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Japan Report

(FOUO 26/82)



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POLITICAL AND SOCIOLOGICAL

LOCKHEED VERDICTS EXPECTED TO AFFECT SUZUKI

Tokyo THE DAILY YOMIURI in English 2 Apr 82 p 3

[Political Beat column by Kenji Kitahara: "Premier Suzuki's Luck"]

[Text] Prime Minister Suzuki's political luck remains good with yet another advantageous development which can only bolster the belief that there is no other leader at the moment who could replace him as premier and president of the Liberal-Democratic Party (LDP).

This is the announcement that verdicts on Tomisaburo Hashimoto, former transport minister, and Takayuki Sato, former transport vice-minister, will be handed down June 8, behind schedule.

On this date, Suzuki will not be in Japan and the Diet will not be in session, preventing the opposition from using the verdicts against the government and Suzuki himself.

The premier is scheduled to depart Japan on June 3 on a long journey. He will attend the Versailles summit, the UN special General Assembly session on disarmament and then visit Brazil and other Latin American countries. He will receive news of the verdict in New York.

It seems highly unlikely that the current normal Diet session will be extended past May 19, since there will be few important bills after passage of the fiscal 1982 budget.

The anti-Suzuki camp in the LDP and the opposition parties expected the verdicts on Hashimoto and Sato in the Lockheed trials to have a serious impact on the political situation and reduce Suzuki's chances for reelection.

They anticipated that these verdicts would foretell the fate of former premier Kakuei Tanaka in his own Lockheed trial which is expected to end around next February. Therefore, they believed that Suzuki's cabinet would suffer a severe jolt.

His enemies within the LDP and the opposition hope to force Suzuki to quit as premier, if LDP Secretary-General Susumu Nikaido's name is referred to in the judgments. Nikaido is a reputed "gray official," and he is intimate with both Suzuki and Tanaka.

But things are not working out quite the way Suzuki's enemies would like them to, a young Dietman says.

We can only agree with a remark by a high ranking official of the Foreign Ministry who said that June would be a good time for Suzuki to be out of the country.

But why did the Tokyo District Court set this date for handing down its verdicts?

Was it by chance. If so, it certainly worked out very well for the premier and faction leaders close to him.

The scheduling of the first two verdicts in June and Tanaka's in February next year, after the LDP election, are fortunate developments for Suzuki.

Suzuki is a very lucky politician, despite his shortcomings in diplomacy and in security and domestic affairs.

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POLITICAL AND SOCIOLOGICAL

WEINBERGER'S REPLY ON USSR ROLE QUESTIONED

Tokyo MAINICHI DAILY NEWS in English 4 Apr 82 p 2

[Political Periscope column by Takuo Hayashi: "Weinberger's Reply"]

[Text]

U.S. Defense Secretary Casper Weinberger met some 300 Japanese and foreign correspondents at a press conference held at the Japan National Press Club on Friday two weeks ago. At the outset, he read a considerably long statement. One of its major contents was to emphasize the need to ensure the safety of the Pacific-Indian Ocean sea-lanes and urge the Japanese government to realize the pledge Prime Minister Zenko Suzuki made to the United States to "defend Japan's sea-lanes to a distance of 1,000 miles." Weinberger then answered the questions from the reporters present.

The press conference was covered at length by the newspapers and television networks at that time, but some of the important questions and answers were not reported in detail. A case in point was the initial stage of the question and answer session. The first question was as follows:

"In your statement you stressed the necessity to secure the Pacific-Indian Ocean sea-lanes. Now, regarding the free passage of the Japanese tankers and other vessels in this region, there are two opposing views among the Japanese

people.

"According to the first view, it is owing to the protection extended by the U.S. 7th Fleet that the Japanese vessels are enjoying the free passage of this region. Without it, the Japanese sea-lanes would be interrupted by the Soviet Union.

Second View

"The second view denies the first view. It says that the free passage of the Japanese vessels does not owe anything to the efforts made by the 7th Fleet. It is due to the fact that the Soviet Union does not have any intent to interrupt the sea-lanes. They further say, 'Look at China's vessels.' China does not have a strong navy and its relationship with the Soviet Union is even worse than Japan's relationship with the Soviets. Nonetheless, its vessels can freely move in this region. And, it has nothing to do with the efforts made by the 7th Fleet.

"I feel this second view more convincing than the first view. Therefore, I would like to invite your view regarding this second view."

I was the one who raised this question. The first part of Weinberger's reply to my question was as follows:

"Although I hope the question

would be one that I can answer just 'No,' I see this is just not quite so simple. This is one of those hypotheses and propositions that are extremely difficult to test out."

His reply was rather contrary to the expectations of those who thought he would say in a clearcut manner that "the second view is nonsense." Later, the defense secretary added that "I have the feeling that the first view is essentially correct," pointing out the "increased Soviet threat" as the reason for it. And, in conclusion, he declared "the second view" was "dangerously short-sighted."

Frankly speaking, my impression was that his reply was not very convincing. For instance, he did not reply to my question as to why Chinese vessels can freely move in the Pacific and Indian Oceans without the protection of the 7th Fleet. As one of the reasons for the "increased Soviet threat," the defense secretary pointed out that "the Soviet Union is equipped with aircraft carriers and strategic bombers." He added that "the Soviet Union does not need such offensive weapons if they are only for the purpose of defending the

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national land." This was not convincing either. Everyone present at the press conference might have thought, "Then, what about the case of the United States?"

Through my question I expressed my doubt concerning the "general part" of the U.S. strategic concept. The reply of Defense Secretary Weinberger, as mentioned above, was not convincing enough. The Japanese government stand on the U.S. strategic concept is that "it agrees on the introductory general remark but puts up resistance against detailed separate chapters." I am of the opinion, however, that the Japanese government should greatly raise questions about the introductory part also and argue with the U.S. government.

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POLITICAL AND SOCIOLOGICAL

TRADE UNION UNIFICATION MOVEMENT EXPLAINED

Tokyo GETSUYOKAI REPOTO in Japanese No 1054, 7 Dec 81 pp 10-15

[Excerpt from a lecture given by the president of Domei, the Japanese Confederation of Labor, Tadanobu Usami: "Labor Front Unification, Political Programs, Spring Offensive and Domei"]

[Text] Unification With a View To Realization of Political Programs

With regard to the issue of political alignment, I believe that this unification is not a unification of political fronts, but a unification at the labor union level--that is, it calls for solidarity among various organizations: organizations in support of the Socialist Party, a group in support of the Democratic Socialist Party, yet another supporting Shakomin [Shakaito (Socialist Party), Komeito (Clean Government Party) and Minshato (Democratic Socialist Party)]. Thus we must avoid destroying the unity by an obvious display of political colors. Our unification goal is the realization of political programs, so we must boil down the political topics that we as a civilian union care about into policies at the union level. Then we must sell these policies to different political parties. Unless we do this, there will be no resolution of political issues. We must do this constructively.

If the political programs we seek are incorporated into the tenets of the Socialist Party, Komeito, the Democratic Socialist Party and others, and the respective parties work toward their realization, then the cumulative effect will be unification of policies among the political parties. Such solidarity would give growth to a healthy political force which I believe would be a fine thing. But the prerequisite for us is not to get deeply involved in the issues surrounding party level reorganization. Therefore unification and the question of a political front are not directly connected.

