

EDITORIAL

Mondale's departure

U.S. Ambassador to Japan Walter Mondale has announced that he is leaving the post on Dec. 15 to return to his native Minnesota to resume his private law practice. Although he has served here for just over three years, Mondale merits credit for his constructive role in advancing the bilateral relationship between Japan and the United States.

He assumed office in Tokyo in 1993 during the height of trade and economic disputes between the two countries and the growing discontent here over his immediate predecessor, Michael Armacost. Some Japanese officials then feared that the nascent Clinton administration might take a harsh stand toward this country.

In present-day diplomacy, ambassadors are not allowed a wide area of discretion, and heads of government and foreign ministers frequently visit one another to hold talks. But Washington fully understood that the Japanese expected more from a U.S. envoy than he was empowered to provide, and chose Mondale, rightly calculating that a heavyweight who could "directly telephone the White House" would reassure Tokyo. Both capitals were in accord that Mondale would best fit the mold of his fellow Democratic statesman, Mike Mansfield who, along with Edwin Reischauer, proved to be the most respected and effective U.S. ambassadors to Japan in the postwar period.

Characteristically, Mondale avoided the apparent obtrusiveness with which Armacost sought to make deals with Liberal-Democratic Party chieftains over the heads of the Foreign Ministry and the Prime Minister's Office. Declaring that he would not intervene in Japan's internal affairs, Mondale has made a point of conducting negotiations strictly through official channels. Mondale began work here by addressing a number of bilateral problems, including the auto dispute and deregulation, while an edgy feeling against each other embroiled the two nations at the grassroots level. Over the past three years, however, sharp criticism of Japan in Congress has significantly subsided.

The outgoing ambassador has played a major role in turning around mutual resentment. In a typical example, Mondale served to calm Japanese anger over the gang-rape of an Okinawan schoolgirl by U.S. servicemen by calling the perpetrators "animals" and expressing an apology on television immediately after the incident. With quick political sensitivity he understood the seriousness of the situation that could damage the alliance beyond repair, and directly told President Bill Clinton of the local public reaction to the crime and persuaded him to have some of the U.S. bases in Okinawa relocated. Mondale's swift and decisive action contrasted the initial procrastination of the Japanese government.

Defense Secretary William Perry, another key figure who has advanced the settlement of the Okinawa base issue, is also joining the exodus from the Clinton administration. Uneasiness exists that their departure might affect the future of the Japan-U.S. relationship.

We shall fondly remember Mondale, even though he may have lacked as much popularity among the Japanese and knowledge of the country and language as enjoyed by Reischauer. On the other hand, Mondale is more closely compared to Mansfield in statesmanship and resourcefulness. With integrity and devotion, the three outstanding envoys have played a vital role in safeguarding and fostering bilateral ties across the Pacific. Hopefully the next ambassador from Washington will match their stature.

(From the Mainichi Shimbun, Nov. 9.)

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NEWS BRIEFING
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STATE DEPARTMENT SPOKESPERSON
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U.S. DEPARTMENT OF STATE REGULAR DAILY NEWS BRIEFING

NOVEMBER 8, 1996

+++ Elapsed Time 00:00, Eastern Time 13:12 +++

SPEAKERS LIST: NICHOLAS BURNS, STATE DEPARTMENT SPOKESMAN

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(in progress)

BURNS: ... four journalists from Cote d'Ivoire who are visiting the United States under the auspices of the Delphi Foundation International.

Also, some members of the press section of the Croatian Embassy, who I believe are sitting right here. And most importantly for me, the Mahoney (ph) family from New Hampshire -- huge Red Sox fans -- who are here with us today.

I have a couple of announcements.

The first is just to note what you have all seen and that is United States ambassador in Japan, Walter Mondale, has announced that he'll be leaving his post as of mid-December as U.S. ambassador to Tokyo. He and Mrs. Mondale plan to return to Minnesota, where he'll take up again his legal career.

Former Vice President Mondale has had an unparalleled career of service to the United States government. You all know about his distinguished service as senator from Minnesota, as vice president of the United States, as candidate for the presidency, and he's been a very distinguished and

effective United States ambassador to Japan.

+++ Elapsed Time 00:01, Eastern Time 13:13 +++

He's been involved in every aspect of our relationship from the trade issues to our very deep political ties to the military issues, the very difficult issues that we've had to resolve with the Japanese on Okinawa.

And Secretary of State Christopher has asked me to say publicly how much he, the secretary, is going to miss the services of Ambassador Mondale.

