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PRIME MINISTER

INTERVIEW WITH YIOMURI SHIMBUN

You are doing an interview with Yiomuri Shimbun, a major Japanese newspaper, on Monday as a curtain-raiser for Mr. Takeshita's visit on 4 May. There will be four interviewers and they have sent in their questions in advance. I attach some answers suggested by the Treasury and FCO.

I think that the main points you should try to work in are these:

- our relationship with Japan has developed enormously from being almost entirely trade-dominated to a much broader and closer political relationship. You welcome that and your meeting with Mr. Takeshita will take it an important step further forward;
- we welcome the measures taken by Japan to establish a better balance in the world economy, particularly by letting the yen rise and by expanding domestic demand;
- in Britain we also very much welcome the growth in Japanese investment and the management practices which they have brought us. The experience of Japanese companies is that the British workforce is as good as any when properly managed;
- we are impressed ~~with~~ with the way in which Japan is expanding its scientific research and its ability to translate research into products;
- but some difficult problems remain. Recall your words at the Lord Mayor's Banquet: "no country should seek to run its economy and society in such a way as to entrench a massive and permanent trade balance in its power, for that could only be at the expense of others."

- there is still some way to go in market-opening. Europe is setting an example by its commitment to a single market without barriers by 1992;
- you will have specific problems to raise with Mr. Takeshita - some of them problems which you have raised with more than one of his predecessors but which you hope now to see finally laid to rest, e.g. whisky tax and Stock Exchange seats. There is also still a feeling that Japanese people are not sufficiently open to the idea of buying from abroad;
- so we cannot sweep problems under the carpet. But that does not mean that the problems should dominate our relations. There is a very broad range of international issues on which Britain and Japan can consult and work together more - the Middle East, the Gulf, East/West - as well as the common problems of modern societies, on which the UK-Japan 2000 Group is doing a lot of valuable work;
- in short you approach the meeting with Mr. Takeshita in the same spirit as you would a meeting with any other of Britain's major allies in Europe or North America: as a frank talk with a partner and friend.

Charles Powell

22 April 1988

1. Mr Powell

2. PRIME MINISTER

INTERVIEW WITH YOMIURI SHIMBUN

You have agreed to give an interview to the Japanese daily newspaper Yomiuri Shimbun on Monday at 11.00.

The Yomiuri has a circulation of about eight million - the largest in Japan - and is read by a wide range of influential businessmen, officials and politicians.

The interview is timed as a curtain raiser for Mr Takeshita's visit from 3-5 May. It also comes in the run-up to the Toronto Summit. The interviewers propose to cover a number of subjects including the Takeshita visit, bilateral relations, the British economy and tax reform, East-West relations, the Toronto Summit and some personal questions. Charles is preparing the briefing.

This is a major event for the Japanese. They are talking of doing a multi page spread. Six Japanese hope to attend the interview. This is far more than we would normally expect but is the way that the Japanese do things. Those coming are:

Haruhisa Kato - Managing editor from Tokyo
Toshio Ohata - Foreign Editor from Tokyo
H Ozora - European Editor
M Yamaguchi - European Correspondent/Photographer
M Sato - Economic correspondent
Mrs E Handley - Interpreter

Agree to use the White Room?



MICHAEL BATES
Press Office
22 April 1988

QUESTION 1 : EVALUATION OF ECONOMIC SUMMITS

You are now the most experienced leader among the heads of the seven industrialised nations. What is your evaluation of past and future Summits?

- Economic Summits have undoubtedly been a success.
- Annual Economic Summits provide unique opportunity for Heads of State/Government to meet for informal, personal and unstructured discussion of the leading economic - and political - issues of the day. Offer chance to take initiatives on longer term matters as well as to respond quickly to crises, (eg Chernobyl in 1986). Lack of institutionalised machinery a major advantage. Valuable forum - no other quite like it.
- Initiatives taken at past summits on subjects as diverse as terrorism and AIDS. On the economic side, particularly proud of UK's contribution in getting agricultural reform on to the international agenda. At Venice last year pressed for our proposal to help the poorest, most indebted sub-Saharan African countries.
- Agreement not always easy, yet Summit countries have achieved a remarkable consensus on how to tackle world economic problems - a strategy of getting inflation down, keeping public spending and borrowing within tight limits, resisting protectionism, and implementing market-oriented structural reforms.
- These policies have served us well and we have seen six years of continuous growth, averaging some 3%, while inflation has been reduced to very low levels.

QUESTION 2 : AGENDA OF THE TORONTO SUMMIT

The main objective of recent Summits has been the co-ordination of policies. What items on the agenda of the forthcoming Toronto Summit do you consider important? What should individual countries do to strengthen the world economy? In connection with this, how do you think a stable exchange rate - a pressing need for both Britain and Japan - can be achieved?