But if we are to speak about the result...I do not like the word "reform," but we are hopeful that as a result of the reorganization, the opposition force's structure will become more organized.

Domei's Support for Middle-of-the-Road Force Is Clear

However, with regard to the current issue of Domei [Alliance], considerable debate has taken place over the political questions and the issues have been

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boiled down to a meeting point. The Domei itself has been rather extensively active in political issues in the past, and I believe it should continue to engage in such activities hereafter as well.

We ourselves have supported the Japan Democratic Socialist Party. It is unfortunate that Japan does not have a healthy political force that can pose an alternative to the Liberal Democratic Party. This is most unfortunate in terms of cleaning up Japanese politics and setting up a functioning parliamentary democracy. Thus, it is very important that we build up an alternative political force.

But when I think about the socialist/communist forces in their present state seizing political power, I am concerned that the outcome would be a "minus." That being the case, perhaps the best solution would be to build up the so-called middle-of-the-road political force. If the Democratic Socialist Party would get bigger, that would be the best thing; but realistically, we are not in a situation where we can put up a candidate for each of the election districts. That being the case, the ultimate choice that is open is to support Komei, the Shinjiyu Club [New Freedom Club] and/or the Shaminren [Shakai Minshu Rengo (Social Democratic Federation)].

The other day I met with President Akitani of the Soka Gakkai. As we approach the final stages of the 1983 election, the issue of election support is bound to surface.

No matter how much discussion there is among the political parties, the question of election support is never satisfactorily settled. Though there may be statements to the effect that Komeito will recommend a certain Democratic Socialist Party candidate or vice versa, or that such and such a faction will support a given Shaminren candidate, the most important thing is how the support organizations in the background will behave. Although an endorsement may be said to come from the Democratic Socialist Party, unless the union takes action, the Democratic Socialist Party's support will be an empty one. In the same vein, Komeito's support without the actual participation of Soka Gakkai would be meaningless. That being the case, there seems to me to be a need for the supporting organization to deepen its mutual understanding. I spoke forthrightly about my opinion that it is important that we somehow change the current political situation and that the election should be approached with the above detailed premise as a prerequisite.

Gakkai Gives Prominence to Human Rights, Peace Movements Over Elections

President Akitani's response was that, although he understood my point of view, it would be preferable that we seek further mutual understanding prior to those steps. We talked in detail about promoting mutual understanding between the two mass organizations--one religious and the other labor, and different in character, yet alike in that they are populist bodies--on such topics as peace and human rights issues.

During this time, however, the question was raised at the Domei central deliberative council meeting: "Although we pay great heed to Gakkai, what

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about the organizational agreement? How is that to be evaluated?" For instance, take the peace question. As a religious body, respect for human life is of primary importance. In that context, we [Soka Gakkai] seek peace. But heretofore, the Japanese peace movements have been somewhat leftist-oriented. Gakkai would not want to subscribe to that leaning. It wishes to continue its own unique peace movement without any political leanings, one that is a UN-based peace movement. President Akitani commented that various efforts--including a large UN exhibit in Fukushima--are being made toward this end.

In the same context, although there has not been any clear organizational decision on the topic, the League for Construction of World Federation [sekai renpo kinsetsu domei], to which Tetsuo Katayama was the first delegate, is a highly idealistic entity. We recognize it as an important ideal and support the movement actively. Thus, regarding direction--in terms of aims--we are not so different. President Akitani and I talked in this vein. But I did feel strongly that if that is the case, the organizational agreement has really been mislaid.

At the meeting with the president of the Soka Gakkai we discussed many things, but we did not intend to concentrate on any specific religious body. There is an organization called Shin shuren [Federation of New Religious Organizations?] led by Rissei Koseikai. We were planning to talk to its president, Mr Niwano, too. But his schedule did not permit a meeting before the year-end, and they requested that the meeting be scheduled after the new year. We had their full understanding with regard to our meeting with President Akitani. After the new year, we sincerely hope that we can achieve closer contacts with the support organizations in general--not only the religious organizations but others as well; for example, the Shinjiyu Club's support force and Shaminren's parent body...though there are not so many of them--so that we can sound out those having goals similar to our own.

Defense Policy of Domei Remains Unchanged Since 1969

A word or two about the political front. In the case of the Domei, there will be a general meeting beginning on 26 January. Deliberations are under way now on the movement's policy. One of the topics being discussed is the defense strength consolidation. This has drawn a lot of attention, but this is not the first year that this topic has been taken up. The policy regarding peace and safety was clearly stated in the 1969 policy statement of the movement. But a lot of time has elapsed since then, and in January of this year a delegate to the Domei general meeting raised the point that, despite the fact that self-defense is a very important question, there has been no written statement by the Domei on this subject.

Although we can say that we have published a statement once before, not everyone remembers it, so we decided to take this opportunity to reconfirm our thinking on peace and safety. This constitutes a portion of the movement's policy statement.

As a result, we are receiving lots of criticism, for example that this is militaristic thinking, or that it tends toward military aggrandizement. It is none of these. Although we debate a great deal on taxes and welfare, all that is predicated on a peaceful existence. We must value peace and safety first of all. Everyone is very much aware that Japan has a peaceful constitution and that we subscribe to the three antinuclear principles. The question is what can Japan do while adhering to those tenets.

In view of the three antinuclear principles, the Japan-U.S. Security Treaty should be evaluated in the context of nuclear-related issues. As for the Self-Defense Forces, insofar as there exists a nation, it should have the right to defend itself from attack, and if there is that right, there should be a self-defense capability backing it. But military strength that might be used to settle international disputes, resulting in warlike acts, is prohibited in the constitution. Thus we should not maintain such a military capability. However, in the event of aggression by another state, we should have sufficient self-defense strength to repel it. It is important that we use our strength for defensive purposes only.

In addition, there is a potential for military takeover; thus it is important to reinforce civilian control.

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POLITICAL AND SOCIOLOGICAL

JAPAN

REFORM OF UPPER HOUSE ELECTION SYSTEM

Tokyo MAINICHI DAILY NEWS in English 7 Apr 82 p 2

[Article by Takehiko Takahashi]

[Text] A political problem remaining in the current Diet session is the proposed reform of the House of Councillors election system. The Liberal-Democratic Party desires to change the national constituency election system. A bill for this purpose was introduced in last year's ordinary Diet session but was aborted. The LDP introduced the same bill in last year's extraordinary Diet session. There it became an item for continuing discussion and was carried over to the current Diet session.

According to the reform plan, voters would not cast ballots by writing the names of individual candidates. Instead, the voters would cast ballots for the political party they support. Each party would prepare and announce beforehand a list of candidates in a designated order.

In proportion to the number of votes received by a political party, the winning candidates would be decided in the order in which they are listed.

At first this method was criticized as being an infringement of the Constitution. Today such criticism has

disappeared. The reason why the LDP drafted and submitted this bill is that a huge amount of funds is required for the upper House's national constituency election. The party also judged that the new system would be more advantageous in obtaining Diet seats.

There are voices within the LDP opposing this system. The reason is that contrary to expectations, it will not be a "plus" for the LDP in gaining Diet seats. The explanation given for this is as follows:

"In order to increase the votes for parties in the national constituency, it will be necessary to run a large number of candidates in local constituencies. Up to now, even in local electoral districts with a quota of more than two seats, the LDP entered only one candidate and obtained an assured Diet seat.

