the NSC meeting scheduled on Friday, December 21, at 11:00 a.m., in the Cabinet Room.

Gaston Sigur concurs.

RECOMMENDATION

That you sign the memorandum at Tab I.

Approve _____

Disapprove _____

Attachments:

Tab I Memo for Agencies
Tab A Agenda

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NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

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MEMORANDUM FOR:

MR. DONALD P. GREGG
Assistant to the Vice President
for National Security Affairs

MR. CHARLES HILL
Executive Secretary
Department of State

MR. CHRISTOPHER HICKS
Executive Secretary
Department of the Treasury

COLONEL R. J. AFFOURTIT
Executive Secretary
Department of Defense

MR. RAYMOND LETT
Executive Assistant to the
Secretary
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MRS. HELEN ROBBINS
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MR. ALTON KEEL
Associate Director for National
Security and International
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MR. JOHN A. SVAHN
Assistant to the President
for Policy Development

BRIG. GEN. GEORGE JOULWAN
Executive Assistant to the
Chairman
Joint Chiefs of Staff

MR. WILLIAM NISKANEN
Member
President's Council of
Economic Advisors

MR. WILLIAM LaSALLE
Chief, Executive Secretariat
U.S. Information Agency

SUBJECT: National Security Council Meeting
Friday, December 21, 1984 (U)

A National Security Council Meeting on US-Japan relations is
scheduled for Friday, December 21, 1984, from 11:00 a.m. to 12:00
noon in the Cabinet Room. Participation is principal plus one. (S)

Attached at Tab A please find an agenda for the meeting. (U)

Robert M. Kimmitt
Executive Secretary

Attachment
Tab A Agenda

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Sec. 34(b), E.O. 12958, as amended
White House Guidelines, Sept. 11, 2006
BY NARA DATE 1/7/11

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KEYWORDS: JAPAN

VISIT

NAKASONE, YASUHIRO

NSC

SUBJECT: NSC MTG PAPERS FOR 21 DEC MTG RE NAKASONE VISIT

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SUBJECT: NSC MTG PAPERS FOR 21 DEC MTG RE NAKASONE VISIT

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THE WHITE HOUSE

WASHINGTON

BY KML NARA DATE 9/26/13

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December 20, 1984

NATIONAL SECURITY COUNCIL MEETING

DATE: December 21, 1984

LOCATION: Cabinet Room

TIME: 11:00 a.m.-12:00 noon

FROM: Robert C. McFarlane

for

I. PURPOSE

To discuss U.S.-Japan relations in preparation for your upcoming meeting with Prime Minister Nakasone on January 2, 1985.

II. BACKGROUND

During the two year period since Prime Minister Nakasone first visited you in Washington, we have made significant progress in strengthening our overall ties with this key Pacific ally based on the overarching themes of peace and prosperity. Japan has begun reducing barriers to free trade, initiated a process to internationalize the yen, agreed to buy more U.S. energy and agricultural products, enhanced their security arrangements and been a solid supporter of U.S. policies internationally.

On the negative side, however, we are faced with a growing trade deficit with Japan -- over \$33 billion in 1984 -- which is a politically explosive issue. Their markets still remain excessively restricted to imports from all nations.

Pressures on our Japan policy and demands by Congress, the U.S. business community, and others, that something "dramatic" be done about the trade deficit will mount in the months ahead. Our challenge is therefore to maintain the mutual confidence and trust in our relationship, while at the same time accomplishing our market-opening goals which are essential to our national economic interest and the principle of free and fair trade.

At this NSC meeting, you will hear reports from the Cabinet on progress or lack of it in their areas of responsibility. The main topics will include:

Political Overview: The U.S.-Japan relationship has reached new heights of cooperation because of your strong leadership and personal rapport with Prime Minister Nakasone. One of the principal reasons for Prime Minister Nakasone's broad based popularity at home stems from the close U.S.-Japan ties you have both cultivated. He and his ruling party, the Liberal Democrats, believe that they have made many concessions over the past two years in the economic and security areas and admit

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frustration over continued U.S. pressure on the trade side. Nevertheless, faced with a growing trade deficit with Japan, our side also feels substantial frustration over the slow pace of structural adjustment necessary to bring about enduring open-market policies between our nations. Beyond the troubled bilateral economic relationship, U.S.-Japan relations are the linchpin of American security and political influence in the Pacific Basin. Cooperation on regional issues, including Korea and China, has been excellent. Japan is generally very supportive of U.S. international initiatives, and Prime Minister Nakasone will be particularly interested in your views of the upcoming Shultz-Gromyko meetings.

Defense: The U.S.-Japan defense relationship is probably better than it has ever been. We are conducting combined exercises; a sealanes defense study should be completed this spring; and the first visit of a nuclear-powered aircraft carrier to Yokosuka took place in December. The overall trend in Japanese defense spending is positive (6% increase last year). Our policy is to work together to find ways to make it easier for Japan to make further progress in its burden-sharing efforts.