- The objective for Toronto will be to keep the world economy moving in the right direction. This means reaching agreement on policies to sustain a steady and satisfactory rate of non-inflationary growth, while reducing further the large current account imbalances of the United States, Japan and Germany.
- To strengthen the world economy, each country needs to pursue appropriate policies (which will vary from country to country). Growing consensus that there is scope for countries to pursue structural adjustment of their economies - to make them more responsive - and so achieve higher growth.
- US still has some way to go in reducing its budget deficit. Japan will need to maintain strong growth of domestic demand for several years and continue the progress on opening up her markets.
- Continuing to coordinate economic policies to strengthen the underlying fundamentals will reinforce the conditions for exchange rate stability.
- Also vital to reinforce our determination to resist protectionism and to tackle the problems of world agriculture. Important that Toronto Summit demonstrates political determination to tackle problems of agricultural support and protection.

QUESTION 3 : MR TAKESHITA'S VISIT TO BRITAIN

What do you expect from Mr Takeshita's visit to Britain?

- Look forward to Mr Takeshita's visit. Chance to get to know each other before the Toronto Summit. I hope to have a thorough discussion of international economic and political issues.

- Hope Mr Takeshita will appreciate that we want to work with Japan in all these fields. Japan and Europe have many interests in common : peace, free trade, security relations with US. But working together entails speaking frankly to each other.

Are there any specific problems you would like to see resolved during your meeting with Mr Takeshita?

- I hope to clear up some unfinished business. I hope that he will be able to give me a clear statement of intention on whisky tax. Japan accepted the GATT panel's recommendations in November. We expect the Japanese authorities to implement those recommendations rapidly and in full. This has been a problem between us too long. Now we can remove the subject from our agenda once and for all.

- I welcome the decision to allow four new British firms to become members of the Tokyo Stock Exchange. But two British firms, BZW and James Capel had their applications turned down. I will emphasise to Mr Takeshita the importance which we attach to full liberalisation of financial markets. Many in this country find it hard to understand why there should be so many restrictions in Japan that work to the disadvantage of foreign firms in this area where Japanese companies are now so powerful and where access to our own markets is completely open.

QUESTION 4 : BRITISH-JAPANESE ECONOMIC RELATIONS

How do you regard the present economic relationship between Britain and Japan?

- Our economic relations are good. Japan and Britain have the fastest growth rates of the major industrial countries.
- British industry is now more competitive than ever and our productivity is rising faster than in any other industrialised country. Japan has paid tribute to our economic success by making Britain the first location for investment in Europe.

What do you consider to be hopeful aspects of the relationship and what obstacles would you like to see removed in order to improve relations?

- The hopeful aspects are that Trade is increasing in both directions [exports up 25% to £1.5 bn in 1987 and still rising] Investment is increasing in both directions (80 Japanese manufacturing companies in UK. Major investments in Japan by ICI, Glaxo and others). Visits in both directions for business, education and pleasure increasing rapidly.
- Obstacles : Want more of all these. Would help if air fares came down [cost per mile Tokyo - London is more than double London - New York]. Would help if you spoke more English and we spoke more Japanese.

5. The British economy

Could you tell us your analysis of the reasons for the current boom in the British economy?

Last year the British economy grew faster than any other major industrial country. But that was no flash in the pan. The last six years have been for this country the longest period of steady growth, at an average annual rate of 3 per cent, for 50 years. But more importantly this sustained growth has not been accompanied by any signs of a resurgence of inflation. The inflation rate is currently 3½ per cent, and 1987 was the first year for a generation that the rate of growth exceeded the rate of inflation.

This transformation is the result of a combination of sound financial policies and supply side reforms.

At the heart of our macroeconomic policy is firm monetary discipline, backed up by a prudent fiscal stance, which provide the framework for reducing inflation. Our actions over the past nine years have demonstrated our continuing determination to maintain downward pressure on inflation, and have produced a stable and secure environment in which businesses can flourish.

In 1980-81 public sector borrowing took over 5 per cent of GDP, whereas last year we actually repaid £3½ billion of public sector debt. And at the same time firm control of public expenditure has allowed us to reduce tax rates, which is the best possible way to boost incentives and enterprise in the economy. So we have secured an enviable virtuous circle where a balanced budget and lower tax rates give the private sector both the scope and the incentive to expand. And the increased tax revenues that follow in turn allow further repayments of debt or reductions in tax.

Hand in hand with prudent financial policies, our supply side reforms have transformed attitudes in industry. We have removed arbitrary regulations and abolished restrictive practices which had for so long suppressed the spirit of enterprise in this country.

Also since 1979 we have privatised 17 major companies, thus reducing the state-owned sector of industry by getting on for 40 per cent. This has been a major factor in promoting efficiency, increasing incentives and widening share ownership. A measure of its success is

that the number of individual shareowners in the UK has trebled since 1979. The privatisation programme will continue, with electricity supply, the water industry and the British Steel Corporation still to come.