As you know, they have had a very long friendship. They have been in politics together. They've also worked together when Mr. Mondale was vice president and Secretary Christopher was deputy secretary of state.

Secretary Christopher admires Ambassador Mondale, believes he's been an outstanding ambassador to Japan, certainly one of the most outstanding American envoys ever to Tokyo, and he'll be very sorely missed there.

I also wanted to let you know -- just confirm for those of you going with us -- that the secretary is leaving Sunday evening on a trip to the Middle East and to Europe.

He's going to be leaving Sunday evening for Cairo. He'll be arriving there late in the afternoon on Monday. He will be attending on Tuesday the Cairo Economic Conference.

+++ Elapsed Time 00:02, Eastern Time 13:14 +++

He's looking forward to seeing many of his Arab interlocutors and representatives from the Israeli government. And we hope that this Cairo Economic Conference will serve to continue and deepen the economic ties that Israel and the Arab countries have been able to -- have been able to put together over the last couple of years.

There will be representatives of, I think, over 1,500 businesses there. There will be government representatives from a number of Arab countries and from Israel, as well as Western countries.

The secretary will be having some bilateral meetings in the margins of this.

He looks forward to it as a good opportunity to get back into Middle Eastern issues and hopefully to push this process of economic normalization forward.

After the Cairo conference, the secretary intends to travel to Paris on Tuesday evening. On Wednesday and Thursday, he'll be participating in the Bosnia Peace Implementation Council discussions on both days.

He will have conversations with the three members of the joint presidency from Sarajevo, also a lot of meetings with Minister De Charrette and other Western -- NATO foreign ministers.

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TODAY'S REPORT:

POLITICS

Hashimoto Is Sworn In With Cabinet of 'Old Guard' Party Wheelhorses

Prime Minister Hashimoto was sworn in for a new term with the first all-LDP cabinet since the party lost its Diet majority in 1993, a group of 19 men and one woman that reports called a collection of "old guard" party wheelhorses. Three are sons of former postwar prime ministers. Though Hashimoto had insisted he wouldn't necessarily accommodate the wishes of the LDP factions, his selections reflected a perfect factional balance: four posts each to lower house Dietmen of the Obuchi, Mitsuzuka, Miyazawa and Watanabe factions, and two to the much smaller group led by former economy minister Toshio Komoto. Three other slots went to upper house members, one a woman. Two of the three belong to the Obuchi group; the third is with Miyazawa.

Few Surprises: There were few surprises on the list, whose ages averaged out to 62.7, the oldest since the voters sent the LDP packing in 1993. As expected, Foreign Minister Yukihiko Ikeda, adopted son of former prime minister Hayato Ikeda, and Chief Cabinet Secretary Seiroku Kajiyama both stayed on, and faction boss Hiroshi Mitsuzuka comes into the government at Finance. Former Foreign Minister Kabun Muto will run the Management & Coordination Agency, with a central role in streamlining government. Former transport minister Shinji Sato, son of the late prime minister Eisaku Sato, got MITI, and Taro Aso, son of postwar leader Shigeru Yoshida, goes to the Economic Planning Agency. The only surprise choice was appointment of ex-Postal minister Junichiro Koizumi to Health and Welfare. Koizumi, at 54 a "young" turk by Japanese standards, challenged Hashimoto for the LDP presidency last December. He's also remembered for angering the bureaucrats at the Postal Ministry by calling for privatization of the postal savings system when he was minister there. He seems to have been picked mainly to fill the maverick boots of former Health Minister Naoto Kan. The token woman is Michiko Ishii, 63, who gets the Environmental Protection Agency.

BUSINESS

Prosecutors Raid Mitsubishi Oil, Mitsui Mining In New Payoff Scandal

Tokyo prosecutors arrested Junichi Izui, an Osaka oil dealer with lots of political connections, on charges he evaded ¥330 million in taxes on unreported income of ¥660 million in 1992-95. Prosecutors think the money

