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MEMORANDUM

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## NATIONAL SECURITY COUNCIL

~~SECRET/SENSITIVE~~OBE per WH  
10/27

ACTION

October 16, 1975

## MEMORANDUM FOR SECRETARY KISSINGER

FROM: THOMAS J. BARNES *tb*

SUBJECT: Your Visits to Japan

Phil Habib has sent you a memorandum providing background and talking points for use during your stopovers in Tokyo on October 19 and October 24. I would like to highlight our objectives during the stopovers, and add some comments on the two subjects that are likely to be the focus of your discussions with Miki and Miyazawa.

Main Objectives During Tokyo Stopovers

- To reflect our continuing close consultations with the Japanese at the Foreign Minister level.
- To demonstrate the sincerity of our advocacy of a close coordination of U. S. -Japan policies towards China and the Soviet Union.
- To advise the Japanese of any changes in our expectations regarding the prospects for normalization of Sino-U. S. relations.
- To intensify Japanese cooperation with our political strategy for Korea.

Discussions

For some time, we have advocated with the Japanese coordination of our policies in regard to the communist powers. This process, we have implied, should extend beyond simple consultations. The test of our sincerity will be the extent of our discussions with the Japanese on the China question.

~~SECRET/SENSITIVE~~

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We must assume a strong possibility of press leaks in our discussions with the Japanese. In addition, our comments, even if the press does not get wind of them, may eventually get back to the Chinese. There is, however, no basic contradiction in what we wish to tell the Japanese and what we wish the Chinese to hear about U. S. policy toward the PRC. Consequently, it is important that we be reasonably forthcoming with the Japanese about our expectations regarding Sino-U. S. bilateral relations and not mislead them. In our discussions of the broader China and Sino-Soviet issues, we can be even more frank and open.

In the last few months you have told both Miki and Miyazawa that you did not expect normalization would occur this year. In the event your discussions in Peking should change this assessment, advising the Japanese as soon as possible becomes essential. In this event, I would recommend that in your October 24 meeting you provide some indication of the new assessment, and that subsequently we arrange for the President to stop briefly in Tokyo on his way to China in order personally to brief Miki (but only if you anticipate a breakthrough in our relations with Peking).

We also wish to maintain and intensify Japanese collaboration in our political strategy for Korea. The Miki Government, while strengthening its bilateral relations with the ROK and lending strong psychological and political support to the maintenance of U. S. forces in Korea, is also attempting to show flexibility and movement on a possible political settlement. This policy reflects the GOJ's perception of both domestic and international political needs as well as Prime Minister Miki's personal commitment to exploring conciliation possibilities while strengthening the ROK's position. This dual Japanese approach is not basically contradictory to our own interests, although their overeagerness on tactics could cause us problems in the present contest in the U. N.

While indicating firmness and close consultation in our alliance with the ROK, we too should manifest a dynamic and creative political posture on the Korean issue that sets forth reasonable conditions for negotiations. Japanese involvement in any political approach to the Korean question is much in our interest. During these visits, you may wish to initiate discussion with the Japanese about the direction of our political strategy following your conference proposals last month and the forthcoming UNGA vote. (In a separate memorandum



I outlined a follow-on strategy centering on discussions with the Chinese about an international conference on Korea. ) In particular, you may wish to mention briefly the possibility of an international conference on Korea, and suggest that the Japanese consider what role they could play.

Suggested Talking Points on Specific Issues:

-- The Emperor's Visit: The visit was successful beyond expectations.

-- The Hegemony Clause: We have no objection to your repeating the anti-hegemony clause with the Chinese. (If you anticipate a new "anti-hegemony" statement in the communique for the President's China visit): As we will be reaffirming our position on this issue in the communique which is likely to be issued at the conclusion of Mr. Ford's visit to China, this may make it easier for you (Japan) to find some acceptable formula on this topic.

-- The Schlesinger Visit: I was pleased with the success of Secretary Schlesinger's visit to Tokyo in late August. The increased public discussion and understanding in Japan of the U. S. -Japan security tie is a healthy development.

-- Japan-Korea: I am pleased with the continued improvement of Japan-ROK relations. This trend is a major contribution to stability.