The effect on industry is abundantly clear - rising profitability, rapid growth in the number of new businesses, the fastest growth of productivity amongst major developed countries, and buoyant business confidence.

6. Tax reform

The world is watching your tax reforms with much interest. We Japanese are especially interested because tax reform is an urgent problem for us.

Could you comment on your tax reforms and offer any advice you may have for others facing the same problem?

The aim of our tax reforms has been to create a climate in which all types of business can thrive, and individual initiative and risk taking are rewarded. This is best achieved by simple structures and low rates of tax. Other countries are increasingly coming to the same conclusions.

Since 1979 we have

- reduced the basic rate of income tax from 33 per cent to 25 per cent;
- slashed the top rate of income tax from 83 per cent to 40 per cent;
- cut the rate of tax on company profits from 52 per cent to 35 per cent;
- replaced seventeen rates of capital transfer tax (running up to 75 per cent) by a single rate of 40 per cent on inheritance;
- abolished five significant taxes;
- ended the taxation of inflationary capital gains, taxing real gains at the same rates as income.

We have cut rates substantially; yet revenues are buoyant, showing that lower rates do stimulate enterprise.

Most important of all, we have achieved these reductions in tax rates against a background of prudent economic management. This has enabled us to balance the budget, which means that our tax cuts can be sustained, and indeed carried further in due course.

QUESTION 7 : GORBACHEV AND EAST-WEST RELATIONS

- Mr Gorbachev realises that for 70 years Soviet policies have totally failed to deliver the goods. He has rightly decided that fundamental changes are needed and he is determined to press these through. I admire his determination: everybody would benefit - above all the Russian people - if the Soviet Union became more open and liberal.
- But he does not seem to plan on turning the Soviet Union into a Western-style democracy. And after such a long period of oppression and mismanagement, it would be foolish to underestimate either the enormous difficulties which he faces or the obstacles which will be put in his way. The problems confronting a multi-national empire have been vividly highlighted by recent events in Armenia and Azerbaijan.
- On the foreign policy side, the total withdrawal of Soviet troops from Afghanistan will be an important indication that "new thinking" is more than mere public relations, that we may be witnessing a significant change.
- But withdrawal from Afghanistan must be matched by a willingness to take comparable steps in other parts of the world; we look for a genuine commitment to resolve regional conflicts by peaceful means, rather than by arming client states and so-called liberation movements.
- In any case for us, as Europeans, the key test of "new thinking" will be Soviet willingness to reduce their massive and threatening military superiority in Europe. As far ahead as I can see, our security must depend on our ability to defend ourselves effectively, not on faith in changes which may or may not be taking place in the Soviet Union.

M. Bates

Press



Foreign and Commonwealth Office

London SW1A 2AH

21 April 1988

John Craxi

attached

*COJ
22/4*

Prime Minister's interview with Yomiuri Shimbun

In his letter of 11 April, Michael Bates requested briefing notes on a number of questions put forward by Yomiuri for the Prime Minister's interview on 25 April. I attach briefing notes for questions 1 and 2, which incorporate contributions from HMT and for questions 3, 4 and 7.

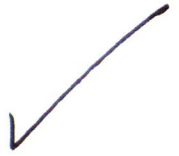
HMT will be supplying briefing notes for questions 5 and 6 direct. The Prime Minister may like to note that there is likely to be a particular interest in Japan in any replies about tax reform. This is a sensitive issue in Japan. Some 70% of all tax revenue is currently from direct taxes. The Government wishes to increase the proportion of tax revenue derived from indirect taxes, probably by the introduction of a broadly based VAT-type tax, which would initially be set at a very low level (around 2½%). This would spread the tax base and make it easier to increase tax in the future to meet increasing costs as the number of pensioners (over 65) in Japan rises. Two Japanese Prime Ministers, Mr Ohira in the late 1970s and Mr Nakasone last year, have already tried to introduce broad tax reform measures but have been forced to back down. Mr Takeshita has made tax reform the top priority of his government and has effectively staked his reputation on securing the passage of a tax reform bill. It is in our interests that he should, since the liquor tax reform is closely tied up with the more general tax reform.

Yours ever

(R N Culshaw)
Private Secretary

C D Powell Esq
10 Downing Street

~~Terry~~



DIARY MEETING: INTERVIEW WITH THE JAPANESE PRESS

We have suddenly received a number of requests - four to be exact - from Japanese newspapers for interviews with the Prime Minister. We have already rejected one - from the Mainichi Shimbun. As for the other three, our Ambassador and the FCO recommend that the Prime Minister should consider giving an exclusive interview to just one - The Yomiuri Shimbun. This is an influential daily with a circulation of around 8 million.

The suggested timing would be mid-April, in advance of Mr Takeshita's visit, and would be a useful follow-up to Sir G Howe's visit and that of Lord Young next month in demonstrating our commitment to developing a closer and more constructive relationship with Japan.

