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 FM AMEMBASSY TOKYO
 TO RUEHC/SECSTATE WASHDC IMMEDIATE 8616
 INFO RUEHBS/AMEMBASSY BRUSSELS 6677
 RUFHGV/USMISSION GENEVA 5676
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LIMITED OFFICIAL USE TOKYO 00734

BRUSSELS FOR USEC
 GENEVA FOR USTR DEL
 PASS USTR ELECTRONICALLY

E.O. 12356: DNG: N/A

TAGS: ETRD, JA

SUBJECT: JANUARY 13 JAPANESE TRADE PACKAGE

REF: TOKYO 574

1. ON MORNING OF JAN 13, MOFA'S DEPUTY DIRECTOR
 GENERAL ENDO, BRIEFED ECOUNS ON CABINET DECISION OF JAN
 13 ON MARKET OPENING MEASURES. MEASURES WILL BE
 ANNOUNCED IN TOKYO AFTERNOON OF JAN 13, AND WILL BE
 BRIEFED TO USG OFFICIALS IN WASHINGTON BY JAPANESE
 EMBASSY, JAN 13 WASHINGTON TIME.

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State Dept. review completed

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2. ENDO STRESSED THAT THIS PACKAGE WAS DIFFICULT TO ARRIVE AT AND WAS POSSIBLE ONLY BECAUSE OF THE DIRECT AND PERSONAL INTERVENTION OF PRIME MINISTER NAKASONE. ENDO ALSO EMPHASIZED THAT A POSITIVE REACTION FROM USG OFFICIALS WOULD BE NECESSARY IF THE POSITION OF THOSE JAPANESE GOVERNMENT AND POLITICAL OFFICIALS SUPPORTING LIBERALIZING MEASURES IS NOT TO BE UNDERCUT. HE ALSO STRESSED THAT A POSITIVE REACTION FROM THE U.S. WOULD BE NECESSARY IF WE WERE TO EXPECT THE COORDINATING GROUP ON STANDARDS (PARA 3, D) AND THE OTO ADVISORY COUNCIL (PARA 3, C) TO ACT VIGOROUSLY AND EFFECTIVELY TO REMOVE IMPORT BARRIERS.

3. THE JAN 13 PACKAGE CONSISTS OF THE FOLLOWING MAJOR COMPONENTS.

A. TARIFF CUTS: TARIFFS WERE REDUCED OR ELIMINATED ON 47 AGRICULTURAL PRODUCTS, 28 MANUFACTURED PRODUCTS, TOBACCO ITEMS, CHOCOLATE, AND BISCUITS (DETAILS PREVIOUSLY REPORTED).

B. QUOTA EXPANSION: QUOTAS WERE EXPANDED ON SIX AGRICULTURAL ITEMS INCLUDING BEANS, PEANUTS, FRUIT PUREE AND PASTE, NON-CITRUS FRUIT JUICE, AND TOMATO JUICE, KETCHUP, AND SAUCE.

C. OTO: (1) ESTABLISHMENT OF A HIGH LEVEL OTO ADVISORY COUNCIL TO PROVIDE ADVICE AND SUGGESTIONS ON ALL ASPECTS OF OTO ACTIVITIES. (2) STRENGTHENING OTO BY IMPROVING AND SPEEDING PROCEDURES, AND ALLOWING COMPLAINTS BY PROXY (I.E. EMBASSY OR CHAMBER OF COMMERCE ACTING ON BEHALF OF COMPANIES).

D. IMPROVEMENT OF STANDARDS AND CERTIFICATIONS SYSTEMS: (1) A COORDINATING GROUP HEADED BY THE CHIEF CABINET SECRETARY AND COMPOSED OF CONCERNED MINISTRIES AND AGENCIES WILL BE ESTABLISHED TO REVIEW ALL STANDARDS AND CERTIFICATION SYSTEMS (ALL 37 LAWS) WITH A VIEW TO REVISION AND SIMPLIFICATION, INCLUDING AMENDING LAWS. PRELIMINARY WORK IS SCHEDULED TO BE COMPLETED BY MARCH 31. (2) SPECIFIC IMPROVEMENTS WERE

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ANNOUNCED ON 16 STANDARDS.

E. TOBACCO: (1) EXPANSION OF THE NUMBER OF TOBACCO OUTLETS SELLING FOREIGN CIGARETTES WILL BE ACCELERATED. ALL OUTLETS THAT WISH TO IN ALL MAJOR METROPOLITAN AREAS, EXCEPT TOKYO AND OSAKA, MAY DO SO BY MARCH 31, 1983. BY OCTOBER 31, 1983, ALL OUTLETS IN TOKYO AND OSAKA WILL BE INCLUDED. ALL OUTLETS NATIONWIDE WILL BE ALLOWED TO SELL FOREIGN CIGARETTES BY THE END OF JFY '84 (INSTEAD OF END OF JFY '85).

