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**Office of East Asian Analysis
DIRECTORATE OF INTELLIGENCE**

12 January 1983

NOTE FOR:

Special Assistant to the Director
for Interdepartmental Affairs

Attached is a two-page briefing paper
for the DCI's use at the forthcoming NSC
meeting on Japan.

Deputy Director
East Asian Analysis

Attachment:
as stated.

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12 January 1983

DCI Talking Points for NSC Meeting

SUBJECT: Nakasone Visit

Based on our reading of Prime Minister Nakasone's first 50 days in office, we believe he will be more likely than his predecessor to take the bold initiatives necessary to forestall increased tensions in bilateral relations. In preparation for his visit to Washington, he has already made decisions that are sure to cause political trouble for him at home.

- He pushed through a 6.5 percent defense budget increase and intervened to force a decision on sharing defense technology, both over the objections of many of his advisers.
- The Tariff reduction on tobacco announced last month has made spokesmen for agriculture wary,

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Nakasone's freedom of action is constrained, however, by his unstable political base.

- He has the support of the most powerful faction in the LDP, but its leader, former Prime Minister Tanaka, is on trial for bribery.
- Nakasone's standing in the polls is improving, but many in the LDP and bureaucracy still see him as an opportunist and prone to impulsive actions.

The political schedule itself will impose severe tests on him and the LDP over the next six months.

- The Diet convenes three days after he returns from Washington and will take him to task on defense and economic questions, especially if his trip to US does not go well.
- Elections for the Upper House of the Diet are scheduled for early summer and Nakasone may decide to call elections for the Lower House at the same time.

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The Prime Minister wants the visit to be seen in Japan as a success in part because it will shore up his own political position. At his press conferences, he continues to emphasize that the issue of trust is crucial.

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- We believe Nakasone wants to establish a personal relationship with the President and convince him that he can carry through on promises on trade and defense.

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Nakasone believes he cannot change US attitudes or satisfy all US demands immediately, but he hopes through personal diplomacy to buy time.

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He does not want bilateral issues to dominate the agenda. He wants to discuss:

- Relations with the Soviet Union, China, Korea, the Middle East and Southeast Asia.
- The world recession and the pressures it has created on international trade and finance.
- Methods to improve consultations with the US and EC on major international issues such as arms control.