MIKE

Mike
9 February

25/4
11-11.45

The PM has agreed to give an interview to the YOMIURI SHIMBUN before Mr Takeshita's visit. Can I please leave you to find a date & make all the necessary arrangements.

MD
17/2



Foreign and Commonwealth Office

London SW1A 2AH

5 February 1988

Alan Charles

Interview with the Japanese Press

In your letter of 31 December, you asked for our views on the suggestion that the Prime Minister might give an exclusive interview to a single Japanese newspaper, as recommended by Sir John Whitehead in his telegram No 1071. (I enclose a copy).

There are good arguments for the Prime Minister giving such an interview. The Foreign Secretary achieved considerable positive publicity during his visit to Japan, with particular reference to his call for a "new dynamic plain-speaking partnership". Lord Young's visit in March will provide a further opportunity to put across British views in the Japanese media. As Sir John Whitehead suggests, a subsequent interview with the Prime Minister would further demonstrate our commitment to developing a closer and more constructive relationship with Japan.

We agree with Sir John Whitehead that the best coverage would be gained by an exclusive interview with a single newspaper, and that the best choice would be the Yomiuri, an influential newspaper with the largest circulation in the free world (around 8 million). It is a serious paper but less bland and sanctimonious than some others in Japan. The ideal timing would be mid-April. By this time Mr Takeshita should have announced his intention to visit the UK at the end of April or early in May.

John

Alan

(R N Culshaw)
Private Secretary

C D Powell Esq
10 Downing Street

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YOUR TELNO 895: INTERVIEWS WITH THE PRIME MINISTER

1. IN THE FIRST QUARTER OF 1988, THE SECRETARY OF STATE'S VISIT IN JANUARY AND THE VISIT OF LORD YOUNG IN MARCH WILL BOTH CREATE GOOD OPPORTUNITIES TO PUT ACROSS BRITISH VIEWS IN THE JAPANESE MEDIA. A SUBSEQUENT INTERVIEW WITH THE PRIME MINISTER WOULD DEMONSTRATE THAT THE BRITISH GOVERNMENT AT ALL LEVELS ATTACHES IMPORTANCE TO DEVELOPING A CLOSER, MORE CONSTRUCTIVE AND HENCE PRODUCTIVE RELATIONSHIP WITH JAPAN. THE BEST TIMING FOR SUCH AN INTERVIEW MIGHT BE BEFORE THE TORONTO SUMMIT, PERHAPS TIMED TO COINCIDE WITH PRIME MINISTER TAKESHITA'S POSSIBLE VISIT TO THE UK.

2. AN EXCLUSIVE INTERVIEW WITH A SINGLE PAPER REMAINS THE BEST VEHICLE TO ENSURE FULL COVERAGE. IF, AS I SUGGEST, THE INTERVIEW IS WIDE-RANGING, THE YOMIURI WOULD BE OUR FIRST CHOICE: IT HAS THE LARGEST CIRCULATION (ABOUT 8 MILLION) AND IS READ BY A WIDE RANGE OF INFLUENTIAL BUSINESSMEN, OFFICIALS AND POLITICIANS. OUR SECOND CHOICE WOULD BE THE ASAHI: THE OFFER OF AN INTERVIEW WOULD BE READILY ACCEPTED. THE NIKKEI WOULD ONLY BE A FRONT RUNNER IF MRS THATCHER WISHED THE INTERVIEW TO FOCUS ON ECONOMIC POLICY.

3. AN INTERVIEW WITH A GROUP OF JAPANESE JOURNALISTS WOULD NOT BE A SUITABLE FORMAT FOR THE MAJOR JAPANESE NEWSPAPERS. IT WOULD WORK BETTER WITH THE PROVINCIAL PRESS BUT NEWSPAPERS LIKE THE CHUNICHI/TOKYO SHIMBUN DO NOT WARRANT AN INTERVIEW WITH THE PRIME MINISTER AT THIS STAGE.

4. IF THE PRIME MINISTER IS UNABLE TO GRANT AN EXCLUSIVE INTERVIEW TO A JAPANESE NEWSPAPER, I HOPE THAT A SENIOR JAPANESE JOURNALIST MIGHT BE INVITED TO PARTICIPATE IN ANY FORTHCOMING GROUP INTERVIEW BY, SAY, FOUR OR FIVE FOREIGN JOURNALISTS, WHICH MIGHT BE ARRANGED, FOR EXAMPLE, IN CONNECTION WITH THE TORONTO SUMMIT. THE WHITE HOUSE HAS SUCCESSFULLY USED THIS FORMULA WITH THE JAPANESE BEFORE THE ANNUAL ECONOMIC SUMMITS.

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10 DOWNING STREET
LONDON SW1A 2AA

bc: PC

Press Office

No Bates
R keep in hand

From the Private Secretary

31 December 1987

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INTERVIEW WITH THE JAPANESE PRESS

I have seen Tokyo telegram number 1071 recommending that the Prime Minister give an exclusive interview to a single Japanese paper, to coincide with Mr. Takeshita's visit here. You will no doubt let me have the Department's view. I would only point out that an interview in May/June could well run into diary problems.