Two Candidates

"But in order to gain votes for the party, two candidates will probably be entered wherever there is a quota of more than two Diet seats. In such a case, the votes obtained by the LDP will increase and this will be

advantageous in the national constituency, but in local electoral districts, the possibility exists that the votes will become dispersed and Diet seats will be lost.

"If this happens, it will mean assuring Diet seats in the national constituency, without conducting election campaigns, at the sacrifice of the Diet members from local electoral districts. There is the danger that when those elected from the national constituency and local constituencies are added, the LDP Diet seats in the House of Councillors may decrease but they will not increase."

The LDP, ignoring such voices, has embarked on a reform of the national constituency election system. This has been included in this year's activities policy.

At first Prime Minister Zenko Suzuki counseled "not to do anything unreasonable" but his attitude now is to realize reform. This has been made clear in his replies to Diet interpellations.

Among the opposition parties, the Japan Socialist Party alone supports the reform plan. Although with a slight dif-

ference in method from the LDP concept.

The middle-of-the-road Komeito and Democratic Socialist Party oppose the reform plan. The Japan Communist Party, which runs candidates in all local electoral districts, is also opposed. The JSP's decision will be formally reached at a central committee meeting to be held April 12.

A reform of the election system will have a crucial effect on all political parties. If an adjustment on method can be reached between the LDP and JSP and the reform plan is approved, the other political parties are likely to raise intense objections.

Even if the LDP and JSP attempt to railroad the reform plan through the committee and the plenary session on the basis of the overwhelming number of

Diet seats they possess together, the passage of the bill in the House of Representatives and the House of Councillors will not be easy before the current Diet session ends on May 19. It appears that an extension of the Diet session will become necessary.

Prime Minister Suzuki has a heavy diplomatic schedule awaiting him in June. He would undoubtedly like to avoid an extension of the Diet session. Under such a situation, there is a strong possibility of the election reform bill being shelved again.

(The writer is an adviser to the Mainichi Newspapers and former chief editorial writer).

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MILITARY

JDA TO MAKE TANK PARTS INTERCHANGEABLE WITH M-1

OW110113 Tokyo NIHON KEIZAI SHIMBUN in Japanese 10 Apr 82 Morning Edition
p 1

[Excerpts] The defense agency has firmed up a plan to make the mounted gun barrel of its next generation tank (88-type tank), which is currently under development, interchangeable with that of the gun for America's next generation mainstay tank (M-1). Similarly, it will also make shells used by the 88-type tank interchangeable. This interchangeability is aimed at maintaining Japan's ability to continue war in an emergency--even if it runs short of ammunition--by receiving supplies from the United States. This is the first time Japan has ever developed a weapon whose parts are interchangeable with those of another nation's main piece of military hardware. The United States is to build gun barrels for M-1 tanks by using the technology of a West German gun barrel maker through a license. That is why the defense agency is sounding out the FRG Government on whether it will furnish technical data to Japan. Inasmuch as the realization of the defense agency plan will mean the de facto establishment of a trilateral joint arms development system among Japan, the United States and West Germany, it is bound to attract attention from all nations as a concrete example of the use of interchangeable weapons by Western nations under their joint strategy toward the Soviet Union.

The 88-type tank which the defense agency is developing will be used by the ground self-defense force as one of its major pieces of equipment. With a view toward completing the development of the 88-type tank in fiscal 1988, the agency will undertake the development of the gun turret and shells in fiscal 1982. Japan's present mainstay tank, the 74-type, has a 105-mm gun, while 120-mm guns are mounted on the latest West German tank, Leopard-II, and Britain's chieftain-type tank. America's M-1 tanks can fire both 105-mm and 120-mm guns. The Soviet mainstay tank, T-72, has a 125-mm mounted gun. Thus, the general global trend is toward introducing larger calibers. For this reason, the defense agency has decided to mount a 120-mm gun on the 88-type tank.

Previously, the defense agency sounded out the U.S. Defense Department on whether it could provide technical data on the gun barrel for the M-1 tank. However, the reply was that the United States planned to license-produce the

barrel by introducing technology from the West German barrel maker (Rhinemetal). Acting on the U.S. suggestion, the defense agency has sounded out the West German Government on whether it will furnish technical data to Japan on the shape, size and other aspects of the gun barrel in question. A defense agency source has expressed the strong hope that the plan will materialize.

If the plan materializes, the use of interchangeable parts of major military equipment between Japan and the United States, with West Germany acting as a middleman, will become a reality for the first time. This raises the possibility that a system of military cooperation between the United States, NATO and Japan will be established in the future. When the issue of Japan-U.S. cooperation in military technology was raised during the current session of the lower house budget committee, the government expressed the view that "the joint research and development of arms and military technology by Japan and the United States is not subject to the three principles banning arms exports." Commenting on the 88-type tank development plan, the defense agency source said: "In this case, we will build it at home by merely introducing technology from outside. Therefore, it has nothing to do with cooperation in military technology." However, it is expected that opposition parties will make an issue in the Diet of the plan to develop the 88-type tank--which will use shells interchangeable with those for America's M-1 tank--contending that "this plan is virtually tantamount to joint arms research and development by a plural number of countries."

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MILITARY

JAPAN-U.S. MILITARY TECHNOLOGY COOPERATION ISSUE DISCUSSED

Federation of Economic Organization's View

Tokoyo NIHON KOGYO SHIMBUN in Japanese 9 Feb 82 p 1

[Text] In the economic world, concerning President Reagan's 1983 budget message, there is the generally positive evaluation that "The aim is to control adjusted inflation by reducing welfare and wages so that the public will economize" (Yoshihiro Inayama, Chairman of the Federation of Economic Organizations [Keidanren].) In particular, concerning the budgetary emphasis on national defense, there is a common recognition that "Henceforth, the pressures on Japan to increase its defense capabilities will get stronger" (Kawamata Katsuji, Chairman of Nissan Motor Company), and even concerning Japanese-American military technology cooperation which has become a focal point, Mr Inayama stresses the necessity for relaxing the policy of prohibiting arms exports and declares that "If world conditions change, it will be acceptable to change the Three-Point Principles of Prohibiting the Exports of Weapons." Further, regarding Japanese defense capabilities, Mitsubishi Heavy Industries advisor Gakuji Moriya, while stating, "Fundamental policy must be determined by the government," indicates, "We must consider national defense based on Japan's independent judgement (and not based on American pressure)," and appeals, "Effective management of a budget which emphasizes that the consolidation of equipment strength is important."

While annual expenditures in the 1983 U.S. budget stopped at the low growth rate of 4.5 percent over last year's, the military expenditures actually rose 17.9 percent and are approaching wartime levels. Concerning this increase the U.S. Government has explained that "This is to re-vitalize the Western alliances and U.S. naval superiority," but in the Japanese economic world there is agreement on the perspective that "the United States, not only wishes to fill the military gap with the Soviet Union in 1985, but also wishes to establish superiority over the Soviets, and defense demands made of Japan will get stronger" (Mr Inayama).

But concerning the way in which Japan should respond to U.S. demands, there are slight differences in nuance: "If Japan were a member of the Western alliance, cooperation would be proper" (Mr Inayama); "To simply follow in the wake of U.S. demands would be dangerous; we must seek American understanding of Japan's internal conditions regarding this point" (Mr Kawamata); and "Fundamentally, Japan's defense policy must be determined by its own judgement" (Mr Moriya).