-- Korean Policy: I agree that we cannot have a static political policy on the Korean question. It is essential, however, that we win on the UNGA vote this year. More hard lobbying is essential. This is not the time for a compromise or playing with tactics.

-- International Conference on Korea: My recent proposal for a conference on Korea was a serious one. If the communist side prefers, we are prepared to move directly to an international conference. Obviously the ROK must be an equal participant in any international meeting on Korea. We would be prepared to discuss any issue at such a conference including the long-term gradual withdrawal of foreign troops. Any agreement on this subject, of course, could only be done in the context of other political accords that improve stability on the Peninsula, and enhance the possibilities



for continued avoidance of hostilities. I do not think the communist side will agree to any such international conference. Japan, however, might wish to begin considering what role it could play.

Taiwan

-- The Chinese have told many people that we must follow the Japanese formula, which they define as breaking diplomatic relations with Taiwan, withdrawing our military presence from the island, and terminating the security treaty. Whatever arrangements are eventually worked out, however, must take into account the special relationship which we have with Taiwan.

-- Let me also say that, given the U. S. security role in East Asia, we remain highly conscious of the possible effects changes in our relationship with Taiwan might have on the stability of the region. We are well aware of Japan's continuing interest in economic and social dealings with Taiwan.

U. S. Contact with North Korea

Public speculation about U. S. and Japanese bilateral contact with North Korea is not helpful to our U. N. position. If China or the Soviet Union are willing to have contacts with South Korea we could have similar contacts with the North. Pyongyang, however, is playing games. Whatever we do in this regard must involve consultation with Seoul. After the UNGA vote we can discuss our future strategy.



~~CONFIDENTIAL~~

JAY TAYLOR <sup>16</sup>  
NSC Staff

~~CONFIDENTIAL~~

To: The Secretary  
From: EA - Philip C. Habib  
Your Visits to Japan

You will be seeing a number of senior Japanese officials during your stopovers enroute to and returning from Peking (October 18-19 and October 23-25). The Japanese are intensely interested in developments in the US-China relationship and their possible bearing on Japan's own relations with the PRC, and will be anxious to hear anything you can tell them with respect to your conversations in Peking. While China should be the focus of your discussions with the Japanese the Tokyo stopovers also afford an opportunity to reinforce points you and the President have previously made on several bilateral and multilateral issues. Although your recent meetings with the Japanese (i.e. Miki in August, Miyazawa in late September) covered most matters currently of interest, you will have a somewhat broader audience this time in Tokyo--probably including Deputy Prime Minister Fukuda and Finance Minister Ohira in addition to Miki and Miyazawa--and we therefore recommend that you reiterate our concerns on the several issues listed below.

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E.O. 12958 (as amended) SEC 3.3  
State Dept Guidelines

By HR NARA REF. 8/2/10

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CHECKLIST

China - Describe your conversations in Peking, and your expectations with respect to the President's trip to China.

Korean Question in the UN - Stress that we continue to expect a tough struggle in New York, that we should continue to discourage efforts at compromise at this time, and that vigorous lobbying efforts by both Japan and the US as well as other friendly co-sponsors are essential if we are to win. Note that continuing press speculation in Tokyo, attributed to GOJ officials, concerning US contacts with North Korea is [unfounded and] unhelpful.

Food Issues - Describe the status of our negotiations with the Soviets on long-term grain sales, noting that the arrangement will prove beneficial to Japan by stabilizing Soviet access to our supplies. Reiterate the need for early establishment of an international grain reserves system.

Consumer/Producer Dialogue - Note the importance of close consumer country coordination as we move toward the ministerial conference where the substantive issues of the dialogue will be addressed.



BACKGROUND

Current Political Scene. Your visits to Tokyo take place during a period of heightened political activity. Prime Minister Miki convened an extraordinary Diet session in September, scheduled to run through November, for the purpose of seeking passage of a supplementary budget and several measures designed to increase government revenues and ease Japan's fiscal squeeze. However, those measures would also increase consumer costs and clearly are not popular among the Japanese electorate. The opposition parties have mounted strong attacks on the government, keyed to these bread-and-butter issues, but also going beyond them to criticize government policies in other areas (e.g. the Prime Minister's alleged acquiescence during his Washington visit to US pressures for stronger Japanese support of the ROK). The government should be able to weather this confrontation, secure passage of its basic legislative package, and avoid a dissolution of the Diet. We would not rule out, however, a moderate cabinet reshuffle in November or December, to defuse any lingering election mood, with general elections then postponed until sometime next year.

