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FM AMEMBASSY TOKYO

TO RUEHC/SECSTATE WASHDC IMMEDIATE 8618
INFO RUMJPG/AMEMBASSY BEIJING 8272

RUEHUL/AMEMBASSY SEOUL 7182 RUHQHQA/CINCPAC HONQLULU HI RUADJNA/COMUSJAPAN YOKOTA AB JA

RUYNSDK/COMNAVFORJAP YOKOSUKA JA RUADJHA/CGUSARJ CAMP ZAMA JA//IX CORPS//

BT

COUNTEL DE NITH ALTOKYO 00735

TITIDEPT PLEASE PASS USTR AND USDA/FAS ELECTRONICALLY

CINCPAC ALSO FOR POLAD

E.G.12356: DECL: 01/13/89
TAG5: PGOV, PREL, JA, KS, US
SUBJECT: PM NAKASONE SPEECH AT JAPAN NATIONAL:
PRESS CLUB

1. (C) SUMMARY: AT JANUARY 13 SPEECH TO JAPAN NATIONAL PRESS CLUB, PRIME MINISTER NAKASONE REVIEWED DOMESTIC

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POLITICAL DEVELOPMENTS SINCE HE ASSUMED OFFICE, EXPRESSED HIGH SATISFACTION OVER HIS RECENT TRIP TO THE ROK, OUT& LINED MAJOR ITEMS HE PLANS TO DISCUSS WITH PRESIDENT REAGAN AT UPCOMING WASHINGTON MEETINGS, AND STRESSED IMPORTANCE OF US-JAPAN TIES. PRIME MINISTER WAS RELAXED AND IN GOOD FORM AS HE DESCRIBED WITH SOME SATISFACTION THE ACTIVE ROLE HE HAS PLAYED OVER PAST SIX WEEKS IN JAPAN'S DOMESTI AND INTERNATIONAL AFFAIRS. END SUMMARY.

- 2. (U) NAKASONE CABINET: NAKASONE BRIEFLY REVIEWED POLITICAL DEVELOPMENTS OVER THE PAST SIX WEEKS, FROM THE LDP PRIMARY THROUGH CABINET FORMATION AND SUBSE-QUENT ACTIONS ON BUDGET, NPA WAGE FREEZE, DEFENSE, AND TRADE FRICTION PROBLEMS. HE DEFENDED HIS VIEWS ON CONSTITUTION AND POLITICAL ETHICS, AND SAID IT WAS HIS OBLIGATION AS PM TO SPEAK FRANKLY EVEN IF THIS AROUSED CRITICISM.
- 3. (U) ROK TRIP: NAKASONE SAID ROK VISIT WAS A MOVING EXPÉRIENCE AND HE DEEPLY APPRECIATED PRESIDENT CHUN'S WELCOME. CONTRARY TO SOME PRESS REPORTS, THERE HAD BEEN NO DISCUSSION OF A THREE-WAY UNITED STATES, JAPAN, ROK SECURITY RELATIONSHIP. AT SAME TIME STABILITY OF THE KOREAN PENINSULA WAS AN IMPORTANT FACTOR IN THE PEACE AND STABILITY OF ASIA, INCLUDING JAPAN.
- 4. (U) US-JAPAN RELATIONS: NAKASONE SAID THAT CRITICISM OF JAPAN BY THE US CONGRESS HAD TREMENDOUS IMPACT ON U.S. DPINION, AND THAT COMMUNICATION BETWEEN THE AMERICAN CONGRESS AND THE JAPANESE DIET SHOULD BE IMPROVED. IT WAS NECESSARY TO HAVE MUTUAL UNDERSTANDING; ONE EXAMPLE WAS THE DEFENSE BUDGET, WHERE THE 6.5 PERCENT INCREASE WAS A VERY CAREFULLY CALCULATED BALANCE WHICH RECOGNIZED THE SEVERE BUDGET CONSTRAINTS IN JAPAN WHILE AT THE SAME TIME GOING AS FAR AS POSSIBLE TO MEET U.S. CONCERNS. PM SAID HE WOULD EXPLAIN THIS PERSONALLY TO PRESIDENT REAGAN. NAKASONE SAID THE QUESTION OF DEFENSE TECHNOLOGY TRANSFER HAD BEEN UNDER DISCUSSION FOR SOME TIME AND SHOULD BE RESOLVED. HE WAS WORKING IN THIS DIRECTION. PM REVIEWED RECENT GOJ ACTIONS ON

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TUBACCU, CHOCOLATE AND BISCUITS, AND SAID THAT TODAY (JANUARY 13) NEW MEASURES WOULD BE ANNOUNCED TO FURTHER REDUCE TRADE FRICTIONS. ACKNOWLEDGING THAT SOME JAPANESE MARKET FEATURES SUCH AS INSPECTION SYSTEMS STILL CAUSE PROBLEMS, HE SAID A SPECIAL COORDINATING COMMITTEE WOULD BE FORMED SOON TO WORK OUT MORE IMPROVEMENTS.