Concerning military technology cooperation with the United States, even though the government is enthusiastic from the standpoint of resolving Japanese-American trade friction, it is leaning towards the judgement that "from the standpoint of the U.S.-Japan Security Treaty, technological cooperation comes before the Three-Point Principle of Prohibiting the Exports of Weapons which are our domestic policy." The economic world has heretofore consistently maintained a cautious posture regarding this problem, but if we take Mr Inayama's pronouncement that "We must obtain the public's understanding" as a premise, it is showing a fairly positive attitude toward technological cooperation.

In response to the viewpoint that American deficits will invite high interest rates and create difficulties for Japanese economic management, there is the perspective that "The most important point is that high interest rates will control inflation, and even if the Japanese Government will have few choices, there is no other way" (Mr Inayama). Further, concerning Japanese-American economic friction, there is a hint that there are limits to Japanese-American commercial cooperation in Mr Kawamata's remarks, "Friction may not be resolved even if there is an improvement in the non-tariff trade barrier situation. There is no other means but furthering the opening of the market for agricultural goods and the service industries."

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Defense Industry's Activities in U.S.

Tokoyo SENTAKU in Japanese Vol 8, No 2 Feb 82 p 87

[Text] Japanese government officials and business leaders are very busy in making connections with the U.S. Department of Defense (the Pentagon). Leading manufacturers dealing in the so-called advanced technologies such as electronics, electrical machinery, precision machinery, and optical machinery, etc., are establishing offices in Washington as if they were competing with each other. Their primary job is to gather reports on American economic and trade policy, but from last year to this year, the content and activities have changed entirely.

What they are doing now is competing against each other in establishing contact with consultants who were former Pentagon officials and have connections with the Pentagon. Among these consultants are former high Pentagon officials who worked in positions as high as Assistant Under-secretary of Defense. "They will not deal with you if you suddenly go out to the Pentagon and say you want to sell them something. Therefore you have to ask a consultant and have him get you into Pentagon circles," explains an executive of a certain electric machinery manufacturer.

The first step in the procedures for supplying materials to the Pentagon is using the consultant as an intermediary, and next is tendering the samples when you are "called in." Once a year the Pentagon holds a sample fair in which the products of outside producers are all gathered together. It is reported that the number of Japanese manufacturers who displayed products in

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in last year's product fair increased to close to ten companies. Because of the denials of those involved this is an unconfirmed report, but it is said that among the participants were Nippon Electric Company, Ltd., Fujitsu Ltd., Minebea, Mitsubishi Electric Corporation, Omron Tateishi Electronics Company, and Hitachi Construction Equipment.

Of note is Nippon Electric's achievement in 1980 in exporting short range optical communications equipment for the American air defense system. The direct supplier was a subsidiary of ATT, but the Pentagon inspected the technology and the specifications and granted its permission. Compared to Nippon Electric, Mitsubishi Electric Company and Kyoto Ceramics, etc. are late entries, but they have invited high Pentagon officials to inspect their factories and are trying to establish some kind of connection.

Further, far-sighted manufacturers are planning to make inroads at the Pentagon using American manufactureres as a front. Minebea has purchased Pacific Propeller (Seattle), America's leading propeller manufacturing and repair company, and Japan Airlines Electric Manufacturing has succeeded, through a long-term contract, in supplying aircraft control equipment to America's Smith Industries and to Honeywell.

Efforts are not limited to the level of parts subcontracting; recently a number of Japanese-American military equipment joint ventures have also been advancing. Toshiba Corporation has received a proposal from Hughes Aircraft Company for the cooperative development of a "piggy-back" missile using a charge-coupled device employed in video tape recorders. Mitsubishi Electric, which has succeeded in adapting the mass production techniques of household electronics to the production of military equipment, and Hitachi Ltd., which has strength in the application of semi-conductor technology, have been approached respectively by Westinghouse and Rockwell International regarding joint development and other projects.

Compared to these industries' activities to seek connections to the Pentagon, official government activities are less intense, but the ground work done by MITI, which possesses the gift of foresight is the most advanced. Regarding the problem of the aluminum customs duty rate, MITI has sought to contact Defense Secretary Weinberger instead of U.S. trade representative Brock and told Weinberger, "The continued Japanese production of aluminum is vital to Japan's security." By doing so it checked the arguments within the U.S. Government over the opening of the Japanese market to aluminum imports.

In the U.S. Government which changes organization with each change in administration, only in the Pentagon is there no change in administrative channels or fundamental policy even if there is a change at the top. It appears that this is why Japanese officials and businessmen are most desirous of making connections here.

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Pros, Cons on Technology Cooperation

Tokoyo NIKKEI KOGYO SHIMBUN in Japanese 19 Feb 82 p 3

[Text] In the midst of rising strong demands for increased Japanese defense capability the problems of joint development of arms and Japanese-American exchange of military technology which are the basis of defense strength have risen anew as issues. The Reagan administration in the United States, attempting a policy of huge arms increases in order to restore a balance with the Soviet military and in order to build up the Western weapons systems is aiming at the advanced technology fields of new materials (fine ceramics, carbon fibers), fiber-optical communications, and Japanese electronics, and has come to work for the joint development of arms and the procurement of military technology for America. In response to this the government of Japan and the LDP have postured and indicated a straightforward response, "In order to effectively and harmoniously manage the Japanese-American Security Treaty system it is necessary to respond to American desires and demands regarding exchange of military technology."

However, the matter is becoming a political problem as there has been a strong negative response toward intimate involvement in the U.S. leadership's road to arms expansion even through military technology and development, and there is also the counter-argument that the supply of military technology touches on the Three-Point Principle of Prohibiting the Exports of Weapons. Just as the prominence of defense expenditures has been made much of, our country's expenditures for defense preparations purchases have been pushed to the high level of 1 trillion yen and we have begun to grow into a large arm market.

Under these circumstances the picture is complex: On the one side there are in domestic defense industry circles voices saying that exchange of arms technology and cooperation in joint development are essential under the Japanese-American security system; and on the other side there is the fear that as there is close involvement as a subcontracting base for American arm producers, future development of advanced technology industries will be controlled by that relationship. Should we move toward lessening friction with the United States? Should we stick to the route of peaceful economic relations? Various thoughts are mixed in confusion and we try here to put the spotlight on the flaring problems of cooperation in military technology. [Defense Problem Information Group]

The Three Principle of Arms Export (April 1967, Prime Minister Sato's response in the Diet)

Our nation's arms exports are especially restricted under the Export Trade Control orders and such exports require the consent of the MITI cabinet minister; however, in the following cases arms exports will not be recognized as a matter of principle: 1) arms exports to countries leaning toward the communist bloc; 2) arms exports to countries under UN-imposed arms embargo; 3) arms exports to countries involved in international disputes or where there is fear of such involvement.

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The New Three-Point Principle of Prohibiting the Export of Weapons (February 1976, Prime Minister Miki's response in the Diet)

From the standpoint of a peaceful nation and in order to avoid promoting international conflict, arms exports have hitherto been dealt with cautiously, and henceforth, based on the following policy, such exports will not be promoted: 1) arms exports in those areas covered by the Three-Point Principle of Prohibiting the Export of Weapons will not be recognized; 2) even outside the areas covered by the Three-Point Principle, based on the spirit of the constitution and other relevant laws, we will be cautious in the export of arms; 3) export of facilities related to the construction of armaments will be dealt with in the same manner as arms exports.

