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The Director of Central Intelligence

Washington, D.C. 20505

National Intelligence Council

NIC #04356-86/1
19 September 1986

MEMORANDUM FOR: Distribution

FROM: Carl W. Ford, Jr.
National Intelligence Officer for East Asia

SUBJECT: East Asia Warning and Forecast Meeting - 17 September 1986

1. Representatives of the Intelligence Community met on 17 September 1986 to consider the Japanese reaction to the Gorbachev Asian initiative.

2. Next month's Warning and Forecast Meeting will be held Wednesday, 22 October 1986 at 1400 hours in Room 7E62, CIA Headquarters. Recommendations for discussion/warning topics should be forwarded to this office by COB 13 October 1986.

3. It is essential that you telephone your attendance intentions to [redacted] and have your clearances verified to us by your security office by NOON, 21 October 1986. Attendees from outside agencies are advised to arrive early to avoid parking problems created by construction work. Please enter the compound through Gate 1, the Route 123 entrance.

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Carl Ford
Carl W. Ford, Jr.

Attachment

17 September 1986 Warning Report

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The Director of Central Intelligence

Washington, D.C. 20505

National Intelligence Council

NIC #04356-86
19 September 1986

MEMORANDUM FOR: Director of Central Intelligence
Deputy Director of Central Intelligence

VIA: National Intelligence Officer for Warning

FROM: Carl W. Ford, Jr.
National Intelligence Officer for East Asia

SUBJECT: 17 September 1986 East Asia Warning and Forecast Report

1. The September Warning Meeting focused on a single topic, The Japanese reaction to the Gorbachev Asia initiative. Representatives from various agencies presented their assessments, and there was general discussion from the floor. This topic follows an exploration of the implications of the Gorbachev initiative for China which was covered in last month's meeting.

2. [] of SOVA began the discussion by indicating that Gorbachev's speech really had no new major implications for Japan in and of itself, but was part of Moscow's general trend of putting a better face on Soviet policy toward Japan. The main theme of the speech was that the Soviet Union is an Asian and a Pacific power. The Soviets clearly hope that their political and economic influence will expand along with their military power. If this is to happen, their relations with Japan will have to improve.

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3. Yet Soviet initiatives show no flexibility on key issues such as the Northern Territories. While Gorbachev was willing to discuss territorial questions in his initiative toward China, no such gesture was made to Japan. This was made perfectly clear by Deputy Foreign Minister Kapitsa's statement to Japanese reporters that there would be no concessions on the Northern Territories issue. The Soviets are willing to allow visits to graves, and adopt a more "smiling diplomacy," but show no evidence of flexibility on this key issue.

4. Soviet policy with respect to Japan has three goals: (1) drive a wedge between the US and Japan to try to complicate or preclude military cooperation between Washington and Tokyo; (2) seek Japanese involvement, where beneficial, in the Soviet economy, and particularly development in the Soviet Far East; and (3) promote the gradual advance of Soviet political influence in Japan and the region.

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5. There was some discussion of the Northern Territories issue. The principal reasons for Soviet intransigence on the issue apparently include:

- Nationalistic pride causes the Soviets not to want to surrender territory.
- Strategic security; the Southern Kurile chain provides some protection for Soviet ballistic submarines in the Sea of Okhotsk.
- Feelings of racial superiority over the Japanese and historical memory of Japanese humiliation of Russia in 1904-5.
- The precedent would create demands by other countries for Soviet concessions on occupied territories.
- Perception that the Japanese would take the islands, but the Soviets would get nothing of importance in return.

6. The question was also raised about whether the Soviets might offer to reduce forces opposite Japan, in a manner similar to their offer to China. Thus far, the Soviets have been continuing to build up forces and there is no evidence yet that they might make this kind of gesture. The principal threat to the Soviets is not Japanese forces in Hokkaido, but US forces in Northern Honshu.