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was part of ¥4 billion-plus in "commissions" he took from Mitsui Mining to arrange oil product deals with Mitsubishi Oil. Prosecutors raided Mitsubishi Oil and the home of chairman Kikuo Yamada just before nabbing Izui, and they struck at Mitsui Mining's HQ today, in search of evidence. The excessive "commissions," and the inability of either company to explain what they were for may indicate there is a major economic crime involved, Nihon Keizai said. Izui counts LDP politicians, MITI bureaucrats and celebrity athletes among his friends, suggesting the case could blow up a political storm. Two senior ministers in the new cabinet, Hiroshi Mitsuzuka and Junichiro Koizumi admitted they knew Izui. Others get touchy when the issue is raised. Departing MITI minister Shumpei Tsukahara told reporters he was just thankful the scandal didn't break on his watch. The case surfaced after Mitsui Mining sued Mitsubishi Oil last July, for payment of a ¥2.38 billion loan it had guaranteed for Izui. Mitsubishi denied it knew anything about the purported guarantee, though the documents bore the signature of its Tokyo Branch deputy manager. In addition, reports said, the companies used a series of sales of petroleum at inflated prices to funnel Izui another ¥2.41 billion. Yomiuri said Izui apparently used some of the money to make donations to 16 Diet members, including LDP policy chair Taku Yamazaki, and the rest to pay off personal investment losses.

Shiseido Buys Helene Curtis Salon Products Division

Shiseido, Japan's largest cosmetics maker, said it will buy the professional products division of Helene Curtis in the U.S. and Canada, from British/Dutch conglomerate Unilever group. Terms of the acquisition, to be completed later this year, weren't given, but Nihon Keizai guesstimated the price at ¥10 billion (\$90 million). The division, which supplies hair care products to beauty salons, had \$65 million in sales in the year ended last February. The deal includes sales rights, certain trademarks and patents, inventories and other assets, but the "Helene Curtis" trademark and the Helene Curtis professional product business in Japan, Australia, New Zealand and Italy are not included in the purchase, the company said. Shiseido will have its U.S. subsidiary make chemicals for permanent wave and other Helene Curtis products. The acquisition is a part of Shiseido's strategy to become a global supplier of cosmetics, Nikkei said.

TRADE

MITI Minister Sato Says Problems With U.S. Are Over; He'll Focus on Asia

New MITI Minister Shinji Sato, a 64-year-old LDP veteran laid out the new government's line on trade issues: with the United States, the problems are over, so it's time to focus on Asia. Sato, who has been in the Diet for more than two decades declared that "We have resolved major trade issues with the U.S. very well. Now it's important for us to take a closer look at Asian nations." Sato has previously been transport minister, and he was the MITI political vice minister in the early 1980s. He said Prime Minister Hashimoto had personally asked him to push closer ties with Asia.

FOREIGN RELATIONS

Mondale Joins Administration Exodus, Saying He'll Be Gone Before Year-End

Ambassador Mondale joined the post-election exodus of senior Clinton Administration officials, saying in a simple announcement that after 3-1/2 years he has done his turn, and "I miss my grandchildren." The early line on a replacement, reports said, includes former House Speaker Thomas Foley, former Sen. Richard Lugar and retiring Sen. Sam Nunn. Mondale's decision was no great surprise. People who know him have been saying for several weeks that he'd indicated he had no desire to follow the example of former Ambassador Mike Mansfield, who served both the Carter and Reagan administrations, and headed the Embassy for more than a decade. Mondale, 68, arrived in September 1993, with relations soured by an endless run of trade disputes. Though he was never able to control public sniping by unhappy bureaucrats on both sides of the ocean, his knowledge and access in Washington and his own considerable political skills helped him apply lubricant to some of the worst frictions. His most important achievement may well have been getting Washington to understand just how serious a threat last year's rape of an Okinawan schoolgirl by three GIs presented to

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U.S.-Japan security arrangements, and beyond that to the entire U.S. military strategy in the Far East. Mondale helped to arrange modification of the Status Of Forces Agreement and a promised drawdown of U.S. forces in Okinawa that got the two governments past the aftermath of the rape. He is going home to Minneapolis to resume his private law practice, he said.

GOVERNMENT

Business Leaders Challenge Hashimoto To Carry Out Administrative Reform

Prime Minister Hashimoto's rationale for filling the cabinet with veterans is that he needs experienced people to push task number one for his second term, government reform. Big business leaders seemed to agree. Keidanren chairman Shoichiro Toyoda said it "shows the Prime Minister's resolve to carry out his promise," and Nikkeiren chairman Jiro Nemoto called it "a strong cabinet that looks sure-footed." Nippon Steel president Takashi Imai said the government really does need to get on with developing "a small government and a system in which every one pays" his fare share. Almost to a man, the business leaders believe the LDP political pros will know better how to bend the bureaucrats to their will than any coalition cabinet full of inexperienced people. But former health minister Naoto Kan, now co-leader of the opposition Democrats, begged to differ, saying the new cabinet is a return to the old iron triangle of politicians, bureaucrats and big business—and no real reform. Whether he's right, a number of analysts said, will depend mostly on Hashimoto's skill and resolve—and on the degree of cooperation he gets to conduct a stable government. Hashimoto plans to create a panel of ten or so senior scholars, business leaders and public figures next week to draft a new reform plan with streamlining of the government—including the powerful Finance Ministry—as the centerpiece. He wants a master plan in hand inside a year, so he can send the necessary legislation to the Diet in early 1998. He has said he'll tackle reform "like a fireball."