Desirable Electronic Optical Technology; Japan Aims at its Own Weapons System; Consciousness of the "Penalties of Greatness" in America?

It is said that in the course of the next 10 to 15 years overwhelming military superiority will stand on developments in advanced military technology. The occurrence of fierce military competition between military superpowers, the United States and the Soviet Union, even in the realm of space development and not stopping with purely military technology such as neutron bombs, battlefield nuclear weapons, and missiles, relates advanced technology and military technology; and the connection between the two can only become more profound at all points.

In the fields of electronics and fiber-optical electronics, etc., Japan has acquired and developed technology of the most advanced level. The accuracy of domestically produced missiles is conspicuously high, and even in the new materials fields of fine ceramics and carbon threads, no other nation is Japan's peer. Even in space, we have begun to launch stationary satellites; the advances of domestic production technology are eye-catching; and in the Defense Agency and industrial circles the call for the establishment of our own weapons system is rising.

What must be noted is that Japanese-American mutual exchange of military technology is suddenly appearing as an issue just as though it were to control the movement towards establishment of Japan's own weapons system.

At a staff conference on Japanese-American security held in Hawaii last summer, the United States strongly pressed for the exchange of military technology and cooperative arms development on the one hand, while on the other hand demanding Japanese military preparation efforts. The American analysis of developments in Japan, including the argument that Japan was getting a free ride in its security arrangements, chiefly centered on four points:

- 1) expenditures for the development of advanced technology had piled up so that no one country, not even the United States, could bear the burden;
- 2) a policy to oppose COMECON which, with the Soviet Union at its center, accepts an international regional economic specialization;
- 3) the Reagan administration has declared advanced technology to be a resource;
- 4) the desire to incorporate Japanese defense industries, which have extended periods of payment, as essential subcontractors or "pinch-hitters" for American enterprises.

Although there is an apparent contradiction in that, from the perspective of the 18 billion dollar U.S. trade deficit with Japan which is largely tied to the American economic slump, the United States can not insist too strongly that Japan supply her with arms, there is nonetheless an attempt to make mutual military technology exchange and cooperative development of military technology a starting point in greater military cooperation.

The viewpoint which lies a little deeper is that which suggests that perhaps the United States has begun to take steps, indirectly, toward Japan in the same way the Soviet Union in Poland faced the laborers who comprised "Solidarity" with an unbending posture and also suppressed the Czech liberalization of the well-known "Prague Spring."

At exactly the same time that Japan had begun to study the introduction of the world's most powerful interceptor, the F-15 Eagle, as successor to the F-4 Phantom, Japan's number one defense manufacturer, Mitsubishi Heavy Industries, secretly gathered technicians and commenced planning a domestically produced fighter to oppose the F-15. The intricacies of the F-15's introduction and the unsuccessful birth of the domestically produced FX are explained as the result of a decisive defeat of five domestically produced fighters by three F-15's in a mock battle.

Not limited to aircraft, tanks, various missiles, and other characteristically Japanese weapons have been born. In particular, naval vessels, with the exception of the "Harpoon" and the "Asrock," are completely domestically produced. Japanese naval vessel construction capability has reached so far as to match that of the United States and the Soviet Union, even to the extent of conceiving, in the 4th defense build-up plan, of a mini-aircraft carrier (DHL). Even the United States, in strengthening its navy, has alluded to commissioning construction in Japan.

It appears that it is in the supply of naval vessels to the United States that the potential for arms exports is greatest, and this is the point where special attention must be given to treatment of the Three-Point Principle of Prohibiting the Exports of Weapons. However, because the arms standard gradually is changing to Japan's own system, America will lose technical control and it is reported that ill feelings are harbored in the United States.

Japan was re-armed during the Korean War, but militarily it has relied entirely on the U.S. umbrella based on the United States-Japan Security Treaty. Similarly, even concerning military technology, with the exception of the "buddy system" and the flying rescue boat, the PS-1, one-way imports have continued. According to someone connected with Ishikawajima Harima Heavy Industries, "American technology introduced from 1955-1965 was extraordinary. But prior to its introduction during the next decade, we were generally able to grasp what was coming, and in the mid-1970's, we had reached the point of being able to think, 'Our guess was right, that's what is was after all.'"

In the field of electronics Japan has already begun to distinguish itself here and there relative to the United States. The Japanese are developing ingeniously unique arms with these technologies. Defense agency chief Ito comments, "When Japan butts in, foreign countries want to construct a defense net like a 'hedgehog' which draws back in injured paw."

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In these words, we must perceive the thoughts toward the development of arms which are appropriate to Japan.

If we ask what will now happen to the movement to "guard the nation with domestic arms" which was hidden in the shadow of the Japanese-American military technology exchange which developed so spectacularly, we are forced to notice Japanese-American competition.

Military Technology Exchange Rising as the Trump Card in Resolving Trade Friction; "We're in the Midst of a Cautious Investigation"--MITI

MITI has not greatly altered its attitude of "being in the midst of a cautious investigation" of the problem of Japanese-American joint development of military technology and the export of military technology to the United States. As the ministry which manages the Export Trade Control Council which implements the Three-Point Principle of Prohibiting the Exports of Weapons and places the concrete checks on exports, and as the ministry which must answer to the government when it takes an active interest, it is necessary to add caution to a cautious investigation.

In finding a way to deal with this problem and to dodge the opposition of public opinion and the opposition parties, it is necessary to solidify a policy which is agreed upon by both the government and the LDP, and the ministry, wanting to look to the point where both government and party opinion have finally settled, appears to have been forced into a cautious posture. They are in particular focusing their attention on the kind of judgement of this problem that the government's highest brains will make and speculate on when a decision will be made.

In the midst of all this, Prime Minister Suzuki, in a lower house budget committee meeting related a perspective which was perceived as a step forward when compared to previous policy. "In the harmonious management of the United States-Japan security system which is the main pillar of Japan's defense, both Japan and the United States have responsibilities. From this perspective we are giving this problem serious consideration." After this statement MITI seemed to waiver, but later a clarification that "The Prime Minister's remarks do not greatly cross the boundaries of the government's thinking that, in regard to this problem, we are, as heretofore, in the midst of an investigation," was made within the government and once again the ministry took its "cautious" position.

However, it is a fact that within MITI various positions have emerged in regard to this problem.

One of these positions was expressed by an administrative official. "It looks like MITI is taking a passive attitude toward this problem. That is not so." He explains, "By no means are they just leaving matters to themselves, but it is troublesome that MITI has made the judgement that at least in this problem with the United States, it is not a matter in which they must be involved." He warns that the schema which sees the Defense Agency and the Foreign Ministry as the activist faction and MITI as the cautious faction, begins to make it

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appear that "MITI's methods of seriously considering relations with the United States are soft-headed."

MITI is now caught up in the whirlpool of trade frictions with the United States. Resolution of these frictions is its most urgent theme. However, there is no effective trump card in this matter. There are no good ideas to resolve trade frictions with the United States and the sense of irritation within the ministry is getting stronger. It is into this setting that the problem of exporting military technology enters. One administrative official emphasized, "We want to step into the problem of arms technology exports if it will be useful in resolving trade frictions." This same official states "It is absurd to think that MITI regards the United States lightly. We are thinking about it very seriously."