Charles Powell

Robert Culshaw, Esq., M.V.O.,
Foreign and Commonwealth Office.

88

Bernard

FCO/Tokyo have sat on this for a while. FCO

supports request for an interview with Yomiuri Shimbun in May/June.

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Mike
31/12

N. Powell

We must be guided by Tokyo advice, but I am surprised they all do
been on just one newspaper. I see some
advantage in getting out on point of
view pre-Summit - the pay is very tied
shows that - the MDLIAN 9197
up then. In that I don't
think this is top
priority and
Tokyo in view
the length of
time they
have taken
to respond
31/12

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~~Mr. Ingham~~

Any views?

CDR

FOR FED

YOUR TELNO 895: INTERVIEWS WITH THE PRIME MINISTER

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5. A LIVE SATELLITE INTERVIEW WITH NHK IS AN ATTRACTIVE IDEA.
MR TAKESHITA'S VISIT TO LONDON COULD PROVIDE THE OPPORTUNITY. BUT
ON BALANCE, I THINK THAT A NEWSPAPER INTERVIEW WOULD BE MORE LIKELY
TO REACH THE RIGHT AUDIENCE.

WHITEHEAD

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DIMOND'S LETTER TO MACDERMOTT OF 23 NOVEMBER: INTERVIEWS WITH THE
PRIME MINISTER

1. NO 10 HAVE NOW BEEN APPROACHED BY YOMIURI AS WELL.
2. GRATEFUL FOR YOUR VIEWS BY 4 JANUARY.

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★ ★

Congress OK's Japan-U.S. Accord On Nuclear Fuel

By Seishi Koizumi
Yomiuri Shimbun Correspondent

WASHINGTON, April 25—A new U.S.-Japan nuclear fuel agreement was approved Monday by the U.S. Congress and will go into effect after approval by the Diet.

The agreement gives Japan a 30-year right to reprocess, transfer and store nuclear reactor fuel, superceding a 1968 accord under which such approval has been given on a case-by-case basis.

After the agreement was signed in November 1987 some U.S. congressmen voiced opposition, citing the Nuclear Non-Proliferation Treaty.

Critics claimed that a fail-safe air transportation system has yet to be established. The new agreement allows Japan to transport plutonium via aircraft from Europe.

Due to extensive lobbying by both U.S. and Japanese administrators, however, the U.S. Senate on March 23 voted 53-30 against a resolution opposing the agreement.

Since then, opposition to the agreement has faded in the United States.

Japan is now required to utilize safe air routes to transport nuclear fuel, as well as develop accident-proof containers.

Koreans Go To Polls To Elect New Assembly

SEOUL, April 26 (AP)—South Koreans went to the polls Tuesday to elect a new Parliament with the ruling party expected to defeat a divided opposition as it did four months earlier in the country's first direct presidential election in 16 years.

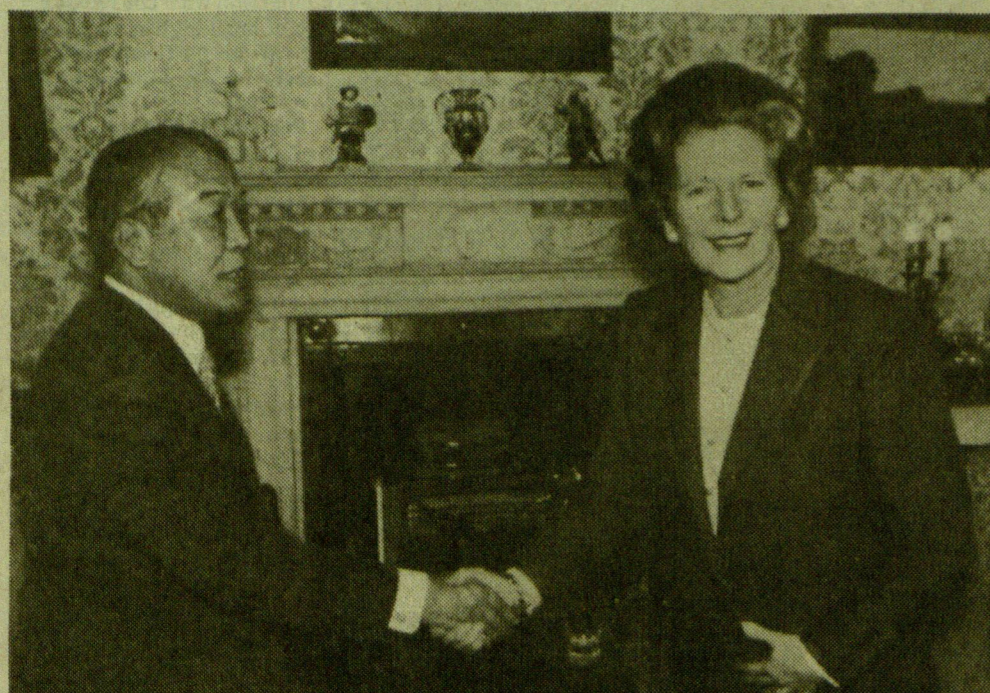
After a local television station accidentally broadcast what it called an election rehearsal, reporting a ruling party candidate as a winner with 39 percent of the vote, opposition supporters called it evidence that the government was manipulating vote-counting computers.