Japanese Economic Overview: Led by brisk exports, the Japanese economy in 1984 has performed better than expected (GNP growth of 5.3%). While high by Japanese historical standards, unemployment remains at around 2.7%. Inflation is steady at around 2.5%.

Financial Issues: The broad goals of last May's yen/dollar agreement were to increase the international use of the yen and liberalize Japan's capital markets so that, over time, the yen will more fully reflect the underlying strength of the Japanese economy. To accomplish these goals Japan agreed to take a series of important measures: the development of a Euroyen market, the liberalization of Japan's domestic capital market and increased access to the Japanese capital market for foreign financial institutions. It is too early to draw any definitive conclusions about Japan's faithfulness to the agreement, although the Treasury's assessment to date is generally favorable.

Trade: The Administration's goal remains one of expanding market access for U.S. goods, services and investment in Japan similar to that enjoyed by Japan in our market. Since late 1981, Japan has adopted five market-opening trade packages which have reduced some tariffs, streamlined customs procedures, revamped product standards and certifications, stimulated telecommunications procurement from abroad, and expanded beef, citrus and other import quotas. Remaining barriers to market entry in Japan include high tariffs on items such as processed wood products, certain import quotas, restrictive government procurement policies and bureaucratic, commercial and cultural attitudes favoring domestic products.

After extensive Cabinet-level discussion in the SIG-IEP and elsewhere, our proposed strategy for meeting the challenge has four major elements: (1) Adoption of a market-oriented sector-selective (MOSS) approach to negotiating full market access involving intensified high level discussion in specific sectors (i.e. telecommunications, electronics, computer-related equipment, forest products and pharmaceuticals). This approach would be similar to the negotiating strategy used to achieve the yen/dollar agreement. (2) Implementation of a results oriented program with Prime Minister Nakasone to move forward in these and other key areas. In this regard, most agencies support establishing some kind of broad import targets to be achieved by Japan over the next three years (i.e. increase manufactured imports as a share of GNP by one third over this period). (3) An indication that if concrete results are not attained in a reasonable time frame you may be compelled to take action under our trade laws which could have unfortunate consequences for our bilateral relationship. (4) A commitment to high level follow-up. This determined posture is viewed by the bureaucracy as necessary to help Nakasone take the necessary steps at home to improve market access in dealing with his bureaucracy and political colleagues. As some differences between the agencies remain concerning aspects of this four-point strategy, you will have to decide on its final components.

Energy: The Reagan-Nakasone Joint Energy Policy Statement of November 1983 stated that further progress could be made in trade and cooperation in coal, natural gas and oil. We have had some success: metallurgical coal exports are predicted to be 14 million metric tons compared to earlier projected sales of 11 mmt; the Japanese have shown increased interest in the Alaskan Beluga coal field; and there has been agreement in principle to a pre-feasibility study of North Slope gas export. However, much remains to be done. We should continue to stress the value of long-term commitments on the Japanese part to develop secure and competitive U.S. coal and gas resources.

The U.S.-Japan relationship is probably the most intense bilateral relationship we have. By their standards, the Japanese believe that bilateral issues, while difficult, are being managed. Unfortunately, the numbers -- as evidenced by the growing trade deficit -- do not support that judgment. Realistically, the measures which you and the Prime Minister are adopting will have maximum benefit over the medium term, however, you both must contend with short term political realities. If progress is not made over the next few months, your trade advisors are convinced that pressure from Congress will reach a crescendo and that you will be urged to take retaliatory trade measures. Thus, the stakes for both of you are high. We believe the initiation of a four-point strategy in the economic area similar to the one outlined above will produce better results and help accelerate positive momentum in the political and security areas.

III. PARTICIPANTS

List of participants is at Tab B.

IV. PRESS PLAN

No press coverage.

V. SEQUENCE OF EVENTS

I will introduce the subject, after which presentations will be given by Secretary Shultz on the political overview, Secretary Weinberger on defense issues, Secretary Regan on economic/financial overview, Secretary Baldrige and Ambassador Brock on trade, Secretary Hodel on energy, and Secretary Block on agriculture. We plan to have 15 minutes of discussion, and I will conclude the meeting.

Prepared by:
Gaston Sigur
William F. Martin
Roger W. Robinson

Attachments

Tab A	Agenda
Tab B	List of Participants

cc: Vice President
Meese
Baker
Deaver

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MEMORANDUM

SYSTEM II
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NATIONAL SECURITY COUNCIL

December 19, 1984

103379

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ACTION

MEMORANDUM FOR ROBERT C. MCFARLANE

FROM: GASTON SIGURGS
WILLIAM F. MARTIN WFM
ROGER W. ROBINSON RWR

SIGNED

SUBJECT: NSC Meeting on Japan, 11:00 a.m.-12 noon,
Friday, December 21, 1984

Summary

An NSC meeting is scheduled for December 21 to prepare the President for his meeting with Prime Minister Nakasone. The structure of the meeting will allow Cabinet members to report on areas of their concern, i.e. political relations, economic overview, trade, finance, energy, security assistance and defense issues. Consistent with standard practice, we will then reflect the President's decisions, particularly in the economic area in his talking points for the Nakasone meeting which will be prepared Friday afternoon and delivered with the full briefing book Friday evening for your review and submission to the President.

