

~~TOP SECRET~~

79339  
90829  
SYSTEM II

~~TOP SECRET~~

SENSITIVE

NATIONAL SECURITY COUNCIL MEETING

DATE, TIME Wednesday, October 13, 1982, 1:20-2:15 pm  
AND PLACE: Cabinet Room

SUBJECT: NSSD-6: U.S.-Japan Relations (S)

PARTICIPANTS:

The President

State  
Secretary George P. Shultz

USTR  
Ambassador William E. Brock

Treasury  
Secretary Donald T. Regan

CEA  
Dr. Martin Feldstein

OSD  
Secretary Caspar W. Weinberger  
Dr. Fred C. Ikle

JCS  
General John W. Vessey, Jr.

Agriculture  
Secretary John R. Block

White House  
Mr. Edwin Meese III  
Mr. James A. Baker III  
Mr. Michael K. Deaver  
Judge William P. Clark  
Mr. Robert C. McFarlane  
Mr. Richard G. Darman  
Mr. Craig Fuller

Commerce  
Deputy Secretary Guy Fiske  
Mr. Raymond Waldmann

Vice President's Office  
Admiral Daniel Murphy  
Mr. Donald Gregg

CIA  
Mr. William J. Casey

OMB  
Dr. Alton Keel

NSC  
Dr. Gaston Sigur  
Colonel Michael O. Wheeler

Minutes

Judge Clark opened the meeting with an explanation of the conception and implementation of the study on U.S.-Japan relations. He spoke of the importance of these relations to the United States, of some of the problems now clouding our ties with the Japanese and of the conclusions of the study about how to deal most effectively with the Japanese in the future. Judge Clark then called first on Secretary Shultz to discuss some of the political aspects of U.S.-Japan relations. (S)

DECLASSIFIED

~~TOP SECRET~~

Declassify: OADR

NLRR M325/2 #79339

~~TOP SECRET~~

BY KML NARA DATE 9/26/13



Secretary Shultz stressed the great importance of the U.S.-Japan alliance to the United States. We have problems with the Japanese in trade matters and to some degree in defense, and we must press the Japanese to accommodate more to our position on these matters. However, we must recognize the importance of Japan to us and should remember the support we have received and are receiving from the Japanese on ASEAN, the Middle East, Poland and other major international issues. On the whole, U.S.-Japan relations are in good shape. (S)

Secretary Regan then was called on to address the U.S.-Japan economic relationship. Our main economic objective is to get Japan to further open up her markets. We also want her to liberalize her financial markets and to observe the principle of free trade in the area of high technology. Japan has made some minimal changes in the direction we would like, but not enough. (S)

In general, Secretary Regan agreed with Secretary Shultz about the importance of U.S.-Japan ties and that the relationship is basically excellent. (S)

Secretary Shultz mentioned that the value of the yen is a problem in the economic area and contributes to the trade surplus. (S)

Secretary Regan commented on this to say that we had to be careful about overestimating this aspect of Japanese policy, including what some see to be the Japanese government's manipulation of the yen. He stressed that there is no evidence that the Japanese are doing this. (S)

Mr. Feldstein concurred with Secretary Regan's view and said that the yen, relative to price levels, has fallen less than the mark or the franc. He also stated that while Japan has a trade surplus with the U.S., she has a trade deficit with other countries. (S)

Secretary Weinberger asked, at this point, that an addition be made to the NSDD regarding the matter of leakage of high technology from Japan to the Soviet Union. He proposed the following language be added to the economic section dealing with this issue: "Seek Japan's attention to the problem of technology leakage to the USSR and Japanese cooperation in dealing with this serious problem. Our cooperation with Japan in this area should be linked to its performance on COCOM-related issues." (S)

Secretary Weinberger went on to deal more specifically with the security section of the NSDD. He spoke to each of the points in this section of the document and stressed that the U.S. objective is to have Japan do more in its own self-defense. Southeast Asian countries need not worry about this because we are speaking only of self-defense. (S)

Secretary Weinberger commented on the visit of Japanese Defense Minister Soichiro Ito to Washington and the reports we have that Ito was forceful in his reporting to the Prime Minister about the U.S.'s



firm position on defense matters and the need of Japan to contribute more. (S)

Secretary Weinberger said that we have no basic disagreement with Japan in the defense area. Our differences have to do with the magnitude of Japan's contributions to her self-defense. (S)

Ambassador Brock questioned the lack of adequate Japanese contributions in the security area. They should do more with respect to sea lanes and in the area of technology transfer. He said that we are now seeing a return to the U.S. market of high-tech items we have given to Japan free. (S)

Secretary Weinberger agreed with Ambassador Brock's criticisms of Japan, but stated that we should recognize that Japan does spend over \$1 billion a year on supporting U.S. forces in Japan and has the eighth largest military establishment in the world. However, having said that, we must continue to put the pressure on Japan to do more, realizing that our bases and strategic locations in Japan are essential to us. We cannot simply pick up our marbles and come home if the Japanese do not do exactly what we want. (TS)

Ambassador Brock expressed his frustration over our inability to get the Japanese to help in the defense and trade areas in a much more substantial way than they are doing now. He said that if this inertia continues on their part, the Congress is going to do something about it. He cited the local content legislation now on the Hill as an example of possible action. (S)

The President reminded the meeting that we don't want Japan to go too far in building up her military for this would cause undue concern on the part of some Southeast Asian countries. (TS)

Ambassador Brock said that what we are really asking the Japanese to do is to put up more money to contribute to defense. (S)

General Vessey pointed out that if Japan sank into the bottom of the sea, we would have to spend considerably more on defense than we do now. (TS)

Secretary Block referred to problems in the agricultural area -- quotas shutting out beef and numerous processed products from Japan. Agricultural negotiations are to begin on October 23, but who knows what happens now with the political confusion in Japan. (S)

There was general agreement that the current political uncertainties in Japan will make it more difficult than ever for us to accomplish our objectives toward that country in the immediate future. (TS)

On this note, Judge Clark stated that the meeting on the NSSD-6 was a good one and that he considers the document to have been approved. The NSDD, with Secretary Weinberger's amendment, would be circulated to all principals for concurrence by cob tomorrow. (S)

The meeting adjourned at 2:15 pm. (U)