7. [] OEA, mentioned that the Japanese are pleased with the new Soviet style, and look forward to improvements in atmospherics of their relations. Nevertheless, the Japanese recognize Soviet goals and intentions and continue to view Japan's relations with the US as the foundation of their security. Moreover, Soviet failure to yield on the Northern Territories, and the Soviet position against reducing SS-20s in Asia are a constant reminder of Soviet attitudes. Japan rejects the Soviet assertion that the principal threat to peace and stability is the US buildup in the region and the prospect of a Washington-Tokyo-Seoul axis. Essentially, there is no illusion in Japan where the main threat comes from.

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8. There followed general discussion about whether Soviet "smiling diplomacy," and troop cuts along the border with China might lead to greater domestic pressure in Japan for the government to reduce its commitment to a military buildup and erode defense cooperation with the US. The general consensus was that this would not work since the Soviet threat will still be strongly perceived in Japan. Furthermore, Nakasone is using the new Soviet style to claim that his policies are working and to create even stronger public support for his approach to defense. Also, it was pointed out that the overwhelming repudiation of the Japanese Socialists--the Party which most strongly advocated improved ties with the Soviets--in the July elections had removed an important source of domestic pressure on the Liberal Democratic Party on the Soviet issue. When Nakasone leaves office his successor may not be as effective in manipulating public opinion as he, but his successor is also not likely to be as active as he is. Also, the bureaucrats in the Japanese Foreign Ministry, who are strongly suspicious of the Soviets, will likely begin to reassert their influence under a less activist Prime Minister.

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9. [] OEA, discussed the economic factors involved in the Soviet approach. Soviet overtures to Japan in the 1970s, particularly on oil and gas in Siberia, occurred in an era of energy shortages. Now the situation is much different. There have been discussions of a gas project in Sakhalin, but so far the project is too expensive and Soviet allocation policies have not been sufficiently flexible to encourage great Japanese interest. There are some discussions of potential joint ventures between the two sides, and a project in which the Japanese ship equipment and get lumber is ongoing. Nevertheless, there is unlikely to be any upsurge in economic cooperation.

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10. [] DIA, discussed the importance of mutual perceptions arising from the Gorbachev speech, making the point that what Gorbachev said was not really new, but his approach was refreshing to the Japanese. In the context of other Soviet initiatives, the Soviet approach could result in an upswing in Japanese-Soviet relations. The upswing will continue until the prospective summit between Gorbachev and Nakasone, possibly next year.

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11. However, after the summit, there will probably have been few concrete gains for either side and a period of disillusionment might set in. Also, in the past the Soviets have had a penchant for blundering, as in the case of the KAL 007 shoot down. It is possible that some Soviet hard line move could disrupt the now more pleasant atmosphere.

12. Precisely how and when the summit will be held is uncertain. It has not yet been decided whether Gorbachev will go to Tokyo first, or Nakasone to Moscow. Nakasone has indicated he would like more progress on the Northern Territories issue before a summit.

13. [] NSA, agreed that there had not been much change in the position of the two sides. The cornerstone of Japanese security policy remains the relationship with the United States and this is likely to continue. While there could be some improvements in economic relations between the two sides, there were likely not going to be substantial political improvements. The Soviets will continue to place paramount emphasis on trying to create problems for US-Japanese cooperation.

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14. Several points were raised during the follow-on discussion:

- The Soviets would probably be more concerned about an independent Japan than one which relies on the US. A much more independent Japan might develop its own capabilities which could be more threatening to the USSR than the present situation.
- If Japan became concerned that a new Soviet-US summit was resulting in less US concern for Japanese interests, at worst, Japan would return to the uni-directional diplomacy it once followed in years past.
- One participant argued that the Gorbachev speech may actually be evidence that the Soviets now recognize that they can't do much about the US-Japanese relationship. The Soviets are searching for areas of vulnerability but not finding any. With respect to the US-Japan relationship, the Gorbachev speech was a Soviet "blink."

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Warning Implications

16. While there are no signs that much has changed beyond the atmospherics of the Soviet-Japanese relationship, it is important for us to constantly review our assumptions and analysis to make sure that we are not missing factors which could lead to significant change. The importance of the US-Japan relationship makes it critical that we be able to see changes before they have developed too far.

A handwritten signature in cursive script that reads "Carl Ford".

Carl W. Ford, Jr.

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