That there might be a facet of the immanent export of military technology to the United States which can be used as a trump card in the resolution of trade frictions is one of the realities of MITI's cautious investigation.

On the other hand, there is also the view that extreme caution must be exercised in exporting military technology to the United States because based on our nation's guarantees of peaceful economic policy we import atomic fuel from various countries and have commercial ties to various nations. The promotion of a peacetime economy's industrial structure is the direction which our country must also take in the future. "In this context, the Three-Point Principle of Prohibiting the Export of Weapons is a principle of very high value. It will not now be destroyed," says a certain administrative official.

Taking the example of the various points of view shown by Western European nations in response to the Reagan administration's new cold war structure, the same official emphasizes that Japan too, from its own standpoint, can attain an autonomous policy direction. MITI Minister Abe, who is one of the foci of the policy debate, does not really alter the posture of "being in the midst of investigation" but he emphasizes again the size of the common significance which Japanese-American security and the Japanese-American alliance hold. Furthermore there is the reality that the United States holds a great influence in our national economy and, according to Mr Abe, it is a fact that pains must be taken to harmonize Japanese-American economic relationships. As the government and the LDP are in the midst of formulating a consensus, this is perhaps a possible stage on which the minister might play a role.

At such a juncture, Mr Amatani, former MITI advisor who trotted out the name "merchant nation" (because Japan lives by its economic power, and not by military power it keeps a low profile to minimize frictions and must be active in bearing the burdens of economic cooperation) was subjected to sarcastic remarks at a recent European financial conference when he showed indications of concern that protectionism would come to the fore, "What kind of country is it that complains of protectionism even though its own defense is inadequate?" The defense burden and the export of military technology are not directly tied together but there is a feeling that MITI must seek an answer to such criticism overseas.

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"If it is Necessary, it Won't be a Problem"--Council of Economic Organizations' Head Yoshihiro Inayama

Japan and the United States are both bound by the Security Treaty and if, in the course of making mutual efforts to protect themselves it becomes necessary, I think that there will not be the slightest problem in cooperative arms development and the exchange of military technology.

World conditions are changing greatly. If the Three-Point Principle (proclaimed under the Miki cabinet) hinders Japanese-American military technology cooperation, I think that, based on securing the understanding of the public, it will be all right for the Prime Minister to alter them.

Today, when technology is making steady advances, even in the area of military technology, I think it is necessary to import advanced American knowledge; if Japanese technology is useful, we should provide it to the United States or open the road to cooperative development.

Science and Technology Have Military Potential; "Peaceful and Military Uses Can't be Separated;" Profound Dissatisfaction in the LDP

There are many in the LDP who have doubts about the Three-Point Principle. This is because they were simply policy trends put forth from the standpoint of parliamentary tactics at the time of the Miki cabinet (1976). In a dissatisfied voice it is argued, "We must not make a serious decision from the perspective of a simple parliamentary tactic" (Zentaro Kosaka, member of the lower house, head of the LDP Foreign Policy Investigation Committee; Motoharu Arima, member of the lower house, LDP National Defense Section's Chairman's Representative; Hiroshi Oki, member of the House of Councilors, Chief, LDP Foreign Affairs Business Section).

However, there are various perspectives on the significance of the Three-Point Principle. There is, on the one hand, the perspective that "the situation when Japan must absolutely not export arms is when it would endanger world peace" (Representative Kosaka), and, on the other hand "We must certainly project a good image to the nations of the world" (Councilor Oki). Between these two there is also the perspective of Representative Arima, "From the perspective of the Japanese-American Security Treaty the export of arms is inevitable becoming necessary."

Representative Arima asserts, "We cannot have defense strength which is separated from science and technology," and says, "We must clearly understand that today military power is a matter of scientific and technological brains."

In any event, there is strong dissatisfaction that a matter of such importance as arms exports and the supply of technology will have been determined by a parliamentary tactic and there are strong voices that the government must determine a clear policy based on reason.

Diversion to Military Use is Dangerous--Socialist Party

The Socialist Party's position has been summarized by Yokoyama Toshiaki, Chairman of the Special Committee for the Investigation of the Arms Export Problem. "Japan, from its government and diplomatic posture, must not export arms. Needless to say, the constitution reflects the fact that we were at one time aggressors against other nations. Today, if Japan wanted to, it has the technology to build a hydrogen bomb. Therefore, if we divert even a little of the technology which forms the basis for the people's livelihood to military use, we will enter a realm where there are no limits at all. Thus diversion of such technology to military use is a matter which entails a large element of danger. In just these times the government must be strong minded and it is important to prevent arms and arms technology exports."

Military Technology: The Flaring Problem in Japanese-American Cooperation; Will it Become a Window for Breaking the Prohibition of Arms Exports? Industrial Circles say "The Wind Is Blowing in the Direction we Want;" A "Technology Transition" Is Essential; Drawing the Hoped-for Clear Line.

In the midst of the Suzuki cabinet's sudden shift to the right in the prominence of the defense budget, the perspectives and thinking of industrial circles are confused and we are unable to view them as clearly defined. It would be expected that in industrial circles they would see merit in attitudes such as that of the Hawk faction within the LDP that modification of the Three-Point Principle is natural, but in the Arms Construction Industry Association, in the Federation of Economic Organization's Defense Production Committee, and in other related groups, policy debates have not even been held.

Even if they are not boldly raising their voices calling for the modification of arms export conditions, as industrialists alert to their own interests the severe change in international conditions brought about by the Soviet-American confrontation and the American demands in relation to Japan's defense efforts probably have them thinking that this situation must necessarily lead to opening the road to arms exports.

In fact, at the time large-scale plants were being exported to the oil producing countries of the Arab world and to China, our country's industrial circles looked with envious eyes at the figures of France, West Germany and other European nations winning business deals which included fighters, tanks, and other collateral military exports.

However, in public MITI takes the stance toward the Three-Point Principle which it has heretofore, but industrial leadership explains. "Beginning with cabinet ministers, the managerial class in the government is beginning to indicate an understanding of the new situation." That is, it appears that conditions will with difficulty bring a wind which blows in the direction which the industrial circles desire. But when there are actually attempts to export items which appear to contradict the Three-Point Principle, at MITI's window, where they must deal with the requests, it is reported that there is a negative response.

This is because in the ministry responsible there is an extreme dislike of having to consider items which appear to conflict with the Three-Point

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Principle and there is fear of pursuit by the opposition parties as MITI operates without clear guidelines in deciding to what extent a list of export goods conflicts with the Three-Point Principle. This kind of attitude is explained as being similar to that behind non-tariff barriers.

On the one hand, there are increasing examples of American defense-related departments and others seeking demands of Japanese industries for cooperative development and technology exchanges.

At present, the American demands are frequently in the fields which stand in relative prominence such as optical communications and semi-conductors, but when we consider the points in which Japanese industries in general commonly excel--production, quality, period of payment, etc.--it appears that henceforth demands will extend to broader fields such as naval vessels, etc.

In one sense, just as prior to World War II, trade frictions between the United States and Japan are filled with strain; but it is thought that negotiations for cooperation in the realm of military technology will provide material for some mitigation of these trade difficulties. In fact, because trade frictions are the responsibility of the U.S. Department of Commerce it is not thought that the demands made of Japan regarding commercial frictions will be withdrawn if Japan cooperates in the military sphere, but such cooperation is seen as a way to influence the attitude of the emotionally aroused American public in the direction of recognizing that "Japan and the United States are bound by strong ties."