In Seoul, police fired tear gas to break up an early morning demonstration by 50 rock-throwing students protesting the alleged manipulation in favor of the ruling Democratic Justice Party.

Scattered antigovernment protests also erupted elsewhere Tuesday before the voting began at 7 a.m. at 13,812 polling stations throughout the country. But there were no immediate reports of injuries.

The polls were to close at 6 p.m. and most results were expected by early Wednesday. Some 26.2 million people were registered to vote.

At 1 p.m., six hours after the polls opened, election officials reported a 43.0 percent voter turnout.



BRITISH Prime Minister Margaret Thatcher (R) shakes hands with Hirohisa Kato, Yomiuri Shimbun managing editor, before holding an exclusive interview at No. 10 Downing Street in London Monday.—Yomiuri Shimbun photo

Sato Gets Govt, LDP Backing Prior To Farm Talks In U.S.

Top government and Liberal Democratic Party leaders Tuesday pledged to take whatever measures are necessary in support of Agriculture, Forestry and Fisheries Minister Takashi Sato during his negotiations with the U.S. government on the liberalization of the beef and citrus import markets.

They agreed that the continued existence of Japan's beef and citrus industries must remain a prerequisite for negotiations.

Eight Cabinet ministers, led by Prime Minister Noboru Takeshita, and seven LDP officials, led by Secretary General Shintaro Abe and including three agriculture policy experts, attended the meeting Tuesday, which took place in the Diet Building directly after the weekly Cabinet meeting, to determine Japan's final negotiating position on the beef and orange issue. Sato is scheduled to depart for Washington Tuesday evening.

All participants, except Takeshita, took the unusual step of signing the written statement produced at the meeting.

This action was taken to demonstrate government and LDP solidarity and forestall opposition from within the LDP should Sato be forced to accept market liberalization, observers said.

Finance Minister Kiichi Miyazawa also signed the document because the Finance Ministry will have to participate in discussions on revenue sources should liberalization of the market force the government to compensate beef and citrus producers for lost income, government sources said.

The word "liberalization" is notably absent from the signed statement. The leaders pledged, however, to maintain "a common government stance no matter what policies become necessary due to the course of the nego-

tiations," thus indirectly preparing Japan for the possibility of complete liberalization, observers said.

Chief Cabinet Secretary Keizo Obuchi said concerning the statement, "Beef and citrus negotiations had come to a standstill so we decided to send Sato to the United States to achieve a final decision. The government and party are united."

At a news conference following the meeting, Sato said that the negotiations would probably continue "through Golden Week (April 29 to May 5)."

"I am pleased to have been entrusted by the government and ruling party to conduct the negotiations," said Sato, who added that while the prospective negotiations would be "difficult," he hoped the two nations' friendly relations would help achieve a solution to the problem.

Tsutomu Hata, who participated in the meeting in his capacity as chairman of the LDP's research commission on agricultural issues, promised the cooperation of Diet members' groups in the negotiations, which he said had at last reached a point where differences were coming to the surface.

Takeshita called on the government and LDP to unite behind Sato to "back up" the negotiations "no matter what difficulties arise."

Meanwhile, Sato's counterpart in the negotiations, U.S. Trade Representative Clayton Yeutter, was pessimistic about the chances for success

of beef and citrus negotiations, in statements made at a news conference in Washington Monday, according to an AFP report.

United Opposition

Diet members from five opposition parties met in the House of Representatives Members Office Building Tuesday to register their "absolute opposition" to liberalization of agriculture import markets.

Led by the secretaries general of the Japan Socialist Party, Komeito, Democratic Socialist Party, United Socialist Democratic Party and Japan Communist Party, about 130 Diet members resolved to oppose market liberalization.

The secretaries general, Tsuruo Yamaguchi of the JSP, Naohiko Okubo of Komeito, Keigo Ouchi of the DSP, Hideo Den, director of the USDP, and Mitsuhiro Kaneko of the JCP, were directed by the assembly to present its resolution of disapproval to Prime Minister Noboru Takeshita on Tuesday evening.

"Market liberalization runs counter to a Diet resolution and should not be allowed," said Yamaguchi. "I know that some sections of the LDP appear to be opposed (to liberalization), but that is only a gesture."

It is rare for all five parties to form a common front on a specific issue, reflecting the depth of feeling that exists on the beef and citrus import liberalization issue, Diet observers said.