ECONOMY

Commercial Land Prices Fall More, But Residential Values Flatten Out

Commercial property prices continued to fall in the quarter ended Sept. 30, though the rates of decline, at least for residential sites, seemed to flatten out, the National Land Agency reported. NLA said 85% of the commercial locations whose prices it tracks declined in value during the quarter; in residential areas, 61% of sample locations held their value, while 38% declined. Of the 315 residential locations it surveys in Tokyo, Osaka and Nagoya, 106 lost 1-3% of their value, and another 14 declined more than 3%. The value of 192 others changed less than 1%. In other regions, according to a Nihon Keizai account of the report, 81% of residential properties didn't change value during the period, while 78% of business locations declined in price.

September Machine Tool Orders Gained 15.4% From Year Ago

If machine tools were the main business of Japan, the country would be rocketing into a golden age. Sales have been outgaining the rest of the economy by large multiples since last summer, and they did so again in September. The Japan Machine Tool Builders Association said orders jumped 15.4% percent from a year ago in September, to ¥83.6 billion (\$744 million). The figure was also up 13.1% from August. Orders for numerically controlled tools rose 18.4% to ¥75.2 billion. Foreign orders rose only 2.7% to ¥36 billion, but domestic orders skyrocketed 28.3% to ¥47.5 billion. The domestic figure is watched as a leading indicator on capital investment, which is in fact rising in several industries.

BANKING & FINANCE

Osaka Credit Union Sampuku Shinyo Goes Under, But Losses Seem Modest

Yet another Osaka credit union, Sampuku Shinyo Kumiai, failed and was ordered to suspend some operations until it can be taken over by the Resolution & Collection Bank, Japan's version of the RTC, reports said. This time, at least, the losses didn't seem humongous. Officials said as of Sept. 30 the institution handled

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about ¥30 billion (\$267 million) in deposits from 4,000 individuals, but it was holding about ¥19 billion (\$170 million) in bad loans. The Osaka government, technically responsible for the institution, said depositors other than those who have outstanding loans of more than ¥100 million, will continue to have access to their funds. The Finance Ministry said the Deposit Insurance Corp. of Japan is willing to step in if needed. There was no sign of the panic that has accompanied a number of previous credit union failures in Osaka.

Oriental Land Gathers Up 23 Million Shares To Be Traded at Listing

Tokyo Disneyland operator Oriental Land, seeking to hustle itself onto the first section of the Tokyo Stock Exchange has gathered up a total of 23 million shares to be part of a pre-listing auction and an initial sale. The pot, according to a TSE filing with the Finance Ministry, includes 17 million shares still in its treasury, 5.5 million shares owned by realtor Mitsui Fudosan, and 500,000 shares held by a subsidiary of Keisei Railway. Mitsui Fudosan is Oriental's biggest single shareholder, with a 38.2% stake, though Keisei Railway and a subsidiary own 38.5% between them. Half the shares will be auctioned on Nov. 26, and the rest will be issued at a price determined by the auction.

Sakakibara Plays At Being Delphic; Markets Respond By Going Bananas

Among all the mysteries of the foreign exchange markets, none may be greater than the way traders hang on the words of particular individuals, and act on even their most arcane utterances with massive sales or purchases. Latest example of that occurred Thursday and today, when Finance Ministry international affairs director general Eisuke Sakakibara told the Nikkei Financial Daily, with delphic obscurity that the dollar's correction is about over, and the ministry "isn't thinking of guiding the yen lower from current levels." That drove the markets into a frenzy, and in a matter of hours knocked the dollar down from way over ¥114 to just a hair over ¥112. It finally settled at ¥112.26 in Tokyo, yesterday. This morning Sakakibara was back at it, telling a reporter that it's forbidden to talk about daily movements in exchange rates, but "our forex policy is unchanged." What to make of that? The markets didn't seem to know so they knocked the dollar down just a little bit more, to ¥112.20 late this afternoon.

AUTOMOTIVE

Honda Plans To Build Natural Gas Civic in U.S.