Will cooperation in advanced fields likely be realized? "It will be fine, if it happens gradually," says Daisuke Kobayashi, Chairman of Fujitsu. Advancing the transfer of technology to developing nations, and not just to the United States is the path along which Japan's livelihood rests. But in reality, the government's stance is not clear even regarding this problem. Since the Japanese companies involved are worried that technology and knowhow provided by Japan under the guise of joint development of military technology will flow to American companies, it appears that MITI must deal with this problem. In the United States, the military is aiding and aiming at the development of very high speed integrated circuits based on a plan similar to our country's super-large scale integration devices, but it is also said that they are not making good progress. There is a perspective which says that this is the reason why arms producers in the United States are universally demanding Japanese cooperation.

In the opinion of Mr Kobayashi, Chairman of Fujitsu, and a host of others in electronics circles, "That perspective is a Japanese conceit. American technology is not lagging to that extent. But if there is a demand, we would like to participate actively."

It is unmistakable that the time has come for the government to take a clear position on the export of arms and technology transfer. We must listen attentively for the voices saying, "It is necessary to debate the issues fairly in the Diet, laying a foundation for national prosperity."

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ECONOMIC

'MAINICHI' VIEWS TRADE FRICTION, MARKET OPENING

OW310232 Tokyo MAINICHI DAILY NEWS in English 29 Mar 82 p 2

[Editorial: "Nature of Japanese Economy"]

[Text] The Japanese Government led by Prime Minister Zenko Suzuki is now being called upon to make an important decision in the face of the ever-growing trade friction between Japan and Western countries. It is also high time that we once again delve into the claims of the Western countries and the contention of this country.

The Western countries are urging Japan to open its markets claiming that the closed nature of the markets is directly responsible for their large-scale deficits in trade with Japan. Japan, on the other hand, contends that the core of the problem lies in the Western countries; their lack of effort to exploit the market and their slow-tempoed growth of productivity. There is some truth in what both sides say.

On the other hand, the problem is at once complex and puzzling. Even if the Japanese markets are completely opened, it does not necessarily mean that their trade deficits will disappear or that their problems of depression and unemployment will be solved. The opening of Japan's markets will not prove to be a simple panacea.

Thus, we hope that the Western countries will cool off and stop trying to make Japan a scapegoat.

The Reagan administration should revise its economic policy which has caused great confusion in the world economy. At the root of this confusion are the fiscal deficit in general and military spending in particular. It is reported that the Japanese Government in concert with European countries is prepared to call this to the attention of the U.S. Government at the summit conference scheduled for June. On this score, we are in accord with the government and it is hoped that Japan will push forward its contention.

Since we believe that we should discuss the matter in a cool-headed manner, we welcome the report that it was decided at the European community foreign ministers' meeting to bring the question of Japan's closed market to a forum of the GATT (General Agreement on Tariffs and Trade). It is extremely

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significant to discuss which market is more closed, the EC or Japan, and what to do to improve the situation, in a multilateral forum instead of just bilateral discussions.

President Reagan reportedly told visiting Japanese Foreign Minister Yoshio Sakurauchi that the trade friction is a problem involving all Western countries and that the door should be opened to all trading partners. In concrete terms, the president pointed out that the restrictions on 14 items such as plywood, tobacco and certain agricultural produce including oranges should be lifted.

Frankly speaking, it is highly difficult to pinpoint which country, Japan or the United States, is more open in its trade practices. Japanese tariffs are, in a way, as low as those of the United States. It appears that the United States has intentionally made an example of Japan's remaining import restrictions on agricultural products in an attempt to demonstrate the closed nature of the Japanese market.

One high-ranking U.S. official was quoted as saying that no country has an agricultural policy perfectly commensurate with economic rationalism, and that the U.S. Government itself has a restrictive policy toward the import of beef.

The actual situation the world over may be as this American official depicted, but still we cannot but conclude that the Japanese market which has such nontariff barriers as import inspections and customs procedures is more closed than others. As the U.S. side has pointed out, the government's administrative guidance has often taken on the nature of industry protection.

The opening of the Japanese market will not be realized unless the structure of the Japanese economy is improved as soon as possible. Prime Minister Suzuki is reportedly determined to map out a policy of opening the Japanese market by the time the summit conference opens in June. It seems that he is sincere this time in taking the lead in formulating the measures, but it must be stressed at the same time that any temporary patchwork for opening the market will not satisfy our Western trade partners.

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ECONOMIC

FARMERS LOBBY AGAINST IMPORT QUOTA LIFTING

WO310422 Tokyo THE JAPAN TIMES in English 29 Mar 82 p 2

[Text] Japanese farmers are mounting a fierce campaign to prevent their government giving in to American pressure for removal of import quotas on agricultural products.

The United States is already Japan's main supplier but it wants even more to help reduce a massive bilateral trade deficit that last year ballooned to an estimated \$18 billion (using a different calculation, Japan puts the figure at \$13.4 billion). Of Japan's 27 remaining import quotas, 22 are for agricultural products, now the focus of the increasing trade friction between the two countries.

But to members of the ruling Liberal-Democratic Party (LDP) giving in to American demands would be tantamount to political suicide.

The party has remained in power for the past 30 years because of the farm bloc vote, and 60 percent of its parliamentary members currently represent rural districts.

These include Prime Minister Zenko Suzuki and some of the men who are seeking to succeed him in the future.

Two of the rising contenders for premiership, international trade and industry minister Shintaro Abe and chief cabinet secretary Kiichi Miyazawa, represent one of the key mandarin orange growing areas.

Ichiro Nakagawa, director general of the Science and Technology Agency, comes from Hokkaido, an important beef and dairy products area.

Finance Minister Michio Watanabe's constituency is one of the country's main tomato producing areas.

American liberalization demands cover most major agricultural products for human and animal consumption. But beef, oranges and other citrus fruit appear to be regarded in Washington as the most important.

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The Central Union of Agricultural Cooperatives (ZENCHU), which has formed a special headquarters to lobby against succumbing to the U.S. pressure, says import liberalization would have "a devastating impact" on individual farmers and would rock the very foundations of Japanese agriculture.

Japanese cattle breeders and dairy farmers cannot possibly compete with their American and Australian counterparts, who have the benefit of wide open spaces, it said.

Japanese beef demand is now running at around 420,000 tons a year, about a third of which is imported, primarily from Australia. Prime beef used in luxury hotels, however, comes from the U.S. where cattle are fattened on expensive grain.

Agricultural Ministry officials argue that increased beef imports would lead to less demand for feedstuff imports, which would greatly work to the disadvantage of American grain producers.

But, on the other side of the ledger, continued import restrictions mean the Japanese public will have to continue paying a prohibitive price for domestic beef--more than twice as much as in New York, for example.

ZENCHU says orange growers are also at a disadvantage because they cannot lower their costs through large-scale mechanization due to the fact at least half of annual production comes from mountainous areas.

Current restrictions inflate the price of imported fruit in the shops. But imported citrus juice costs about half the domestic product, leading to excessive stocks of the latter according to a ZENCHU spokesman.