When years of quiet nego-

Thatcher Says U.S.-USSR Arms Agreement Unlikely

By Hiroshi Ozora
and Mizuhiko Yamaguchi

Yomiuri Shimbun Correspondents

LONDON, April 26—British Prime Minister Margaret Thatcher cast further doubt on the likelihood of the United States and Soviet Union signing a strategic arms reduction treaty (START) at the Moscow summit next month in an exclusive interview with The Yomiuri Shimbun Monday.

"I doubt whether they will get the START agreement fully ready for signature because it is much more complicated and time is running along," Thatcher told Hirohisa Kato, Yomiuri Shimbun managing editor, and Toshio Ohata, foreign editor.

However, Thatcher speculated the summit would still be a success and that a memorandum of understanding might be signed. "I would rather have a good agreement which took a longer time and that we could have confidence in than one which was not quite right," Thatcher explained.

In the one-hour interview, Britain's longest reigning prime minister this century discussed Prime Minister Noboru Takeshita's upcoming visit to Britain, East-West relations, the G-7 meeting of industrialized nations in Toronto in June, "Thatcherism," and daily life at No. 10 Downing Street.

The 62-year-old prime minister welcomed Takeshita's visit, noting that free trade and domestic distribution systems would be among the issues covered by the two leaders. Takeshita is set to meet with Thatcher on the first leg of a tour of Western Europe beginning April 29.

"British people have been used to an open market for years. We had an empire. It was an empire built by trade," Thatcher said, urging Japan to take a more international approach to trade. She cited import taxes on British whiskey to Japan and the issuing of licenses to British firms on the Tokyo Stock Exchange as outstanding trade irritants between the two nations.

On the topic of stock exchange licenses, Thatcher noted that while there are "masses" of Japanese firms licensed on the London Stock Exchange, there are only four British firms similarly licensed in Tokyo.

"Japanese banks, stockbrokers pour into London and this openness has made us one of the most powerful financial centers in the world, but we do not quite get the same reciprocal arrangements in Japan yet," she said.

When years of quiet nego-

powerful Soviets, she cautioned.

"You judge on facts as you may see them and in a world in which weaponry takes a long time to design and produce, any wrong decision now or letting down one's guard could weaken us for years," she said. Britain's own defense system must and will be modernized, Thatcher said, referring to the country's nuclear-tipped Polaris missiles.

Arguing that you can't "disinvest" nuclear technology, Thatcher stated her goal was for a "war-free world," saying a nuclear-free world was impossible because of verification problems.

Thatcher reviewed the tremendous changes which have occurred in Britain since she first became prime minister in 1979. Asked to explain what "Thatcherism" meant to her, she replied that it consisted of four elements; reduced government expenditures, lower taxes, getting rid

of government "red tape" and privatizing state-run corporations.

Often criticized for destroying British unions, Thatcher said that fundamental changes to the union law were necessary so that unions did not "merely use naked power to deprive other people of a living."

Asked about future goals for Britain, Thatcher replied she wanted to see the wider extension of a "capital-owning democracy." She noted that 65 percent of the British now own their own homes and one in five own shares, but she would like to see these figures increased.

Life at No. 10 Downing Street keeps her busy with weekdays occupied attending the House of Commons, Cabinet meetings and handling constituency affairs.

Paperwork, correspondence and eight to 12-hour days are commonplace on weekends, according to Thatcher. "We keep going," she said.

Free trade, East-West relations, terrorism and agriculture will top the agenda at the three-day G-7 meeting being held in Toronto, beginning June 19, according to Thatcher.

The main task facing the member countries will be to seek ways to ensure stable growth of the world economy, Britain's prime minister said. Thatcher said the prescription for a healthy world economy includes keeping inflation down, controlling budget deficits and reducing free trade barriers.

"If any countries set out to run their economy in such a way that they expect to have a permanent balance of trade, then it is not fair on others," Thatcher said in an oblique reference to Japan. She noted that the appreciation of the yen has still left Japan with an "enormous balance of trade."

Europe, the United States and Japan are all guilty of heavily subsidizing agriculture and this has upset the economies of some Third World nations, Thatcher said. She singled out European agricultural goods which are about two to two and a half times the world price because of subsidies.

Regarding the Soviet Union, Britain's top conservative expressed admiration for Soviet leader Mikhail Gorbachev's economic and political reforms, calling them "courageous." However, this should not lead the West to drop its guard against the

It also reiterated that the EC Commission would press ahead with its long-avowed policy of seeking a balance of benefits in the new Uruguay round of multilateral trade talks under the auspices of the General Agreement on Tariffs and Trade.

The communique reaffirmed that the EC will seek new trade talks to put pressure on Japan to give wider access to EC-made agricultural products and pharmaceuticals and to guarantee protection of intellectual property rights held by EC firms.