Honda announced plans to build a Civic GX powered by natural gas, calling it the cleanest internal combustion engine ever built for a vehicle. A statement quoted R&D vice president Ben Knight as saying it tests at one tenth of the California ULEV or ultra low emission vehicle standards. Aside from the naturally lower emissions levels produced by gas, the company said it's equipping the vehicle with dual catalytic converters and a leakproof fuel management system. The engine is slightly more powerful than the gasoline engine from which its design derives. The company will start marketing the car late next year, primarily to fleet buyers mandated by federal law to start using alternative fuels. It will be priced about \$4,500 above comparable gasoline engine Civics. Honda said it estimates the fleet market for such vehicles at just 3-5,000 a year. The vehicle seats four—two in front and only two in back, rather than the standard three, to accommodate the fuel tank and associated equipment. The tank is large enough to give it a range of 225 miles, well beyond that of competing vehicles, and Knight noted that it has one other advantage: substantial supplies of LNG are available everywhere, are relatively inexpensive and clean-burning. The GX will be made at East Liberty late next year for sale as a 1998 model.

ELECTRONICS

Mitsui group forms capital firm for high-tech investment

The Mitsui trading house and 11 group companies established a ¥3 billion venture capital firm to invest in communications and computer companies, Nihon Keizai said. The firm, MVC Corp., expects to invest in up to 20 companies initially. Backers include Sakura Bank, Mitsui Fudosan, Mitsui Construction, Chichibu Onoda

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Cement and from outside the Mitsui group, Toshiba. Nikkei said Mitsui is the first major trading house to set up a venture capital firm.

Matsushita-Kotobuki Will Sharply Expand Output of 5-9 Gig Drives

Matsushita-Kotobuki Electronics plans a sharp increase in production of 5 to 9-gigabyte hard drives, saying they will be fully a quarter of its entire output by the end of FY '97, Nihon Keizai reported. The firm spent ¥7.3 billion (\$65 million) in the first half to retool a line at its plant in Ehime Prefecture that had been making smaller drives. The company is also planning to set up facilities to make more 8x and 12x speed CD-ROM drives, and its total capital investment for the year will rise 85% to ¥18.7 billion. The company currently makes 1.1 million drives each in Ehime and at a factory in Singapore, and another 150,000 in Ireland. It plans to centralize production of the bigger drives at Ehime, Nikkei said.

Taiwan's Acer Buys 15% of Hitachi Television Taiwan

Taiwan computer leader Acer bought a 15% stake in Hitachi Television (Taiwan), for ¥206.6 million yen. The two companies are working to develop and market additional information products on the Net. They'll work together on such items as Internet terminals and PC-ready television sets, the companies said.

ENERGY

TEPCO Starts Up World's First Advanced Boiling Water Reactor

Tokyo Electric Power said it started commercial operation of the world's first advanced boiling water reactor, at its Kashiwazaki Kariba nuclear complex on the Japan Sea coast. The 1.35 gigawatt reactor makes the Kariba complex the world's second largest nuclear plant, after one in Ontario. TEPCO maintains that ABWR reactors are safer than conventional reactors because the main coolant pump is inside the pressure vessel, rather than outside. Construction of the ¥418 billion (\$3.75 billion) ABWR started in 1991. It first went critical last January. A second ABWR, due to be fired up next July, is currently under construction at Kariba.

CRIME

Aum Guru Thrown Out Of Courtroom For Disrupting Own Trial

Tokyo District Court Judge Fumihiro Abe ejected Aum Shinri Kyo guru Shoko Asahara from his trial on murder charges Thursday, after Asahara repeatedly interrupted the proceedings with bizarre remarks, reports said. As he listened to testimony from former disciple Kenichi Hirose about the Tokyo subway gassing, Asahara suddenly began shouting "This trial is a lot of nonsense." The judge tried to ignore it, and Asahara's court-appointed lawyers tried to restrain him, reports said. But after a lunch recess, Asahara renewed the disruption, shouting among other things: "I've had enough," "You're trying to put me in a mental hospital," and "I will be executed anyway." When he wouldn't quiet down, the judge had him dragged out by a pair of bailiffs, and ordered testimony to proceed in his absence. Asahara, 41, whose real name is Chizuo Matsumoto, has refused right along to plead to the charges, but only started acting up last month, during a defense cross-examination of former aide Yoshihiro Inoue (Digest, 10/18). Prosecutors argue it's nothing more than Asahara's attempt to forestall the inevitable. Asahara's chief defense lawyer Osamu Watanabe told reporters "As you can see, he is rather unstable psychologically... We're hoping that (future sessions) don't turn out like today."