(2) CHANGES IN DISTRIBUTION OF TOBACCO PRODUCTS WILL BE DECIDED WHEN THE GOVERNMENT MAKES A DECISION ON THE DOKO COMMITTEE RECOMMENDATION ON RESTRUCTURING JTS. THE LDP HOWEVER HAS DECIDED IN PRINCIPLE TO ALLOW IMPORTATION AND DISTRIBUTION OF FOREIGN CIGARETTES BY PRIVATE CONCERNS, AS LONG AS THE EXISTING SYSTEM OF LICENSED RETAIL OUTLETS REMAINS IN PLACE.

4. IN PASSING, ECOCONS NOTED ABSENCE OF MEASURES ON BEEF AND CITRUS IN THE JAN 13 ANNOUNCEMENT. ENDO SAID THAT THE PACKAGE WAS COMPOSED OF MEASURES TAKEN UNILATERALLY, AND THAT BEEF AND CITRUS WAS A MATTER FOR BILATERAL AGREEMENT. HE HINTED THAT AGREEMENTS ON SUCH ITEMS AS BEEF AND CITRUS WOULD BE TAKEN CARE OF BEFORE THE EXPIRATION OF CURRENT AGREEMENT ON THOSE ISSUES. IN THE CASE OF AUSTRALIA THAT MEANS BY APRIL 1, 1983, IN THE CASE OF THE U.S., BY APRIL 1, 1984. COMMENT: THE CLEAR IMPLICATION OF ENDO'S STATEMENT IS THAT THE GOJ WILL BE READY TO BEGIN DISCUSSIONS ON BEEF AND CITRUS WITH THE U.S. AFTER THE ELECTION THIS SUMMER. END COMMENT.

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5. ANSWERS TO SPECIFIC QUESTIONS ASKED BY U.S. SIDE AT THE EARLY DECEMBER TRADE SUB-GROUP MEETING ARE IN PREPARATION AND GOJ OFFICIALS HOPE THEY WILL BE COMPLETED BY COG JAN 14. IF THEY ARE, THEY WILL BE COMMUNICATED TO THE U.S. SIDE ON JAN 14 WASH TIME IN WASHINGTON. IF NOT ANSWERS WILL BE SENT TO REACH

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WASHINGTON BY JAN 17.

6. COMMENT: THIS PACKAGE WAS DIFFICULT TO PUT TOGETHER, AND PM NAKASONE WAS PERSONALLY DIRECTLY INVOLVED. IT CONTAINS A NUMBER OF MEASURES OF BOTH IMMEDIATE AND POTENTIAL IMPORTANCE; MANY OF THE TARIFF CUTS ARE BENEFICIAL; A STRENGTHENED OTO AND A HIGH LEVEL REVIEW OF STANDARDS SYSTEMS IS POTENTIALLY MUCH MORE SIGNIFICANT.

- WE BELIEVE ENDO IS CORRECT IN ARGUING THAT A POSITIVE U.S. REACTION IS NECESSARY TO AVOID UNDERCUTTING SUPPORTERS OF LIBERALIZATION, AND TO HELP PROMOTE EFFECTIVE ACTION OF THE NEW OTO COUNCIL AND THE COORDINATING GROUP ON THE REVIEW OF STANDARDS SYSTEMS. CLEARLY, A POSITIVE REACTION TO A PACKAGE WITH WHICH NAKASONE IS PERSONALLY INVOLVED ON THE EVE OF HIS U.S. VISIT WOULD HELP SET A CONSTRUCTIVE TONE FOR HIS VISIT. TO AVOID SENDING THE GOJ CONFLICTING SIGNALS, A COORDINATED REACTION WOULD BE USEFUL. THE ROAD TO WHERE WE NOW ARE HAS BEEN LONG AND DIFFICULT. WHILE WE HAVE NOT GOTTEN AS FAR AS WE MIGHT LIKE, OUR FIRST CONCERN MUST BE HOW TO GET CLOSER TO OUR GOAL OF A JAPANESE MARKET AS OPEN AS OUR OWN. WE CANNOT HOPE TO DO THIS IF WE DO NOT MAINTAIN THE PERSONAL SUPPORT AND INVOLVEMENT OF JAPANESE POLITICAL LEADERS WHO HAVE PUT THIS PACKAGE TOGETHER. END COMMENT.

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III END OF MESSAGE

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