Miki's Performance. In the ten months of his tenure, Miki has compiled a creditable record of accom-





plishment. Refusing to play the "caretaker" role envisaged for him by his LDP peers who put him in power as a compromise candidate, Miki has propounded a substantial program of domestic reform and embarked on a policy of consultation and conciliation with the opposition which is unusual for LDP leaders. While causing noticeable disgruntlement within the leadership of the LDP, ~~the~~<sup>this</sup> activism and unorthodoxy may have enhanced somewhat Miki's standing among the populace at large (although opinion polls continue to show him a weak position) and could redound to the party's benefit when the next elections come around. But it is the internal dynamics of the LDP, rather than any voter appeal Miki's political approach may have engendered, which continue to keep him in power. The factional strength of the two major rivals for the premiership, Fukuda and Ohira, remains in precarious balance; until one or the other of these long-time aspirants feels sufficiently confident of his chances to move overtly for the premiership, Miki will probably retain his position.

Domestic Economic Question. One of the major achievements of the Miki cabinet, perhaps attributable primarily to Deputy Prime Minister Fukuda's energetic leadership, has been its success in meeting new economic challenges. The GOJ has coped effectively with balance



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of payments difficulties caused by OPEC price increases, with problems of unemployment accompanying recession, and most notably, with inflationary pressures.

From an annual rate approaching 25 percent when Miki took office, Japan's inflation has dropped to an annual rate of about 10 percent. Having contained inflationary pressures, the GOJ has more recently turned its attention to stimulatory measures designed to maintain and perhaps accelerate the economy's gradual recovery from recession. On September 16 Miki announced a \$6.7 billion program, including expanded public works expenditures and an easing of credit, which the GOJ hopes will be sufficient to sustain recovery without setting off a new round of inflation. Although it clearly gives priority to economic recovery over dampening inflation, this latest program reflects continued GOJ caution, and has been criticized as inadequate by some business leaders. Embassy Tokyo's analysis is that the new program will suffice to prevent government sector spending from declining and becoming a fiscal drag on the economy, but will not provide a significant stimulus.

Foreign Policy Concerns. Japanese perceptions of their security, political and economic interests are undergoing a continuing reappraisal as a result of recent international developments--most notably the



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collapse of our own policies in Indochina, the energy crisis, and the crystallization of North-South issues. A reexamination of old premises is underway, and although no fundamental departures are likely to result, some new policy nuances are beginning to appear. You have recently discussed with Japanese leaders the major contours of GOJ policy thinking, in East Asia and globally--viz., their review of Japan's security posture in the context of post-Vietnam Asia, and their inclination to discuss security concerns more candidly with us; their preoccupation with the need to constantly adjust and modulate Japan's policies toward the major communist powers, attempting to maintain a balance in relations with Moscow and Peking, and thereby to enhance the stability of the major power equilibrium in Northeast Asia; and their efforts to fashion positions on multilateral economic issues which reflect Japan's continued dependence on its economic relationship with the United States as well as its need to diversify economic ties with other advanced and developing countries.

Specific recent examples of the foreign policy positions stemming from this process of review and reappraisal include, inter alia:

~~1444~~ The GOJ's success in nailing down diplomatic relations with the DRV, and overtures toward Cambodia



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to achieve the same end. With the recession of American influence from Indochina, the GOJ has accepted an uncharacteristically "out-front" role.

-- Ambivalence on policy toward Korea; an emphasis on the need to stimulate by diplomatic means North-South accommodation, if necessary (by implication) moving somewhat away from our established positions of the past. This has been reflected in Japan's less than forceful efforts in behalf of the friendly resolution in the UN, and by continued rumors, sparked by Foreign Office leaks, of impending US-DPRK contacts.

-- A cautious line in its approach to the "anti-hegemony" issue which has prevented conclusion of the Japan-PRC Peace and Friendship Treaty. The GOJ appears confident that its relations with the PRC can continue to progress in the absence of a Treaty and while it would like to overcome the "anti-hegemony" impasse, is inclined to let the dust settle.