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POL DEF ITL:Ikeda-Interview:

Japan's relations with China vital, says Ikeda+

By Takehiko Kajita

TOKYO, Nov. 8 Kyodo - Japan is determined to maintain and enhance relations with China based on a broad and long-term perspective despite the bilateral dispute over ownership of a chain of islands in the East China Sea, Foreign Minister Yukihiko Ikeda said Friday.

"Basically, bilateral relations with China are as important as those with the United States. They involve one of the most important tasks that could affect the existence of our country," Ikeda said in an interview with Kyodo News.

Touching on the two countries' conflicting claims to the islands, he reiterated that Japan's position on the matter remains unchanged. But he hastened to note the importance of pursuing sound bilateral ties even if bickering over ownership of the isles continues.

The long-standing row over the uninhabited but potentially resource-rich islands, known as the Senkaku Islands in Japan and as the Diaoyu Islands in China, has threatened to derail bilateral ties since a Japanese right-wing group erected a makeshift lighthouse on one of the islands in July.

"You must be fully aware of our position on the Senkaku Islands. You must also understand that China's stance is different from ours," said Ikeda, who was retained as foreign minister in the second cabinet of Prime Minister Ryutaro Hashimoto sworn in Thursday.

"But we believe we must prevent our important relations from being poisoned over this problem, and China shares this view," he observed.

On Tokyo's economic assistance to Beijing, the foreign minister noted that Japan will continue to support China's economic reform efforts, regarding its economic assistance as vital to such a drive.

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POL DEF ITL:Ikeda-Interview 2 TOKYO:

"It is important to extend economic cooperation to China in view of our basic stance on relations with the country, including our policy of supporting Chinese efforts to introduce a market-oriented economy and open itself to the outside world," Ikeda said.

But he stopped short of revealing exactly when Tokyo will lift a freeze on grants-in-aid to Beijing, which has been in place since the summer of 1995 in protest against Chinese nuclear testing.

It is widely believed that Hashimoto will notify China of the resumption of aid if he has a chance to meet Chinese President Jiang Zemin in the Philippines late this month in the wings of an informal summit gathering of the Asia-Pacific Economic Cooperation (APEC) forum.

Turning to relations with Russia, Ikeda hinted that Tokyo will look into the possibility of jointly developing four disputed islands off Japan's northernmost main island of Hokkaido on condition that its claim to the islands is recognized by Moscow.

Russian Foreign Minister Yevgeny Primakov is reportedly poised to offer a proposal for jointly developing the Russia-held islands when he visits Japan next week for talks with Ikeda to break an impasse over the territorial dispute.

Ikeda also expressed hope for resolution of a territorial row with South Korea over a group of islets in the Sea of Japan, which are called Takeshima in Japanese and Tokto in Korean. But he acknowledged he does not know how.

On North Korea, Ikeda repeated Tokyo's wish to normalize relations with Pyongyang. But he added Japan will keep in close consultation with South Korea and continue to deal with the communist North in a prudent manner.

"We should normalize relations with North Korea. But we would like to deal with the nation in close touch with South Korea and in a manner that would be favorable to the entire situation on the Korean Peninsula," he said.

==Kyodo

POL DEF:Defense:

New defense chief stresses dialogue with SDP, Sakigake+

TOKYO, Nov. 8 Kyodo - Newly appointed Defense Agency chief Fumio Kyuma said Friday the opinions of political parties other than the ruling Liberal Democratic Party (LDP) must also be given weight when Japan holds talks with the United States to review bilateral defense guidelines with a view to possibly expanding security cooperation.

Kyuma suggested in an interview that consultations should also be held with the Social Democratic Party (SDP) and New Party Sakigake, which were the LDP's partners in the former coalition government.

"We cannot simply say this is a one-party government and proceed on that basis," Kyuma said.

The SDP and Sakigake did not join the new cabinet, although most of their members voted for Prime Minister Ryutaro Hashimoto in parliamentary balloting Thursday.

With regard to the U.S. call on Japan to participate in joint development of a theater missile defense (TMD) scheme, Kyuma acknowledged a means to defend the country against a ballistic missile attack as being certainly desirable in principle.

But he added that an assessment should first be made as to whether there is sufficient justification and popular support to introduce such a system at this juncture, and as to whether the government can afford it amid current budgetary constraints.

Kyuma's reservations are likely to cause ripples across the Pacific, political analysts said.

The U.S. has been strongly urging Japanese participation in the TMD scheme to deal with a possible contingency on the Korean Peninsula and for an expansion of bilateral defense cooperation as collateral for a reduction of U.S. military facilities in Japan.