Ironically, fruit importers also oppose liberalization. Imported oranges, for example, represent only 2 to 3 percent of the 3 million tons coming on the market each year.

Imports are handled by 96 government-designated companies. A leading trading house reckons its profit margin on an imported orange at some 40 percent--which would naturally decline if all the barriers were lowered.

Japan's monopoly system in tobacco is also under fire from the U.S. and Western Europe.

Japan lifted import ceilings on tobacco in 1972 and in November 1980 cut its import tariff from 90 to 35 percent, and allowed 20,000 of Japan's estimated 260,000 tobacco retail shops to handle imports (compared to 14,200 previously).

But with a market share of only 1.4 percent currently, the Americans are pressing for additional steps, including an increase in the number of retailers allowed to sell imports and a 30 percent raise in import prices without hiking retail prices.

These, the Tokyo government argues, would seriously hurt 104,000 Japanese tobacco leaf growers, whose product is twice as expensive as the American one and falls far behind in quality.

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ECONOMIC

BUDGET CRITICIZED FOR LACK OF EMPHASIS ON EXPANSION OF DOMESTIC DEMAND

Tokyo MAINICHI DAILY NEWS in English 8 Apr 82 p 2

[Editorial: "Expand Domestic Demand"]

[Text]

"" Although the fiscal 1982 budget has been finally approved in the Diet, the nation's economy is saddled with a raft of knotty problems. The budget lacks consideration concerning domestic business recovery, welfare, and overseas economic friction, and its execution is no easy task in the light of the grim economic and political environment both at home and abroad.

"" Business at home recorded a minus growth during the three-month period of October through December last year. The number of unemployed in the United States and Europe was about 10 million respectively. Many countries are scared by the nightmare of a possible great panic resulting from the stagflation now in progress at a rapid tempo. Trade friction between Japan and the Western nations has been escalated to an alarming degree.

"" While the world economy is in the doldrums, Japan is faced with severe criticism for its poor contributions as an economic power occupying 10 percent of world's GNP. It is high time for this country to play an effective role to help the world economy recover from the current severe conditions.

"" In this regard, we believe that Japan's economic management from now on should place emphasis on the easing of friction and preventing further business recession both at home and abroad. In other words, preparations should be hastened to implement a supplementary budget that will enable an income tax reduction with the fiscal year and fiscal expenditures for expansion of domestic demand.

"" The Japanese government is planning to concentrate 75 percent of the scheduled public works in the first half of the year and to lower the long-term interest rate as part of its business recovery

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measures. This however, is not enough. It may be necessary for the government to introduce another powerful measure from this autumn to keep the economy going. It is said that a measure to cope with the economic friction will be completed sometime in May, but a patchup measure for opening the market to foreign countries will have little effect in easing the criticism. It behooves the government to make efforts for continued expansion of domestic demand.

Moreover, the environment of the people's livelihood, which is far inferior to that of Western countries, must be improved qualitatively. The existing economic structure that is too dependent on exports should be shifted to one centering on domestic demand. The existing pattern of public enterprises characterized by the construction of bridges, highways and new Shinkansen lines should be reevaluated from the ground up. A new vista should be opened with emphasis placed on "national build-up" plans such as the redevelopment of cities.

An income tax cut will not be effective unless the cut is carried out for at least two years, that is, for fiscal 1982 and 1983. The tax cut should be designed not only to increase individual spending but to correct the inequality resulting from the fact that there has been no reduction during the past five years. An early tax cut announcement will have a great psychological effect.

Revenue sources must be secured to carry out both the tax cut and increased fiscal spending. To secure the revenue sources a thoroughgoing cut of wasteful expenditures should be carried out by administrative reform and the period set for fiscal reconstruction by discontinuing the flotation of deficit-covering national bonds by 1984 should be extended further.

Only after all possible means are taken for the expansion of domestic demand, can we demand the United States to lower its high interest rate. The high interest rate in the U.S. is a policy aimed at curbing inflation to be caused by the increased fiscal deficit due to the inflated military spending. The American policy as such, however, has stepped up recession the world over and made world currencies quite unstable. The yen's depreciation is a case in point. The yen's appreciation is essential for the Japanese economy to expand imports, decrease industrial cost and stabilize commodity prices. We must call on the U.S. to stop its arms expansion race which is the very source of the high interest rate in the U.S.

In short, for the benefit of the taxpayers, both the government and bureaucrats should abide by the principle of fiscal democracy.

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SCIENCE AND TECHNOLOGY

BRIEFS

SUPERCOMPUTER DEVELOPMENT--The Ministry of International Trade and Industry (MITI) Wednesday authorized the inauguration of a foundation to develop a "supercomputer" by the 1990s. MITI gave the go-ahead to an application by six Japanese computer makers and two electrical manufacturers to set up the research and development institute jointly. The ministry will entrust the foundation with the task of developing a "fifth-generation" computer, and will provide it with 423 million yen (\$1.7 million) in research and development funds for fiscal 1982. Foreign enterprises are invited to join the foundation--officially named the Institute for New Generation Computer Technology to be headed by Takuma Yamamoto, president of Fujitsu, Ltd. The US Government has asked the Japanese Government to open the door of the institute to foreign enterprises wishing to join it, according to MITI. However, no American enterprises have yet expressed any wish to join the foundation, MITI said. [Text] [OW171049 Tokyo THE DAILY YOMIURI in English 16 Apr 82 p 4]

COMPUTER LOGIC DEVICE--Nippon Electric Co. (NEC) has announced the development of a new computer logic device with the world's fastest computing speed, paving the way for development of the next-generation of "super computers." NEC said the new logic gate had a computing speed of 10 picoseconds, surpassing the 13 picoseconds achieved by International Business Machines Corp (IBM) of the United States in 1979. One picosecond is one-trillionth of a second. The capacity of the NEC logic device, based on the so-called Josephson element, which is expected to take the place of silicon-based semiconductors in the future as the basic element of computers, also exceeds that of a similar Josephson computer logic gate developed recently by the electrotechnical laboratory of the Ministry of International Trade and Industry's Industrial Science and Technology Agency. [Text] [OW121141 Tokyo MAINICHI DAILY NEWS in English 11 Apr 82 p 5]

SATELLITE PRESS TRANSMISSION TEST--The experimental wireless transmission of newspaper pages using the experimental communications satellite, Sakura, was successfully carried out by the Posts and Telecommunications Ministry Tuesday [13 April] at the ASAHI SHIMBUN's head office in Tsukiji, Tokyo. The very clear negative film received is shown in the photograph. The wireless transmission of the test pattern, which was computer-edited by the ASAHI, was repeated, and the test results were very good. The test

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started out with an output of 100 watts and output was gradually lowered to 10 watts. There were no errors. The tests were carried out by the ministry with the cooperation of the Nippon Telegraph and Telephone [NTT] Public Corporation, and others. A vehicle-mounted relay station of the NTT parked in the ASAHI's parking area was used to send the transmission from the newspaper's page transmission device to Sakura. The signals received back from the satellite were relayed by the station to the Asahi's receiving device to produce the negative film. Similar tests were to be carried out Wednesday [14 April] using the pages of 13 newspapers, including the MAINICHI SHIMBUN, YOMIURI SHIMBUN, TOKYO SHIMBUN and NIHON KEIZAI SHIMBUN. [Text] [OW170200 Tokyo ASAHI EVENING NEWS in English 15 Apr 82 p 3]

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