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DEPARTMENT OF STATE

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Memorandum of Conversation

DATE: February 1, 1977

TIME:

PLACE: Prime Minister's Office, Tokyo, Japan

SUBJECT: Vice President Mondale - Prime Minister Fukuda Conversation II

PARTICIPANTS: Japan

RELEASED IN PART
B1, 1.5(B), 1.5(D)

Takeo Fukuda, Prime Minister
Ichiro Hatoyama, Foreign Minister
Sunao Sunoda, Chief Cabinet Secretary
Fumihiko Togo, Japanese Ambassador
Bunroku Yoshino, Deputy Vice Minister
Toshio Yamazaki, Director General, American Bureau
Misashi Owada, Private Secretary to the Prime Minister
Ryuchiro Yamazaki, Interpreter

United States

The Vice President
Richard Holbrooke, Assistant Secretary, Bureau of East Asian and Pacific Affairs
C. Fred Bergsten, Assistant Secretary of the Treasury for International Affairs
Thomas P. Shoesmith, Minister
Michael Armacost, NSC Senior Staff
William C. Sherman, Director for Japanese Affairs
James Wickel, Interpreter

DISTRIBUTION:

The Prime Minister opened the morning session by saying the Foreign Minister Hatoyama wished to pass on to the Vice President some messages on behalf of other countries.

Foreign Minister Hatoyama said that the Saudi Arabian Ambassador to Japan had come in under instructions to ask that Secretary Vance be informed that the Saudi government strongly desired an early peace in the Middle East and hoped that the Secretary would be able to take action during his forthcoming visit which could help achieve such a peace.

The Vice President thanked the Foreign Minister for

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-2-

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the message and said that Secretary Vance would be going to the Middle East, including Saudi Arabia, on February 14. Then, asking that the information be held in strictest confidence, he told the Foreign Minister that President Carter intended to establish a personal relationship with the head of the Saudi Government at an early date because it is crucial to an eventual Middle East settlement.

The Foreign Minister then said that the Foreign Ministry had been approached by the various ASEAN ambassadors who had expressed their interest in obtaining the support of the United States and Japan for the ASEAN organization and its objectives.

The Vice President, noting that the United States supported the ASEAN organization and would continue to do so, said that he would report the Foreign Minister's message.

The Prime Minister said that Japan had been greatly relieved that at the end of the Vietnam war there had not been an ASEAN "domino effect". Even so, there was still tension in Southeast Asia and on the Korean peninsula. He said that Japan had some concern that there could be communist exploitation of anti-government elements in certain ASEAN countries.

Continuing, the Prime Minister said that he wanted to make it clear that security of the Korean peninsula and the Taiwan problem were of great concern to Japan. He said that the GOJ understood the long-term thinking of the US regarding withdrawal of ground forces from the ROK, but at the same time hoped that due concern would be given to the role which US forces play in maintaining equilibrium in the struggle between North and South Korea. The Prime Minister said that with respect to Korea, in the Diet and elsewhere he had taken the line that Japan had no right to intervene in a bilateral matter between the US and the ROK.

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In the same vein, the Prime Minister said he wished to make some remarks about Taiwan. He fully understood that both the previous US administration and the present one were moving toward eventual normalization of the relations with the PRC. If in the process, the PRC came into conflict with Taiwan it could have a grave effect on all of Asia. The Prime Minister asked for the Vice President's views.

The Vice President said that with respect to the ASEAN countries, the US fully supported their efforts to work together and develop their organization. We would tell them and our other friends in Asia that we are determined to maintain our presence in the Pacific. We will continue to stand fully behind the US-Japan Mutual Security Treaty because it is central to our interests and to our policy.

The Vice President said that he had noted the Prime Minister's public comments on the bilateral nature of US/ROK decisions with respect to possible withdrawal of ground forces. He wished to emphasize that when the President spoke of withdrawal of ground forces he had always stressed that it would be done in the closest consultation with the governments of both the ROK and Japan, that we would never in any way undermine the defense structure on the Kosan peninsula, that we had no intention of withdrawing our air force units, and that we were prepared to assist in upgrading ROK ground force capabilities. Therefore, the Prime Minister could be sure that whatever was done would be done in a way which would not destabilize the situation.

The Vice President said that the US understood and accepted the Japanese formulation that the issue was a bilateral one between the US and the ROK; however, we did not view it that way. We continued, privately, to consider it a matter of the gravest importance to the US-Japan relationship. The US would continue to need Japanese opinions and advice in this matter.

The Vice President continued, saying that we believed our present policies would strengthen the continuity of the US presence in Asia. He said that we had learned the hard way that we do not necessarily contribute to a country's defense by assuming too much of its defense burden. In addition, the US public was very sensitive about the provision of support to undemocratic governments. The imprisoning of Catholic bishops and similar actions were very disturbing to US citizens, and the less there was of that the better off we would be. The Vice President stressed that we do not link the issue of human rights to our policy of support to the ROK, but it did create serious problems for us. We are hoping that our readjustments of our troop presence in Korea will add to stability on the peninsula and solidify US support for our policies there.

-4-

The Prime Minister said that he was very aware of some of the anti-democratic actions of the ROK government. Japan also deplored them and there was adverse public reaction in Japan too. At the same time it was important to bear in mind that there was real, not imaginary tension between the North and the South, and ROK concern over the maintenance of internal security was in some measure understandable. Japan, as a neighbor, understands ROK problems although it knows that the Pak government has probably gone too far. The Prime Minister said that he thought that it might be opportune for the new administrations in both Japan and the US to advise Pak confidentially that his anti-democratic attitude should be reconsidered. The Prime Minister said that he fully agreed that the allied military posture in the south was a totally separate problem and should not be linked with human rights.