==Kyodo

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POL ITL:Cabinet-Diplomacy (News Focus):

No major change expected in Hashimoto's foreign policy+

By Takehiko Kajita

TOKYO, Nov. 9 Kyodo - With the inauguration of Prime Minister Ryutaro Hashimoto's second cabinet, Japanese diplomats heaved a sigh of relief, for the nation was assured of what they consider most important of all -- the continuity of its foreign policy.

In a show of the weight he puts on diplomacy, the premier reappointed Yukihiko Ikeda as foreign minister, ordering him to step up efforts to solidify relations with the United States and China, among others.

"It is vitally important to promote ties with the United States, which are the major pillar of our foreign policy, especially in the field of security," Ikeda told reporters after the first meeting of the new cabinet late Thursday night.

"As for other countries, it is particularly important to enhance relations with China, with which we will celebrate next year the 25th anniversary of the normalization of bilateral ties," he said.

Despite the open affirmation of his foreign policy priority, however, the chances of Hashimoto unveiling some new plans to further ties with the two nations appear slender.

"It is often said that diplomacy means continuation. Whether there is truth to it or not, I can say no surprising proposals will be put forward in the near future, because the premier has not been changed from the previous cabinet," said a high-ranking Foreign Ministry official, who asked to remain anonymous.

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POL ITL:Cabinet-Diplomacy (News Focus) 2 TOKYO:

One of the most urgent tasks for the new Hashimoto cabinet regarding security relations with the U.S. is to finalize a framework for scaling down the U.S. military presence in Okinawa Prefecture, which houses about 28,000 of the 47,000 U.S. troops stationed in Japan.

While the Special Action Committee on Okinawa is scheduled to compile by the end of this month a final report on the streamlining of U.S. bases on the southernmost Japanese island, a grave question remains unsolved.

The highlight of the paper will be concerning the closure of Futenma Air Station in exchange for a new home for a heliport, now located within the U.S. base, somewhere in the same prefecture.

The trouble is that the three proposals being mulled between Tokyo and Washington -- the shift of the heliport to Kadena Air Base, the construction of a heliport at Camp Schwab or the development of a floating offshore facility -- have both merits and demerits.

The two sides have yet to decide on which of the three they should pick. Though the construction of a floating heliport appears to be the most likely, technical and environmental problems have been standing in the way of a bilateral accord on an alternative site.

But this may not require so much political finesse as when Hashimoto managed to clinch a deal on the return of the Futenma base in April, because the rest of the work mostly entails purely technical discussions.

"I don't expect the formation of a new cabinet to upset our schedule. All we have to do is continue our work...in a calm manner," said another high-ranking Foreign Ministry official, who declined to be identified.

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POL ITL:Cabinet-Diplomacy (News Focus) 3 TOKYO:

Against the backdrop of strained bilateral relations, Hashimoto has repeatedly cited the need for a closer partnership between Japan and China.

Hashimoto, who is considered a nationalist, may probably feel responsibility for the diplomatic commotion he caused after visiting Yasukuni Shrine in July in a private capacity, the first in 11 years by a sitting premier.

The Tokyo shrine is a spiritual home for Japan's war dead, including Class A war criminals. Official visits there by the prime minister and cabinet members in the past have incurred the wrath of China and other Asian neighbors.

Hashimoto shows no sign of compromising on Japan's claim to a chain of islands in the East China Sea, which China and Taiwan also claim, leaving a major cause of the currently tense bilateral relationship untouched.

On the other hand, Tokyo seems ready to resume grant aid to Beijing, with Hashimoto expected to notify Chinese President Jiang Zemin of that intent in a bilateral meeting planned for late this month in the Philippines in the wings of an informal summit of the Asia-Pacific Economic Cooperation forum.

"Although there are some problems such as the dispute over the Senkakus, Japan strives to do something toward the 25th anniversary of restoration of relations with China," said a senior Foreign Ministry official, who is well-versed in Asian affairs. "To this end, it is useful for the top leaders to deepen mutual understanding with each other."

==Kyodo

Mondale Stepping Down as U.S. Ambassador to Japan

MINNEAPOLIS (AP) -- Walter Mondale announced he is retiring as U.S. ambassador to Japan.

After 3 1/2 years in Tokyo, which included changes in the Japanese and U.S. governments, it is time to come home, Mondale said Thursday in a telephone interview with WCCO-TV.

"There's a new administration, new government here in Japan, new secretary of state coming up, and I think relations here are in good shape and ... I miss my grandchildren. I figure it's time to go home," he said.