-- Reluctance to embrace certain specific proposals we have put forward on multilateral economic issues (notably establishment of a grain reserves system). But despite these occasional differences in approach, some of which are simply logical reflections of Japan's quite different economic circumstances, the GOJ continues to give us important support in international economic forums.



Despite this ongoing process of re-examination, and the likelihood that traditional Japanese responses to international issues may increasingly be challenged, the Japanese continue to regard close ties with the United States as the essential pillar of their foreign policy, and they will continue to seek reaffirmation from us <sup>of</sup> ~~at~~ the importance we attach to the bilateral relationship. The frequent access to US decision-makers which Japanese leaders have recently enjoyed has been helpful in this regard.

ISSUES/TALKING POINTS

A. China. (You should tell the Japanese as much as you think advisable about your conversations in Peking and your resultant expectations with respect to the President's trip to China. In particular, the Japanese will be interested in any discussion of the hegemony issue with the Chinese, and in any indications you can provide as to how that issue will be dealt with in the President's visit.)

B. Korea in the UN. Debate on the Korea question in the UN is scheduled to begin October 21, and should run for a week. Despite professed support for our common position and resolution on Korea, the Japanese have not lobbied effectively for votes against the North Korean resolution. They remain pessimistic about the outcome of the debate on Korea and appear to be trying to avoid too close a commitment to our position. While acknowledging that there



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are no signs on the part of North Korea or the PRC to compromise, the Japanese continue to hope that somehow a confrontation can be avoided. A recent spate of "leaks" sourced to GOJ officials that there may soon be direct US-DPRK contacts has been distinctly unhelpful. ~~It~~ We now estimate, and the Japanese Mission to the UN agrees, that both friendly and hostile resolutions have sufficient support to pass by close margins. Procedural votes or substantive initiatives by third parties could easily determine the outcome of the Korean question. In this situation it is essential that we have the fullest Japanese support, particularly in lining up votes to defeat the hostile resolution, and securing support for maintaining the priority of our resolution.

Your Talking Points

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-- It remains our estimate that we will have a tough struggle in New York on the Korea question.

-- However, <sup>if</sup> we are able to firm up support for our position, as well as attract some of the fence-sitters on the hostile resolution into our camp, we should be able to win.

-- While we do not rule out the possibility of tactical change in the course of debate on Korea, it remains our view that we should lobby strenuously for our resolution and for opposition to the hostile



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resolution. We should also discourage efforts at compromise at this time. We consider particularly important the retention of procedural priority for our resolution.

-- This will require an all-out effort on the part of the Government of Japan, the US and other cosponsors of our resolution.

-- We have no plans for direct contacts with North Korea, and we find constant speculation on this from the Tokyo press most unhelpful.

C. Grain Reserves System: (Note: Additional material and talking points on this issue are at Tab .) The Japanese have repeatedly expressed concern that a grain reserves system would increase LDC pressure on Japan to provide more food aid. This concern reflects not only an official GOJ position, but also the strongly-held personal view of Foreign Minister Miyazawa, who was the chief Japanese delegate to the Kennedy Round when the principle of a food aid commitment was adopted. At that time, Miyazawa was strongly criticized in Japan for having succumbed to alleged pressures to accept an expensive obligation. Apparently, Miyazawa is wary that GOJ adherence to a grain reserves agreement could rekindle similar criticism.



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Your Talking Points

-- Our proposal is intended to improve global food security by creating reserve stocks and spreading the responsibility for holding them. Its purpose is not to increase the levels of food aid commitments.

-- We see a need for some special treatment for LDC's within the scope of a reserves arrangement. The reserve obligations of the smaller LDC's could be absorbed by exporting countries (i.e. not including Japan). The larger LDC importers (India, Pakistan, Bangladesh, Egypt) would probably require financial assistance in meeting their obligations, though the burden this would impose on individual developed countries would be small. We calculate, for example, that the reserve obligation for all of South Asia would be only about 2 million tons under a 30 million ton food grain reserve system.

-- The U.S. proposal provides for reserves to be drawn down only when worldwide production falls short of the historic trend. Thus, the LDCs' claim on reserves would be carefully circumscribed.