- 5. (U) NAKASONE SAID TOPICS HE WILL RAISE WITH PRESIDENT REAGAN INCLUDE EAST-WEST ISSUES, NEW SOVIET LEADERSHIP, SINO-SOVIET RELATIONS, ASEAN, AND GENERAL ASIAN ISSUES, AS WELL AS MIDDLE EAST PROBLEMS INCLUDING THE PRESIDENT'S MIDEAST PEACE PM WOULD GIVE JAPAN'S VIEWS ON MAJOR WORLD ISSUES, AND LOOKED TO THE MEETING WITH THE U.S. PRESIDENT AS AN OPPORTUNITY TO DEVELOP A RELATIONSHIP OF MUTUAL TRUST. NAKASONE SAID THAT, AT THE REQUEST OF KOREAN PRESIDENT CHUN, HE WOULD RAISE WITH PRESIDENT REAGAN PRESIDENT CHUN'S CONCERN ABOUT THE NEED TO PRESERVE THE WORLD FREE TRADE SYSTEM AND TO REVITALIZE THE INTERNATIONAL ECONOMY. THE PM SAID HE ALSO WANTED TO REVIEW WITH PRESIDENT REAGAN THE CONCEPT OF A PACIFIC ERA; WITH THE UNITED STATES AND JAPAN FACING EACH OTHER ACROSS THE PACIFIC, THIS WOULD BE AN ESPECIALLY APPROPRIATE TOPIC.
- 6. (U) DOMESTIC POLITICAL OUTLOOK: NAKASONE SAID
 THAT HE WOULD RETURN FROM THE U.S. JUST IN TIME FOR
 THE JAN. 22 LDP ANNUAL CONVENTION, AND THAT A FEW
 DAYS THEREAFTER THE REGULAR DIET SESSION WOULD
 TRECONVENE TO REVIEW ESSENTIAL GOVERNMENT BUSINESS,
 IN PARTICULAR THE BUDGET AND ADMINISTRATIVE REFORM.
- 7. (U) DURING BRIEF QUESTION AND ANSWER SESSION FOLLOWING HIS REMARKS, NAKASONE ACKNOWLEDGED STRUCTURAL PROBLEMS CONTRIBUTING TO JAPAN-ROKETRADE IMBALANCE AND SAID BOTH COUNTRIES SHOULD WORK ON THIS. ANSWERING A QUERY ABOUT JAPANESE POLICE INTEREST IN INTERVEWING KIM DAE JUNG, PM SAID THIS IS MATTER FOR THE POLICE AND EXPERTS, WHO ARE REVIEWING SITUATION. ASKED ABOUT U.S. CITRUS/BEEF DIBERALIZA-

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TION PROSPECTS, NAKASONE CITED THE 10,000 DEMONSTRATORS AGAINST LIBERALIZATION WHO HAD PARADED THROUGH TOKYO JANUARY 12, AND SAID THAT JAPANESEDAS WELLDAS U.S. POLITICIANS HAVE TO WORRY ABOUT THEIR CONSTITUENTS. HE SAID FOR THE TIME BEINGRIT WAS NOT POSSIBLE TO HAVE COMPLETE LIBERALIZATION, BUT THAT DISCUSSIONS SHOULD CONTINUE TO WORK OUT A SOLUTION, IN CONTEXT OF PRESENT BEEF/CITRUS QUOTA AGREEMENT WHICH EXTENDS TIL MARCH 1984. 8. (C) COMMENT: NAKASONE WAS RELAXED AND CONFIDENT, AND SPOKE OF HIS FAST PACE AND ACHIEVEMENTS OVER THE PAST SIX WEEKS WITH SOME SATISFACTION. IT WAS CLEAR III THAT NAKASONE WAS PLEASED WITH WAY HIS RECENT ROK OFFICIAL TRIP HAD TURNED OUT. PM'S REMARKS AGAIN STRESS IMPORTANCE HE ATTACHES TO US-JAPAN RELATION-SHIP, AND HIS PERSONAL HOPES THAT WASHINGTON SUMMIT WILL DEVELOP GREATER MUTUAL CONFIDENCE AND UNDER-

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STANDING. END COMMENT.