Mondale said he plans to return to the practice of law in the Twin Cities.

Mondale represented Minnesota in the U.S. Senate and was vice president under President Carter.

POL:Mondale:

U.S. Ambassador Mondale to retire from post Dec. 15+

TOKYO, Nov. 8 Kyodo - U.S. Ambassador to Japan Walter Mondale announced Friday he will leave the post Dec. 15.

Mondale made the announcement to reporters after meeting with Prime Minister Ryutaro Hashimoto at the prime minister's official residence.

"With the American presidential election behind us, I have advised the secretary of state that now seems to be an appropriate time to end my tour of duty in Japan," Mondale said in a statement released by the U.S. Embassy.

"I have greatly enjoyed the challenge of being our nation's ambassador to this remarkable country since being nominated by President (Bill) Clinton. I hope that these have been good years for the crucial U.S.-Japan relations," he said.

"As I prepare to depart Japan, I am encouraged by the strength and vitality of the U.S.-Japan relationship -- the most important on earth. By working together, we greatly enhance the chance for prosperity, freedom and peace. The relationship is solid and productive."

Mondale, a native of Minnesota, was sworn in as ambassador in August 1993, replacing Michael Armacost.

Mondale, the Democratic Party's presidential candidate in 1984, who served with President Jimmy Carter as vice president until January 1981, will return to Minnesota to resume practicing law in Minneapolis, the embassy said.

==Kyodo

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Mondale added: "As I prepare to depart Japan, I am encouraged by the strength and vitality of the U.S.-Japan relationship -- the most important on earth. By working together, we greatly enhance the chances for prosperity, freedom and peace. The relationship is solid and productive. The world could not have better news."

Mondale, a former vice president who has been ambassador to Japan since 1993, will return to his native state of Minnesota with his wife Joan in mid-December. He plans to resume the practice of law in Minneapolis, the statement said.

During his tenure Mondale has played a major role in sorting out trade feuds between the two giant allies. He also helped repair damage to U.S.-Japan security ties caused by public outrage over the rape of a Japanese schoolgirl by U.S. servicemen on the southern island of Okinawa.

The rape inflamed Okinawan resentment at the huge concentration of U.S. military personnel on the island and pressed the two nations to find ways to cut back U.S. military bases there.

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Homebound Fritz

Mondale won't be idle long

It was a big story on the networks Friday. Walter Mondale, former senator, former vice president, former Democratic presidential candidate, is resigning his post as ambassador to Japan.

The word spread differently in Minnesota Thursday night: Fritz is coming home. (Minnesota news organizations got the scoop because the ambassador himself called them first.)

No one who knows Walter F. Mondale was surprised by either the news or how it was variously told. This genuine VIP, this significant personage in the life and policy of the nation and the world for a quarter-century, is still Fritz from Elmore and south Minneapolis, well known and much admired in his home state.

On Thursday, Mondale didn't describe himself as "from" Minnesota. He never has. He said, "I am a Minnesotan, from the bottom to the top, or is it the top to the bottom? . . . We can't wait to get home."

At home he and wife Joan will come next month, amid deserved accolades for their handling of America's interests in Japan for more than three years. Their record includes more than 20 U.S.-Japan trade accords, a greater number than in any comparable span in the postwar era, and stronger commercial ties generally between the two industrial powers.

Mondale will also be remembered

in Japan for his compassionate response to the 1995 Kobe earthquake, and personal apologies in the face of Japanese outrage when U.S. servicemen raped an Okinawa girl. Joan Mondale's leadership in restoring the historic U.S. ambassador's residence and her encouragement of Japanese artists have left a lasting mark.

National pundits ask how Mondale could voluntarily leave such an important diplomatic post. Minnesotans understand. They know Mondale is talking about what really matters when he says he wants to play with the grandchildren, cut down the Christmas tree as a family, go fishing. Son Ted wants to run for governor in 1998; Dad wants to be nearby to help.

But Minnesotans also doubt that Mondale, a vigorous 68-year-old, is ready to settle into a placid retirement. The work ethic runs too strong in the Minnesota breed, and this man's talents are too large to fit comfortably on any shelf for long.

Those talents are likely to be in big demand soon by presidents, premiers and potentates — and, if he's smart, a governor in St. Paul. Minnesota can expect Mondale to soon mix some world diplomacy and presidential advising with his fishing and baby-sitting. Here's hoping it's a mix that keeps him challenged and happily productive for years to come.

STP Tribune 11/9/96



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