The Vice President repeated that we kept the two problems separate but that human rights was a real issue. Public attitudes toward Korea had also been further affected by the recent disclosures of KCIA activity in the US. The Vice President said that he hoped that the discussion regarding Korea could be kept confidential. He said he would tell the press that it had been discussed briefly. He would repeat what President Carter had said publicly about withdrawal of ground forces and would challenge the Prime Minister's characterization of the matter as a bilateral US-ROK issue.

The Prime Minister said that the GOJ would continue to speak along the lines they had been following in the Diet.

The Vice President said that with respect to Taiwan, it was US policy to proceed toward normalization along the lines set forth in the Shanghai Communique. Although we hoped to establish more formal relations with the PRC, there had been no change in our position. We see little movement on the Chinese side in the conditions they pose for normalization. In any event, the Vice President emphasized that the US would consult with Japan before taking any actions in this matter which would affect the Japanese.

The Prime Minister emphasized that since both the ROK and Taiwan are stable countries with high economic growth rates they are both important factors in maintaining Asian stability.

The Vice President said that there were several points he wished to make: First, with respect to nuclear proliferation, he said the US had pressed both Germany and France to exercise great circumspection with respect to their sales of sensitive materials and technologies [redacted]

B1

[redacted] Reprocessing facilities which could produce weapons grade material are simply bomb factories. The question is one in which the President has a great personal concern. We understand Japan's concern for assured supplies of fuel for nuclear power plants. We are also grateful for Japanese ratification of the NPT. The US hopes to continue discussions with the GOJ about the aspects of the problem which may be of concern to Japan. We want to cooperate to keep the problem under control.

The Vice President continued, saying that he understood the GOJ was interested in sending a team to discuss Japanese views with US experts in Washington. He said we would be happy to welcome such a visit and to begin talking in a confidential way about this very complex problem.

The Prime Minister said that he hoped the Vice President understood the sensitivity of Japanese feelings about nuclear matters. The Japanese cities had been destroyed by nuclear weapons, and Japan was fully in accord with US concerns over proliferation dangers. The question of peaceful use was quite different. Japan was by tradition and by basic governmental and Diet policy firmly opposed to any military use, production or possession of nuclear weapons. However, its total lack of energy resources made it essential to consider the development of nuclear power for peaceful purposes. He said the Japanese would welcome the opportunity to send a group to discuss the subject in Washington.

The Vice President said that we would be happy to work out arrangements on his return to Washington. He then referred to the Prime Minister's recent remarks concerning the problem of excessive Japanese exports of color TV sets to the US, jokingly calling it "perhaps the most statesman-like speech of the Prime Minister's career". The Vice President stressed his support of the principle of free trade, but noted that in the real world temporary irritants can get out of hand.

The Vice President also mentioned Japan's recent agreement to limit its exports of steel to the European Community. According to the steelworkers' union this had the effect of raising the level of Japanese exports to the US, to the disadvantage of US industry. The Vice President

said that this was a political problem as much as an economic one and was a force for protectionism.

The Prime Minister replied that US economic recovery in 1976 had coincided with a period of reduced inventories among US color TV manufacturers. This had caused a sudden upsurge in Japanese exports. It was a cause of concern to the GOJ. He said that the GOJ was now taking certain administrative measures to control this. The GOJ was well aware of the problems created by concentration of exports in a certain geographic area or in a certain time frame.

With respect to the citrus fungicide problem, the Prime Minister asked the Foreign Minister to reply. The Foreign Minister said that the Ministry of Health and Welfare expected to be able to present the problem to the Food Sanitation Council within the next six weeks. They hoped for favorable action. The Chief Cabinet Secretary added that it would be appreciated if the Vice President said to the press no more than that he had raised the issue, because of its political sensitivity. The Vice President agreed.

The Prime Minister said that the Japanese arrangement with the EC regarding steel exports had been made because of intense European pressure. However, he agreed to look into the question of whether there had been disruption of the US market. He said that it was difficult for the central government to exercise much control of the export of special items such as nails, which were made by many small companies and not by major firms.

The Prime Minister said that he was handing the Vice President papers on a few items which he would not raise orally in order to save time. (Subjects of the memos were: GOJ position on the 200 mile economic fisheries zone, civil aviation negotiations, countervailing duty on color TV imports, US contribution to United Nations University).

The Vice President said he would study the memoranda and make a report to the President. He said that he would like to express personally his strong support for the United Nations University. He said that although he hadn't talked to the President with regard to the matter, the idea of the United Nations University fit very well into the Carter administration's overall concept. He said he would make this point strongly on his return to Washington and urge a US contribution.

The Prime Minister said that he regarded the Vice President's visit to Japan as most profitable and wished to thank the Vice President from the bottom of his heart. He agreed that the two countries had common interests in promoting world recovery and in avoiding confusion in the world economy. US-Japanese cooperation was critical and would make a major contribution to world peace. He said he would look forward with great anticipation to further discussions in Washington.

The Vice President said that he did not see how the meetings could have gone better. Our two countries had developed a cooperative, mutually respectful, candid partnership. Our relations are superb. He said that the Prime Minister could expect a warm welcome in Washington and due concern to matters of interest in Japan.

The Vice President concluded by saying that he had always believed that the tragedy of the 20's and 30's had originated in the failure of the leaders of that time to understand the fact that economic troubles, if not handled well, can lead to political explosions. He hoped that our generation could use our knowledge and strength to avoid that kind of disaster. He added that Japan, Germany and the US were in the position of greatest responsibility. Each country had wise leaders who were at the same time good economists. This augured well for the future.