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The Director of Central Intelligence
Washington, D.C. 20505

National Intelligence Council

NIC #7608-83
21 October 1983

MEMORANDUM FOR : ~~Acting~~ Director of Central Intelligence
THROUGH : Chairman
National Intelligence Council
FROM : David D. Gries
National Intelligence Officer for East Asia
SUBJECT : NSC Meeting on the President's Japan Trip

1. The NSC meeting is being called to review trip plans. The NSC has belatedly confronted the prospect of the President's traveling to Japan without any meaningful plans to address bilateral economic and trade problems.

--The NSC is searching for measures that will confirm US seriousness. Since a host of measures are under consideration, I will try to find out which of them might be discussed at the NSC.

--The NSC also believes the President's Japan trip lacks focus. He is doing everything from addressing the Diet to appearing on television to meeting Nakasone repeatedly. What should be the centerpiece of the visit?

2. Three tabs are attached:

--Tab A is the NSC announcement.

--At Tab B are Interdepartmental Group papers submitted to the White House by State. It is these bland papers, and especially their failure to underscore the gravity of the trade problem, that started the NSC thinking about holding a Cabinet-level meeting.

--Tab C is selected background from recent Intelligence Community publications. Although you have probably seen much of it before, it will refresh your memory on the key issues of trade, direct investment, yen valuation, foreign relations, and Nakasone's political prospects.

3. You have scheduled a prebrief for ~~1345~~ ¹⁰¹⁵ on ~~Monday~~ ^{Tuesday}. I will try to come to that meeting with a more precise idea of the NSC agenda and positions of the various players.

Also enclosed is trip Intel Support Book prepared by DDI for White House

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5. One mechanism that both sides often resort to is the formation of study committees, such as the Wise Men's Group and its current replacement and the various sub-Cabinet groups that study specific aspects of the trade problem. None of these study committees has had much effect. The Japanese like them because they diffuse and bury the issues; the US likes them because they divert political heat.

6. But there are other possibilities. Last month I suggested to the NSC (not as NIO, but as an interested citizen) that Reagan and Nakasone in Tokyo announce formation of a Cabinet committee chaired by the Vice President and Japan's Chief Cabinet Secretary and consisting of the Secretary of Treasury, State, Commerce, and STR on our side, and the Minister of Finance, Foreign Affairs and MITI on their side. These officials--not their subordinates--would meet twice yearly to monitor progress and prepare recommendations for Reagan and Nakasone on:

- increasing direct investment in the two countries;
- promoting market openness for merchandise and services; and
- pressing for capital market liberalization.

7. I also suggested to the NSC that they explore the idea of a US-Japan Joint Businessman's Training Center. Such a Center, located perhaps in Hawaii, could offer courses in Japanese and English language, culture, business practices and home market characteristics. Funding would come from foundations and corporations in both countries. US businessmen often are poorly prepared to do business in Japan; announcement of such a Center by Reagan and Nakasone would put the leaders of both countries on the side of improving that preparation.

8. But the problem is that, as has so often been the case in the past, the NSC has waited until the last minute to face the economic issue. Thus it is probably too late to do more than agree on cosmetic measures. In US-Japanese economic relations history nearly always repeats itself--to the disadvantage of the US.



David D. Gries

Attachments:
As stated

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