EC Commissioner for External Relations and Trade Willy de Clercq told the meeting that the EC needs to continue to put pressure on Japan to open up its market to EC products by selecting specific trade sectors for upcoming negotiations, conference sources said.

British Foreign Secretary Sir Geoffrey Howe told the meeting that the EC should urge Takeshita to press ahead with reducing Japan's huge trade surplus with the EC nations.

He also said the EC should call on Takeshita to quickly reform Japan's liquor tax

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Japan Urged To Open Construction Market

LUXEMBOURG, April 25 (Kyodo)—The European Community stepped up its calls Monday for Japan to give the same opportunities to EC construction firms it has given U.S. firms in easing bidding procedures on Japanese public works projects.

The foreign ministers of the EC member states made the demands in a joint communique adopted at their meeting a few days before Prime Minister Noboru Takeshita leaves for Europe Friday for a series of talks.

Reiterating their longstanding call for a "balance of benefits," the ministers demanded that Japan apply to EC contractors the same eased bidding procedures it has agreed to apply to U.S. firms and warned both Japan and the U.S. against taking a discriminatory stance against the EC nations.

The communique affirmed that EC-based construction firms will be encouraged to actively participate in the Japanese construction market.

It also reiterated that the EC Commission would press ahead with its long-avowed policy of seeking a balance of benefits in the new Uruguay round of multilateral trade talks under the auspices of the General Agreement on Tariffs and Trade.

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system in order to remove discriminatory trade barriers to EC-made alcoholic beverages.

Reciprocal Policy
Japan does not discriminate against foreign newcomers as its trade policy operates under the principle of reciprocity, Construction Minister Ihei Ochi said Tuesday.

Referring to a joint communique by the foreign ministers of the European Community adopted Monday, Ochi told reporters that Japan has always welcomed foreign participation in its public works projects.

Ochi said Prime Minister Noboru Takeshita will discuss the issue in a series of talks scheduled to begin Friday in Europe.

When asked if Japan would apply the same bidding procedures to EC nations, Ochi said it depends largely on the EC's future moves.

Japan-U.S. Logistic Support Setup Eyed

Japan will not supply armaments to U.S. forces but will work with the United States to develop a NATO-like logistic support system for U.S. and Japanese troops, Foreign Ministry and Defense Agency officials said Tuesday during a session of the House of Councillors Foreign Affairs Committee.

Foreign Minister Sosuke Uno, in saying that Japan would not supply weapons to U.S. forces, cited nation's three-point principle banning the export of arms.

In response to a question by Hiroshi Tachiki of the Japan Communist Party, officials said they had been briefed by U.S. counterparts on a NATO logistic support system similar to the one envisioned.

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Arafat, Assad Meet, But Fail To Heal Rift

By Jonathan C. Randal

The Washington Post

DAMASCUS, April 25—Syrian President Hafez Assad and Chairman Yasser Arafat of the Palestine Liberation Organization met Monday for the first time since their split in 1983 but there were indications that they failed to resolve all differences in their feud, one of the Middle East's bitterest.

"We made a big step forward, but it's a long road," said a Palestinian source after the three-hour, 40-minute meeting at the presidential palace.

The source said more PLO-Syrian meetings were required to resolve the complicated and bitter issues that for the past five years have divided two of the Arab world's most prominent leaders.

Syrian presidential press spokesman Gebran Khourieh read a brief communique noting that Arafat and Assad discussed "Arab and Palestinian affairs, particularly the uprising" in the Israeli-occupied West Bank and

Gaza Strip.

In the absence of detailed accounts of the meeting, analysts said both sides apparently had their reasons for wanting to suggest progress without publicly ending a feud that culminated in Assad expelling Arafat and Syrian-backed Palestinian dissidents driving Arafat's loyalists out of northeastern and northern Lebanon in 1983.

His meeting in itself, however, was considered a powerful signal that both men felt compelled to appear willing to sink their differences now that the Palestinian uprising has refocused world attention on the Arab-Israeli dispute.

But such is both leaders' pride that a gradual rapprochement would appear more realistic and lasting than a forced, quick reconciliation that might crack under pressure, analysts said. They saw as wishful thinking among Palestinians any expectation that a return to the days of close PLO-Syrian cooperation was at hand.

Western diplomats and analysts said they still expected Assad to seek detailed assurances, probably in a written document, on the issues that have divided them.

Palestinian factions supporting and opposing Arafat will hold talks this week, sources said, and later will meet with Assad in a continuation of the efforts to heal the split.

Depending on the eventual degree of agreement, Monday's talks could signal a temporary end to public quarreling or usher in a new realignment of power which, backed by Moscow, could challenge two decades of U.S. diplomatic dominance and Israeli military might in the Middle East, according to Western diplomats.

But despite efforts by Arafat loyalists and Syrian sources to justify reconciliation as a way to boost the anti-Israeli uprising and scuttle Secretary of State George P. Shultz's Middle East peace process, the new developments have left a residue of unresolved, practical problems.