Structure of the NSC Meeting

As the proposed agenda indicates (Tab A), we recommend dividing the meeting into seven substantive parts -- political, defense, economic overview, finance, trade, energy and agriculture. We also suggest some opening remarks for you (Tab II). We would expect each of the Cabinet members to highlight the following issues in their areas:

Introduction (McFarlane-2 minutes). Fourth meeting with Prime Minister Nakasone; important to take stock of achievements, present status, future objectives in key areas of political, economic and security concerns.

Political Overview (Shultz-10 minutes). Significant progress in our bilateral relationship over last two years, but growing frustration over repeated calls for equitable market access. U.S.-Japan relations remain linchpin of American security and political influence in East Asian region, and they are generally supportive of our international initiatives, particularly in the Pacific Basin.

Defense (Weinberger-5 minutes). U.S.-Japan defense relationship probably best it has ever been. Overall trend in Japanese defense spending is positive (6% increase last year), but more progress is required.

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RV LAR NARA DATE 9/26/13

Economic Overview/Financial Questions (Regan-10 minutes). Led by brisk exports, Japanese economy in 1984 has performed better than expected (GNP growth of 5.3%). Inflation and unemployment both low. Implementation of yen/dollar agreement of last May aimed to internationalize the yen is going relatively smoothly.

Trade (Baldrige and Brock-5 minutes each). The Administration's goal remains one of market access for U.S. goods, services and investment in Japan similar to that enjoyed by Japan in our market. Since late 1981, the GOJ has adopted five market-opening trade packages, but Japanese markets still remain highly restrictive to all imports. Our strategy is to keep high level pressure to achieve movement in individual "beachhead" sectors (i.e. telecommunications, electronics, computer-related equipment, forest products and pharmaceuticals). Most agencies argue that some kind of broad import targets should be established (i.e. increase manufactured imports as a share of GNP by one-third over the next three years) to reinforce the market-oriented sector-selective approach (MOSS). Finally, there is an interagency consensus that the use of leverage or some form of implied retaliation will be required to "help" Nakasone implement more aggressive market opening policies, but differences remain concerning how the leverage issue should be communicated and managed.

Energy (Hodel-3 minutes). The Reagan-Nakasone Joint Energy Policy Statement of November 1983 should be followed up with efforts to ensure timely implementation.

Agriculture (Brock-3 minutes). The Japanese have agreed to increased imports of beef and citrus, although our exports are still relatively limited.

Open Discussion (15 minutes)

Conclusion (2 minutes). You should stress that we need to develop benchmarks for progress in the short, medium and long term. Next opportunity for a meeting between Nakasone and the President is May. We must use the next few months to make progress in all areas, particularly trade, to help defend against mounting political pressure at home.

RECOMMENDATION:

That you forward the attached memo to the President (Tab I).

Approve

Disapprove

~~NOT AVAILABLE~~

~~NOT AVAILABLE~~

Don Fortier and Doug McMinn concur.

Attachments

Tab I

Memo to President

Tab A Agenda

Tab B List of Participants

Tab II McFarlane Talking Points

Bud,

Secretary Hodel is out of town today. The energy presentation will be made by Jan Mares, the new Assistant Secretary.

In introducing the point you may wish to call attention to the fact that Nakasone and Reagan issued a joint energy cooperation statement in November 83. Jan will report on progress in implementation and what can be done to accelerate the pace.

Bill

Jan is seated on the left of Block.

103381

Talking PointsIntroduction

- Mr. President, today's meeting is to discuss your meeting with Prime Minister Nakasone, January 2. *9th intg.*
PP-Nakasone
- This meeting was arranged after Prime Minister Nakasone made it clear that he wanted to meet with you at earliest opportunity after reelection of both of you as leaders of our two countries.
- We believe that this meeting is very important in order to reaffirm the significance of the bilateral relationship to establish clear markers where further progress is needed and to emphasize our shared responsibilities internationally.
- This, after all, is what you and the Prime Minister meant when you spoke in Tokyo last year of the U.S.-Japan partnership for peace.
- Ben Structure TPC CCCT Emergency Ag SEC-IE*
- It is worth noting that bilateral trade relations are not good and a determined stance on our part is necessary at this critical juncture to help the Prime Minister convince his bureaucracy and political colleagues of the need for immediate and far-reaching steps to open the Japanese economy.

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NLRR M325/2 # 103381

- Mr. President, I'd like to ask George to give us a political overview.

Conclusion

- Our political, diplomatic and security relations are excellent, and we must do everthing we can to ensure that these are not jeopardized by a worsening in our economic ties.
- Clearly, the key is management. We need to urge Nakasone to make progress with his bureaucracy so that we can have solid achievements in the main areas of present concern by the time of the Bonn Summit.