D. Consumer/Producer Dialogue. (Note: Additional material on Prepcon is at Tab .) A strong advocate of the consumer/producer dialogue, Japan has welcomed US initiatives for a resumption of the dialogue,





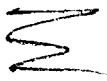
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while adhering firmly to the common IEA position. Because of her heavy dependence on OPEC oil, Japan wants cooperation with the producers, but is worried about the "price" the producers may try to exact--e.g., special treatment for raw materials, commodity indexation and monetary reform. Japan will be present at the 27 nation ministerial conference as well as on the four commissions to be established (energy, raw materials, development, and related financial issues). GOJ leaders were angered by the recent OPEC decision to raise prices 10 percent, and it was publicly criticized by ITI Minister Komoto.

Your Talking Points

-- We are pleased that agreement has been reached on resuming the dialogue with the producers.

-- As we move toward the ministerial conference where the substantive issues of dialogue will be addressed, the US considers it extremely important to coordinate consumer country positions in the IEA and OECD, and within the new commissions.



-- We view the progress of the commissions as a vital test in determining whether the oil producers and LDC's are committed to a realistic, constructive approach to the critical economic issues before us.



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E. US/USSR Grain Negotiations. In August Agriculture Minister Abe was assured by Secretary Butz during talks in Washington that the USG fully intends to meet the grain needs of Japan and other traditional customers. (Butz informally indicated our intention to meet Japanese requirements for approximately 42 million tons of food grains over the next three years.) The Japanese, our largest grain customers, are now concerned that conclusion of a formal grain agreement with the USSR would give the Soviets legal priority over other customers. A special adviser to Abe will be in Washington October 20-21 for follow-up talks with Secretary Butz.

The USG seeks a five-year commitment by the Soviets beginning in 1976 to purchase a stabilized level of grain on an annual basis at market prices in order to eliminate demand fluctuations caused by periodic Soviet entry into the US market. Such an agreement would enable the Soviets to stockpile grain in good years, from which to draw in lean years. An agreement would benefit our traditional customers such as Japan by reducing the danger of supply interruptions.

Your Talking Points

-- Our objective in negotiating a multi-year agreement is to dampen large fluctuations in demand for, and price of, US grain, caused by irregular Soviet entry into the US market.



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-- Such an agreement will benefit traditional customers like Japan, because reduction in demand uncertainties will encourage US farmers to continue to expand production, thereby safeguarding against supply interruptions.

-- The US fully intends to meet the needs of Japan, our largest customer, as Secretary Butz indicated in his recent talks with Minister Abe.

F. Bilateral Trade: Autos and Steel. On August 8 the Treasury Department announced an anti-dumping investigation of automobiles imported from Japan, Canada and <sup>Six</sup>~~6~~ European countries. The International Trade Commission (ITC) determined September 8 that it could not exclude the possibility of injury to U.S. industry. Consequently the Treasury investigation of sales at less than fair value continues. Treasury has a further five months for the investigation, and if it finds sales at less than fair value the case will be referred back to the ITC for a ~~3~~ <sup>three</sup> month inquiry into injury.

American steelmakers have filed a complaint under Section 201 of the Trade Act alleging serious injury from increased stainless and specialty steel imports. Japan is one of the countries affected by the complaint. A decision by the ITC that stainless and specialty steel imports are a substantial cause of injury to the domestic industry would be



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reviewed by the President before he decided what action, if any, to take.

The Japanese protested the initiation of the automobile investigation but did not react as strongly to the ITC decision as did the Europeans. Japanese steelmakers have established a committee to fight the steel complaint.

Your Talking Points (IF ASKED)

-- We understand Japanese concerns, but procedures in both cases offer full opportunity for Japanese interests to present their views, and provide ample safeguards against unwarranted protectionist action.

-- The GOJ should not interpret import relief actions taken by private US interests as evidence of official USG policy. Our traditional policy of support for free trade remains unchanged.

Drafters:EA/J:DFLambertson/DFSmith:bcl

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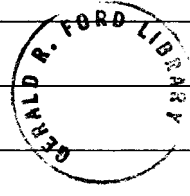
SUBJECT: *Budenz & Talbot for Hot wings during his visit to Japan*

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